

SERIES PROSPECTUS dated 22 February 2016

VIS FINANCE S.A.

(a public limited liability company (société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 2, boulevard Konrad Adenauer, L-1115 Luxembourg and registered with the Luxembourg trade and companies register under number B.166.336) (the "Company")

acting in respect of Compartment GAP+ Compartment 2631-2633 March 2016

**Issue of
Series 2016-3**

Class A up to SEK 200,000,000 Secured Credit-Linked and Certificate-Linked Notes due 2022 (the "Class A Notes")

Class B up to SEK 200,000,000 Secured Credit-Linked and Certificate-Linked Notes due 2022 (the "Class B Notes")

Class C up to SEK 200,000,000 Secured Credit-Linked and Certificate-Linked Notes due 2022 (the "Class C Notes")

This document (this "**Prospectus**") has been approved by the Central Bank of Ireland (the "**Central Bank**") as competent authority under the Prospectus Directive 2003/71/EC (as amended by Directive 2010/73/EU) (the "**Prospectus Directive**"). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange plc (the "**Irish Stock Exchange**") for the Class A Notes, the Class B Notes, and the Class C Notes (together, the "**Notes**") to be admitted to the Official List of the Irish Stock Exchange and trading on its regulated market. Such market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC. Application has also been made for the Notes to be admitted to trading and listed on the regulated market of Nasdaq Stockholm Aktiebolag (the "**Stockholm Stock Exchange**").

This document constitutes a Prospectus for the purposes of the Prospectus Directive.

This Prospectus is available on the Irish Stock Exchange's website (www.ise.ie).

The Company is subject to the Luxembourg act dated 22 March 2004 on securitisation, as amended (the "**Securitisation Act 2004**"). Under the Securitisation Act 2004, the Company, as a regulated entity within the meaning of the Securitisation Act 2004, is entitled to issue securities or shares to the public on an ongoing basis.

This Prospectus contains information relating to Notes to be issued by the Company acting in respect of Compartment GAP+ Compartment 2631-2633 March 2016 (the "**Compartment**") created by the board of directors of the Company (in such capacity, the "**Issuer**").

The Compartment is a separate part of the Company's assets and liabilities. The Mortgaged Property is in principle exclusively available to satisfy the rights of the holders of the Notes and the rights of the creditors whose claims have arisen as a result of the creation, the operation or the liquidation of the Compartment, as contemplated by the articles of association of the Issuer (the "**Articles of Association**").

Claims of the Noteholders will be limited in recourse to the Mortgaged Property for the Notes which includes, among other things, (a) the rights of the Issuer under the Swap Agreement, (b) the Class A Attributable Certificates (in respect of which only the holders of the Class A Notes will have a claim), (c) the Class B Attributable Certificates (in respect of which only the holders of the Class B Notes will have a claim) and (d) the Class C Attributable Certificates (in respect of which only the holders of the Class C Notes will have a claim) (see "*Risk Factors - Limited recourse and shortfall on enforcement and realisation of Mortgaged Property*" on page 16 of the Base Prospectus dated 25 September 2015, together with the sections entitled "*Risk Factors*", "*Transaction Description*" and "*Questions and Answers*" of this Prospectus).

Noteholders, by subscribing for the Notes, expressly accept, and shall be deemed to be bound by, the provisions of the Securitisation Act 2004 and in particular, the provisions on limited recourse, non-petition, subordination and priority of payments and deliveries.

The Notes are credit-linked and certificate-linked. Each Class of Notes is linked to the relevant Class Attributable Certificates referencing (a) in the case of the Class A Attributable Certificates, the performance of the Equity Basket 1, (b) in the case of the Class B Attributable Certificates, the performance of the Equity Basket 2 and (c) in the case of the Class C Attributable Certificates, the performance of the Equity Basket 3. Certain risks relating to the Notes and explanation as to the nature of such credit-linkage and certificate-linkage are set out below and in particular in the sections of this Prospectus entitled "*Risk Factors*", "*Transaction Description*" and "*Questions and Answers*".

Any person (an "**Investor**") intending to acquire or acquiring any securities from any person (an "**Offeror**") should be aware that, in the context of an offer of securities to the public as defined under the Prospectus Directive, the Issuer may be responsible to the Investor for this Prospectus only if the Issuer is acting in association with that Offeror to make the offer to the Investor. Each Investor should therefore verify with the Offeror whether or not the Offeror is acting in association with the Issuer. If the Offeror is not acting in association with the Issuer, the Investor should check with the Offeror whether anyone is responsible for this Prospectus for the purposes of Article 6 of the Prospectus Directive as implemented by the national legislation of each European Economic Area Member State in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Prospectus and/or who is responsible for its contents it should take legal advice.

The Notes will be issued in registered form and will be represented by a Regulation S Global Certificate as specified in the Terms and Conditions of the Notes set out on page 93.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any state securities laws of any state or other jurisdiction of the United States, and the Issuer is not and will not be registered under the United States Investment Company Act of 1940, as amended. Accordingly, the Notes (a) may not be offered, sold or otherwise transferred at any time within the United States or to the account of any U.S. Person (as defined in Regulation S under the Act), and (b) may be offered, sold or otherwise transferred at any time only to transferees that are Non-United States Persons (as defined by the United States Commodity Futures Trading Commission).

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities reviewed or passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

This Prospectus contains references to credit ratings granted by Moody's Investors Service Ltd ("**Moody's**"). Moody's is established in the European Community and is registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies. A rating is not a recommendation to buy, sell or hold a security and may be subject to revision or withdrawal at any time by the assigning rating agency. There can be no assurance that the assigning rating agency will continue to monitor its rating during the life of the Notes or that such rating may not be downgraded or withdrawn.

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Any websites referred to in this document do not form part of this Prospectus.

Prospective investors should be aware of the risks involved in investing in the Notes (see "*Risk Factors*" on page 26).

Dealer
UBS Limited

The date of this Prospectus is 22 February 2016.

This Prospectus constitutes a Prospectus for the purposes of Article 5.3 of Directive 2003/71/EC (as amended by Directive 2010/73/EU) (the "**Prospectus Directive**").

This Prospectus has been prepared for the purpose of providing information with regard to the Issuer and the Notes. The Issuer (the "**Responsible Person**") accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information contained in the "*Description of UBS AG, London Branch*" section in this this Prospectus has been extracted from information published by UBS AG, London Branch. The information contained in the "*Description of the Reference Entity*" section of this Prospectus has been extracted from the base prospectus of the Reference Entity, save for the reference to the exchange(s) on which such Reference Entity has certain securities listed which has been extracted from the Bloomberg page for the Reference Entity. This information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

In addition, the Issuer accepts responsibility, in each Member State for which it has given its consent referred to herein, for the content of this Prospectus in relation to any person (an "**Investor**") to whom an offer of any Notes is made by any financial intermediary to whom it has given its consent to use this Prospectus (an "**Authorised Offeror**"), where the offer is made during the period for which that consent is given and where the offer is made in the Member State for which that consent was given and is in compliance with all other conditions attached to the giving of the consent, all as mentioned in this Prospectus. However, neither the Issuer nor the Dealer has any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

The Issuer consents to the use of this Prospectus in connection with the offer of the Notes during the period commencing from, and including, 24 February 2016 to, and including, 31 March 2016 (the "**Offer Period**") by each of the following financial intermediaries in the Member State(s), and subject to the conditions, set out against their names for so long as they are authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC):

<u>Intermediary</u>	<u>Member State</u>	<u>Conditions</u>
Garantum Fondkommission AB	Kingdom of Sweden	None

The Issuer may give consent to additional financial intermediaries after the date of this Prospectus and, if it does so, it will publish the above information in relation to them at www.vis-finance.lu at the relevant time during the Offer Period.

An offer of the Notes may be made, subject to the conditions set out above, during the Offer Period by any of the Issuer, the Dealer or any Authorised Offeror.

Other than as set out above, neither the Issuer nor the Dealer has authorised the making of any offer of the Notes by any person in any circumstances and such person is not permitted to use this Prospectus in connection with its offer of any Notes. Any such offers are not made on behalf of the Issuer or by the Dealer or any Authorised Offerors and none of the Issuer or the Dealer or any Authorised Offerors has any responsibility or liability for the actions of any person making such offers.

Any Authorised Offeror using this Prospectus will state on its website that it has used this Prospectus in accordance with the terms of the consent granted to it by the Issuer.

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES FROM AN OFFEROR WILL DO SO, AND OFFERS AND SALES OF THE NOTES TO AN INVESTOR BY AN OFFEROR WILL BE MADE IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH INVESTORS (OTHER THAN THE DEALER) IN CONNECTION WITH THE OFFER OR SALE OF THE NOTES AND, ACCORDINGLY, THIS PROSPECTUS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION. THE ISSUER HAS NO RESPONSIBILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.

Neither the Trustee nor the Dealer has or will have separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is or will be made and no responsibility or liability is or will be accepted by the Trustee or the Dealer as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer in connection with the Notes or their distribution.

No person is or has been authorised by the Issuer or the Trustee to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Dealer or the Trustee.

Neither this Prospectus nor any other information supplied in connection with the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Dealer or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, the Class Attributable Certificates Obligor, the Reference Entity and each constituent share within the applicable Equity Basket. Neither this Prospectus nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Dealer or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus, nor the offering, sale or delivery of Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Dealer and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of the Notes may be restricted by law in certain jurisdictions. The Issuer, the Trustee and the Dealer do not and will not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been or will be taken by the Issuer, the Trustee or the Dealer (save as specified in "*Subscription and Sale and Transfer Restrictions – Public Offer Selling Restriction under the Prospectus Directive*" below) which is intended to permit a public offering of the Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly,

and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes come must inform themselves about, and observe any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom, Luxembourg, Italy, Ireland and the Kingdom of Sweden) and Switzerland (see "*Subscription and Sale and Transfer Restrictions*" on page 279 of the Base Prospectus and "*Subscription and Sale and Transfer Restrictions*" below).

This Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each a "**Relevant Member State**") other than offers (the "**Permitted Public Offers**") which are made on or prior to 31 March 2016 and which are contemplated in the Prospectus in the Kingdom of Sweden once the Prospectus has been approved by the Central Bank of Ireland and published and notified to the relevant competent authority in accordance with the Prospectus Directive as implemented in the Kingdom of Sweden will be made pursuant to an exemption under the Prospectus Directive as implemented in that Relevant Member State from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of the offering contemplated in this Prospectus other than the Permitted Public Offers may only do so in circumstances in which no obligation arises for the Issuer or the Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive in each case, in relation to such offer. Neither the Issuer nor the Dealer have authorised nor do they authorise, the making of any offer (other than Permitted Public Offers) of Notes in circumstances in which an obligation arises for the Issuer or the Dealer to publish or supplement a prospectus for such offer.

The Issuer has been established as a special purpose vehicle for the purpose of issuing asset backed securities having adopted the form of a public limited liability company (société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg. The Issuer's activities are subject to the Securitisation Act 2004 and the Issuer is a regulated entity within the meaning of the Securitisation Act 2004. Copies of the Articles of Association as at the date of this document have been lodged with the Luxembourg trade and companies register (Registre de commerce et des sociétés, Luxembourg) and the Issuer is registered with the Luxembourg trade and companies register under number B.166.336.

The Articles of Association are published in the Mémorial, Recueil des Sociétés et Associations.

Under the Securitisation Act 2004, the Issuer, as a regulated entity within the meaning of the Securitisation Act 2004, is entitled to issue securities or its shares to the public on an ongoing basis.

All references in this Prospectus to "**euro**", "**EUR**" and "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

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SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in sections A – E (A.1 – E.7). This Summary contains all the Elements required to be included in a summary for the Notes and the Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in this Summary because of the type of securities and issuers, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the Summary with the mention of “Not Applicable”.

This Summary relates to the Class A up to SEK 200,000,000 Secured Credit-Linked and Certificate-Linked Notes due 2022 (the “Class A Notes”), the Class B up to SEK 200,000,000 Secured Credit-Linked and Certificate-Linked Notes due 2022 (the “Class B Notes”) and the Class C up to SEK 200,000,000 Secured Credit-Linked and Certificate-Linked Notes due 2022 (the “Class C Notes”) (together, the “Notes”).

This Summary is qualified in its entirety by the remainder of this Prospectus.

<p>A.1 Introduction and Warnings</p>	<p>This summary should be read as an introduction to this prospectus (the “Prospectus”). Any decision to invest in the Notes should be based on a consideration of this Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member State, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Notes.</p>						
<p>A.2 Consent to the use of the prospectus, the offer period and other conditions of use</p>	<p>VIS Finance S.A. (the “Company”), acting in respect of Compartment GAP+ Compartment 2631-2633 March 2016 (the “Issuer”) consents to the use of this Prospectus in connection with the offer of the Notes during the period commencing from, and including, 24 February 2016 to, and including, 31 March 2016 (the “Offer Period”) by each of the following financial intermediaries in the Member State(s), and subject to the conditions, set out against their names for so long as they are authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC):</p> <table border="1" data-bbox="606 1780 1441 1906"> <thead> <tr> <th data-bbox="606 1780 1003 1843">Intermediary</th> <th data-bbox="1005 1780 1268 1843">Member State</th> <th data-bbox="1270 1780 1441 1843">Conditions</th> </tr> </thead> <tbody> <tr> <td data-bbox="606 1845 1003 1906">Garantum Fondkommission AB</td> <td data-bbox="1005 1845 1268 1906">Kingdom of Sweden</td> <td data-bbox="1270 1845 1441 1906">None</td> </tr> </tbody> </table>	Intermediary	Member State	Conditions	Garantum Fondkommission AB	Kingdom of Sweden	None
Intermediary	Member State	Conditions					
Garantum Fondkommission AB	Kingdom of Sweden	None					

	<p>The Issuer may give consent to additional financial intermediaries after the date of this Prospectus and, if it does so, it will publish the above information in relation to them at www.vis-finance.lu at the relevant time during the Offer Period.</p> <p>An offer of the Notes may be made, subject to the conditions set out above, during the Offer Period by any of the Issuer, the Dealer or any Authorised Offeror.</p> <p>Other than as set out above, neither the Issuer nor the Dealer has authorised the making of any offer of the Notes by any person in any circumstances and such person is not permitted to use this Prospectus in connection with its offer of any Notes. Any such offers are not made on behalf of the Issuer or by the Dealer or any Authorised Offerors and none of the Issuer or the Dealer or any Authorised Offerors has any responsibility or liability for the actions of any person making such offers.</p> <p>AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES FROM AN OFFEROR WILL DO SO, AND OFFERS AND SALES OF THE NOTES TO AN INVESTOR BY AN OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH INVESTORS (OTHER THAN THE DEALER) IN CONNECTION WITH THE OFFER OR SALE OF THE NOTES AND, ACCORDINGLY, THIS PROSPECTUS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION. THE ISSUER HAS NO RESPONSIBILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.</p>
B.1 Legal and commercial name of the Issuer	VIS Finance S.A. acting in respect of Compartment GAP+ Compartment 2631-2633 March 2016. The Issuer is the Company acting in respect of Compartment GAP+ Compartment 2631-2633 March 2016.
B.2 Domicile and legal form of the issuer, legislation under which the Issuer operates and country of incorporation of Issuer	The Company has been established as a special purpose vehicle for the purpose of issuing asset backed securities having adopted the form of a public limited liability company (<i>société anonyme</i>) incorporated under the laws of the Grand Duchy of Luxembourg. The Company's activities are subject to the Securitisation Act 2004. The Company has its registered office in Luxembourg.
B.16 Description of whether the Issuer is directly or indirectly owned or controlled and by whom and nature of such control	The Company has 31,000 shares, all of which are fully paid and held by Stichting VIS Finance. Stichting VIS Finance is a foundation (<i>stichting</i>) incorporated under the laws of The Netherlands and is not owned or controlled by any person.

	<p>Stichting VIS Finance has no beneficial interest in and derives no benefit from its holding of the issued shares. It will apply any income derived by it from the Company solely for charitable purposes.</p>
B.17 Issuer Ratings	<p>Not applicable - no credit rating of the Issuer or the Notes has been assigned at the request or with the co-operation of the Issuer.</p>
B.20 Statement as to whether the Issuer has been established for the purpose of issuing asset backed securities	<p>The Company has been established in Luxembourg as a special purpose vehicle for the purpose, <i>inter alia</i>, of issuing asset backed securities. The Issuer is the Company acting in respect of Compartment GAP+ Compartment 2631-2633 March 2016.</p>
B.21 Issuer's principal business activities	<p>The Issuer's business is the issue of securities based on investor demand and earning fees in connection with such activity. The corporate objects of the Issuer are to enter into, perform and serve as a vehicle for, any securitisation transactions as permitted under the Securitisation Act 2004.</p>
B.22 Statement that the Issuer has not commenced operations and no financial statements have been made up as at the date of the Prospectus	<p>Not applicable – the Company has commenced operations and has prepared financial statements.</p>
B.23 Selected key historical financial information about the Issuer	<p>Selected historical key financial information of the Company with respect to the years ended 31 December 2013 and 31 December 2014 (which has been extracted from the Company's audited financial statements which are incorporated by reference into this Prospectus):</p> <p>Balance Sheet of the Company as at 31 December 2013</p> <p>Total Assets:.....€47,194,685</p> <p>Total Liabilities:€47,194,685</p> <p>Balance Sheet of the Company as at 31 December 2014</p> <p>Total Assets:.....€1,369,177,140</p> <p>Total Liabilities:€1,369,177,140</p> <p>Selected key financial information of the Issuer with respect to the financial half-years ended 30 June 2014 and 30 June 2015 (which has been extracted from the Company's unaudited interim accounts):</p> <p>Balance sheet of the Company as at 30 June 2014</p> <p>Total Assets:.....€1,072,241,350</p> <p>Total Liabilities:€1,072,241,350</p>

	<p>Balance sheet of the Company as at 30 June 2015</p> <p>Total Assets:.....€1,971,376,479</p> <p>Total Liabilities:€1,971,376,479</p>
<p>B.24 Description of any material adverse change since the date of the Issuer’s last published audited financial statements</p>	<p>There has been no material adverse change in the prospects of the Company since 31 December 2014, the date of its last audited financial statements.</p>
<p>B.25 Description of the underlying assets</p>	<p>The assets securing the Notes comprise, <i>inter alia</i>:</p> <p>(A) the rights of the Issuer under the credit default swap transactions relating to each Class of Notes (the “Credit Default Swap Transactions”);</p> <p>(B) UBS AG Gearing Certificates with an aggregate nominal amount equal to the Aggregate Nominal Amount of the Class A Notes (the “Class A Attributable Certificates” and the “Class Attributable Certificates” in respect of the Class A Notes) linked to a basket of shares (“Equity Basket 1” and the “Equity Basket” in respect of the Class A Attributable Certificates and the Class A Notes);</p> <p>(C) UBS AG Gearing Certificates with an aggregate nominal amount equal to the Aggregate Nominal Amount of the Class B Notes (the “Class B Attributable Certificates” and the “Class Attributable Certificates” in respect of the Class B Notes) linked to a basket of shares (“Equity Basket 2” and the “Equity Basket” in respect of the Class B Attributable Certificates and the Class B Notes); and</p> <p>(D) UBS AG Gearing Certificates with an aggregate nominal amount equal to the Aggregate Nominal Amount of the Class C Notes (the “Class C Attributable Certificates” and the “Class Attributable Certificates” in respect of the Class C Notes) linked to a basket of shares (“Equity Basket 3” and the “Equity Basket” in respect of the Class C Attributable Certificates and the Class C Notes).</p> <p>Each of the Class A Attributable Certificates, the Class B Attributable Certificates and the Class C Attributable Certificates will be issued by UBS AG, London Branch (the “Class Attributable Certificates Obligor”) and documented under final terms dated 24 February 2016 in connection with the base prospectus dated 8 January 2016 (as supplemented from time to time by the Class Attributable Certificates Obligor).</p> <p>The Credit Default Swap Transactions will be entered into with the Counterparty and governed by a 2002 ISDA Master Agreement and become effective on the issue date of the Notes along with a credit support annex entered into by the same parties on the same date (the “Credit Support Annex”) under such 2002 ISDA Master</p>

	<p>Agreement (such 2002 ISDA Master Agreement, together with the Credit Default Swap Transactions and the Credit Support Annex, the “Swap Agreement”).</p> <p>Under the Credit Support Annex, in respect of the Issuer’s exposure to the Counterparty (where such exposure is equal to or greater than 5% of the face value of the Outstanding Principal Amount of the Notes), under the Credit Default Swap Transactions, the Counterparty will deliver to the Custodian, to hold on behalf of the Issuer, cash and/or certain securities meeting criteria set out in the Credit Support Annex (such securities, “Eligible Securities”). For so long as the Issuer is holding any such cash and/or Eligible Securities, they shall also comprise underlying assets for the Notes. However, the Issuer or the Trustee shall only be entitled to realise the value of such cash and/or Eligible Securities in limited circumstances (being, in effect, where the Counterparty is in default under the Swap Agreement). Prospective investors should note that where the value of such exposure as valued on a weekly basis is less than 5% of the Outstanding Principal Amount of the Notes, the Counterparty shall not be required to deliver any cash and/or Eligible Securities to the Issuer pursuant to the Credit Support Annex.</p> <p>UBS AG, whose business is banking and financial services and which is incorporated in Switzerland is the Counterparty as at the Issue Date.</p>
<p>B.26 Parameters within which an actively managed pool of assets backing the issue is managed</p>	<p>Not applicable - there is no actively managed pool of assets backing the issue.</p>
<p>B.27 Statement regarding fungible issues</p>	<p>The Issuer may from time to time issue further Class A Notes, Class B Notes or Class C Notes on the same terms as the existing relevant Class of Notes and on terms that such further Notes shall be consolidated and form a single Class of Notes with such existing relevant Class of Notes provided that additional underlying assets are acquired in connection with such issue.</p>
<p>B.28 Description of the structure of the transaction</p>	<p>On 26 April 2016 (the “Issue Date”), the Dealer will in consideration for receiving the Notes procure that (a) the Counterparty enters into the Credit Default Swap Transactions, in each case with the Issuer, and (b) the Class Attributable Certificates are delivered to the Issuer.</p> <p>In respect of each Credit Default Swap Transaction, the Counterparty will receive an amount from the Issuer (to be settled by the Dealer in partial satisfaction of the price payable by the Dealer for the relevant Class of Notes) equal to the Issue Price of the relevant Class of Notes minus the aggregate issue price of the applicable Class Attributable Certificates.</p> <p>Return</p>

If no credit event occurs under each Credit Default Swap Transaction relating to each Class of Notes and provided that the Notes are not redeemed early, the Notes will redeem on the Scheduled Maturity Date at an amount equal to (i) their nominal amount *multiplied by* (ii) the Fee Calculation Factor (a variable percentage that corresponds to the redemption date of such Class which is 100% on the Issue Date and which will be reduced annually to be 93.74% on the Scheduled Maturity Date) *plus* (iii) a certificate-linked Additional Payout Amount (linked to the Class Attributable Certificates and as described below). As a consequence of the occurrence of a credit event, an amount in respect of a Note (which is likely to be less than its nominal amount) will be payable (as described below) and, whilst the Additional Payout Amount due on the Scheduled Maturity Date will be the same, it is likely that the principal amount due in respect of a Note on the Scheduled Maturity Date will be less than its nominal amount *multiplied by* the Fee Calculation Factor (and in most circumstances will be zero) as a result of the reductions in the Class Notional Amounts and therefore the amounts payable by the Counterparty to the Issuer under the Credit Default Swap Transactions.

In respect of a Class of Notes, the Issuer is expected to fund any payments on the Notes out of:

- (a) the amount that it expects to receive from the Counterparty under the Credit Default Swap Transaction relating to such Notes (as reduced following the occurrence of any credit event under such Credit Default Swap Transaction); and
- (b) the corresponding amount it expects to receive from the Class Attributable Certificates Obligor under the applicable Class Attributable Certificates.

The scheduled maturity date of the Notes is expected to be 5 October 2022 (the “**Scheduled Maturity Date**”), which in the case of any Class of Notes may be extended due to any postponement in the settlement of the Class Attributable Certificates relating to such Class of Notes. The maturity date of the Notes may be further extended due to the occurrence of an Unsettled Credit Event and, as a result, a delayed settlement of the Credit Default Swap Transactions.

The amounts receivable by the Issuer in respect of each Credit Default Swap Transaction will be dependent on whether certain credit events occur with respect to, and the performance of certain obligations of, each relevant reference entity (a “**Reference Entity**”). None of the Garantum Fondkommission AB (the “**Distributor**”), the Issuer, the Dealer, the Trustee, any Agent or the Counterparty have any obligation to monitor whether any credit event has occurred or may occur in respect of a Reference Entity and/or any other developments in respect of a Reference Entity (either prior to the Issue Date or afterwards).

If a credit event occurs under the Credit Default Swap Transactions

in relation to a Reference Entity, subject to certain other requirements being met, the Counterparty will be required to pay to the Issuer an amount equal to the product of (i) the then notional amount of the relevant Credit Default Swap Transaction relating to such Reference Entity (as determined in accordance with the terms of the Credit Default Swap Transaction), (ii) a percentage determined under the Credit Default Swap Transaction which is intended to reflect the post-credit event value of certain debt obligations of the Reference Entity, (iii) the then prevailing Fee Calculation Factor and (iv) a percentage which reflects, among other things, the market spread for credit protection on the Reference Entity on the trade date of the Credit Default Swap Transactions (expected to be 5 April 2016 (the “**Trade Date**”), the swap rate in respect of the relevant currency on the Trade Date and the bespoke terms of the Credit Default Swap Transaction (the “**Class Redemption Factor**”).

Any amounts to be received by the Issuer from the Counterparty under the Credit Default Swap Transactions will in each case be multiplied by the applicable Fee Calculation Factor as more fully set out in Element E.4 below.

As at the Trade Date of the Credit Default Swap Transactions the sole Reference Entity is Bank of China Limited and thereafter will be any successors thereto.

The “**Additional Payout Amount**” for a Note of a Class will be its *pro rata* share of any redemption amounts payable by the Class Attributable Certificates Obligor to the Issuer on the settlement of the relevant Class Attributable Certificates (the “**Class Attributable Certificates Redemption Amount**”). The Class Attributable Certificates Redemption Amount will be dependent on (i) the performance of the Equity Basket to which such Class Attributable Certificates are linked, (ii) in respect of the Class A Attributable Certificates and the Class B Attributable Certificates only, the relative movements of the foreign exchange rate between SEK and USD and (iii) the participation percentage (the “**Participation**”) applicable under the terms of the relevant Class Attributable Certificates, which is expected to be:

- (a) 110% (indicative only) in respect of the Class A Attributable Certificates but which may be higher or lower and in any event shall not be less than 80%;
- (b) 120% (indicative only) in respect of the Class B Attributable Certificates but which may be higher or lower and in any event shall not be less than 80%; and
- (c) 120% (indicative only) in respect of the Class C Attributable Certificates but which may be higher or lower and in any event shall not be less than 80%.

A fee payable to the Distributor (the “**Distributor Fee**”) is also taken into account in the calculation of the Class Attributable

	<p>Certificates Redemption Amounts as more fully described in Element E.4 below. The Additional Payout Amount will be determined in accordance with the terms of the Class Attributable Certificates and could be zero.</p> <p>The Class Redemption Factor will be determined by the Issuer, or the Calculation Agent on its behalf, and, together with the Participation determined under the terms of the Class Attributable Certificates, will be notified to the Noteholders on or about the Issue Date.</p> <p>In respect of each Class of Notes, the aggregate of (i) the value associated with the effective annual reduction in the relevant notional amount under the Credit Default Swap Transactions through the application of the Fee Calculation Factor, (ii) the effective reduction in the amount payable on settlement of the Class Attributable Certificates through the application of the Fee Calculation Factor and (iii) the amount deducted in the calculation of the relevant Class Attributable Certificates Redemption Amount through the deduction of the Distributor Fee (if any), represent the commissions payable to the Distributor as more fully described in Element E.4 below.</p> <p><u>Programme Parties</u></p> <p>UBS AG, London Branch (which is the London branch of UBS AG) is the issuer of the Class Attributable Certificates, whose performance will affect the performance of the Notes. Furthermore UBS AG acts as the “Counterparty” under the Swap Agreement as well as “Selling Agent”, “Calculation Agent” and as “Valuation Agent”.</p> <p>Deutsche Bank AG, London Branch (which is the London branch of Deutsche Bank Aktiengesellschaft) is the “Principal Paying Agent”, Deutsche Trustee Company Limited is the “Trustee” and Deutsche Bank Luxembourg S.A. is the “Custodian”, “Registrar” and “Corporate Services Provider” in respect of the Issuer (and together with UBS AG, Deutsche Bank AG and Deutsche Trustee Company Limited, each such entity is a “Programme Party”). Deutsche Trustee Company Limited and Deutsche Bank Luxembourg S.A. are directly or indirectly wholly owned subsidiaries of Deutsche Bank AG.</p> <p>Each Programme Party’s relationship with the Issuer is to act in its respective capacity described above.</p> <p>Skandinaviska Enskilda Banken AB (publ) is the “Swedish Agent”.</p>
<p>B.29 Description of the flow of funds and other material forms of credit enhancement and providers thereof</p>	<p>The Counterparty and the Class Attributable Certificates Obligor is UBS AG, London Branch whose business is banking and financial services and which is incorporated in Switzerland.</p> <p>In relation to each Class, the Dealer shall pay or arrange payment of</p>

	<p>an amount equal to the Issue Price minus the aggregate Issue Price of the Class Attributable Certificates relating to such Class to the Counterparty and the Dealer will also procure that the Counterparty will enter into the Credit Default Swap Transaction relating to such Class on the Issue Date. Payments received by the Issuer from the Counterparty under the Credit Default Swap Transaction relating to such Class together with amounts received by the Issuer from the Class Attributable Certificates relating to such Class are applied to make payments on the Notes of such Class.</p>
B.30 The name and description of the originators of the securitised assets	UBS AG, London Branch whose business is banking and financial services and which is incorporated in Switzerland.
C.1 Type and class of securities being offered	<p>In respect of the Class A Notes:</p> <p>Up to SEK 200,000,000 Secured Credit-Linked and Certificate-Linked Notes due 2022 ISIN: XS1361783001 Common Code: 136178300</p> <p>In respect of the Class B Notes:</p> <p>Up to SEK 200,000,000 Secured Credit-Linked and Certificate-Linked Notes due 2022 ISIN: XS1361783266 Common Code: 136178326</p> <p>In respect of the Class C Notes:</p> <p>Up to SEK 200,000,000 Secured Credit-Linked and Certificate-Linked Notes due 2022 ISIN: XS1361783852 Common Code: 136178385</p>
C.2 Currency	The Notes will be denominated in Swedish Krona (“SEK”).
C.5 Description of restrictions on free transferability of the Notes	Not applicable - the Notes will be freely transferable.
C.8 Rights attaching to and ranking of Notes	<p>The Notes will have rights relating to, among other matters:</p> <p>Status and Security</p> <p>The Notes of each Class will represent secured, limited recourse obligations of the Issuer, ranking <i>pari passu</i> amongst themselves. In addition, the Notes of each Class will rank <i>pari passu</i> with the Notes in respect of each other Class save for any amount received by the Issuer in respect of the Class Attributable Certificates relating to such other Class which shall not be available to the holders of the aforementioned Class.</p>

The Notes are constituted and secured by an English law trust instrument between, among others, the Issuer and the Trustee dated the Issue Date (the “**Trust Instrument**”) and, pursuant to such Trust Instrument, will be secured by:

- (a) a first ranking assignment by way of security of all of the Issuer’s rights under the Agency Agreement;
- (b) a first ranking assignment by way of security of all of the Issuer’s rights to the Class Attributable Certificates (which comprise the Initial Charged Assets for the Notes) and to any cash and/or Eligible Securities delivered to the Issuer by the Counterparty from time to time and held by the Issuer;
- (c) a first ranking assignment by way of security of the Issuer’s rights under the Swap Agreement (other than in respect of the Issuer’s obligations under the Swap Agreement), the Issuer’s rights under the sale agreement pursuant to which it acquires the Class Attributable Certificates; and
- (d) a first ranking assignment by way of security of all of the Issuer’s rights to any of its bank accounts in respect of the Notes (excluding, for the avoidance of doubt, the Issuer’s bank account containing the paid up ordinary share capital of the Issuer),

the foregoing being the “**Mortgaged Property**”.

Limited Recourse and Non-Petition

All payments to be made by the Issuer under the Notes and the Swap Agreement will be made only from, and to the extent of the sums received or recovered by or on behalf of the Issuer or the Trustee in respect of the Mortgaged Property in accordance with the order of priority outlined below. All deliveries and payments under the Notes and the Swap Agreement will only be made from and to the extent of the Mortgaged Property in accordance with such order of priority.

Any shortfall shall be borne by the Noteholders of all Classes (on a *pari passu* and *pro rata* basis), save for any shortfall in respect of amounts due in respect of the Class Attributable Certificates in respect of a Class of Notes, which shall be borne by the Noteholders of such Class only. In each case, such shortfall shall be so borne by the Noteholders, together with the Counterparty (in respect of amounts owed to it) in the reverse of the order of priority outlined below. Furthermore, the Noteholders and the Counterparty shall not be entitled to petition or take any other steps for the winding up of the Issuer as a consequence of any such shortfall.

Order of Priorities

Amounts received or recovered in respect of the Mortgaged

Property shall be applied, after payment or satisfaction of all amounts due and unpaid to the Trustee (and any appointee thereof) and the agents of the Issuer (i) first in meeting the claims of the Counterparty under the Swap Agreement and (ii) thereafter meeting the claims of the Noteholders on a *pari passu* and *pro rata* basis (save in respect of the residue of any amounts received or recovered in respect of the Class Attributable Certificates relating to a particular Class of Notes which shall not be paid to the holders of any other Class of Notes in respect of any amounts otherwise due to them) and (iii) lastly, in payment of the balance to the Issuer.

Negative Pledge/Restrictions

There is no negative pledge. However, so long as any of the Notes remains outstanding, the Issuer will not, without the prior written consent of the Trustee and the Counterparty (i) engage in any activity other than the issue of Notes or certain types of alternative investments which are subject to the Securitisation Act 2004, and specified activities related thereto, (ii) have any subsidiaries, save in certain limited circumstances and subject to certain specified criteria, (iii) dispose of any of its property or other assets or part thereof or interest therein (other than as contemplated under (i) above or in connection with a purchase of Notes permitted under Condition 9), (iv) create or permit the subsistence of any form of security or equivalent over the Mortgaged Property, other than the security outlined above created under the Trust Instrument, (v) have any employees, (vi) declare any dividends or make any distributions of any other kind, (vii) issue any further shares or (viii) take any action which would lead to the dissolution, liquidation or winding up of itself or amend its constitutional documents.

Events of Default

The terms of the Notes will contain the following events of default:

- (a) default for a period of 14 days or more in the payment of any sum due in respect of the Notes or any of them; or
- (b) failure by the Issuer to perform or observe any of its other obligations under the Notes or the Trust Instrument, in certain cases continuing for a specified period of time; or
- (c) the occurrence of certain bankruptcy and insolvency related events or proceedings.

Meetings

The conditions of the Notes will contain provisions for convening meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.

	<p>Governing Law</p> <p>English law.</p>
<p>C.9 Interest and yield; name of representative of debt Noteholders</p>	<p>See C.8 above, plus:</p> <p>Interest</p> <p>None of the Notes bear interest.</p> <p>Redemption</p> <p>See Element B.28 for information regarding redemption.</p> <p>Noteholder Facilitator</p> <p>Garantum Fondkommission AB is the Noteholder Facilitator. However, the Noteholder Facilitator has limited rights, limited to selecting replacement swap counterparties and agents upon the occurrence of a Replacement Event in respect of the Swap Agreement.</p> <p>Garantum Fondkommission AB also acts as Distributor.</p> <p>Deutsche Trustee Company Limited (acting in its capacity as Trustee) shall be the representative of the Noteholders.</p>
<p>C.10 Explanation on how the interest amount is affected by value of the underlying</p>	<p>Not applicable - the Notes do not bear interest.</p>
<p>C.11 Listing</p>	<p><i>Listing and Admission to Trading</i></p> <p>Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the Irish Stock Exchange and to be admitted to the Official List of the Irish Stock Exchange on or about the Issue Date. Application has also been made for the Notes to be admitted to trading and listed on the regulated market of the Nasdaq Stockholm Aktiebolag.</p> <p><i>Distribution</i></p> <p>The Notes may be offered to the public in Sweden.</p>
<p>C.12 Minimum Denomination</p>	<p>The minimum denomination will be SEK10,000.</p>
<p>D.2 Risks relating to the Issuer</p>	<p>There are certain factors that are material for the purpose of assessing the risks associated with the Issuer. In purchasing the Notes, investors assume the risks associated with such factors, which could materially adversely affect the Issuer and its ability to make payments due under the Notes. These factors include the following:</p> <p>Securitisation Act 2004 and Compartments: The Company is</p>

	<p>established as a <i>société anonyme</i> (public limited liability company) within the meaning of the Securitisation Act 2004, which means that claims against the Company by the Noteholders will be limited to the net proceeds of each Series of Notes and to the Charged Assets relating to such Series included in the relevant Compartment.</p> <p>The Company is a special purpose vehicle: The Issuer has, and will have, no assets other than its issued and paid-up share capital, fees (as agreed) payable to it in connection with the issue of the Notes or entry into other obligations from time to time and any Mortgaged Property and any other assets on which the Series or other obligations are secured.</p> <p>Contracting on limited recourse basis: The rights of Noteholders to participate in the assets of the Issuer is limited to the net proceeds of the Notes and to the Mortgaged Property relating to the Series.</p> <p>Allocation of Liabilities Among All Noteholders: Any liability which is not a Series-specific liability (that is, it does not relate to any Compartment in respect of which any Series of Notes is issued), which is not otherwise funded, may be apportioned between the Series.</p> <p>Consequences of Winding-up Proceedings: The Company is insolvency-remote, not insolvency-proof.</p> <p>Fees and Expenses: Fees and expenses payable by the Issuer in respect of the Notes (including fees payable to the Arranger and/or the Trustee) may rank senior to payments of principal of the Notes.</p> <p>Regulation of the Issuer by any regulatory authority: The Issuer is not required to be licensed, registered or authorised under any current securities, commodities, insurance or banking laws or regulations of its jurisdiction of incorporation, save for registration with the RCS in Luxembourg and the CSSF's approval. However, any additional requirement to be licensed or authorised could have an adverse effect on the Issuer and on the Noteholders.</p> <p>Anti-money laundering: The Issuer may be subject to anti-money laundering legislation in its jurisdiction of incorporation.</p>
<p>D.3 Risks relating to the Notes</p>	<p>There are also certain factors which are material for the purpose of assessing the risks associated with the Notes. These include the following:</p> <p>Limited recourse obligations: The Notes are direct, secured, limited recourse obligations of the Issuer payable solely out of the Mortgaged Property over which security is given by the Issuer in favour of the Trustee on behalf of the Noteholders and other secured parties.</p> <p>Security: The Notes have the benefit of English law-governed security interests which are granted to the Trustee over the Charged</p>

Assets allocated to the Compartment.

Meetings of Noteholders and modification: The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally and permit defined majorities or the Trustee to bind all Noteholders.

Trustee indemnity and remuneration: The Trustee is not required to give notice to the Issuer of its determination that an Event of Default has occurred or to enforce the security unless directed to do so by the Instructing Creditor. Prior to taking any action, the Trustee may require to be indemnified and/or secured and/or pre-funded to its satisfaction and may decide not to take such action without being indemnified and/or secured and/or pre-funded to its satisfaction. So long as any Note is outstanding, the Issuer should pay the Trustee remuneration for its services. Such remuneration may reduce the amount payable to the Noteholders.

Priority of Claims: Following a liquidation or on an enforcement of the security, the rights of the Noteholders to be paid amounts due under the Notes will be subordinated.

No gross-up: The Noteholders will not be entitled to receive grossed-up amounts if any withholding tax or deduction for tax is imposed on payments in respect of the Notes.

Early Redemption: The amount payable to Noteholders on an early redemption of the Notes may be significantly lower than their initial investment and may even be zero as a result of an Early Redemption Event (for example following certain tax events, in respect of the Issuer, certain regulatory events or events in respect of the Class Attributable Certificates).

Market Value of Notes: The market value of the Notes will be volatile.

Offer Period: The Issuer reserves the right to refrain from commencing the offer of the Notes prior to the commencement of the Offer Period or withdrawing the offer of the Notes at any time during the Offer Period.

Exposure to UBS AG, London Branch: UBS AG, London Branch acts as the Counterparty under the Swap Agreement and is the issuer of the Class Attributable Certificates, as well as Selling Agent and Calculation Agent and, as such, Noteholders are exposed to the credit risk of UBS AG, London Branch in each of these capacities.

Nature of the Notes: The Notes are highly complex investments that involve a high level of risk. Prospective investors may lose their entire investment.

Certificate Linkage: The return to an investor on the Scheduled

Maturity Date will, in part, depend on the return on the applicable Class Attributable Certificates referencing the performance of the relevant Equity Basket, and which may be affected by factors (in addition to exposure to UBS AG, London Branch, as issuer of the Class Attributable Certificates) including:

- the performance of the basket of shares referenced in the applicable Equity Basket;
- the percentage “Participation” applied under the terms of the Class Attributable Certificates;
- potential disruption events and/or adjustments in respect of the Class Attributable Certificates; and
- in respect of the Class A Attributable Certificates and the Class B Attributable Certificates only, the relative movements in the SEK/USD foreign exchange rate.

Credit Linkage through the Credit Default Swap Transactions:

The Notes are credit-linked as a result of the Credit Default Swap Transactions and may be affected by factors (in addition to exposure to UBS AG, London Branch, as Counterparty under the Swap Agreement) including:

- credit risk in respect of the relevant Reference Entity and the Reference Obligation(s);
- variation of a Reference Entity as a result of the determination of one or more successor Reference Entities;
- an extension of the maturity date of the Notes as a result of Unsettled Credit Events;
- the percentage “Class Redemption Factor” applied to the Credit Default Swap Transaction;
- conflicts of interest relating to UBS AG; and
- factors influencing the risk of a Credit Event and the extent of losses following the occurrence of a Credit Event.

Sale of Eligible Securities: There can be no assurance that any amount realised from the sale of the securities held by (or on behalf of) the Issuer together with any cash posted under the Credit Support Annex will be equal to the amount otherwise payable by the Counterparty as a result of the early redemption of the Notes.

Replacement of the Counterparty: It is possible that the identity of the Counterparty will change, and accordingly, the credit exposure of the Issuer and Noteholders to the Counterparty and the may also change.

	<p>Substitution of the Class Attributable Certificates Obligor: It is possible that the identity of the Class Attributable Certificates Obligor will change pursuant to the terms of the Class Attributable Certificates, and accordingly, the credit exposure of the Issuer and the Noteholders to the Class Attributable Certificates Obligor may also change.</p> <p>Payments of Commissions to the Dealer and Distributor: Commission will be paid to the Dealer, out of which commission will be paid to the Distributor.</p> <p>Possibility of U.S. withholding tax on payments: The application of U.S. withholding tax to payments by the Issuer is not clear on the date of this Prospectus, which has consequential impact on liquidity, credit, increased regulation and nationalisation and systematic risk.</p> <p>Recent Global Events: Since mid-2007, the global economy and financial markets have experienced extreme levels of instability.</p> <p>Foreign Exchange Risk: Noteholders shall be exposed to foreign exchange risk of EUR and/or any other currency in respect of which Eligible Securities and/or cash delivered pursuant to the Credit Support Annex and the shares comprised in the relevant Equity Basket are denominated in against SEK.</p> <p>No disclosure of information; disclosure of confidential information: The Notes do not create any obligation on the part of the Issuer or UBS AG or any other person to disclose to any Noteholder any relationship or information (whether or not confidential).</p>
<p>E.2b Reasons for offer and use of proceeds when different from making profit and/or hedging certain risks</p>	<p>In consideration for the issue of the Notes by the Issuer, the Dealer will deliver the Class Attributable Certificates to the Issuer and will procure that the Counterparty will enter into the Credit Default Swap Transactions with the Issuer.</p>
<p>E.3 Terms and conditions of offer</p>	<p>Offer Period</p> <p>Applications to subscribe for the Notes may be made during the Offer Period 24 February 2016 to 31 March 2016) subject to the passporting of this Prospectus into Sweden.</p> <p>Early Closing of the Subscription of the Notes</p> <p>The Issuer reserves the right for any reason to close the Offer Period early.</p> <p>Any early closure of the Offer will be published on the Irish Stock Exchange's website (www.ise.ie).</p> <p>Description of the application and settlement process</p> <p>A prospective investor should contact the Distributor (Garantum</p>

	<p>Fondkommission AB) during the Offer Period. A prospective investor will acquire the Notes in accordance with the arrangements existing between the Distributor and its customers relating to the subscription of securities generally and not directly with the Issuer or the Dealer.</p> <p>Persons interested in purchasing Notes should contact their financial adviser. If an investor in any jurisdiction other than Sweden wishes to purchase Notes, such investor should (a) be aware that sales in the relevant jurisdiction may not be permitted due to selling restrictions and thus that the application may be rejected by the Distributor; and (b) contact its financial adviser, bank or financial intermediary for more information.</p> <p>The Notes will be issued on the Issue Date against payment to the Issuer of the net subscription moneys by debit of a cash amount on or before the Issue Date or in accordance with other procedures specified by the Distributor. Allotted Notes will be delivered to a securities account of each Noteholder as soon as practicable after the Issue Date.</p> <p>Offer Price</p> <p>The Issue Price plus a subscription fee of up to 2% of the Issue Price. Such subscription fee shall be charged by and payable to the Distributor, and, for the avoidance of doubt, shall not be payable by the Issuer or the Counterparty.</p> <p>Conditions to which the offer is subject and results of the offer</p> <p>Offers of the Notes are conditional on their issue. The Issuer will in its sole discretion determine the final amount of Notes issued up to a limit of (i) SEK 200,000,000 in respect of the Class A Notes, (ii) SEK 200,000,000 in respect of the Class B Notes and (iii) SEK 200,000,000 in respect of the Class C Notes. Notes will be allotted subject to availability in the order of receipt of investors' applications. The final Aggregate Nominal Amount of the Notes issued will be determined by the Issuer in light of prevailing market conditions, and in its sole and absolute discretion depending on the amount of Notes which have been agreed to be purchased as of 31 March 2016. The precise Aggregate Nominal Amount of Notes to be issued will be published on the Irish Stock Exchange's website (www.ise.ie) and filed with the Central Bank.</p>
<p>E.4 Interest material to issue including conflicting interests</p>	<p>The Distributor is entitled to annual commissions which are payable by the Issuer. In order to satisfy the payment of these commissions, (i) the notional amount of the Credit Default Swap Transactions in respect of each Class (and, therefore, net amounts due from the Counterparty under each Credit Default Swap Transaction) and (ii) the amount due on settlement of the Class Attributable Certificates are reduced by approximately 1% on an annual basis.</p> <p>These reductions have the effect of reducing the obligations of, and therefore releasing value to, the Counterparty and the Class</p>

Attributable Certificates Obligor (respectively) which value will ultimately be accounted for to the Distributor in satisfaction of the Issuer's obligations to pay the commissions. These reductions are effected through the application of the Fee Calculation Factor (described in paragraphs (a) and (b) below). The Distributor is also entitled to a commission payable by the Issuer upon payment of the relevant Class Attributable Certificates Redemption Amount (if any) and which is satisfied by a deduction of the Distributor Fee in the calculation of such amount (as described in paragraph (c) below). The Distributor Fee in respect a Class is equal to 10% of such amount by which the Class Attributable Certificates Redemption Amount (prior to the deduction of such Distributor Fee in its calculation) receivable by the Issuer under the Class Attributable Certificates relating to that Class exceeds 6.26% of the Nominal Amount of such Class Attributable Certificates as at the Issue Date. The Counterparty and the Class Attributable Certificates Obligor will account to the Dealer for such amounts who will in turn account to the Distributor for any amounts payable by the Issuer to the Distributor in satisfaction of the Issuer's obligation to pay such commissions.

The commissions will comprise such amounts generated by (a) the application of the Fee Calculation Factor to the Class Notional Amount or the Reference Entity Notional Amount in the calculation of any amounts receivable by the Issuer under each Credit Default Swap Transaction, (b) the application of the Fee Calculation Factor to the amount payable under the Class Attributable Certificates and (c) the deduction of any Distributor Fee in the calculation of any Class Attributable Certificates Redemption Amount (prior to the relevant Additional Payout Amount being paid in respect of the related Class of Notes) which will ultimately depend on the performance of the relevant Class Attributable Certificates and the applicable Equity Basket referenced therein.

On each Annual Determination Date (being each of 5 October 2016, 5 October 2017, 5 October 2018, 5 October 2019, 5 October 2020, 5 October 2021 and the Scheduled Maturity Date), in accordance with paragraphs (a) and (b) above, the application of the Fee Calculation Factor decreases the existing Class Notional Amount and/or Reference Entity Notional Amount of each Credit Default Swap Transaction and reduces any Additional Payout Amount that would be payable under each Class of Notes. The amounts generated by these reductions are accounted for to the Dealer in respect of commissions payable to the Distributor by the Issuer, together with the Distributor Fee in (c) above, which is payable where the Class Attributable Certificates Redemption Amount (prior to the deduction of such Distributor Fee in its calculation) receivable by the Issuer under the Class Attributable Certificates relating to that Class exceeds 6.26% of the Nominal Amount of the relevant Class Attributable Certificates as at the Issue Date and is equal to 10% of any amount payable which is in excess of 6.26% of such Nominal Amount.

The Dealer will on behalf of the Issuer, pay the commissions to the

	<p>Distributor. The commissions payable to the Distributor that correspond to amounts described in (a) above will be paid by the Dealer to the Distributor in respect of the issue of the Notes on the fifth Business Day following each Annual Determination Date (as described above). The commissions described in (b) and (c) above are payable on the Scheduled Maturity Date of the Notes.</p> <p>Notwithstanding the above, the Dealer and the Distributor have agreed that if any portion of the Notes is held by the Dealer and/or any of its affiliates, the amount required to be paid to the Distributor will be reduced by the proportion which such portion of Notes held by the Dealer and/or its affiliates bears to all of the outstanding Notes.</p>
<p>E.7 Estimated expenses charged to investor</p>	<p>Not applicable, there are no expenses charged to the investor by the Issuer or an offeror.</p>

RISK FACTORS

The purchase of the Notes may involve substantial risks and is suitable only for sophisticated purchasers who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. The Issuer believes that the following factors may affect either its ability to fulfil its obligations under the Notes or the performance of the Notes. Some of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. The Issuer believes that the factors described below, together with the risk factors set out in the Base Prospectus, represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay principal (including any Additional Payout Amount) or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.

Prospective investors should also read the Base Prospectus (including the section entitled “*Risk Factors*” on page 15 thereof) and the detailed information set out elsewhere in this Prospectus, including, without limitation:

- (a) the section entitled “*Transaction Description*”;
- (b) the section entitled “*Questions and Answers*”;
- (c) the section entitled “*Description of the Company and the Compartment*”;
- (d) the section entitled “*Description of the Swap Agreement*”;
- (e) the section entitled “*Description of the Credit Default Swap and the Credit Event Provisions relating to the Credit Default Swap Transactions and the Notes*”;
- (f) the section entitled “*Description of UBS AG, London Branch*”;
- (g) the section entitled “*Description of the Class Attributable Certificates*”;
- (h) the section entitled “*Description of the Reference Entity*”; and
- (i) the section entitled “*Description of the Reference Obligation*”,

and, in the light of their own financial circumstances and investment objectives, reach their own views prior to making any investment decision.

Offer Period

The Issuer reserves the right to refrain from commencing the offer of the Notes prior to the commencement of the Offer Period or withdrawing the offer of the Notes at any time during the Offer Period. If the offer of such Notes is withdrawn, such offer will be null and void. In such case, any amounts paid by an investor to the Distributor in relation to the purchase of any Notes will be returned to such investor by the Distributor but, depending on the agreement(s) in place between the investor and the Distributor and/or the Distributor’s distribution policies, interest may or may not accrue on such amounts. There may also be a time lag between the cancellation or withdrawal of the offer as applicable, and the return of any such amounts and, unless otherwise agreed with, and paid by, the Distributor, no amount will be payable to investors as compensation in respect thereof and investors may be subject to reinvestment risk.

In addition, the Issuer may close the offer of Notes early, whether or not subscriptions have reached the maximum size of the offer, by immediately suspending the acceptance of further subscription requests and

by giving notice thereof. In such circumstances, the early closing of the offer will have an impact on the aggregate amount of the Notes issued and therefore may have an effect on the liquidity of the Notes.

Furthermore, in certain circumstances, the Issuer may have the right to postpone the originally designated Issue Date of the Notes. In the event that the Issue Date is so delayed, no compensation or other amount in respect of interest shall accrue and be payable in relation to the Notes, unless otherwise agreed with the Distributor and/or specified in its distribution policies, and paid by the Distributor. Investors will have the right, within a prescribed time period, to withdraw their acceptance of the offer as a result of such postponement.

Exposure to UBS AG, London Branch

Even though the Notes are not issued by UBS AG, London Branch (hereafter “**UBS**”), UBS is the issuer of the Class Attributable Certificates, whose performance will affect the performance of the Notes as well as in certain specific situations outlined in this Prospectus. Furthermore, UBS acts as the Counterparty under the Swap Agreement as well as Selling Agent, as Calculation Agent and as Valuation Agent. Exposure of Noteholders to UBS in each of these capacities is described below and elsewhere in this Prospectus.

However, it is important that prospective investors are aware of the extent of the aggregate exposure to UBS.

In the event of the insolvency of UBS, the value of the Notes and the Class Attributable Certificates may drop significantly and an investor may lose some or, potentially, all of their investment in the Notes. In addition, in such circumstances, unless a replacement Counterparty was appointed within 30 Business Days of any such occurrence, as described in more detail below (and in respect of which no assurance can be given), the Swap Agreement would terminate and the Notes would be subject to early redemption. In addition, if UBS defaults on its obligation to pay any Class Attributable Certificates Redemption Amount due under any of the Class Attributable Certificates, the redemption of all of the Notes will be postponed as described in more detail below and, in such circumstances, in place of any amounts relating to Additional Payout Amounts payable under the relevant Class(es) of Notes to which such defaulted Class Attributable Certificates relate, such Noteholders will receive their *pro rata* share of the net sale proceeds of such defaulted Class Attributable Certificates which may be significantly lower than the expected Additional Payout Amounts, and may be zero.

As UBS is also the Selling Agent, an insolvency of UBS would be likely to cause a significant delay in the sale of the Class Attributable Certificates upon any early redemption of the Notes (and any sale of Eligible Securities delivered to the Issuer under the Credit Support Annex, which may only be so sold in connection with an early redemption of the Notes as a result of a termination of the Swap Agreement occurring as a result of the occurrence of an Event of Default in respect of the Counterparty thereunder) and therefore also a significant delay in the redemption of the Notes. Such delays may potentially last for months or years and investors may never recover their investment in whole or at all.

More generally, UBS may be subject to certain other conflicts of interest in connection with its roles under the Notes as described in more detail below.

Risks relating to the business of UBS AG

Certain risks, including those described below, may impact the ability of UBS AG and its subsidiaries (together “**UBS**”) to execute UBS's strategy and affects its business activities, financial condition, results of operations and prospects. Because the business of a broad-based international financial services firm such as UBS is inherently exposed to risks that become apparent only with the benefit of hindsight, risks of which it is not presently aware or which it currently does not consider material could also impact its ability to execute its strategy and effect its business activities. The sequence in the risk factors presented below is not indicative of their likelihood of occurrence or the potential magnitude of their financial consequences.

Regulatory and legislative changes may adversely affect UBS's business and ability to execute its strategic plans

Fundamental changes in the laws and regulations affecting financial institutions could have a material and adverse effect on UBS's business. In the wake of the 2007-2009 financial crisis and the continuing instability in global financial markets, regulators and legislators have proposed, have adopted or are actively considering, a wide range of changes to these laws and regulations. These measures are generally designed to address the perceived causes of the crisis and to limit the systemic risks posed by major financial institutions.

A number of measures have been adopted and will be implemented over the next several years; some are subject to legislative action or to further rulemaking by regulatory authorities before final implementation. As a result, there is a high level of uncertainty regarding a number of the measures, including whether (or the form in which) they will be adopted, the timing and content of implementing regulations and interpretations and/or the dates of their effectiveness.

Notwithstanding attempts by regulators to co-ordinate their efforts, the measures adopted or proposed differ significantly across the major jurisdictions, making it increasingly difficult to manage a global institution. The absence of a co-ordinated approach, moreover, disadvantages institutions headquartered in jurisdictions that impose relatively more stringent standards. Switzerland has adopted capital and liquidity requirements for its major international banks that are the strictest among the major financial centres. This could disadvantage Swiss banks such as UBS when they compete with peer financial institutions subject to more lenient regulation or with unregulated non-bank competitors.

The planned and potential regulatory and legislative developments in Switzerland and in other jurisdictions in which UBS has operations may have a material adverse effect on UBS's ability to execute its strategic plans, on the profitability or viability of certain business lines globally or in particular locations, and in some cases on its ability to compete with other financial institutions. They are likely to be costly to implement and could also have a negative impact on UBS's legal structure or business model. Finally, the uncertainty related to or the implementation of legislative and regulatory changes may have a negative impact on UBS's relationships with clients and its success in attracting client business.

Performance in the financial services industry is affected by market conditions and the macro-economic climate

The financial services industry prospers in conditions of economic growth; stable geopolitical conditions; transparent, liquid and buoyant capital markets and positive investor sentiment. An economic downturn, continued low interest rates or a severe financial crisis can negatively affect UBS's revenues and ultimately its capital base.

A market downturn and weak macro-economic conditions can be precipitated by a number of factors, including geopolitical events, changes in monetary or fiscal policy, trade imbalances, natural disasters, pandemics, civil unrest, war or terrorism. Because financial markets are global and highly interconnected, even local and regional events can have widespread impacts well beyond the countries in which they occur. A crisis could develop, regionally or globally, as a result of disruptions in emerging markets as well as developed markets that are susceptible to macro-economic and political developments, or as a result of the failure of a major market participant. UBS has material exposures to a number of these markets. Moreover, its strategic plans depend more heavily upon its ability to generate growth and revenue in the emerging markets, causing it to be more exposed to risks associated with them. The ongoing Eurozone crisis and the unresolved US fiscal issues demonstrate that macro-economic and political developments can have unpredictable and destabilising effects. Adverse developments of these kinds have affected UBS's businesses in a number of ways and may continue to have further adverse effects on its businesses.

Because UBS has very substantial exposures to other major financial institutions, the failure of one or more of such institutions could have a material effect on it.

UBS holds legacy and other risk positions that may be adversely affected by conditions in the financial markets; legacy risk positions may be difficult to liquidate

UBS, like other financial market participants, was severely affected by the financial crisis that began in 2007. The deterioration of financial markets since the beginning of the crisis was extremely severe by historical standards, and UBS recorded substantial losses on fixed income trading positions, particularly in 2008 and 2009. Although UBS has significantly reduced its risk exposures starting in 2008, and more recently as it progresses its strategy and focus on complying with Basel III capital standards, UBS continues to hold substantial legacy risk positions, primarily in its Non-core and Legacy Portfolio. In many cases these risk positions remain illiquid, and UBS continues to be exposed to the risk that the remaining positions may again deteriorate in value. In the fourth quarter of 2008 and the first quarter of 2009, certain of these positions were reclassified for accounting purposes from fair value to amortized cost; these assets are subject to possible impairment due to changes in market interest rates and other factors.

Moreover, UBS holds positions related to real estate in various countries, and could suffer losses on these positions. These positions include a substantial Swiss mortgage portfolio. Although management believes that this portfolio has been very prudently managed, UBS could nevertheless be exposed to losses if the concerns expressed by the Swiss National Bank and others about unsustainable price escalation in the Swiss real estate market come to fruition. Other macroeconomic developments, such as the implications on export markets of dramatic appreciation of the Swiss franc following recent announcements by the Swiss National Bank, adoption of negative interest rates by the Swiss National Bank or other central banks or any return of crisis conditions within the eurozone and the potential implications of the recent decision in Switzerland to reinstate immigration quotas for EU / EEA countries, could also adversely affect the Swiss economy, its business in Switzerland in general and, in particular, its Swiss mortgage and corporate loan portfolios.

In addition, UBS is exposed to risk in its prime brokerage, reverse repo and Lombard lending activities, as the value or liquidity of the assets against which it provides financing may decline rapidly.

A global presence subjects UBS to risk from currency fluctuations

UBS prepares its consolidated financial statements in Swiss francs. However, a substantial portion of its assets, liabilities, invested assets, revenues and expenses are denominated in other currencies, particularly the US dollar, the euro and the British pound. Accordingly, changes in foreign exchange rates, particularly between the Swiss franc and the US dollar (US dollar revenues account for the largest portion of its non-Swiss franc revenues) have an effect on its reported income and expenses, and on other reported figures such as other comprehensive income, invested assets, balance sheet assets, RWA and Basel III CET1 capital. These effects may adversely affect UBS's income, balance sheet, capital and liquidity ratios.

UBS may be unable to identify or capture revenue or competitive opportunities, or retain and attract qualified employees

The financial services industry is characterized by intense competition, continuous innovation, detailed (and sometimes fragmented) regulation and ongoing consolidation. UBS faces competition at the level of local markets and individual business lines, and from global financial institutions that are comparable to it in their size and breadth. Barriers to entry in individual markets and pricing levels are being eroded by new technology. UBS's competitive strength and market position could be eroded if it is unable to identify market trends and developments, does not respond to them by devising and implementing adequate business strategies, adequately developing or updating its technology, particularly in trading businesses, or is unable to attract or retain the qualified people needed to carry them out.

Material legal and regulatory risks arise in the conduct of UBS's business

The nature of UBS's business subjects it to significant regulatory oversight and liability risk. As a global financial services firm operating in more than 50 countries, it is subject to many different legal, tax and regulatory regimes. It is involved in a variety of claims, disputes, legal proceedings and government investigations. These proceedings expose it to substantial monetary damages and legal defense costs, injunctive relief and criminal and civil penalties, in addition to potential regulatory restrictions on its businesses. The outcome of most of these matters, and their potential effect on UBS's future business or financial results, is extremely difficult to predict.

Operational risks affect UBS's business

UBS's businesses are dependent on its ability to process a large number of complex transactions across multiple and diverse markets in different currencies, to comply with requirements of many different legal and regulatory regimes to which it is subject and to prevent, or promptly detect and stop, unauthorized, fictitious or fraudulent transactions. UBS's operational risk management and control systems and processes are designed to help ensure that the risks associated with its activities, including those arising from process error, failed execution, misconduct, unauthorized trading, fraud, system failures, financial crime, cyber-attacks, breaches of information security and failure of security and physical protection, are appropriately controlled. Although UBS seeks to continuously adapt its capability to detect and respond to the risks described above, if its internal controls fail or prove ineffective in identifying and remedying these risks, it could suffer operational failures that might result in material losses.

In addition, despite the contingency plans UBS has in place, its ability to conduct business may be adversely affected by a disruption in the infrastructure that supports its businesses and the communities in which it is located. This may include a disruption due to natural disasters, pandemics, civil unrest, war or terrorism and involve electrical, communications, transportation or other services used by UBS or third parties with whom it conducts business.

A further summary of economic, regulatory and other issues relevant to banks such as UBS, as well as to other entities, is included under "*Recent Global Events*" below.

A description of UBS AG, London Branch is set out under the section of this Prospectus entitled "*Description of UBS AG, London Branch*".

Nature of the Notes

None of the Issuer, the Trustee, the Agents nor UBS or any of its affiliates makes any representation as to the performance of the Notes either in absolute terms or relative to other investments. Prospective investors must note that they may lose their entire investment in the Notes and must only invest in the Notes if they fully understand the nature and risks of the Notes and also are prepared to risk such loss. The payouts relating to the Notes are set out in more detail in the section of this Prospectus entitled "*Transaction Description*".

The Notes are highly complex investments and involve a high level of risk. The performance of, and return under, the Notes will depend on a variety of different factors (in addition to those set out in the risk factors set out in the Base Prospectus) specific to the Notes including, but not limited to:

- (a) the performance and financial condition of the Reference Entity referenced in the Credit Default Swap Transactions, the Reference Obligation relating thereto and any other Obligations of such Reference Entity, each as described below and in the section entitled "*Transaction Description*", the exposure to which extends, for the purposes of these Notes, back to 5 February 2016, as described in more detail below;

- (b) the return on the Class Attributable Certificates relating to each Class of Notes, which in part depends on the performance of the relevant Equity Basket (and the shares comprising the relevant Equity Basket) to which such Class Attributable Certificates are linked and in respect of the Class A Attributable Certificates and the Class B Attributable Certificates which also depends on the USD/SEK foreign exchange rate;
- (c) the performance and financial condition of UBS, in its various capacities in respect of the Notes including, without limitation, as (i) Counterparty in respect of the Swap Agreement, (ii) Calculation Agent responsible for making calculations and determinations under the Notes and the Swap Agreement, (iii) Selling Agent responsible for liquidating (A) the Class Attributable Certificates and (B) any Eligible Securities delivered to the Issuer under the Credit Support Annex and (iv) Class Attributable Certificates Obligor (subject, in respect of its functions as Counterparty, Calculation Agent and Selling Agent to its potential replacement as a result of the occurrence of a Replacement Event, as described in more detail below);
- (d) (i) the applicable Fee Calculation Factor (which is a percentage rate ranging from 100% to 93.74% on the Scheduled Maturity Date) that will be applied in the calculation of any amounts receivable by the Issuer under the Credit Default Swap Transactions or the Class Attributable Certificates and (ii) the deduction of any Distributor Fee in the calculation of any Class Attributable Certificates Redemption Amount receivable by the Issuer under the applicable Class Attributable Certificates (which will, in part, be determined by the performance of the relevant Equity Basket referenced by such Class Attributable Certificates);
- (e) the performance and value of any Eligible Securities delivered to the Issuer under the Credit Support Annex in connection with the Issuer's net exposure to the Counterparty under the Swap Agreement, together with the performance and financial condition of any obligor in respect of such Eligible Securities;
- (f) the performance and financial condition of any replacement Counterparty, Calculation Agent and/or Selling Agent, from time to time, in the event that UBS (or any replacement thereof) is ever replaced in any of such capacities as a result of the occurrence of a Replacement Event, as described in more detail below; and
- (g) any determinations made, or not made, by any Credit Derivatives Determinations Committee (a "CDDC") which relate to the Reference Entity, Reference Obligation and/or other Obligations referenced in the Credit Default Swap Transactions, as described in more detail below.

The occurrence of certain events or other developments occurring in respect of one, some or all of the above may have an effect on the liquidity of the Notes and may have a material adverse effect on the value of the Notes and the value of the Notes may fall to zero. Furthermore, the occurrence of any such events or developments may also reduce the amount payable under the Notes, potentially to zero.

The Issuer's ability to meet its obligations under the Notes will also be dependent on the Principal Paying Agent, the Registrar, the Transfer Agent and the Custodian performing their respective obligations under the Transaction Documents, including the making of relevant payments when received.

Accordingly, Noteholders are exposed, among other things, to the creditworthiness of (a) UBS as Counterparty, Class Attributable Certificates Obligor, Calculation Agent and Selling Agent, (b) the Reference Entity, (c) the Principal Paying Agent and (d) the Custodian.

More detail in respect of certain risks relating to the factors outlined above, along with other risks associated with the Notes are set out below, and elsewhere in this Prospectus and in the risk factors outlined in the Base Prospectus. Accordingly, prospective investors who consider purchasing the Notes should reach an

investment decision only after carefully considering the suitability of the Notes in light of their particular circumstances. Investment in the Notes may only be suitable for investors who:

- (a) have substantial knowledge and experience in financial, business matters and expertise in assessing credit risk which enable them to evaluate the merits and risks of an investment in the Notes and the rights attaching to the Notes;
- (b) are capable of bearing the economic risk of an investment in the Notes for an indefinite period of time;
- (c) are acquiring the Notes for their own account (as principal and not as agent) for investment, not with a view to resale, distribution or other disposition of the Notes (subject to any applicable law requiring that the disposition of the investor's property be within its control);
- (d) recognise that it may not be possible to make any transfer of the Notes for a substantial period of time, if at all; and
- (e) are prepared to risk a loss of their entire investment in the Notes as a result of events that occur in respect of the Reference Entity that is referenced in the Credit Default Swap Transactions (along with the Reference Obligation and other Obligations relating thereto) not just from the Issue Date but from 5 February 2016.

Payment of Additional Payout Amount and postponement of scheduled maturity of the Notes

The Additional Payout Amount (if any) payable on a Note on the Scheduled Maturity Date will be an amount equal to that Note's *pro rata* share of the applicable Class Attributable Certificates Redemption Amount (if any) receivable by the Issuer under the applicable Class Attributable Certificates which takes into account the application of the applicable Fee Calculation Factor (which is a percentage ranging from 100% to 93.74%) and the deduction of any Distributor Fee relating to such Class (as more fully described in "*Payments of Commissions to the Distributor*" below). Accordingly, the return to an investor on the Scheduled Maturity Date in such circumstances will, in part, depend on (i) the performance of the shares comprised in Equity Basket 1 (in the case of the Class A Notes), (ii) the performance of the shares comprised in Equity Basket 2 (in the case of the Class B Notes) and (iii) the performance of the shares comprised in the Equity Basket 3 (in the case of the Class C Notes).

In the event that due to the terms of the relevant Class Attributable Certificates, no Class Attributable Certificates Redemption Amount is payable to the Issuer thereunder, the Additional Payout Amount on the related Class of Notes will be zero.

The performance of each Equity Basket is expected to be different, and by extension, this can also affect any Distributor Fee payable and will ultimately affect the Additional Payout Amount payable (if any) in respect of each Class of Notes. Accordingly, investors should note that different Additional Payout Amounts (which are calculated to reflect the deduction of the Distributor Fee (if any)) may be payable in respect of different Classes of Notes and it is possible that an Additional Payout Amount will be payable in respect of one Class of Notes but not in respect of any other Class of Notes. Therefore, holders of a particular Class of Notes may receive less than holders of all or some of the other Classes of Notes as a result of the performance of the related Class Attributable Certificates.

Investors should also note that the Scheduled Maturity Date of a Class of Notes may be extended due to any postponement in the settlement of the related Class Attributable Certificates (which may be for a significant length of time) and no compensation shall be payable to Noteholders of any such Class as a consequence of such extension.

Investors should read the section below in these risk factors entitled “*Certain risks relating to the Equity Baskets referenced by the Class Attributable Certificates*”

Class Attributable Certificates

Investors must note that, although the Issue Price of the Notes is 100% of the Outstanding Principal Amount of the Notes (as the same may be reduced as a result of Credit Events being determined under the Credit Default Swap Transactions relating to each Class), on the Scheduled Maturity Date of the Notes, the amount due by the Counterparty under each relevant Credit Default Swap Transaction is 93.74% (being the Fee Calculation Factor as at the Scheduled Maturity Date) of the then Outstanding Principal Amount of the Notes. Investors will therefore be dependent on the performance of the relevant Equity Basket referenced by the Class Attributable Certificates relating to such Class of Notes for any further return on their Notes and to recover an amount at least equal to their investment in the Notes. Investors should be aware that such further returns under the relevant Class of Notes are still subject to any reduction through application of the Fee Calculation Factor and deduction of the Distributor Fee (if any) in respect of the relevant Class of Notes (which will, in part, be dependent on the performance of the Equity Basket relating to such Class).

Certain risks relating to the Equity Baskets referenced by the Class Attributable Certificates

A number of market, economic, legal and regulatory and other factors may affect the performance of the shares comprising the relevant Equity Basket referenced by the applicable Class Attributable Certificates. Such factors may include, without limitation, interest rates, currency exchange rates, geographically and industrially specific economic factors linked to the geographical areas and industrial sectors of the companies to which such shares relate, sovereign credit risk and the stability of the financial system among others. Investors must not invest in any Notes unless they are able to fully understand the terms of the relevant Class Attributable Certificates and assess the risks associated with such Class Attributable Certificates and understand that the performance of such Class Attributable Certificates is dependent on the performance of the relevant Equity Basket. The final terms of each of the Class Attributable Certificates are set out the section of this Prospectus entitled “*Description of the Class Attributable Certificates*”.

The shares referenced in the Equity Basket to which the Class A Attributable Certificates are linked (“**Equity Basket 1**”) relate to ten companies which operate in a wide variety of business areas including telecommunications, retail, food and beverages, pharmaceuticals and cosmetics. Each of these companies has significant operations in Europe and internationally.

The shares referenced in the Equity Basket to which the Class B Attributable Certificates are linked (“**Equity Basket 2**”) relate to ten companies which operate primarily in the pharmaceutical sector. Each of these companies has significant operations in Europe and internationally.

The shares referenced in the Equity Basket to which the Class C Attributable Certificates are linked (“**Equity Basket 3**”) relate to ten companies which operate in a wide variety of business areas including finance and banking, retail, telecommunications, pharmaceuticals and manufacturing. Each of these companies has significant operations in Europe and internationally.

Accordingly, the performance of each of the companies whose shares are referenced in the applicable Equity Basket may be significantly affected by market developments in each of the business areas in which it operates as well as economic, political and natural developments, changes and disasters that occur in respect of the regions in which it operates. Furthermore, in connection with businesses generally, the performance of each such company is likely to be affected by macro-economic issues affecting business on a continental and global basis. Other matters, such as litigation, regulatory changes, competition, management and other issues may also have a significant effect on the performance of any company, and its shares, referenced in the Equity Basket.

Calculation of Additional Payout Amounts

The Class Attributable Certificates Redemption Amount receivable by the Issuer in respect of each of the Class Attributable Certificates (which determines the Additional Payout Amount, if any, payable in respect of the related Class of Notes) is determined pursuant to a formula set out in the terms of the applicable Class Attributable Certificates (as described in more detail in the section of this Prospectus entitled “*Transaction Description –Class Attributable Certificates*” and as set out in the final terms of the applicable Class Attributable Certificates set out in the section of this Prospectus entitled “*Description of the Class Attributable Certificates*”).

Pursuant to the formula for calculating the Class Attributable Certificates Redemption Amount in respect of the Class A Attributable Certificates and the Class B Attributable Certificates only, such Class Attributable Certificates Redemption Amount is significantly dependent on the aggregate average share price (determined by reference to the relevant formula) of the shares in the relevant Equity Basket on the monthly Valuation Averaging Dates falling during the term of the relevant Class Attributable Certificates being higher than the aggregate share price (determined by reference to the relevant formula) of the shares as at the Fixing Date as described below. Accordingly, the worse one or more shares performs (relative to its performance on the Fixing Date) on one or more Valuation Averaging Dates in respect of the relevant Equity Basket, the lower the Class Attributable Certificates Redemption Amount (which may have the effect of reducing the Additional Payout Amount) will be and may even cause such Class Attributable Certificates Redemption Amount (and related Additional Payout Amount) to be zero.

Pursuant to the formula for calculating the Class Attributable Certificates Redemption Amount in respect of the Class C Attributable Certificates only, such Class Attributable Certificates Redemption Amount is significantly dependent on the aggregate average share price (determined by reference to the relevant formula) of the shares in Equity Basket 3 on the monthly Valuation Averaging Dates falling during the term of the Class C Attributable Certificates being higher than the aggregate share price (determined by reference to the relevant formula) of the lowest closing price of each share on any Look-Back Date (as defined in the terms of the Class C Attributable Certificates) as described below. Accordingly, the worse one or more shares performs (relative to its worst performance on any Look-Back Date) on one or more Valuation Averaging Dates in respect of Equity Basket 3, the lower the Class Attributable Certificates Redemption Amount (which may have the effect of reducing the Additional Payout Amount) will be and may even cause such Class Attributable Certificates Redemption Amount (and related Additional Payout Amount) to be zero.

It is important to note that the average share price of each share comprised in the relevant Equity Basket is determined by reference to the share prices on a monthly basis on each Valuation Averaging Date. Accordingly, it is the official closing price of such share on such Valuation Averaging Dates that is relevant and not the price of such share at any other time for the purposes of the formula applied in determining the relevant Class Attributable Certificates Redemption Amount. Accordingly, in respect of the applicable Equity Basket while the price of any share comprised in such Equity Basket may, on average, increase during the term of the relevant Class Attributable Certificates, this may not be reflected in the related Class Attributable Certificates Redemption Amount (if any) payable to the Issuer.

The Class A Attributable Certificates and the Class B Attributable Certificates are also exposed to the performance of the SEK/USD foreign exchange rate. The formula for determining the relevant Class Attributable Certificates Redemption Amount references the SEK/USD exchange rate. This will change on a daily basis from its position as at the Fixing Date and fluctuations in such exchange rate will affect the amount of any Class Attributable Certificates Redemption Amount payable and accordingly the Additional Payout Amount payable on the related Class of Notes (as further described in the sections entitled “*Transaction Description*” and “*Description of the Class Attributable Certificates*” below.

Potential adjustment events, additional termination events and market disruption events in respect of the Class Attributable Certificates

The Class Attributable Certificates Obligor and UBS, in its role as the Calculation Agent under the terms of the Class Attributable Certificates (the “**Class Attributable Certificates Calculation Agent**”), may determine that a certain event, (a “**Potential Adjustment Event**” as set out fully in the terms of the Class Attributable Certificates) which includes, among others (i) the issuer of a share comprising the Equity Basket (a) decreasing its share capital through a cancellation or combination of shares (other than a decrease effected by way of reduction in the nominal amount of shares such company), (b) granting exceptionally high dividends, bonuses or other cash or non-cash distributions to its shareholders, (c) effecting a stock split (or similar measure), (ii) a tender offer and (iii) certain de-listing events, has occurred and may, make certain adjustments to the calculation methods, values or terms in respect of the relevant Class Attributable Certificates as more fully set out in the terms of the Class Attributable Certificates. Further, upon the occurrence of certain “**Additional Termination Events**” (as defined in the relevant Class Attributable Certificates Final Terms), the Class Attributable Certificates Obligor may decide to redeem the relevant Class Attributable Certificates prior to the Class Attributable Certificates Maturity Date which would result in the early termination of the Notes. Additional Termination Events include (but are not limited to) insolvency proceedings, certain take-over events and certain merger events in respect of an issuer of a share comprised in the relevant Equity Basket, in each case as set out more fully in the terms of the relevant Class Attributable Certificates and the section of this Prospectus entitled “*Description of the Class Attributable Certificates*”.

In addition to the above, certain other events (each a “**Market Disruption**”) (as defined in the terms of the applicable Class Attributable Certificates) may occur with respect to the shares comprising the Equity Basket. These include but are not limited to (i) a suspension or failure of the announcement of the price of a share comprising the Equity Basket, (ii) a limitation, suspension or disruption of trading of the relevant share and (iii) the occurrence of any event that in the reasonable opinion of the Class Attributable Certificates Calculation Agent at its reasonable discretion, disrupts or impairs the ability of market participants to effect transactions in or obtain market values for the share. Following its determination that a Market Disruption has occurred, the relevant valuation date will be postponed in respect of the affected share and in certain circumstances the Class Attributable Certificates Calculation Agent may make adjustments to prices, calculation methods or terms in respect of the relevant Class Attributable Certificates, as more fully set out in the terms of the applicable Class Attributable Certificates. Investors should note that any such adjustments may have a negative impact on the value of the relevant Class Attributable Certificates.

No representations; no guarantee of performance

None of the Issuer, the Trustee nor any Agent has made or will make any representation whatsoever with respect to the Class Attributable Certificates Obligor or the Class Attributable Certificates on which any Noteholder is relying or is entitled to rely. None of the Issuer, the Trustee nor any Agent is responsible for the Class Attributable Certificates Obligor’s public disclosure of information.

No claim against the Class Attributable Certificates Obligor

The Notes will not represent a claim against the Class Attributable Certificates Obligor and, in the event of any loss, a Noteholder will not have recourse under the Notes to the Class Attributable Certificates Obligor.

In particular, Noteholders will not have:

- (a) the right to vote or give or withhold from giving any consent in relation to the Class Attributable Certificates Obligor;

- (b) the right to receive any coupons, fees or other distributions which may be paid by the Class Attributable Certificates Obligor to holders of Class Attributable Certificates; or
- (c) the right to receive any information from the Class Attributable Certificates Obligor.

Accordingly, an investment in the Notes is not equivalent to an investment in the Class Attributable Certificates.

Replacement of the Class Attributable Certificates Obligor

Provided that certain conditions are met, the Class Attributable Certificates Obligor is entitled to substitute another company within the UBS Group (as defined in the terms of the Class Attributable Certificates) as issuer of the Class Attributable Certificates, as described more fully in the terms of the Class Attributable Certificates. Accordingly, the credit exposure of the Issuer and the Noteholders to the Class Attributable Certificates Obligor may change.

The Credit Default Swap Transactions

Each Class of Notes is credit-linked as a result of the Credit Default Swap Transaction relating to such Class of Notes. The terms of the Credit Default Swap Transactions relating to each of the Class A Notes, the Class B Notes and the Class C Notes shall be identical save for the Class Notional Amount which, in respect of each Credit Default Swap Transaction, shall be equal to the Outstanding Principal Amount of such Class.

Prospective investors should note that the Credit Default Swap Transactions are complex and bespoke transactions. An investment in the Notes is only suitable for investors who are familiar with credit derivatives. Investors must not invest in any of the Notes unless they are able to fully understand the terms of the Credit Default Swap Transactions and assess the risks associated with the Credit Default Swap Transactions. Investors may request electronic copies of the confirmation of the Credit Default Swap Transactions free of charge from the Issuer and the Principal Paying Agent.

In particular, although the confirmation in respect of the Credit Default Swap Transactions incorporates by reference the 2014 ISDA Credit Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc. (“**ISDA**”), the Credit Default Swap Transactions are bespoke transactions which may differ in significant respects from other credit derivative transactions.

Prospective investors should note that, irrespective as to the occurrence of a Credit Event in respect of the Reference Entity, as described below and elsewhere in this Prospectus, if the Swap Agreement terminates early in connection with, or which results in, an Early Redemption Event, the amount payable to the Noteholders will depend on the market value of the Class Attributable Certificates and the market value of the Swap Agreement as at the date of such termination. While it is anticipated that the value of the Credit Default Swap Transactions will be in favour of the Issuer, there can be no assurance what such value may be. Such value may be affected by a wide variety of factors, including, without limitation, the level of credit spreads on the Reference Entity referenced in the Credit Default Swap Transactions, the specific terms of the Credit Default Swap Transactions and the willingness and/or ability of participants in the credit derivatives market to provide quotations for entering into transactions such as the Credit Default Swap Transactions, as well as broader economic, political and other factors. Accordingly, upon the occurrence of an Early Redemption Event in respect of the Notes, investors may lose their entire investment in the Notes.

The Reference Entity and the Reference Obligation and other Obligations

Noteholders of each Class will be exposed to the credit and insolvency risk of the Reference Entity (as the same may change, including prior to the Trade Date of the Credit Default Swap Transactions and therefore prior to the Issue Date, as a result of the determination of one or more successor Reference Entities on or

after the Successor Backstop Date (or, in the case of a “Universal Successor”, on or after 1 January 2014), as described below) and also to failures to make payment and restructurings in respect of any Obligations of the Reference Entity and not just to the Reference Obligation of the Reference Entity. Noteholders of each Class will be exposed to such risk with respect to the Reference Entity for the period from and including the Successor Backstop Date (or, in the case of a “Universal Successor”, 1 January 2014) to the Issue Date as well as after the Issue Date.

The Reference Entity referenced in each Credit Default Swap Transaction as at the Trade Date will be identical across each Credit Default Swap Transaction for each Class of Notes and is described in the section of this Prospectus entitled “*Description of the Reference Entity*”, as the same may change prior to the Issue Date as a result of the determination of one or more successor Reference Entities on or after the Successor Backstop Date (or, in the case of a “Universal Successor”, on or after 1 January 2014), as described below.

Prospective investors must note that none of UBS (in any capacity), the Issuer, the Trustee, any Agent or the Distributor is under any obligation to monitor whether or not a Credit Event or Credit Event Resolution Request Date has occurred in respect of the Reference Entity or any responsibility for monitoring any other developments, announcements or publications relating to the Reference Entity and shall have no liability or responsibility to any Noteholder or any other person in the event of the occurrence of any Credit Event or Credit Event Resolution Request Date in respect of the Reference Entity. Furthermore, none of the Issuer, UBS, the Trustee nor any Agent, in any capacity, shall have any liability to any Noteholder in respect of any loss suffered as a result of the Reference Entity included in the Credit Default Swap Transactions.

None of the Issuer, UBS, the Trustee nor any Agent shall provide any information in respect of the Reference Entity to any prospective investor save for the information provided in this Prospectus. Further information in respect of the Reference Entity may be available from publicly available sources, including, without limitation, from the websites of the stock exchanges on which the Reference Entity has securities listed (including those websites set out in the section of this Prospectus entitled “*Description of the Reference Entity*”).

As a result of a Credit Event occurring in respect of the Reference Entity (which may occur prior to as well as after the Issue Date – see “*Credit Event and Successor Backstop Dates*” below), it is possible that an investor’s investment in the Notes may be reduced to zero. Prospective investors should only make an investment in the Notes if they fully understand and are prepared to accept this risk, as well as the other risks relating to the Notes.

The Reference Entity (subject to the determination of one or more successor Reference Entities on or after the Successor Backstop Date (or, in the case of a “Universal Successor”, on or after 1 January 2014), as described below) is a bank with significant operations in Asia and across the globe including in Europe, North America and South America.

The banking industry generally has been, and continues to be, subject to significant volatility due to the economic crisis that commenced during mid-2007. Banks are exposed to a number of international factors which may have a materially adverse effect on their financial performance including, without limitation, the factors set out under the heading “*Risks relating to the business of UBS AG*” above.

As indicated, these factors and those events outlined in “*Recent Global Events*” below as well as other factors may affect (i) the probability of a Credit Event occurring in respect of the Reference Entity, Reference Obligation and/or other Obligations referenced in the Credit Default Swap Transactions, (ii) the probability of one or more successor Reference Entities being determined in respect of the Reference Entity referenced in the Credit Default Swap Transactions and/or the value of the Credit Default Swap Transactions. Accordingly, investors may suffer a loss of some or all of their investment on the relevant Class(es) of Notes in which they invested as a result of a Credit Event occurring under the Credit Default

Swap Transactions or, in the case of an early redemption of the Notes following an Early Redemption Event (including following the occurrence of an Event of Default in respect of the Notes), a reduction in the value in favour of the Issuer (or potentially even the value being in favour of the Counterparty) of the Credit Default Swap Transactions.

The Reference Entity may change as a result of the determination of a successor Reference Entity

Prospective investors should note that the Reference Entity to which the Notes are referenced through each of the Credit Default Swap Transactions may change from time to time following the occurrence of certain corporate events relating to a Reference Entity, such as a merger of the Reference Entity with another entity, a transfer of assets or liabilities by the Reference Entity or other similar events in which an entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement. ISDA may publicly announce that a CDDC has resolved to treat a different entity or entities as the successor(s) to such original entity. If UBS as the Calculation Agent in respect of the Credit Default Swap Transactions determines that such CDDC resolution would apply for purposes of the Credit Default Swap Transactions, then the identity of the Reference Entity will be amended accordingly and Noteholders will be exposed to the credit risk of such successor Reference Entity in place of the original Reference Entity. Accordingly, the Issuer, the Counterparty and the Noteholders will be bound by any such determination of the relevant CDDC, whether or not their views may differ from that of the relevant CDDC. Alternatively, absent a resolution of the CDDC, UBS as the Calculation Agent in respect of the Credit Default Swap Transactions may, but will not be obliged to, make a determination that a different entity has become successor to the original Reference Entity. The effect of such amendment may be a material increase in the risk associated with an investment in the Notes, for example where the successor Reference Entity is more indebted than the original Reference Entity or is exposed to different business risks.

If a Reference Entity is determined to have more than one successor entity, then Noteholders will be exposed to the creditworthiness of multiple Reference Entities instead of, or in addition to, the original Reference Entity. The effect may be to materially increase the likelihood of a loss of principal under the Notes as a result of a Credit Event occurring with respect to a number of Reference Entities rather than just one Reference Entity. If more than one successor Reference Entity is determined, the Class Notional Amount of each Credit Default Swap Transaction allocated to any remaining Reference Entity, including each new successor Reference Entity, shall be adjusted to reflect the inclusion of such new successor Reference Entity.

Any such determination may increase the likelihood of a Credit Event occurring and accordingly increase the possibility of investors suffering a loss, potentially of their entire investment, on the Notes.

Furthermore, it is possible that one or more successor Reference Entities may have been determined with respect to a Reference Entity prior to the Issue Date of the Notes, as described below. To such extent, the Reference Entity referenced in the Credit Default Swap Transactions may not comprise the Reference Entity described in this Prospectus.

Credit Event and Successor Backstop Dates

Prospective investors should note that, in respect of each Class of Notes, the exposure to the risks associated with the Reference Entity referenced in the related Credit Default Swap Transaction includes exposure in the period from and including 5 February 2016 (being the earliest possible Credit Event Backstop Date) to the Issue Date. As a result, the aggregate amount payable in respect of each Class of Notes (save for any amount payable on such Notes linked to the performance of the relevant Class Attributable Certificates) will be reduced, potentially to zero as described below, as a result of occurrence of a Credit Event notwithstanding that the relevant Credit Event, or the events leading thereto, occurred prior to the Issue Date of the Notes.

Similarly, with respect to whether there is a successor Reference Entity, the look-back period runs from 6 January 2016 (being the earliest possible Successor Backstop Date) (or, in the case of a “Universal

Successor”, on or after 1 January 2014) and it is therefore possible that the Notes could be affected by one or more successions that take place prior to the Issue Date and, accordingly, may increase the risk of loss to investors notwithstanding that the relevant succession occurred prior to the Issue Date of the Notes.

The “Universal Successor” exception to the Successor Backstop Date applies to an entity which assumes all obligations (including at least one relevant Bond or Loan Obligation) of a non-sovereign Reference Entity in circumstances where such Reference Entity ceases to exist or is in the process of being dissolved and has not issued or incurred any Borrowed Money obligation since the date of such assumption. Such entity will be the sole successor to the Reference Entity provided that the succession occurred on or after a single lookback date of 1 January 2014.

No representations; no guarantee of performance

None of the Issuer, the Trustee, any Agent or UBS (or any of its affiliates) has made or will make any representation whatsoever with respect to the Reference Entity referenced in the Credit Default Swap Transactions or any of their obligations (including the Reference Obligation) on which any Noteholder is relying or is entitled to rely. None of the Issuer, the Trustee, any Agent or UBS (or any of its affiliates) is responsible for the Reference Entity’s public disclosure of information.

There is no guarantee, protection or assurance for investors in the Notes in respect of the credit or performance of the Reference Entity referenced in the Credit Default Swap Transactions or any of its obligations or those of any entity whose obligations may be guaranteed by the Reference Entity (an “Underlying Obligor”). UBS makes no representation as to the performance of the Notes either in absolute terms or relative to other investments.

Payments under the Credit Default Swap Transactions and allocation of losses following a Credit Event

In consideration for the issue of the Notes by the Issuer, the Dealer will procure that on the Issue Date, (a) the Counterparty enters into each Credit Default Swap Transaction and (b) the Class Attributable Certificates are delivered to the Issuer. In respect of each Credit Default Swap Transaction the Counterparty will receive from the Issuer (to be settled by the Dealer in partial satisfaction of the price payable by the Dealer for the relevant Class of Notes) an amount equal to the Issue Price of the relevant Class of Notes minus the aggregate issue price of the related Class Attributable Certificates.

Under the terms of the Credit Default Swap Transaction relating to each Class of Notes:

- (a) the Class Notional Amount of such Credit Default Swap Transaction will be equal to the Outstanding Principal Amount of the Class of Notes to which such Credit Default Swap Transaction relates;
- (b) if a Credit Event occurs in respect of the Reference Entity referenced in such Credit Default Swap Transaction and an Event Determination Date is determined:
 - (i) the Class Notional Amount of the Credit Default Swap Transaction will be reduced by an amount equal to the Reference Entity Notional Amount in respect of the Reference Entity as at the relevant UBS Cash Settlement Date;
 - (ii) the Counterparty will be required to pay the Issuer an amount equal to the product of (A) the Reference Entity Notional Amount of the Reference Entity in respect of which the Credit Event has occurred, (B) the relevant Auction Final Price or, where the Fallback Settlement Method is applicable, the relevant Final Price determined in respect of the Reference Entity and the Triggered Credit Event, (C) the Class Redemption Factor (expected to be between (i) 70% and 90% in respect of the Class A Notes, (ii) 70% and 90% in respect of the Class B Notes, and (iii)

70% and 90% in respect of the Class C Notes) and (D) the applicable Fee Calculation Factor (such amount the “**UBS Cash Settlement Amount**”), on the date falling 5 Business Days after the latest date on which the Auction Final Price, or where the Fallback Settlement Method is applicable, the Final Price is determined in respect of the Reference Entity (the “**UBS Cash Settlement Date**”);

- (iii) on the Business Day immediately following the UBS Cash Settlement Date (the “**Credit Event Instalment Date**”) (which may occur before, on or after the Scheduled Maturity Date) the Issuer will pay in respect of each Note of such Class, such Note’s *pro rata* share of an amount equal to the UBS Cash Settlement Amount (the “**Credit Event Instalment Amount**”) to the Noteholder; and
- (c) on the Business Day immediately preceding the Scheduled Maturity Date of the Class of Notes to which such Credit Default Swap Transaction relates the Counterparty will pay to the Issuer an amount equal to the then outstanding Class Notional Amount of the related Credit Default Swap Transaction *multiplied by* the Fee Calculation Factor; provided that if the termination date of the relevant Credit Default Swap Transaction has been extended beyond the scheduled termination date as a result of the UBS Cash Settlement Amount being due and payable after the scheduled termination date or an Unsettled Credit Event being determined as at the Credit Event Observation Period End Date (expected to be the Business Day immediately preceding 5 October 2022) in each case in respect of a Reference Entity, the amount payable by the Counterparty will be calculated on the basis that the Class Notional Amount is reduced by such Reference Entity Notional Amount of the Reference Entity to which such event relates (and may be zero). On the Scheduled Maturity Date, in respect of each Note of such Class the Issuer will pay an amount equal to its *pro rata* share of an amount equal to the then outstanding Class Notional Amount of the related Credit Default Swap Transaction *multiplied by* the Fee Calculation Factor to the Noteholder; and
- (d) following the determination of an Unsettled Credit Event as at the Credit Event Observation Period End Date, if it is determined that no Credit Event has occurred in respect of the Reference Entity, on the date immediately following the date of such determination (such date, the “**Potential Credit Event Extension Termination Date**”), the Counterparty will pay to the Issuer an amount equal to the Reference Entity Notional Amount *multiplied by* the Fee Calculation Factor in respect of such Reference Entity. On the Business Day immediately after the Potential Credit Event Extension Termination Date (the “**Potential Credit Event Extension Maturity Date**”), in respect of each Note of such Class, the Issuer will pay an amount equal to its *pro rata* share of an amount equal to the product of (i) the Reference Entity Notional Amount of the Reference Entity in respect of which such Unsettled Credit Event occurred and (ii) the Fee Calculation Factor to the Noteholder. However, if it is determined that a Credit Event has occurred (or, where applicable, the Auction Final Price or the Final Price has been determined) in respect of the Reference Entity, the Counterparty will pay the UBS Cash Settlement Amount in respect of such Reference Entity on the related UBS Cash Settlement Date and, in respect of each Note of such Class, the Issuer will pay the Credit Event Instalment Amount on the related Credit Event Instalment Date.

The determination and payment of the amounts referred to above are described in more detail in the section of this Prospectus entitled “*Transaction Description*”.

Investors may suffer significant losses on their investment as a result of the occurrence of a Credit Event occurring in respect of the Reference Entity referenced in the Credit Default Swap Transactions.

Extension of the Maturity Date of the Notes as a result of Unsettled Credit Events

It follows from the above description of payments under the Credit Default Swap Transactions and allocation of losses following a Credit Event that the termination date of the Credit Default Swap Transactions may

extend beyond their scheduled termination date and, accordingly, the final maturity date of the Notes may be extended beyond the Scheduled Maturity Date. Such occurrence may arise where the UBS Cash Settlement Amount is due and payable after the scheduled termination date of such related Credit Default Swap Transaction or where an Unsettled Credit Event is determined as at the Credit Event Observation Period End Date. Unsettled Credit Events will arise, in summary, where:

- (a) one or more Credit Events have occurred in respect of the Reference Entity on or prior to the Credit Event Observation Period End Date but in respect of which the Auction Final Price, or where the Fallback Settlement Method is applicable, the Final Price, has not been determined by such Credit Event Observation Period End Date; or
- (b) a Potential Credit Event has been determined by the Calculation Agent under the Credit Default Swap Transactions (being, in effect, an event which, in the sole and absolute determination of the Calculation Agent, may be a Credit Event) on or prior to the Credit Event Observation Period End Date.

In the event that there is an Unsettled Credit Event under a Credit Default Swap Transaction relating to a Class of Notes, the amount payable by the Counterparty to the Issuer on the scheduled termination date of such the Credit Default Swap Transaction will be equal to the Class Notional Amount minus the Reference Entity Notional Amount of the Reference Entity to which such Unsettled Credit Event relates (such amount may be zero).

Following the determination of the Unsettled Credit Event, in respect of the Reference Entity:

- (a) if it is determined that no Credit Event has occurred, the Counterparty will pay an amount equal to the Reference Entity Notional Amount of the applicable Reference Entity to the Issuer on the related Potential Credit Event Extension Termination Date under the related Credit Default Swap Transaction. The Issuer will then pay a *pro rata* share of such amount in respect of each Note of such Class on the related Potential Credit Event Extension Maturity Date occurring on or after the Scheduled Maturity Date; and
- (b) if it is determined that a Credit Event has occurred (or the Auction Final Price or the Final Price has been determined), the Counterparty will pay the UBS Cash Settlement Amount to the Issuer on the related UBS Cash Settlement Date under the related Credit Default Swap Transaction. The Issuer will then pay the Credit Event Instalment Amount in respect of each Note of such Class on the Credit Event Instalment Date occurring on or after the Scheduled Maturity Date.

Accordingly, prospective investors must note that in the event that there is any Unsettled Credit Event under each Credit Default Swap Transaction as at the Credit Event Observation Period End Date, the final redemption date of the Notes of each Class may be significantly postponed and Noteholders of such Class will not receive the full amount due to them (if at all) until a significant time after the Scheduled Maturity Date. In such circumstances, the value of the Notes of each Class may be significantly reduced, and may even be zero. Furthermore, to the extent that any secondary market for the Notes existed, any liquidity provided by such secondary market may be significantly reduced and Noteholders may not be able to sell their Notes or realise any value for them.

Conflicts of interest relating to UBS and the Credit Default Swap Transactions

As described above and elsewhere in this Prospectus, under the Credit Default Swap Transactions, the Issuer is selling credit protection to UBS in its capacity as Counterparty. As a result of such transactions, UBS and the Issuer will have a direct conflict of interest, since the occurrence of a Credit Event and related Event Determination Date will reduce the aggregate amounts payable to investors under the Notes, including at maturity. UBS may retain the credit protection sold to it by the Issuer for its own proprietary investment

purposes or to hedge its risk unrelated to the Notes or it may sell such protection to third parties. Sales of credit protection may be made to one or more third parties.

UBS may deal in the obligations of the Reference Entity and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with, the Reference Entity, an Underlying Obligor or any affiliate of the Reference Entity or an Underlying Obligor, or any other person or entity having obligations relating to the Reference Entity or an Underlying Obligor, and may act with respect to such business in the same manner as each of them would if the Notes did not exist, regardless of whether any such action might have an adverse effect on the Reference Entity, an Underlying Obligor or the position of any Noteholder or otherwise (including, without limitation, any action which might constitute or give rise to a Credit Event).

Following the Issue Date, UBS may, whether by virtue of the types of relationships described herein or otherwise, at any time, be in possession of information in relation to the Reference Entity or an Underlying Obligor that is or may be material in the context of the issue of the Notes and that may or may not be publicly available or known to a Noteholder, and the Notes do not create any obligation on the part of UBS to disclose to any Noteholder any such relationship or information (whether or not confidential).

UBS is not, at the date of this Prospectus a voting member on any of the CDDCs. If UBS becomes a voting member on any of the CDDCs, UBS may take certain actions that may influence the process and outcome of decisions of the CDDCs. Such actions may be adverse to the interests of the Noteholders and may result in an economic benefit accruing to UBS under the Swap Agreement or otherwise. In taking any action relating to a CDDC or performing any duty under the rules published by ISDA that govern such a CDDC (the “**DC Rules**”), UBS shall have no obligation to consider the interests of the Noteholders and may ignore any conflict of interest arising in respect of the Notes.

To the extent that UBS is replaced as Counterparty, the above conflicts of interest may no longer be applicable. However, similar conflicts of interest and/or additional conflicts of interest may be applicable in respect of the relevant replacement Counterparty.

Reference Entity not liable for the Notes

The Reference Entity is not involved in the issuance of the Notes in any way and has no obligation to consider the interests of the Noteholders in taking any corporate actions that might affect the value of the Notes. The Reference Entity may, and is entitled to, take actions that will adversely affect the value of the Notes. No portion of the issue proceeds is paid to the Reference Entity, and the Notes do not represent a direct investment in any Obligation of the Reference Entity or otherwise give the Noteholders any rights in the debt obligations or any other securities of the Reference Entity. As an owner of Notes, a Noteholder will not have special voting rights or rights to receive distributions or any other rights that holders of debt obligations or other securities of the Reference Entity may have.

Factors influencing the risk of a Credit Event

The likelihood of a Credit Event occurring in respect of the Reference Entity will generally fluctuate with, among other things, the financial condition and other characteristics of the Reference Entity, general economic conditions, the condition of certain financial markets, political events, developments or trends in particular industry and changes in prevailing interest rates. Some factors influencing the risk of Credit Events are described above and elsewhere in this Prospectus.

Factors influencing the extent of losses following the occurrence of a Credit Event

The Auction Final Price or Final Price (in circumstances where there is no Auction Final Price) in respect of the Reference Entity (where a Credit Event and resulting Event Determination Date has occurred) will be

determined by the valuation of the Reference Obligation, or other obligations, of the Reference Entity (together, as used in these Risk Factors, “**Valuation Obligations**”). Such valuations will be a key factor determining the extent to which losses are suffered by Noteholders as a result of any Credit Event occurring in respect of the Reference Entity under the Credit Default Swap Transactions.

Such Valuation Obligations may have no, or only a limited, trading market. The liquidity of Valuation Obligations will generally fluctuate with, among other things, the underlying liquidity of the loan and bond markets, the conditions of the financial markets, general economic conditions, domestic and international political events, developments or trends in a particular industry and the financial condition of the Reference Entity. Some or all of the Valuation Obligations may also be subject to restrictions on transfer and may be considered illiquid. If an Event Determination Date occurs in respect of the Reference Entity, any resulting reduction in market value of the related Valuation Obligations could be further magnified by reason of such limited liquidity for those Valuation Obligations.

Any quotations used in the calculation of the Final Price (where an Auction Final Price is not applicable and the Fallback Settlement Method applies as a result) may be affected by factors other than the occurrence of the Credit Event. Such prices may vary widely from dealer to dealer and substantially between Valuation Dates. The obligations selected for valuation following a Credit Event may be illiquid and such illiquidity may be expected to be more pronounced following the occurrence of such Credit Event, thereby adversely affecting any determination of the value of such obligation which in turn will decrease the UBS Cash Settlement Amount determined in respect of each Class of Notes and decrease the amount actually payable in redemption of such Class of Notes as a result of such Credit Event.

Following an Event Determination Date, if the Fallback Settlement Method applies, the Counterparty is entitled to select an obligation of the Reference Entity for valuation which has the lowest value in the market at the relevant time – providing such obligation satisfies certain specifications and limits for qualification as a Reference Obligation. It is likely that the obligations selected in these scenarios will be obligations of the Reference Entity with the lowest market value that satisfies such specification and limits for qualification as a Reference Obligation. This could result in a lower recovery value of the Reference Obligation and hence, greater losses for investors of the Notes than would otherwise be the case.

Where an Auction Final Price Determination Date occurs, the Auction Final Price will be determined according to an auction procedure set out in the relevant Credit Derivatives Auction Settlement Terms, available on ISDA's website at www.isda.org (or any successor website thereto). Prospective investors should note that the relevant CDDC has the power to make binding decisions on critical issues such as whether a Credit Event has occurred, which obligations are to be valued and whether an Auction should take place in accordance with and as more fully described in the Credit Derivatives Determinations Committees Rules, as amended from time to time and available on ISDA's website at www.isda.org (or any successor website thereto). Consequently, UBS AG, the Issuer and the Noteholders will be bound by any such relevant decisions.

Risks relating to asset package delivery

The 2014 ISDA Credit Derivatives Definitions published by ISDA introduced the concept of asset package delivery. In circumstances where “Financial Reference Entity Terms” and “Governmental Intervention” applies in respect of a Reference Entity and there is (i) a Governmental Intervention Credit Event; or (ii) a Restructuring Credit Event in respect of the Reference Obligation where such Restructuring does not constitute a Governmental Intervention, then a related asset package resulting from a prior deliverable obligation may also be deliverable. The asset package would be treated as having the same outstanding principal as the corresponding prior deliverable obligation or package observable bond.

If the resulting asset package is deemed to be zero where there are no resulting assets, the related credit loss will be 100 per cent. notwithstanding the recovery value on any other obligations of the Reference Entity.

If an asset in the asset package is a non-transferable instrument or non-financial instrument, the value of such asset will be the market value determined by reference to a specialist valuation or in accordance with methodology determined by the CDDC.

Noteholders will not be able to refer questions to the CDDCs

Noteholders, in their capacity as holders of the Notes, will not have the ability to refer questions to a CDDC. As a result, Noteholders will be dependent on other market participants to refer specific questions to the CDDCs that may be relevant to the Noteholders. UBS, in any capacity, has no duty to the Noteholders to refer specific questions to the CDDCs.

Noteholders will have no role in the composition of the CDDCs

Separate criteria will apply to the selection of dealer and non-dealer institutions to serve on the CDDCs, and Noteholders will have no role in establishing such criteria. In addition, the composition of the CDDCs will change from time to time in accordance with the DC Rules, as the term of a member institution may expire or a member institution may be required to be replaced. Noteholders will have no control over the process for selecting institutions to participate on the CDDCs and, to the extent provided for in the Notes, will be subject to the determinations made by such selected institutions in accordance with the DC Rules.

Noteholders will have no recourse against either the institutions serving on the CDDCs or the external reviewers

Institutions serving on the CDDCs and the external reviewers, among others, disclaim any duty of care or liability arising in connection with the performance of duties or the provision of advice under the DC Rules, except in the case of gross negligence, fraud or wilful misconduct. Furthermore, the member institutions of the CDDCs from time to time will not owe any duty to the Noteholders, and the Noteholders will be prevented from pursuing legal claims with respect to actions taken by such member institutions under the DC Rules.

Noteholders should also be aware that member institutions of the CDDCs have no duty to research or verify the veracity of information on which a specific determination is based. In addition, the CDDCs are not obligated to follow previous determinations and, therefore, could reach a conflicting determination for a similar set of facts.

Noteholders will be responsible for obtaining information relating to deliberations of the CDDCs

Notices of questions referred to the CDDCs, meetings convened to deliberate such questions and the results of binding votes of the CDDCs will be published on the website of ISDA and none of the Issuer or UBS, in any capacity, shall be obliged to inform Noteholders of such information, other than as expressly provided in the terms of the Notes. Any failure by Noteholders to be aware of information relating to determinations of a CDDC will have no effect under the Notes and Noteholders are solely responsible for obtaining any such information.

Correlation between the Reference Entity and UBS

As the Reference Entity and UBS are both banks, there is likely to be a high correlation between defaults by UBS in any of its capacities in respect of the Notes (including, without limitation as Counterparty) and the occurrence of a Credit Event in respect of the Credit Default Swap Transactions. Accordingly, Noteholders may suffer greater losses (and may be more likely to suffer losses) as a result of such correlation than they may otherwise have done had the Reference Entity not operated in the same industry as UBS.

Idiosyncratic Risk, Recovery Rates

Individual or unsystematic risks pertaining to the Reference Entity could lead to an increase in the likelihood of a Credit Event occurring in relation to the Reference Entity.

Recovery rates for Reference Entities that have suffered Credit Events can and do vary, often widely, from entity to entity, even where such entities operate in the same industry, and from time to time. Lower recovery rates means that losses suffered by Noteholders will be higher. Higher default rates are correlated with lower recovery rates.

Furthermore, the occurrence of a Credit Event under the Credit Default Swap Transactions and the recovery rates for the obligations of the Reference Entity in respect of which such Credit Event occurs may be subject to the operation of bankruptcy or other insolvency laws in the jurisdiction applicable to the Reference Entity.

No requirement for exposure to the Reference Entity

Notwithstanding the above, the performance of the Notes is not conditional upon the Counterparty sustaining or being exposed to any risk or loss and the rights and obligations of the Counterparty in respect of the Credit Default Swap Transactions are not, at any time, dependent upon the Counterparty owning or having any legal, equitable or other interest in, or indirect exposure to, the Reference Entity referenced in the Credit Default Swap Transactions from time to time, nor shall the Counterparty have any obligation to purchase or hold the Reference Entity's obligations at any time.

The Credit Support Annex

As part of the Swap Agreement, the Issuer and UBS have entered into a Credit Support Annex.

The Counterparty shall act for its own benefit and is not required to, and may not, take into account the interests of the Noteholders in determining what cash and/or Eligible Securities, meeting the required criteria, to deliver to the Issuer under the Credit Support Annex.

While at the time of delivery, any cash and/or Eligible Securities delivered to the Issuer by the Counterparty under the Credit Support Annex are required to together have a value equal to the exposure the Issuer has to the Counterparty under the Credit Default Swap Transactions (where such exposure is equal to or greater than 5% of the face value of the Outstanding Principal Amount of the Notes), and notwithstanding the fact that such valuations will be conducted on a weekly basis, there can be no assurance that any amount realised from the cash and/or the sale of the Eligible Securities delivered and held by the Issuer pursuant to the Credit Support Annex will be equal to the amount otherwise payable by the Counterparty as a result of the termination of the Swap Agreement. This discrepancy may arise from the fact that, among other reasons, cash and/or Eligible Securities posted under the Credit Support Annex may be denominated in currencies other than SEK and their value in SEK is subject to foreign exchange rate volatility between valuation dates (see also the section in these risk factors below entitled "*Foreign Exchange Risk*"). The fact that cash and/or Eligible Securities delivered to the Issuer may be denominated in currencies other than SEK also means that changes in interest rates could result in a sudden difference between the value of such cash and/or Eligible Securities and the value of the Credit Default Swap Transactions. Prospective investors should note that where the value of such exposure as valued on a weekly basis is less than 5% of the Outstanding Principal Amount of the Notes, the Counterparty shall not be required to deliver any cash and/or Eligible Securities to the Issuer.

Accordingly, despite the existence of the Credit Support Annex, in the event that the Swap Agreement terminates as a result of a default by the Counterparty under the Swap Agreement, any failure by the Counterparty to pay any termination amount due under the Swap Agreement or the occurrence of certain insolvency or bankruptcy events relating to the Counterparty, there is a significant possibility that the Issuer will suffer a shortfall on the realisation of its assets and that the amount payable to Noteholders may be reduced, even to zero, in connection with the redemption of the Notes in such circumstances.

Early Redemption

If the Notes are due to redeem early in full as a result of an Early Redemption Event (for example following certain tax events (but not, for the avoidance of doubt, a Noteholder FATCA Withholding (as defined in the section of this Prospectus entitled “*Taxation - The Foreign Account Tax Compliance Act*”)) or a termination of the Swap Agreement or as a result of any of the Class Attributable Certificates being in default of having been redeemed early or as a result of an Event of Default by the Issuer), the Swap Agreement will terminate and the Class Attributable Certificates will be sold (together with, where the early redemption of the Notes arises as a result of a default by the Counterparty under the Swap Agreement, any Eligible Securities and cash delivered to the Issuer under the Credit Support Annex). In addition, if one or more of the Notes are due to partially redeem early as a result of a Prohibited Investor Redemption Event, a portion of the Swap Agreement equal to the Outstanding Principal Amount of such Notes due to redeem will terminate and the relevant Class Attributable Certificates in an amount equal to the Outstanding Principal Amount of such Notes due to redeem will be sold.

Any amount payable to the Issuer by the Counterparty under the Credit Default Swap Transactions, together with any sale proceeds of the Class Attributable Certificates (and any cash and/or Eligible Securities in the limited circumstances outlined above) shall first be used to pay any amount due to the Trustee, the Selling Agent, the Custodian and any other Agent of the Issuer, including costs and expenses incurred with the sale of such securities.

The remainder of any such amount received by the Issuer in respect of termination of the Swap Agreement and any remaining proceeds of the cash and/or Eligible Securities delivered to the Issuer under the Credit Support Annex (in the limited circumstances where these may be liquidated) shall be paid to the Noteholders of each of the Classes on a *pro rata* basis by reference to the Credit Default Swap Transaction relating to such Class. In addition, the remaining proceeds of sale of (i) the Class A Attributable Certificates, if any, shall be paid to the holders of Class A Notes on a *pro rata* basis, (ii) the Class B Attributable Certificates, if any, shall be paid to the holders of the Class B Notes on a *pro rata* basis and (iii) the Class C Attributable Certificates, if any, shall be paid to the holders of the Class C Notes on a *pro rata* basis.

There can be no assurance as to the value of any of the Class Attributable Certificates or, where applicable, cash and/or Eligible Securities delivered to the Issuer pursuant to the Credit Support Annex at the time of such sale and the amounts realised may be significantly lower than the face value of the relevant Charged Assets, and may even be zero. None of the Issuer, the Trustee, the Selling Agent, the Dealer or any other person is under any obligation to obtain a particular price in connection with such a sale and shall have no responsibility or liability to any Noteholder for the price at which any such assets are sold.

Accordingly, the amount payable to Noteholders on an early redemption of their Notes may be significantly lower than their initial investment and may even be zero.

Replacement of the Counterparty

Investors should note that, if (i) the Counterparty were to default under the Swap Agreement (including, without limitation, any insolvency of the Counterparty) (a “**Counterparty Default**” and a “**Replacement Event**”) or (ii) if the long term senior, unsecured rating assigned by Moody’s Investors Service Limited (“**Moody’s**”) to the Counterparty is withdrawn or is less than Ba1 or if the short term rating assigned by Moody’s to the Counterparty is less than P-3 any such downgrade or withdrawal, a “**Moody’s Ba1/P-3 Downgrade**” and also a “**Replacement Event**”), Garantum Fondkommission AB (as Noteholder Facilitator) has the right, by notice to the Issuer with a copy to the Trustee (and, provided that, in the case of a Moody’s Ba1/P-3 Downgrade) that the Counterparty has given its prior written consent to such replacement) to select a replacement Counterparty from (and including) the date of the occurrence of such a Replacement Event up to (and including) the date falling 30 Business Days from the occurrence of a Counterparty Default (if any).

Accordingly, where the Noteholder Facilitator makes such a selection, and provided the other requirements are met, it is possible that the identity of the Counterparty will change, and accordingly, the credit exposure of the Issuer and Noteholders to the Counterparty may also change. As this right may be exercised whenever a Replacement Event occurs, the identity of the Counterparty may change more than once during the duration of the Notes.

However, notwithstanding the above, no assurance can be given that a replacement Counterparty will be identified by the Noteholder Facilitator upon the occurrence of a Replacement Event or that such replacement will be completed.

If a replacement Counterparty were to enter into a replacement Swap Agreement with the Issuer within 30 Business Days following the occurrence of a Counterparty Default, the Swap Agreement would not terminate giving rise to an Early Redemption Event and, as a result, the Notes would not redeem early as a result of such Counterparty Default. However, the Notes may still redeem early, in full, following such replacement as a result of the occurrence of any subsequent Early Redemption Event (including any Event of Default under the Notes) and will still be exposed to the risk of Credit Events in respect of the Credit Default Swap Transactions, notwithstanding such replacement of the Swap Agreement (including, for the avoidance of doubt, where such Credit Events occurred prior to such replacement). The value of the Swap Agreement to the Issuer may have been higher at the time of the occurrence of the Replacement Event than as at the time of any subsequent early redemption of the Notes. As a result, the replacement of the Counterparty in such circumstances may result in Noteholders receiving less in respect of their investment than they may otherwise have done if no replacement Counterparty had been selected and had the Notes redeemed as a result of such Counterparty Default.

As a result of the risk highlighted in the preceding paragraph, the inclusion of this right of replacement may mean that the value of the Notes from time to time may be lower than their value would otherwise have been had no such replacement right been included.

Instructions to the Trustee following an Event of Default

While the Trustee is permitted to give notice to the Issuer of its determination that an Event of Default has occurred under the Notes (and that accordingly the Notes have become immediately due and payable) and enforce the security following the occurrence of such Event of Default, it is not required to do so, unless directed to do so by the Instructing Creditor and will only do so if the Trustee is indemnified and/or secured and/or prefunded to its satisfaction.

Accordingly, following the occurrence of an Event of Default under the Notes, Noteholders' ability to realise their investment is dependent upon the Trustee (exercising its discretion or if directed by the Counterparty (or, in the limited circumstances described below, the Noteholders)) giving notice to the Issuer that an Event of Default has occurred and that the Notes have become immediately due and payable and then, if required, enforcing the security. Noteholders should be aware that there is no assurance that the Trustee would exercise such discretion or that the Counterparty would give such direction in such circumstances. Even where the Trustee does decide to exercise such discretion or the Counterparty does give such direction, there may be a significant delay between the occurrence of an Event of Default and the Trustee's notice to the Issuer that the Notes have become immediately due and payable and any enforcement of the security following the occurrence of such Event of Default. During the period of such delay, Noteholders' *pro rata* share of the proceeds of enforcement of the security may decrease substantially from what it would otherwise have been but for such delay and may in certain circumstances be zero.

The Instructing Creditor with respect to the Notes is the Counterparty only. This means that save in the limited circumstances described below, only the Counterparty is entitled to direct the Trustee to give notice that the Notes have become immediately due and payable or enforce the security following the occurrence of such Event of Default.

The Counterparty will make any such direction solely in its own interest and will not have regard to the interests of Noteholders. Similarly, the Trustee shall not be obliged (subject to applicable legal and regulatory requirements to consider the interests of any other secured or unsecured creditors in respect of the Notes (including the Noteholders)).

The Noteholders will, however, be entitled to direct the Trustee to give notice to the Issuer of the occurrence of an Event of Default and enforce the security following an Event of Default in respect of the Notes in the event that the Counterparty is in default under the Swap Agreement. Such direction must be given by Noteholders holding, in aggregate, across all Classes of Notes, at least 1/5 in principal amount of all of the outstanding Notes. Given the wide distribution of the Notes, Noteholders should be aware that there may be a significant delay between the Noteholders becoming entitled to make such a direction to the Trustee and Noteholders holding a sufficient nominal amount of the Notes being able to make such a direction and provide the required indemnification, security and/or prefunding to the Trustee. Accordingly, during the period of such delay, Noteholders' *pro rata* share of the proceeds of enforcement of the security may decrease substantially from what it would otherwise have been but for such delay and may in certain circumstances be zero.

Payments of Commissions to the Distributor

Commissions will be paid to the Distributor during the life of the Notes on the fifth Business Day following each of 5 October 2016, 5 October 2017, 5 October 2018, 5 October 2019, 5 October 2020, 5 October 2021 and 5 October 2022 (each such day being an “**Annual Determination Date**”). These commissions will be funded by the aggregate of (a) the value associated with the effective annual reduction in (i) the Class Notional Amount and the Reference Entity Notional Amounts under each Credit Default Swap Transaction and (ii) the amounts due on settlement of the Class Attributable Certificates and (b) the Distributor Fee deducted in the calculation of any Class Attributable Certificates Redemption Amount receivable by the Issuer under the Class Attributable Certificates. Such Distributor Fee depends, in part, on the performance of the relevant Equity Basket referenced by the Class Attributable Certificates relating to a Class of Notes.

Notwithstanding the above, the Dealer and the Distributor have agreed that if any portion of the Notes is held by the Dealer and/or any of its affiliates, the amount required to be paid to the Distributor will be reduced by the proportion which such portion of Notes held by the Dealer and/or its affiliates bears to all of the outstanding Notes.

The Additional Payout Amount (if any) payable under each Class of Notes takes into account the payment of commissions to the Distributor by effectively reducing the amount payable on settlement of the Class Attributable Certificates relating to such Class of Notes through the application of the Fee Calculation Factor (which will be 93.74% on the Scheduled Maturity Date) and the deduction of a Distributor Fee in the calculation of the Class Attributable Certificates Redemption Amount. The Class Attributable Certificates Redemption Amount is dependent, in part, on the performance of the relevant Equity Basket referenced by the applicable Class Attributable Certificates. To receive at least 100% of the amount invested in any Class of Notes, an investor is reliant upon an Additional Payout Amount being payable under such Class of Notes after the application of the relevant Fee Calculation Factor and deduction of any Distributor Fee in the calculation of the relevant Class Attributable Certificates Redemption Amount.

A Distributor Fee will only be payable in respect of a Class of Notes where the Class Attributable Certificates Redemption Amount (prior to the deduction of the Distributor Fee in its calculation) payable to the Issuer under the relevant Class Attributable Certificates relating to that Class of Notes exceeds 6.26% of the Nominal Amount of such Class Attributable Certificates as at the Issue Date. In such cases, the Distributor Fee payable in respect a Class is equal to 10% of such amount by which the Class Attributable Certificates Redemption Amount (prior to the deduction of such Distributor Fee in its calculation) receivable by the Issuer under such Class Attributable Certificates exceeds 6.26% of the Nominal Amount of such Class Attributable Certificates as at the Issue Date.

The Distributor Fee and the application of the Fee Calculation Factor are further explained in the section of this Prospectus entitled “*Transaction Description*”.

Possibility of U.S. Withholding Tax on payments

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, and US Treasury regulations promulgated thereunder (together “**FATCA**”) impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a “**foreign financial institution**”, or “**FFI**” (as defined by FATCA)) that does not become a “**Participating FFI**” by entering into an agreement with the U.S. Internal Revenue Service (“**IRS**”) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any account holder (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether such account holder is a U.S. person or should otherwise be treated as holding a “United States account” (as defined under FATCA) of the Issuer (a “**Recalcitrant Holder**”).

FATCA implementation is being phased in for payments from sources within the United States and is currently proposed to apply to "foreign passthru payments" (a term not yet defined) made by an FFI to a non-participating FFI or Recalcitrant Holder no earlier than 01 January 2019. This withholding on foreign passthru payments would potentially apply to payments in respect of (i) any Notes issued or materially modified on or after the "grandfathering date", which is the date that is six months after the date on which final U.S. Treasury regulations defining the term 'foreign passthru payment' are filed with the Federal Register; and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued on or before the grandfathering date, and additional Notes of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have entered into or announced their intention to enter into intergovernmental agreements to facilitate the implementation of FATCA (each, an “**IGA**”). In some cases such IGAs have been signed; in other cases, negotiations are still ongoing. Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, most FFIs in an IGA signatory country should be treated as a “Reporting Financial Institution” or "Reporting FI" (as defined in the IGA) that would generally not be subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA or agreement with the IRS relating to FATCA) (any such withholding being a “**FATCA Withholding**”) from payments it makes (unless, in certain circumstances, it has agreed to do so under the U.S. "qualified intermediary," "withholding foreign partnership," or "withholding foreign trust" regimes or, in certain limited circumstances, where the payments are made to a Recalcitrant Holder). The Model 2 IGA requires reporting FIs to apply FATCA Withholding to U.S. source payments in certain circumstances and leaves open the possibility that a Reporting FI might in the future be required to make FATCA Withholdings on foreign passthru payments. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders to its home government or to the IRS unless it is treated as exempt from having “financial accounts” for FATCA purposes.

The United States and Luxembourg have entered into an agreement (the “**US-Luxembourg IGA**”) based largely on the Model 1 IGA. The Issuer has registered with the IRS as a “reporting Model 1 IGA FFI”.

The Issuer is currently not expected to be required to make any FATCA Withholdings before 01 January 2019 (at the earliest) from the payments it makes. There can be no assurance, however, that the Issuer would not in the future be required to deduct FATCA Withholding from future payments. Accordingly, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating

FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder (a “**Noteholder FATCA Withholding**”).

If a FATCA Withholding were to be made from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay any additional amounts as a result of the FATCA Withholding. As a result, investors may receive less interest or principal than expected.

Whilst the Notes are in global form and held within a clearing system, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer or any paying agent and the common depositary for such clearing system, given that each of the entities in the payment chain between the Issuer and the participants in the clearing system is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that, in certain specific circumstances, the Notes may convert into definitive form and therefore cease to be held through a clearing system. If this were to happen then, depending on the circumstances, payments to a non-FATCA compliant holder could be subject to FATCA Withholding. However, conversion into definitive notes is only anticipated to occur in remote circumstances.

However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA Withholding. It may also affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA Withholding. Investors should choose the custodians or intermediaries with care (to ensure that each is compliant with FATCA or other laws or agreements related to FATCA including any legislation implementing IGAs relating to FATCA, if applicable), and provide each custodian or intermediary with any information, forms and/or other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA Withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer’s obligations under the Notes are discharged once it has paid the common depositary for the clearing system (as legal owner of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries.

THE FATCA PROVISIONS ARE PARTICULARLY COMPLEX AND THEIR APPLICATION TO THE ISSUER AND THE NOTES IS UNCERTAIN AT THIS TIME. THE ABOVE DESCRIPTION IS BASED IN PART ON REGULATIONS, OFFICIAL GUIDANCE AND MODEL IGAS AND THE IGA BETWEEN LUXEMBOURG AND THE UNITED STATES, ALL OF WHICH ARE SUBJECT TO CHANGE OR MAY BE IMPLEMENTED IN A MATERIALLY DIFFERENT FORM. NOTHING IN THIS SECTION CONSTITUTES OR PURPORTS TO CONSTITUTE TAX ADVICE AND NOTEHOLDERS ARE NOT ENTITLED TO RELY ON ANY PROVISION SET OUT IN THIS SECTION FOR THE PURPOSES OF MAKING ANY INVESTMENT DECISION, TAX DECISION OR OTHERWISE. EACH INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF THE FATCA PROVISIONS AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT IT IN ITS PARTICULAR CIRCUMSTANCES.

EU Directive on the Taxation of Savings Income and other EU information exchange arrangements

Under European Directive 2003/48/EC on taxation of savings income (the “Savings Directive”), Member States are required to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person within its jurisdiction to an individual resident in another Member State, except that for a transitional period Austria instead operates a withholding system unless during that

period it elects otherwise (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries and territories). The rate of withholding tax in Austria is 35%. Certain other jurisdictions, including Switzerland, have enacted equivalent legislation which imposes a withholding tax in substantially the same circumstances as envisaged by the Savings Directive.

On 24 March 2014, the Council of the European Union adopted an EU Council Directive amending and broadening the scope of the requirements described above. In particular, the changes expand the range of payments covered by the Savings Directive to include certain additional types of income, and widen the range of recipients payments to whom are covered by the Savings Directive, to include certain other types of entity and legal arrangement. Member States are required to implement national legislation giving effect to these changes by 1 January 2016 (which national legislation must apply from 1 January 2017).

On 9 December 2014, the Council of the European Union adopted a further Directive (EU Council Directive 2014/107/EU amending EU Council Directive 2011/16/EU) on the mandatory automatic exchange of information, to implement the OECD measures known as the “**Common Reporting Standard**”. Member States are required to implement this Directive in respect of taxable periods from 1 January 2016 and to begin exchanging information pursuant to such Directive no later than 30 September 2017 (subject to deferral under transitional rules in the case of Austria). The Common Reporting Standard is generally broader than the Savings Directive, although it does not impose withholding taxes.

On 10 November 2015, the Council of the European Union adopted EU Council Directive 2015/2060/EU repealing the Savings Directive with effect from 1 January 2016 (or 1 January 2017 in the case of Austria), subject to ongoing requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates. The repeal of the Savings Directive is intended to prevent overlap between the Savings Directive and the Common Reporting Standard.

Holders of the Notes should note that should any payment in respect of the Notes be subject to withholding imposed as a consequence of the Savings Directive or under equivalent legislation, no additional amounts would be payable by the Issuer.

The Issuer is required to maintain a Paying Agent with a specified office in an EU Member State that is not obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000, which may mitigate an element of this risk if the Noteholder is able to arrange for payment through such a Paying Agent. However, investors should choose their custodians and intermediaries with care, and provide each custodian and intermediary with any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the Savings Directive, as amended.

Investors who are in any doubt as to their position should consult their professional advisers.

Recent Global Events

General

Since mid-2007, the global economy and financial markets have experienced extreme levels of instability. The initial trigger for the instability was a downturn in the U.S. housing market. Significant declines in house prices in the U.S. from early 2005, combined with interest rate rises, led to increases in mortgage default levels, particularly in relation to mortgages granted to sub-prime borrowers (that is borrowers with a poor or no credit history). Financial exposure to such mortgage assets had been widely distributed on a global basis via securitisations and other risk transfer mechanisms. As a result, a significant number of global commercial banks, investment banks, government-sponsored entities, hedge funds, structured investment vehicles and

institutional investors had gained exposure to defaults in respect of such mortgage assets. By mid-2007, concerns about the value of mortgage assets held by these entities led to a general tightening of available credit and liquidity in the global financial markets.

During 2008, the initial instability intensified into a severe global financial crisis. Notwithstanding steps taken by the central banks of the U.S., the U.K. and certain other countries and the European Central Bank to increase liquidity, continued disruption to the credit and liquidity markets and concerns about the value of mortgage assets and credit-related products generally, led to substantial write-downs of asset values by a number of institutions, including government-sponsored entities, insurers and major commercial and investment banks. These write-downs caused many such entities to seek additional capital, to merge with other institutions and, in some cases, to go into insolvency or to be the subject of government bail-out.

In September 2008, the crisis saw a series of collapses of government-sponsored entities, insurers and major commercial and investment banks around the world. These collapses included the bail-out by the U.S. government of the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Federal National Mortgage Association (Fannie Mae), the insolvency of investment bank Lehman Brothers Holdings Inc., the bail-out by the U.S. government of the major U.S. insurer American International Group, Inc., and numerous other rescues and bail-outs in other countries.

In response to the crisis various governments and central banks took substantial measures to ease liquidity problems and enacted fiscal stimulus packages and measures to support certain entities affected by the crisis. Such measures included establishing special liquidity schemes and credit facilities, bank recapitalisation programmes and credit guarantee schemes.

In an attempt to counteract recessionary pressures, the central banks of the U.S., the U.K. and certain other countries and the European Central Bank also lowered interest rates, in some cases to record low levels.

A number of countries have accumulated significant levels of public debt both absolutely and relative to GDP. In connection with this, the global economy and financial markets have further experienced levels of instability and crises, in particular in respect of certain countries that had adopted the Euro (the “**Eurozone Countries**”), such as Greece, Italy, and Spain. This has led to concerns in relation to the sovereign credit risk of other Eurozone economies, as well as to the survival of the euro itself, and it is possible that the structure, nature and regulation of financial markets, including sovereign credit markets, may be fundamentally altered.

A number of Eurozone countries have seen yields on new issues of sovereign debt increase to levels that some commentators have argued are not sustainable. Such increases, combined with existing levels of national debt, have given rise to ongoing concerns of the ability of such Eurozone countries to service their existing debt obligations. Furthermore, Greece restructured a majority of its sovereign debt in the first half of 2012.

2012 saw dialogue among the Eurozone Countries regarding, among other things, the control of fiscal policy, the operation of the European Central Bank, the structuring of the European Financial Stability Facility and the establishment of the European Stability Mechanism. During this time several rating agencies have downgraded a number of Eurozone Countries, including Spain, by one or more notches.

The ongoing concerns regarding the Eurozone Countries, including the possibility of a withdrawal from the Euro by one or more Eurozone Countries or a wider restructuring of the Euro, are likely to continue to effect the financial condition and stability of individual Eurozone Countries and, more widely, the European Union and the global economy.

The above factors have also led to substantial volatility in markets across asset classes, including (without limitation) stock markets, foreign exchange markets, fixed income markets and credit markets.

There can be no assurance that the steps taken by governments to ameliorate the global financial crisis will be successful or that the global recovery will continue. The structure, nature and regulation of financial markets in the future may be fundamentally altered as a consequence of the global financial crisis, possibly in unforeseen ways. There can be no assurance that similar or greater disruption may not occur in the future for similar or other reasons. In addition, the attempts being taken to reduce the high level of sovereign debt may themselves contribute to a further global recession.

There can be no assurance as to whether global recovery will continue or whether the effects of the global financial crisis will continue to be felt. There can be no assurance that government actions to limit the impact of the crisis and to promote global recovery will be successful and that they will not instead lead or contribute to a further financial crisis and/or global recession. Economic prospects are subject to considerable uncertainty.

Prospective investors should ensure that they have sufficient knowledge and awareness of the global financial crisis and the responses thereto and of the economic situation and outlook as they consider necessary to enable them to make their own evaluation of the risks and merits of an investment in the Notes.

In particular, prospective investors should take into account the considerable uncertainty as to how the global financial crisis and the wider economic situation will develop over time.

Any person who had held securities during the periods considered above, particularly structured securities, would be highly likely to have suffered significant adverse effects as a result of such holding, including, but not limited to, major reductions in the value of those securities and a lack of liquidity. Prospective investors should consider carefully whether they are prepared to take on similar risks by virtue of an investment in the Notes.

Impact on Liquidity

The events outlined above have had an extremely negative effect on the liquidity of financial markets generally and in the markets in respect of certain financial assets or in the obligations of certain obligors. This has particularly been the case with respect to the market for structured assets and the obligations of financial institutions and certain sovereigns. Such assets may either not be saleable at all or may only be saleable at significant discounts to their estimated fair value or to the amount originally invested. No assurance can be given that liquidity in the market generally, or in the market for any particular asset class or in the obligations of any particular financial institution or sovereign, will improve or that it will not worsen in the future. Such limited liquidity may have a negative impact on the value of the Notes and the value of the shares comprising the Equity Baskets (which, in turn, may have a negative impact on the value of the related Class Attributable Certificates) and any Eligible Securities delivered pursuant to the Credit Support Annex and the valuation of any obligations of the Reference Entity following a Credit Event. In particular, should the Notes be redeemed early, Noteholders will be exposed to the liquidation value of the Class Attributable Certificates, the Swap Agreement and in certain circumstances any Eligible Securities delivered pursuant to the Credit Support Annex which value might be affected (in some cases significantly) by such lack of liquidity and lower valuations on obligations of the Reference Entity if a Credit Event has occurred.

Impact on Credit

The events outlined above have negatively affected the creditworthiness of a number of entities, in some cases to the extent of collapse or requiring government rescue. Such credit deterioration has and may continue to be widespread and is no longer confined to the financial services sector. The value of the Notes or of the amount of payments under them may be negatively affected by such widespread credit deterioration. Prospective investors should note that recoveries on assets of affected entities have in some cases been *de minimis* and that similarly low recovery levels may be experienced with respect to other

entities in the future which may include the Reference Entity, the Class Attributable Certificates Obligor and the issuers of any Eligible Securities delivered pursuant to the Credit Support Annex.

Impact of Increased Regulation and Nationalisation

The events since 2007 have seen increased involvement of governmental and regulatory authorities in the financial sector and in the operation of financial institutions. In particular, governmental and regulatory authorities in a number of jurisdictions have imposed stricter regulatory controls around certain financial activities and/or have indicated that they intend to impose such controls in the future. The United States of America, the European Union and other jurisdictions are actively considering various reform measures. In certain jurisdictions (e.g. the United States of America), legislation has come into force in this respect, although the rules and regulations required to implement the particulars of any such legislation have yet to be considered. In other jurisdictions (e.g. the European Union), a number of draft pieces of legislation have been proposed and are currently being considered. Such regulatory changes and the method of their implementation may have a significant impact on the operation of the financial markets. It is uncertain how a changed regulatory environment will affect the Issuer and the treatment of the Notes, the Counterparty, the Dealer and the other transaction parties. In addition, governments have shown an increased willingness wholly or partially to nationalise financial institutions, corporates and other entities in order to support the economy. Such nationalisation may impact adversely on the value of the stock or other obligations of any such entity. In addition, in order to effect such nationalisation, existing obligations or stock might have their terms mandatorily amended or be forcibly redeemed. To the extent that UBS, as the Counterparty, Class Attributable Certificates Obligor, Selling Agent and Calculation Agent, and/or the Reference Entity or any other person or entity connected with the Notes is subject to nationalisation or other government intervention, it may have an adverse effect on a holder of the Notes.

Systemic Risk

Financial institutions and other significant participants in the financial markets that deal with each other are interrelated as a result of trading, investment, clearing, counterparty and other relationships. This risk is sometimes referred to as “systemic risk”. Financial institutions such as UBS, and those other parties acting as the Trustee, the Custodian and certain Agents (or any affiliate of any of them) and the Reference Entity referenced in the Credit Default Swap Transactions are likely routinely to execute a high volume of transactions with various types of counterparties, including brokers and dealers, commercial banks, investment banks, insurers, mutual and hedge funds and institutional clients. To the extent they do so, they are and will continue to be exposed to the risk of loss if counterparties fail or are otherwise unable to meet their obligations. In addition, a default by a financial institution or other significant participant in the financial markets, or concerns about the ability of a financial institution or other significant participant in the financial markets to meet its obligations, could lead to further significant systemic liquidity problems and other problems that could exacerbate the global financial crisis and as such have a material adverse impact on other entities.

Foreign Exchange Risk

In addition to the foreign exchange risk explained in the risk factors above entitled “*Certain risks relating to the Equity Baskets referenced by the Class Attributable Certificates*” and “*Calculation of the Additional Payout Amounts*” the Eligible Securities and/or cash delivered to the Issuer pursuant to the Credit Support Annex may be denominated in a different currency from the Notes. Accordingly, the Noteholders shall be exposed to foreign exchange risk of EUR against SEK and/or any other currency against EUR and EUR against SEK in respect of the currencies that the cash and/or Eligible Securities transferred to the Issuer pursuant to the Credit Support Annex are denominated in. The volatility of foreign exchange rates may therefore lead to Noteholders suffering a significant loss on their investment as a result of the movement of such foreign exchange rates during the life of the Notes.

No disclosure of information; disclosure of confidential information

The Issuer or UBS may, whether by virtue of the types of relationships described herein or otherwise, at any time, be in possession of information in relation to the Reference Entity, the Class Attributable Certificates Obligor, Class Attributable Certificates, Eligible Securities or the Counterparty that is or may be material in the context of the issue of the Notes and that may or may not be publicly available or known to the Noteholder, and the Notes do not create any obligation on the part of the Issuer or UBS or any other person to disclose to any Noteholder any such relationship or information (whether or not confidential).

TRANSACTION DESCRIPTION

This Transaction Description must be read as a description only of certain features of the Notes. Any decision to invest in any Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference herein. This Transaction Description does not contain all the information which may be important to prospective investors. Prospective investors should read the entirety of this Prospectus and the documents incorporated by reference herein. In addition, prospective investors should consult with their investment, legal, accounting, tax and other advisors with respect to any investment in the Notes.

The information contained in this section is subject in its entirety to the Terms and Conditions of the Notes.

This section is not intended as a description of the risks an investment in any of the Notes may involve. Risks specifically relating to the Notes are set out in the section of this Prospectus entitled “Risk Factors”.

Issuer

The Notes are issued by VIS Finance S.A. (the “**Company**”) acting in respect of Compartment GAP+ Compartment 2631-2633 March 2016 (the “**Issuer**”) and are secured, limited recourse obligations of the Issuer. The Issuer is described in more detail in the section of this Prospectus entitled “*Description of the Company and the Compartment*”.

Status of the Notes

The Notes are secured, limited recourse obligations of the Issuer. This means that the Secured Parties (which include the Noteholders and each of the Trustee and various agents involved in the issue of the Notes) only have the right to claim against specific assets of the Issuer that relate to the Notes (being referred to in this Prospectus as the Mortgaged Property).

The issue of the Notes will be approved by a resolution of the board of directors of the Company on or before the Issue Date.

Classes

The Notes comprise three Classes: the Class A Notes, the Class B Notes and the Class C Notes.

The Class A Notes rank *pari passu* without any preference among themselves, the Class B Notes rank *pari passu* without any preference among themselves and the Class C Notes rank *pari passu* without any preference among themselves. Furthermore, the Class A Notes, the Class B Notes and the Class C Notes rank *pari passu* with each other without any preference among the Classes.

Each Class of Notes is exposed to the same risk of credit-linkage as the other Classes of Notes but differ in their certificate-linked exposure. At maturity of the Notes, a Noteholder may be entitled to an amount which is derived from the Class Attributable Certificates relating to the relevant Class, as described in more detail below and elsewhere in this Prospectus. Such additional certificate-linked amount (if any) receivable by a Noteholder of a Class may differ from the corresponding amount (if any) receivable by a Noteholder of any other Class.

Initial Aggregate Nominal Amount of the Series

The aggregate nominal amount of the Series on the Issue Date (the “**Initial Aggregate Nominal Amount**”) will be up to SEK 600,000,000, comprising the aggregate of the Initial Aggregate Nominal Amount for each Class of Notes as follows:

- (a) up to SEK 200,000,000 in aggregate nominal amount of the Class A Notes;
- (b) up to SEK 200,000,000 in aggregate nominal amount of the Class B Notes; and
- (c) up to SEK 200,000,000 in aggregate nominal amount of the Class C Notes.

The precise Initial Aggregate Nominal Amount of each Class of Notes to be issued will be published on the website of the Irish Stock Exchange (www.ise.ie) and filed with the Central Bank of Ireland in accordance with Article 8 of the Prospectus Directive, in each case, on or around the Issue Date.

Interest on the Notes

No amount of interest will be payable on either Class of Notes.

Maturity

No amounts are scheduled to be paid to Noteholders under the Notes until their scheduled maturity date, which is expected to be on 5 October 2022 subject to any postponement in the settlement of the related Class Attributable Certificates (the “**Scheduled Maturity Date**”). The maturity date of any Class of Notes may be further postponed as a result of a payment resulting from the occurrence of a Triggered Credit Event in respect of the Reference Entity referenced in the Credit Default Swap Transactions being due and payable after the Scheduled Maturity Date and/or the determination of any Unsettled Credit Event relating to the Reference Entity as at the Credit Event Observation Period End Date of the Notes, as described in more detail below.

Overview of the Swap Agreement and the Class Attributable Certificates

The payments which a Noteholder of a Class of Notes is entitled to receive will depend on (amongst other things) (a) whether any Credit Event occurs in respect of the Reference Entity under the related Credit Default Swap Transaction and (b) the return on the relevant Class Attributable Certificates (referencing the relevant Equity Basket).

On the Issue Date, the Issuer will:

- (a) enter into the Swap Agreement in respect of the Notes with UBS in its capacity as Counterparty, under which the Issuer and the Counterparty will enter into a separate Credit Default Swap Transaction (referencing the Reference Entity) relating to each Class of Notes and the Credit Support Annex under which the Counterparty will be required to post cash or Eligible Securities to the Issuer; and
- (b) acquire the Class Attributable Certificates.

The return on each Class of Notes will reflect the amount receivable by the Issuer under the related Credit Default Swap Transaction and the amount receivable by the Issuer under the related Class Attributable Certificates. The return on the Class Attributable Certificates is subject to a participation percentage applied under the terms of the Class Attributable Certificates and the relevant Equity Basket referenced in such Class Attributable Certificates. Therefore, the relative return on a Class of Notes will be dependent on the return on the related Class Attributable Certificates, which will depend on the relative performance of the applicable Equity Basket and the level of such participation, as described further below.

Each Credit Default Swap Transaction will reference, as at the Issue Date, one Reference Entity (which number may increase as a result of the determination of one or more successor Reference Entities). It is important to note that the Reference Entity (and the number of Reference Entities) may change from time to time following the determination of one or more successor Reference Entities.

The Reference Entity is a bank incorporated in Asia as described in more detail below and in the section of this Prospectus entitled “*Description of the Reference Entity*”.

The notional amount of each Credit Default Swap Transaction (the “**Class Notional Amount**”) will be denominated in SEK and such Class Notional Amount will be equal to the Outstanding Principal Amount of the related Class of Notes.

For so long as the Notes remain outstanding, copies of the programme documentation (including the Base Prospectus, sections of which are incorporated by reference herein) and the issue documentation (including the documentation relating to the Credit Default Swap Transactions) will be available for inspection in printed form free of charge, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted), at the registered office of the Issuer and at the specified offices of the Principal Paying Agent, the Registrar and the Noteholder Facilitator.

The Credit Support Annex

The Issuer and UBS will enter into a Credit Support Annex pursuant to the Swap Agreement.

Due to the nature of the Credit Default Swap Transactions, upon payment by the Dealer of the relevant portion of the issue proceeds of the relevant Classes of Notes to the Counterparty under the Credit Default Swap Transactions on the Issue Date, no further amounts will be payable by the Issuer to the Counterparty under the Credit Default Swap Transactions. Furthermore, the Issuer will be exposed to the credit risk of UBS as Counterparty for payment of any UBS Cash Settlement Amounts and the funding of any amounts due on final redemption of the Notes (save for any amounts to be funded by the relevant Class Attributable Certificates (or liquidation proceeds thereof)).

Where the value of this exposure is equal to or exceeds 5% of the Outstanding Principal Amount of the Notes, the Counterparty will be required to deliver cash and/or Eligible Securities to the Issuer having a value equal to such exposure, as valued on a weekly basis. The purpose of this is to reduce the exposure of the Issuer, and therefore, the Noteholders, to the Counterparty if, upon a termination of the Swap Agreement as a result of a default by the Counterparty under the Swap Agreement or the occurrence of certain insolvency or bankruptcy events relating to the Counterparty, a termination amount is payable by the Counterparty to the Issuer (which would be expected to be the case in such circumstances). However, prospective investors should note that where the value of such exposure as valued on a weekly basis is less than 5% of the Outstanding Principal Amount of the Notes, the Counterparty shall not be required to deliver any cash or Eligible Securities to the Issuer.

The Eligible Securities must be debt obligations issued by any of Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Sweden, Switzerland, the United Kingdom or the United States of America and cash delivered by the Counterparty pursuant to the Credit Support Annex must be denominated in the lawful currency of one of the foregoing. For so long as the Custodian (on behalf of the Issuer) is holding any such cash and/or Eligible Securities, they will comprise underlying assets (or Charged Assets) for the Notes. To the extent that an amount is payable by the Counterparty under a Credit Default Swap Transaction and any cash delivered to the Custodian (on behalf of the Issuer) is required to be returned to the Counterparty, such respective payment obligations shall to such extent be netted and deemed discharged in full. The Counterparty will act for its own benefit and is not required to, and will not, take into account the interests of the Noteholders in determining what assets, meeting the required criteria, to deliver to the Issuer under Credit Support Annex.

Impact of the Credit Default Swap Transactions on the Notes

Overview

Each Class of Notes is credit-linked as a result of identical (save for the specified Class Notional Amount and Class Redemption Factor) Credit Default Swap Transactions, as evidenced by a single confirmation, which incorporate by reference the 2014 ISDA Credit Derivatives Definitions as published by ISDA (the “**Credit Derivatives Definitions**”). The credit-linked payments in respect of each Class of Notes will reflect the amounts receivable by the Issuer under the related Credit Default Swap Transaction.

Under each Credit Default Swap Transaction, the Issuer is selling protection to the Counterparty on the Reference Entity referenced in such Credit Default Swap Transaction. The Reference Entity referenced in the Credit Default Swap Transaction relating to a Class will be identical to the Reference Entity referenced in the Credit Default Swap Transaction relating to each other Class. If no Credit Event has occurred by, and no Unsettled Credit Event (as defined in the confirmation of the Credit Default Swap Transactions) is outstanding on the Business Day immediately preceding 5 October 2022 (in respect of a Class, the “**Credit Event Observation Period End Date**”), the Counterparty will be obliged to pay an amount under the relevant Credit Default Swap Transaction to the Issuer on the Business Day immediately preceding the Scheduled Maturity Date equal to the then outstanding Class Notional Amount *multiplied by* the Fee Calculation Factor applicable as at the Scheduled Maturity Date (such amount which in such circumstances and assuming that no Notes have been purchased and cancelled by the Issuer in accordance with their terms, is expected to be equal to 93.74% of the Class Notional Amount as at the Trade Date).

The consequences of the occurrence of a Credit Event or the existence of any Unsettled Credit Events (as at the Credit Event Observation Period End Date) are described in more detail below.

Reference Entity and Reference Obligation

The Reference Entity referenced in the Credit Default Swap Transaction relating to each Class of Notes will be identical and on the Trade Date of the Credit Default Swap Transactions will be Bank of China Limited.

The Reference Obligation that will be referenced in the Credit Default Swap Transactions relating to the Notes will be identical (and constitute an Obligation for the purposes of the Credit Default Swap Transactions, as described below) and will be the obligation specified as the “**Standard Reference Obligation**” for the Reference Entity for the “**Senior Level**” on a list to be published by ISDA or until such Standard Reference Obligation in respect of the Reference Entity is published by ISDA, the USD 500,000,000 3.125 per cent. fixed rate notes due 2019 issued by Bank of China Limited (ISIN: XS1016655349), subject to the terms of the Credit Default Swap Transactions.

The Class Notional Amount of each Credit Default Swap Transaction that is allocated to the Reference Entity (the “**Reference Entity Notional Amount**”) will be 100% of the Outstanding Principal Amount of each Class of Notes on the Issue Date. Such allocation may vary after the Issue Date as a result of the determination of one or more successor Reference Entities and thereafter may not be divided equally between any successor Reference Entities.

A description of the Reference Entity is set out under the section of this Prospectus entitled “*Description of the Reference Entity*”. A description of the Reference Obligation is set out under the section of this Prospectus entitled “*Description of the Reference Obligation*”.

Credit Events

The Reference Entity referenced in the Credit Default Swap Transactions (or certain Obligations of such Reference Entity) may be subject to the occurrence of any of the following Credit Events occurring on and after 5 February 2016 (being the earliest possible Credit Event Backstop Date) and on or prior to the Credit Event Observation Period End Date:

- (a) Failure to Pay;

- (b) Bankruptcy;
- (c) Restructuring; and
- (d) Governmental Intervention.

More detailed information on the various Credit Events can be found in “*Credit Events and related terms*” in the section of this Prospectus entitled “*Description of the Credit Default Swaps and the Credit Event provisions relating to the Credit Default Swap Transactions and the Notes*”.

Role of the Credit Derivatives Determinations Committees

By incorporation of the Credit Derivatives Definitions, certain determinations relating to, and affecting, the Credit Default Swap Transactions may be made by a relevant CDDC, which has the power to make binding decisions on critical issues such as whether a Credit Event has occurred, which obligations are to be valued and whether an Auction should take place in accordance with and as more fully described in the Credit Derivatives Determinations Committees Rules.

The Reference Entity may change as a result of the determination of a successor Reference Entity

The Reference Entity referenced in the Credit Default Swap Transactions (and to which the Notes are therefore exposed) may change from time to time as a result of the determination of one or more successor Reference Entities and, if more than one successor Reference Entity is determined, the proportion of the Class Notional Amount of each Credit Default Swap Transaction allocated to such Reference Entity that was subject to such succession will be divided amongst each of the new successor Reference Entities. UBS, as Calculation Agent under the Swap Agreement, is responsible for making determinations as to any successor Reference Entity, provided that the Calculation Agent is not required to, and will not, make any such determination if ISDA has announced that a CDDC has been convened for such purpose and if such CDDC has resolved to make such determination.

Consequence of Credit Events and Unsettled Credit Events, including redemption of the Notes

On the Issue Date, the Issuer will enter into the Credit Default Swap Transactions relating to each Class of Notes. The Class Notional Amount in respect of each Credit Default Swap Transaction will be equal to 100% of the Outstanding Principal Amount of the corresponding Class of Notes on the Issue Date. The Class Notional Amount in respect of any Class may be reduced from time to time as described below.

If a Credit Event has occurred on or prior to the Credit Event Observation Period End Date in respect of the Reference Entity and the Counterparty has elected to trigger a settlement under the Credit Default Swap Transaction relating to each Class of Notes and an Auction Final Price or, where the Fallback Settlement Method is applicable, the Final Price, has been determined in accordance with such Credit Default Swap Transaction, such Credit Event will be a “**Triggered Credit Event**”. In such circumstances, with respect to the Triggered Credit Event, the Counterparty will pay to the Issuer an amount (such amount, a “**UBS Cash Settlement Amount**”) on the date falling 5 Business Days after the latest date on which the Auction Final Price or, where the Fallback Settlement Method is applicable, the Final Price is determined in respect of the Reference Entity (the “**UBS Cash Settlement Date**”) equal to the product of:

- (a) the Reference Entity Notional Amount in respect of the Reference Entity (the “**Relevant Reference Entity Notional Amount**”);
- (b) the relevant Auction Final Price or, where the Fallback Settlement Method is applicable, the relevant Final Price determined in respect of the Reference Entity and the Triggered Credit Event;

- (c) the Class Redemption Factor (expected to be between (i) 70% and 90% in respect of the Class A Notes, (ii) 70% and 90% in respect of the Class B Notes and (iii) 70% and 90% in respect of the Class C Notes); and
- (d) the applicable Fee Calculation Factor as at such UBS Cash Settlement Date.

On the Business Day falling immediately after the UBS Cash Settlement Date (the “**Credit Event Instalment Date**”), the Issuer will pay in respect of each Note of a Class, such Note’s *pro rata* share of an amount equal to the UBS Cash Settlement Amount (such amount, a “**Credit Event Instalment Amount**”) to the Noteholder. Accordingly, each Note of such Class will be redeemed in part and the Outstanding Principal Amount of such Class of Notes will be reduced by an amount equal to the Relevant Reference Entity Notional Amount. The Credit Event Instalment Amount may be due and payable before, on or after the Scheduled Maturity Date.

Upon the payment of the UBS Cash Settlement Amount by the Counterparty, the Class Notional Amount of the Credit Default Swap Transaction will be reduced by an amount equal to the Relevant Reference Entity Notional Amount as at the relevant UBS Cash Settlement Date. Where the Relevant Reference Entity Notional Amount is equal to 100% of the Class Notional Amount, the Class Notional Amount will be reduced to zero. A reduction of the Class Notional Amount of such Credit Default Swap Transaction to zero in such circumstances prior to the Scheduled Maturity Date will not cause such Credit Default Swap Transaction to terminate early or the Notes to redeem early, absent the occurrence of an Early Redemption Event (which includes, among other things, any Event of Default in respect of the Notes).

Accordingly, the Credit Event Instalment Amount payable to holders of each Class of Notes in such circumstances will, to a significant extent, be dependent on the Auction Final Price or the Final Price, as applicable, determined in respect of the relevant obligations of the Reference Entity to which such Triggered Credit Event relates and will also be reduced by the application of the relevant Class Redemption Factor and the relevant Fee Calculation Factor. As a result, the amount payable to holders of each Class of Notes in such circumstances will be significantly less than the amount by which the Outstanding Principal Amount of such Class of Notes will be redeemed and may even be zero.

The determination of Triggered Credit Events, UBS Cash Settlement Dates, Auction Final Prices and Final Prices may be identical across each Credit Default Swap Transaction for each Class of Notes. The reductions in the Class Notional Amount of each Credit Default Swap Transaction will however vary across the Credit Default Swap Transactions for each Class because the Class Notional Amount applicable in respect of each Credit Default Swap Transaction is linked to the Outstanding Principal Amount of the Notes of the Class to which such Credit Default Swap Transaction relates.

Application of the Class Redemption Factor and the Fee Calculation Factor

The Class Redemption Factor (expressed as a percentage) in respect of each Class of Notes will be determined by reference to, among other things, the market spread for credit protection on the Reference Entity on the Trade Date, the swap rate in respect of the relevant currency on the Trade Date and the bespoke terms of the Credit Default Swap Transaction relating to such Class of Notes. The Class Redemption Factor is expected to be between (i) 70% and 90% in respect of the Class A Notes, (ii) 70% and 90% in respect of the Class B Notes and (iii) 70% and 90% in respect of the Class C Notes. The application of the Class Redemption Factor in the calculation of the UBS Cash Settlement Amount represents an automatic reduction to a Noteholder’s investment following the occurrence of a Triggered Credit Event irrespective of the relevant Auction Final Price or Final Price (as applicable). The Class Redemption Factor in respect of each Class of Notes is to be determined by the Issuer, or the Calculation Agent on its behalf, and notified to the Noteholders on or about the Issue Date.

In calculating any amounts due to the Issuer under each Credit Default Swap Transaction from the Counterparty (and therefore a corresponding portion of principal payable in respect of each Class of Notes),

the amounts payable to the Issuer by the Counterparty will be reduced by the application of the Fee Calculation Factor. As shown in the table below, the Fee Calculation Factor is a variable percentage which will be 100% on the Issue Date and will decrease to 93.74% on the Scheduled Maturity Date of the Notes (and will decrease further after the Scheduled Maturity Date). Accordingly, the amounts payable in respect of the partial redemption of the Notes following the occurrence of a Triggered Credit Event will be lower than the amount which would be payable if such Fee Calculation Factor had not been applied.

Date	Fee Calculation Factor (%)
From, and including, the Issue Date to, but excluding 5 October 2016	100
From, and including, 5 October 2016 to, but excluding 5 October 2017	99.56
From, and including, 5 October 2017 to, but excluding 5 October 2018	98.57
From, and including, 5 October 2018 to, but excluding 5 October 2019	97.58
From, and including, 5 October 2019 to, but excluding 5 October 2020	96.61
From, and including 5 October 2020 to, but excluding 5 October 2021	95.64
From, and including, 5 October 2021 to, but excluding , the Scheduled Maturity Date	94.68
On the Scheduled Maturity Date	93.74
From, but excluding, the Scheduled Maturity Date to, and including the Maturity Date.	The Extended Fee Calculation Factor

The Extended Fee Calculation Factor is the Fee Calculation Factor on the Scheduled Maturity Date (being 93.74%) multiplied by $99\% \wedge \text{Day Count}$.

“ $99\% \wedge \text{Day Count}$ ” means 99 per cent. to the power of Day Count.

“**Day Count**” means a fraction, the numerator of which is the number of days in the period from and including the Scheduled Maturity Date to but excluding the applicable UBS Cash Settlement Date falling after the Scheduled Maturity Date, or the Potential Credit Event Extension Termination Date (as applicable) in respect of which a payment is being made, and the denominator of which is 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30 day months).

Payment of Final Redemption Amount

If no Credit Event has occurred and no Unsettled Credit Event (as defined below) is outstanding as at the Credit Event Observation Period End Date, on the Business Day immediately preceding the Scheduled Maturity Date of the Class of Notes to which such Credit Default Swap Transaction relates, the Counterparty will pay to the Issuer an amount equal to the product of (i) the then outstanding Class Notional Amount of the related Credit Default Swap Transaction (if any) and (ii) the Fee Calculation Factor of 93.74% (as at the Scheduled Maturity Date).

On the Scheduled Maturity Date, in respect of each Note of the Class, the Issuer will pay an amount equal to (i) its *pro rata* share of an amount equal to the amount received from the Counterparty under the relevant

Credit Default Swap Transaction (if any) plus (ii) the Additional Payout Amount (if any) (together, the “**Final Redemption Amount**”) to the Noteholder.

Extension of the Credit Default Swap Transaction and Payment of Partial Redemption Amount

In certain circumstances, the termination date of each Credit Default Swap Transaction may extend beyond its scheduled termination date. Such extension may occur, in summary, where the payment of any UBS Cash Settlement Amount will fall after such scheduled termination date or where:

- (a) any Credit Event has occurred in respect of the Reference Entity on or prior to the Credit Event Observation Period End Date but in respect of which the Auction Final Price or, where the Fallback Settlement Method is applicable, the Final Price, has not been determined by such Credit Event Observation Period End Date; or
- (b) a Potential Credit Event has been determined by the Calculation Agent under such Credit Default Swap Transaction (being, in effect, an event which, in the sole and absolute determination of the Calculation Agent, may be a Credit Event) but which has not been confirmed as being a Credit Event or not on or prior to the Credit Event Observation Period End Date,

(each such occurrence under (a) or (b), as used herein, an “**Unsettled Credit Event**”).

In such circumstances, the amount payable by the Counterparty to the Issuer under the related Credit Default Swap Transaction on the scheduled termination date of such Credit Default Swap Transaction will be an amount equal to (A)(i) the then outstanding Class Notional Amount *minus* (ii) the Reference Entity Notional Amount in respect of the applicable Reference Entity *multiplied by* (B) the applicable Fee Calculation Factor, and on the Scheduled Maturity Date, in respect of each Note of the Class, the Issuer will pay an amount equal to (i) such Note’s *pro rata* share of such amount received from the Counterparty plus (ii) the Additional Payout Amount (if any) (together, the “**Partial Final Redemption Amount**”) to the Noteholder in partial redemption of such Note.

In relation to the Reference Entity in respect of which the Unsettled Credit Event has occurred, if it is determined that no Credit Event has occurred under the Credit Default Swap Transaction, on the date immediately following the date of such determination (a “**Potential Credit Event Extension Termination Date**”) the Counterparty will pay to the Issuer an amount equal to (i) the Reference Entity Notional Amount in respect of such Reference Entity (which may be 100% of the Class Notional Amount) *multiplied by* (ii) the applicable Fee Calculation Factor. On the Business Days falling immediately after the Potential Credit Event Extension Termination Date (a “**Potential Credit Event Extension Maturity Date**”), in respect of each Note of the Class, the Issuer will pay an amount equal to its *pro rata* share of the amount received from the Counterparty on the Potential Credit Event Extension Termination Date. The last occurring Potential Credit Event Extension Termination Date will be the termination date of the Credit Default Swap Transaction relating to the relevant Class of Notes.

However, if it is determined that a Credit Event has occurred in respect of such Reference Entity on or prior to the Credit Event Observation Period End Date and/or, where applicable, an Auction Final Price or Final Price is determined following the Credit Event Observation Period End Date, the Counterparty will pay the UBS Cash Settlement Amount to the Issuer on the related UBS Cash Settlement Date and, in respect of each Note of such Class, the Issuer will pay the Credit Event Instalment Amount on the related Credit Event Instalment Date, in the manner described above under “*Consequence of Credit Events and Unsettled Credit Events, including redemption of the Notes*”.

Worked example of the impact of a Triggered Credit Event

The following sets out an example of the impact of a Triggered Credit Event on a Credit Default Swap Transaction. The figures and events used for the purposes of the example are indicative only and are not

intended as a guide as to the actual or expected performance of any Class of Notes. The performance of any Class of Notes may be better or worse than set out in the following example.

The example assumes the following:

- (a) the Credit Default Swap Transaction relating to a Class of Notes references a single Reference Entity with a Reference Entity Notional Amount of SEK 1,000,000;
- (b) the Outstanding Principal Amount of the Class of Notes (and the Class Notional Amount in respect of the related Credit Default Swap Transaction) as at the Issue Date is SEK 1,000,000;
- (c) the Class Redemption Factor for the Class of Notes is 80%; and
- (d) no Early Redemption Event (including any Event of Default) occurs in respect of the Class of Notes and all transaction parties comply with their obligations relating to the Class of Notes.

Based on these assumptions:

If a Triggered Credit Event occurs in respect of the Reference Entity on 1 January 2020 (and therefore prior to the Credit Event Observation Period End Date (which is the Business Day immediately preceding 5 October 2022)) and an Auction Final Price, expressed as a percentage, of 50% is determined in respect of such Reference Entity in the manner provided for under the Credit Default Swap Transaction (which will be identical across each Credit Default Swap Transaction), then:

- (a) on the UBS Cash Settlement Date (under the Credit Default Swap Transaction), the Counterparty will pay to the Issuer a UBS Cash Settlement Amount of SEK 386,440 (being equal to the product of (i) the Reference Entity Notional Amount of SEK 1,000,000, (ii) the Auction Final Price of 50%, (ii) the Fee Calculation Factor (which at such time would be equal to 96.61%) and (iii) the Class Redemption Factor of 80%); and
- (b) on the Credit Event Instalment Date, the Issuer will pay a holder of a Note of such Class having a nominal amount of SEK 10,000 a Credit Event Instalment Amount equal to SEK 3,864.40, being its *pro rata* share of an amount equal to the UBS Cash Settlement Amount, and the outstanding nominal amount of each Note of such Class will be reduced to SEK 1 (such SEK 1 remaining outstanding until the Scheduled Maturity Date solely for the purposes of keeping the Notes of such Class outstanding in the event that any Additional Payout Amount is payable under with respect to such Class).

Accordingly, based on this example, in respect of each Class of Notes, a holder of a Note of such Class having a nominal amount of SEK 10,000 as at the Scheduled Maturity Date will be entitled to a total of SEK 3,864.40 in respect of such Note, representing a loss of SEK 6,135.60.

Impact of the Class Attributable Certificates on the Notes

Overview

In respect of each Class of Notes, an Additional Payout Amount, which is expected to be funded by the relevant Class Attributable Certificates Redemption Amount (if any) receivable by the Issuer under the Class Attributable Certificates, may be payable as part of the redemption amount due in respect of each Note on the Class Attributable Certificates Maturity Date. Equity Basket 1 (referenced by the Class A Attributable Certificates), Equity Basket 2 (referenced by the Class B Attributable Certificates) and Equity Basket 3 (referenced by the Class C Attributable Certificates) each reference a different basket of shares (in each case, the “**Equity Basket**” in respect of the relevant Class Attributable Certificates and Class of Notes).

The Class Attributable Certificates will be issued pursuant to final terms dated 24 February 2016 (the “**Class Attributable Certificates Final Terms**”), as set out in the section of this Prospectus entitled “*Description of the Class Attributable Certificates*”. The Class Attributable Certificates Final Terms provide additional information in respect of the Class Attributable Certificates for the purposes of the Class Attributable Certificates Obligor’s base prospectus dated 8 January 2016 and approved by the Swedish Financial Supervisory Authority (*Finansinspektionen*) as competent authority, as supplemented from time to time, as described in the section of this Prospectus entitled “*Description of the Class Attributable Certificates*”.

In respect of each Class of Notes, the performance of the corresponding Equity Basket, together with the participation percentage (as described in the applicable Class Attributable Certificates Final Terms) will determine the relevant Class Attributable Certificates Redemption Amount (if any), and therefore the Additional Payout Amount (if any) payable on the related Class of Notes on the Class Attributable Certificates Maturity Date.

A holder of a Note will receive a *pro rata* share of the relevant Class Attributable Certificates Redemption Amount (determined in accordance with the terms of the applicable Class Attributable Certificates) received by the Issuer.

Equity Baskets

The composition of each of Equity Basket 1, Equity Basket 2 and Equity Basket 3 on the Issue Date is as set out in the relevant Class Attributable Certificates Final Terms, and also as set out below. The shares referenced in each Equity Basket may be subject to adjustment in accordance with the terms of the relevant Class Attributable Certificates.

Equity Basket 1

The Class Attributable Certificates Redemption Amount (if any) payable to the Issuer under the Class A Attributable Certificates (and, accordingly, the Additional Payout Amounts (if any) in respect of the Class A Notes) will depend in part on the performance of Equity Basket 1, which on the Issue Date consists of the following basket of shares:

i	Share i	Bloomberg Code	Exchange
1	MCDONALD'S CORP	MCD UN	New York Stock Exchange
2	WAL-MART STORES INC	WMT UN	New York Stock Exchange
3	JOHNSON & JOHNSON	JNJ UN	New York Stock Exchange
4	PROCTER & GAMBLE CO	PG UN	New York Stock Exchange
5	COCA-COLA CO	KO UN	New York Stock Exchange
6	GENERAL MILLS INC	GIS UN	New York Stock Exchange
7	KIMBERLY-CLARK CORP	KMB UN	New York Stock Exchange
8	COLGATE-PALMOLIVE CO	CL UN	New York Stock Exchange
9	KELLOGG CO	K UN	New York Stock Exchange
10	AT&T INC	T UN	New York Stock Exchange

Information (including information as to their past and future performance and volatility) about the shares included in Equity Basket 1 may be obtained on Bloomberg under the codes set out in the table above.

Equity Basket 2

The Class Attributable Certificates Redemption Amount (if any) payable to the Issuer under the Class B Attributable Certificates (and, accordingly, the Additional Payout Amounts (if any) in respect of the Class B Notes) will depend in part on the performance of Equity Basket 2, which on the Issue Date consists of the following basket of shares:

i	Share j	Bloomberg Code	Exchange
1	JOHNSON & JOHNSON	JNJ UN	New York Stock Exchange
2	MERCK & CO INC	MRK UN	New York Stock Exchange
3	PFIZER INC	PFE UN	New York Stock Exchange
4	NOVARTIS AG	NOVN VX	SIX Swiss Exchange
5	ROCHE HOLDING AG	ROG VX	SIX Swiss Exchange
6	NOVO NORDISK A/S	NOVOB DC	Copenhagen Stock Exchange
7	GLAXOSMITHKLINE PLC	GSK LN	London Stock Exchange
8	BAYER AG	BAYN GY	Xetra
9	SANOFI	SAN FP	NYSE Euronext Paris
10	TAKEDA PHARMACEUTICAL CO LTD	4502 JT	Tokyo Stock Exchange

Information (including information as to their past and future performance and volatility) about the shares included in Equity Basket 2 may be obtained on Bloomberg under the codes set out in the table above.

Equity Basket 3

The Class Attributable Certificates Redemption Amount (if any) payable to the Issuer under the Class C Attributable Certificates (and, accordingly, the Additional Payout Amounts (if any) in respect of the Class C Notes) will depend in part on the performance of Equity Basket 3, which on the Issue Date consists of the following basket of shares:

i	Share j	Bloomberg Code	Exchange
1	ABB LTD	ABB SS	NASDAQ Stockholm
2	SKANSKA AB	SKAB SS	NASDAQ Stockholm
3	HENNES & MAURITZ AB	HMB SS	NASDAQ Stockholm
4	SKF AB	SKFB SS	NASDAQ Stockholm
5	NORDEA BANK AB	NDA SS	NASDAQ Stockholm
6	TELE2 AB	TEL2B SS	NASDAQ Stockholm
7	ASTRAZENECA PLC	AZN SS	NASDAQ Stockholm

8	TELIASONERA AB	TLSN SS	NASDAQ Stockholm
9	SWEDBANK AB	SWEDA SS	NASDAQ Stockholm
10	SVENSKA HANDELSBANKEN AB	SHBA SS	NASDAQ Stockholm

Information (including information as to their past and future performance and volatility) about the shares included in Equity Basket 3 may be obtained on Bloomberg under the codes set out in the table above.

Formula for calculating the Class Attributable Certificates Redemption Amount and the related Additional Payout Amounts

The Additional Payout Amount (if any) payable on the Notes is expected to be funded by the applicable Class Attributable Certificates Redemption Amount (if any) receivable by the Issuer on 30 September 2022, subject to postponement in accordance with the terms of the relevant Class Attributable Certificates (the “**Class Attributable Certificates Maturity Date**”). Any such Class Attributable Certificates Redemption Amount will be determined by the Calculation Agent (as defined in the terms of the Class Attributable Certificates) by reference to a formula.

Calculation of the Class Attributable Certificates Redemption Amount in respect of the Class A Attributable Certificates and the Class B Attributable Certificates

For the purpose of determining any Class Attributable Certificates Redemption Amount receivable by the Issuer under the relevant Class Attributable Certificates, the Calculation Agent (as defined in the terms of the Class Attributable Certificates) will apply the formula to, in summary:

- (a) determine, in respect of each share referenced in the Equity Basket, (i) the arithmetic average of the official closing price of such share on the monthly Valuation Averaging Dates (which are expected to be the 20th calendar day of each month from, and including, 20 September 2020 to, and including, 20 September 2022 (each as may be adjusted in accordance with the Class Attributable Certificates Final Terms)) and deducts from this (ii) the official closing price of such share on the Fixing Date (which is expected to be 7 April 2016) (each, an “**Average Share Return**”);
- (b) in respect of each share, divide the Average Share Return by the official closing price of such share on the Fixing Date, generating a percentage (which may be positive or negative) indicating the performance of such share (by reference to the closing prices thereof on the Valuation Averaging Dates and not any other dates) over the life of such Class Attributable Certificates (each, a “**Relative Share Return**”);
- (c) determine, by reference to the Relative Share Returns of all the shares referenced in the Equity Basket (such performance determined as summarised in paragraphs (a) and (b) above in respect of each share), the arithmetic average performance of all the shares referenced in the Equity Basket, generating, in effect, the average relative return of the relevant basket of shares (the “**Share Return**”); and
- (d) if such Share Return is positive, determine the Class Attributable Certificates Redemption Amount by multiplying the Share Return by the product of (i) the Nominal Amount of the Class Attributable Certificates (being equal to the Initial Aggregate Nominal Amount of the Notes to which such Class Attributable Certificates relate on the Issue Date), (ii) the Fee Calculation Factor, (iii) the FX Factor and (iv) the Participation, and then deduct the Distributor Fee (if any) from the resulting amount.

FX Factor

The FX Factor is a component in the calculation of any Class Attributable Certificates Redemption Amount receivable by the Issuer under the Class A Attributable Certificates and the Class B Attributable Certificates. The FX Factor is intended to reflect the relative movements of the foreign exchange rate between SEK and USD over the life of such Class Attributable Certificates.

In respect of the Class A Attributable Certificates and the Class B Attributable Certificates, the Class Attributable Certificates Calculation Agent will determine the applicable FX Factor by dividing (i) the SEK/USD exchange rate (quoted as SEK per 1 USD) as published on Bloomberg page WMCO at approximately 16.15 London time on the Class Attributable Certificates Maturity Date, by (ii) the SEK/USD exchange rate (quoted as SEK per 1 USD) as published on Bloomberg page WMCO at approximately 16.15 London time on the Fixing Date, subject to any adjustment in accordance with the terms of such Class Attributable Certificates.

Calculation of the Class Attributable Certificates Redemption Amount in respect of the Class C Attributable Certificates

For the purpose of determining any Class Attributable Certificates Redemption Amount receivable by the Issuer under the Class C Attributable Certificates, the Calculation Agent (as defined in the terms of the Class C Attributable Certificates) will apply the formula to, in summary:

- (a) determine, in respect of each share referenced in Equity Basket 3, (i) the arithmetic average of the official closing price of such share on the monthly Valuation Averaging Dates (which are expected to be the 20th calendar day of each month from, and including, 20 September 2020 to, and including, 20 September 2022 (each as may be adjusted in accordance with the Class Attributable Certificates Final Terms)) and deducts from this (ii) the lowest official closing price of each such share observed on any Look-Back Date (being each date falling weekly from and including 7 April 2016 to and including 16 June 2016, rolling each Thursday and each as may be adjusted in accordance with the Class Attributable Certificates Final Terms) (each result, an “**Average Share Return**”);
- (b) in respect of each share, divide the Average Share Return by the lowest official closing price of each such share observed on any Look-Back Date, generating a percentage (which may be positive or negative) indicating the performance of such share (by reference to the closing prices thereof on the Valuation Averaging Dates and not any other dates) over the life of such Class Attributable Certificates (since the applicable Look-Back Date) (each, a “**Relative Share Return**”);
- (c) determine, by reference to the Relative Share Returns of all the shares referenced in Equity Basket 3 (such performance determined as summarised in paragraphs (a) and (b) above in respect of each share), the arithmetic average performance of all the shares referenced in Equity Basket 3, generating, in effect, the average relative return of the relevant basket of shares (the “**Share Return**”); and
- (d) if such Share Return is positive, determine the Class Attributable Certificates Redemption Amount by multiplying the Share Return by the product of (i) the Nominal Amount of the Class C Attributable Certificates (being equal to the Initial Aggregate Nominal Amount of the Class C Notes on the Issue Date), (ii) the Fee Calculation Factor (if any) and (iii) the Participation, and then deduct the Distributor Fee from the resulting amount.

Application of Fee Calculation Factor and Deduction of Distributor Fee

As described in more detail under “*Application of the Class Redemption Factor and the Fee Calculation Factor*” above in this Transaction Description, the Fee Calculation Factor is a variable percentage which will be 100% on the Issue Date and will decrease to 93.74% on the Scheduled Maturity Date of the Notes.

Accordingly, any Additional Payout Amount payable in respect of a Class of Notes at maturity will be lower than the amount which would be payable if such Fee Calculation Factor had not been applied. A Distributor Fee will only be payable in respect of a Class of Notes (and deducted from the relevant Class Attributable Certificates Redemption Amount) if the result of paragraph (d) above in respect of the relevant Class Attributable Certificates (prior to the deduction of such Distributor Fee in the calculation) exceeds 6.26% of the Nominal Amount of such Class Attributable Certificates as at the Issue Date. In such cases, 10% of such amount which is in excess of 6.26% of such Nominal Amount of the Class Attributable Certificates will constitute the Distributor Fee in respect of each such Class. The resultant amounts from the applications of the Fee Calculation Factor and the deduction of any Distributor Fee will effectively constitute part of the commissions payable to the Distributor.

Additional Payout Amounts

Accordingly, a holder of a Note having a nominal amount of SEK 10,000 as at the Scheduled Maturity Date will receive its *pro rata* share of the amount calculated in accordance with the applicable formula described above as an “**Additional Payout Amount**” under the relevant Class of Notes. More detailed information on each formula (and each component thereof) can be found in the applicable Class Attributable Certificates Final Terms, as set out in the section of this Prospectus entitled “*Description of the Class Attributable Certificates*”.

Adjustments and disruptions

Prospective investors in the Notes must note that certain adjustments may be made to the closing prices of any of the constituent shares of the Equity Basket relevant to their Notes and the dates on which such prices are determined for the purposes of the Class Attributable Certificates as a result of the occurrence of certain events including a Market Disruption, a Potential Adjustment Event or a correction of a published price in respect of a share (each as more fully explained in the relevant Class Attributable Certificates Final Terms.

Further, upon the occurrence of certain “**Additional Termination Events**” (as defined in the relevant Class Attributable Certificates Final Terms), the Class Attributable Certificates Obligor may decide to redeem the relevant Class Attributable Certificates prior to the Class Attributable Certificates Maturity Date which would result in the early termination of the Notes. Additional Termination Events include (but are not limited to) insolvency proceedings, certain take-over events and certain merger events in respect of an issuer of a share comprised in the relevant Equity Basket, in each case as set out more fully in the terms of the relevant Class Attributable Certificates and the section of this Prospectus entitled “*Description of the Class Attributable Certificates*”. Certain risks arising as a result of such events are outlined in the section of this Prospectus entitled “*Risk Factors*”. More detailed information on the events referred to above and the resultant adjustments can be found in the section of this Prospectus entitled “*Description of the Class Attributable Certificates*”.

Worked examples of the determination of an Additional Payout Amount in respect of the Notes

The figures and events used for the purposes of these examples are indicative only and are not intended as a guide as to the actual or expected performance of any Class of Notes, which may be better or worse than the performance set out in the following examples.

The examples all assume the following:

- (a) the Nominal Amount of the Class Attributable Certificates is SEK 1,000,000;
- (b) the Participation in respect of the Class Attributable Certificates is 100%;
- (c) the number of shares referenced in each Equity Basket is 10;

- (d) the Fee Calculation Factor is 93.74%; and
- (e) in respect of the Class A Attributable Certificates and the Class B Attributable Certificates there is an FX Factor of 1.25 based on the assumption of (x) a USD/SEK foreign exchange rate of SEK 10 per USD 1 on the Class Attributable Certificates Maturity Date *divided by* (y) a USD/SEK foreign exchange rate of SEK 8 per USD 1 on the Fixing Date.

Based on these assumptions:

Example 1:

This example assumes that the shares referenced in Equity Basket 1 have performed as follows:

Share _i	Official closing price of Share _i on the Fixing Date (in the relevant currency unit)	Arithmetic average of the official closing price of Share _i on each Valuation Averaging Date (in the relevant currency unit)	Relative Share Return of Share _i
1	5	4.5	-10%
2	10	12	20%
3	10	10	0%
4	8	6	-25%
5	15	18	20%
6	10	8	-20%
7	10	12.5	25%
8	20	16	-20%
9	8	10	25%
10	10	7.25	-27.5%

In this example, the average performance of Equity Basket 1 will be -1.25%, being the sum of the percentages in the column entitled “*Relative Share Return of Share_i*” divided by 10 (the number of shares referenced in Equity Basket 1). Accordingly, no Class Attributable Certificates Redemption Amount will be payable under the Class A Attributable Certificates in this example as the average performance of Equity Basket 1 is below zero.

Accordingly, based on this example, in respect of the Class A Notes, a holder of a Note having a nominal amount of SEK 10,000 as at the Scheduled Maturity Date will not receive an Additional Payout Amount.

Example 2:

This example assumes that the shares referenced in the Equity Basket 2 have performed as follows:

Share _i	Official closing price of Share _i on the Fixing Date (in the relevant currency unit)	Arithmetic average of the official closing price of Share _i on each Valuation Averaging Date (in the relevant currency unit)	Relative Share Return of Share _i
1	5	5.5	10%

2	10	12	20%
3	10	10	0%
4	8	6	-25%
5	15	18	20%
6	10	10.5	5%
7	10	12.5	25%
8	20	17	-15%
9	8	8	0%
10	10	11	10%

In this example, the average performance of Equity Basket 2 will be 5%, being the sum of the percentages in the column entitled “*Relative Share Return of Share_i*” divided by 10 (the number of shares referenced in Equity Basket 2), which is referred to in this example as the Equity Return. Accordingly, the Class Attributable Certificates Redemption Amount payable under the Class B Attributable Certificates will be SEK 58,587.50, being the *product of* (i) the Nominal Amount of the Class B Attributable Certificates of SEK 1,000,000, (ii) the Participation of 100%, (iii) the Fee Calculation Factor of 93.74%, (iv) the Equity Return of 5% and (v) the FX Factor of 1.25.

As the Distributor Fee in respect of the Class B Attributable Certificates is equal to 10% of such amount by which the Class Attributable Certificates Redemption Amount (prior to the deduction of such Distributor Fee in its calculation) exceeds 6.26% of the Nominal Amount of the Class B Attributable Certificates as at the Issue Date, no Distributor Fee would be payable in this example as the Class Attributable Certificates Redemption Amount does not exceed SEK 62,600 (being 6.26% of the Nominal Amount of the Class B Attributable Certificates).

Accordingly, based on this example, in respect of the Class B Notes, a holder of a Note having a nominal amount of SEK 10,000 as at the Scheduled Maturity Date will receive an Additional Payout Amount of SEK 585.89, being its *pro rata* share of the Class Attributable Certificates Redemption Amount calculated above.

Example 3:

This example assumes that the shares referenced in the Equity Basket 2 have performed as follows:

Share_i	Official closing price of Share_i on the Fixing Date (in the relevant currency unit)	Arithmetic average of the official closing price of Share_i on each Valuation Averaging Date (in the relevant currency unit)	Relative Share Return of Share_i
1	5	5.5	10%
2	10	12	20%
3	10	10	0%
4	10	10	0%
5	15	18	20%
6	10	10.5	5%

7	10	12	20%
8	18	18.9	5%
9	8	8	0%
10	10	12	20%

In this example, the average performance of Equity Basket 2 will be 10%, being the sum of the percentages in the column entitled “*Relative Share Return of Share_i*” divided by 10 (the number of shares referenced in Equity Basket 2), which is referred to in this example as the Equity Return. Accordingly, the Class Attributable Certificates Redemption Amount payable under the Class B Attributable Certificates will be SEK 111,717.50, being (a) the *product of* (i) the Nominal Amount of the Class Attributable Certificates of SEK 1,000,000, (ii) the Participation of 100%, (iii) the Fee Calculation Factor of 93.74%, (iv) the Equity Return of 10% and (v) the FX Factor of 1.25, *minus* (b) the Distributor Fee of SEK 5,457.50.

As the Distributor Fee in respect of the Class B Attributable Certificates is equal to 10% of such amount by which the Class Attributable Certificates Redemption Amount (prior to the deduction of such Distributor Fee in its calculation) exceeds 6.26% of the Nominal Amount of the Class B Attributable Certificates as at the Issue Date, a Distributor Fee of SEK 5,457.50 would be payable in this example. In this example, the Class Attributable Certificates Redemption Amount prior to deduction of any Distributor Fee is equal to SEK 117,175 which exceeds SEK 62,600 (being 6.26% of the Nominal Amount of the Class B Attributable Certificates) by SEK 54,575 and 10% of such excess is equal to SEK 5,457.50 (being the Distributor Fee).

Accordingly, based on this example, in respect of the Class B Notes, a holder of a Note having a nominal amount of SEK 10,000 as at the Scheduled Maturity Date will receive an Additional Payout Amount of SEK 1,117.18, being its *pro rata* share of the Class Attributable Certificates Redemption Amount calculated above.

Example 4

With regard to the Class C Attributable Certificates and the performance of Equity Basket 3, the official closing price of each share on the Fixing Date is not necessarily the closing price which is taken into consideration when determining how such shares have performed over the term of the Class Attributable Certificates but rather it is the lowest closing price of each such share in Equity Basket 3 as at any Look-Back Date (as defined in the Class Attributable Certificates Final Terms relating to the Class C Attributable Certificates) which is taken into consideration.

The below example assumes that the closing price of each share in Equity Basket 3 on each Look-Back Date is as follows:

Official closing price of share_i on each Look-Back Date (in the relevant currency unit)

Share _i	1	2	3	4	5	6	7	8	9	10
Look-Back Date										
7 April 2016 (Fixing Date)	12	18	6	10	5	12	11	24	9	23
14 April 2016	10	19	6	12	6	14	12	23	13	22

21 April 2016	8	19	7	14	7	14	12	22	12	19
28 April 2016	6	20	6	14	8	13	10	21	11	16
5 May 2016	5	19	6	11	9	12	12	20	12	15
12 May 2016	6	10	7	14	8	12	14	19	13	14
19 May 2016	7	15	7	11	7	15	16	18	14	13
26 May 2016	8	15	6	11	6	10	16	19	14	13
2 June 2016	9	16	8	14	5	12	16	19	14	12
9 June 2016	9	15	6	10	6	12	17	20	14	11
16 June 2016	8	15	5	10	7	12	15	21	13	10

Based on the above, the performance of Equity Basket 3 would be calculated as follows:

Share _i	Lowest official closing price of Share _i on any Look-Back Date (in the relevant currency unit)	Arithmetic average of the official closing price of Share _i on each Valuation Averaging Date (in the relevant currency unit)	Relative Share Return of Share _i
1	5	5.5	10%
2	10	12	20%
3	5	5	0%
4	10	10	0%
5	5	6	20%
6	10	10.5	5%
7	10	12	20%
8	18	18.9	5%
9	9	9	0%
10	10	12	20%

In this example, the average performance of Equity Basket 3 will be 10%, being the sum of the percentages in the column entitled “*Relative Share Return of Share_i*” divided by 10 (the number of shares referenced in Equity Basket 3), which is referred to in this example as the Equity Return. Accordingly, the Class Attributable Certificates Redemption Amount payable under the Class C Attributable Certificates will be SEK 90,626, being (a) the *product of* (i) the Nominal Amount of the Class Attributable Certificates of SEK 1,000,000, (ii) the Participation of 100%, (iii) the Fee Calculation Factor of 93.74%, and (iv) the Equity Return of 10%, *minus* (b) the Distributor Fee of SEK 3,114.

As the Distributor Fee in respect of the Class C Attributable Certificates is equal to 10% of such amount by which the Class Attributable Certificates Redemption Amount (prior to the deduction of such Distributor Fee in its calculation) exceeds 6.26% of the Nominal Amount of the Class C Attributable Certificates as at

the Issue Date, a Distributor Fee of SEK 3,114 would be payable in this example. In this example, the Class Attributable Certificates Redemption Amount prior to deduction of any Distributor Fee is equal to SEK 93,740 which exceeds SEK 62,600 (being 6.26% of the Nominal Amount of the Class B Attributable Certificates) by SEK 31,140 and 10% of such excess is equal to SEK 3,114 (being the Distributor Fee).

Accordingly, based on this example, in respect of the Class C Notes, a holder of a Note having a nominal amount of SEK 10,000 as at the Scheduled Maturity Date will receive an Additional Payout Amount of SEK 906.26, being its *pro rata* share of the Class Attributable Certificates Redemption Amount calculated above.

Impacts of Payments of Commissions to the Distributor on the Notes

Overview

In connection with the issuance of the Notes by the Issuer, commissions will payable to the Distributor during the life of the Notes. In respect of a Class of Notes, the commissions paid to the Distributor will be funded by the following deductions:

- (a) the application of the Fee Calculation Factor (which will be 100% on the Issue Date and will decrease to 93.74% on the Scheduled Maturity Date of the Notes) to reduce (i) any amounts payable to the Issuer under each Credit Default Swap Transaction and (ii) amounts payable to the Issuer on settlement of the Class Attributable Certificates; and
- (b) the payment of any Distributor Fee, which may be deducted from any Class Attributable Certificates Redemption Amount receivable by the Issuer under the relevant Class Attributable Certificates. Such Distributor Fee depends, in part, on the performance of the relevant Equity Basket referenced by the applicable Class Attributable Certificates.

As the payment of any principal (including any Additional Payout Amount) with respect to a Class of Notes will be funded by the amounts receivable by the Issuer under the Swap Agreement and the Class Attributable Certificates, the payment of commissions to the Distributor will ultimately be borne by the Noteholders of such Class. Accordingly, even if no Credit Event has occurred with respect to any Reference Entity, to receive at least 100% of the amount invested in any Class of Notes at maturity, investors will rely on the Additional Payout Amount payable under such Class to make up for the shortfall resulting from (i) the application of the Fee Calculation Factor to the notional amount of the relevant Credit Default Swap Transaction, (ii) the application of the Fee Calculation Factor in the calculation of the relevant Class Attributable Certificates Redemption Amount and (iii) deduction of the Distributor Fee (if any) in the calculation of any such Class Attributable Certificates Redemption Amount.

Worked examples of minimum Share Return required to protect initial investment

The following example is intended to illustrate what the minimum level of Share Return is which a holder of a Note having a nominal amount of SEK 10,000 as at the Issue Date will require in order to protect its initial investment of SEK 10,000, if no Credit Event occurs under the Credit Default Swap Transactions and the Notes of each Class are redeemed at the Final Redemption Amount on the Scheduled Maturity Date.

The figures and events used for the purposes of this example are indicative only and are not intended as a guide as to the actual or expected performance of any Class of Notes, which may be better or worse than the performance set out in the following example.

This example assumes the following:

- (a) no Credit Events or Unsettled Credit Events have occurred under the Credit Default Swap Transactions as at the Credit Event Observation Period End Date;

- (b) the Outstanding Principal Amount of each Class of Notes as at the Scheduled Maturity Date is SEK 1,000,000;
- (c) a Fee Calculation Factor of 93.74% as at the Scheduled Maturity Date;
- (d) an FX Factor in respect of the Class A Attributable Certificates and the Class B Attributable Certificates is 1; and
- (e) a Participation of 100%.

Based on this example, on the Scheduled Maturity Date, a holder of a Note having a nominal amount of SEK 10,000 will need to receive an Additional Payout Amount of SEK 626 to protect its initial investment, being the difference between SEK 10,000 and the Final Redemption Amount of SEK 9,374 (being its *pro rata* share of the Outstanding Principal Amount of SEK 1,000,000 *multiplied* by the Fee Calculation Factor of 93.74%)

An Additional Payout Amount of SEK 626 means a Share Return of approximately 6.678% will be required for a Noteholder in this example to recover an amount equal to its initial investment in the Notes, (being the quotient of SEK 626 and the product of (i) a nominal amount of SEK 10,000, (ii) a Participation of 100%, and (iii) a Fee Calculation Factor of 93.74%). No Distributor Fee will be payable in this example.

Early Redemption in Full

In certain circumstances, the Notes will redeem in full prior to the Maturity Date and the amount receivable by holders of the relevant Class will depend on:

- (a) the mark-to-market value of the Swap Agreement (and, in particular, the Credit Default Swap Transaction relating to the relevant Class of Notes);
- (b) the value of the applicable Class Attributable Certificates; and
- (c) any amounts payable to certain transaction parties which will reduce the amount receivable by such holders.

Early Redemption Events

The Notes of a Class will redeem early, and in full, together with the Notes of each other Class, if any of the following events happen:

- (a) the Swap Agreement is terminated in whole and, where such termination arises as a result of a default by the Counterparty, no replacement Counterparty is appointed within the 30 Business Days of such default by the Counterparty;
- (b) certain tax events occur in respect of payments due by the Issuer under the Notes (but not, for the avoidance of doubt, a Noteholder FATCA Withholding);
- (c) certain regulatory events occur which materially increase the regulatory burden on the Counterparty or which have a materially adverse effect on the Issuer or the Counterparty or which materially increase the Issuer's or the Counterparty's costs or gives rise to administrative or regulatory penalties or sanctions or which have certain other material adverse effects on the Issuer and/or the Counterparty, in each case as determined by the Counterparty in its sole discretion;

- (d) any of the Class Attributable Certificates are subject to early redemption or are otherwise repayable prior to their stated maturity or are in default or are converted to another financial instrument; or
- (e) an Event of Default occurs under the Notes and the security created under the Trust Instrument is enforced.

Payments and Deliveries following an Early Redemption Event

Upon the occurrence of one of the events listed above, the Notes of the relevant Class will be due to be redeemed by payment to Noteholders of a *pro rata* portion of the relevant Early Redemption Amount which shall have been reduced to take account of any amount due to the Trustee, the Selling Agent, the Custodian and any other Agent of the Issuer, including costs and expenses incurred with the sale of such Class Attributable Certificates and any Eligible Securities (in the limited circumstances where such Eligible Securities are to be sold).

Accordingly, the amount payable to holders of the Notes in such circumstances may be reduced, even to zero, as a result of any such amounts due to the Trustee, the Selling Agent, the Custodian and any other Agent of the Issuer.

Early Redemption Amount

The Early Redemption Amount in respect of a Class of Notes shall comprise an amount equal to:

- (a) the market value of the Class Attributable Certificates in respect of such Class as at the Early Redemption Date as determined by the Calculation Agent in its sole discretion; plus
- (b) such *pro rata* share of market value of the Swap Agreement attributable to the Credit Default Swap Transaction relating to the relevant Class as at the date of early termination of the Swap Agreement, as determined by the Calculation Agent in its sole discretion; minus
- (c) such Class's *pro rata* share of any amounts incurred by the Trustee, the Selling Agent, the Custodian, the Calculation Agent and any other Agent of the Issuer as at the Early Redemption Date, including any costs and expenses incurred by any such party with the sale of the Charged Assets and any Eligible Securities (where such Eligible Securities have been sold).

If the relevant Class of Notes is redeeming as a result of a termination of the Swap Agreement due to the occurrence of an Event of Default under the Swap Agreement relating to the Counterparty, the Early Redemption Amount in respect of such Class may also include such Notes' *pro rata* portion of the amount, in SEK, if any, equal to the cash (if any) delivered to the issuer by the Counterparty pursuant to the Credit Support Annex and the sale proceeds of any securities delivered by the Counterparty under the Credit Support Annex after payment of amounts due to parties ranking above the Noteholder.

Early Redemption in Part

Prohibited Investor Redemption Event

Upon the occurrence of a Prohibited Investor Redemption Event, the Issuer shall redeem the Notes sold to, or held by or for the benefit of, the relevant Prohibited Investor on a date notified by the Arranger to the Issuer, the Trustee and the Principal Paying Agent falling not earlier than the fourth Business Day following the date of such notice (such Notes the “**Affected Notes**” and such date of redemption the “**Sale Restriction Redemption Date**”).

The amount receivable by a holder of any Affected Notes comprised in a Class of Notes will depend on:

- (a) the mark-to-market value of the Swap Agreement (and, in particular, the Credit Default Swap Transaction relating to the relevant Class of Notes);
- (b) the value of the relevant Class Attributable Certificates; and
- (c) any amounts payable to certain transaction parties which will reduce the amount receivable by such holders.

On the Sale Restriction Redemption Date, the Selling Agent shall arrange for, and administer the sale of an amount of the relevant Class Attributable Certificates having a nominal amount equal to the Outstanding Principal Amount of such Affected Notes (the “**Affected Charged Assets**”) and the Affected Notes will be redeemed in full on such Sale Restriction Redemption Date by payment to such holder of a *pro rata* portion of the relevant Sale Restriction Redemption Amount which shall have been reduced to take account of any amount due to the Trustee, the Selling Agent, the Custodian and any other Agent of the Issuer, including costs and expenses incurred with the sale of such Affected Charged Assets. Accordingly, the amount payable to a holder of any Affected Notes in such circumstances may be reduced, even to zero, as a result of any such amounts due to the Trustee, the Selling Agent, the Custodian and any other Agent of the Issuer.

Sale Restriction Redemption Amount

The Sale Restriction Redemption Amount in respect of any Affected Notes comprised in a Class of Notes shall comprise an amount equal to:

- (a) the market value of the Affected Charged Assets as at the Sale Restriction Redemption Date as determined by the Calculation Agent in its sole discretion; plus
- (b) the market value of the Swap Agreement attributable to the Credit Default Swap Transaction relating to the Affected Notes as at the date of early termination of the Swap Agreement, as determined by the Calculation Agent in its sole discretion (which will be positive if owing to the Issuer or negative if owing to the Counterparty); minus
- (c) any costs and expenses amounts incurred by the Trustee, the Selling Agent, the Custodian, the Calculation Agent and any other Agent of the Issuer in connection with the sale of the Affected Charged Assets and the early redemption of the Affected Notes.

UBS as Selling Agent

As UBS is also the Selling Agent (unless replaced following a default by UBS as Counterparty under the Swap Agreement, as described in more detail below) and as the Selling Agent is intended to be responsible for liquidating the Class Attributable Certificates upon the occurrence of an Early Redemption Event (as well as any Eligible Securities delivered by the Counterparty under the Credit Support Annex where applicable), where the Early Redemption Event occurs as a result of termination of the Swap Agreement as a result of a default by UBS there is likely to be a significant delay between the occurrence of the Early Redemption Event and the liquidation of such Class Attributable Certificates and Eligible Securities delivered under the Credit Support Annex and the redemption of the Notes.

Replacement of Counterparty and Agents and Rights of Noteholder Facilitator

Replacement of Counterparty

The terms of the Notes provide that, if the Counterparty defaults under the Swap Agreement (being a Counterparty Default and a Replacement Event), the Issuer shall notify the Noteholder Facilitator of such occurrence and, provided that the Noteholder Facilitator has not, within 30 Business Days of the occurrence of the applicable Counterparty Default, notified the Issuer (with a copy to the Trustee) of its intention to

direct the Issuer to enter into a replacement Swap Agreement with a replacement Counterparty as described below, the Issuer is permitted to terminate the Swap Agreement as a result. If the Swap Agreement were terminated in such circumstances, this would be an Early Redemption Event and the Notes would redeem in full as described above.

If (i) a Counterparty Default occurs or (ii) (x) a Moody's Ba1/P-3 Downgrade occurs and (y) the Counterparty gives its prior written consent to such direction, Garantum Fondkommission AB (as Noteholder Facilitator) is entitled to direct the Issuer by notice copied to the Trustee to enter into a replacement Swap Agreement with a replacement Counterparty identified by the Noteholder Facilitator. For the avoidance of doubt, the occurrence of a Moody's Ba1/P-3 Downgrade will not entitle the Issuer to terminate the Swap Agreement and the Noteholder Facilitator shall not be entitled to give such a replacement direction upon the occurrence of a Moody's Ba1/P-3 Downgrade unless the Counterparty has given its prior written consent.

With respect to a Counterparty Default, if a replacement Swap Agreement is entered into by the Issuer with such replacement Counterparty within 30 Business Days of the relevant Counterparty Default, then an Early Redemption Event under the Notes will not occur as a result of such Counterparty Default and the Notes will not redeem as a result of such default. Instead, the ongoing payment obligations of the Counterparty under the Swap Agreement would, effectively, now be ongoing payment obligations of such replacement Counterparty.

Once appointed, if a replacement Counterparty were itself to be subject to a Replacement Event and the replacement Swap Agreement was terminated by the Issuer as a result of such termination, the same replacement process outlined herein would apply. Again, if a replacement Counterparty was not appointed within 30 Business Days of such Counterparty Default by the replacement Counterparty, then an Early Redemption Event under the Notes would occur and the Notes would redeem in full as described above.

In order for a replacement Swap Agreement to be entered into in these circumstances, certain requirements need to be met, including:

- (a) the replacement Counterparty must be a reputable financial institution with a place of business in London which enters into derivative transactions as part of its ongoing business activities and which has, as a minimum, the Ba1/P-3 Rating as of the date the replacement Swap Agreement is entered into;
- (b) the replacement Counterparty must be reasonably satisfactory to the Issuer and the Trustee; and
- (c) the price such replacement Counterparty is willing to pay or receive to enter into such replacement Swap Agreement must be satisfactory to the Counterparty subject to the Replacement Event.

Where a replacement Swap Agreement is entered into, certain costs and expenses may be incurred by the Trustee and the Issuer and these are expected to be funded by the replacement Counterparty upon maturity of the Notes through the Swap Agreement.

The Counterparty may, under these provisions, be replaced more than once during the term of the Notes as a result of defaults by any subsequent replacement Counterparty. Therefore, the Counterparty may not be UBS during the term of the Notes and it is not possible to know as at the Issue Date, the identity of any replacement Counterparty that may enter into a replacement Swap Agreement in connection with the Notes in the circumstances referred to above.

Replacement of Agents

Where the Counterparty is replaced in the circumstances contemplated above, it is intended that the agency roles performed by such entity, which as at the Issue Date, include the Calculation Agent in respect of the

Notes and the Swap Agreement, the Selling Agent in respect of the Notes and the Valuation Agent in respect of the Credit Support Annex would be transferred to another entity or entities identified by Garantum Fondkommission AB (as Noteholder Facilitator), provided that certain requirements were met, including:

- (a) the entity or entities must be reputable financial institutions with a place of business in London which provide such agency services as part of their ongoing business activities and which has or have, as a minimum, the Ba1/P-3 Rating as of the date of appointment; and
- (b) the entity or entities must be reasonably satisfactory to the Issuer, Trustee and replacement Counterparty;

Following such identification of the replacement entity or entities, the Issuer is then required to use reasonable efforts to enter into such agreements as are necessary to appoint such entity or entities to perform such agency roles on, or as soon as reasonably practicable following, the entry into of a replacement Swap Agreement with the replacement Counterparty.

The relevant Agents may, under these provisions, be replaced more than once during the term of the Notes where the Counterparty is also replaced as described above.

QUESTIONS AND ANSWERS

The following section answers some questions that prospective investors might have regarding the Notes, in general terms only. It does not contain all the information which may be important to prospective investors. Prospective investors should read the entirety of this Prospectus and, in particular, the Terms and Conditions of the Notes, the Summary, the Risk Factors, the Transaction Description and the more detailed information in respect of the Credit Default Swap Transactions and the Class Attributable Certificates that is contained elsewhere in this Prospectus and in the Base Prospectus or is incorporated by reference in such documents. In addition, prospective investors should consult with their investment, legal, accounting, tax and other advisors with respect to any investment in the Notes.

The information contained in this section is subject in its entirety to the other sections of this Prospectus.

What are the Notes? The Notes of each Class are investment instruments issued by VIS Finance S.A. acting in respect of Compartment GAP+ Compartment 2631-2633 March 2016 in the form of notes. The Notes comprise three Classes: the Class A Notes, the Class B Notes and the Class C Notes. Each Class is credit-linked to a Reference Entity and certificate-linked to the return on the applicable Class Attributable Certificates.

Is any interest payable on the Notes? No. Interest is not payable on any Class of Notes.

Where is my money invested? In consideration for the issue of the Notes, the Dealer will deliver the Class Attributable Certificates to the Issuer and will procure that the Counterparty will enter into the Credit Default Swap Transactions with the Issuer. The Counterparty will receive an amount from the Issuer (to be settled by the Dealer in partial satisfaction of the price payable by the Dealer for the relevant Class of Notes) in respect of each Credit Default Swap Transaction equal to the Issue Price of the relevant Class of Notes minus the aggregate issue price of the Class Attributable Certificates.

The return on each Class of Notes is linked to the applicable Class Attributable Certificates each referencing the performance of a different basket of shares and the Credit Default Swap Transaction relating to the relevant Class.

Are the Notes secured on any Initial Charged Assets? Yes. The Dealer will procure that the Class Attributable Certificates are delivered to the Issuer. The Class Attributable Certificates are the “**Initial Charged Assets**”.

In addition, under the Credit Support Annex in respect of the Swap Agreement, the Counterparty may deliver to the Custodian (on behalf of the Issuer) cash and/or certain securities meeting criteria set out in the Credit Support Annex in respect of the Issuer’s exposure to the Counterparty. For so long as the Custodian (on behalf of the Issuer) is holding any such cash and/or securities, they will comprise underlying assets for the Notes and “Charged Assets”.

Is the scheduled return on each Class of Notes expected to be the No. A portion of the return on any Class of Notes will depend on the Class Attributable Certificates relating to such Class and referencing the performance of (i) in respect of the Class A Attributable Certificates, Equity Basket 1, (ii) in respect of the Class B Attributable Certificates, Equity Basket 2 and (iii) in respect

same? of the Class C Attributable Certificates, Equity Basket 3, in each case as adjusted for the relevant Participation of that Class. The return under the Class Attributable Certificates may vary between Classes due to the performance of each Equity Basket and the Participation in respect of each Class being different. As a result, one Class of Notes may perform better or worse than any other Class of Notes.

When are the Notes scheduled to mature if not redeemed early? The Notes are scheduled to mature on 5 October 2022. However, the scheduled maturity of the Notes may be extended beyond this date as a result of any postponement in the settlement of the Class Attributable Certificates to the latest date for payment of any Class Attributable Certificates Redemption Amount to the Issuer.

Furthermore, the maturity date of the Notes will be extended beyond the Scheduled Maturity Date, and the amount payable on redemption of the Notes in connection with such extension will change, in the event that there is any Unsettled Credit Event in respect of the Reference Entity under the Credit Default Swap Transactions as at the Credit Event Observation Period End Date. The maturity date of the Notes may also be extended beyond the Scheduled Maturity Date if a Credit Event has occurred in respect of which the settlement date under the related Credit Default Swap Transaction falls after the Scheduled Maturity Date.

Do the Notes redeem at par on the Scheduled Maturity Date? It is expected that, on the Scheduled Maturity Date, provided that no Credit Event has occurred and there is no Unsettled Credit Event under the Credit Default Swap Transaction relating to a Class as at the Credit Event Observation Period End Date, each Note of such Class having an outstanding nominal amount equal to SEK 10,000 will be redeemed on the Scheduled Maturity Date by payment of:

- (a) SEK 93,740 (being SEK 10,000 multiplied by the Fee Calculation Factor of 93.74% as of the Scheduled Maturity Date); and
- (b) an Additional Payout Amount (if any), being such Note's *pro rata* share of an amount (if any) equal to the Class Attributable Certificates Redemption Amount receivable by the Issuer under the related Class Attributable Certificates.

Notwithstanding the above, there can be no assurance that the Additional Payout Amount will be greater than zero or that a Credit Event will not have occurred. If a Credit Event does occur, the principal return on the Notes will be limited to the Credit Event Instalment Amount and may be significantly less than the principal initially invested.

Who is the Counterparty and what is its role? The Counterparty will be UBS AG, London Branch ("UBS") on the Issue Date and it will continue to act as Counterparty until the Maturity Date unless either it defaults under the Swap Agreement (a Counterparty Default) or a Moody's Ba1/P-3 Downgrade occurs and, in either case, is replaced at the direction of Garantum Fondkommission AB (as Noteholder Facilitator) in accordance with the terms of the Notes within 30 Business Days of such occurrence. There can be no assurance that any such replacement will occur. Where such replacement does not occur within 30 Business Days following a Counterparty Default (but not a Moody's Ba1/P-3 Downgrade), the Swap Agreement shall terminate and the Securities redeem early.

In consideration for the issue of the Notes, the Dealer will procure that the

Counterparty will enter into a Swap Agreement with the Issuer and, in connection with each Credit Default Swap Transaction thereunder (each of which relates to a Class of Notes), the Dealer will pay or arrange payment of an amount to the Counterparty equal to the Issue Price of the relevant Class of Notes minus the aggregate Issue Price of the applicable Class Attributable Certificates. Under the terms of the Swap Agreement, the Counterparty will pay to the Issuer any amount due to be paid on the Notes (other than any Additional Payout Amounts).

The Credit Default Swap Transactions are credit derivative transactions. The terms of each Credit Default Swap Transaction will be identical across each Class save for the Class Notional Amount which, in respect of each Credit Default Swap Transaction, shall be equal to the Outstanding Principal Amount of the Class of Notes relating to such Class (as the same may be reduced as a result of Credit Events and, potentially, Unsettled Credit Events).

The Counterparty will also enter into a Credit Support Annex with the Issuer as part of the Swap Agreement. The purpose of this is to reduce the Issuer's exposure to the Counterparty (to the extent that such exposure exceeds the Counterparty's exposure to the Issuer by an amount equal to or greater than 5% of the Outstanding Principal Amount of the Notes which is expected to be the case for the duration of the Notes). However, prospective investors should note that where the value of such exposure as valued on a weekly basis is less than 5% of the Outstanding Principal Amount of the Notes, the Counterparty shall not be required to deliver any cash or Eligible Securities to the Issuer.

What Reference Entity is referenced in the Credit Default Swap Transactions?

The Reference Entity referenced in the Credit Default Swap Transactions as at the Trade Date of the Credit Default Swap Transactions is Bank of China Limited.

This may change during the life of the Notes (including as a result of events occurring prior to the Issue Date) as a result of the determination of one or more successor Reference Entities on or after the Successor Backstop Date (or, in the case of a "Universal Successor", on or after 1 January 2014).

The Class Notional Amount of each Credit Default Swap Transaction that is allocated to the Reference Entity as at the Issue Date is equal to the Outstanding Principal Amount of the related Class of Notes. The weighting of such allocation may vary upon the determination of one or more successor Reference Entities.

Prospective investors must note that it is possible that their investment in a Note may be reduced to SEK 1 as a result of the occurrence of a Credit Event occurring prior to the Issue Date. In such event a Credit Event Instalment Amount will be payable on the related Credit Event Instalment Date, meaning that a Note may only pay the Additional Payout Amount that is linked to the Class Attributable Certificates at scheduled maturity. Prospective investors should only make an investment in the Notes if they fully understand and are prepared to accept this risk, as well as the other risks relating to the Notes.

The Reference Entity (subject to the determination of one or more successor Reference Entities) is a bank with operations across the globe including in Asia, Europe, North America and South America.

Is it possible to change a Reference Entity?

The Reference Entity may not be changed at the election of the Noteholders, the Issuer or the Counterparty, although the determination of one or more successor Reference Entities with respect to the Reference Entity on or after the Successor

Backstop Date (or, in the case of a “Universal Successor”, on or after 1 January 2014) may result in its replacement (which may include the original Reference Entity).

A “**Universal Successor**” means, with respect to a Reference Entity which is not a sovereign, the single entity which assumes all of the obligations (including at least one relevant bond or loan) of the Reference Entity and at the time of the determination either (i) the Reference Entity has ceased to exist, or (ii) the Reference Entity is in the process of being dissolved (however described) and the Reference Entity has not issued or incurred any borrowed money obligation at any time since the legally effective date of the assumption.

What is a “Successor” to a Reference Entity and how can succession affect the Notes?

If ISDA publicly announces that a CDDC has resolved that a different entity or entities has or have become successor(s) to the original Reference Entity or the Calculation Agent under the Credit Default Swap Transactions identifies a “Successor” to the original Reference Entity, for example where such successor assumes obligations of the original Reference Entity under the latter’s bonds or loan, or issues bonds or incurs loans in exchange for bonds or loans of the original Reference Entity, including in certain circumstances as part of a pre-determined series of steps, to which the Notes are linked, then such entity will be deemed to be a “Successor” to the original Reference Entity.

The identity of an original Reference Entity will be treated as having been amended accordingly for the purposes of the Notes so that, following the determination or announcement of a “Successor”, the Notes will be linked to the credit risk of the Successor. Where “Financial Reference Entity Terms” applies to the Credit Default Swap Transactions and “Senior Level” has been specified as applicable, the successor will follow the senior debt. The credit risk associated with a Successor or Successors may be different from and could be greater than the credit risk associated with the original Reference Entity.

The Successor Backstop Date is a rolling date which is:

- (a) if a CDDC receives a request to resolve whether or not there is one or more Successors to the Reference Entity, 90 calendar days prior to the date of such request (regardless of whether the CDDC resolves to determine such matter or not); or
- (b) otherwise, 90 calendar days prior to the date on which notice of the occurrence of a succession is delivered by the Calculation Agent.

If the CDDC makes no resolution as to whether a succession has occurred or is not convened to consider the question, the Calculation Agent may determine the occurrence of a succession.

Can a succession occur prior to the Issue Date?

Yes. The Successor Backstop Date may be prior to the Trade Date of the Credit Default Swap Transactions and therefore a succession may occur prior to the Issue Date.

Noteholders should conduct their own review of any recent developments with respect to the Reference Entity by consulting publicly available information. If a request has been delivered to convene a CDDC prior to the Issue Date to determine whether a succession has occurred with respect to the Reference Entity, details of such request may be found on the ISDA website

<http://www.isda.org/credit>.

What happens if a Credit Event occurs in respect of the Reference Entity under the Credit Default Swap Transaction?

The Credit Events applicable to the Reference Entity (and the relevant obligations relating thereto) are:

- (a) Failure to Pay;
- (b) Bankruptcy;
- (c) Restructuring; and
- (d) Governmental Intervention.

More detailed information on the various Credit Events can be found in “*Credit Events and related terms*” in the section of this Prospectus entitled “*Description of the Credit Default Swap and the Credit Event provisions relating to the Credit Default Swap Transactions and the Notes*”.

If a Credit Event occurs in respect of the Reference Entity referenced in the Credit Default Swap Transactions and an Event Determination Date relating thereto is determined:

- (a) the Class Notional Amount of the Credit Default Swap Transaction in respect of each Class of Notes will be reduced as at such Event Determination Date by an amount equal to the Reference Entity Notional Amount (as determined under such Credit Default Swap Transaction) of the Reference Entity to which such Credit Event relates; and
- (b) in respect of each Class of Notes, an amount will be payable by the Counterparty to the Issuer (and from the Issuer to the Noteholders of such Class, on a *pro rata* basis, in partial redemption of the Notes) equal to the UBS Cash Settlement Amount.

If there is any Unsettled Credit Event in respect of the Reference Entity as at the Credit Event Observation Period End Date (which will arise not just where a Credit Event has occurred but no related Event Determination Date has yet occurred, but also if a Potential Credit Event has been determined in respect of the Reference Entity), the termination date of the Credit Default Swap Transactions, and accordingly, the final maturity date of the Notes, may be extended beyond the Scheduled Maturity Date (which may have been postponed as a result of settlement of the Class Attributable Certificates).

In such circumstances, there may be a significant amount of time between the Scheduled Maturity Date and the date on which the Notes are redeemed in full.

Noteholders do not receive any compensation as a result of any such extension or postponement.

Any amounts payable by the Counterparty to the Issuer pursuant to the Credit Default Swap Transactions will take into account the relevant Fee Calculation Factor. More detailed descriptions of the net amounts receivable by the Issuer under the Credit Default Swap Transactions and thus payable to the Noteholders (and the associated timing and potential adjustments thereof) are set out in the

section of this Prospectus entitled “*Transaction Description*”.

Can a Credit Event occur prior to the Issue Date?

Yes. The earliest Credit Event Backstop Date is 5 February 2016 and therefore a Credit Event affecting the Notes may have occurred prior to the Trade Date of the Credit Default Swap Transactions (and therefore prior to the Issue Date) or the date when an investor decides to invest.

Noteholders should conduct their own review of any recent developments with respect to the Reference Entity by consulting publicly available information. If a request has been delivered to ISDA to determine whether a Credit Event has occurred with respect to the Reference Entity, details of such request may be found on the ISDA website at <http://www.isda.org/credit>.

What is the difference between the Notes and a bond issued by the Reference Entity?

The Notes give the investor exposure to the credit risk of the Reference Entity without having to own a bond or other type of debt obligation of the Reference Entity. The Reference Entity itself is not a party to the Notes nor does the Reference Entity have a direct involvement in the issue of the Notes or the entry into the Swap Agreement, and an investor will not be able to claim against the Reference Entity for any losses it suffers from a Credit Event of the Reference Entity. Neither the Issuer nor the Counterparty is obliged to hold any obligation of the Reference Entity or otherwise have any credit risk exposure to the Reference Entity. In addition to the credit risk of the Reference Entity to which the Notes are linked, an investor will also be exposed to credit risk in relation to the Agents, the Custodian and the Counterparty, so even if the Reference Entity is performing well, an investor may still suffer a loss under the Notes as a result of these other credit risks. The Notes also give the investor exposure to the Class Attributable Certificates.

What determines the amount of any Additional Payout Amount payable under the Notes?

The Additional Payout Amount forming part of the redemption amounts payable on the Notes is determined by the Class Attributable Certificates Redemption Amount receivable by the Issuer under the Class Attributable Certificates.

The respective Class Attributable Certificates Redemption Amount relating to the relevant Class of Notes takes into account the application of the Fee Calculation Factor of 93.74% (as at the Scheduled Maturity Date of the Notes) and the deduction of the Distributor Fee (if any) payable in respect of such Class Attributable Certificates.

In respect of each Note, its *pro rata* share of an amount equal to the applicable Class Attributable Certificates Redemption Amount receivable by the Issuer under the relevant Class Attributable Certificates will be the Additional Payout Amount in respect of such Class of Notes (which will never be less than zero).

The Class Attributable Certificates Redemption Amount is also subject to applicable foreign exchange rates (in the case of the Class A Attributable Certificates and the Class B Attributable Certificates) and the levels of Participation applied to the applicable Equity Basket (which may be as low as 80% in respect of each Class) under the terms of the relevant Class Attributable Certificates and other adjustments described in this section and the section of this Prospectus entitled “*Description of the Class Attributable Certificates*”, so the Additional Payout Amount (if any) payable on the Notes may vary from the actual performance of the relevant Equity Basket referenced in the applicable Class Attributable Certificates.

What are the Initial Charged Assets? The Initial Charged Assets are the Class Attributable Certificates which are UBS Gearing Certificates, each class of which, with an aggregate nominal amount equal to the Aggregate Nominal Amount of the relevant Class of Notes.

The Class Attributable Certificates are linked to basket of shares and are issued by UBS AG, London Branch. These Class Attributable Certificates allow the Issuer, and therefore the Noteholders, to benefit from any average positive performance of the shares, determined by reference to the relevant formula. As the average performance of the shares is subject to a floor of zero, if the average performance of the shares is less than or equal to zero (determined by reference to the formula), this will result in no final payment under these Class Attributable Certificates.

What is the difference between the Notes and a bond issued by the Class Attributable Certificates Obligor? The Notes give the investor exposure to the Class Attributable Certificates without having to own the Class Attributable Certificates, a bond or any other type of debt obligation of the Class Attributable Certificates Obligor. In addition to the credit risk of UBS as the Class Attributable Certificates Obligor, the Counterparty, the Calculation Agent and the Selling Agent, an investor will also be exposed to credit risk in relation to the Reference Entity, the other Agents and the Custodian. As such, even if the Class Attributable Certificates are performing well, an investor may still suffer a loss under the Notes as a result of these other credit risks.

Which shares will the Notes be exposed to? The Class A Notes will be exposed to the performance of the basket of shares in Equity Basket 1, the Class B Notes will be exposed to the performance of the basket of shares in Equity Basket 2 and the Class C Notes will be exposed to the performance of the basket of shares in Equity Basket 3. The Equity Baskets for the Class Attributable Certificates are set out in the section of this Prospectus entitled “*Transaction Description*” and in the final terms of the applicable Class Attributable Certificates (the “**Class Attributable Certificates Final Terms**”), set out in the section of this Prospectus entitled “*Description of the Class Attributable Certificates*”.

Can there be any change to the shares in the Equity Basket? Yes. On the occurrence of certain events in relation to a share or its issuer, the Class Attributable Certificates Obligor and UBS in its role as the Calculation Agent under the Class Attributable Certificates (the “**Class Attributable Certificates Calculation Agent**”) may select a new underlying share which will be deemed to be one of the shares in the relevant Equity Basket in place of the original share. The Class Attributable Certificates Calculation Agent may make adjustments to the terms of the relevant Class Attributable Certificates to account for the economic effect of the relevant event and/or replacement each as more fully described in the terms of the applicable Class Attributable Certificates.

How will the payments under the Class Attributable Certificates be calculated? The Class Attributable Certificates Redemption Amount determined under the Class Attributable Certificates is calculated by the Class Attributable Certificates Calculation Agent in accordance with the terms of the applicable Class Attributable Certificates using a formula that factors in (i) the performance of each share comprised in the relevant Equity Basket, (ii) the Participation, (iii) the Fee Calculation Factor, (iv) in respect of the Class A Attributable Certificates and the Class B Attributable Certificates only, the FX Factor and (v) any applicable Distributor Fee.

A summary of the relevant formula used is set out in the section of this Prospectus entitled “*Transaction Description*” and the formula is set out in the applicable

Class Attributable Certificates Final Terms.

What is the Participation?

The Participation reflects the level of exposure to the performance of the relevant Equity Basket and is a percentage determined by the Class Attributable Certificates Obligor, and notified to the Issuer, following which it will be notified to the Noteholders, on or about the Issue Date which (i) in respect of the Class A Notes is expected to be 110% (indicative only) but which may be higher or lower and in any event shall not be less than 80%, (ii) in respect of the Class B Notes is expected to be 120% (indicative only) but which may be higher or lower and in any event shall not be less than 80% and (iii) in respect of the Class C Notes is expected to be 120% (indicative only) but which may be higher or lower and in any event shall not be less than 80%.

A Participation of 100% will track the positive performance of the applicable Equity Basket. A Participation that is higher or lower than 100% will increase or reduce, respectively, the result of any increase in the average value of the relevant Equity Basket, creating a higher or lower Additional Payout Amount, respectively, than would otherwise have been the case.

What foreign exchange rate will each Class of Notes be exposed to?

The Class A Notes and the Class B Notes are exposed to movements in the SEK/USD foreign exchange rate over the term of the Class Attributable Certificates.

It is likely that the foreign exchange rate will fluctuate during the term of the Class Attributable Certificates. If the applicable exchange rate means that there are fewer SEK per unit of USD on the Scheduled Maturity Date than as at the Fixing Date, then the applicable Class Attributable Certificates Redemption Amount will be lower than if such amount was determined by reference to such foreign exchange rate as at the Fixing Date.

If the exchange rate results in there being more SEK per unit of USD on the Scheduled Maturity Date than as at the Fixing Date then the applicable Class Attributable Certificates Redemption Amount will be higher than if such amount was determined by reference to such foreign exchange rate as at the Fixing Date.

Are there any circumstances where payments under the Class Attributable Certificates may be adjusted, delayed or postponed?

Yes. The terms of the Class Attributable Certificates provide for a number of circumstances where both the amounts payable under the Class Attributable Certificates and the timing of such payments may be adjusted or postponed and/or which may lead to the early redemption of the Class Attributable Certificates in certain circumstances.

These include, among others, as a result of:

- (a) the occurrence of certain market disruption events in respect of the shares in the applicable Equity Basket; and/or
- (b) the occurrence of certain Potential Adjustment Events (as defined in the terms of the applicable Class Attributable Certificates).

More detail on these factors is provided in the sections of this Prospectus entitled “*Risk Factors*”, “*Transaction Description*” and “*Description of the Class Attributable Certificates*”.

What is ISDA?

The International Swaps and Derivatives Association, Inc. (“ISDA”) is a trade organisation of participants in the market for over-the-counter (“OTC”) derivatives. It is headquartered in New York, and is responsible for creating standardised contracts such as the ISDA Master Agreement, standardised asset class provisions such as the 2014 ISDA Credit Derivatives Definitions (the “Credit Derivatives Definitions”) and a wide range of related documentation, that are used to enter into derivatives transactions. Definitions, confirmations and other documents and information published by ISDA are available on ISDA's website: <http://www2.isda.org/>. Certain publications are available free of charge while others are available to subscribers of the website only.

At the date of this Prospectus, ISDA has more than 800 member institutions from 67 countries on six continents. These members include a broad range of OTC derivatives market participants including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure including exchanges, clearinghouses and repositories, as well as law firms, accounting firms and other service providers.

Who is the Calculation Agent?

UBS will act as Calculation Agent for the Notes and the Swap Agreement (and, by extension, the Credit Default Swap Transactions thereunder) for so long as it maintains the role of Counterparty.

What is the role of the Calculation Agent and the Issuer in deciding certain issues related to the Notes?

The Calculation Agent under the Swap Agreement (and by extension, each of the Credit Default Swap Transactions thereunder) may exercise certain discretions and make certain determinations relating to the Notes, including (but not limited to) the following: (i) determination of whether an Event Determination Date has occurred with respect to the Reference Entity, whether or not the CDDC has considered such determination, (ii) determination of whether there is a Successor with respect to the Reference Entity, whether or not the CDDC has considered such determination and (iii) where auction settlement does not apply, the right to determine the value of the obligations selected for determination of the Final Price on the basis of bid quotations from third party dealers.

Noteholders should note that any determination and/or calculation by the Calculation Agent will, in the absence of manifest error, be final and binding on the Trustee and Noteholders.

Where a CDDC has made a determination as to whether an Event Determination has occurred Date or there is a Successor with respect to the Reference Entity, the Calculation Agent may apply the same determination for the purposes of the Notes.

Can my Notes redeem in full prior to the Maturity Date?

The Notes will redeem early, and in full, if any of the following events happen:

- (a) the Swap Agreement is terminated in whole and, where such termination arises as a result of a default by the Counterparty, no replacement Counterparty is appointed within the 30 Business Days of such default by the Counterparty;
- (b) certain tax events occur in respect of payments due by the Issuer under the Notes (but not, for the avoidance of doubt, a Noteholder FATCA

Withholding);

- (c) any of the Class Attributable Certificates are subject to redemption or are otherwise payable prior to their Class Attributable Certificates Maturity Date; or
- (d) an Event of Default occurs under the Notes and the security created under the Trust Instrument is enforced.

Upon the occurrence of one of the events listed above, the Notes of each Class held by a Noteholder will be due to be redeemed by payment to such holder of a *pro rata* portion of the relevant Early Redemption Amount applicable to such Class (which, among other things, takes into account reductions arising in respect of any amounts incurred by the Trustee, the Selling Agent, the Custodian and any other Agent of the Issuer, including costs and expenses incurred with the sale of such Class Attributable Certificates and any Eligible Securities (in the limited circumstances where such Eligible Securities are to be sold).

Accordingly, the amount payable to Noteholders in such circumstances in respect of the Class A Notes and/or the Class B Notes and/or the Class C Notes may be reduced, even to zero, as a result of any such amounts due to the Trustee, the Selling Agent, the Custodian and any other Agent of the Issuer.

As UBS is also the Selling Agent (unless replaced following a default by UBS as Counterparty under the Swap Agreement, as described in more detail below) and as the Selling Agent is intended to be responsible for liquidating the Class Attributable Certificates upon the occurrence of an Early Redemption Event (as well as any Eligible Securities delivered by the Counterparty under the Credit Support Annex where applicable), where the Early Redemption Event occurs as a result of termination of the Swap Agreement as a result of a default by UBS there is likely to be a significant delay between the occurrence of the Early Redemption Event and the liquidation of such Class Attributable Certificates and securities delivered under the Credit Support Annex and the redemption of the Notes.

Will the Notes be rated?

No. The Notes are not rated by any rating agency.

Will there be a secondary market in the Notes?

UBS AG, London Branch, UBS Limited or any of their respective agents may purchase Notes subject to all regulatory requirements and the internal policies and procedures of UBS AG, London Branch, UBS Limited or such agent (as applicable). However, no assurance is given that this will be the case and investors should be prepared to retain the Notes until their maturity.

What tax will I have to pay and how will tax affect payments made to me?

General information relating to certain aspects of Luxembourg, Swedish and Irish taxation, to the extent applicable to you, is set out under the headings “*Luxembourg Taxation*”, “*Swedish Taxation*” and “*Irish Taxation*” in this Prospectus. In addition, general information relating to certain aspects of United Kingdom and Swiss taxation, to the extent applicable to you, is set out under the heading “*Taxation*” in the Base Prospectus.

If withholding taxes are imposed on payments under the Notes (as described in more detail in the terms and conditions), the Issuer will not pay any additional amounts to “gross-up” such payments.

The Issuer will not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment (including any stamp or transfer tax) which may arise as a result of the ownership, transfer, exercise or enforcement of any Note by any person and all payments made by the Issuer will be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted. For the avoidance of doubt, the Issuer will not assume any responsibility for such withholding or deduction. If any such taxes apply, the Issuer shall use its reasonable endeavours to arrange the substitution as the principal obligor under the Notes of a company, approved by the Trustee and consented to by the Counterparty, incorporated in another jurisdiction wherein such withholding would not apply. If the Issuer is unable to arrange such substitution, the Notes will be redeemed early as described under “*Can my Notes redeem in full prior to the Maturity Date?*” in this section above and elsewhere in this Prospectus.

Noteholders must also carefully review, and understand, the risk factor in the section of this Prospectus entitled “*Risk Factors*” under the heading “*Possibility of U.S. withholding tax on payments*”.

The tax treatment of the Notes for individual Noteholders may vary significantly. The general information regarding taxation set out in this Prospectus and the Base Prospectus does not consider the implications of a holding of the Notes for individual Noteholders based upon their specific circumstances. Accordingly, you must consult with your tax advisers (along with your legal and financial advisers) prior to making an investment in any of the Notes.

DOCUMENTS INCORPORATED BY REFERENCE

The provisions of the Base Prospectus dated 25 September 2015, which have previously been published and have been filed with the CSSF and the Central Bank, issued by the Issuer in respect of the Programme (the “**Base Prospectus**”), but excluding the “*Summary of the Terms of the Programme*” on pages 5 to 14 of the Base Prospectus and “*Description of UBS AG, London Branch*” on pages 251 to 252, shall be incorporated in, and form part of, this Prospectus.

The Base Prospectus is available for viewing at the following link:

http://www.ise.ie/debt_documents/Base%20Prospectus_e1b351b3-a817-4d3b-afdd-4705ad5eb1a8.PDF?v=11112015

The audited financial statements of the Company for the financial year ended 31 December 2014 (the “**2014 Accounts**”) are incorporated in, and form a part of this Prospectus.

The 2014 Accounts are available at the following link:

[http://www.ise.ie/debt_documents/VIS%20Financial%20Statements%20-%202031%20December%202014\(18230043_1\)_dfd9d054-3948-4f03-b1c8-bc5595b864d3.PDF?v=2772015](http://www.ise.ie/debt_documents/VIS%20Financial%20Statements%20-%202031%20December%202014(18230043_1)_dfd9d054-3948-4f03-b1c8-bc5595b864d3.PDF?v=2772015)

The audited financial statements of the Company for the financial year ended 31 December 2013 (the “**2013 Accounts**”) are incorporated in, and form a part of this Prospectus.

The 2013 Accounts are available at the following link:

http://www.ise.ie/debt_documents/Annual%20Financial%20Statement_e4fb04db-b60b-48f5-92db-e8a8f0410d64.PDF

The interim financial statements of the Company for the period ended June 2015 are incorporated in, and form a part of this Prospectus and are available at the following link:

[http://www.ise.ie/debt_documents/FS%2030%20June%202015\(19861498_1\)_41b83cbd-6e7d-4889-9ea5-b7d08676467f.PDF?v=1012016](http://www.ise.ie/debt_documents/FS%2030%20June%202015(19861498_1)_41b83cbd-6e7d-4889-9ea5-b7d08676467f.PDF?v=1012016)

The interim financial statements of the Company for the period ended June 2014 are incorporated in, and form a part of this Prospectus and are available at the following link:

[http://www.ise.ie/debt_documents/FS%2030%20June%202014\(19861494_1\)_6d675406-2c33-46e0-8cb8-6a5cc4f0c099.PDF?v=1012016](http://www.ise.ie/debt_documents/FS%2030%20June%202014(19861494_1)_6d675406-2c33-46e0-8cb8-6a5cc4f0c099.PDF?v=1012016)

The non-incorporated parts of the documents incorporated by reference are either not relevant for prospective investors in the Notes or covered elsewhere in this Prospectus.

Following the publication of this Prospectus, a supplement may be prepared by the Issuer and approved by the Central Bank in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. Copies of documents incorporated by reference in this Prospectus can be obtained from the specified office of the Principal Paying Agent for the time being in London. In addition, such documents will be available from the registered office of the Issuer.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of the Notes, prepare a supplement to this Prospectus.

TERMS AND CONDITIONS OF THE NOTES

The Terms and Conditions of the Notes shall consist of the terms and conditions set out in the Registered Securities Base Conditions Module (September 2015 Edition) (the “**Registered Conditions Module**”) and the General Definitions Module (September 2015 Edition) (the “**Definitions Module**”), in each case as set out in the Base Prospectus (together the “**Conditions**”) as amended and/or supplemented as set out below (the “**Series 2016-3 Terms**”).

1. Issuer:

VIS Finance S.A. (the “**Company**”), acting in respect of its Compartment GAP+ Compartment 2631-2633 March 2016.

Under the Securitisation Act 2004, the Company as a regulated entity within the meaning of articles 19 et seq. of the Securitisation Act 2004 is entitled to issue securities or shares to the public on an ongoing basis.

The board of directors of the Company has created a separate compartment in respect of the Notes to which all the assets and liabilities relating to the Notes will be allocated. See item 39 below.
2. Description of Securities: Notes
3. (i) Series: 2016-3

This Series comprises three classes (each, a “**Class**” or “**Class of Notes**”). The Notes of each Class will rank *pari passu* and without any preference among themselves and, save to the extent otherwise provided herein, with each Notes of the other Class.
- (ii) Tranche Number: 1
4. Governing Law: English law
5. Currency of Issue: Swedish Krona (“**SEK**”)

6. Aggregate Nominal Amount: The Aggregate Nominal Amount of the Series as at the Issue Date shall be up to SEK 600,000,000 (the “**Initial Aggregate Nominal Amount**”).
- At any time after the Issue Date, the Aggregate Nominal Amount of the Series shall be the aggregate of the Outstanding Principal Amounts of each Class as at such date.
- The Outstanding Principal Amounts of each Class of Notes as at the Issue Date shall be as follows:
- (a) Class A: up to SEK 200,000,000 (the “**Class A Notes**”);
 - (b) Class B: up to SEK 200,000,000 (the “**Class B Notes**”); and
 - (c) Class C: up to SEK 200,000,000 (the “**Class C Notes**”).
- The Initial Aggregate Nominal Amount of the Notes, together with the respective Outstanding Principal Amount of the Class A Notes, the Class B Notes and the Class C Notes, in each case, as at the Issue Date, will be specified in the Trust Instrument in respect of the Notes.
- The Outstanding Principal Amount of each Class and accordingly, the Aggregate Nominal Amount of the Notes is subject to (i) increase at any time and from time to time in accordance with Condition 21 (*Further Issues*) or (ii) decrease at any time and from time to time as a result of any purchase and cancellation of Notes pursuant to Condition 8(i) (*Cancellation*) and Condition 9 (*Purchases*).
7. Issue Price: In respect of each Class of Notes, 100 per cent. of the Outstanding Principal Amount as at the Issue Date.
8. (a) Specified Denominations: SEK 10,000
- (b) Calculation Amount: SEK 10,000
9. (a) Issue Date: 26 April 2016
- (b) Interest Commencement Date: Not Applicable
10. Maturity Date: In respect of each Class of Notes: the latest to occur of:
- (a) the later of (i) 5 October 2022, subject to

adjustment in accordance with the Business Day Convention and (ii) the Business Day immediately following the Class Attributable Certificates Maturity Date (which is expected to be 30 September 2022, unless there are any postponements and/or adjustments in respect thereof pursuant to the terms of the relevant Class Attributable Certificates) (the “**Scheduled Maturity Date**”);

- (b) the latest Credit Event Instalment Date falling after the Scheduled Maturity Date (if any); and
- (c) the latest Potential Credit Event Extension Maturity Date (if any).

A Noteholder will not receive any compensation as a result of the Maturity Date falling after 5 October 2022.

11. Interest Basis:

Not Applicable

12. Redemption/Payment Basis:

In respect of each Class of Notes:

- (a) upon the occurrence of a Triggered Credit Event in respect of the Reference Entity under the Credit Default Swap Transaction relating to such Class, each Note of such Class will be redeemed in whole or in part, as the case may be, on each Credit Event Instalment Date at the Credit Event Instalment Amount (as described in Additional Provision (2) of Schedule 1 to these Series 2016-3 Terms) and, in each case, the Outstanding Principal Amount of such Class will be reduced by an amount equal to the Reference Entity Notional Amount (as determined pursuant to such Credit Default Swap Transaction) of the Reference Entity to which such Triggered Credit Event relates. If there is a Triggered Credit Event outstanding as at the Credit Event Observation Period End Date for which the Credit Event Instalment Date relating thereto will fall on or after the Scheduled Maturity Date, the Outstanding Principal Amount of such Class shall be deemed to have been reduced in accordance with the foregoing as at the Credit Event Observation Period End Date solely for the purpose of calculating the Partial Final

Redemption Amount (if any) or the Final Redemption Amount (if any) in respect of such Class;

- (b) each Note of such Class may also be redeemed on the Scheduled Maturity Date either in whole or in part at the Final Redemption Amount or the Partial Final Redemption Amount (if any), as applicable, in accordance with item 25 of these Series 2016-3 Terms. In respect of each Note of such Class, following payment of the Final Redemption Amount or the Partial Final Redemption Amount (if any) as the case may be, the Outstanding Principal Amount of such Class shall be reduced by an aggregate amount equal to the Reference Entity Notional Amount (as determined pursuant to the Credit Default Swap Transaction relating to such Class) of the Reference Entity to which such payments relate; and
- (c) if there is an Unsettled Credit Event outstanding as at the Credit Event Observation Period End Date in respect of which no Credit Event is determined to have occurred, each Note of such Class will be redeemed in whole or in part, as the case may be, on the Potential Credit Event Extension Maturity Date at an amount equal to such Note's *pro rata* share of an amount equal to the Reference Entity Notional Amount of the Reference Entity in respect of which such Unsettled Credit Event occurred and, in each case, the Outstanding Principal Amount of such Class will be reduced by an amount equal to the Reference Entity Notional Amount (as determined pursuant to the Credit Default Swap Transaction relating to such Class) of the Reference Entity to which such Potential Credit Event Extension Maturity Date relates.

Where the Outstanding Principal Amount of a Class would otherwise be reduced to zero prior to the Scheduled Maturity Date as result of any Triggered Credit Event, SEK1 of each Note of such Class of Notes shall remain outstanding so as to enable any portion of the Partial Final Redemption Amount or the Final Redemption Amount, as applicable, attributable to any Additional Payout Amount to be payable to the holders of such Class on the

		Scheduled Maturity Date.
13.	Change of Interest Basis or Redemption/Payment Basis:	Not Applicable, save as otherwise provided herein.
14.	Put/Call Options:	Not Applicable
15.	Status of the Notes:	Secured limited recourse obligations of the Issuer secured as provided below
16.	Method of distribution:	Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17.	Fixed Rate Note Provisions:	Not Applicable
18.	Floating Rate Notes Provisions and Indexed Interest Notes:	Not Applicable
19.	Zero Coupon Note Provisions:	Not Applicable

PROVISIONS RELATING TO PREMIUM AMOUNT(S) (CERTIFICATES ONLY):

20.	Premium Amount(s):	Not Applicable
21.	Premium Amount Determination Date(s):	Not Applicable
22.	Premium Amount Payment Date(s):	Not Applicable

PROVISIONS RELATING TO REDEMPTION

23.	Issuer Call:	Not Applicable
24.	Investor Put:	Not Applicable
25.	Final Redemption Amount:	Condition 8(a)(i) shall be deleted in its entirety and replaced with the following:

“Final redemption

Provided that the Notes have not been previously redeemed in whole, each Note (or if applicable, a part thereof) of each Class of Notes will be redeemed by the Issuer on the Scheduled Maturity Date by payment of an amount in respect of such Note equal to:

- (i) where there is no Reference Entity in respect of which (A) an Unsettled Credit Event is outstanding as at the Credit Event Observation Period End Date or (B) a

Triggered Credit Event is outstanding as at the Credit Event Observation Period End Date for which the Credit Event Instalment Date relating thereto falls on or after the Scheduled Maturity Date, the Final Redemption Amount (if any); or

- (ii) where there is any Reference Entity in respect of which there is such Unsettled Credit Event or Triggered Credit Event, the Partial Final Redemption Amount (if any), provided that a further amount may be payable on any Credit Event Instalment Date or Potential Credit Event Extension Maturity Date (as the case may be), falling on or after the Scheduled Maturity Date in accordance with Additional Provision (2) of Schedule 1 to these Series 2016-3 Terms or item 12(c) of these Series 2016-3 Terms, as applicable.”

- 26. Early Redemption Amount and/or the method of calculating the same (if required or if different from that set out in Condition 8: As defined in Additional Provision (3) of Schedule 1 below.
- 27. Physical Delivery Notes: Not Applicable

PROVISIONS RELATING TO SECURITY

- 28. Initial Charged Assets: The Initial Charged Assets comprise “**Class Attributable Certificates**”.

The Class Attributable Certificates in respect of the Class A Notes shall be the “**Class A Attributable Certificates**”, the Class Attributable Certificates in respect of the Class B Notes shall be the “**Class B Attributable Certificates**” and the Class Attributable Certificates in respect of the Class C Notes shall be the “**Class C Attributable Certificates**”.

- (A) the “**Class Attributable Certificates**” in respect of the Class A Notes comprise UBS Gearing Certificates with an aggregate nominal amount equal to the Initial Aggregate Nominal Amount of the Class A Notes.

Issuer of the Class A Attributable Certificates: UBS AG, London Branch

ISIN: CH0314190510
Valor: 31419051
Maturity: 30 September 2022,
subject to adjustment in
accordance with the terms
of the Class A
Attributable Certificates
Currency: SEK
**Governing
law:** German law

- (B) the “**Class Attributable Certificates**” in respect of the Class B Notes comprise UBS Gearing Certificates with an aggregate nominal amount equal to the Initial Aggregate Nominal Amount of the Class B Notes.

**Issuer of the
Class B
Attributable
Certificates:** UBS AG, London
Branch
ISIN: CH0314206159
Valor: 31420615
Maturity: 30 September 2022,
subject to adjustment
in accordance with the
terms of the Class B
Attributable
Certificates
Currency: SEK
Governing law: German law

- (C) the “**Class Attributable Certificates**” in respect of the Class C Notes comprise UBS Gearing Certificates with an aggregate nominal amount equal to the Initial Aggregate Nominal Amount of the Class C Notes.

**Issuer of the
Class C
Attributable** UBS AG, London
Branch

Certificates:

ISIN: CH0314190486

Valor: 31419048

Maturity: 30 September 2022, subject to adjustment in accordance with the terms of the Class C Attributable Certificates

Currency: SEK

Governing law: German law

29. Transferor:
- (a) Vendor: Not Applicable
 - (b) Dealer: Applicable
30. Substitution of Charged Assets: Not Applicable
31. Redeeming Charged Assets Proceeds Paid to Counterparty: Not Applicable
32. Further Issues: For the purposes of Condition 21, Nominal Value Basis Applies
33. Swap Agreements:
- (a) Counterparty: UBS AG, London Branch
 - (b) Swap Agreement(s): A 2002 ISDA Master Agreement and Schedule thereto (in the form of the Swap Schedule Terms Module, July 2013 Edition), dated on or about the Issue Date and as supplemented by (a) a confirmation (evidencing a credit default swap transaction relating to each Class of Notes (the "**Credit Default Swap Transaction**" in respect of such Class)) between the Issuer and the Counterparty (the "**Credit Default Swap Confirmation**") and (b) an ISDA credit support annex (Bilateral Form-Transfer) (English Law) (the "**Credit Support Annex**") dated as of the same date and entered into solely with respect to the Credit Default Swap Transactions (together, the "**Swap Agreement**").

The Credit Default Swap Confirmation will be available for inspection at the registered office of the Company and at the specified offices of the Principal Paying Agent and the Registrar during normal business hours (with respect to the location of the relevant office) on any weekday (Saturdays, Sundays and public holidays excepted).

Under the terms of the Credit Support Annex, a weekly valuation will be performed by the Counterparty (in its capacity as Valuation Agent) as to the Issuer's Exposure (as defined in the Credit Support Annex) to the Counterparty under the Swap Agreement. If the Issuer has an Exposure to the Counterparty equal to or greater than 5% of the face value of the Outstanding Principal Amount of the Notes, the Counterparty may be required to transfer securities or cash to the Issuer as credit support in order to collateralise any such Exposure. Such securities may, at the option of the Counterparty, comprise negotiable debt obligations issued by the governments of Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, Switzerland, the United Kingdom and the United States of America ("**Eligible Securities**") and any such cash may, at the option of the Counterparty, be denominated in the lawful currency of one of the foregoing.

The Valuation Percentage (as defined in the Credit Support Annex) for cash and Eligible Securities transferred as credit support is 100%.

The amount of credit support required to be transferred by the Counterparty under the Credit Support Annex in respect of a valuation date will depend on the Issuer's Exposure to the Counterparty and the value of any existing credit support balance held by the Issuer, as determined by the Counterparty (in its capacity as Valuation Agent) in accordance with the terms of the Credit Support Annex.

All valuations will be by reference to the Base Currency under the Credit Support Annex, being SEK.

To the extent that the value of any existing credit support balance held by the Issuer exceeds the Issuer's Exposure to the Counterparty, then the Issuer may be obliged to return any excess credit support to the Counterparty in accordance with the

terms of the Credit Support Annex.

The Issuer shall, at the request of the Noteholder Facilitator (as defined in Additional Provision (6) of Schedule 1 to these Series 2016-3 Terms) no more frequently than once per calendar quarter (the first such quarter ending three months after the Issue Date), provide details to the Noteholder Facilitator of the amount and type of the assets then comprised in the credit support balance held by the Issuer. Any such request shall be made to the Calculation Agent (in its capacity as agent of the Issuer) which shall respond to any such request on behalf of the Issuer as soon as reasonably practicable and in any event no later than 3 Business Days after the relevant request.

In the event that the Swap Agreement is terminable as a result of the occurrence of an Event of Default (as defined in the Swap Agreement) in respect of which the Counterparty is the Defaulting Party (as defined in the Swap Agreement), a replacement Swap Agreement may be entered into as provided in Additional Provision (6) of Schedule 1 to these Series 2016-3 Terms.

- (c) Counterparty's rights to assign and/or to delegate its rights and obligations under the Swap Agreement(s):

The Counterparty may transfer (without the consent of any party or the Noteholders, but with notice to each of the Issuer, the Trustee and the Noteholders) its rights and obligations under the Swap Agreement to any of its Affiliates. Such transferee will also act as calculation agent under the Swap Agreement and the Calculation Agent may make such changes to the Transaction Documents as are necessary or desirable in its determination to reflect such changes, without the consent of the Noteholders, the Trustee or any other party.

As used herein, "**Affiliate**" means, in relation to any entity, any entity controlled, directly or indirectly, by the entity, any entity that controls, directly or indirectly, the entity or any entity directly or indirectly under common control with the entity. For this purpose "control" of any entity means ownership of a majority of the voting power of an entity.

In addition, the Counterparty may be replaced by a Replacement Counterparty upon the occurrence of a Replacement Event and delivery of a Replacement Counterparty Notice, as more fully set out in Additional Provision (6) of Schedule 1 to these

Series 2016-3 Terms.

34. Security Ranking Basis: Counterparty Priority Basis
35. Instructing Creditor: Counterparty only
36. Custodian Account details: The Account ID will be specified in the Trust Instrument relating to the Notes and will be an ID at the Custodian linked to Euroclear account 10327 or such other account as may be advised by the Custodian from time to time (the "**Custodian Account**").
37. Counterparty Account details: The Counterparty Account details will be specified in the Trust Instrument relating to the Notes.
38. Additional Charging Document: Not Applicable

GENERAL PROVISIONS APPLICABLE TO THE SECURITIES

39. Separate Compartment: A separate compartment has been created by the board of directors of the Company in respect of the Notes (the "**Compartment**"). The Compartment is a separate part of the Issuer's assets and liabilities. The Mortgaged Property (relating to the Notes) is exclusively available to satisfy the rights of the holders of the Notes (in accordance with the Terms and Conditions of the Notes) and the rights of the creditors whose claims have arisen at the occasion of the creation, the operation or the liquidation of the Compartment, as contemplated by article 23 of the articles of association of the Company.
40. Whether the Issuer is able to purchase any of the Notes pursuant to Condition 9 (Purchase) Yes
41. Pre-closing Date and Time: 2.00pm London time on 25 April 2016, or such other date and time as the Issuer may determine.
42. Closing Date and Time: 2.00pm London time on 26 April 2016, or such other date and time as the Issuer may determine.
43. Form of Notes:
- (a) Form: Registered Notes
- Regulation S Global Certificates in respect of each Class of Notes (up to SEK 200,000,000 in nominal amount in respect of the Class A Notes, up to SEK 200,000,000 in nominal amount in respect of the Class B Notes and up to SEK 200,000,000 in nominal amount in respect of the Class C Notes) registered in the name of a nominee for a common

depository for Euroclear.

- (b) New Global Note: No
44. Additional Financial Centre(s) or other special provisions relating to Payment Days: Not Applicable
45. Talons for future Coupons to be attached to definitive Notes in bearer form and dates on which such Talons mature): No
46. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any rights of the Issuer to forfeit the Notes and interest due on late payment: Not Applicable
47. Other terms and conditions: See the Schedule hereto

AGENTS AND OTHER PARTIES AND DISTRIBUTION

48. Trustee
Deutsche Trustee Company Limited
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom
49. Principal Paying Agent
Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom
50. Custodian
Deutsche Bank Luxembourg S.A.
2, boulevard Konrad Adenauer
L-1115 Luxembourg
Luxembourg
51. Calculation Agent and Agent Bank
UBS AG, London Branch, subject to replacement in accordance with the provisions of Additional Provision (6) of Schedule 1 below.
52. Selling Agent
UBS AG, London Branch, subject to replacement in accordance with the provisions of Additional Provision (6) of Schedule 1 below.
53. Issuer's Process Agent
As specified in the Trust Instrument
54. Registrar
Deutsche Bank Luxembourg S.A.
2, boulevard Konrad Adenauer
L-1115 Luxembourg

- Luxembourg
55. Transfer Agent Deutsche Bank Luxembourg S.A.
2, boulevard Konrad Adenauer
L-1115 Luxembourg
Luxembourg
56. Additional Agent(s) Swedish Agent: Skandinaviska Enskilda Banken AB
(publ)
57. Other Parties: Euroclear Sweden AB of Box 191, SE-103 23
Stockholm as accountholder at Euroclear.
58. If syndicated, names and addresses of Managers and underwriting commitments: Not Applicable
- (a) Date of Subscription Agreement: Not Applicable
- (b) Stabilising Manager(s) (if any) Not Applicable
59. If non-syndicated, name and addresses of relevant Dealer: UBS Limited of 1 Finsbury Avenue, London EC2M
2PP
60. Total commission and concession: The Distributor is entitled to annual commissions which are payable by the Issuer. In order to satisfy the payment of these commissions, (i) the notional amount of the Credit Default Swap Transactions in respect of each Class (and, therefore, net amounts due from the Counterparty under each Credit Default Swap Transaction) and (ii) the amount due on settlement of the Class Attributable Certificates are reduced by approximately 1% on an annual basis.
- These reductions have the effect of reducing the obligations of, and therefore releasing value to, the Counterparty and the Class Attributable Certificates Obligor (respectively) which value will ultimately be accounted for to the Distributor in satisfaction of the Issuer's obligations to pay the commissions. These reductions are effected through the application of the Fee Calculation Factor (described in paragraphs (a) and (b) below). The Distributor is also entitled to a commission payable by the Issuer upon payment of the relevant Class Attributable Certificates Redemption Amount (if any) and which is satisfied by a deduction of the Distributor Fee in the calculation of such amount (as described in paragraph (c) below). The Distributor Fee in respect a Class is equal to 10% of such amount by which the Class Attributable Certificates Redemption Amount (prior to the deduction of such Distributor Fee in its calculation) receivable by the Issuer under the Class Attributable Certificates relating to that Class exceeds 6.26% of the Nominal Amount of such Class

Attributable Certificates as at the Issue Date. The Counterparty and the Class Attributable Certificates Obligor will account to the Dealer for such amounts who will in turn account to the Distributor for any amounts payable by the Issuer to the Distributor in satisfaction of the Issuer's obligation to pay such commissions.

The commissions will comprise such amounts generated by (a) the application of the Fee Calculation Factor to the Class Notional Amount or the Reference Entity Notional Amount in the calculation of any amounts receivable by the Issuer under each Credit Default Swap Transaction, (b) the application of the Fee Calculation Factor to the amount payable under the Class Attributable Certificates and (c) the deduction of any Distributor Fee in the calculation of any Class Attributable Certificates Redemption Amount (prior to the relevant Additional Payout Amount being paid in respect of the related Class of Notes) which will ultimately depend on the performance of the relevant Class Attributable Certificates and the applicable Equity Basket referenced therein.

On each Annual Determination Date (being each of 5 October 2016, 5 October 2017, 5 October 2018, 5 October 2019, 5 October 2020, 5 October 2021 and the Scheduled Maturity Date), in accordance with paragraphs (a) and (b) above, the application of the Fee Calculation Factor decreases the existing Class Notional Amount and/or Reference Entity Notional Amount of each Credit Default Swap Transaction and reduces any Additional Payout Amount that would be payable under each Class of Notes. The amounts generated by these reductions are accounted for to the Dealer in respect of commissions payable to the Distributor by the Issuer, together with the Distributor Fee in (c) above, which is payable where the Class Attributable Certificates Redemption Amount (prior to the deduction of such Distributor Fee in its calculation) receivable by the Issuer under the Class Attributable Certificates relating to that Class exceeds 6.26% of the Nominal Amount of the relevant Class Attributable Certificates as at the Issue Date and is equal to 10% of any amount payable which is in excess of 6.26% of such Nominal Amount.

The Dealer will on behalf of the Issuer, pay the commissions to the Distributor. The commissions payable to the Distributor that correspond to amounts described in (a) above will be paid by the Dealer to the Distributor in respect of the issue of the Notes on

the fifth Business Day following each Annual Determination Date (as described above). The commissions described in (b) and (c) above are payable on the Scheduled Maturity Date of the Notes.

Notwithstanding the above, the Dealer and the Distributor have agreed that if any portion of the Notes is held by the Dealer and/or any of its affiliates, the amount required to be paid to the Distributor will be reduced by the proportion which such portion of Notes held by the Dealer and/or its affiliates bears to all of the outstanding Notes.

61. U.S. Selling Restrictions:

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any state securities laws of any state or other jurisdiction of the United States, and the Issuer is not and will not be registered under the United States Investment Company Act of 1940, as amended. The Notes (a) may not be offered, sold or otherwise transferred at any time within the United States or to the account of any U.S. Person (as defined in Regulation S under the Securities Act), and (b) may be offered, sold or otherwise transferred at any time only to transferees that are Non-United States Persons (as defined by the United States Commodity Futures Trading Commission).

62. Non exempt Offer:

An offer of the Notes may be made by Garantum Fondkommission AB (the "**Financial Intermediary**") other than pursuant to Article 3(2) of the Prospectus Directive in the Kingdom of Sweden ("**Public Offer Jurisdiction**") during the period from 24 February 2016 until 31 March 2016 ("**Offer Period**"). *See further Paragraph 8 of "Other Information below.*

63. Additional selling restrictions:

Sweden

Each of the Issuer, UBS Limited as Dealer and Garantum Fondkommission AB as Distributor and any authorised offeror has represented and agreed that the Notes have not been offered or sold and will not be offered, sold or delivered directly or indirectly in the Kingdom of Sweden by way of public offering, unless in compliance with the Swedish Financial Instruments Trading Act (*Sw. lag (1991:980) om handel med finansiella instrument*), as amended from time to time.

OTHER INFORMATION

1. **ADMISSION TO TRADING AND LISTING** Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the Irish Stock Exchange and admitted to trading on the Irish Stock Exchange's regulated market with effect from the Issue Date. Application has also been made for the Notes to be admitted to trading and listed on the regulated market of the Stockholm Stock Exchange.
2. **RATINGS** The Notes will not be rated.
3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

Save for the fees payable to the Dealer and the Financial Intermediary, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the issue.
4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**
 - (i) Reasons for the offer See "*Use of Proceeds*" in the Base Prospectus.
 - (ii) Estimated net proceeds: Up to SEK 600,000,000
 - (iii) Estimated total expenses: EUR 3,000
5. **YIELD** (*Fixed Rate Notes Only*)

Indication of yield: Not Applicable
6. **HISTORIC INTEREST RATES** (*Floating Rate Notes Only*)

Not Applicable
7. **OPERATIONAL INFORMATION**
 - (i) ISIN Code:
 - XS1361783001 in respect of the Class A Notes
 - XS1361783266 in respect of the Class B Notes
 - XS1361783852 in respect of the Class C Notes
 - (ii) Common Code:
 - 136178300 in respect of the Class A Notes
 - 136178326 in respect of the Class B Notes
 - 136178385 in respect of the Class C Notes
 - (iii) CUSIP: Not Applicable
 - (iv) Any clearing system(s) other than Euroclear Sweden AB, Box 191, SE-103 23, DTC, Euroclear and Clearstream, Stockholm, Luxembourg and the relevant

identification number(s):

- (v) Intended to be held in a manner which would allow Eurosystem eligibility: No

8. TERMS AND CONDITIONS OF THE OFFER

Offer Price:

In respect of each Class of Notes, the Issue Price in respect of such Class plus a subscription fee of up to 2% of such Issue Price. Such subscription fee shall be charged by and payable to the Distributor, and, for the avoidance of doubt, shall not be payable by the Issuer or the Counterparty.

Conditions to which the offer is subject:

Offers of the Notes are conditional upon their issue and the early closure of the Offer Period.

The Issuer reserves the right for any reason to close the Offer Period early.

Any early closure of the Offer will be published on the Irish Stock Exchange's website (www.ise.ie).

Description of the application process:

A prospective investor should contact the Distributor during the Offer Period. The Issuer has the right to close the Offer Period early. A prospective investor will acquire the Notes in accordance with the arrangements existing between the Distributor and its customers relating to the subscription of securities generally and not directly with the Issuer or the Dealer.

Persons interested in purchasing Notes should contact their financial adviser. If an investor in any jurisdiction other than Sweden wishes to purchase Notes, such investor should (a) be aware that sales in the relevant jurisdiction may not be permitted due to selling restrictions and thus that the application may be rejected by the Distributor; and (b) contact its financial adviser, bank or financial intermediary for more information.

Details of the minimum and/or maximum amount of application:

The minimum amount of an application in respect of any Class of Notes is SEK 50,000. Any application in respect of any Class of Notes in excess of SEK 50,000 must be in respect of integral multiples of SEK 10,000.

Description of possibility to reduce subscriptions:

The Issuer has the right to terminate the Offer Period at any time and not proceed with the issuance.

Any early closure of the Offer will be published on

the Irish Stock Exchange's website (www.ise.ie).

Details of the method and time limits for paying up and delivering the Notes:

The Notes will be issued on the Issue Date against payment to the Issuer of the net subscription moneys by debit of a cash account on or before the Issue Date or in accordance with the procedures specified by the Distributor. Allotted Notes will be delivered to a securities account of each Noteholder as soon as practicable after the Issue Date.

Manner in and date on which results of the offer are to be made public:

The precise Aggregate Nominal Amount of the Class A Notes, the Class B Notes and the Class C Notes to be issued will be published on the website of the Irish Stock Exchange (www.ise.ie) and filed with the Central Bank of Ireland in accordance with Article 8 of the Prospectus Directive in each case on or around the Issue Date.

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:

Not Applicable

Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:

Offers may be made by the Distributor in Sweden to any person.

Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:

Following the end of the Offer Period, the Distributor will proceed to notify the prospective Noteholders as to the amount of their allotment of the Notes, if any.

Dealing may not begin before notification is made.

Amount of any expenses and taxes specifically charged to the subscriber or purchaser:

Taxes charged in connection with the subscription, transfer, purchase, or holding of the Notes must be paid by the Noteholders. Neither the Issuer nor the Distributor shall have any obligation in relation thereto. In this respect, prospective investors must consult professional tax advisers to determine the tax regime applicable to their own circumstances.

Subscription fees: In respect of each Class: up to 2% of the Issue Price of the Notes of such Class, which will be charged by and payable to Garantum Fondkommission AB in its capacity as Distributor of the Notes. For the avoidance of doubt, neither the Issuer nor the Counterparty shall be liable to pay any subscription fees.

Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes

Garantum Fondkommission AB of Norrmalmstorg 16, Stockholm, Sweden (the "**Distributor**") will be the sole Distributor in Sweden.

place.

9. DOCUMENTS ON DISPLAY

For so long as any Notes remain outstanding, copies of the following documents will, when published (to the extent applicable), be available in physical form during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer and from the specified offices of the Principal Paying Agent, the Registrar and the Noteholder Facilitator:

- (a) the Articles of Association of the Company;
- (b) the Trust Instrument relating to the Notes (and the documents incorporated therein, including, *inter alia*, the Agency Agreement, the Swap Agreement and the Sale Agreement);
- (c) the Credit Default Swap Confirmation;
- (d) a copy of the Base Prospectus and this Prospectus, together with any other document required or permitted to be published by the Irish Stock Exchange;
- (e) any future supplements to the Base Prospectus or this Prospectus;
- (f) the interim financial statements of the Company dated 30 June 2014 and 20 June 2015; and
- (g) the audited financial statements of the Company for the financial years ended 31 December 2013 and 31 December 2014.

The Base Prospectus has been published on the Irish Stock Exchange's website at www.ise.ie this Prospectus together with any other document required or permitted to be published by the Irish Stock Exchange and any future supplements to this Prospectus will be published on the Irish Stock Exchange's website at www.ise.ie.

Clearing Systems

The Notes have been accepted for clearance through Euroclear.

The address for Euroclear is 3 Boulevard du Roi Albert II, B.1210 Brussels, Belgium.

The Notes have also been accepted for clearance through Euroclear Sweden

Significant or Material Change

There has been no significant change in the financial or trading position of the Company since 30 June 2015 being the date of the Company's last published financial statements and no material adverse change in the financial position or prospects of the Company since 31 December 2014, being the date of the Company's last published audited financial statements.

Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer.

Auditors

The Issuer has produced audited financial statements for the period ending on 31 December 2014. These financial statements are audited by the statutory auditors (*cabinet de révision agréé*) of the Issuer, Ernst & Young SA (the "**Auditors**") of 7, rue Gabriel Lippmann, Parc d'activité Syrdall 2, L-5365 Munsbach, Luxembourg. The Auditors have no material interest in the Issuer.

Post-Issuance Information

The Issuer does not intend to provide any post-issuance information in relation to the Notes or Charged Assets.

Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive.

Process Agent

Law Debenture Corporate Services Limited will be appointed as the Issuer's agent for the service of proceedings issued out of the Courts of England in respect of each of the Trust Instrument, the Swap Agreement and the Global Certificates relating to the Notes.

10. UBS AG

UBS AG, London Branch (which is the London branch of UBS AG) is the **Class Attributable Certificates Obligor**, and furthermore UBS AG, London Branch acts as the **Counterparty** under the Swap Agreement. The business of UBS AG is banking and financial services, and which is incorporated in Switzerland with its registered office at Aeschenvorstadt 1, 4051 Basel, Switzerland. UBS AG has securities admitted to trading on the regulated market of the Irish Stock Exchange.

SCHEDULE 1 – ADDITIONAL PROVISIONS TO THE TERMS AND CONDITIONS

1 Additional Provision (1) – Definitions

The following additional definitions shall apply in respect of the Notes:

“**99%[^]Day Count**” means 99 per cent. to the power of Day Count.

“**Additional Payout Amount**” means, in respect of a Class of Notes, each Note’s *pro rata* share of the Class Attributable Certificates Redemption Amount (if any) receivable by the Issuer under the Class Attributable Certificates relating to such Class.

“**Business Day**” means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and Stockholm and a day on which the Target2 System is open, and “Payment Day” shall have the same meaning as Business Day.

“**Business Day Convention**” means the Following Business Day Convention.

“**Charged Assets Event**” means the occurrence of any of the following events:

- (A) notice is given that any of the Class Attributable Certificates is called for redemption or repayment or prepayment (whether in whole or in part) prior to its scheduled maturity date;
- (B) any of the Class Attributable Certificates becomes payable or repayable or becomes capable of being declared due and payable prior to its stated maturity for whatever reason, otherwise than in accordance with their scheduled repayment profile or as a result of the exercise of an issuer option or a holder option unless such option arises as a result of an event of default, a tax event or other similar event;
- (C) in respect of any Class Attributable Certificates, the failure by the relevant Class Attributable Certificates Obligor to make a scheduled payment on the date, in the place and in the currency such payment was originally scheduled to be made (disregarding any terms allowing for non-payment, deferral or adjustments to any scheduled payments and any notice or grace period in respect thereof) in respect of such Class Attributable Certificates; and
- (D) the conversion of any Class Attributable Certificates into any other financial instrument upon the exercise by the Class Attributable Certificates Obligor of any option or other right to convert the any Class Attributable Certificates under the terms and conditions of such Class Attributable Certificates.

“**Class Attributable Certificates Maturity Date**” has the meaning given in paragraph (i) of the definition of “Maturity Date” in the terms of the relevant Class Attributable Certificates.

“**Class Attributable Certificates Obligor**” means UBS AG, London Branch as the issuer of the Class Attributable Certificates.

“**Class Attributable Certificates Redemption Amount**” has the meaning given to the term “Redemption Amount” in the terms of the relevant Class Attributable Certificates.

“**Credit Event**” has the meaning given to such term in the Credit Default Swap Confirmation.

“**Credit Event Instalment Amount**” means an amount equal to the UBS Cash Settlement Amount.

“**Credit Event Instalment Date**” means each Business Day immediately following a UBS Cash Settlement Date.

“**Credit Event Observation Period End Date**” means the Business Day immediately preceding 5

“**Day Count**” means a fraction, the numerator of which is the number of days in the period from and including the Scheduled Maturity Date to but excluding the applicable UBS Cash Settlement Date falling after the Scheduled Maturity Date, or the Potential Credit Event Extension Termination Date (as applicable) in respect of which a payment is being made, and the denominator of which is 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30 day months).

“**Early Redemption Event**” means (i) an event which would (if Condition 8(b) applied) result in the early redemption of the Notes pursuant to Condition 8(b), provided that in the case of the event described in Condition 8(b)(iv) no Replacement Swap Agreement is entered into within the Replacement Period; or (ii) a Charged Assets Event.

“**Extended Fee Calculation Factor**” means the Fee Calculation Factor on the Scheduled Maturity Date (being 93.74%) multiplied by $99\% \wedge \text{Day Count}$.

“**Fee Calculation Factor**” means, (i) 100% on the Issue Date and (ii) thereafter the relevant percentage figure corresponding to the date specified in the table below:

Date	Fee Calculation Factor (%)
From, and including, the Issue Date to, but excluding 5 October 2016	100
From, and including, 5 October 2016 to, but excluding 5 October 2017	99.56
From, and including, 5 October 2017 to, but excluding 5 October 2018	98.57
From, and including, 5 October 2018 to, but excluding 5 October 2019	97.58
From, and including, 5 October 2019 to, but excluding 5 October 2020	96.61
From, and including 5 October 2020 to, but excluding 5 October 2021	95.64
From, and including, 5 October 2021 to, but excluding , the Scheduled Maturity Date	94.68
On the Scheduled Maturity Date	93.74
From, but excluding, the Scheduled Maturity Date to, and including the Maturity Date.	The Extended Fee Calculation Factor

“**Final Redemption Amount**” means, in respect of each Note of a Class, the sum of (i) its *pro rata* share of an amount equal to (a) the Outstanding Principal Amount of such Class as at the Credit Event Observation Period End Date multiplied by (b) the Fee Calculation Factor and (ii) any Additional Payout Amount in respect of such Note.

“**Mortgaged Property**” means, the assets over which the Security Interests are created by the Issuer from time to time in relation to the Notes, including, as applicable, the Charged Assets, the Eligible Securities and/or cash delivered to the Issuer under the Credit Support Annex (and not redelivered to

the Counterparty pursuant to the terms of the Credit Support Annex) and the Rights under the Transaction Documents.

“Partial Final Redemption Amount” means, in respect of a Note of a Class, the sum of (i) its *pro rata* share of an amount equal to (x) (A) the Outstanding Principal Amount of such Class as at the Credit Event Observation Period End Date *minus* (B) if there is an Unsettled Credit Event in respect of any Reference Entity as at the Credit Event Observation Period End Date, an amount in SEK equal to the Reference Entity Notional Amount of such Reference Entity *multiplied by* (y) the Fee Calculation Factor and (ii) any Additional Payout Amount in respect of such Note.

“Potential Credit Event Extension Maturity Date” means the date falling on the Business Day immediately following the Potential Credit Event Extension Termination Date.

“Potential Credit Event Extension Termination Date” has the meaning given to it in the Credit Default Swap Confirmation.

“Prohibited Investor” means a US Person (as defined in Regulation S under the United States Securities Act of 1933, as amended) or a transferee which is not a Non-United States Person (as defined by the United States Commodity Futures Trading Commission).

“Prohibited Investor Redemption Event” means an event resulting in the early redemption of certain of the Notes as a result of such Notes being sold to or at any time being held by or for the benefit of a Prohibited Investor as described in Additional Provision (4) below (in each case as determined by the Arranger in its sole and absolute discretion with regard or by reference to the facts and circumstances then existing).

“Reference Entity” means on the Issue Date, Bank of China Limited. If one or more successor Reference Entities are thereafter determined, references to the Reference Entity shall be construed as references to each such successor Reference Entity and consequently more than one Triggered Credit Event may occur in respect of each Class, in which case each Class may be redeemed in instalments on each Credit Event Instalment Date and (if the Outstanding Principal Amount is greater than zero on the Maturity Date) on the Maturity Date.

“Trade Date” has the meaning given to such term in the Credit Default Swap Confirmation.

“Triggered Credit Event” means, in respect of each Class, the occurrence of a Credit Event on or prior to the Credit Event Observation Period End Date in respect of a Reference Entity for which the Counterparty has elected to trigger a settlement under the Credit Default Swap Transaction and an Auction Final Price, or, where the Fallback Settlement Method is applicable, the Final Price, has been determined in accordance with the Credit Default Swap Transaction.

“UBS Cash Settlement Amount” in respect of each Class, has the meaning given to such term in the Credit Default Swap Confirmation with respect to the Credit Default Swap Transaction relating to such Class.

“UBS Cash Settlement Date” in respect of each Class, has the meaning given to such term in the Credit Default Swap Confirmation with respect to the Credit Default Swap Transaction relating to such Class.

“Unsettled Credit Event” means, in respect of each Class:

- (a) the occurrence of a Credit Event in respect of the Reference Entity for which the Auction Final Price or, where the Fallback Settlement Method is applicable, the Final Price, has not

been determined in accordance with the Credit Default Swap Transaction on or prior to the Credit Event Observation Period End Date; or

- (b) an event which, in the sole and absolute determination of the Calculation Agent under the relevant Credit Default Swap Transaction, has occurred on or prior to the Credit Event Observation Period End Date and may be a Credit Event in respect of the Reference Entity thereunder, but which has not been confirmed as being a Credit Event or not as at the Credit Event Observation Period End Date.

2 Additional Provision (2) – Credit Event Redemption

On each Credit Event Instalment Date (which may fall before, on or after the Scheduled Maturity Date), the Notes of each Class shall be redeemed in part by payment by the Issuer to each holder of the Notes of such Class of their *pro rata* share of an amount equal to the UBS Cash Settlement Amount payable by the Counterparty to the Issuer under the Credit Default Swap Transaction relating to such Class on the UBS Cash Settlement Date relating to such Credit Event Instalment Date.

3 Additional Provision (3) – Early Redemption

Conditions 4(c), 4(d) and 8(b)-8(i) are not applicable.

Upon the occurrence of an Early Redemption Event, the Selling Agent shall arrange for, and administer the sale of the Charged Assets (to the extent that the Charged Assets have not redeemed) and, if a Counterparty Default has occurred, and is continuing, in respect of the Swap Agreement, any Eligible Securities delivered by the Counterparty to the Issuer under the Credit Support Annex and shall also convert (to the extent necessary) any cash posted to the Issuer pursuant to the Credit Support Annex or any redemption proceeds of the Charged Assets into SEK (and the security created pursuant to the Trust Instrument over such Charged Assets and, where applicable, any cash and Eligible Securities shall automatically be released for the purposes of permitting such conversion or sale). Upon such sale, the Issuer shall give notice as soon as reasonably practicable to the Trustee, the Principal Paying Agent, and the Noteholders (which notice shall be irrevocable) of the date on which the Class A Notes, the Class B Notes and the Class C Notes will be redeemed at their *pro rata* portion of the applicable Early Redemption Amount (such date, the “**Early Redemption Date**”) and the Notes of each Class will be redeemed in full on such Early Redemption Date by payment of the Early Redemption Amount to the Noteholders of such Class.

If the Security Interests over any of the Charged Assets become enforceable following an Event of Default, the Selling Agent shall, subject to and in accordance with the Agency Agreement, arrange for and administer the sale of the Charged Assets. Upon such sale, the Issuer shall give notice as soon as reasonably practicable to the Trustee, the Principal Paying Agent, and the Noteholders (which notice shall be irrevocable) of the date on which the Class A Notes, the Class B Notes and the Class C Notes will be redeemed at their *pro rata* portion of the applicable Early Redemption Amount (such date, also the “**Early Redemption Date**”) and the Notes of each Class will be redeemed in full on such Early Redemption Date by payment of the Early Redemption Amount to the Noteholders of such Class.

The “**Early Redemption Amount**” of a Note of a Class will be such Note’s *pro rata* share of (a) the market value of the Class Attributable Certificates (determined by reference to their sale proceeds or, as applicable, their proceeds of redemption) in respect of such Class as at the Early Redemption Date as determined by the Calculation Agent in its sole discretion, plus (b) such *pro rata* share of the market value of the Swap Agreement attributable to the Credit Default Swap Transaction relating to such Class as at the date of early termination of the Swap Agreement, as determined by the

Calculation Agent in its sole discretion (which shall be positive if owing to the Issuer or negative if owing to the Counterparty) plus (where the early termination is as a result of a Counterparty Default), (c) such class's *pro rata* share of the sale proceeds of the Eligible Securities plus any cash held pursuant to the Credit Support Annex minus (d) such Class's *pro rata* share of any amounts incurred by the Trustee, the Selling Agent, the Custodian, the Calculation Agent and any other Agent of the Issuer as at the Early Redemption Date, including any costs and expenses incurred by any such party with the sale of the Charged Assets and any Eligible Securities (if applicable).

4 Additional Provision (4) – Prohibited Investor Redemption Event

Upon the occurrence of a Prohibited Investor Redemption Event, the Issuer shall redeem the Notes sold to, or held by or for the benefit of, the relevant Prohibited Investor on a date notified by the Arranger to the Issuer, the Trustee and the Principal Paying Agent falling not earlier than the fourth Business Day following the date of such notice (such Notes the “**Affected Notes**” and such date of redemption the “**Sale Restriction Redemption Date**”).

On the Sale Restriction Redemption Date, the Affected Notes shall be redeemed in the same manner as if (i) an Early Redemption Event had occurred and (ii) such Sale Restriction Redemption Date were an Early Redemption Date (and in this regard the provisions of Additional Provision (3) above shall apply *mutatis mutandis* to the Affected Notes only). On the Sale Restriction Redemption Date, the Selling Agent shall arrange for, and administer the sale of the Affected Charged Assets and (and the security created pursuant to the Trust Instrument over such Affected Charged Assets shall automatically be released for the purposes of permitting such sale). Upon such sale, the Issuer shall give notice as soon as reasonably practicable to the Trustee, the Principal Paying Agent, and the holder of the relevant Affected Notes (which notice shall be irrevocable) and the Affected Notes will be redeemed by payment of the Sale Restriction Redemption Amount to the holder of such Affected Notes on such Sale Restriction Redemption Date.

In addition, a portion of the Swap Agreement in an amount equal to the Affected Swap Notional (as defined below) (as determined by the Calculation Agent in its sole discretion) shall terminate.

“**Affected Charged Assets**” means an amount of the Class Attributable Certificates relating to the Class of which the relevant Affected Notes form part having a nominal amount equal to the Outstanding Principal Amount of such Affected Notes.

“**Affected Swap Notional**” means an amount equal to the Outstanding Principal Amount of the Affected Notes.

“**Sale Restriction Redemption Amount**” means, in respect of any Affected Notes, an amount equal to (a) the market value of the Affected Charged Assets relating to such Affected Notes as at the Sale Restriction Redemption Date as determined by the Calculation Agent in its sole discretion, plus (b) the market value of the Swap Agreement attributable to the Credit Default Swap Transaction relating to such Affected Notes as at the date of the early termination of a portion of the Swap Agreement in an amount equal to the Affected Swap Notional, as determined by the Calculation Agent in its sole discretion (which shall be positive if the owing to the Issuer or negative if owing to the Counterparty) minus (c) any costs and expenses incurred by the Trustee, the Selling Agent, the Custodian, the Calculation Agent and any other Agent of the Issuer in connection with the sale of the Affected Charged Assets and the early redemption of the Affected Notes.

5 Additional Provision (5) – Treatment of Classes

The Trustee shall treat all Classes as a single Series (without distinction between the Classes, save as expressly provided herein) and as indicated in the Series 2016-3 Terms, the Notes of each Class rank

pari passu without any preference amongst themselves and the Notes of each other Class, save that in respect of the Class Attributable Certificates, each Class has recourse only to the Class Attributable Certificates attributable to such Class and, accordingly, in respect of amounts standing to the credit of the Custodian Account, only to amounts equal to such amounts received in respect of such Class Attributable Certificates.

Notwithstanding the foregoing, and any other provision of the Trust Instrument and/or the Series 2016-3 Terms, to the extent that any rights relating to any Class Attributable Certificates may be exercised by the Issuer, or the Custodian on behalf of the Issuer, as holder thereof, the holders of the Class of Notes to which such Class Attributable Certificates relate shall be entitled to direct the exercise of such rights by way of Extraordinary Resolution, at a duly convened meeting in respect of that Class, passed by the holders of such Class or a resolution in writing signed by or on behalf of the holders of not less than 75 per cent, of the Outstanding Principal Amount of the relevant Class of Notes, and the consent and/or resolutions of the holders of any other Class of Notes shall not be required in respect of the exercise of any such rights.

6 Additional Provision (6) - Counterparty Replacement Option

If an Event of Default (as defined in the Swap Agreement) occurs with respect to the Counterparty (a “**Counterparty Default**”) occurs the Issuer shall notify the Noteholder Facilitator as soon as reasonably practicable upon become aware of such Counterparty Default of such occurrence. In addition, if a Counterparty Default or the long term senior, unsecured rating assigned by Moody’s Investors Services Limited (“**Moody’s**”) to the Counterparty is withdrawn or is less than Ba1 or the short term rating assigned by Moody’s to the Counterparty is less than P-3 (any such downgrade or withdrawal a “**Moody’s Ba1/P-3 Downgrade**”) (each such event, a “**Replacement Event**”), upon receipt by the Issuer of written directions (such notice to be copied to the Trustee) (a “**Replacement Counterparty Notice**”) from Garantum Fondkommission AB (in such capacity, the “**Noteholder Facilitator**”) to enter into a replacement Swap Agreement (the “**Replacement Swap Agreement**”) with a replacement Counterparty (the “**Replacement Counterparty**”) designated by the Noteholder Facilitator (and, provided that, in the case of a Replacement Event that is a Moody’s Ba1/P-3 Downgrade, the Counterparty has provided its prior written consent to such replacement) the Issuer shall use reasonable efforts to enter into such Replacement Swap Agreement with such Replacement Counterparty, provided that (i) such Replacement Counterparty is a reputable financial institution with a place of business in London which enters into derivative transactions as part of its ongoing business activities and which has, as a minimum, the Ba1/P-3 Rating as of the date the Replacement Swap Agreement is entered into, (ii), the Replacement Counterparty must be satisfactory to the Trustee and the Issuer, (iii) the price that the Replacement Counterparty is willing to pay to, or receive from the existing Counterparty (the “**Existing Counterparty**”) is reasonably satisfactory to the Existing Counterparty, and (iv) where such Replacement Counterparty Notice relates to a Replacement Event that is a Counterparty Default, such Replacement Swap Agreement is entered into within 30 Business Days of the occurrence of such Counterparty Default (and provided such Event of Default is still continuing at such time) (such period, the “**Replacement Period**”).

If, a Replacement Swap Agreement is not entered into, following a Counterparty Default, within the Replacement Period (including where, in such circumstances, no Replacement Counterparty Notice is delivered by the Noteholder Facilitator), the Swap Agreement shall automatically terminate in accordance with its terms and an Early Redemption Event shall have occurred and the Notes shall be subject to redemption pursuant to item 26 of the Series 2016-3 Terms and Additional Provision (3) above.

Any Replacement Swap Agreement shall be entered into on identical terms as the Swap Agreement, save for such terms as the Issuer and the Replacement Counterparty, acting in good faith, determine are necessary to reflect the replacement of the Existing Counterparty with the Replacement Counterparty.

On the entry into of the Replacement Swap Agreement, the Swap Agreement with the Existing Counterparty shall terminate immediately and:

- (i) the amount (if any) due to the Existing Counterparty from the Issuer upon termination of the Swap Agreement (as funded out of the amount paid to it by the Replacement Counterparty) shall be reduced (or, as the case may be, the amount due from the Existing Counterparty to the Issuer shall be increased) by an amount equal to any fees, costs and/or expenses incurred by the Issuer or the Trustee in relation to the appointment of the Replacement Counterparty and any Replacement Agents appointed pursuant to Additional Provision (7) below (the “**Replacement Costs**”) and the Existing Counterparty shall have no further claims against the Issuer or any other party in respect of such amounts; and
- (ii) the amount if (any) due to the Issuer from the Replacement Counterparty upon the entry into of the Replacement Swap Agreement shall be increased (or, as the case may be, the amount due from the Issuer to the Replacement Counterparty shall be reduced) by an amount equal to any Replacement Costs and the Replacement Counterparty shall be reimbursed for payment of such Replacement Costs on the Maturity Date by way of the payment to it of the Independent Amount, if any, delivered to the Issuer by the Existing Counterparty under the Credit Support Annex in respect of the Swap Agreement.

The Replacement Counterparty shall be the Valuation Agent in respect of the credit support annex entered into in respect of the Replacement Swap Agreement.

Following the entry into of a Replacement Swap Agreement, all references to the Replacement Counterparty shall be deemed to be the Counterparty for the purposes of the Terms and Conditions of the Notes and any other documentation relating to the Notes. Accordingly, more than one Replacement Event may occur.

For the avoidance of doubt, and notwithstanding any other provisions of the Trust Instrument or any other document relating to the Notes, the consent of the Noteholders will not be sought or be required in connection with a Replacement Event in accordance with the foregoing nor for any amendments to the Terms and Conditions of the Notes and any other documentation relating to the Notes that the Noteholder Facilitator notifies the Trustee are consequential to the entry into of such Replacement Swap Agreement. None of the Issuer, the Trustee, the Counterparty, the Noteholder Facilitator, the Calculation Agent, the Selling Agent, the Custodian, the Registrar, the Arranger or any other person connected to the Notes shall be liable to any Noteholder or any other person in connection with any Replacement Event and/or any entry into of a Replacement Swap Agreement and shall have no responsibility to any Noteholder or any other person in respect of any of the consequences resulting from a Replacement Event and/or any entry into of a Replacement Swap Agreement.

7 Additional Provision (7) - Agent Replacement Option

Concurrently with the appointment of any Replacement Counterparty and entry into of a Replacement Swap Agreement pursuant to Additional Provision (6), the Issuer undertakes, upon receipt of written directions from the Noteholder Facilitator (a “**Replacement Agent Notice**”), to use reasonable efforts to appoint a replacement calculation agent and replacement selling agent (the “**Replacement Agents**”) designated by the Noteholder Facilitator, provided that such Replacement Agents are reputable financial institutions with a place of business in London which provide custodian, calculation agency and registrar services, as applicable, as part of their ongoing business activities and are reasonably satisfactory to the Issuer, the Trustee and the Replacement Counterparty. Upon receipt of such Replacement Agent Notice, the Issuer shall make reasonable efforts to effect such replacement on, or as soon as practicable following, the entry into of the Replacement Swap

Agreement. The costs of appointment of the Replacement Agents shall be borne by the Replacement Counterparty.

Following the appointment of any Replacement Agent, all references to the Replacement Agent shall be deemed to be the Calculation Agent and/or Selling Agent, as applicable, for the purposes of the Terms and Conditions of the Notes and any other documentation relating to the Notes. Accordingly, the Calculation Agent and/or Selling Agent may be replaced more than once.

For the avoidance of doubt, and notwithstanding any other provisions of the Trust Instrument or any other document relating to the Notes, the consent of the Noteholders will not be sought or be required in connection with the appointment of any Replacement Agents in accordance with the foregoing nor for any amendments to the Terms and Conditions of the Notes and any other documentation relating to the Notes that the Noteholder Facilitator notifies the Trustee are consequential to the appointment of such Replacement Agents. None of the Issuer, the Trustee, the Counterparty, the Noteholder Facilitator, the Calculation Agent, the Selling Agent, the Custodian, the Registrar, the Arranger or any other person connected to the Notes shall be liable to any Noteholder or any other person in connection with the appointment of any Replacement Agent in accordance with the foregoing and shall have no responsibility to any Noteholder or any other person in respect of any of the consequences resulting from any such appointment of a Replacement Agent.

SCHEDULE 2 – PROVISIONS RELATING TO EUROCLEAR SWEDEN

1 General

For so long as the Notes are represented by a Regulation S Global Certificate and are shown in the records of Euroclear as being held by the Swedish CSD the provisions of this Schedule will apply.

1.1 Form of Swedish Notes

The Regulation S Global Certificate issued in respect of the Notes will be deposited upon issuance with a common depository for Euroclear. The Notes will be shown in the records of Euroclear as being held by a Swedish central securities depository (the "**Swedish CSD**") which will be Euroclear Sweden AB ("**Euroclear Sweden**") or any successor acceptable to or substitute appointed by the Issuer. The Swedish CSD will hold all interests in the Notes for the sole purpose of enabling clearing and settlement of interests therein in uncertificated and dematerialised book-entry form in the records maintained by the Swedish CSD in accordance with the CSD Rules (as defined below) for the benefit of the ultimate beneficial owners.

Beneficial interests in the Swedish CSD's interest in the Notes will be shown in the records of the Swedish CSD pursuant to the Affiliation Agreement dated prior to the Issue Date entered into between the Issuer and the Swedish CSD. No owner of such a beneficial interest is entitled to transfer (and the Swedish CSD will not allow any such transfer) such interest directly to the records of Euroclear and thereby removing the relevant Notes from the records of the Swedish CSD.

The holders of the Notes expressly accept and acknowledge that the Swedish CSD will only distribute payments for the Notes that the Swedish CSD has received from Euroclear in respect of the Notes.

1.2 Euroclear Sweden

Euroclear Sweden is a subsidiary within the Euroclear group of companies. Euroclear Sweden is a limited liability company. It is authorised and regulated by the Swedish Financial Supervisory Authority as a central securities depository within the meaning of the Swedish Financial Instruments Accounts Act (1998:1479 (as amended)) and as a clearing organisation within the meaning of the Swedish Notes Markets Act (2007:528 (as amended)). All transactions relating to the beneficial interests in the Swedish CSD's interest in the Notes (such as issuance, sale and transfer, pledge arrangements and other dispositions and redemptions) are executed as computerised book-entry registrations. Consequently, in order to effect such entries beneficial owners must establish a book-entry account through a credit institution or a securities firm acting as an account operator with the Swedish CSD (currently Euroclear Sweden). More information regarding Euroclear Sweden and its rules and operating procedures can be found at its internet web site at www.euroclear.eu.

1.3 Swedish Agent

In addition, the Issuer has appointed Skandinaviska Enskilda Banken AB (publ) as Swedish Agent in relation to the Notes pursuant to the Issuing and Paying Agency Agreement dated 5 February 2013.

2 Amendments to the Registered Conditions Module

The Registered Conditions Module shall be amended as set forth below.

- 2.1 Condition 1.1 (*Form, Denomination, Certificate Right and Title*) will be deleted and the following substituted therefor:

"1.1 FORM, DENOMINATION AND TITLE

- (a) The Notes are in the Specified Denomination(s) specified in the Series 2016-3 Terms and integral multiples thereof.

Title to Registered Notes will pass by transfer and registration in accordance with Condition 1.4 (*Transfer of Registered Notes*) and in accordance with the terms of the Trust Instrument and the Agency Agreement.

- (b) The Notes will be represented by a Regulation S Global Certificate, deposited with a Common Depositary and registered in the name of a common nominee of Euroclear. Beneficial interests in a Regulation S Global Certificate may not be offered or sold to, or for the account or benefit of, a U.S. Person and may not be held otherwise than through Euroclear.
- (c) No beneficial owner of an interest in a Regulation S Global Certificate will be able to exchange or transfer that interest, except in accordance with the applicable procedures of Euroclear. In addition, Regulation S Global Certificates will be subject to certain restrictions on transfer set out in a legend or legends thereon.
- (d) Each person who is for the time being shown in the records of the Swedish CSD as the holder of a beneficial interest in a particular nominal amount of Notes held by the Swedish CSD (in which regard any electronic record, record statement, certificate or other information issued by the Swedish CSD as to the beneficial interest in the nominal amount of such Notes standing to the account of any person (including but not limited to any person duly authorised to act as a nominee (*Sw. förvaltare*)) shall be conclusive and binding for all purposes save in the case of manifest or proven error) shall be treated by the Issuer, the Counterparty, the Agents and the Trustee as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest (or any other amounts due and payable) on such nominal amount of such Notes and the Terms and Conditions of the Notes (including, without limitation, the definition of "Noteholders" therein) will be construed accordingly. With respect to such payment, the Common Depositary holding the Regulation S Global Certificate shall be deemed to be the holder of such nominal amount of Notes in accordance with and subject to the terms of the Regulation S Global Certificate.
- (e) Subject to paragraph (d) above, the Issuer, the Counterparty, the Trustee and the Agents may deem and treat the person or persons in whose name(s) a Note is registered in the Register and in the copy of the register held by the Issuer at its registered office as the absolute owner(s) of such Note for all purposes. In the case of discrepancies between the Register and the copy of the register held by the Issuer at its registered office, the copy of the register held by the Issuer shall prevail for Luxembourg law purposes. Except as ordered by a court of competent jurisdiction or as required by applicable law, the Issuer, the Counterparty, the Trustee and the Agents shall not be affected by any notice to the contrary, whether or not the Note shall be overdue and notwithstanding any notation of ownership or other writing thereon. All payments made to any such person shall be valid and, to the extent of the sums so paid, effective to satisfy and discharge the liability for the moneys payable upon such Notes.
- (f) The beneficial interests in the Swedish CSD's interest in the Notes will be held in Swedish uncertificated and dematerialised book-entry form in accordance with the Swedish Financial Instruments Accounts Act (*Sw. lag (1998:1479) om kontoföring av finansiella instrument*) and all such other Swedish laws, regulations and operating procedures applicable to and/or

issued by the Swedish CSD (the "**CSD Rules**"). No owner of such a beneficial interest is entitled to transfer (and the Swedish CSD will not allow any such transfer) such interest directly to the records of Euroclear and thereby removing the relevant Notes from the records of the Swedish CSD.

- (g) Such beneficial interests will be transferable only in accordance with the CSD Rules. Title to such beneficial interests shall pass in the records maintained by the Swedish CSD in accordance with the CSD Rules.
- (h) The Issuer shall be entitled to obtain information from the register of the Swedish CSD in accordance with the CSD Rules."

2.2 Types of Notes

Condition 7 (*Types of Notes*) shall be amended by the insertion of the following as a new paragraph (h) thereof:

"(h) **Period Lengths**

In this Condition 7, where any period is expressed to run from (and including) a particular date to (but excluding) another date, for the purposes of the Notes, such period shall instead run from (but excluding) the first date to (and including) the second date."

2.3 Payments

Condition 10(a) (*Payments*) shall be amended by the deletion of the fourth paragraph thereof and the substitution of the following therefor:

"Each holder of beneficial interests in the Swedish CSD's interest in the Notes must look solely to the Swedish CSD for its share of the payments so made by the Issuer. The Swedish CSD does not assume the obligations of the Issuer and is only obliged to distribute payments it has received in its capacity of Swedish CSD in respect of the Notes. It is expected that payments of principal and/or interest (or any other amounts due and payable) in respect of the Notes will be received by holders of the beneficial interests in the Swedish CSD's interest in the Notes holding such interests at an account with the Swedish CSD no later than the seventh business day (as defined by the then applicable CSD Rules) after the date on which such payment becomes due and payable in accordance with the Terms and Conditions of the Notes. Pursuant to the CSD Rules, payments of principal and/or interest (or any other amounts due and payable) in respect of any such beneficial interest shall be made to the Noteholders shown as such on the fifth business day (as defined by the then applicable CSD Rules) before the due date for such payment, or such other business day falling closer to the due date as then may be stipulated in the CSD Rules. Such day shall be the "Record Date" in respect of the Notes in accordance with the CSD Rules. Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment and will be made in accordance with the CSD Rules."

2.4 Notices

Condition 15 (*Notices*) shall be amended by:

- (a) the deletion of the first paragraph thereof and the substitution of the following therefor:

"All notices regarding Notes will be valid if published (A) in one leading London daily newspaper (it is expected that such publication will be made in the *Financial Times*) or, if this is not possible, in one other English language daily newspaper approved by the Trustee with

general circulation in Europe, (B) if and for so long as the Notes are listed on the Official List and admitted to trading on the Irish Stock Exchange and the rules of that Stock Exchange so require, on the Irish Stock Exchange's website (*www.ise.ie*) and (C) by mail to Noteholders at the address for such Noteholder in the records maintained by the Swedish CSD in accordance with the CSD Rules.";

- (b) by the addition of the following as the third paragraph thereof:

"Any notice mailed as aforesaid shall be deemed to have been given on the fourth day following the day the said notice was sent by mail in accordance with (C) above."; and

- (c) the deletion of the words "the holders of the Notes" in the penultimate paragraph thereof and the substitution of the words "the Swedish CSD" therefor.

2.5 Agents

Condition 16 (*Agents*) shall be amended by:

- (a) the addition of the following immediately after the words "the Agency Agreement" in the first paragraph:

“, the Issuing and Paying Agency Agreement dated 5 February 2013 (in respect of the Swedish Agent)”;

- (b) deletion of the second paragraph thereof and the substitution of the following therefor:

"Subject to the following paragraph, the Issuer reserves the right, subject to the approval of the Trustee and the Counterparty (if any), at any time to vary or terminate the appointment of any Agent and/or the Swedish CSD to appoint additional or other Agents and to appoint a substitute Swedish CSD provided that it will at all times maintain Agents (including a Swedish Agent in Sweden duly authorised under the CSD Rules) as specified in the Prospectus and a Swedish CSD duly authorised as a central securities depository under the Swedish Financial Instruments Accounts Act"; and

- (c) the addition of the following as the final paragraph thereof:

"The Swedish Agent acts solely as agent of the Issuer and does not assume any obligation to, or relationship of agency or trust with the Noteholders, other than to the extent any such obligations result from mandatory provisions in the Swedish Financial Instruments Accounts Act.".

2.6 Substitution

The following sentence shall be added at the end of the third paragraph of Condition 20 (*Meetings of Noteholders, Modification, Waiver and Substitution*):

"In respect of any such substitution of the Issuer, the substitution will, in addition to the other criteria set forth above in this Condition, be subject to the prior written consent of the Swedish CSD.".

3 Amendments to the Definitions Module

The Definitions Module shall be amended by:

- (a) the deletion of the definition of "Noteholders" therein and the substitution of the following therefor:

"Noteholders" means the several persons who are for the time being holders of the Notes (being the persons whose names are entered in the register of holders of the Notes as the holders thereof) save that for so long as the Notes or part thereof are presented by a Regulation S Global Certificate deposited with a common depository for, and registered in the name of a common nominee of, Euroclear each person who is for the time being shown in the records of the Swedish CSD as the holder of a beneficial interest in the Swedish CSD's interest in a particular nominal amount of such Notes shall be deemed to be the holder of such nominal amount of such Notes (and the holder of the Regulation S Global Certificate shall be deemed not to be the holder) for all purposes of the Trust Instrument, other than with respect to the payment of principal or interest in respect of such Notes the right to which shall be vested, as against the Issuer and the relevant Trustee, solely in such depository and for which purpose such depository shall be deemed to be the holder of such nominal amount of such Notes in accordance with and subject to the terms and provisions of the Trust Instrument and the expressions "**Noteholder**", "**holder of Notes**" and related expressions shall be construed accordingly."; and

- (b) the addition of the following as an additional definition therein:

"Swedish Agent" means the entity appointed as Issuing and Paying Agent under the Issuing and Paying Agency Agreement dated 5 February 2013 and as specified in the Series 2016-3 Terms."

DESCRIPTION OF THE SWAP AGREEMENT

The Swap Agreement comprises the swap agreement relating to the Notes and entered into by the Issuer and the Counterparty by their execution of the Trust Instrument relating to the Notes on the terms of the ISDA 2002 form of Master Agreement as amended by the schedule set out in the Swap Schedule Terms Module (July 2013 Edition) incorporated by reference into (and as modified and/or supplemented by) such Trust Instrument and as supplemented by (a) a confirmation evidencing a credit default swap transaction in relation to each Class of Notes (the “**Credit Default Swap Transactions**”) and (b) an ISDA credit support annex (Bilateral Form-Transfer) (English Law) (the “**Credit Support Annex**”) dated as of the same date and entered into solely with respect to the Credit Default Swap Transaction (together, the “**Swap Agreement**”).

The Issuer has assigned by way of security in favour of the Trustee for itself and as trustee for the Noteholders all of the Issuer’s rights, under the Swap Agreement and any sums and any other assets derived therefrom.

The Swap Schedule Terms Module comprised in the Swap Agreement in respect of the Notes includes the following provisions:

- (A) The transactions comprised in the Swap Agreement will be capable of termination at the option of the Issuer upon the occurrence of any of the following events of default in relation to the Counterparty: failure to pay or deliver, breach of agreement, misrepresentation, bankruptcy and merger without assumption (as such events are more particularly described in the Swap Schedule Terms Module), provided that the Issuer may be obliged to first use reasonable efforts to enter into a replacement swap agreement with a replacement counterparty (as more fully described in the Series 2016-3 Terms. The transactions comprised in the Swap Agreement will be capable of termination at the option of the Counterparty upon the occurrence of any of the following events of default in relation to the Issuer: failure to pay or deliver and bankruptcy (as such events are more particularly described in the Swap Schedule Terms Module).
- (B) In the event that it becomes unlawful for either the Issuer or the Counterparty to perform its obligations under the transactions comprised in the Swap Agreement, either the Issuer or the Counterparty (or both) may have the right to terminate such transaction.
- (C) Subject to sub-paragraphs (D) and (E) below, in the event that a withholding or deduction is (or, in the case of the Issuer only, a withholding or deduction is or there is a substantial likelihood that a withholding or deduction will be) imposed on any payment to be made by either the Issuer or the Counterparty to the other under a transaction comprised in the Swap Agreement, neither party is obliged to gross up such payment, the Counterparty will be obliged to terminate the transaction.
- (D) In the event that the Counterparty is required to make any withholding or deduction referred to in sub-paragraph (C) above, the Counterparty is required to use its reasonable endeavours to arrange for such payment to be made through an office or affiliated company of the Counterparty situated in another jurisdiction to avoid the requirement to withhold or account for such tax referred to in sub-paragraph (C) above within 30 Business Days, failing which, the Counterparty will be obliged to terminate the transaction as provided in sub-paragraph (C) above.
- (E) In the event that a withholding or deduction will be imposed on any payment to be made to the Issuer under a transaction comprised in the Swap Agreement as a result of a merger event affecting the Counterparty, the Counterparty is required to gross up such payment to the Issuer or may otherwise terminate the transaction.

- (F) If at any time the Notes become repayable in full prior to the Maturity Date, the transactions comprised in the Swap Agreement shall terminate automatically.
- (G) If at any time any Notes redeem prior to the Maturity Date pursuant to a Prohibited Investor Redemption Event, a proportionate part of the relevant transaction comprised in the Swap Agreement will terminate.
- (H) If the Notes are repurchased by the Issuer pursuant to Condition 9 (*Purchase*) and cancelled, a proportionate part of transaction comprised in the Swap Agreement will terminate.
- (I) In the event that a payment due in respect of the Charged Assets, cash or any Eligible Securities transferred to the Issuer pursuant to the Credit Support Annex is, or would be required to be, made to the Issuer (or the Custodian on behalf of the Issuer) subject to a withholding or deduction for or on account of any tax and an additional amount (howsoever defined) is not payable by the relevant issuer or guarantor such that the amount required to be paid is equal to the amount that would have been payable but for such withholding or deduction, then the Counterparty shall be obliged to terminate the transaction.

In the event of any inconsistency between the Swap Schedule Terms Module and the terms of the confirmation in respect of the Credit Default Swap Transactions, the terms of such confirmation shall prevail.

Payments and early redemption

Payments to Noteholders under the Notes are contingent on the full and timely performance of the obligations of the Counterparty under the Swap Agreement.

If the Swap Agreement is terminated, the Notes will be redeemed at the Early Redemption Amount.

Early Redemption Amount

Where the Notes of a Class are to be redeemed early, each Noteholder of such Class shall be entitled to an amount per Note referred to as its "Early Redemption Amount". The quantum of such amount will depend on the market value of the related Credit Default Swap Transaction from the perspective of the Issuer and as determined by the Calculation Agent in its sole discretion in accordance with the Swap Agreement.

In determining the market value of the relevant Credit Default Swap Transaction, the Calculation Agent may consider any relevant information, including, without limitation, one or more of the following types of information: (a) quotations for replacement transactions supplied by one or more third parties; (b) relevant market data in the relevant market supplied by one or more third parties (of the type described below), including, without limitation, relevant rates, prices, yields, yield curves, volatilities, spreads, correlations or other relevant market data in the relevant market; or (c) information of the types described in clause (a) or (b) above from internal sources (including any of the Calculation Agent's affiliates) if that information is of the same type used by the Calculation Agent in the regular course of its business for the valuation of similar transactions. In addition, there may be situations in which it is commercially reasonable for the calculation Agent to consider any loss or cost incurred in connection with its terminating, liquidating or re-establishing any hedge related to the terminated transactions (or any gain resulting from any of them), provided that there is no double-counting of such amounts in the Calculation Agent's calculation.

Commercially reasonable procedures used in determining the market value of the Swap Agreement may include the following: (a) application by the Calculation Agent of pricing or other valuation models to relevant market data from third parties or information from internal sources, provided that, at the time of the determination of the market value, these models are used by it in the regular course of its business in pricing or valuing transactions between the determining party and unrelated third parties that are similar transactions;

and (b) application of different valuation methods to terminated transactions depending on the type, complexity, size or number of the terminated Credit Default Swap Transactions.

Termination of the Swap Agreement in full in connection with the Early Redemption of the Notes

Where the Notes are redeemed, then, as noted above, the Early Redemption Amount shall be determined not only based on the market value of the Swap Agreement (as described above), but also based on the market value of the Class Attributable Certificates (determined by reference to their sale proceeds or, as applicable, their proceeds of redemption) and the net sale proceeds of the Eligible Securities and/or cash transferred pursuant to the Credit Support Annex (where the early redemption is due to a default on the part of the Counterparty).

The aggregate Early Redemption Amounts payable to the Noteholders of a Class in such circumstances are therefore expected to be (a) the market value of the Class Attributable Certificates in respect of such Class as at the Early Redemption Date as determined by the Calculation Agent in its sole discretion, plus (b) such Class's *pro rata* share of the market value of the Swap Agreement plus (where the early termination is as a result of a default on the part of the Counterparty) (c) such Class's *pro rata* share of the sale proceeds of the Eligible Securities plus any cash which has been transferred to the Issuer pursuant to the Credit Support Annex minus (d) such Class's *pro rata* share of any amounts incurred by the Trustee, the Selling Agent, the Custodian, the Calculation Agent and any other Agent of the Issuer as at the Early Redemption Date, including any costs and expenses incurred by any such party with the sale of the applicable Charged Assets.

DESCRIPTION OF THE CREDIT DEFAULT SWAP TRANSACTIONS AND THE CREDIT EVENT PROVISIONS RELATING TO THE CREDIT DEFAULT SWAP TRANSACTIONS AND THE NOTES

Credit derivatives and credit default swaps

A credit derivative transaction is a transaction which is entered into between two parties generally to transfer to one of the parties the credit risk of a third party. One of the parties to the transaction will be a purchaser of credit protection (and hence a seller of credit risk), whilst the other will be a seller of credit protection (and therefore a purchaser of credit risk). Each Class of Notes represents a funded credit derivative transaction in the form of a debt security whilst the Credit Default Swap Transaction relating to such Class includes a credit derivative component. Under the terms of each Class of Notes, the Issuer will be the buyer of credit protection and the Noteholders of such Class will be the sellers of credit protection. Under each Credit Default Swap Transaction, the Issuer will be the seller of credit protection and the Counterparty will be the buyer of credit protection.

A description of the Credit Default Swap Transactions, including the amounts receivable by the Issuer thereunder and the related definitions, is set out in the section of this Prospectus entitled “*Transaction Description*” under the heading “*Impact of the Credit Default Swap Transactions on the Notes*”.

Credit default swaps are transactions in which settlement is triggered by one of a specified number of events, which may include default, insolvency or distressed restructuring, of a particular Reference Entity or Reference Entities referenced in the terms of such transaction. Credit default swaps are contracts rather than securities and are traded between two parties “over-the-counter”. A protection buyer will typically make one or more fixed rate payments to the protection seller. In exchange, the protection seller typically agrees to make payment to the protection buyer following the occurrence of the relevant event in relation to the Reference Entity, subject to satisfaction of certain conditions. Alternatively, the protection seller may agree in such case to purchase at par bonds or loans of the Reference Entity (which are likely to be trading in the market at a discount to par following the occurrence of the relevant event in relation to the Reference Entity). Credit default swaps are the most commonly-traded form of credit derivative transaction and many banks and financial institutions regularly quote prices for entering into credit default swaps. Credit default swaps may be entered into in relation to the credit risk of a single Reference Entity or a basket of Reference Entities. The Credit Default Swap Transactions entered into between the Issuer and the Counterparty are in relation to the credit risk of one Reference Entity, which as of the Issue Date is a financial institution in Asia on the Issue Date.

Documentation and terms of a credit default swap

Credit default swaps are typically entered into on the basis of standard definitions and provisions published by ISDA. ISDA is a trade association whose membership comprises participants in the over-the-counter derivatives markets. As at the date of this Prospectus, these definitions and provisions are primarily contained in the 2014 ISDA Credit Derivatives Definitions, referred to below as the “**Credit Derivatives Definitions**”. The full text of the Credit Derivatives Definitions is available on ISDA's website <http://www2.isda.org/> on a subscription basis. The Credit Derivatives Definitions are incorporated into the confirmation in respect of the Credit Default Swap Transactions (the “**Confirmation**”) and cross referred to in the Terms and Conditions of the Notes.

Certain terms of credit default swaps are subject to negotiation between the parties, for example the maturity of each transaction and the price of credit protection purchased. However, many key terms of credit default swaps - for example, the applicable Credit Events - are typically determined by reference to a matrix of market standard terms published by ISDA (referred to below as the “**Settlement Matrix**”). The Settlement Matrix recognises a variety of standard terms based on the nature of the Reference Entity (corporate, sovereign, etc.) and its location (Europe, North America, Latin America, etc.). The Settlement Matrix is updated by ISDA from time to time. The standard terms in the Settlement Matrix applicable to the Reference

Entity in the Credit Default Swap Transactions is “Asia Financial Corporate”. The terms of the Confirmation are based on these key terms. As at the date of this Prospectus, the Settlement Matrix is available free of charge on ISDA's website at <http://www2.isda.org/>.

Credit derivatives determinations committees (“CDDCs”) have the power to make binding determinations

The CDDCs were established in March 2009 to make determinations that are relevant to the majority of the credit derivatives market and to promote transparency and consistency. Prospective Noteholders should note that a CDDC may have the power to make binding decisions that may apply to the Notes on critical issues such as whether a Credit Event has occurred and whether one or more Auctions should take place. Noteholders will be bound by any such relevant decisions that the Calculation Agent determines are applicable to the Notes and the timing and/or occurrence of any payments on the Notes may be affected by any such relevant decisions or subsequent determinations.

The CDDCs are regional and as at the date of this Prospectus there is a CDDC for each of the following five regions: the Americas, Asia (excluding Japan), Australia and New Zealand, Europe, the Middle East and Africa and Japan. The CDDC which is relevant for the Notes will be Asia (excluding Japan) (i.e. the one constituted for the region applicable to the Reference Entity to which a given determination relates).

The proceedings of each CDDC will be governed by rules published from time to time by ISDA (the “**DC Rules**”). A copy of the DC Rules published by ISDA as of 7 April 2014 (as updated from time to time) is available free of charge at <http://www2.isda.org/>. A CDDC will be convened upon referral of a question to ISDA by an eligible market participant, subject to the agreement of a specified number of the voting members of the relevant CDDC. ISDA will convene the CDDC for the region to which the referred question relates, as determined in accordance with the DC Rules. Noteholders will not have any rights to submit questions for resolution by a CDDC solely by virtue of being an investor in the Notes, and none of the Issuer, the Trustee, the Counterparty, any Agent nor any entity connected with any of them will have an obligation to submit a question on behalf of any Noteholders.

In resolving that a Credit Event has occurred, a CDDC must act by a super-majority of 80 per cent. of voting members. Certain other determinations, for example, as to the initial list of eligible obligations for purposes of an Auction (see below) may be made by a majority of more than 50 per cent. of voting members. Where either a CDDC is required to resolve a particular matter by way of a super-majority, but having voted on such matter is unable to do so, or where a CDDC so resolves by a majority, questions may be submitted to an external review process which will be convened to review the question and potentially overturn the decision of the CDDC. In order for the external review panel to overturn the decision of a CDDC, (i) two out of three of the members of the panel must vote in the affirmative if the original vote of the CDDC did not exceed 60 per cent., or (ii) all three members of the panel must vote in the affirmative if the original vote of the CDDC was between 61 per cent. and 79 per cent. The external review panel will be chosen from a pool that is made of industry experts nominated by ISDA members. The members of each external review panel will be chosen with the unanimous approval of the applicable CDDC or by ISDA.

A CDDC may decline to resolve a particular question. Questions referred to the CDDC and the results of binding votes will be published on <http://www2.isda.org/>. None of the Issuer, the Trustee, the Counterparty, any Agent nor any entity connected with any of them will be obliged to inform the Noteholders that a CDDC has been or is likely to be convened.

CDDC membership

Each CDDC is composed of fifteen voting members and three non-voting consultative members. Ten of the voting members are dealer institutions, with eight serving across all regions and two potentially varying by region. The other five voting members are non-dealer institutions that serve across all regions. The three non-voting consultative members consist of one dealer institution and one non-dealer institution that serve

across all regions and one dealer institution that could potentially vary by region. Noteholders will have no role in the composition of the CDDC.

As at the date of this Prospectus neither the Counterparty nor any of its affiliates are members of any of the CDDCs but the Counterparty or any of its affiliates may become members of one or more of the CDDCs after the date of this Prospectus. In reaching decisions, neither the Counterparty nor any other member of the CDDC will take account of the interests of the Noteholders and for such purpose the Counterparty may ignore any conflict of interest arising from the Counterparty's rights and obligations under, or in respect of, the Swap Agreement relating to the Notes. Noteholders will not have any recourse against ISDA or the members of any CDDC in relation to resolutions passed or not passed by any such CDDC.

Changes to the terms of market standard credit default swaps

From time to time the terms of market standard credit default swap transactions may be subject to modification. Where such modifications are intended to affect existing transactions (in addition to transactions entered into after the date on which the relevant modification is announced), such modifications have previously been implemented by way of a protocol published by ISDA. Market participants may elect to adhere to such a protocol in order to confirm that they wish transactions to which they are a party to be subject to such modification.

If the Issuer and the Counterparty wished to amend the Credit Event provisions relating to the Credit Default Swap Transactions and the Notes, the Issuer is likely to seek consent from the Noteholders.

Calculation Agent Determinations and Discretions

Noteholders should note that the Calculation Agent (under both the Notes and the Swap Agreement) is responsible for making certain determinations and has the right to exercise certain discretions with respect to the Notes and the Swap Agreement (and, by extension, each of the Credit Default Swap Transactions thereunder).

Determinations

For example, the Calculation Agent is responsible for:

- (i) determining whether an Auction would apply for the purposes of the Credit Event;
- (ii) where there are multiple Auctions held concurrently, determining the Auction which will apply to the Credit Default Swap Transactions;
- (iii) where the UBS Cash Settlement Amount is not determined by an Auction, determining the UBS Cash Settlement Amount on the basis of bid quotations from third party dealers (in which context the Calculation Agent will be entitled to select the cheapest eligible obligation for valuation);
- (iv) notwithstanding publication by ISDA of a resolution of a CDDC, determining successor Reference Entities for the purposes of the Credit Default Swap Transactions;
- (v) determining the value of the obligations selected for determination of the Final Price, for the purpose of the Credit Default Swap Transactions; and
- (vi) determining whether, under the terms of the Credit Default Swap Transactions (and by extension, the Notes), certain obligations of the parties would be suspended pending a resolution of a CDDC.

Discretions

The Calculation Agent has the right to:

- (i) elect whether to deliver a notice and supporting information to trigger an early redemption of the Notes following the occurrence of a Credit Event (whether or not a CDDC considered the same);
- (ii) (A) select a date for the valuation of the obligations selected for determination of the Final Price and (B) select third party dealers from which to obtain bid quotations for the purposes of such valuation, in each case, only in those instances where the UBS Cash Settlement Amount is not determined pursuant to an Auction; and
- (iii) select the date on which certain valuations are undertaken to determine the Early Redemption Amounts payable under the Notes.

Noteholders should note that any determination and/or calculation made by the Calculation Agent shall, in the absence of manifest error, be final and binding on the Issuer and the Noteholders.

Reference Entities and successors

Noteholders are exposed, through the Terms and Conditions, to the credit risk of one Reference Entity as at the Issue Date (as described in more detail in the section of this Prospectus entitled “*Transaction Description*”). The creditworthiness of a Reference Entity may change over time. If the creditworthiness of the Reference Entity declines, then the market value of the Notes is likely to decline, reflecting an increase in the perceived likelihood that a Credit Event may occur in relation to the Reference Entity.

The identity of the Reference Entity, and hence the credit risk associated with the Notes, may change as a result of a succession or a series of successions (forming part of a plan evidenced by certain eligible information) in respect of relevant obligations of that Reference Entity, provided that, in the case of a sovereign Reference Entity, events such as annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other similar events (referred to in the Credit Derivatives Definitions as a “Sovereign Succession Event”) resulted in the succession. If ISDA publicly announces that a CDDC has resolved that a different entity or entities has or have become successor(s) to any such original Reference Entity, then the identity of the original Reference Entity may be treated as having been amended accordingly for the purposes of the Notes. The credit risk associated with a successor Reference Entity or Reference Entities may be different from and could be greater than the credit risk associated with the original Reference Entity. The legally effective date of an event in which one or more entities become successor(s) to an original Reference Entity (as determined pursuant to the Credit Derivatives Definitions) is referred to in the Credit Derivatives Definitions as a “**Succession Date**”.

The Credit Derivatives Definitions set out detailed rules for the determination of successor Reference Entities. For Reference Entities which are not sovereigns (as is the case for the Notes), this will involve a determination, on the basis of certain eligible information, as to the liability which has been assumed by any potential successor in relation to the outstanding bonds and loans of the Reference Entity. It is possible that, based on such a determination, a single successor will be identified, or there may be multiple successors. The original Reference Entity may itself continue to be a Reference Entity, together with other successor Reference Entities. If multiple successor Reference Entities are identified, then each successor will be a Reference Entity and the Reference Entity Notional Amount in respect of each successor Reference Entity shall be the Reference Entity Notional Amount in respect of the original Reference Entity divided by the total number of successor Reference Entities. Accordingly, if such original Reference Entity has more than one successor Reference Entity as a result of such corporate event, then the Noteholders will be exposed to the creditworthiness of additional Reference Entities.

Where “Financial Reference Entity Terms” apply to a Reference Entity, a senior Credit Default Swap Transaction (as determined in accordance with the terms thereof, being a Credit Default Swap Transaction for which (a) the Reference Obligation or prior reference obligation is a senior obligation or (b) there is no Reference Obligation or prior reference obligation) would follow the senior Bond or Loan Obligations of such Reference Entity, and a subordinated Credit Default Swap Transaction (as determined in accordance with the terms thereof, being a Credit Default Swap Transaction for which the Reference Obligation or prior reference obligation is a subordinated obligation) would follow the subordinated Bond or Loan Obligations of such Reference Entity (or if there are no such subordinated obligations, the senior Bond or Loan Obligations).

In determining successors, a CDDC will disregard a succession that occurred more than 90 days prior to the date of the relevant request to convene the CDDC, except in the case of a Universal Successor for non-sovereign Reference Entities (referred to in the Credit Derivatives Definitions as the “**Successor Backstop Date**”). The Calculation Agent is not obliged to make any such request to a CDDC on behalf of the Noteholders, and Noteholders will have no ability to make such a request solely by virtue of being a Noteholder. Absent publication by ISDA of a resolution of a CDDC, the Calculation Agent may make, but will not be obliged to make, a determination as to successor Reference Entities for the purposes of the Credit Default Swap Transactions and, consequently, the Notes.

The “Universal Successor” exception to the Successor Backstop Date applies to an entity which assumes all obligations (including at least one relevant Bond or Loan Obligation) of the non-sovereign Reference Entity in circumstances where such Reference Entity ceases to exist or is in the process of being dissolved and has not issued or incurred any Borrowed Money obligation since the date of such assumption. Such entity will be the sole successor to the Reference Entity provided that the Succession Date occurred on or after a single lookback date of 1 January 2014.

Reference Obligations

For more commonly traded Reference Entities, it is not necessary for a Reference Obligation to be specified in the Confirmation as the Reference Obligation as, in the absence of a Reference Obligation being specified in the Confirmation, the Reference Obligation will be the obligation specified as the “**Standard Reference Obligation**” for the relevant Reference Entity for the relevant seniority level on a list to be published by ISDA (referred to in the Credit Derivatives Definitions as the “**SRO List**”). Whether the Reference Obligation is a Standard Reference Obligation or otherwise, the specification of a Reference Obligation may affect the credit risk represented by an investment in the Credit Default Swap Transaction and, consequently, the Notes. Firstly, a Reference Obligation under a credit default swap will be capable of being an “**Obligation**” or “**Deliverable Obligation**” (see below “*Obligations*” and “*Deliverable Obligations*”) regardless of whether such Reference Obligation otherwise meets the stipulated parameters. Secondly, the Reference Obligation will be taken into account as a benchmark for the purposes of the application of the “Not Subordinated” Deliverable Obligation Characteristic (see below “*Obligations Characteristics*”).

The following relates to substitution of “Non-Standard Reference Obligations” and references to Reference Obligation in the remainder of this paragraph should be construed accordingly. In certain circumstances – for example, where the specified Reference Obligation (i) is redeemed in whole; or (ii) is affected by a reduction by redemption or otherwise in the aggregate amounts due under the Reference Obligation to below USD 10,000,000 (or equivalent); or (iii) ceases to be an obligation of the Reference Entity for any reason other than the occurrence of a Credit Event (each such event a “**Substitution Event**”) – the Credit Derivatives Definitions provide for determination of a substitute Reference Obligation. Any such substitute Reference Obligation is required, amongst other things, to satisfy a number of criteria including the requirement that, where the original Reference Obligation satisfied the Deliverable Obligation Category and Characteristics when issued and immediately prior to the Substitution Event, the Substitute Reference Obligation must also satisfy such Deliverable Obligation Category and Characteristics. If ISDA publicly announces that a CDDC

has resolved to treat a different obligation or obligations as a substitute or substitutes for the original Reference Obligation or Reference Obligations, and such resolution would apply to a Credit Default Swap Transaction, then those substitute reference obligations that are identified by the relevant CDDC will replace one or more Reference Obligations. Absent publication by ISDA of a resolution of a CDDC, the Calculation Agent may make a determination as to any substitute Reference Obligation for the purposes of the Credit Default Swap Transaction. The Calculation Agent will notify the Noteholders of any such substitute Reference Obligation.

Event Determination Date and Notice Delivery Period

Where the relevant transaction is subject to settlement by reference to an Auction (see below), an Event Determination Date will occur if there is a public announcement by ISDA that a CDDC has resolved that a Credit Event has occurred, with effect from the date on which the relevant request was made to convene the CDDC (referred to as the “**Credit Event Resolution Request Date**”) and provided that (i) the Credit Event in question occurred no earlier than 60 days before such request date (referred to as the “**Credit Event Backstop Date**”), (ii) the date of such request fell within a specified period (referred to as the “**Notice Delivery Period**”) and (iii) (in the case of an M(M)R Restructuring Credit Event only), that one or other of the relevant parties has elected to trigger settlement of the transaction in question.

The Credit Event Backstop Date may be prior to the Trade Date of each Credit Default Swap Transaction and therefore a Credit Event may have occurred prior to the Issue Date. Noteholders should conduct their own review of any recent developments with respect to a Reference Entity by consulting publicly available information. If a request to convene a CDDC had been delivered prior to the Trade Date to determine whether a Credit Event has occurred with respect to a Reference Entity, details of such request may be found free of charge on the ISDA website at www.isda.org/credit. Even if a CDDC has not been convened to determine such matter as of the Trade Date, a CDDC may still be convened after the Trade Date in respect of an event which occurs up to 60 calendar days before the date of a request to convene such CDDC.

The Notice Delivery Period in relation to Credit Default Swap Transaction is the period during which a Credit Event may be triggered with respect to the relevant Reference Entity. The Notice Delivery Period will commence on the Trade Date of a Credit Default Swap Transaction (as specified in the Swap Agreement) and will expire on the date that is 14 calendar days after the Scheduled Termination Date of a Credit Default Swap Transaction.

However, in certain circumstances, the Notice Delivery Period may be extended beyond the date falling 14 calendar days after the Scheduled Termination Date of a Credit Default Swap Transaction, if a potential Credit Event, such as a Failure to Pay (only if “Grace Period Extension” is specified as applicable or where relevant in the Confirmation) or Repudiation/Moratorium (only if such event is an applicable Credit Event), has occurred prior to the Scheduled Termination Date, which may become actual Credit Events within a specified period following the Scheduled Termination Date.

Credit Events and related terms

Settlement of a credit derivative, including the Credit Default Swap Transactions (and, by extension, a redemption of the Notes), is contingent on the occurrence of a Credit Event. The Credit Events which are applicable for the purposes of a particular Reference Entity may vary from Reference Entity to Reference Entity, and will be determined by reference to the Settlement Matrix. The selection of Credit Events as applicable or not applicable will materially affect the credit risk to which Noteholders are exposed.

The Credit Derivatives Definitions provide for a number of Credit Events, with the following applying to the Credit Default Swap Transactions and the Notes:

Bankruptcy

“Bankruptcy” includes where a Reference Entity:

- (i) is dissolved (other than where this is as a result of such Reference Entity merging or otherwise combining with another entity);
- (ii) becomes insolvent or is unable to pay its debts as they become due or admits its inability to do so;
- (iii) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective;
- (iv) institutes, or has instituted against it, a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition results in a judgment of insolvency or bankruptcy or is not dismissed within 30 calendar days of such institution;
- (v) has a resolution passed for its winding-up or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (vi) seeks or becomes subject to the appointment of an administrator or equivalent official for it or for all or substantially all of its assets; or
- (vii) has a secured party take possession of all or substantially all of its assets, or such assets are subject to attachment by a creditor.

Failure to Pay

A “Failure to Pay” will occur where a Reference Entity fails to make, when and where due and after the expiration of any applicable time period (a “**Grace Period**”) during which such failure may be cured by such Reference Entity (and after the satisfaction of any conditions precedent to such Grace Period), any payments in an aggregate amount of not less than a specified amount under one or more Obligations (as defined below) in accordance with the terms of such Obligations at the time of such failure. The Grace Period, if any, will be as set out in the terms of the Obligation; if no such Grace Period is specified, a minimum Grace Period will be assumed to apply.

Restructuring

“Restructuring” is, generally speaking, a process whereby a company or a sovereign entity facing cash flow problems or which is otherwise in financial distress, renegotiates its debts. A “Restructuring” for the purposes of the Credit Derivative Definitions will, subject to certain exemptions, occur if:

- (i) any of the following events occurs in relation to a particular obligation of a Reference Entity (save in respect of a Reference Entity that is a US Reference Entity);
 - (A) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
 - (B) a reduction in the amount of principal or premium payable;

- (C) a postponement or other deferral of a date or dates for payment or accrual of interest, or the payment of principal or premium;
 - (D) a change in the ranking in priority of payment of such obligation resulting in such obligation becoming subordinated in its right to receive payment to one or more other obligations; or
 - (E) a redenomination of an obligation (other than to certain permitted currencies, and excluding a redenomination into Euro where the relevant currency jurisdiction joins the Euro-zone); and
- (ii) (such event occurs in a form which binds all of the holders of that obligation, is agreed between the Reference Entity or a governmental authority and a sufficient number of holders of such obligation to bind all holders of the obligation (including, in each case, in respect of Bonds only, by way of an exchange) and where such event is not expressly provided for under the original terms of that obligation; and
 - (iii) any such event results from a deterioration in the creditworthiness or financial condition of the relevant Reference Entity.

If a Bond exchange has occurred, the determination as to whether one of the events described under subparagraphs (i)(A) to (E) above has occurred will be based on a comparison of the terms of the Bond immediately prior to such exchange and the terms of the resulting obligations immediately following such exchange. Unless “Multiple Holder Obligation” is specified as not applicable in relation to a particular Reference Entity in the Confirmation, a Restructuring will have occurred only if the event in question relates to an Obligation held by more than three non-affiliated holders and, where, for Obligations other than bonds, the consent of at least two-thirds of the holders of the relevant Obligation is required. Limitations may apply as to the eligible obligations which may be taken into account for credit derivatives auction or, where applicable, delivered in settlement of a credit default swap.

Restructuring Maturity Limitation and Fully Transferable Obligations (“Mod R”)

If “Mod R” applies in accordance with the Confirmation, then in order to be taken into account for settlement an obligation must be a “Fully Transferable Obligation” - that is, capable of being assigned or novated without consent. It must also be possible to transfer the obligation to a bank or financial institution or other entity which regularly makes, purchases or invests in loans or other financial assets. The maturity of such obligation must fall within specified limits.

Modified Restructuring Maturity Limitation and Conditionally Transferable Obligations (“Mod Mod R”)

If “Mod Mod R” applies in accordance with the Confirmation, then in order to be taken into account for settlement an obligation must be a “Conditionally Transferable Obligation” that is, capable of being assigned or novated with consent, provided that such consent must not be unreasonably withheld. Again, the maturity of such obligation must fall within specified limits.

Governmental Intervention

A “Governmental Intervention” will occur where, as a result of the action taken or announcement made by a governmental authority pursuant to, or by means of, a restructuring and resolution law or regulation (or any other similar law or regulations) applicable to the relevant Reference Entity, certain binding changes are made to the relevant obligations of the Reference Entity. These changes include, without limitation, a reduction in the rate or amount (as applicable) of interest, principal or premium payable when due, a postponement or other deferral of the date or dates for payment of interest, principal or premium, a change in the ranking in priority of payment of any obligation, or a mandatory cancellation, conversion or exchange.

Unlike a “Restructuring”, “Governmental Intervention” is not subject to the requirement for a deterioration in creditworthiness or financial condition of the Reference Entity or to the “Multiple Holder Obligation” requirement, and applies regardless of whether the relevant event is expressly provided for under the terms of the Obligation (for example, debt with bail-in provisions).

Note that a Credit Event will occur regardless of whether it occurs due to (for example) the relevant Reference Entity not being authorised to incur the relevant obligation, the illegality or unenforceability of any obligation, applicable law or regulation or an order of a court or tribunal or any exchange controls or capital requirements being imposed.

Obligations

The occurrence of a Credit Event such as a Failure to Pay, Restructuring and Governmental Intervention will be determined by reference to eligible obligations of the relevant Reference Entity, referred to as “**Obligations**”, which may be loans, bonds or other obligations issued directly by such Reference Entity or obligations in respect of which such Reference Entity acts as guarantor. Obligations are defined by reference to the “Obligation Category” and “Obligation Characteristics” (if any) specified for each Credit Default Swap Transaction. The applicable Obligation Category and Obligation Characteristics will vary from one Reference Entity to another, according to the trading terms which apply as set out in the Confirmation. Certain Obligations may be excluded from the determination as to whether or not a Credit Event has occurred (such Obligations, “**Excluded Obligations**”). Where “Financial Reference Entity Terms” applies to a Credit Default Swap Transaction and with respect to the determination of whether a Governmental Intervention or Restructuring has occurred: (a) any subordinated obligation shall be an Excluded Obligation, if the Credit Default Swap Transaction is specified to be a “Senior Transaction”; and (b) any obligation subordinated to the obligation in (a) shall be an Excluded Obligation, if a Credit Default Swap Transaction is specified to be a “Subordinated Transaction”.

Obligation Categories

The Obligation Category for the Credit Default Swap Transactions and, consequently, the Notes, is Bond or Loan (as defined below) (on the basis of the standard terms contained in the “Asia Financial Corporate” Settlement Matrix, which applies in respect of each of the Credit Default Swap Transactions).

Obligations Characteristics

Obligation Characteristics may be one or more of Not Subordinated, Not Sovereign Lender, Not Domestic Currency, Not Domestic Issuance and Not Domestic Law (on the basis of the standard terms contained in the “Asia Financial Corporate” Settlement Matrix, which applies in respect of each of the Credit Default Swap Transactions).

Auction Settlement

When a Credit Event occurs in respect of a Reference Entity that is referenced in a significant number of credit derivative transactions, a CDDC may resolve that an Auction should be held to facilitate settlement of credit default swap transactions referencing such Reference Entity at the same time and at a fixed settlement price. The price determined through an Auction is referred to as an “**Auction Final Price**”. Where an Auction is held for such Reference Entity and the Calculation Agent determines that the “Deliverable Obligations” (see below) would be substantially the same as the provisions in the relevant Credit Default Swap Transaction for selecting the obligations for determination of the Final Price, the related Auction Final Price may be used to determine the Early Cash Redemption Amounts that will be paid to Noteholders.

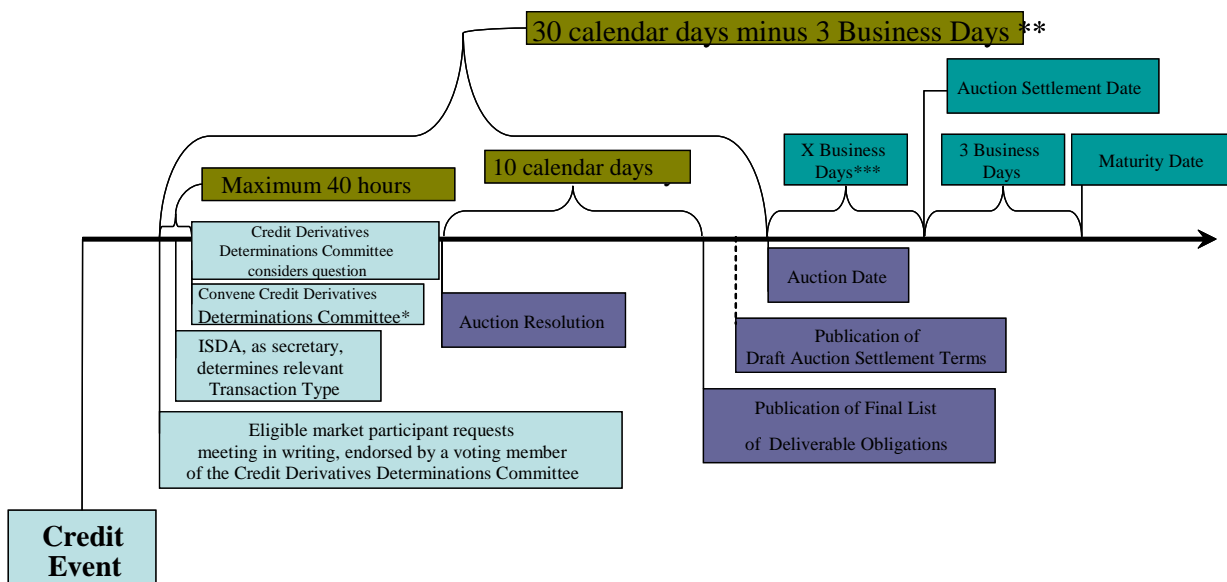
During the Auction process credit derivatives dealers participating in the Auction submit prices at which they would buy and sell the eligible obligations of the relevant Reference Entity, together with requests to buy or sell such obligations received from their customers.

As of the date hereof, the Counterparty (and certain of its affiliates) is a leading dealer in the credit derivatives market. There is a high probability that the Counterparty or its affiliates will act as a participating bidder in any Auction held with respect to a Reference Entity. In such capacity, the Counterparty or its affiliates may take certain actions which may influence the Auction Final Price including, amongst other things, providing rates of conversion to determine the Auction currency rate and submitting bids and offers on behalf of itself or its customers. In deciding whether to take any such action (or whether to act as a participating bidder in any Auction), the Counterparty or its affiliates will not be required to, and will not, consider the interests of the Noteholders. A Noteholder has no right, solely by virtue of being an investor in the Notes, to submit a bid or offer in an Auction.

If an Auction is held in respect of a Reference Entity it is expected that the relevant Auction will occur three business days immediately before the 30th calendar day after which the relevant CDDC received the request to determine whether a Credit Event has occurred with respect to such Reference Entity. However, the CDDC may decide that an Auction in respect of a Reference Entity should take place quicker than normal, for example, to ensure that quicker than normal settlement of relevant obligations occurs before any proposed bond exchange. Alternatively, the Auction process may be substantially delayed, for example because the CDDC determines that there is insufficient information available to it to establish auction terms. In such case, the payment of the Early Cash Redemption Amounts to the Noteholders may also be substantially delayed.

The expected timeline is illustrated in the diagram below which is indicative only and may be expanded or compressed by resolution of a specified majority of the relevant CDDC.

Expected Auction Timeline for credit default swaps



Deliverable Obligation

An Auction will be conducted in relation to eligible obligations of the relevant Reference Entity, referred to as **“Deliverable Obligations”**. Deliverable Obligations will be identified by the CDDC. Members of the relevant CDDC may propose obligations which they consider to be eligible for inclusion in an initial list to be published. Subsequently, market participants may propose additional obligations for inclusion in such list or challenge the eligibility of obligations already on such list, prior to publication of a final list of such Deliverable Obligations. In certain circumstances, following the occurrence of particular Credit Events, a specific asset package will be deliverable into the Auction. Noteholders will not have the ability to propose obligations for inclusion in the list of Deliverable Obligations, or to challenge the eligibility of Deliverable Obligations which are included on such list.

The Deliverable Obligation Category for each of the Credit Default Swap Transactions is “Bond or Loan” (on the basis of the standard terms contained in the “Asia Financial Corporate” Settlement Matrix, which applies in respect of each of the Credit Default Swap Transactions). Other possible Deliverable Obligation Categories that may apply to credit derivatives in general in relation to the relevant Reference Entity (only one of which may apply at any time) are “Payment”, “Borrowed Money”, “Reference Obligations Only”, “Bond” or “Loan”.

The Deliverable Obligation Characteristics are “Not Subordinated”, “Specified Currency”, “Not Sovereign Lender”, “Not Domestic Law”, “Not Domestic Issuance”, “Assignable Loan”, “Transferable”, “Maximum Maturity” (30 years) and “Not Bearer” (on the basis of the standard terms contained in the “Asia Financial Corporate” Settlement Matrix, which applies in respect of each of the Credit Default Swap Transactions). Other possible Deliverable Obligation Characteristics that may apply to credit derivatives in general in relation to the relevant Reference Entity (one or more of which may apply at any time) are “Consent Required Loan”, “Not Domestic Currency”, “Listed”, “Direct Loan Participation” and “Accelerated or Matured”. Certain of such characteristics will be applicable only to Obligations which are bonds (“Listed”, “Not Bearer”), which are not loans (“Transferable”) or which are loans (“Assignable Loan”, “Consent Required Loan”, “Direct Loan Participation”). In the case of “Assignable Loan”, “Consent Required Loan” and “Direct Loan Participation” the relevant Deliverable Obligation is required to satisfy one only of such characteristics.

“Accelerated or Matured” means an Obligation which on or prior to the date on which it is to be delivered in an Auction it is due to mature and due to be repaid, or as a result of downgrade/bankruptcy is due to be repaid as a result of an acceleration clause.

“Assignable Loan” means a Loan is capable of being assigned or novated to a different bank or financial institution as lender without the consent of the Reference Entity or guarantor, if any, of such Loan or any agent for the Loan.

“Bond” includes any obligation of a type included in the “Borrowed Money” Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security but does not include any other type of Borrowed Money.

“Bond or Loan” means any Obligation which is either a Bond or a Loan.

“Borrowed Money” includes bonds and loans (except for an undrawn revolving credit facility) and deposits, but excludes repos where a security is repurchased at a higher price, the difference being equivalent to a finance charge. It also includes deposits and disbursements under letters of credit.

“Consent Required Loan” means a Loan that may be assigned or novated only with the consent of the relevant Reference Entity or guarantor, if any of such Loan or any agent for the Loan.

“Direct Loan Participation” means a Loan with a participation agreement whereby the buyer is capable of creating, or procuring the creation of, a contractual right in favour of the seller that provides the seller with

recourse to the participation seller for a specified share in any payments due under the relevant loan which are received by the participation seller.

“Listed” means an obligations which is quoted, listed or ordinarily purchased and sold on an exchange.

“Loan” includes any term loan agreement, revolving loan agreement or other similar credit agreement but does not include any other type of “Borrowed Money” obligation.

“Maximum Maturity” means that the Obligation must have a maximum maturity which is no longer than the period specified in the Confirmation.

“Not Bearer” means that an obligation must not be in the form of a bearer instrument unless it is held and traded within Euroclear, Clearstream or another internationally recognised clearing system. A bearer instrument is an instrument that is payable on demand to the holder of the instrument, i.e. the entity or person physically possessing the instrument is deemed to be the owner and ownership is passed by physical delivery of the instrument.

“Not Domestic Currency” means any obligation that is payable in any currency other than the domestic currency as specified in the Settlement Matrix or Confirmation. If the currency is not specified, the domestic currency shall be that of the Reference Entity if it is a sovereign, or that of the country in which the Reference Entity is organised if it is not a sovereign.

“Not Domestic Issuance” means any obligation except any obligation that was, at the time it was issued or incurred, intended to be offered for sale primarily in the domestic market of the Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of the Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the relevant Reference Entity) satisfies this characteristic.

“Not Domestic Law” means any obligation that is not governed by the laws of the relevant Reference Entity, if such Reference Entity is a Sovereign, or the jurisdiction of organisation of the relevant Reference Entity, if such Reference Entity is not a Sovereign.

“Not Sovereign Lender” means any obligation that is not primarily owed to a sovereign or supra-national organisation.

“Not Subordinated” means that the obligation which can trigger a credit event must rank equal or higher in the Reference Entity’s capital structure than the most senior Reference Obligation of the Reference Entity in terms of priority of payment. If no Reference Obligation is specified, then “Not Subordinated” refers to any of the Reference Entity’s senior “Borrowed Money” obligations.

“Specified Currency” means an obligation that is payable in the currency or currencies specified in the Confirmation or, if no currency is so specified, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom, the United States of America and the Euro and any successor currency to any such currencies.

“Transferable” means an Obligation that is transferable to institutional investors without any contractual, statutory or regulatory restrictions.

Deliverable Obligations may be indirect obligations of the relevant Reference Entity by way of an eligible guarantee. If the Confirmation specifies that “All Guarantees” applies to a particular Reference Entity (as is the case in respect of each of the Credit Default Swap Transactions on the basis of the standard terms contained in the “Asia Financial Corporate” Settlement Matrix, which applies in respect of each Credit Default Swap Transaction), then an eligible guarantee will be any irrevocable guarantee of the Reference

Entity of all amounts due to be paid by the relevant underlying obligor, subject to exceptions e.g. where the arrangement is structured as surety bond or letter of credit, or where the terms of the arrangement provide for the reduction or discharge or assignment of the obligations of the guarantor.

Where “Financial Reference Entity Terms” and “Governmental Intervention” apply in respect of a Reference Entity and (i) there is a Governmental Intervention Credit Event; or (ii) a Restructuring Credit Event in respect of the Reference Obligation where such Restructuring does not constitute a Governmental Intervention, then a related asset package resulting from a prior deliverable obligation may also be deliverable. The asset package would be treated as having the same outstanding principal as the corresponding prior deliverable obligation or package observable bond. This applies even if the resulting asset package is deemed to be zero where there are no resulting assets, and, in such case, the buyer of credit protection would receive 100 per cent.

If “All Guarantees” is not specified as applicable in the Confirmation, then eligible guarantees will only be those provided by a parent company in respect of a subsidiary (broadly speaking, a subsidiary is an where another company (the “parent company”) owns more than 50 per cent. of the shares or other interests with the power to elect the board of directors or any other similar body).

Auction Settlement following an M(M)R Restructuring Credit Event

In relation to certain categories of Reference Entity and a Restructuring Credit Event, limitations on the maturity of eligible obligations to be taken into account for the purposes of the related Auction(s) will apply.

Such limitations will apply to a Reference Entity if either “Restructuring Maturity Limitation and Fully Transferable Obligation” (often abbreviated to “Modified Restructuring” or “Mod R”) or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation” (often referred to as “Modified Modified Restructuring” or “Mod Mod R” as explained above) is expressed to be applicable to that Reference Entity in accordance with the Confirmation.

In cases where settlement of a credit default swap is triggered by the buyer and Mod R (being market standard for credit default swaps referencing North American corporate reference entities to which Restructuring is applicable) or Mod Mod R (being market standard for European corporate entities) is applicable, any obligation which such buyer wishes to deliver to the seller must not only constitute a Deliverable Obligation but must also satisfy additional requirements as to transferability (for Mod R, being a Fully Transferable Obligation and for Mod Mod R being a Conditionally Transferable Obligation as explained under “Restructuring” above) and as to its final maturity date (as explained under “Restructuring” above).

Where Mod R or Mod Mod R applies, several concurrent but separate Auctions may occur with respect to such Reference Entity, as determined by the relevant CDDC, with each such Auction relating to credit default swaps with maturities falling within stipulated periods (so-called “maturity buckets”) following the occurrence of the effective date of the event giving rise to the relevant Restructuring Credit Event. In general, market practice is such that a total of eight separate maturity buckets might apply in respect of a Reference Entity with respect to which a Restructuring has occurred and in respect of which Mod R is applicable. Where a Restructuring has occurred with respect to a Reference Entity and Mod Mod R applies, there are only four separate buckets which might apply with the latest maturity bucket being the 10 year bucket mentioned below. The first seven such maturity buckets (noting, as mentioned above, that only the first four maturity buckets apply where Mod Mod R is applied) will each encompass a maturity period that ends, respectively, on the first of March 20, June 20, September 20 or December 20 to occur on or immediately following the date that is 2.5 years, 5 years, 7.5 years, 10 years, 12.5 years, 15 years or 20 years following the date of the Restructuring; and the eighth maturity bucket will encompass a maturity period ending after 20 years following the date of the Restructuring (each such ending date referred to as a “**Maturity Bucket End Date**”). Where settlement of a credit default swap is triggered by the buyer, as a

general rule, credit default swaps will be assigned to the maturity bucket with the Maturity Bucket End Date that occurs on or immediately following the scheduled termination date of such credit default swap.

An Auction will only be held in relation to any particular maturity bucket if there is a sufficient volume of credit default swaps with maturities falling within that period. Failing that, no Auction will be held in relation to such bucket, and each party to a standard credit default swap transaction will have the ability to (but will not have to) give a notice requiring that the Auction Final Price be determined based on the Auction conducted in relation to an alternative maturity bucket.

Where the buyer of credit protection gives such a notice, the relevant Auction used to determine the Auction Final Price will be the Auction for which a more limited number of obligations of the relevant Reference Entity are eligible or, where there are a number of such Auctions, the Auction with the widest range of such obligations (that is, the Auction corresponding to the next-shortest dated maturity bucket, which would tend to result in a higher Auction Final Price and hence a lower credit loss). Where the relevant notice is given by the credit protection seller, the relevant Auction will be the Auction with the widest range of eligible obligations (that is the Auction corresponding to the longest-dated maturity bucket, which would tend to result in a lower Auction Final Price and hence a greater loss). If both parties deliver such a notice, then the credit protection buyer's notice will prevail.

DESCRIPTION OF THE COMPANY AND THE COMPARTMENT

General

VIS Finance S.A. (the “**Company**”) was incorporated in the Grand Duchy of Luxembourg as a public limited liability company (*société anonyme*) with unlimited duration on 17 January, 2012 under the name VIS Finance S.A. and is registered with the Luxembourg trade and companies register under number B.166.336. The Issuer has been approved by the CSSF as a regulated securitisation undertaking within the meaning of articles 19 et seq. of the Securitisation Act 2004 and is supervised by the CSSF.

The Company's articles of association (the “**Articles**”) have been published in the *Mémorial, Recueil des Sociétés et Associations* number 634 on 9 March 2012.

The registered office of the Company is at 2, boulevard Konrad Adenauer, L-1115 Luxembourg, Luxembourg. The telephone number of the Issuer is +352 421 22 462 and the fax number of the Issuer is +352 421 22 718.

The share capital of the Company is EUR31,000 divided into 310 ordinary shares with a par value of EUR100 (each a “**Company Share**”) all of which are fully paid. All the issued Company Shares are held by Stichting VIS Finance, a foundation (*stichting*) incorporated under the laws of The Netherlands, with registered seat at Herengracht 450, 1017CA Amsterdam, The Netherlands (the “**Shareholder**”).

Compartment and source of funds

In connection with the issue of the Notes, the board of directors of the Company will create a compartment of the Company (Compartment GAP+ Compartment 2631-2633 March 2016 (the “**Compartment**”)) relating solely to these Notes separate from any other Series of Notes issued by the Company. A compartment is a separate part of the Company's assets and liabilities. An investor's recourse to the Issuer in respect of these Notes is limited to the assets and liabilities allocated to the Compartment created in respect of these Notes.

The principal assets of the Issuer allocated to the Compartment are the Issuer's rights against the Counterparty under the Swap Agreement and the Class Attributable Certificates.

The ability of the Issuer to pay the intended amounts due under the Notes (as described in more detail in the sections of this Prospectus entitled “*Transaction Description*” and “*Terms and Conditions of the Notes*”) will be dependent upon the payment of:

- (a) the Class Attributable Certificates Redemption Amount due from the Class Attributable Certificates Obligor under the Class Attributable Certificates or, in certain circumstances, the value of the Class Attributable Certificates;
- (b) the net amount due from the Counterparty under the Credit Default Swap Transactions; and
- (c) the value of any cash and/or Eligible Securities delivered to the Issuer under the Credit Support Annex in certain circumstances.

Where such assets are not sufficient to meet the claims of the investors in relation to the Notes, investors will have no further recourse to any other assets of the Company. In connection with this, investors should be aware that where any Notes redeem early the assets allocated to the Compartment relating to the Notes and any amounts derived from such assets shall first be used to pay certain amounts owing to other parties, including UBS as the Counterparty to the extent that any amounts are owing to it. These amounts may be significant and will reduce the amount available to investors in the Notes, potentially to zero.

Under the Securitisation Act 2004, the assets of each Compartment for each Series and the proceeds thereof are, in principle, exclusively available for distribution to the specified Noteholders and the relevant swap counterparties relating to such Series. A creditor of the Company may have claims against the Company in respect of more than one Series, in which case the claims in respect of each individual Series will be limited to the Mortgaged Property relating to such Series only. Upon a liquidation of a Compartment, if the Mortgaged Property and the proceeds of enforcement and realisation thereof, as applicable, are not sufficient to make all payments and deliveries, as applicable, due in respect of the Notes, then the obligations of the Issuer in respect of the Notes of that Series will be limited to the Mortgaged Property of the Compartment in respect of that Series, as specified in the Conditions and this Prospectus. The Issuer will not be obliged to make any further payment or delivery, as applicable, for any Series of Notes in excess thereof. Following application of the relevant Mortgaged Property and the proceeds of enforcement and realisation thereof, as applicable, in accordance with the Conditions, the claims of the relevant Noteholders and the relevant swap counterparties of the relevant Series for any shortfall shall be extinguished and the relevant Noteholders and the relevant swap counterparties (and any person acting on behalf of any of them) may not take any further action to recover such shortfall and none of them should be able to petition for the winding-up, the liquidation or the bankruptcy of the Company or any other similar insolvency related proceedings. Failure to make any payment or delivery, as applicable, in respect of any such shortfall shall in no circumstances constitute an event of default under the Conditions. Any shortfall shall be borne by the Noteholders and the swap counterparties of the relevant Series in respect of which the Notes have been issued according to the priorities specified in the Conditions as amended by this Prospectus.

DESCRIPTION OF UBS AG, LONDON BRANCH

UBS AG, London Branch (which is the London branch of UBS AG) is the issuer of the Class Attributable Certificates (the “**Class Attributable Certificates Obligor**”). Furthermore UBS AG acts as the Counterparty under the Swap Agreement as well as Selling Agent, Calculation Agent and as Valuation Agent.

UBS AG, London Branch is the London branch of UBS AG. UBS AG with its subsidiaries (together, “**UBS AG (consolidated)**”, or “**UBS AG Group**”; together with UBS Group AG, which is the holding company of UBS AG, “**Group**” or “**UBS**”) is committed to providing private, institutional and corporate clients worldwide, as well as retail clients in Switzerland with superior financial advice and solutions, while generating attractive and sustainable returns for shareholders. UBS's strategy centers on its Wealth Management and Wealth Management Americas businesses and its leading (in its own opinion) universal bank in Switzerland, complemented by Asset Management and its Investment Bank. In UBS's opinion, these businesses share three key characteristics: they benefit from a strong competitive position in their targeted markets, are capital-efficient, and offer a superior structural growth and profitability outlook. UBS's strategy builds on the strengths of all of its businesses and focuses its efforts on areas in which UBS excels, while seeking to capitalize on the compelling growth prospects in the businesses and regions in which it operates. Capital strength is the foundation of UBS's success. The operational structure of the Group is comprised of the Corporate Center and five business divisions: Wealth Management, Wealth Management Americas, Retail & Corporate, Asset Management and the Investment Bank.

On 30 September 2015, UBS Group AG (consolidated) common equity tier 1 (“**CET1**”) capital ratio was 14.3% on a fully applied basis and 18.3% on a phase-in basis, invested assets stood at CHF 2,577 billion, equity attributable to UBS Group AG shareholders was CHF 54,077 million and market capitalization was CHF 69,324 million. On the same date, UBS employed 60,088 people.

On 30 September 2015, UBS AG (consolidated) CET1 capital ratio was 15.3% on a fully applied basis and 18.3% on a phase-in basis, invested assets stood at CHF 2,577 billion and equity attributable to UBS AG shareholders was CHF 54,126 million. On the same date, UBS AG Group employed 58,502 people.

As stated in the third quarter 2015 financial report of UBS Group AG published on 3 November 2015, many of the underlying macroeconomic challenges and geopolitical issues that UBS has highlighted in previous quarters remain and are unlikely to be resolved in the foreseeable future. In addition, recently proposed changes to the too big to fail regulatory framework in Switzerland will cause substantial ongoing interest costs for the firm. UBS also continues to see headwinds from interest rates which have not increased in line with market expectations, negative market performance in certain asset classes and the weak performance of the euro versus the Swiss franc during the year. UBS is executing the measures already announced to mitigate these effects as it progresses towards its targeted return on tangible equity in the short to medium term. UBS's strategy has proven successful in a variety of market conditions. UBS remains committed to its strategy and its disciplined execution in order to ensure the firm's long-term success and deliver sustainable returns for its shareholders.

UBS AG was incorporated under the name SBC AG on 28 February 1978 for an unlimited duration and entered in the Commercial Register of Canton Basel-City on that day. On 8 December 1997, the company changed its name to UBS AG. The company in its present form was created on 29 June 1998 by the merger of Union Bank of Switzerland (founded 1862) and Swiss Bank Corporation (founded 1872). UBS AG is entered in the Commercial Registers of Canton Zurich and Canton Basel-City. The registration number is CHE-101.329.561.

UBS AG is incorporated and domiciled in Switzerland and operates under the Swiss Code of Obligations as an *Aktiengesellschaft*, a stock corporation.

According to article 2 of the Articles of Association of UBS AG, dated 7 May 2015 ("**Articles of Association**"), the purpose of UBS AG is the operation of a bank. Its scope of operations extends to all types of banking, financial, advisory, trading and service activities in Switzerland and abroad. UBS AG may establish branches and representative offices as well as banks, finance companies and other enterprise of any kind in Switzerland and abroad, hold equity interests in these companies, and conduct their management. UBS AG is authorized to acquire, mortgage and sell real estate and building rights in Switzerland and abroad. UBS AG may provide loans, guarantees and other kinds of financing and security for Group companies and borrow and invest money on the money and capital markets.

The addresses and telephone numbers of UBS AG's two registered offices and principal places of business are: Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, telephone +41 44 234 1111; and Aeschenvorstadt 1, CH-4051 Basel, Switzerland, telephone +41 61 288 5050.

UBS AG is subject to, and compliant with, all relevant Swiss legal and regulatory requirements regarding corporate governance.

UBS AG operates under a strict dual board structure, as mandated by Swiss banking law. The Board of Directors ("**BoD**") exercises the ultimate supervision over management, whereas the Group Executive Board ("**GEB**"), headed by the Group Chief Executive Officer ("**Group CEO**"), has executive management responsibility. The functions of Chairman of the BoD and Group CEO are assigned to two different people, ensuring a separation of power. This structure establishes checks and balances and preserves the institutional independence of the BoD from the day-to-day management of UBS AG, for which responsibility is delegated to the GEB under the leadership of the Group CEO.

No member of one board may simultaneously be a member of the other. The supervision and control of the GEB remains with the BoD. The Articles of Association and the Organization Regulations of UBS AG with their annexes govern the authorities and responsibilities of the two bodies.

Based on article 39 of the Articles of Association, UBS AG shareholders elect the auditors for a term of office of one year. At the AGM of 3 May 2012, 2 May 2013, 7 May 2014 and 7 May 2015, Ernst & Young Ltd., Aeschengraben 9, CH-4002 Basel ("**Ernst & Young**") were elected as auditors for the consolidated and standalone financial statements of UBS AG for a one-year term.

Ernst & Young is a member of the Swiss Institute of Certified Accountants and Tax Consultants based in Zurich, Switzerland.

As reflected in its Articles of Association most recently registered with the Commercial Register of Zurich and the Commercial Register of Basel-City, UBS AG has (i) fully paid and issued share capital of CHF 384,456,091.30, divided into 3,844,560,913 registered shares with a par value of CHF 0.10 each (article 4), (ii) no authorized capital and (iii) conditional capital in the amount of (a) CHF 13,620,031.20, comprising 136,200,312 registered shares with a par value of CHF 0.10 each that can be issued upon exercise of employee options; (b) CHF 38,000,000, comprising 380,000,000 registered shares with a par value of CHF 0.10 each that can be issued upon the voluntary or mandatory exercise of conversion rights and/or warrants; (c) CHF 5,000,000, comprising 50,000,000 registered shares with a par value of CHF 0.10 each that can be issued upon the exercise of options that UBS AG will grant in connection with the cash or title dividend distributed in the year 2015 (article 4a).

Where Investors Can Find More Information

UBS files periodic reports (including Annual Reports on the U.S. Security Exchange Commission's Form 20-F) and other information with the Commission and investors are referred to such reports and other information for current information with respect to UBS. Investors may read and copy any document that

UBS AG files with the Commission at the Commission's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the Commission at 1-800-SEC-0330 for further information on the operation of its public reference room. The Commission also maintains an internet site at <http://www.sec.gov> that contains information filed by UBS AG electronically with the Commission.

DESCRIPTION OF THE REFERENCE ENTITY

Bank of China Limited

The following has been taken from the base Prospectus of Bank of China Limited dated 17 June 2015 and supplemented on 23 June 2015 and as amended from time to time and is subject to and qualified by such base prospectus.

Bank of China Limited (the “**Bank**”) is one of the four largest commercial banks in the People’s Republic of China (“**PRC**”) in terms of total assets with the most extensive international branch network among PRC commercial banks. The Bank has also been listed by the Financial Stability Board as one of the global systemically important financial institutions since 2011.

The Bank provides a comprehensive range of financial services to customers across mainland China, Hong Kong, Macau, Taiwan and 37 overseas countries. The Bank’s scope of business encompasses three main areas, namely commercial banking, investment banking and insurance. Commercial banking is the Bank’s traditional core business. It includes corporate banking, personal banking and financial market business (mainly treasury operations). The combination of commercial banking, investment banking and insurance businesses has created a universal banking platform that allows the Bank to provide integrated services to its customers.

The Bank was incorporated as a joint stock company in the PRC on 26 August 2004. The Bank is headquartered in Beijing with operations in mainland China, Hong Kong, Macau, Taiwan and 37 overseas countries. The Group’s operating profits were RMB186,767 million, RMB211,685 million and RMB 177,198 million for the years ended 31 December 2012, 2013 and 2014, respectively. For the year ended 31 December 2014, the Bank’s corporate banking business, personal banking business and treasury operations accounted for 42.79 per cent, 21.21 per cent. and 32.41 per cent. of its operating income respectively whilst its investment banking and insurance business accounted for 1.42 per cent. of its operating income.

The address of the Bank’s registered office is No. 1 Fuxingmen Nei Dajie, Beijing 100818, People’s Republic of China.

At the date of this Prospectus and as stated on Bloomberg page 3988 HK, the Bank has securities listed on the Shanghai Stock Exchange, Hong Kong Stock Exchange and on the regulated market of the Dusseldorf Stock Exchange, amongst other exchanges. Information as to the past and future performance of the Bank may be obtained on Bloomberg page 3988 HK.

DESCRIPTION OF THE REFERENCE OBLIGATION

The Reference Obligation with respect to each Credit Default Swap Transaction shall be the obligation specified as the “**Standard Reference Obligation**” for the Reference Entity for the “**Senior Level**” on a list to be published by ISDA. Where there is no such Standard Reference Obligation, the Reference Obligation shall be USD 500,000,000 3.125 per cent. fixed rate notes due 2019 issued by Bank of China Limited (ISIN: XS1016655349) to but excluding the first date of publication of such Standard Reference Obligation, subject to the terms of such Credit Default Swap Transaction.

DESCRIPTION OF THE CLASS ATTRIBUTABLE CERTIFICATES

On the Issue Date, the Dealer will procure that the Class Attributable Certificates (being the Initial Charged Assets) are delivered to the Issuer.

The information contained in this section has been accurately reproduced from the underlying documentation relating to the Class Attributable Certificates provided and/or published by the Class Attributable Certificates Obligor. So far as the Issuer is aware and is able to ascertain from such information provided and/or published by the issuer of the Class Attributable Certificates, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Class Attributable Certificates will be issued pursuant to final terms dated 24 February 2016 (the “**Class Attributable Certificates Final Terms**”) that provide additional information in respect of the Class Attributable Certificates for the purposes of the Class Attributable Certificates Obligor’s base prospectus dated 8 January 2016 and approved by the Swedish Financial Supervisory Authority (*Finansinspektionen*) as competent authority, as supplemented from time to time.

The Class Attributable Certificates Obligor’s base prospectus, including all information incorporated by reference therein and any and all supplements approved by the Swedish Financial Supervisory Authority in respect hereof and published by the issuer of the Class Attributable Certificates, constitutes a base prospectus according to Art. 5 (4) of the Prospectus Directive (Directive 2003/71/EC, as amended), as implemented by the relevant provisions of the EU member states and Chapter 2 Section 16 item 1 of the Swedish Financial Instruments Trading Act (*Lag (1991:980) om handel med finansiella instrument*), in connection with Regulation 809/2004 of the European Commission, as amended.

The Class Attributable Certificates Final Terms are attached hereto and should be read in conjunction with the Class Attributable Certificates “*Risk Factors*” and the Class Attributable Certificates “*Conditions of the Notes*”, which are also attached hereto.

The abovementioned base prospectus of the Class Attributable Certificates Obligor and the Class Attributable Certificates Final Terms have not been reviewed or approved by the Central Bank of Ireland.

FINAL TERMS

dated 24 February 2016

in connection with the Base Prospectus dated 8 January 2016
(as supplemented from time to time)

of

UBS AG

(a corporation limited by shares established under the laws of Switzerland)
acting through its London Branch



for the issue and public offer of

3,000 (indicative) UBS Gearing Certificates

ISIN CH0314190510

Valor 31419051

linked to shares

These final terms (the "**Final Terms**") have been prepared for the purpose of Article 5 (4) of the Prospectus Directive and provide additional information to the base prospectus dated 8 January 2016, as supplemented from time to time (the "**Base Prospectus**", together with the Final Terms, the "**Prospectus**") that was prepared in accordance with the Financial Instruments Trading Act (SFS 1991:980). Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus.

These Final Terms must be read in conjunction with the Base Prospectus, including all information incorporated by reference therein and any supplement(s) thereto. Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus, as supplemented from time to time. However, a summary of the individual issue of the Securities is annexed to these Final Terms. The Base Prospectus, any supplement to the Base Prospectus and these Final Terms are available for viewing at www.ubs.com/keyinvest or a successor address. Copies may be obtained during normal business hours at the registered offices of the Issuer.

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OVERVIEW ON THE SECURITY STRUCTURE**UBS Gearing Securities**

UBS Gearing Securities allow Securityholders to participate in the positive development of the Underlying(s). Conversely, Securityholders in UBS Gearing Securities may also participate in the negative development of the Underlying(s), as the UBS Gearing Securities may provide downside risk potential as specified in the applicable Product Terms. UBS Gearing Securities may also allow Securityholders to participate in the positive development of the Underlying relative to another Underlying. Conversely, Securityholders in UBS Gearing Securities may participate in the negative development of the Underlying relative to another Underlying.

UBS Gearing Securities also exist in a so-called "Put" version. In such case Securityholders participate positively in the negative development of the Underlying(s). Conversely, Securityholders in UBS Gearing Securities (Put) may also participate in the positive development of the Underlying(s), as the UBS Gearing Securities (Put) may provide upside risk potential as specified in the applicable Product Terms. UBS Gearing Securities (Put) may also allow Securityholders to participate in the negative development of the Underlying relative to another Underlying. Conversely, Securityholders in UBS Gearing Securities (Put) may participate in the positive development of the Underlying relative to another Underlying.

UBS Gearing Securities may expire worthless upon the unfavourable development of the Underlying(s) beyond a certain value, as specified in the applicable Product Terms.

Securityholders receive on the Maturity Date a Redemption Amount in the Redemption Currency, the amount of which depends on the Reference Price or the Settlement Price of the Underlying(s), as specified in the relevant Product Terms. The Redemption Amount is typically calculated by multiplying the Nominal Amount or such other amount as specified in the applicable Product Terms with the relevant performance of the Underlying(s), thereafter multiplied by the Participation Factor, the Leverage Factor or the Multiplier, but may also take other factors into account, as specified in the applicable Product Terms.

The Redemption Amount may be determined by reference to the performance of one or more Underlying(s), as specified in the relevant Product Terms.

PART A – PRODUCT TERMS

The following “**Product Terms**” of the Securities shall, for the relevant Securities, complete and put in concrete terms the General Conditions for the purposes of such Securities. A version of these Product Terms as completed and put in concrete terms for the specific issue will be contained in the applicable Final Terms and must be read in conjunction with the General Conditions.

The Product Terms are composed of

Part 1: Key Terms and Definitions of the Securities

Part 2: Special Conditions of the Securities

Product Terms and General Conditions together constitute the “**Conditions**” of the relevant Securities.

Part 1: Product Terms: Key Terms and Definitions of the Securities

The Securities use the following definitions and have, subject to an adjustment according to the Conditions of the Securities, the following key terms, both as described below in alphabetical order. The following does not represent a comprehensive description of the Securities, and is subject to and should be read in conjunction with the Conditions of the Securities. The following use of the symbol "" in the Key Terms and Definitions of the Securities indicates that the relevant determination will be made by the Calculation Agent or the Issuer, as the case may be, and will be published without undue delay thereafter in accordance with the applicable legal requirements of the relevant jurisdiction.

A.

Additional Termination Event: Additional Termination Event means in relation to a share used as the Underlying any of the following events:

- (i) The Issuer obtains knowledge about the intention to discontinue permanently the quotation of the shares of the Company on the Relevant Exchange due to a merger or a new company formation, due to a transformation of the Company into a legal form without shares, or due to any other comparable reason, in particular as a result of a delisting of the Company.
- (ii) An insolvency proceeding or any other similar proceeding under the jurisdiction applicable to and governing the Company is initiated with respect to the assets of the Company.
- (iii) Take-over of the shares of the Company, which in the Issuer's opinion, results in a significant impact on the liquidity of such shares in the market.
- (iv) Offer to the shareholders of the Company pursuant to the German Stock Corporation Act (*Aktiengesetz*), the German Law regulating the Transformation of Companies (*Umwandlungsgesetz*) or any other similar proceeding under the jurisdiction applicable to and governing the Company to convert existing shares of the Company to cash settlement, to Securities other than shares or rights, which are not quoted on a stock exchange and/or in a trading system.

B.

Banking Day: The Banking Day means each day on which the banks in London, United Kingdom, and Stockholm, Sweden, are open for business and the Clearing System settles securities dealings.

C.

CA Rules: CA Rules means the Swedish Financial Instruments Accounts Act (lag (1998:1479) om kontoföring av finansiella instrument) as well as any regulation and operating procedure applicable to and/or issued by the Clearing System.

Clearing System:

Clearing System means Euroclear Sweden AB, Klarabergsviadukten 63, S-111 64 Stockholm, Sweden, in its capacity as central securities depository under the Swedish Financial Instruments Accounts Act (Sw. lag (1998:1479) om kontoföring av finansiella instrument) or any successor in this capacity.

E. Expiration Date: The Expiration Date means 20 September 2022.

F. Fee Calculation Factor: From and including the Fixing Date up to and excluding the first Annual Determination Date (as defined below) the Fee Calculation Factor equals 100 %.

The Fee Calculation Factor will be decreased annually on each "**Annual Determination Date**" and the new value of the Fee Calculation Factor is stated in the table below.

The new value of the Fee Calculation Factor will be applicable from and including the relevant Annual Determination Date up to but excluding the following Annual Determination Date, and with respect to the last Annual Determination Date (Expiration Date), the new value of the Fee Calculation Factor will be applicable from and including the last Annual Determination Date (Expiration Date).

Annual Determination Date:	Fee Calculation Factor:
4 October 2016	99.56 %
4 October 2017	98.57 %
4 October 2018	97.58 %
4 October 2019	96.61 %
5 October 2020	95.64 %
4 October 2021	94.68 %
Expiration Date	93.74 %

Fixing Date: The Fixing Date means 7 April 2016.

If this day is not an Underlying Calculation Date in relation to an Underlying_(i) the immediately succeeding Underlying Calculation Date is deemed to be the Fixing Date in relation to all Underlyings.

In the case of abbreviation or extension of the Subscription Period the Fixing Date may be changed accordingly.

Fixing Time: The Fixing Time equals the time of the official determination of the closing price of the respective Underlying_(i).

FX Factor: The FX Factor equals the quotient of the US Dollar/Swedish Krona ("**USD/SEK**") currency exchange rate on the Observation Date_(i=25) ("**FX_{End}**"), divided by the USD/SEK currency exchange rate on the Fixing Date ("**FX_{Start}**").

The currency exchange rate is expressed in units SEK per one (1) unit USD.

"**FX_{Start}**" and "**FX_{End}**" will be determined by the Calculation Agent at its reasonable discretion pursuant to § 317 of the German Civil Code ("**BGB**"), targeting the USD/SEK currency exchange rate as published as fixing (mid) at approximately 16:15 hrs local time London, United Kingdom, on Bloomberg page "WMCO" (or a substitute page thereof).

If a currency exchange rate is not determined or quoted in the manner described above or in case of, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB), a FX Market Disruption (as

defined below), the Calculation Agent shall be entitled to identify a currency exchange rate, determined on the basis of the then prevailing market customs.

A "**FX Market Disruption**" means a limitation, suspension or disruption of or a restriction imposed on trading, the latter of which the Issuer and the Calculation Agent consider significant, on the foreign exchange market(s) in which the rates for the determination of the FX Factor are determined.

G.

Governing Law:

German law governed Securities. Any reference to reasonable discretion in the Conditions shall be construed as references to reasonable discretion in accordance with § 315 BGB or §§ 315, 317 BGB, as the case may be.

I.

Initial Payment Date:

The Initial Payment Date means 19 April 2016.

In the case of abbreviation or extension of the Subscription Period the Initial Payment Date may be changed accordingly.

Issue Date:

The Issue Date means 19 April 2016.

In the case of abbreviation or extension of the Subscription Period the Issue Date may be changed accordingly.

Issuer:

The Issuer means UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland, acting through its London Branch, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom.

Issuing Agent:

The Issuing Agent means SEB Merchant Banking, Asset Servicing, S-106 40 Stockholm, Sweden, or any successor in this capacity. As long as any Security is outstanding, there will at all times be an Issuing Agent duly authorised as such under the CA Rules with regard to the Securities.

M.

Manager:

The Manager means UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom.

Maturity Date:

The Maturity Date means the eighth Banking Day (i) after the final Valuation Date, and (ii) in the case of a termination by the Issuer in accordance with § 8 of the Conditions of the Securities, after the Termination Date.

Minimum Trading Size:

The Minimum Trading Size equals 1 Security.

N.

Nominal Amount:

The Nominal Amount per Security equals SEK 10,000.00.

O. Observation Date: The Observation Date means the 20th day of each calendar month, beginning on 21 September 2020 (including) (Observation Date_(i=1)) and ending on the Expiration Date (including) (Observation Date_(i=25)).

The term "Observation Date" shall also refer to all Observation Dates_(i=1) to _(i=25).

If one of these days is not an Underlying Calculation Date in relation to an Underlying_(i), the immediately succeeding Underlying Calculation Date is deemed to be the relevant Observation Date in relation to all Underlyings.

P. Participation Factor: The Participation Factor equals 110 % (indicative), subject to a minimum of 80 %.

The Participation Factor will be fixed on the Fixing Date.*

Paying Agent: The Paying Agent means UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basle, Switzerland, acting through its London Branch, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom, and Skandinaviska Enskilda Banken, Stockholm (SEB), Kungsträdgårdsgatan 8, S-106 40 Stockholm, Sweden. The term "Paying Agent" shall also refer to all Paying Agents including the Principal Paying Agent.

Price of the Underlying: The Price of the Underlying_(i) means the official closing price of the Underlying_(i) as determined on the Relevant Exchange.

Principal Paying Agent: The Principal Paying Agent means UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basle, Switzerland, acting through its London Branch, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom.

R. Redemption Currency: The Redemption Currency means Swedish Krona ("SEK").

Relevant Exchange: The Relevant Exchange means New York Stock Exchange.

Relevant Futures and Options Exchange: The Relevant Futures and Options Exchange means the futures and options exchange(s), on which futures and option contracts on the Underlying are primarily traded, as determined by the Calculation Agent.

S. Securities: Securities means the UBS Gearing Certificates issued by the Issuer in the Issue Size with the following product features:

Participation Factor:	Applicable
Leverage Factor:	Not Applicable
Multiplier:	Not Applicable
Multiplication Factor:	Not Applicable
Reverse Structure:	Not Applicable
Express Structure:	Not Applicable

Thresholds, Barriers or Levels:	Not Applicable
Maximum Amount:	Not Applicable
Relevant Underlying:	Not Applicable
Physical Delivery:	Not Applicable
Final Lock-In:	Not Applicable
Automatic Termination:	Not Applicable
Currency Conversion:	Applicable
Capital Protection:	Not Applicable
No predefined term:	Not Applicable
Time-lagged Valuation:	Not Applicable
Minimum Exercise Size:	Not Applicable
Securityholder's Termination Right:	Not Applicable
Quanto:	Not Applicable
Consideration of Components:	Not Applicable
Individual Determination:	Applicable
Collective Determination:	Not Applicable

The Securities are being issued in uncertificated and dematerialised form to be registered in book-entry form at the Clearing System (also the "**Swedish Securities**") and will not be represented by definitive securities.

Settlement Cycle:

The Settlement Cycle means the number of business days following a trade in the Underlying on the Relevant Exchange in which settlement will customarily occur according to the rules of the Relevant Exchange.

Settlement Price:

The Settlement Price_(i) of the Underlying_(i) equals the arithmetical average of the Prices of the Underlying_(i) on each of the Observation Dates_(i) at the Valuation Time as determined by the Calculation Agent.

The term "Settlement Price" shall also refer to all Settlement Prices_(i=1) to _(i=10).

Strike:

The Strike_(i) of the Underlying_(i) equals the Price of the respective Underlying_(i) at the Fixing Time on the Fixing Date.

The term "Strike" shall also refer to all Strikes_(i=1) to _(i=10).

The Strike of the Underlying_(i) will be fixed at the Fixing Time on the Fixing Date.*

T.

Term of the Securities:

The Term of the Securities means the period commencing on the Issue Date and ending on the Expiration Date at the Valuation Time.

Termination Amount:

The Termination Amount equals an amount in the Redemption Currency, which is determined by the Calculation Agent at its reasonable discretion and considering the then prevailing Price of the Underlying as the fair market price of a Security at the occurrence of the termination of the Securities.

U.

Underlyings:

The Underlying_(i=1) equals the share of McDonald's Corporation (ISIN US5801351017, Bloomberg: MCD UN),

the Underlying_(i=2) equals the share of Wal-Mart Stores, Inc. (ISIN US9311421039, Bloomberg: WMT UN),

the Underlying_(i=3) equals the share of Johnson & Johnson (ISIN US4781601046, Bloomberg: JNJ UN),

the Underlying_(i=4) equals the share of The Procter & Gamble Company (ISIN US7427181091, Bloomberg: PG UN),

the Underlying_(i=5) equals the share of The Coca-Cola Company (ISIN US1912161007, Bloomberg: KO UN),

the Underlying_(i=6) equals the share of General Mills, Inc. (ISIN US3703341046, Bloomberg: GIS UN),

the Underlying_(i=7) equals the share of Kimberly-Clark Corporation (ISIN US4943681035, Bloomberg: KMB UN),

the Underlying_(i=8) equals the share of Colgate-Palmolive Company (ISIN US1941621039, Bloomberg: CL UN),

the Underlying_(i=9) equals the share of Kellogg Company (ISIN US4878361082, Bloomberg: K UN), and

the Underlying_(i=10) equals the share of AT&T Inc. (ISIN US00206R1023, Bloomberg: T UN).

The term "Underlying" shall also refer to all Underlyings_(i=1) to _(i=10).

Underlying Calculation Date:

The Underlying Calculation Date means each day, on which the Relevant Exchange is open for trading and the Price of the Underlying is determined in accordance with the relevant rules.

V. Valuation Date:

The Valuation Date means the relevant Observation Date_(i).

Valuation Time:

The Valuation Time equals the time of official determination of the closing price of the respective Underlying_(i).

Part 2: Product Terms: Special Conditions of the Securities

§ 1 Security Right

(1) Security Right of the Securityholders

The Issuer hereby warrants to the Securityholder (§ 4 (2)) of each (1) Security relating to the Price of the Underlyings in accordance with these Conditions that such Securityholder shall have the right (the "**Security Right**") to receive the Settlement Amount (§ 1 (2)) in the Redemption Currency, commercially rounded to two decimal places (the "**Redemption Amount**").

(2) Settlement Amount

The "**Settlement Amount**" will be determined as follows:

$$[NA \times FCF \times \text{Max}(0; FX \times P \times \text{Performance}_{\text{End}})] - \text{Distributor Fee}$$

Where

"**NA**" equals the Nominal Amount,

"**FCF**" equals the Fee Calculation Factor on the Observation Date_(i=25),

"**FX**" equals the FX Factor,

"**P**" equals the Participation Factor.

Where the "**Performance_{End}**" will be determined in accordance with the following formula:

$$\frac{1}{10} \sum_{i=1}^{10} \frac{\text{Settlement Price}_{(i)} - \text{Strike}_{(i)}}{\text{Strike}_{(i)}}$$

with:

"**Settlement Price_(i)**" equals the Settlement Price_(i) of the Underlying_(i), and

"**Strike_(i)**" equals the Strike_(i) of the Underlying_(i).

Where the "**Distributor Fee**" will be determined in accordance with the following formula:

$$NA \times [\text{Final Fee} \times \text{Max}(0; FCF \times (1 + FX \times P \times \text{Performance}_{\text{End}}) - 100\%)]$$

with:

"**NA**" equals the Nominal Amount,

"**Final Fee**" equals 10 %,

"**FCF**" equals the Fee Calculation Factor on the Observation Date_(i=25),

"**FX**" equals the FX Factor,

"**P**" equals the Participation Factor, and

"**Performance_{End}**" as defined above.

(3) Determinations and Calculations in connection with the Security Right

Any determination and calculation in connection with the Security Right, in particular the calculation of the Redemption Amount, will be made by the Calculation Agent (§ 12). Determinations and calculations made in this respect by the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Securityholders.

§ 2

(Intentionally left blank)

§ 3

(Intentionally left blank)

PART B – OFFERING AND SALE

I. Offering for Sale and Issue Price

Offering for Sale and Issue Price:	<p>The UBS Gearing Certificates (the “Securities”, and each a “Security”) are issued by the Issuer in the Issue Size.</p> <p>It has been agreed that, on or after the respective Issue Date of the Securities, the Manager may purchase Securities and shall place the Securities for sale at the Issue Price under terms subject to change in the Public Offer Jurisdictions (as defined in “VI. Consent to Use of Prospectus” below).</p> <p>The Issue Price will be fixed on the Fixing Date. As of the Fixing Date the selling price will then be adjusted on a continual basis to reflect the prevailing market situation.</p> <p>The Manager shall be responsible for coordinating the entire Securities offering.</p>
Issue Size:	<p>The Issue Size means 3,000 Securities (indicative).</p> <p>The Issue Size will be fixed at the end of the Subscription Period.</p>
Aggregate Amount of the Issue:	Issue Price x Issue Size.
Issue Date:	<p>The Issue Date means 19 April 2016.</p> <p>In the case of abbreviation or extension of the Subscription Period the Issue Date may be changed accordingly.</p>
Issue Price:	<p>The Issue Price equals SEK 2,000.00 (indicative).</p> <p>The Issue Price will, subject to a maximum of SEK 2,500.00, be fixed on the Fixing Date and will then be published without undue delay on www.ubs.com/keyinvest.</p>
Manager:	The Manager means UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom.
Type and form of the Securities:	Certificates
Clearing system:	Euroclear Sweden AB, Klarabergsviadukten 63, S-111 64 Stockholm, Sweden, or any successor in this capacity.
Security identification number(s) of the Securities:	<p>ISIN: CH0314190510</p> <p>Valor: 31419051</p>
Currency:	The currency of the Securities is Swedish Krona (“ SEK ”).

II. Subscription, Purchase and Delivery of the Securities

Subscription, Purchase and Delivery of the Securities: The Securities may be subscribed from the Manager during normal banking hours during the Subscription Period. The Issue Price per Security is payable on the Initial Payment Date.

The Issuer reserves the right to earlier close or to extend the Subscription Period if market conditions so require.

After the Initial Payment Date, the appropriate number of Securities shall be credited to the investor's account in accordance with the rules of the corresponding Clearing System. If the Subscription Period is shortened or extended, the Initial Payment Date may also be brought forward or postponed.

Subscription Period: 24 February 2016 until 31 March 2016 (17:30 hrs local time Stockholm)

The Issuer reserves the right to earlier close or to extend the Subscription Period by giving notice to the investors if market conditions so require.

Start of the public offer of the Securities: 24 February 2016 in Sweden

Initial Payment Date: The Initial Payment Date means 19 April 2016.

In the case of abbreviation or extension of the Subscription Period the Initial Payment Date may be changed accordingly.

PART C – OTHER INFORMATION

I. Applicable specific risks

Applicable specific risks: In particular the specific risk factors, which are described in the Base Prospectus under the heading “Security specific Risks” and “Underlying specific Risks” related to the following product features are applicable to the Securities:

“risks related to Securities linked to an **Underlying**”

“product feature “**Participation Factor**” ”

“product feature “**Currency Conversion**” ”

“product feature “**Securityholder’s Termination Right**” does **not** apply”

“risks related to a **share** as the Underlying”

II. Listing and Trading

Listing and Trading: It is not intended to apply for inclusion of the Securities to trading on a securities exchange.

III. Commissions paid by the Issuer

Commissions paid by the Issuer:

- | | |
|---|---|
| (i) Underwriting and/or placing fee: | Not Applicable |
| (ii) Selling commission: | Not Applicable |
| (iii) Listing commission: | Not Applicable |
| (iv) Other: | <p>During the Term of the Securities, the Issuer will pay a fee, which is calculated by applying a percentage, as reflected in the annually decreased Fee Calculation Factor (as defined in Part 1 of the Product Terms “Key Terms and Definitions of the Securities”), to the current value of the Securities. Such payment will occur at or around the respective Annual Determination Date, with the last payment being made at or around the Expiration Date.</p> |

In addition, the Distributor Fee (as defined in § 1 (2) of Part 2 of the Product Terms “Special Conditions of the Securities”) will be paid at or around the Expiration Date.

IV. Any interests, including conflicting ones, of natural and legal persons involved that is material to the issue/offer of the Securities

Any interests, including conflicting ones, of natural and legal persons involved that is material to the issue/offer of the Securities: As far as the Issuer is aware, no person involved in the issue and offer of the Securities has an interest material to the issue and offer of the Securities.

V. Rating

Ratings: The Securities have not been rated.

VI. Consent to Use of Prospectus

The Issuer consents to the use of the Base Prospectus together with the relevant Final Terms in connection with a public offer of the Securities (a "**Public Offer**") by any financial intermediary (each an "**Authorised Offeror**") which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Offer Period: Subscription Period (as defined in "II. Subscription, Purchase and Delivery of the Securities" above)

Public Offer Jurisdiction: Sweden

VII. Indication of Yield

Yield: Not Applicable

VIII. Other information about the Securities

Authorisation: The issuance of Securities under the Base Prospectus from time to time has been authorised by applicable corporate authorisations.

Procedure for redemption of Securities: As specified in § 1 of the Conditions of the Securities Part 2: Product Terms: Special Conditions of the Securities of these Final Terms.

Disturbing events that affect the Underlyings: As specified in § 11 of the General Conditions of the Securities of the Base Prospectus dated 8 January 2016, as supplemented from time to time.

Adjustment rules for taking into account events that affect the Underlyings: As specified in § 6 (b) of the General Conditions of the Securities of the Base Prospectus dated 8 January 2016, as supplemented from time to time.

Explanation of how the Underlyings affect the Securities: As specified in the section OVERVIEW ON THE SECURITY STRUCTURE of these Final Terms.

Paying Agent: The Paying Agent means UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basle, Switzerland, acting through its London Branch, 1 Finsbury Avenue,

London EC2M 2PP, United Kingdom, and Skandinaviska Enskilda Banken, Stockholm (SEB), Kungsträdgårdsgatan 8, S-106 40 Stockholm, Sweden. The term "Paying Agent" shall also refer to all Paying Agents including the Principal Paying Agent.

Guarantor(s):

Not Applicable

Calculation Agent:

UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basle, Switzerland, acting through its London Branch, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom.

Information after the Issue Date:

The Issuer does not intend to give information about the Securities after the Issue Date.

PART D – COUNTRY SPECIFIC INFORMATION

Additional Paying Agent(s) (if any): Not Applicable

PART E – INFORMATION ABOUT THE UNDERLYING**McDonald's Corporation (ISIN US5801351017)**

McDonald's Corporation franchises and operates fast-food restaurants in the global restaurant industry. The company's restaurants serve a variety of value-priced menu products in countries around the world.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet page www.mcdonalds.com.

Wal-Mart Stores, Inc. (ISIN US9311421039)

Wal-Mart Stores, Inc. operates discount stores, supercenters, and neighborhood markets. The company's discount stores and supercenters offer merchandise such as apparel, housewares, small appliances, electronics, and hardware. Walmart's markets offer a full-line supermarket and a limited assortment of general merchandise. The company operates nationally and internationally.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet page www.walmart.com.

Johnson & Johnson (ISIN US4781601046)

Johnson & Johnson manufactures health care products and provides related services for the consumer, pharmaceutical, and medical devices and diagnostics markets. The company sells products such as skin and hair care products, acetaminophen products, pharmaceuticals, diagnostic equipment, and surgical equipment in countries located around the world.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet page www.jnj.com.

The Procter & Gamble Company (ISIN US7427181091)

The Procter & Gamble Company manufactures and markets consumer products in countries throughout the world. The company provides products in the laundry and cleaning, paper, beauty care, food and beverage, and health care segments. The company's products are sold primarily through mass merchandisers, grocery stores, membership club stores, drug stores, and neighborhood stores.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet page www.pg.com.

The Coca-Cola Company (ISIN US1912161007)

The Coca-Cola Company manufactures, markets, and distributes soft drink concentrates and syrups. The company also distributes and markets juice and juice-drink products. The Coca-Cola Company distributes its products to retailers and wholesalers in the United States and internationally.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet page www.coca-cola.com.

General Mills, Inc. (ISIN US3703341046)

General Mills, Inc. manufactures and markets branded and packaged consumer foods worldwide. The company also supplies branded and unbranded food products to the foodservice and commercial baking industries.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet page www.generalmills.com.

Kimberly-Clark Corporation (ISIN US4943681035)

Kimberly-Clark Corporation is a global health and hygiene company that manufactures and provides consumer products. The company's products include diapers, tissues, paper towels, incontinence care products, surgical gowns, and disposable face masks. Its products are sold in countries around the world.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet page www.kimberly-clark.com.

Colgate-Palmolive Company (ISIN US1941621039)

Colgate-Palmolive Company is a consumer products company that markets its products throughout the world. The company's products include toothpaste, toothbrushes, shampoos, deodorants, bar and liquid soaps, dishwashing liquid, and laundry products, as well as pet nutrition products for cats and dogs.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet page www.colgate.com.

Kellogg Company (ISIN US4878361082)

Kellogg Company manufactures and markets ready-to-eat cereal and other convenience foods. The company's products include cereals, cookies, crackers, toaster pastries, cereal bars, fruit snacks, frozen waffles and veggie foods. Kellogg Company markets its products in the United States, Canada, and other countries throughout the world.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet page www.kelloggcompany.com.

AT&T Inc. (ISIN US00206R1023)

AT&T Inc. is a communications holding company. The company, through its subsidiaries and affiliates, provides local and long-distance phone service, wireless and data communications, Internet access and messaging, IP-based and satellite television, security services, telecommunications equipment, and directory advertising and publishing.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet page www.att.com.

ANNEX TO THE FINAL TERMS: ISSUE SPECIFIC SUMMARY

*This summary relates to UBS Gearing Certificates described in the final terms (the “**Final Terms**”) to which this summary is annexed. This summary contains that information from the summary set out in the Base Prospectus which is relevant to the Securities together with the relevant information from the Final Terms. Words and expressions defined in the Final Terms and the Base Prospectus have the same meanings in this summary.*

Summaries are made up of disclosure requirements known as “Elements”. These elements are numbered in Sections A – E (A.1 – E.7).

This Summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

Element	Section A – Introduction and warnings	
A.1	Warning.	<p>This Summary should be read as an introduction to the Base Prospectus. Any decision to invest in the Securities should be based on consideration of the Base Prospectus as a whole by the investor.</p> <p>Potential investors should be aware that where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the respective European Economic Area member state, have to bear the costs of translating the document before the legal proceedings are initiated.</p> <p>Those persons who are responsible for the summary including any translations thereof, or who have initiated the preparation can be held liable, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, all required key information.</p> <p>UBS AG in its capacity as Issuer who is responsible for the summary including the translation thereof can be held liable, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, all required key information.</p>
A.2	Consent to use of Prospectus.	<p>The Issuer consents to the use of the Base Prospectus together with the relevant Final Terms in connection with a public offer of the Securities (a “Public Offer”) by any financial intermediary (each an “Authorised Offeror”) which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) on the following basis:</p> <ul style="list-style-type: none"> (a) the relevant Public Offer must occur during the Subscription Period (the “Offer Period”); (b) the relevant Public Offer may only be made in Sweden (the “Public Offer Jurisdiction”); (c) the relevant Authorised Offeror must be authorised to make such offers in the relevant Public Offer Jurisdiction under the Markets in

		<p>Financial Instruments Directive (Directive 2004/39/EC) and if any Authorised Offeror ceases to be so authorised then the above consent of the Issuer shall thereupon terminate;</p> <p>(d) any Authorised Offeror which is not a Manager must comply with the restrictions set out in "Subscription and Sale" as if it were a Manager.</p> <p>Authorised Offerors will provide information to investors on the terms and conditions of the Public Offer of the Securities at the time such Public Offer is made by the Authorised Offeror to the investor.</p>
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Element		Section B – Issuer
B.1	Legal and commercial name of the issuer.	The legal and commercial name of the Issuer is UBS AG (the " Issuer " and together with its subsidiaries " UBS AG (consolidated) ", or " UBS AG Group " and together with UBS Group AG, the holding company of UBS AG, " UBS Group ", " Group ", " UBS " or " UBS Group AG (consolidated) ").
B.2	Domicile, legal form, legislation and country of incorporation of the issuer.	<p>The Issuer was incorporated under the name SBC AG on 28 February 1978 for an unlimited duration and entered in the Commercial Register of Canton Basel-City on that day. On 8 December 1997, the company changed its name to UBS AG. UBS AG in its present form was created on 29 June 1998 by the merger of Union Bank of Switzerland (founded 1862) and Swiss Bank Corporation (founded 1872). UBS AG is entered in the Commercial Registers of Canton Zurich and Canton Basel-City. The registration number is CHE-101.329.561.</p> <p>UBS AG is incorporated and domiciled in Switzerland and operates under the Swiss Code of Obligations as an <i>Aktiengesellschaft</i>, a stock corporation.</p> <p>The addresses and telephone numbers of UBS AG's two registered offices and principal places of business are: Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, telephone +41 44 234 1111; and Aeschenvorstadt 1, CH-4051 Basel, Switzerland, telephone +41 61 288 5050.</p>
B.4b	A description of any known trends affecting the issuer or the industries in which it operates.	<p>Trend Information</p> <p>As stated in the third quarter 2015 financial report of UBS Group AG published on 3 November 2015, many of the underlying macroeconomic challenges and geopolitical issues that UBS has highlighted in previous quarters remain and are unlikely to be resolved in the foreseeable future. In addition, recently proposed changes to the too big to fail regulatory framework in Switzerland will cause substantial ongoing interest costs for the firm. UBS also continues to see headwinds from interest rates which have not increased in line with market expectations, negative market performance in certain asset classes and the weak performance of the euro versus the Swiss franc during the year. UBS is executing the measures already announced to mitigate these effects as it progresses towards its targeted return on tangible equity in the short to medium term. UBS's strategy has proven successful in a variety of market conditions. UBS remains committed to its strategy and its disciplined execution in order to ensure the firm's long-term success and deliver sustainable returns for its shareholders.</p>
B.5	Description of the group and the issuer's position	UBS AG is a Swiss bank and the parent company of the UBS AG Group. UBS AG is 100% owned by UBS Group AG, which is the holding company of the UBS Group. The UBS Group operates as a group with five business

	within the group.	<p>divisions (Wealth Management, Wealth Management Americas, Retail & Corporate, Asset Management and the Investment Bank) and a Corporate Center.</p> <p>Over the past two years, UBS has undertaken a series of measures to improve the resolvability of the Group in response to too big to fail ("TBTf") requirements in Switzerland and other countries in which it operates, including establishing UBS Group AG as the holding company for the UBS Group.</p> <p>In June 2015, UBS AG transferred its Retail & Corporate and Wealth Management business booked in Switzerland to UBS Switzerland AG, a banking subsidiary of UBS AG in Switzerland.</p> <p>In the UK, UBS completed the implementation of a more self-sufficient business and operating model for UBS Limited, under which UBS Limited bears and retains a larger proportion of the risk and reward in its business activities.</p> <p>In the third quarter of 2015, UBS established UBS Business Solutions AG as a direct subsidiary of UBS Group AG, to act as the Group service company. UBS will transfer the ownership of the majority of its existing service subsidiaries to this entity. UBS expects that the transfer of shared service and support functions into the service company structure will be implemented in a staged approach through 2018. The purpose of the service company structure is to improve the resolvability of the Group by enabling UBS to maintain operational continuity of critical services should a recovery or resolution event occur.</p> <p>UBS AG has established a new subsidiary, UBS Americas Holding LLC, which UBS intends to designate as its intermediate holding company for its US subsidiaries prior to the 1 July 2016 deadline under new rules for foreign banks in the US pursuant to the Dodd-Frank Act. During the third quarter of 2015, UBS AG contributed its equity participation in its principal US operating subsidiaries to UBS Americas Holding LLC to meet the requirement under the Dodd-Frank Act that the intermediate holding company own all of UBS's US operations, except branches of UBS AG.</p> <p>UBS has established a new subsidiary of UBS AG, UBS Asset Management AG, into which it expects to transfer the majority of the operating subsidiaries of Asset Management during 2016. UBS continues to consider further changes to the legal entities used by Asset Management, including the transfer of operations conducted by UBS AG in Switzerland into a subsidiary of UBS Asset Management AG.</p> <p>UBS continues to consider further changes to the Group's legal structure in response to capital and other regulatory requirements, and in order to obtain any reduction in capital requirements for which the Group may be eligible. Such changes may include the transfer of operating subsidiaries of UBS AG to become direct subsidiaries of UBS Group AG, consolidation of operating subsidiaries in the European Union, and adjustments to the booking entity or location of products and services. These structural changes are being discussed on an ongoing basis with FINMA and other regulatory authorities, and remain subject to a number of uncertainties that may affect their feasibility, scope or timing.</p>
B.9	Profit forecast or estimate.	Not applicable; no profit forecast or estimate is included in this Prospectus.
B.10	Qualifications in the audit report.	Not applicable. There are no qualifications in the auditors' reports on the consolidated financial statements of UBS AG and the standalone financial

		statements of UBS AG for the years ended on 31 December 2013 and 31 December 2014.																																																																																																											
B.12	Selected historical key financial information.	<p>UBS AG derived the selected consolidated financial information included in the table below for the years ended 31 December 2012, 2013 and 2014 from its Annual Report 2014, which contains the audited consolidated financial statements of UBS AG, as well as additional unaudited consolidated financial information, for the year ended 31 December 2014 and comparative figures for the years ended 31 December 2013 and 2012. The selected consolidated financial information included in the table below for the nine months ended 30 September 2015 and 30 September 2014 was derived from the UBS AG third quarter 2015 financial report, which contains the unaudited consolidated financial statements of UBS AG, as well as additional unaudited consolidated financial information, for the nine months ended 30 September 2015 and comparative figures for the nine months ended 30 September 2014. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and stated in Swiss francs (CHF). In the opinion of management, all necessary adjustments were made for a fair presentation of the UBS AG consolidated financial position and results of operations. Information for the years ended 31 December 2012, 2013 and 2014 which is indicated as being unaudited in the table below was included in the Annual Report 2014 but has not been audited on the basis that the respective disclosures are not required under IFRS, and therefore are not part of the audited financial statements. Certain information which was included in the consolidated financial statements to the annual report 2013 was restated in the Annual Report 2014. The figures contained in the table below in respect of the year ended 31 December 2013 reflect the restated figures as contained in the Annual Report 2014. Prospective investors should read the whole of the documentation and should not rely solely on the summarized information set out below:</p>																																																																																																											
<table border="1"> <thead> <tr> <th rowspan="2"><i>CHF million, except where indicated</i></th> <th colspan="2">As of or for the nine months ended</th> <th colspan="3">As of or for the year ended</th> </tr> <tr> <th>30.9.15</th> <th>30.9.14</th> <th>31.12.14</th> <th>31.12.13</th> <th>31.12.12</th> </tr> <tr> <td></td> <td colspan="2"><i>unaudited</i></td> <td colspan="3"><i>audited, except where indicated</i></td> </tr> </thead> <tbody> <tr> <td>Results</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Operating income</td> <td>23,834</td> <td>21,281</td> <td>28,026</td> <td>27,732</td> <td>25,423</td> </tr> <tr> <td>Operating expenses</td> <td>18,655</td> <td>19,224</td> <td>25,557</td> <td>24,461</td> <td>27,216</td> </tr> <tr> <td>Operating profit/(loss) before tax</td> <td>5,179</td> <td>2,057</td> <td>2,469</td> <td>3,272</td> <td>(1,794)</td> </tr> <tr> <td>Net profit / (loss) attributable to UBS AG shareholders</td> <td>5,285</td> <td>2,609</td> <td>3,502</td> <td>3,172</td> <td>(2,480)</td> </tr> <tr> <td>Key performance indicators</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Profitability</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Return on tangible equity (%) ¹</td> <td>15.4</td> <td>8.3</td> <td>8.2*</td> <td>8.0*</td> <td>1.6*</td> </tr> <tr> <td>Return on assets, gross (%) ²</td> <td>3.2</td> <td>2.8</td> <td>2.8*</td> <td>2.5*</td> <td>1.9*</td> </tr> <tr> <td>Cost / income ratio (%) ³</td> <td>78.1</td> <td>90.3</td> <td>90.9*</td> <td>88.0*</td> <td>106.6*</td> </tr> <tr> <td>Growth</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Net profit growth (%) ⁴</td> <td>102.6</td> <td>15.7</td> <td>10.4*</td> <td>-</td> <td>-</td> </tr> <tr> <td>Net new money growth for combined wealth management businesses (%) ⁵</td> <td>2.0</td> <td>2.4</td> <td>2.5*</td> <td>3.4*</td> <td>3.2*</td> </tr> <tr> <td>Resources</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Common equity tier 1 capital ratio</td> <td>15.3</td> <td>13.7</td> <td>14.2*</td> <td>12.8*</td> <td>9.8*</td> </tr> </tbody> </table>			<i>CHF million, except where indicated</i>	As of or for the nine months ended		As of or for the year ended			30.9.15	30.9.14	31.12.14	31.12.13	31.12.12		<i>unaudited</i>		<i>audited, except where indicated</i>			Results						Operating income	23,834	21,281	28,026	27,732	25,423	Operating expenses	18,655	19,224	25,557	24,461	27,216	Operating profit/(loss) before tax	5,179	2,057	2,469	3,272	(1,794)	Net profit / (loss) attributable to UBS AG shareholders	5,285	2,609	3,502	3,172	(2,480)	Key performance indicators						Profitability						Return on tangible equity (%) ¹	15.4	8.3	8.2*	8.0*	1.6*	Return on assets, gross (%) ²	3.2	2.8	2.8*	2.5*	1.9*	Cost / income ratio (%) ³	78.1	90.3	90.9*	88.0*	106.6*	Growth						Net profit growth (%) ⁴	102.6	15.7	10.4*	-	-	Net new money growth for combined wealth management businesses (%) ⁵	2.0	2.4	2.5*	3.4*	3.2*	Resources						Common equity tier 1 capital ratio	15.3	13.7	14.2*	12.8*	9.8*
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	(fully applied, %) ^{6,7}					
	Leverage ratio (phase-in, %) ^{8,9}	5.3	5.4	5.4*	4.7*	3.6*
	Additional information					
	Profitability					
	Return on equity (RoE) (%) ¹⁰	13.3	7.1	7.0*	6.7*	(5.1)*
	Return on risk-weighted assets, gross (%) ¹¹	14.6	12.4	12.4*	11.4*	12.0*
	Resources					
	Total assets	981,891	1,044,899	1,062,327	1,013,355	1,259,797
	Equity attributable to UBS AG shareholders	54,126	50,824	52,108	48,002	45,949
	Common equity tier 1 capital (fully applied) ⁷	33,183	30,047	30,805	28,908	25,182*
	Common equity tier 1 capital (phase-in) ⁷	40,581	42,464	44,090	42,179	40,032*
	Risk-weighted assets (fully applied) ⁷	217,472	219,296	217,158*	225,153*	258,113*
	Risk-weighted assets (phase-in) ⁷	221,410	222,648	221,150*	228,557*	261,800*
	Common equity tier 1 capital ratio (phase-in, %) ^{6,7}	18.3	19.1	19.9*	18.5*	15.3*
	Total capital ratio (fully applied, %) ⁷	19.9	18.7	19.0*	15.4*	11.4*
	Total capital ratio (phase-in, %) ⁷	23.7	24.9	25.6*	22.2*	18.9*
	Leverage ratio (fully applied, %) ^{8,9}	4.6	4.2	4.1*	3.4*	2.4*
	Leverage ratio denominator (fully applied) ⁹	949,548	980,669	999,124*	1,015,306*	1,206,214*
	Leverage ratio denominator (phase-in) ⁹	955,027	987,327	1,006,001*	1,022,924*	1,216,561*
	Other					
	Invested assets (CHF billion) ¹²	2,577	2,640	2,734	2,390	2,230
	Personnel (full-time equivalents)	58,502	60,292	60,155*	60,205*	62,628*
	* unaudited					
	<p>¹ Net profit / loss attributable to UBS AG shareholders before amortization and impairment of goodwill and intangible assets (annualized as applicable) / average equity attributable to UBS AG shareholders less average goodwill and intangible assets. ² Operating income before credit loss (expense) or recovery (annualized as applicable) / average total assets. ³ Operating expenses / operating income before credit loss (expense) or recovery. ⁴ Change in net profit attributable to UBS AG shareholders from continuing operations between current and comparison periods / net profit attributable to UBS AG shareholders from continuing operations of comparison period. Not meaningful and not included if either the reporting period or the comparison period is a loss period. ⁵ Combined Wealth Management's and Wealth Management Americas' net new money for the period (annualized as applicable) / invested assets at the beginning of the period. Based on adjusted net new money which excludes the negative effect on net new money (third quarter of 2015: 3.3 billion; second quarter of 2015: CHF 6.6 billion) in Wealth Management from UBS's balance sheet and capital optimization efforts in the second quarter of 2015. ⁶ Common equity tier 1 capital / risk-weighted assets. ⁷ Based on the Basel III framework as applicable to Swiss systemically relevant banks (SRB), which became effective in Switzerland on 1 January 2013. The information provided on a fully applied basis entirely reflects the effects of the new capital deductions and the phase out of ineligible capital instruments. The information provided on a phase-in basis gradually reflects those effects during the transition period. Numbers for 31 December 2012 are calculated on an estimated basis described below and are referred to as "pro-forma". The term "pro-forma" as used in this prospectus does not refer to the term "pro forma financial information" within the meaning of Regulation (EC) 809/2004. Some of the models applied when calculating 31 December 2012 pro-forma information required regulatory approval and included estimates (as discussed with UBS's primary regulator) of the effect of new capital charges. These figures are not required to be presented, because Basel III requirements were not in effect on 31 December 2012. They are nevertheless included for comparison reasons. ⁸ Common equity tier 1 capital and loss-absorbing capital / total adjusted exposure (leverage ratio denominator). ⁹ In accordance with Swiss SRB rules. The Swiss SRB leverage ratio came into force on 1 January 2013. Numbers for 31 December 2012 are on a pro-forma basis (see footnote 7 above). ¹⁰ Net profit / loss attributable to UBS AG shareholders (annualized as applicable) / average equity attributable to UBS AG shareholders. ¹¹ Based on Basel III risk-weighted assets (phase-in) for 2015, 2014 and 2013, and on Basel 2.5 risk-weighted assets for 2012. ¹² Includes invested assets for Retail & Corporate.</p>					
	Material	adverse	There has been no material adverse change in the prospects of UBS AG or			

	change statement.	UBS AG Group since 31 December 2014.
	Significant changes statement.	There has been no significant change in the financial or trading position of UBS AG Group since 30 September 2015.
B.13	Any recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency	Not applicable, no recent events particular to UBS AG have occurred, which are to a material extent relevant to the evaluation of the UBS AG's solvency.
B.14	Description of the group and the issuer's position within the group. Dependence upon other entities within the group.	Please see element B.5 UBS AG is the parent company of the UBS AG Group. As such, to a certain extent, it is dependent on certain of its subsidiaries.
B.15	Issuer's principal activities.	<p>UBS AG with its subsidiaries is committed to providing private, institutional and corporate clients worldwide, as well as retail clients in Switzerland, with superior financial advice and solutions, while generating attractive and sustainable returns for shareholders. UBS's strategy centers on its Wealth Management and Wealth Management Americas businesses and its leading (in its own opinion) universal bank in Switzerland, complemented by Asset Management and its Investment Bank. In UBS's opinion, these businesses share three key characteristics: they benefit from a strong competitive position in their targeted markets, are capital-efficient, and offer a superior structural growth and profitability outlook. UBS's strategy builds on the strengths of all of its businesses and focuses its efforts on areas in which UBS excels, while seeking to capitalize on the compelling growth prospects in the businesses and regions in which it operates. Capital strength is the foundation of UBS's success. The operational structure of the Group is comprised of the Corporate Center and five business divisions: Wealth Management, Wealth Management Americas, Retail & Corporate, Asset Management and the Investment Bank.</p> <p>According to article 2 of the Articles of Association of UBS AG, dated 7 May 2015 ("Articles of Association"), the purpose of UBS AG is the operation of a bank. Its scope of operations extends to all types of banking, financial, advisory, trading and service activities in Switzerland and abroad. UBS AG may establish branches and representative offices as well as banks, finance companies and other enterprise of any kind in Switzerland and abroad, hold equity interests in these companies, and conduct their management. UBS AG is authorized to acquire, mortgage and sell real estate and building rights in Switzerland and abroad. UBS AG may provide loans, guarantees and other kinds of financing and security for Group companies and borrow and invest money on the money and capital markets.</p>
B.16	Direct or indirect shareholdings or control agreements of the issuer.	UBS Group AG owns 100% of the outstanding shares of UBS AG.

Element	Section C – Securities	
C.1	Type and the class of the securities, security identification number.	<p>Type and Form of Securities The Securities are certificates.</p> <p>The Securities (also the “Swedish Securities”) are cleared through Euroclear Sweden AB (“Euroclear Sweden”) as the relevant Clearing System and are issued in uncertificated and dematerialised book-entry form, and registered at Euroclear Sweden in accordance with the <i>Swedish Financial Instruments Accounts Act (lag (1998:1479) om kontoföring av finansiella instrument)</i>. No physical securities, such as global temporary or permanent securities or definitive securities will be issued in respect of Swedish Securities.</p> <p>Security identification number(s) of the Securities</p> <p>ISIN: CH0314190510 Valor: 31419051</p>
C.2	Currency of the securities.	Swedish Krona (“ SEK ”) (the “ Redemption Currency ”).
C.5	Restrictions on the free transferability of the securities.	Not applicable. There are no restrictions on the free transferability of the Securities.
C.8	Rights attached to the securities, including ranking and limitations to those rights.	<p>Governing law of the Securities The Securities will be governed by German law (“German law governed Securities”).</p> <p>The legal effects of the registration of the Securities with the relevant Clearing System are governed by the laws of the jurisdiction of the Clearing System.</p> <p>Rights attached to the Securities The Securities provide, subject to the Conditions of the Securities, Securityholders, at maturity or upon exercise, with a claim for payment of the Redemption Amount in the Redemption Currency.</p> <p>Limitation of the rights attached to the Securities Under the conditions set out in the Conditions, the Issuer is entitled to terminate the Securities and to make certain adjustments to the Conditions.</p> <p>Status of the Securities The Securities will constitute direct, unsecured and unsubordinated obligations of the Issuer, ranking <i>pari passu</i> among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer, other than obligations preferred by mandatory provisions of law.</p>
C.11	Admission to trading on a regulated market or other equivalent markets.	It is not intended to apply for inclusion of the Securities to trading on a securities exchange.
C.15	Influence of the underlying on the value of the securities.	The value of the Securities during their term depends on the performance of the Underlyings. In case the price of the Underlyings increases, also the value of the Securities (disregarding any special features of the Securities) is likely to increase.

	<p>In particular, the Redemption Amount, if any, to be received by the Securityholder upon exercise of the Securities depends on the performance of the Underlyings.</p> <p>The following features are examples describing the dependency of the value of the Securities from the Underlyings:</p> <p>UBS Gearing Securities</p> <p>UBS Gearing Securities allow Securityholders to participate in the positive development of the Underlying(s). Conversely, Securityholders in UBS Gearing Securities may also participate in the negative development of the Underlying(s), as the UBS Gearing Securities may provide downside risk potential as specified in the applicable Product Terms. UBS Gearing Securities may also allow Securityholders to participate in the positive development of the Underlying relative to another Underlying. Conversely, Securityholders in UBS Gearing Securities may participate in the negative development of the Underlying relative to another Underlying.</p> <p>UBS Gearing Securities also exist in a so-called "Put" version. In such case Securityholders participate positively in the negative development of the Underlying(s). Conversely, Securityholders in UBS Gearing Securities (Put) may also participate in the positive development of the Underlying(s), as the UBS Gearing Securities (Put) may provide upside risk potential as specified in the applicable Product Terms. UBS Gearing Securities (Put) may also allow Securityholders to participate in the negative development of the Underlying relative to another Underlying. Conversely, Securityholders in UBS Gearing Securities (Put) may participate in the positive development of the Underlying relative to another Underlying.</p> <p>UBS Gearing Securities may expire worthless upon the unfavourable development of the Underlying(s) beyond a certain value, as specified in the applicable Product Terms.</p> <p>Securityholders receive on the Maturity Date a Redemption Amount in the Redemption Currency, the amount of which depends on the Reference Price or the Settlement Price of the Underlying(s), as specified in the relevant Product Terms. The Redemption Amount is typically calculated by multiplying the Nominal Amount or such other amount as specified in the applicable Product Terms with the relevant performance of the Underlying(s), thereafter multiplied by the Participation Factor, the Leverage Factor or the Multiplier, but may also take other factors into account, as specified in the applicable Product Terms.</p> <p>The Redemption Amount may be determined by reference to the performance of one or more Underlying(s), as specified in the relevant Product Terms.</p> <p>The following descriptions of several performance structures might be used for the Securities described in the section above, if applicable.</p> <p><u>Underlyings</u></p> <p>Securities can either depend on one single Underlying, a basket of Underlyings, the best performing Underlying(s), the worst performing Underlying(s) or a combination of those. Basket performances are calculated as the weighted average of the performances of the individual Underlying(s).</p> <p>The weightings can either be predefined or be defined during the life of the product depending on certain conditions. Weights can for example depend on the relative performance of the Underlyings or the realised</p>
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		<p>volatility of the Underlying(s).</p> <p><u>Performances</u> In principle, the value of the Securities (disregarding any special features of the Securities) is likely to increase, in case the price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Components, increases. In case the price of the Underlying or Basket Components decreases, also the value of the Securities (disregarding any special features of the Securities) is likely to decrease.</p> <p>In contrast thereto, Securities may, if so specified in the relevant Product Terms, provide for a so-called reverse structure. In this case the Securities (irrespective of the other features attached to the Securities or of any other factors, which may be relevant for the value of the Securities) depreciate in value, if the price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Components, increases, or the Securities increase in value, if the price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Components, decreases.</p> <p>The performance or levels of the Underlying(s) can be measured in various ways.</p> <p>Usually the performance is measured as the final level of the Underlying(s) as a percentage of the initial level of the Underlying(s). However the final level and/or the initial level can also either be defined as the average/maximum/minimum level of the Underlying(s) observed within a certain period. The initial level does not necessarily need to be observed on the strike date of the product but can also be observed during the life of the product.</p> <p>Performance can also be measured as the relative performance of one or more Underlying(s) relative to the performance of one or more different Underlying(s).</p> <p>Performances can also have a predefined or a variable and/or conditional cap. This means Securityholders accept a limitation of earning potential ("Cap") and may only participate in possible price increases (or decreases) of the Underlying(s) until a certain level is reached and no further. Additionally, performances can also have a predefined or a variable and/or conditional floor. This means Securityholders will have a minimum of earning potential ("Floor") and may only negatively participate in possible price decreases (or increases) of the Underlying(s) until a certain level is reached and no further.</p> <p><u>Barriers</u> Products can have barriers that are activated as soon as certain conditions are met. Usually these barriers represent certain levels to be reached by the Underlying(s) on certain observation dates.</p> <p>Barriers can either be triggered by Underlying(s), performances or other measures reaching certain predefined levels. Some barriers are only triggered if more than one condition is met.</p> <p>Barriers can be either defined to be observed only on certain dates or continuously.</p> <p>Barriers either lead to the removal (Kick-Out) or addition (Kick-In) of certain features of the Securities. Features which are added or removed are for</p>
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		<p>example coupons, participations or Underlying(s).</p> <p><u>Lock-In and Final Lock-In</u> The relevant Product Terms may provide for a “Lock-In” feature, which means that certain amounts or performances, as specified in the Product Terms, will in the case of the occurrence of a predetermined lock-in event be “locked-in”, i.e. fixed, set aside or otherwise economically preserved, as specified in the Product Terms. To the extent and under the conditions of applicable other features described in this section 13 of the Base Prospectus and as further specified in the applicable Product Terms, Securityholders do still participate in the future performance of the Underlying or, as the case may be, the Basket Components.</p> <p>If the relevant Product Terms specify that a “Final Lock-In” feature applies, certain amounts or performances, as specified in the Product Terms, will in the case of the occurrence of a predetermined lock-in event be “locked-in” to an extent that the participation of the Securityholders in the future performance of the Underlying or, as the case may be, the Basket Components is limited or even excluded.</p> <p><u>Automatic Termination Feature</u> If the relevant Product Terms specify that the Automatic Termination feature applies, then the Securities may be terminated and redeemed early upon the occurrence of an automatic termination event (including, but not limited to, a Stop Loss Event or Knock Out Event).</p> <p><u>Investment Strategies</u> Performance can be defined as the hypothetical performance of a certain predefined investment strategy. This can for example be a strategy that invests into the Underlying(s) only on certain predefined dates. Another example would be a strategy that invests into the Underlying(s) dependent on the realised volatility, performance, momentum or other metric of the Underlying(s) level over the life of the product.</p> <p><u>Bearish/Bullish/Variable Participation Rate</u> Participation is usually proportional with a certain rate (which can itself be dependent on certain pre-conditions for example the performance of one or more Underlying(s)) and can be either negative or positive.</p> <p><u>Currency Conversion</u> The Securityholder’s right vested in the Securities may be determined on the basis of a currency other than the Redemption Currency, currency unit or calculation unit, and also the value of the Underlying or, as the case may be, the Basket Components may be determined in such a currency other than the Redemption Currency, currency unit or calculation unit. The currency exchange rate to be used to determine the Redemption Amount can either be predefined (quanto feature) or variable.</p> <p><u>Coupons/Interest Amounts/Other Proceeds</u> If the relevant Product Terms specify unconditional Coupon, Interest Amount or other proceeds to apply, the Securityholder is entitled to receive payment of the relevant Coupon, Interest Amount or other proceeds, as specified in the applicable Product Terms.</p> <p>If the relevant Product Terms specify conditional Coupon, Interest Amount or other proceeds to apply, the Securityholder is entitled to receive payment of the relevant Coupon, Interest Amount or other proceeds provided that relevant conditions are met. If, in case of a conditional Coupon, Interest Amount or other proceeds, these requirements are not met, no Coupon, Interest Amount or other proceeds are paid.</p> <p>During their term products can therefore generate regular income.</p>
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C.16	Expiration or maturity date, the exercise date or final reference date.	Maturity Date: 30 September 2022 Expiration Date: 20 September 2022
C.17	Settlement procedure of the derivative securities.	<p>Payments shall, in all cases subject to any applicable fiscal or other laws and regulations in the place of payment or other laws and regulations to which the Issuer agrees to be subject, be made in accordance with the relevant CA Rules to the relevant Clearing System or the relevant intermediary or to its order for credit to the accounts of the relevant account holders of the Clearing System or the relevant intermediary.</p> <p>The Issuer shall be discharged from its redemption obligations or any other payment or delivery obligations under the Conditions of the Securities by payment and/or delivery to the Clearing System in the manner described above.</p>
C.18	A description of how the return on derivative securities takes place.	Securityholders will receive on the relevant Maturity Date payment of the Redemption Amount.

C.19	Exercise price or final reference price of the underlying.	Settlement Price
C.20	Type of the underlying and where the information on the underlying can be found.	<p>Type of Underlying: shares</p> <p>McDonald's Corporation Wal-Mart Stores, Inc. Johnson & Johnson The Procter & Gamble Company The Coca-Cola Company General Mills, Inc. Kimberly-Clark Corporation Colgate-Palmolive Company Kellogg Company AT&T Inc.</p> <p>Information about the past and the further performance of the Underlyings and their volatility can be obtained on the web-site of:</p> <p>www.mcdonalds.com www.walmart.com www.jnj.com www.pg.com www.coca-cola.com www.generalmills.com www.kimberly-clark.com www.colgate.com www.kelloggcompany.com www.att.com</p>

Element	Section D – Risks	
D.2	Key information on the key risks that is specific and individual to the issuer.	<p>The Securities entail an issuer risk, also referred to as debtor risk or credit risk for prospective investors. An issuer risk is the risk that UBS AG becomes temporarily or permanently unable to meet its obligations under the Securities.</p> <p>General insolvency risk</p> <p>Each investor bears the general risk that the financial situation of the Issuer could deteriorate. The debt or derivative securities of the Issuer will constitute immediate, unsecured and unsubordinated obligations of the Issuer, which, in particular in the case of insolvency of the Issuer, rank pari passu with each other and all other current and future unsecured and unsubordinated obligations of the Issuer, with the exception of those that have priority due to mandatory statutory provisions. The Issuer's obligations relating to the Securities are not protected by any statutory or voluntary deposit guarantee system or compensation scheme. In the event of insolvency of the Issuer, investors may thus experience a total loss of their investment in the Securities.</p> <p>UBS AG as Issuer and UBS are subject to various risks relating to their business activities. Summarised below are the risks that may impact the Group's ability to execute its strategy, and affect its business activities, financial condition, results of operations and prospects, which the Group considers material and is presently aware of:</p> <ul style="list-style-type: none"> On 15 January 2015, the Swiss National Bank ("SNB") discontinued the minimum targeted exchange rate for the Swiss

		<p>franc versus the euro, which had been in place since September 2011. At the same time, the SNB lowered the interest rate on deposit account balances at the SNB that exceed a given exemption threshold by 50 basis points to negative 0.75%. It also moved the target range for three-month LIBOR to between negative 1.25% and negative 0.25%, (previously negative 0.75% to positive 0.25%). These decisions resulted in an immediate, considerable strengthening of the Swiss franc against the euro, US dollar, British pound, Japanese yen and several other currencies, as well as a reduction in Swiss franc interest rates. The longer-term rate of the Swiss franc against these other currencies is not certain, nor is the future direction of Swiss franc interest rates. Several other central banks have likewise adopted a negative-interest-rate policy. Fluctuation in foreign exchange rates and continuing low or negative interest rates may have a detrimental effect on UBS Group's capital strength, UBS Group's liquidity and funding position, and UBS Group's profitability.</p> <ul style="list-style-type: none"> • Regulatory and legal changes may adversely affect UBS's business and ability to execute its strategic plans. The planned and potential regulatory and legislative developments in Switzerland and in other jurisdictions in which UBS has operations may have a material adverse effect on UBS's ability to execute its strategic plans, on the profitability or viability of certain business lines globally or in particular locations, and in some cases on UBS's ability to compete with other financial institutions. The developments have been, and are likely to continue to be, costly to implement and could also have a negative impact on UBS's legal structure or business model, potentially generating capital inefficiencies and affecting UBS's profitability. The uncertainty related to, or the implementation of, legislative and regulatory changes may have a negative impact on UBS's relationships with clients and its success in attracting client business. • UBS's capital strength is important in supporting its strategy, client franchise and competitive position. Any increase in risk-weighted assets or reduction in eligible capital could materially reduce UBS's capital ratios. Additionally, UBS is subject to a minimum leverage ratio requirement for Swiss systemically relevant banks ("SRB"), which under certain circumstances could constrain UBS's business activities even if UBS satisfies other risk-based capital requirements. • UBS may not be successful in completing its announced strategic plans or its plans may be delayed or market events may adversely affect the implementation of the plan or the effects of its plans may differ from those intended. UBS is also exposed to possible outflows of client assets in its asset-gathering businesses and to changes affecting the profitability of its Wealth Management business division, and may not be successful in implementing changes in its businesses to meet changing market, regulatory and other conditions. • Material legal and regulatory risks arise in the conduct of UBS's business. UBS is subject to a large number of claims, disputes, legal proceedings and government investigations and expects that its ongoing business activities will continue to give rise to such matters in the future. The extent of UBS's financial exposure to these and other matters is material and could substantially exceed the level of provisions that UBS has established for litigation, regulatory and similar matters. Litigation, regulatory and similar matters may also result in non-monetary penalties and
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		<p>consequences. Resolution of regulatory proceedings may require UBS to obtain waivers of regulatory disqualifications to maintain certain operations, may entitle regulatory authorities to limit, suspend or terminate licenses and regulatory authorizations and may permit financial market utilities to limit, suspend or terminate UBS's participation in such utilities. Failure to obtain such waivers, or any limitation, suspension or termination of licenses, authorizations or participations, could have material consequences for UBS.</p> <ul style="list-style-type: none"> • Operational risks, including those arising from process error, failed execution, misconduct, unauthorized trading, fraud, system failures, financial crime, cyber-attacks, breaches of information security and failure of security and physical protection, may affect UBS's business. If UBS's internal controls fail or prove ineffective in identifying and remedying these risks UBS could suffer operational failures that might result in material losses. • UBS's reputation is critical to the success of its business. Reputational damage can have fundamental negative effects on UBS's business and prospects and a material adverse effect on UBS's operational results and financial conditions and on UBS's ability to achieve its strategic goals and financial targets. Reputational damage is difficult to reverse, and improvements tend to be slow and difficult to measure. • Performance in the financial services industry is affected by market conditions and the macroeconomic climate. An economic downturn, continued low interest rates or weak or stagnant economic growth in UBS's core markets, or a severe financial crisis can negatively affect UBS's revenues and ultimately its capital base. • The UBS holds legacy positions and other risk positions, including positions related to real estate in various countries that may be adversely affected by market conditions. In addition, legacy risk positions may be difficult to liquidate as the continued illiquidity and complexity of many of them could make it difficult to sell or otherwise exit these positions. • UBS's global presence subjects it to risk from currency fluctuations, which have an effect on UBS's reported income and expenses, and other reported figures such as other comprehensive income, invested assets, balance sheet assets, risk-weighted assets and Basel III common equity tier 1 capital. These effects may adversely affect UBS's income, balance sheet, capital and liquidity ratios. • UBS is dependent upon its risk management and control processes to avoid or limit potential losses in its counterparty credit and trading businesses and could suffer losses if, for example, it does not fully identify the risks in its portfolio or if its assessment of the risks identified or its response to negative trends proves to be untimely, inadequate, insufficient or incorrect. • Valuations of certain positions rely on models; models have inherent limitations and may use inputs which have no observable source; different assumptions and inputs would generate different results, and these differences could have a significant impact on UBS's financial results. • Liquidity and funding management are critical to UBS's ongoing performance. The volume of UBS's funding sources or the
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		<p>payment obligations of certain of its subsidiaries from time to time. Additionally, in connection with the transfer of the Retail & Corporate and Wealth Management business booked in Switzerland from UBS AG to UBS Switzerland AG, which has become effective in June 2015, under the Swiss Merger Act UBS AG is jointly liable for obligations existing on the asset transfer date that are have been transferred to UBS Switzerland AG. These guarantees may require UBS AG to provide substantial funds or assets to subsidiaries or their creditors or counterparties at a time when UBS AG is in need of liquidity to fund its own obligations.</p> <p>However, because the business of a broad-based international financial services firm such as UBS is inherently exposed to risks that become apparent only with the benefit of hindsight, risks of which UBS is not presently aware or which it currently does not consider to be material could also impact its ability to execute its strategy and affect its business activities, financial condition, results of operations and prospects.</p>
D.3	Key information on the risks that are specific and individual to the securities.	<p>Potential investors of the Securities should recognise that the Securities constitute a risk investment which can lead to a total loss of their investment in the Securities. Securityholders will incur a loss, if the amount received in accordance with the Conditions of the Securities is below the purchase price of the Securities (including the transaction costs). Any investor bears the risk of the Issuer's financial situation worsening and the potential subsequent inability of the Issuer to pay its obligations under the Securities. Potential investors must therefore be prepared and able to sustain a partial or even a total loss of the invested capital. Any investors interested in purchasing the Securities should assess their financial situation, to ensure that they are in a position to bear the risks of loss connected with the Securities.</p> <p><u>Special risks related to specific features of the Security structure</u></p> <p>Potential investors should be aware that the amount of the Redemption Amount payable in accordance with the Conditions of the Securities depends on the performance of the Underlying. In case of an unfavourable development of the price of the Underlying, any amount received under the Securities may be lower than expected by the investors and may even be equal to zero. In such case the Securityholders will incur a total loss of its investment (including any transaction costs).</p> <p>Potential investors should consider that the application of the Participation Factor within the determination of the Security Right results in the Securities being in economic terms similar to a direct investment in the Underlying, but being nonetheless not fully comparable with such a direct investment, in particular because the Securityholders do not participate in the relevant performance of the Underlying by a 1:1 ratio, but by the proportion of the Participation Factor.</p> <p>Potential investors should consider that the Securityholder's right vested in the Securities is determined on the basis of a currency other than the Redemption Currency, currency unit or calculation unit, and also the value of the Underlying is determined in such a currency other than the Redemption Currency, currency unit or calculation unit. Potential investors should, therefore, be aware that investments in these Securities could entail risks due to fluctuating exchange rates, and that the risk of loss does not depend solely on the performance of the Underlying, but also on unfavourable developments in the value of the foreign currency, currency unit or calculation unit.</p> <p>Such developments can additionally increase the Securityholders' exposure</p>

		<p>to losses, because an unfavourable performance of the relevant currency exchange rate may correspondingly decrease the value of the purchased Securities during their term or, as the case may be, the level of the Redemption Amount, if any. Currency exchange rates are determined by factors of offer and demand on the international currency exchange markets, which are themselves exposed to economic factors, speculations and measures by governments and central banks (for example monetary controls or restrictions).</p> <p>Potential investors should consider that Securityholders do not have a termination right and the Securities may, hence, not be terminated by the Securityholders during their term. Prior to the maturity of the Securities the realisation of the economic value of the Securities (or parts thereof), is, unless the Securities have been subject to early redemption or termination by the Issuer in accordance with the Conditions of the Securities or, if so specified in the relevant Final Terms, an exercise of the Security Right by the Securityholders in accordance with the Conditions of the Securities, only possible by way of selling the Securities.</p> <p>Selling the Securities requires that market participants are willing to acquire the Securities at a certain price. In case that no market participants are readily available, the value of the Securities may not be realised. The issuance of the Securities does not result in an obligation of the Issuer towards the Securityholders to compensate for this or to repurchase the Securities.</p> <p><u>General risks related to the Securities</u></p> <p><i>Effect of downgrading of the Issuer's rating</i> The general assessment of the Issuer's creditworthiness may affect the value of the Securities. As a result, any downgrading of the Issuer's rating by a rating agency may have a negative impact on the value of the Securities.</p> <p><i>Ratings are not Recommendations</i> The ratings of UBS AG as Issuer should be evaluated independently from similar ratings of other entities, and from the rating, if any, of the debt or derivative securities issued. A credit rating is not a recommendation to buy, sell or hold securities issued or guaranteed by the rated entity and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency.</p> <p>A rating of the Securities, if any, is not a recommendation to buy, sell or hold the Securities and may be subject to revision or withdrawal at any time by the relevant rating agency. Each rating should be evaluated independently of any other securities rating, both in respect of the rating agency and the type of security. Furthermore, rating agencies which have not been hired by the Issuer or otherwise to rate the Securities could seek to rate the Securities and if such "unsolicited ratings" are lower than the equivalent rating assigned to the Securities by the relevant hired rating agency, such ratings could have an adverse effect on the value of the Securities.</p> <p><i>Securityholders are exposed to the risk of a bail-in</i> The Issuer and the Securities are subject to the Swiss Banking Act and the Swiss Financial Market Supervisory Authority's ("FINMA") bank insolvency ordinance, which empowers FINMA as the competent resolution authority to in particular apply under certain circumstances certain resolution tools to credit institutions. These measures include in particular the write-down or conversion of securities into common equity of such credit institution (the so called bail-in). A write-down or conversion would have the effect that</p>
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		<p>the Securities to account for these events or measures. These adjustments might have a negative impact on the value of the Securities.</p> <p><i>Substitution of the Issuer</i> Provided that the Issuer is not in default with its obligations under the Securities, the Issuer is in accordance with the Conditions of the Securities, at any time entitled, without the consent of the Securityholders, to substitute another company within the UBS Group as issuer (the “Substitute Issuer”) with respect to all obligations under or in connection with the Securities.</p> <p>This may impact any listing of the Securities and, in particular, it may be necessary for the Substitute Issuer to reapply for listing on the relevant market or stock exchange on which the Securities are listed. In addition, following such a substitution, Securityholders will become subject to the credit risk of the Substitute Issuer.</p> <p><i>Trading in the Securities / Illiquidity</i> It is not possible to predict if and to what extent a secondary market may develop in the Securities or at what price the Securities will trade in the secondary market or whether such market will be liquid or illiquid.</p> <p>The liquidity of the Securities, if any, may also be affected by restrictions on the purchase and sale of the Securities in some jurisdictions. Additionally, the Issuer has the right (but no obligation) to purchase Securities at any time and at any price in the open market or by tender or private agreement. Any Securities so purchased may be held or resold or surrendered for cancellation.</p> <p>In addition, there is the risk that the number of Securities actually issued and purchased by investors is less than the intended Issue Size of the Securities. Consequently, there is the risk that due to the low volume of Securities actually issued the liquidity of the Securities is lower than if all Securities were issued and purchased by investors.</p> <p>The Manager(s) intend, under normal market conditions, to provide bid and offer prices for the Securities of an issue on a regular basis. However, the Manager(s) make no firm commitment to the Issuer to provide liquidity by means of bid and offer prices for the Securities, and assumes no legal obligation to quote any such prices or with respect to the level or determination of such prices. Potential investors therefore should not rely on the ability to sell Securities at a specific time or at a specific price.</p> <p><i>Taxation in relation to the Securities</i> Potential investors should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Securities are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial instruments such as the Securities. Potential investors are advised not to rely upon the tax summary contained in the Base Prospectus but to ask for their own tax advisor's advice on their individual taxation with respect to the acquisition, sale and redemption of the Securities. Only these advisors are in a position to duly consider the specific situation of the potential investor.</p> <p><i>Payments under the Securities may be subject to U.S. withholdings</i> Securityholders should, consequently, be aware that payments under the Securities may under certain circumstances be subject to U.S. withholding tax. If an amount in respect of such U.S. withholding tax were to be</p>
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		<p>deducted or withheld from payments on the Securities, none of the Issuer, any paying agent or any other person would, pursuant to the Conditions of the Securities, be required to pay additional amounts as a result of the deduction or withholding of such tax.</p> <p><i>Changes in Taxation in relation to the Securities</i></p> <p>The considerations concerning the taxation of the Securities set forth in the Base Prospectus reflect the opinion of the Issuer on the basis of the legal situation identifiable as of the date hereof. However, there is the risk that the fiscal authorities and tax courts might take a different view, resulting in a different tax treatment of the Securities. Each investor should seek the advice of his or her personal tax consultant before deciding whether to purchase the Securities.</p> <p>Neither the Issuer nor the Manager assumes any responsibility vis-à-vis the Securityholders for the tax consequences of an investment in the Securities.</p> <p><i>Potential conflicts of interest</i></p> <p>The Issuer and affiliated companies may participate in transactions related to the Securities in some way, for their own account or for account of a client. Such transactions may not serve to benefit the Securityholders and may have a positive or negative effect on the value of the Underlying, and consequently on the value of the Securities. Furthermore, companies affiliated with the Issuer may become counterparties in hedging transactions relating to obligations of the Issuer stemming from the Securities. As a result, conflicts of interest can arise between companies affiliated with the Issuer, as well as between these companies and investors, in relation to obligations regarding the calculation of the price of the Securities and other associated determinations. In addition, the Issuer and its affiliates may act in other capacities with regard to the Securities, such as calculation agent, paying agent and administrative agent and/or index sponsor.</p> <p>Furthermore, the Issuer and its affiliates may issue other derivative instruments relating to the Underlying or, as the case may be, the Basket Components; introduction of such competing products may affect the value of the Securities. The Issuer and its affiliated companies may receive non-public information relating to the Underlying, and neither the Issuer nor any of its affiliates undertakes to make this information available to Securityholders. In addition, one or more of the Issuer's affiliated companies may publish research reports on the Underlying. Such activities could present conflicts of interest and may negatively affect the value of the Securities.</p> <p>Within the context of the offering and sale of the Securities, the Issuer or any of its affiliates may directly or indirectly pay fees in varying amounts to third parties, such as distributors or investment advisors, or receive payment of fees in varying amounts, including those levied in association with the distribution of the Securities, from third parties. Potential investors should be aware that the Issuer may retain fees in part or in full. The Issuer or, as the case may be, the Manager, upon request, will provide information on the amount of these fees.</p> <p><u>Risk factors relating to the Underlying</u></p> <p>The Securities depend on the value of the Underlying and the risk associated with this Underlying. The value of the Underlying depends upon a number of factors that may be interconnected. These may include economic, financial and political events beyond the Issuer's control. The past performance of an Underlying should not be regarded as an indicator of its future performance during the term of the Securities and the Issuer</p>
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		<p>does not give any explicit or tacit warranty or representation regarding the future performance of the Underlying.</p> <p>Investors should also note that the level of the Redemption Amount depends on the performance of a portfolio comprising the Underlyings. As a result, fluctuations in the value of one Underlying may be offset or intensified by fluctuations in the value of other Underlyings comprised in the portfolio. Even in the case of a positive performance of one or more Underlyings, the performance of the portfolio as a whole may be negative if the performance of the other Underlyings is negative to a greater extent. There can be a significant adverse effect on the calculation or specification of the redemption amount if the performance of one or more Underlyings comprised in the portfolio, on which the calculation or specification of the redemption amount is based, has deteriorated significantly.</p> <p>Investors should be aware that the relevant Underlying will not be held by the Issuer for the benefit of the Securityholders, and that Securityholders will not obtain any rights of ownership (including, without limitation, any voting rights, any rights to receive dividends or other distributions or any other rights) with respect to the Underlying.</p>
D.6	Risk warning to the effect that investors may lose the value of their entire investment or part of it.	Each investor in the Securities bears the risk of the Issuer's financial situation worsening. Potential investors must therefore be prepared and able to sustain a partial or even a total loss of their entire investment. Any investors interested in purchasing the Securities should assess their financial situation, to ensure that they are in a position to bear the risk of loss connected with the Securities.

Element	Section E – Offer	
E.2b	Reasons for the offer and use of proceeds.	Not applicable. Reasons for the offer and use of proceeds are not different from making profit and/or hedging certain risks.
E.3	Terms and conditions of the offer.	<p>It has been agreed that, on or after the respective Issue Date of the Securities, the Manager may purchase Securities and shall place the Securities for sale at the Issue Price under terms subject to change in the Public Offer Jurisdictions during the Subscription Period (as defined below).</p> <p>The Issue Price will be fixed on 7 April 2016 (the "Fixing Date") and will then be made available on www.ubs.com/keyinvest. As of the Fixing Date the selling price will be adjusted on a continual basis to reflect the prevailing market situation.</p> <p>The Securities may be subscribed from the Manager during normal banking hours during 24 February 2016 and 31 March 2016 (the "Subscription Period"). The Issue Price per Security is payable on 19 April 2016 (the "Initial Payment Date").</p> <p>The Issuer reserves the right to earlier close or to extend the Subscription Period if market conditions so require.</p> <p>After the Initial Payment Date, the appropriate number of Securities shall be credited to the investor's account in accordance with the rules of the corresponding Clearing System. If the Subscription Period is shortened or extended, the Initial Payment Date may also be brought forward or postponed.</p>
E.4	Interest that is material to the	<p>Conflicts of interest</p> <p>The Issuer and affiliated companies may participate in transactions related</p>

	<p>issue/offer conflicting interests.</p> <p>incl.</p>	<p>to the Securities in some way, for their own account or for account of a client. Such transactions may not serve to benefit the Securityholders and may have a positive or negative effect on the value of the Underlying, and consequently on the value of the Securities. Furthermore, companies affiliated with the Issuer may become counterparties in hedging transactions relating to obligations of the Issuer stemming from the Securities. As a result, conflicts of interest can arise between companies affiliated with the Issuer, as well as between these companies and investors, in relation to obligations regarding the calculation of the price of the Securities and other associated determinations. In addition, the Issuer and its affiliates may act in other capacities with regard to the Securities, such as calculation agent, paying agent and administrative agent and/or index sponsor.</p> <p>Furthermore, the Issuer and its affiliates may issue other derivative instruments relating to the Underlying; introduction of such competing products may affect the value of the Securities. The Issuer and its affiliated companies may receive non-public information relating to the Underlying, and neither the Issuer nor any of its affiliates undertakes to make this information available to Securityholders. In addition, one or more of the Issuer's affiliated companies may publish research reports on the Underlying. Such activities could present conflicts of interest and may negatively affect the value of the Securities.</p> <p>Within the context of the offering and sale of the Securities, the Issuer or any of its affiliates may directly or indirectly pay fees in varying amounts to third parties, such as distributors or investment advisors, or receive payment of fees in varying amounts, including those levied in association with the distribution of the Securities, from third parties. Potential investors should be aware that the Issuer may retain fees in part or in full. The Issuer or, as the case may be, the Manager, upon request, will provide information on the amount of these fees.</p> <p>Any interest that is material to the issue/offer including potential conflicting interests</p> <p>As far as the Issuer is aware, no person involved in the issue and offer of the Securities has an interest material to the issue and offer of the Securities.</p>
E.7	<p>Estimated expenses charged to the investor by the issuer or the offeror.</p>	<p>Not applicable; no expenses are charged to the investor by the issuer or the Manager.</p>

ANNEX TO THE FINAL TERMS: ISSUE SPECIFIC SUMMARY (IN THE SWEDISH LANGUAGE)

SAMMANFATTNING

Denna sammanfattning avser UBS Gearing Certifikat som beskrivs i de slutliga villkoren ("**Slutliga Villkoren**") till vilka denna sammanfattning är bilagd. Denna sammanfattning innehåller information från sammanfattningen som återfinns i Grundprospektet som är relevant för Värdepapperen tillsammans med relevant information från de Slutliga Villkoren. Ord och uttryck som definieras i de Slutliga Villkoren eller på andra ställen i Grundprospekt har samma betydelse i denna sammanfattning.

Sammanfattningar består av informationskrav vilka redogörs för i ett antal punkter ("**Punkter**"). Punkterna är numrerade i avsnitt A – E (A.1 – E.7).

Denna sammanfattning innehåller alla de punkter som krävs i en sammanfattning för den aktuella typen av värdepapper och Emittent. Eftersom vissa punkter inte är tillämpliga för denna typ av värdepapper och emittenter, kan det finnas luckor i punkternas numrering.

Även om det krävs att en punkt inkluderas i en sammanfattning för denna typ av värdepapper och emittent, är det möjligt att ingen relevant information kan ges rörande punkten. Informationen har då ersatts med angivelsen "Ej tillämpligt".

Punkt	Avsnitt A– Inledning och varningar	
A.1	Varning.	<p>Denna sammanfattning skall läsas som en inledning till Grundprospektet och varje beslut att investera i Värdepapperen ska baseras på investerarens bedömning av Grundprospektet i dess helhet.</p> <p>Potentiella investerare ska vara medvetna om att om ett krav gällande informationen i detta Grundprospekt framförs inför domstol, kan käranden enligt den nationella lagstiftningen i medlemsstaten i det Europeiska Ekonomiska Samarbetsområdet, bli skyldig att stå för kostnaderna för att översätta Grundprospektet innan de rättsliga förfarandena inleds.</p> <p>De personer som är ansvariga för sammanfattningen, inklusive varje översättning därav, eller som har initierat framtagandet, kan hållas ansvariga, men endast om sammanfattningen är vilseledande, ofullständig eller oförenlig när den läses tillsammans med de övriga delarna av Grundprospektet eller om den inte tillhandahåller, när den läses tillsammans med de andra delarna av detta Grundprospekt, all erforderlig nyckelinformation.</p> <p>UBS AG i dess roll som Emittent är ansvarig för sammanfattningen, inklusive varje översättning härav, kan vara ersättningsskyldig men endast om sammanfattningen är vilseledande, felaktig eller oförenlig när den läses tillsammans med de andra delarna av Grundprospektet eller om den inte tillhandahåller, när den läses tillsammans med de andra delarna av detta Grundprospekt, all erforderlig nyckelinformation.</p>
A.2	Samtycke till användandet av prospektet.	<p>Emittenten samtycker till att Grundprospektet används tillsammans med relevanta Slutliga Villkor i samband med ett erbjudande till allmänheten av Värdepapperen (ett "Erbjudande till Allmänheten") av någon finansiell mellanhand (en "Auktoriserad Erbjudare") som är auktoriserad att göra sådana erbjudanden enligt Direktivet om Marknader för Finansiella Instrument (Direktiv 2004/39/EG) på följande villkor:</p> <p>(a) det aktuella Erbjudandet till Allmänheten måste ske under Teckningsperioden ("Erbjudandeperioden");</p> <p>(b) det aktuella Erbjudandet till Allmänheten får endast ske i Sverige</p>

		<p>(" Jurisdiktionen för Erbjudande till Allmänheten ");</p> <p>(c) den aktuella Auktoriserade Erbjudaren måste vara auktoriserad att göra sådant erbjudande i den aktuella Jurisdiktionen för Erbjudande till Allmänheten enligt Direktivet om Marknader för Finansiella Instrument (Direktiv 2004/39/EG) och om den Auktoriserade Erbjudaren upphör att vara auktoriserad, upphör Emittentens ovanstående samtycke;</p> <p>(d) varje Auktoriserad Erbjudare som inte är en Manager måste iakttä de begränsningar som anges i avsnittet "<i>Subscription and Sale</i>" som om de vore en Manager.</p> <p>Auktoriserade Erbjudare ska underrätta investerare om anbudsvillkoren för Värdepapperen i samband med att Erbjudandet till Allmänheten lämnas av den Auktoriserade Erbjudaren till investeraren.</p>
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Punkt	Avsnitt B – Emittent	
B.1	Emittentens registrerade firma och handelsbeteckning.	Emittentens registrerade firma och handelsbeteckning är UBS AG (" Emittenten " och tillsammans med dess dotterföretag " UBS AG (konsoliderat) " eller " UBS AG Koncernen ", tillsammans med UBS Group AG, holdingbolaget till UBS AG, " UBS Koncernen ", " Koncernen ", " UBS " eller " UBS Group AG (konsoliderat) ").
B.2	Emittentens säte, bolagsform, lag under vilken Emittenten bedriver sin verksamhet, och land för bildande.	<p>Emittenten bildades under firman SBC AG den 28 februari 1978 för en obegränsad tid och fördes in i handelsregistret i Kantonen Basel-City på den dagen. Den 8 december 1997 ändrade bolaget firma till UBS AG. UBS AG i dess nuvarande form bildades den 29 juni 1998 genom sammanslagningen av Union Bank of Switzerland (grundad 1862) och Swiss Bank Corporation (grundad 1872). UBS AG är införd i handelsregistren i kantonen Zürich och kantonen Basel-City. Registreringsnummet är CHE-101.329.561.</p> <p>UBS AG är bildat och är hemmahörande i Schweiz och bedriver sin verksamhet under schweizisk rätt (<i>Swiss Code of Obligations</i>) som ett aktiebolag.</p> <p>Adresserna och telefonnumren till UBS AG:s två registrerade kontor och huvudsakliga platser för verksamheten är: Bahnhofstrasse 45, CH-8001 Zürich, Schweiz, telefonnummer +41 44 234 1111; och Aeschenvorstadt 1, CH-4051 Basel, Schweiz, telefonnummer +41 61 288 5050.</p>
B.4b	En beskrivning av varje känd trend som påverkar emittenten eller de branscher där emittenten är verksam.	<p>Information om trender</p> <p>Som beskrivs i delårsrapporten för det tredje kvartalet 2015 för UBS Group AG, vilken offentliggjordes den 3 november 2015, många av de underliggande markoekonomiska utmaningar och geopolitiska frågor som UBS har lyft fram under tidigare kvartal kvarstår och det är osannolikt att dessa kommer att lösas under överskådlig tid. Dessutom kommer nyligen föreslagna ändringar i det regulatoriska regelverket i Schweiz för de som är för stora för att tillåtas falla att förorsaka betydande löpande räntekostnader för företaget. UBS ser fortsatt motvind från marknadsräntor som inte har stigit i linje med marknadens förväntningar, negativ marknadsutveckling i vissa tillgångsklasser och den svaga utvecklingen för euro i förhållande till schweizisk franc under året. UBS genomför de åtgärder som redan har tillkännagivits för att mildra dessa effekter när den fortsätter mot sitt mål för avkastning på synligt eget kapital på kort och medellång sikt. UBS strategi har visat sig framgångsrik i en rad olika</p>

		marknadsförutsättningar. UBS står fortsatt fast vid sin strategi och dess disciplinerade genomförande för att möjliggöra företagets långsiktiga framgång och att leverera uthålliga avkastningar till sina aktieägare.
B.5	Beskrivning av koncernen och emittentens plats inom koncernen.	<p>UBS AG är en schweizisk och moderbolaget till UBS AG-Koncernen. UBS AG ägs till 100% av UBS Group AG, som är holdingbolaget för UBS Koncernen. UBS Koncernen bedrivs som en koncern med fem affärsdivisioner (Wealth Management, Wealth Management Americas, Retail & Corporate, Asset Management och Investment Bank) samt ett Corporate Center.</p> <p>Under de två senaste åren har UBS vidtagit en rad åtgärder för att återhämtningsförmågan hos Koncernen för att möta kraven i Schweiz avseende de som är för stora för att tillåtas falla ("TBTF") och andra länder där den är verksam, inklusive etablerandet av UBS Group AG som holdingbolaget för UBS Koncernen.</p> <p>I juni 2015 överförde UBS AG dess Retail & Corporate och Wealth Management verksamhet som bokförs i Schweiz till UBS Switzerland AG, ett bankdotterföretag till UBS AG i Schweiz.</p> <p>I Storbritannien verkställde UBS genomförandet av en mer självförsörjande affärs- och verksamhetsmodell för UBS Limited, enligt vilken UBS Limited bär och behåller en större andel av risken och avkastningen från dess affärsaktiviteter.</p> <p>Under det tredje kvartalet 2015 etablerade UBS, UBS Business Solutions AG som ett direkt dotterföretag till UBS Group AG, för att agera som Koncernens serviceföretag. UBS kommer att överföra ägandet av majoriteten av dess existerande servicedotterföretag till denna enhet. UBS förväntar sig att överföringen av delade service- och stödfunktioner till serviceföretagsstrukturen kommer att genomföras stegvis till och med 2018. Syftet med serviceföretagsstrukturen är att förbättra återhämtningsförmågan hos Koncernen genom att möjliggöra för UBS att bibehålla operationell kontinuitet av kritiska tjänster om en återhämtnings- eller resolutionshändelse skulle inträffa.</p> <p>UBS AG har etablerat ett nytt dotterföretag, UBS Americas Holding LLC, som UBS avser att utse som dess mellanliggande holdingbolag för dess dotterföretag i USA före tidsfristen den 1 juli 2016 under de nya reglerna för utländska banker i USA enligt amerikansk rätt (<i>Dodd-Frank Act</i>). Under det tredje kvartalet 2015 tillsköt UBS AG dess ägandeintressen i dess huvudsakliga rörelsedrivande dotterföretag i USA till UBS Americas Holding LLC för att möta kravet under amerikansk rätt (<i>Dodd-Frank Act</i>) att det mellanliggande holdingbolaget äger alla av UBS verksamheter i USA, förutom filialer till UBS AG.</p> <p>UBS har etablerat ett nytt dotterföretag till UBS AG, UBS Asset Management AG, till vilket den förväntar sig att överföra majoriteten av de rörelsedrivande dotterföretagen inom Asset Management under 2016. UBS fortsätter att överväga ytterligare förändringar beträffande juridiska personer som används inom Asset Management, inklusive överföringen av verksamheter som bedrivs av UBS AG i Schweiz till ett dotterföretag till UBS Asset Management AG.</p> <p>UBS fortsätter att överväga ytterligare förändringar beträffande Koncernens juridiska struktur för att möta kapitalmässiga och andra regulatoriska krav samt för att uppnå varje minskning av kapitalkrav som Koncernen kan kvalificera sig till. Sådana förändringar kan inkludera överföringen av rörelsedrivande dotterföretag till UBS AG till att bli direkta dotterföretag till UBS Group AG, konsolidering av rörelsedrivande dotterföretag i den</p>

		Europeiska Unionen och justeringar beträffande bokförande enhet eller placeringen av produkter och tjänster. Dessa strukturella förändringar diskuteras löpande med FINMA och andra regulatoriska myndigheter och fortsätter att vara föremål för ett antal osäkerhetsfaktorer som kan påverka dessas genomförbarhet, omfattning eller tidpunkt.
B.9	Resultatprognos eller förväntat resultat.	Ej tillämpligt; ingen resultatprognos eller förväntat resultat inkluderas i detta Grundprospekt.
B.10	Anmärkningar i revisionsberättelsen.	Ej tillämpligt. Det finns inte några anmärkningar i revisionsberättelserna avseende de konsoliderade finansiella räkenskaperna för UBS AG och de fristående finansiella räkenskaperna för UBS AG för åren som slutade den 31 december 2013 och den 31 december 2014.
B.12	Utvald historisk finansiell nyckelinformation.	UBS AG har hämtat den utvalda finansiella informationen i tabellen nedan för åren som slutade 31 december 2012, 2013 och 2014 från dess årsredovisning för 2014, som innehåller de reviderade konsoliderade finansiella räkenskaperna för UBS AG liksom även ytterligare oreviderad konsoliderad finansiell information för året som slutade den 31 december 2014 och jämförelsesiffror för åren som slutade den 31 december 2013 och 2012. Den utvalda finansiella informationen inkluderad i tabellen nedan för de nio månader som slutade 30 september 2015 och 30 september 2014 har hämtats från UBS AG:s delårsrapport för det tredje kvartalet 2015, vilken innehåller de oreviderade konsoliderade finansiella räkenskaperna för UBS AG, liksom även ytterligare oreviderad konsoliderad finansiell information för de nio månader som slutade 30 september 2015 och jämförelsesiffror för de nio siffror som slutade 30 september 2014. De konsoliderade finansiella räkenskaperna har tagits fram i enlighet med International Financial Reporting Standards (IFRS) som har utfärdats av International Accounting Standards Board (IASB) och anges i schweiziska franc (CHF). Enligt ledningens åsikt har alla justeringar som är nödvändiga för att ge en rättvisande bild av UBS AG:s konsoliderade finansiella ställning och verksamhetsresultat. Information för åren som slutade 31 december 2012, 2013 och 2014 vilken indikeras som oreviderad i tabellen nedan, inkluderades i Årsredovisningen 2014 men har inte reviderats på den grunden att de respektive beskrivningarna inte krävs enligt IFRS och därför inte utgör del av de reviderade finansiella räkenskaperna. Viss information som ingick i de konsoliderade finansiella räkenskaperna till årsredovisningen 2013 räknades om i Årsredovisningen 2014. Siffrorna i tabellen nedan avseende året som slutade 31 december 2013 återspeglar de omräknade siffrorna så som dessa ingår i Årsredovisningen 2014. Potentiella investerare bör läsa dokumentationen i dess helhet och ska inte enbart förlita sig på den sammanfattande informationen som anges nedan:

	Per eller för de nio månader som slutade		Per eller för året som slutade		
<i>CHF miljoner, förutom där indikerat</i>	30.9.15	30.9.14	31.12.14	31.12.13	31.12.12
	<i>Oreviderat</i>		<i>Reviderat, förutom där indikerat</i>		
Resultat					
Rörelseintäkter	23 834	21 281	28 026	27 732	25 423
Rörelsekostnader	18 655	19 224	25 557	24 461	27 216
Rörelsevinst / (förlust) före skatt	5 179	2 057	2 469	3 272	(1 794)
Nettovinst / (förlust) hänförlig till UBS AG aktieägare	5 285	2 609	3 502	3 172	(2 480)
Viktiga utvecklingsindikatorer					
Lönsamhet					

Avkastning på synligt eget kapital (%) ¹	15,4	8,3	8,2*	8,0*	1,6*
Avkastning på tillgångar, brutto (%) ²	3,2	2,8	2,8*	2,5*	1,9*
Kostnads / intäktsrelation (%) ³	78,1	90,3	90,9*	88,0*	106,6*
Tillväxt					
Nettovinsttillväxt (%) ⁴	102,6	15,7	10,4*	-	-
Nettotillväxt nya medel för kombinerade verksamheter inom förmögenhetsförvaltning (%) ⁵	2,0	2,4	2,5*	3,4*	3,2*
Resurser					
Primärkapitalrelation (<i>Common equity tier 1 capital ratio</i>) (fullt tillämpad, %) ^{6,7}	15,3	13,7	14,2*	12,8*	9,8*
Hävstångsrelation (infasad, %) ^{8,9}	5,3	5,4	5,4*	4,7*	3,6*
Ytterligare information					
Lönsamhet					
Avkastning på eget kapital (RoE) (%) ¹⁰	13,3	7,1	7,0*	6,7*	(5,1)*
Avkastning på riskvägda tillgångar, brutto (%) ¹¹	14,6	12,4	12,4*	11,4*	12,0*
Resurser					
Totala tillgångar	981 891	1 044 899	1 062 327	1 013 355	1 259 797
Eget kapital hänförligt till UBS AG aktieägare	54 126	50 824	52 108	48 002	45 949
Primärkapital (<i>Common equity tier 1 capital</i>) (fullt tillämpad) ⁷	33 183	30 047	30 805	28 908	25 182*
Primärkapital (<i>Common equity tier 1 capital</i>) (infasad) ⁷	40 581	42 464	44 090	42 179	40 032*
Riskvägda tillgångar (fullt tillämpad) ⁷	217 472	219 296	217 158*	225 153*	258 113*
Riskvägda tillgångar (infasad) ⁷	221 410	222 648	221 150*	228 557*	261 800*
Primärkapitalrelation (<i>Common equity tier 1 capital ratio</i>) (infasad, %) ^{6,7}	18,3	19,1	19,9*	18,5*	15,3*
Totalkapitalrelation (fullt tillämpad, %) ⁷	19,9	18,7	19,0*	15,4*	11,4*
Totalkapitalrelation (infasad, %) ⁷	23,7	24,9	25,6*	22,2*	18,9*
Hävstångsrelation (fullt tillämpad, %) ^{8,9}	4,6	4,2	4,1*	3,4*	2,4*
Hävstångsrelation nämnare (fullt tillämpad) ⁹	949 548	980 669	999 124*	1 015 306*	1 206 214*
Hävstångsrelation nämnare (infasad) ⁹	955 027	987 327	1 006 001*	1 022 924*	1 216 561*
Övrigt					
Investerade tillgångar (CHF miljarder) ¹²	2 577	2 640	2 734	2 390	2 230
Anställda (motsvarande heltidstjänster)	58 502	60 292	60 155*	60 205*	62 628*

* oreviderat

¹ Nettovinst/förlust hänförlig till UBS AG:s aktieägare före nedskrivningar och reserveringar av goodwill och immateriella tillgångar (på årsbasis där tillämpligt) / genomsnittligt eget kapital hänförligt till UBS AG:s aktieägare minskat med genomsnittlig goodwill och immateriella tillgångar. ² Rörelseintäkter före kreditförluster (utgift) eller återvinning (på årsbasis där tillämpligt) / genomsnittliga totala tillgångar. ³ Rörelseutgifter/rörelseintäkter före kreditförlust (utgift) eller återvinning. ⁴ Förändring i nettovinst hänförlig till UBS AG:s aktieägare från fortsatt bedrivna verksamheter mellan innevarande och jämförelseperiod/nettovinst hänförlig till UBS AG:s aktieägare från fortsatt bedrivna verksamheter under jämförelseperiod. Ej meningsfullt och ej inkluderat om antingen rapporteringsperioden eller jämförelseperioden är en förlustperiod. ⁵ Kombinerat för Wealth Managements och Wealth Management Americas netto nya medel för perioden (på årsbasis där tillämpligt) / investerade tillgångar vid början av perioden. Baserat på justerat netto av nya pengar som exkluderar den negativa effekten på netto av nya pengar om CHF 6,6 miljarder i förmögenhetsförvaltning (*Wealth Management*) på UBS:s balansräkning och försök till kapitaloptimering i den andra kvartalet 2015. ⁶ Primärkapital/riskvägda tillgångar. ⁷ Baserat på Basel III-regelverket så som detta tillämpas på schweiziska systemviktiga banker (SRB), vilket trädde i kraft i Schweiz den 1 januari 2013. Informationen som återges på fullt tillämpad basis återspeglar fullt ut effekterna av de nya kapitalavdragen och utfasningen av icke kvalificerade kapitalinstrument. Informationen som återges på infasad basis återspeglar gradvis dessa effekter under övergångsperioden. Siffror för 31 december 2012 beräknas på en uppskattad basis enligt beskrivning nedan och är på pro forma-basis. Vissa av modellerna som tillämpas vid beräkningen av pro forma informationen 31 december 2012 krävde regulatoriskt godkännande och innefattar uppskattningar (enligt diskussion med UBS primära tillsynsmyndighet) av effekten av de nya kapitalkraven. Dessa siffror måste inte presenteras eftersom Basel III kraven inte var i kraft den 31 december 2012. Dessa är icke desto mindre inkluderade av jämförelseskäl. ⁸ Primärkapital och förlustabsorberande kapital/total justerad exponering (hävstångsrelationsnämnare). ⁹ I enlighet med schweiziska SRB-regler. Den schweiziska SRB hävstångsrelationen trädde i kraft den 1 januari 2013. Siffror för 31 december 2012 är på pro forma basis (se fotnot 7 ovan). ¹⁰ Nettovinst / (förlust) hänförlig till UBS aktieägare (på årsbasis där tillämpligt) / genomsnittligt eget kapital hänförligt till UBS AG:s aktieägare. ¹¹ Baserat på Basel III riskvägda tillgångar (infasing) för 2015, 2014 och 2013 och på Basel 2,5 riskvägda tillgångar

för 2012. ¹² Inkluderar investerade tillgångar inom Retail & Corporate.		
	Uttalande om väsentliga negativa förändringar.	Det har inte inträffat någon väsentlig negativ förändring i framtidsutsikterna för UBS AG eller UBS AG Koncernen sedan den 31 december 2014.
	Uttalande om väsentliga förändringar.	Det har inte inträffat någon väsentlig förändring i den finansiella eller handelspositionen för UBS AG Koncernen sedan den 30 september 2015.
B.13	Nyligen inträffade händelser särskilda för Emittenten vilka är väsentligt relevanta för värderingen av Emittentens solvens.	Ej tillämpligt, det har inte nyligen inträffat några händelser som är specifika för UBS AG och som i väsentlig mån skulle ha varit relevanta för utvärderingen av UBS AG:s solvens.
B.14	Beskrivning av koncernen och av emittentens position inom koncernen. Beroende av andra företag inom koncernen.	Vänligen se Punkt B.5. UBS AG är moderbolaget för UBS AG Koncernen. Som sådant är det i viss mån beroende av vissa av sina dotterföretag.
B.15	Emittentens huvudsakliga verksamhet.	UBS AG och dess dotterföretag är beslutna att tillhandahålla privata, institutionella och företagskunder världen över, liksom även privatpersonskunder i Schweiz med bättre finansiell rådgivning och lösningar samtidigt som attraktiv och uthållig avkastning för aktieägarna genereras. UBS strategi är centrerad på dess verksamheter Wealth Management (förmögenhetsförvaltning) och Wealth Management Americas och dess ledande (enligt dess egen uppfattning) universalbank i Schweiz, kompletterat av Asset Management (tillgångsförvaltning) och dess Investmentbank. Enligt UBS uppfattning delar dessa verksamheter tre nyckeldrag: dessa drar fördel av en stark konkurrensmässig position inom dessas målmarknader, är kapitaleffektiva och erbjuder bättre strukturella tillväxt- och lönsamhetsutsikter. UBS strategi bygger på styrkorna inom alla dess verksamheter och fokuserar dess insatser till områden där UBS är framgångsrikt, samtidigt som den försöker kapitalisera från de tilltalade tillväxtutsikterna inom de verksamheter och regioner där den är verksam. Kapitalstyrka är basen för UBS framgång. Den operationella strukturen inom Koncernen består av Corporate Center (företagscenter) och fem verksamhetsdivisioner: Wealth Management, Wealth Management Americas, Retail & Corporate (bankverksamhet för privatpersoner och företagskunder), Asset Management och dess Investmentbank. Enligt Artikel 2 i Bolagsordningen för UBS AG, daterad den 7 maj 2015 (" Bolagsordningen ") är verksamhetsföremålet för UBS AG att bedriva bankverksamhet. Dess verksamhetsföremål sträcker sig över alla typer av banktjänster, finansiella tjänster, rådgivningstjänster och handelsaktiviteter i Schweiz och utomlands. UBS AB kan etablera filialer och representationskontor liksom även banker, kreditmarknadsföretag och andra företag av varje slag i Schweiz och utomlands, inneha ägarintressen i dessa bolag och sköta dessas ledning. UBS AG är auktoriserat att köpa, inteckna och sälja fast egendom och byggrätter i Schweiz och utomlands. UBS AG kan tillhandahålla lån, garantier och andra former av finansiering och säkerheter för Koncernföretag och låna och investera på penning- och

		kapitalmarknader.
B.16	Direkt eller indirekt aktieäggande eller kontrollöverenskommelser avseende emittenten.	UBS Group AG äger 100% av de utestående aktierna i UBS AG.

Punkt	Avsnitt C – Värdepapper	
C.1	Typ och klass av värdepapperen, värdepappersidentifikationsnummer.	<p>Typ och Form av värdepapper Värdepapperen är certifikat.</p> <p>Värdepapperen (även "Svenska Värdepapper") clearas genom Euroclear Sweden AB ("Euroclear Sweden") i egenskap av det relevanta Clearingsystemet och är utfärdade i icke-certifierade och dematerialiserad, kontoförd form samt registrerade hos Euroclear Sweden i enlighet med lag (1998:1479) om kontoföring av finansiella instrument. Inga fysiska värdepapper, så som globala tillfälliga eller permanenta värdepapper eller definitiva värdepapper kommer emitteras för de Svenska Värdepapperen.</p> <p>Värdepappersidentifikationsnummer för Värdepapperen</p> <p>ISIN: CH0314190510 Valor: 31419051</p>
C.2	Valuta för värdepapperen.	Svenska Kronor (" SEK ") (" Inlösenvaluta ")
C.5	Restriktioner för den fria överlåtbarheten för värdepapperen.	Ej tillämpligt. Det finns inga restriktioner avseende den fria överlåtbarheten för Värdepapperen.
C.8	Rättigheter kopplade till värdepapperen, inklusive rangordning och begränsningar av sådana rättigheter.	<p>Tillämplig lag för Värdepapperen Värdepapperen kommer att vara underkastad tysk rätt ("Värdepapper underkastade tysk rätt").</p> <p>Den juridiska effekten av registrering av Värdepapperen med relevant Clearingsystem styrs av lagarna i Clearingsystemets jurisdiktion.</p> <p>Rättigheter förknippade med Värdepapperen Värdepapperen ger, med förbehåll för Villkoren för Värdepapperen, Värdepappersinnehavarna, vid förfall eller vid utövande, ett yrkande om betalning av Inlösenbeloppet i Inlösenvalutan.</p> <p>Begränsningar i rättigheterna relaterade till Värdepapperen Enligt de villkor som anges i Villkoren för Värdepapperen, har Emittenten rätt att avsluta Värdepapperen och att göra vissa justeringar av Villkoren.</p> <p>Status för Värdepapperen Värdepapperen kommer att utgöra direkta, icke-säkerställda och icke-eftersälda förpliktelser för Emittenten, som rangordnas lika sinsemellan och med alla andra nuvarande och framtida icke-säkerställda och icke-eftersälda förpliktelser för Emittenten, annat än skyldigheter som regleras i tvingande lagstiftning.</p>

C.11	Upptagande till handel på en reglerad marknad eller andra liknande marknader.	Det finns ingen avsikt att ansöka om upptagande av Värdepapperen till handel på en värdepappersbörs.
C.15	Påverkan avseende underliggande på värdet av värdepapperen.	<p>Värdet på Värdepapperen under dessas löptid är beroende av utvecklingen av Underliggande. Om priset på Underliggande ökar, kommer även värdet på Värdepapperen (bortsett från speciella kännetecken för Värdepapperen) sannolikt att öka.</p> <p>I synnerhet, Inlösenbeloppet, om något, som ska erhållas av Värdepappersinnehavaren vid utövande av Värdepapperen är beroende av utvecklingen av Underliggande.</p> <p>Följande kännetecken är exempel som beskriver hur värdet på Värdepapperen är beroende av Underliggande:</p> <p>UBS Värdepapper med Utväxling</p> <p>UBS Värdepapper med Utväxling erbjuder Värdepappersinnehavarna möjlighet att ta del av den positiva utvecklingen av Underliggande. Omvänt, Värdepappersinnehavare av UBS Värdepapper med Utväxling kan också ta del av den negativa utvecklingen av Underliggande, då UBS Värdepapper med Utväxling kan komma att bidra med negativ riskpotential enligt vad som anges i de tillämpliga Produktvillkoren. UBS Värdepapper med Utväxling kan också erbjuda Värdepappersinnehavarna att ta del av den positiva utvecklingen hos Underliggande i relation till andra Underliggande. Omvänt, Värdepappersinnehavarna av UBS Värdepapper med Utväxling kan ta del av den negativa utvecklingen av Underliggande i relation till andra Underliggande.</p> <p>UBS Värdepapper med Utväxling finns också i en så kallad "Sälj" version. I detta fall deltar Värdepappersinnehavarna positivt i den negativa utvecklingen av Underliggande. Omvänt, Värdepappersinnehavarna i UBS Värdepapper med Utväxling (Sälj) kan också delta i den positiva utvecklingen av Underliggande, eftersom UBS Värdepapper med Utväxling (Sälj) kan bidra med riskpotential på uppsidan enligt vad som anges i de tillämpliga Produktvillkoren. UBS Värdepapper med Utväxling (Sälj) kan också tillåta Värdepappersinnehavare att delta i negativ utveckling av Underliggande i relation till andra underliggande. Omvänt, Värdepappersinnehavare i UBS Värdepapper med Utväxling (Sälj) kan delta i den positiva utvecklingen av Underliggande i relation till andra Underliggande.</p> <p>UBS Värdepapper med Utväxling kan löpa ut och vara värdelös vid en ofördelaktig utveckling för Underliggande bortom vissa specifika värden, enligt vad som anges i de tillämpliga Produktvillkoren.</p> <p>Värdepappersinnehavare erhåller på Förfallodagen ett Inlösenbelopp i Inlösenvalutan, vars storlek är beroende av Referenspriset eller Avvecklingspriset för de(n) Underliggande, enligt vad som anges i Produktvillkoren. Typiskt sett beräknas Inlösenbeloppet genom att multiplicera det Nominella Beloppet eller sådant annat belopp enligt vad som anges i Produktvillkoren, med den relevanta utvecklingen för de(n) Underliggande och därefter multiplicera med Deltagandegrad, Hävstångsfaktorn eller Multiplikatorn, men andra faktorer kan också tas med i beräkningen, enligt vad som anges i Produktvillkoren.</p> <p>Inlösenbeloppet kan bestämmas med hänvisning till utvecklingen av en eller flera Underliggande, enligt vad som anges i Produktvillkoren.</p>

		<p>Följande beskrivningar av flertalet utvecklingsstrukturer kan användas för Värdepapper beskrivna ovan, om tillämpliga.</p> <p><u>Underliggande</u> Värdepapper kan antingen vara beroende av en enskild Underliggande, en korg av Underliggande, de(n) bäst utvecklade Underliggande, de(n) sämst utvecklade Underliggande eller en kombination av dessa. Korgutvecklingar beräknas på det vägda genomsnittet av utvecklingarna för de(n) enskilda Underliggande.</p> <p>Viktningen kan antingen vara förutbestämd eller kan bestämmas under produktens löptid beroende på vissa villkor. Viktningen kan, till exempel, bero på den relativa utvecklingen för Underliggande eller realiserad volatilitet i de(n) Underliggande.</p> <p><u>Utvecklingar</u> I princip är det sannolikt att värdet på Värdepapperen (bortsett från särskilda egenskaper hos Värdepapperen) kommer öka, i fall priset på Underliggande eller, om det anges som tillämpligt i definitionen av "Underliggande" att en "Korg" är angiven som tillämplig i de tillämpliga Produktvillkoren, i Korgkomponenterna, ökar. I fall priset på Underliggande eller Korgkomponenter minskar, är det också troligt att värdet på Värdepapperen (bortsett från speciella egenskaper hos Värdepapperen) minskar.</p> <p>Motsatsvis kan Värdepapperen, om så anges i de relevanta Produktvillkoren, erbjuda en så kallad omvänd struktur. I detta fall kommer Värdepapperen (oavsett de övriga egenskaper som är förknippade med Värdepapperen eller andra faktorer, som kan vara relevanta för värdet på Värdepapperen) att minska i värde, om priset på Underliggande eller, om det anges som tillämpligt i definitionen av "Underliggande" att en "Korg" är angiven som tillämplig i de tillämpliga Produktvillkoren, i Korgkomponenterna, ökar, eller så kommer Värdepapperen att öka i värde, om priset på Underliggande eller, om det anges som tillämpligt i definitionen av "Underliggande" att en "Korg" är angiven som tillämplig i de tillämpliga Produktvillkoren, i Korgkomponenterna, minskar.</p> <p>Utvecklingen eller nivån av Underliggande kan mätas på flera olika sätt.</p> <p>Vanligtvis mäts utvecklingen som den slutliga nivån för de(n) Underliggande som ett procenttal av den initiala nivån för de(n) Underliggande. Den slutliga nivån och/eller den initiala nivån kan även definieras som den genomsnittliga/maximala/minimala nivån för de(n) Underliggande som observerats under viss tid. Den initiala nivån behöver inte nödvändigtvis observeras vid startdagen för produkten men kan också observeras under löptiden för produkten.</p> <p>Utvecklingen kan även mätas som den relativa utvecklingen för en eller flera Underliggande i förhållande till utvecklingen för en eller flera andra Underliggande.</p> <p>Utveckling kan också ha ett förutbestämt eller ett rörligt och/eller ett villkorat tak. Det innebär att Värdepappersinnehavare accepterar en begränsning av avkastningspotentialen ("Tak") och att de endast kan delta i eventuella kursökningar (eller minskningar) för de Underliggande till dess att en viss nivå har nåtts och inte ytterligare. Dessutom kan utvecklingen också ha ett förutbestämt eller ett rörligt och/eller villkorat golv. Detta innebär att Värdepappersinnehavare kommer att ha en minsta avkastningspotential ("Golv") och kommer endast negativt att delta i eventuella kursnedgångar (eller öknings) i de(n) Underliggande till dess att en viss nivå har nåtts och inte mer.</p>
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		<p>Inlösenvalutan, valutaenhet eller beräkningsenhet. Valutakursen som ska användas för att bestämma Inlösenbeloppet kan antingen vara förutbestämd (quanto funktion) eller variabel.</p> <p><u>Kuponger/Räntebelopp/Andra Likvider</u> Om de relevanta Produktvillkoren anger att ovillkorad Kupong, Räntebelopp eller annan likvid är tillämplig, så är Värdepappersinnehavaren berättigad att ta emot betalning i form av den relevanta Kupongen, Räntebeloppet eller annan likvid, enligt vad som i de tillämpliga Produktvillkoren.</p> <p>Om de relevanta Produktvillkoren anger att villkorad Kupong, Räntebelopp eller annan likvid är tillämplig, är Värdepappersinnehavaren berättigad att ta emot betalning i form av den relevanta Kupongen, Räntebeloppet eller annan likvid förutsatt att villkoren uppfylls. Om, i fall av en villkorad Kupong, Räntebelopp eller annan likvid, dessa krav inte är uppfyllda, så utbetalas ingen Kupong, Räntebelopp eller annan likvid.</p> <p>Under dessas löptid kan produkter därför generera regelbunden inkomst. Emellertid genererar de flesta produkter inte ovillkorad inkomst, till exempel utdelning eller ränta.</p> <p><u>Kapitalskydd</u> Endast om produkttegenskapen "Kapitalskydd" anges som tillämplig i de relevanta Produktvillkoren motsvarar Avvecklingsbeloppet, i varje fall, åtminstone det kapitalskyddade Minimibeloppet.</p> <p><u>Maximalt Belopp</u> Om produkttegenskapen "Maximalt Belopp" anges som tillämplig i de relevanta Produktvillkoren, är taket för Avvecklingsbeloppet satt till det Maximala Beloppet.</p> <p><u>Fysisk eller Kontantavveckling</u> Endast om produkttegenskapen "Fysisk Avveckling" anges som tillämplig i de relevanta Produktvillkoren, kan produkten eventuellt avvecklas fysiskt. Annars sker avveckling genom kontant betalning. Avvecklingen kan bero på utvecklingen för de(n) Underliggande.</p> <p><u>Generell Rätt till Förtida Inlösen</u> Emittenten och Värdepappersinnehavarna kommer endast att ha en generell rätt till förtida inlösen avseende Värdepapperen före Förfalldagen om detta anges i de tillämpliga Produktvillkoren.</p> <p><i>Emittentens Rätt till Förtida Inlösen</i> Om så anges i de tillämpliga Produktvillkoren har Emittenten en rätt att begära Värdepapperen inlösta i förtid genom att lämna meddelande om detta på vissa förutbestämda datum. Inlösenvärdet kan antingen vara förutbestämt eller beroende av nivån för de(n) Underliggande, vissa datum eller andra parametrar.</p> <p><i>Värdepappersinnehavarnas Rätt till Förtida Inlösen</i> Om så anges i de tillämpliga Produktvillkoren har Värdepappersinnehavaren rätt att begära Värdepapperen inlösta i förtid. Inlösenvärdet kan antingen vara förutbestämt eller beroende av nivån för de(n) Underliggande, vissa datum eller andra parametrar.</p>
C.16	Utlöpande- eller förfalldag, utövandedag eller slutlig referensdag.	Förfalldag: 30 september 2022 Utlöpandedag: 20 september 2022

C.17	Avvecklingsförfarande för de derivatvärdepapper.	Betalningar ska, i alla fall som är föremål för någon form av tillämpliga skatte- eller andra lagar och regler på platsen för betalningen eller andra lagar och regler för vilka Emittenten gått med på att bli föremål för, göras i enlighet med de relevanta reglerna och operationella förfarandena som är tillämpliga på och/eller utfärdade av Clearingsystemet (" CA Reglerna ") för det relevanta Clearingsystemet eller den relevanta mellanmannen eller för dess order för kreditering på kontona för de relevanta kontoinnehavarna hos Clearingsystemet eller den relevanta mellanmannen. Emittenten ska anses ha fullgjort dess inlösenförpliktelser eller varje annan betalnings- eller annan förpliktelse under Villkoren för Värdepapperen vid leverans till Clearingsystemet på det sätt som beskrivs ovan.
C.18	En beskrivning av hur avkastningen på derivatvärdepapper äger rum.	Värdepappersinnehavare kommer på den relevanta Förfallodagen erhålla betalning i form av Inlösenbeloppet.
C.19	Utövandekurs eller slutlig referenskurs för den underliggande.	Avvecklingspris
C.20	Typ av underliggande och var informationen om underliggande kan finnas.	Typ av Underliggande: aktier McDonald's Corporation Wal-Mart Stores, Inc. Johnson & Johnson The Procter & Gamble Company The Coca-Cola Company General Mills, Inc. Kimberly-Clark Corporation Colgate-Palmolive Company Kellogg Company AT&T Inc. Information om den gångna och den framtida utvecklingen av den Underliggande och dessas volatilitet kan finnas på hemsidan: www.mcdonalds.com www.walmart.com www.jnj.com www.pg.com www.coca-cola.com www.generalmills.com www.kimberly-clark.com www.colgate.com www.kelloggcompany.com www.att.com

Punkt	Avsnitt D – Risker	
D.2	Nyckelinformation om väsentliga risker som är specifika och individuella för Emittenten.	Värdepapperen medför emittentrisk, även kallad gäldenärsrisk eller kreditrisk för potentiella investerare. En emittentrisk är risken att UBS AG tillfälligt eller varaktigt blir oförmögen att fullgöra dess förpliktelser under Värdepapperen. Generell risk för insolvens Varje Värdepappersinnehavare bär den generella risken att den finansiella

		<p>situationen för Emittenten kan försämrats. Värdepapperen utgör direkta, icke säkerställda och icke efterställda förpliktelser för Emittenten och förpliktelserna kommer vid Emittentens insolvens att rangordnas lika med samtliga andra nuvarande och framtida icke säkerställda och icke efterställda förpliktelser för Emittenten, med undantag för de förpliktelser som har förmånsrätt enligt tvingande lagregler. Emittentens förpliktelser under Värdepapperen garanteras inte av något system av insättningsgarantier eller kompensationsplaner. Om Emittenten blir insolvent kan följaktligen Värdepappersinnehavare lida en total förlust av sina investeringar i Värdepapperen.</p> <p>UBS AG som Emittent och UBS är utsatta för olika riskfaktorer i sin affärsverksamhet. Sammanfattade nedan är riskerna som kan påverka Koncernens förmåga att verkställa sin strategi och påverka dess affärsverksamhet, finansiella ställning, verksamhetsresultat och utsikter, som Koncernen anser är väsentliga och för närvarande är medveten om:</p> <ul style="list-style-type: none"> • Den 15 januari 2015 avbröt den schweiziska centralbanken ("SNB") den lägsta målsättningsväxelkursen för den schweiziska francen mot euron, vilken hade funnits på plats sedan september 2011. Vid samma tidpunkt sänkte SNB räntesatsen på saldon på insättningskonton hos SNB som överstiger en viss undantagströskel med 50 baspunkter till negativa 0,75%. Den flyttade också målsättningsintervallet för tremånaders LIBOR till mellan negativa 1,25% och negativa 0,25% (tidigare negativa 0,75% till positiva 0,25%). Dessa beslut resulterade i en betydande stärkning av den schweiziska francen mot euron, US dollar, brittiska pund, japanska yen och flera andra valutor, liksom även en sänkning av räntesatser i schweiziska franc. Den långsiktiga kursen för den schweiziska francen mot dessa andra valutor är inte säker, inte heller är den framtida riktningen för räntesatser i den schweiziska francen. Flera andra centralbanker har på liknande sätt antagit policys om negativ ränta. Fluktuationer i valutakurser och fortsatt låga eller negativa räntesatser kan ha en mycket negativ inverkan på UBS Koncernens kapitalstyrka, UBS Koncernens likviditets- och finansieringsposition och UBS Koncernens lönsamhet. • Regulatoriska och juridiska förändringar kan negativt inverka på UBS verksamhet och förmåga att genomföra dess strategiska planer. De planerade och potentiella regulatoriska och lagstiftningsmässiga utvecklingarna i Schweiz och i andra jurisdiktioner där UBS bedriver verksamhet kan ha väsentlig negativ inverkan på UBS förmåga att genomföra dess strategiska planer, på lönsamheten eller livskraften för vissa verksamhetsområden globalt eller i särskilda jurisdiktioner och, i vissa fall, på UBS förmåga att konkurrera med andra finansiella institutioner. Utvecklingarna har varit och kommer sannolikt att fortsätta att vara kostsamma att implementera och kan också ha en negativ inverkan på UBS juridiska struktur och affärsmodell, potentiellt genereras kapitalineffektiviteter och påverka UBS lönsamhet. Osäkerheten relaterad till eller verkställandet av juridiska och regulatoriska förändringar kan ha en negativ inverkan på UBS relationer med kunder och dess framgång i att attrahera kundaffärer. • UBS kapitalstyrka är viktig för att stödja dess strategi, kunderbidande och konkurrensmässiga position. Varje ökning i riskvägda tillgångar eller en reducering i kvalificerande kapital skulle kunna väsentligt reducera UBS kapitalrelationer. Vidare, UBS är underkastad ett krav på lägsta hävstångsrelation för schweiziska systemrelevanta banker ("SRB"), vilket under vissa omständigheter skulle kunna begränsa UBS affärsverksamheter även om UBS möter övriga riskbaserade kapitalkrav. • UBS kanske inte är framgångsrik i sina tillkännagivna strategiska planer
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		<p>10%. Men Koncernens förmåga att upprätthålla en fullt tillämpad primärkapitalrelation om minst 13% är underkastad ett flertal risker, inklusive resultatet från Koncernens verksamhet, förändringar i kapitalstandarder, metodologier och tolkningar som kan negativt inverka på Koncernens beräknade fullt tillämpade primärkapitalrelation, påförande av att risktillägg, eller ytterligare kapitalkrav såsom ytterligare kapitalbuffertar. Vidare, förändringar i metodologin, antaganden, stressscenarier och andra faktorer kan resultera i väsentliga skillnader i UBS fullt tillämpade primärkapitalrelation vid stresstest.</p> <ul style="list-style-type: none"> • UBS AG:s rörelseresultat, finansiella ställning och förmåga att betala sina förpliktelser i framtiden, kan påverkas av finansiering, utdelning och andra överföringar erhållna från UBS Switzerland AG eller varje annat direktägt dotterföretag, vilket kan vara föremål för begränsningar. Förmågan hos sådana dotterföretag att lämna lån eller överföringar (direkt eller indirekt) till UBS AG kan vara begränsad som en konsekvens av flera faktorer, inklusive restriktioner i finansieringsavtal och krav enligt tillämplig rätt samt regulatoriska och skattemässiga eller andra begränsningar. Begränsningar och regulatoriska åtgärder av detta slag kan försämra tillgången till medel som UBS Koncernen behöver för att göra betalningar. Vidare, UBS AG kan garantera betalningsförpliktelserna för vissa av sina dotterföretag från tid till annan. Dessutom, i samband med överföringen av verksamheterna inom Retail & Corporate och Wealth Management som bokförs i Schweiz från UBS AG till UBS Switzerland AG, vilken fick verkan i juni 2015, under schweizisk rätt (<i>Swiss Merger Act</i>) är UBS AG solidariskt ansvarigt för förpliktelser som existerade vid dagen för tillgångsöverföringen och vilka har överförts till UBS Switzerland AG. Dessa garantier kan kräva att UBS AG tillhandahåller betydande medel eller tillgångar till dotterföretag eller dessas borgenärer eller motparter vid en tidpunkt när UBS AG är i behov av likviditet för att finansiera sina egna förpliktelser. <p>Men eftersom verksamheten i en brett baserat internationellt finansiellt tjänsteföretag, som UBS, till sin inneboende natur är exponerad mot risker som blir uppenbara endast i efterhand, kan risker som UBS inte för närvarande är medvetet om eller som det för närvarande inte betraktar som väsentliga, också påverka dess förmåga att verkställa sin strategi och kan påverka dess affärsverksamhet, finansiella ställning, verksamhetsresultat och utsikter.</p>
D.3	Nyckelinformation om risker som är specifika och individuella för värdepapperen.	<p>Potentiella investerare i Värdepapperen ska vara medvetna om att Värdepapperen utgör en riskfylld investering som kan leda till total förlust av deras investering i Värdepapperen. Värdepappersinnehavare kommer att vidkännas en förlust, om de belopp som erhålls i enlighet med Villkoren för Värdepapperen är lägre än förvärvspriset (inklusive transaktionskostnader). Investerare bär risken för att Emittentens finansiella situation försämras och potentiellt medför oförmåga för Emittenten att fullgöra sina förpliktelser under Värdepapperen. Potentiella investerare måste därför vara förberedda på och i stånd att klara av en partiell eller till och med en total förlust av investerat kapital. Investerare som är intresserade av att köpa Värdepapper måste bedöma sin finansiella situation, för att tillförsäkra sig om att de är i en situation där de klarar av de risker för förluster som Värdepapperen innebär.</p> <p><u>Särskilda risker relaterade till specifika egenskaper hos Värdepapperets struktur</u></p> <p>Potentiella investerare ska vara medvetna om att den del av Inlösenbeloppet som erläggas i enlighet med de Allmänna Villkoren för Värdepapperen är beroende av utvecklingen på den Underliggande. I fall av ogynnsam</p>

		<p>utveckling av priset på den Underliggande, kan det belopp som erhållits från Värdepapperen vara lägre än vad investerarna förväntat sig och kan till och med vara lika med noll. I sådana fall kommer Värdepappersinnehavarna ådra sig en total förlust av sina investeringar (inklusive eventuella transaktionskostnader).</p> <p>Potentiella investerare ska vara medvetna om att tillämpningen av Deltagandegrad vid bestämmandet av Värdepappersrätten resulterar i att Värdepapperen i ekonomisk mening liknar en direktinvestering i den Underliggande, men innebär trots det inte att investeringen är helt jämställd med en sådan direktinvestering, i synnerhet på grund av att Värdepappersinnehavarna inte deltar i den aktuella utvecklingen av den Underliggande med ett förhållande om 1:1, utan med den proportion som ges av Deltagandegraden.</p> <p>Potentiella investerare ska vara medvetna om att Värdepappersinnehavarens rättighet i Värdepapperen bestäms på grundval av en annan valuta än Inlösenvalutan, valutaenhet eller beräkningsenhet, och även värdet av den Underliggande bestäms i en sådan annan valuta än Inlösenvalutan, valutaenhet eller beräkningsenhet. Potentiella investerare bör, därför, vara medvetna om att investeringar i dessa Värdepapper kan innebära risker på grund av fluktuerande valutakurser, och att risken för förlust inte enbart beror på utvecklingen av den Underliggande, utan även på ogynnsam utveckling i värdet på utländsk valuta, valutaenhet eller beräkningsenhet.</p> <p>Sådan utveckling kan dessutom öka Värdepappersinnehavarnas exponering mot förluster därför att en ogynnsam utveckling av den relevanta valutakursen i motsvarande mån kan sänka värdet på de förvärvade Värdepapperen under deras löptid eller, i förekommande fall, nivån på Inlösenbeloppet, om något. Valutakurser bestäms av faktorer av tillgång och efterfrågan på internationella valutamarknader, vilka är i sig själva exponerade mot ekonomiska faktorer, spekulationer och åtgärder från regeringar och centralbanker (till exempel monetära kontroller eller restriktioner).</p> <p>Potentiella investerare ska vara medvetna om att Värdepappersinnehavare inte har en avecklingsrätt och att Värdepapperen, följaktligen, inte kan avecklas av Värdepappersinnehavaren under sin löptid. Innan Värdepapperen förfaller är realisation av Värdepapperens ekonomiska värde (eller delar därav), om inte Värdepapperen har varit föremål för förtida återbetalning och aveckling av Emittenten i enlighet med de Allmänna Villkoren till Värdepapperen eller, om så är angivet i de relevanta Slutliga Villkoren, en aveckling av Värdepapperen av Värdepappersinnehavaren i enlighet med de Allmänna Villkoren till Värdepapperen, endast möjlig genom att sälja Värdepapperen.</p> <p>Försäljning av Värdepapperen förutsätter att marknadsaktörer är villiga att förvärva Värdepapperen till ett visst pris. Om inga marknadsaktörer är tillgängliga, kan värdet av Värdepapperen inte realiseras. Utgivandet av Värdepapperen resulterar inte i en förpliktelse för Emittenten gentemot Värdepappersinnehavarna att kompensera för detta eller att återköpa Värdepapperen.</p> <p><u>Generella risker avseende Värdepapperen</u></p> <p><i>Inverkan av nedvärdering av Emittentens kreditvärdighetsbetyg</i> Den allmänna uppfattningen om Emittentens kreditvärdighet kan påverka värdet för Värdepapperen. Som en konsekvens kan varje nedvärdering av Emittentens kreditvärdighetsbetyg ha en negativ inverkan på värdet för Värdepapperen.</p>
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		<p>Kreditvärdighetsbetyg är inte rekommendationer</p> <p>Kreditvärdighetsbetygen för UBS AG som Emittent bör utvärderas separat från liknande kreditvärdighetsbetyg för andra enheter och från kreditvärdighetsbetyget, om något, tilldelat emitterade skuld- eller derivatvärdepapperen. Ett kreditvärdighetsbetyg är inte en rekommendation att köpa, sälja eller inneha värdepapper emitterade eller garanterade av enheten för kreditvärdighetsbetyget och kan bli föremål för granskning, ändring, tillfälligt indragande, sänkning eller återkallande när som helst utav det tilldelande kreditvärderingsinstitutet.</p> <p>Ett kreditvärdighetsbetyg för Värdepapperen, om något, är inte en rekommendation att köpa, sälja eller inneha Värdepapperen och kan bli föremål för ändring eller återkallande när som helst utav det relevanta kreditvärderingsinstitutet. Varje kreditvärdighetsbetyg bör utvärderas separat från andra kreditvärdighetsbetyg för värdepapper, både avseende kreditvärderingsinstitutet och typen av värdepapper. Vidare, kreditvärderingsinstitut som inte har anlitats av Emittenten eller annars för att värdera Värdepapperen kan försöka att värdera Värdepapperen och, om sådana icke efterfrågade kreditvärdighetsbetyg är lägre än det motsvarande kreditvärdighetsbetyget tilldelat Värdepapperen av det relevanta anlitade kreditvärderingsinstitutet, så kan sådana kreditvärdighetsbetyg ha en negativ inverkan på Värdepapperens värde.</p> <p>Värdepappersinnehavare är exponerade mot risken för skuldnedskrivning</p> <p>Emittenten och Värdepapperen är föremål för den schweiziska banklagen och den schweiziska finansiella tillsynsmyndighetens ("FINMA") förordning om insolvens hos banker som ger FINMA makt i egenskap av behörig myndighet att i särskilda fall tillämpa vissa resolutionsverktyg mot kreditinstitutioner. Dessa åtgärder inkluderar särskilt nedskrivningen eller omvandlingen av värdepapper till aktiekapital för sådan kreditinstitution (så kallad skuldnedskrivning). En nedskrivning eller en konvertering skulle ha konsekvensen att Emittenten skulle bli befriad från dess skyldigheter under Värdepapperen. Värdepappersinnehavare skulle inte ha några ytterligare krav på Emittenten under Värdepapperen. Resolutionsverktygen kan därför ha en omfattande negativ påverkan på Värdepappersinnehavares rättigheter genom att avstänga, modifiera och helt eller delvis upphäva krav under Värdepapperen. I värsta fall kan detta leda till en total förlust av Värdepappersinnehavares investeringar i Värdepapperen.</p> <p>Sådana juridiska bestämmelser och/eller näringsrättsliga åtgärder kan allvarligt påverka Värdepappersinnehavares rättigheter och kan ha en negativ påverkan på värdet av Värdepapperen redan innan någon ekonomisk brist uppstår eller resolution sker i förhållande till Emittenten.</p> <p>Villkoren för Värdepapperen innehåller inte några begränsningar för Emittentens eller UBS förmåga att omorganisera sin verksamhet</p> <p>Villkoren för Värdepapperen innehåller inte några begränsningar avseende förändrad ägarkontroll eller strukturella förändringar, såsom sammanslagningar eller fusioner eller avyttranden avseende Emittenten eller försäljningen, överlåtelsen, avknoppningen, tillskjutandet, utdelningen, överföringen eller annan disposition avseende all eller någon del av Emittentens eller dess dotterföretags fastigheter eller tillgångar i samband med de tillkännagivna ändringarna avseende dess juridiska struktur eller annars och ingen uppsägningsgrundande händelse, skyldighet att återköpa Värdepapperen eller någon annan händelse kommer att aktiveras under Villkoren för Värdepapperen som en följd av sådana ändringar. Det kan inte lämnas någon försäkran att, skulle dessa inträffa, dessa inte kommer att ha en negativ inverkan på kreditvärdighetsbetygen för Emittenten och/eller öka sannolikheten för inträffande av en uppsägningsgrundande händelse. Sådana ändringar, skulle dessa inträffa,</p>
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		<p>kan negativt påverka Emittentens förmåga att erlägga ränta avseende Värdepapperen och/eller leda till omständighet där Emittenten kan välja att annullera sådan ränta (om tillämpligt).</p> <p>Avslutande och Förtida Inlösen efter Emittentens val Potentiella investerare i Värdepapperen ska vidare vara medvetna om att Emittenten, enligt Villkoren för Värdepapperen, under vissa omständigheter, är berättigad att avsluta och lösa in Värdepapperen i dessas helhet före den planerade Förfallodagen. I sådant fall är Värdepappersinnehavaren berättigad att begära betalning av ett inlösenbelopp avseende denna förtida inlösen. Men Värdepappersinnehavaren är inte berättigad att begära ytterligare betalningar avseende Värdepapperen efter den relevanta dagen för avslutande. Vidare, det Avslutsbeloppet, om något, som ska erläggas i händelse av en förtida inlösen av Värdepapperen av Emittenten kan vara markant lägre än det belopp som skulle ha förfallit till betalning vid det planerade slutet av löptiden för Värdepapperen.</p> <p>Värdepappersinnehavaren bär därför risken att inte ta del av utveckling av den Underliggande, i förväntad omfattning och under den förväntade perioden.</p> <p>Om Emittenten löser in Värdepapperen bär Värdepappersinnehavaren en återinvesteringsrisk, dvs. investeraren bär risken att investeraren måste återinvestera Avslutsbeloppet, om något, som utbetalas av Emittenten vid inlösen till rådande marknadsförhållanden, som kan vara mindre förmånliga än de som rådde vid tidpunkten då Värdepapperen förvärvades.</p> <p>Negativ inverkan av justering av Värdepapperens rättigheter Det finns en risk att vissa omständigheter inträffar eller särskilda åtgärder vidtas (av annan part än Emittenten) i förhållande till den Underliggande, vilket potentiellt kan medföra förändringar av den Underliggande, eller resultera i att det underliggande konceptet för den Underliggande förändras, så kallade Potentiella Justeringshändelser. Om en Potentiell Justeringshändelse inträffar, ska Emittenten vara berättigad att videra justeringar i enlighet med Villkoren för Värdepapperen för att beakta dessa händelser eller åtgärder. Dessa justeringar kan medföra en negativ inverkan på Värdepapperens värde.</p> <p>Substitution av Emittenten Förutsatt att Emittenten inte underlåter att infria sina skyldigheter under Värdepapperen, är Emittenten i enlighet med de Allmänna Villkoren till Värdepapperen, när som helst berättigad, utan Värdepappersinnehavarnas samtycke, att substituera in ett annat bolag inom UBS-Koncernen som Emittent ("Substituerande Emittent") med hänsyn till alla skyldigheter under eller med koppling till Värdepapperen.</p> <p>Detta kan påverka notering av Värdepapperen och, i synnerhet, kan det vara nödvändigt för den Substituerande Emittenten att ansöka på nytt om notering på den relevanta marknad eller börs där Värdepapperen är noterade. Dessutom kommer, efter en sådan substitution, Värdepappersinnehavare vara föremål för den Substituerande Emittentens kreditrisk.</p> <p>Handel med Värdepapperen/ Illikviditet Det är inte möjligt att förutse om och i vilken utsträckning en andrahandsmarknad för Värdepapperen kan komma att utvecklas eller till vilket pris Värdepapperen kommer att handlas för på andrahandsmarknaden eller om sådan marknad är likvid eller illikvid.</p> <p>Värdepapperens likviditet, om någon, kan också påverkas av restriktioner</p>
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		<p>för köp och försäljning av Värdepapperen i vissa jurisdiktioner. Dessutom är Emittenten berättigad (men inte förpliktigad) att förvärva Värdepapper när som helst och till vilket pris som helst på den öppna marknaden eller genom erbjudande eller genom privat överenskommelse. Värdepapper förvärvade på detta sätt kan innehas eller säljas vidare eller överlämnas för annullering.</p> <p>Dessutom finns det en risk att antalet Värdepapper som faktiskt emitteras och förvärfas av investerare är färre än den avsedda Emissionsstorleken av Värdepapperen. Följaktligen finns det en risk att, på grund av den låga volymen av Värdepapper som faktiskt emitteras, likviditeten för Värdepapperen är lägre än om alla Värdepapper hade emitterats och förvärfats av investerare.</p> <p>Managern avser att, under normala marknadsförhållanden, ställa köp- och säljkurser för emitterade Värdepapper regelbundet. Managern har dock inget bindande åtagande mot Emittenten att tillföra likviditet genom köp- och säljkurser för Värdepapperen, och åtar sig inget juridiskt ansvar att ange sådana priser eller avseende nivån eller fastställandet av sådana priser. Potentiella investerare ska därför inte förlita sig på möjligheterna att sälja Värdepapper vid någon specifik tidpunkt eller till något särskilt pris.</p> <p><i>Beskattning avseende Värdepapperen</i> Potentiella investerare ska vara medvetna om att de kan bli ålagda att betala skatter eller andra dokumentationsavgifter eller avgifter i enlighet med lagar och praxis i det land till vilket Värdepapperen överförs eller andra jurisdiktioner. I vissa jurisdiktioner kan det saknas officiella uttalanden från skattemyndigheter eller domstolsbeslut vad gäller innovativa finansiella instrument så som Värdepapperen. Potentiella investerare uppmanas att inte förlita sig till någon skattesammanfattning i Grundprospektet utan uppmanas istället att efterfråga sina egna skatterådgivare avseende sin individuella beskattning vad gäller förvärv, försäljning eller inlösen av Värdepapperen. Endast dessa rådgivare är i position att vederbörligen bedöma den specifika positionen för den potentiella investeraren.</p> <p><i>Betalningar under Värdepapperen kan bli föremål för amerikansk källskatt</i> Värdepappersinnehavare bör, följaktligen, vara medvetna om att betalningar under Värdepapperen kan, under vissa omständigheter, bli föremål för amerikansk källskatt. Om ett belopp avseende sådan amerikansk källskatt ska dras av från eller innehållas från betalningar på Värdepapperen, skulle inte någon av Emittenten, varje betalningsombud eller varje annan person enligt Villkoren för Värdepapperen, ha någon skyldighet att betala ytterligare belopp som en följd av avdraget för eller innehållandet av sådan skatt.</p> <p><i>Förändrad beskattning av Värdepapperen</i> Bedömning gällande Beskattning av Värdepapperen i Grundprospektet återspeglar Emittentens uppfattning på basis av den juridiska situationen vid dagen för Grundprospektet. Dock finns det en risk att skattemyndigheter eller skattedomstolar intar en annan position, vilket ger en annan skattemässig behandling av Värdepapperen. Varje investerare uppmanas att rådfråga sin egen skatterådgivare innan beslut om att investera i Värdepapperen fattas.</p> <p>Varken Emittenten eller Managern tar något ansvar i förhållande till Värdepappersinnehavare vad gäller skattekonsekvenser av en investering i Värdepapperen.</p>
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		<p>Potentiella Intressekonflikter</p> <p>Emittenten och dess närstående bolag kan ingå transaktioner som relaterar till Värdepapperen på ett eller annat sätt, antingen för egen räkning eller på uppdrag av en kund. Sådana transaktioner behöver inte vara gynnsamma för Värdepappersinnehavare och kan få positiv eller negativ effekt på värdet av den Underliggande, och följaktligen på värdet av Värdepapperen. Vidare kan bolag som är närstående till Emittenten vara motparter i hedgningstransaktioner som relaterar till Emittentens förpliktelser som följer av Värdepapperen. Som ett resultat kan intressekonflikter uppstå mellan bolag som är närstående till Emittenten, så väl som mellan dessa bolag och investerare, med avseende på skyldigheter beträffande beräkningen av kursen för Värdepapperen och andra därmed förknippade fastställanden. Dessutom kan Emittenten och dess närstående bolag agera i andra egenskaper med avseende på Värdepapperen, såsom som beräkningsagent, betalningsagent och administrativ agent och/eller indexsponsor.</p> <p>Dessutom kan Emittenten och dess närstående bolag emittera andra derivatinstrument relaterade till den Underliggande eller, i förekommande fall, Korgkomponenterna; introduktionen av sådana konkurrerande produkter kan påverka värdet på Värdepapperen. Emittenten och dess närstående bolag kan erhålla icke-offentlig information relaterad till den Underliggande, och varken Emittenten eller någon av dess närstående åtar sig att göra denna information tillgänglig för Värdepappersinnehavarna. Dessutom kan ett eller flera av Emittentens närstående bolag publicera forskningsrapporter om den Underliggande. Sådana aktiviteter kan innebära intressekonflikter och kan påverka Värdepapperens värde negativt.</p> <p>Inom ramen för erbjudandet och försäljningen av Värdepapperna, kan Emittenten eller dess närstående direkt eller indirekt betala avgifter i olika belopp till tredje parter, såsom distributörer eller investeringsrådgivare, eller motta betalning av avgifter i varierande belopp, inklusive dem som tas ut i samband med distribution av Värdepapperen, från tredje parter. Potentiella investerare ska vara medvetna om att Emittenten kan behålla avgifter helt eller delvis. Emittenten, eller i förekommande fall, Managern, kommer på begäran tillhandahålla information om dessa avgifter.</p> <p>Risikfaktorer relaterade till den Underliggande</p> <p>Värdepapperen är beroende av värdet på Underliggande Tillgångar och risken förknippad med den Underliggande. Värdet på Underliggande Tillgångar beror på flertalet faktorer som kan bli sammankopplade. Dessa kan inkludera ekonomiska, finansiella eller politiska händelser som är utom Emittentens kontroll. Den gångna utvecklingen för Underliggande Tillgångar skall inte ses som en indikator på den framtida utvecklingen under löptiden för Värdepapperen och Emittenten ger inte någon uttaland eller tyst garanti eller representation vad gäller framtida utveckling av Underliggande Tillgångar.</p> <p>Investerare ska också notera att nivån för Inlösenbeloppet beror på utvecklingen av en portfölj innehållande Underliggande Tillgångar. Som resultat av detta, kan fluktuationer i värdet av en Underliggande komma att sätta igång eller intensifiera fluktuationerna i värdet av andra Underliggande Tillgångar i portföljen. Till och med vid fall av en positiv utveckling av en eller flera Underliggande Tillgångar, kan utvecklingen av portföljen, som helhet bli negativ om utvecklingen av andra Underliggande Tillgångar är mer negativa. Det kan finnas betydande negativ effekt på kalkuleringen eller specificeringen av inlösenbeloppet om utvecklingen av en eller flera Underliggande Tillgångar i en portfölj, på vilken kalkuleringen eller specificeringen av inlösenbeloppet grundar sig på, har försämrats i betydande mån.</p> <p>Investerare ska vara medvetna om att de relevanta Underliggande</p>
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		Tillgångarna inte kommer innehåsa av Emittenten för att bringa fördel till Värdepappersinnehavarna, och att Värdepappersinnehavarna inte kommer få ta del av några äganderättigheter (inkluderat, utan begränsning, rösträttigheter, rättigheter att få del av utdelning eller andra utbetalningar eller andra rättigheter) med avseende på Underliggande Tillgångar.
D.6	Riskvarning för att investerare kan förlora hela värdet av investeringen eller del av den.	Även då Värdepapperen är kapitalskyddade vid förfallodagen till Minimibeloppet och risken således inledningsvis är begränsad, bär varje investerare i Värdepapperen risken att Emittentens finansiella situation försämras. Potentiella investerare måste därför vara förberedda på att drabbas av en partiell eller rentav total förlust av hela sin investering. Varje investerare som är intresserad av att köpa Värdepapper bör bedöma sin finansiella situation för att säkerställa att de är i en sådan position att de kan bära risken för förlust förknippad med Värdepapperen.

Punkt	Avsnitt E – Erbjudande	
E.2b	Motiv till erbjudandet och användning av intäkterna.	Ej tillämpligt. Motiven för erbjudande och användningen av intäkterna skiljer sig inte åt från att generera vinster och/eller säkra vissa risker.
E.3	Former och villkor för erbjudandet.	<p>Det har överenskommits om att Managern, på eller efter respektive Emissionsdag för Värdepapperen, får köpa Värdepapper och ska placera Värdepapperen för försäljning, för Emissionskursen på villkor som kan komma att ändras i Jurisdiktionen för Erbjudande till Allmänheten under Teckningsperioden (enligt definition nedan).</p> <p>Emissionskursen kommer vara fastställd på den 7 april 2016 ("Fastställsedagen") och kommer sedan att göras tillgänglig på www.ubs.com/keyinvest. Per Fastställsedagen kommer försäljningskursen justeras kontinuerligt för att reflektera den rådande marknadssituationen.</p> <p>Värdepapperen ska kunna tecknas från Managern under normala öppethållandetider för banker under 24 februari 2016 och 31 mars 2016 ("Teckningsperioden"). Emissionskursen för varje Värdepapper ska betalas den 19 april 2016 ("Initial Betalningsdag").</p> <p>Emittenten förbehåller sig rätten att tidigare avsluta eller förlänga Teckningsperioden om marknadsförhållandena kräver det.</p> <p>Efter den Initiala Betalningsdagen ska respektive investerares Värdepapper krediteras dennes konto i enlighet med bestämmelserna för gällande Clearingsystem. Om Teckningsperioden förkortas eller förlängs, kan den Initiala Betalningsdagen också tidigare- eller senareläggas.</p>
E.4	Intressen som är väsentliga för emissionen/erbjudandet inkl. intressekonflikter.	<p>Intressekonflikter</p> <p>Emittenten och de närstående företagen kan delta i transaktioner relaterade till Värdepapperen på olika sätt, för deras egen räkning eller för kunds räkning. Sådana transaktioner kanske inte tjänar Värdepappersinnehavarnas intressen och kan ha en positiv eller negativ inverkan på den Underliggande och, följaktligen, på värdet för Värdepapperen. Vidare, bolag närstående till Emittenten kan bli motparter i hedgningstransaktioner avseende förpliktelseerna för Emittenten som härrör från Värdepapperen. Som ett resultat kan intressekonflikter uppkomma mellan dessa bolag och investerare avseende förpliktelseerna rörande beräkningen av priset för Värdepapperen och andra förknippade fastställanden. Dessutom Emittenten och dess närstående kan agera i andra roller med avseende på Värdepapperen, såsom beräkningsagent, betalningsombud eller administrativ agent och/eller indexsponsor.</p>

		<p>Vidare, Emittenten och dess närstående kan emittera andra derivatinstrument avseende den Underliggande; introduktionen av sådana konkurrerande produkter kan påverka värdet på Värdepapperen. Emittenten och dess närstående bolag kan erhålla ej offentliggjord information avseende den Underliggande och varken Emittenten eller någon av dess närstående åtar sig att göra sådan information tillgänglig för Värdepappersinnehavare. Dessutom kan ett eller flera av Emittentens närstående bolag publicera researchrapporter beträffande den Underliggande. Sådana aktiviteter kan utgöra intressekonflikter och kan negativt påverka värdet för Värdepapperen.</p> <p>I samband med erbjudandet och försäljningen av Värdepapperen kan Emittenten eller någon av dess närstående direkt eller indirekt betala arvoden i olika storlek till tredje parter, så som distributörer eller investeringsrådgivare, eller erhålla arvoden i olika storlek, inklusive de som debiteras i samband med distributionen av Värdepapperen, från tredje parter. Potentiella investerare bör vara medvetna om att Emittenten kan behålla arvoden delvis eller helt. Emittenten eller, som fallet kan vara, Managern kommer, på begäran, ge information om storleken på dessa arvoden.</p> <p>Varje intresse som är väsentligt för emissionen/erbjudandet, inklusive potentiella intressekonflikter</p> <p>Som så långt Emittenten är medveten, ingen person som är inblandad i utfärdandet och erbjudandet av Värdepapperen har något väsentligt intresse i utfärdandet och erbjudandet av Värdepapperen.</p>
E.7	Förväntade kostnader debiteras investeraren av emittenten eller erbjudaren.	Ej tillämpligt; inga kostnader debiteras investeraren av emittenten eller Managern.

FINAL TERMS

dated 24 February 2016

in connection with the Base Prospectus dated 8 January 2016
(as supplemented from time to time)

of

UBS AG

(a corporation limited by shares established under the laws of Switzerland)
acting through its London Branch



for the issue and public offer of

3,000 (indicative) UBS Gearing Certificates

ISIN CH0314206159

Valor 31420615

linked to shares

These final terms (the "**Final Terms**") have been prepared for the purpose of Article 5 (4) of the Prospectus Directive and provide additional information to the base prospectus dated 8 January 2016, as supplemented from time to time (the "**Base Prospectus**", together with the Final Terms, the "**Prospectus**") that was prepared in accordance with the Financial Instruments Trading Act (SFS 1991:980). Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus.

These Final Terms must be read in conjunction with the Base Prospectus, including all information incorporated by reference therein and any supplement(s) thereto. Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus, as supplemented from time to time. However, a summary of the individual issue of the Securities is annexed to these Final Terms. The Base Prospectus, any supplement to the Base Prospectus and these Final Terms are available for viewing at www.ubs.com/keyinvest or a successor address. Copies may be obtained during normal business hours at the registered offices of the Issuer.

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OVERVIEW ON THE SECURITY STRUCTURE

UBS Gearing Securities

UBS Gearing Securities allow Securityholders to participate in the positive development of the Underlying(s). Conversely, Securityholders in UBS Gearing Securities may also participate in the negative development of the Underlying(s), as the UBS Gearing Securities may provide downside risk potential as specified in the applicable Product Terms. UBS Gearing Securities may also allow Securityholders to participate in the positive development of the Underlying relative to another Underlying. Conversely, Securityholders in UBS Gearing Securities may participate in the negative development of the Underlying relative to another Underlying.

UBS Gearing Securities also exist in a so-called "Put" version. In such case Securityholders participate positively in the negative development of the Underlying(s). Conversely, Securityholders in UBS Gearing Securities (Put) may also participate in the positive development of the Underlying(s), as the UBS Gearing Securities (Put) may provide upside risk potential as specified in the applicable Product Terms. UBS Gearing Securities (Put) may also allow Securityholders to participate in the negative development of the Underlying relative to another Underlying. Conversely, Securityholders in UBS Gearing Securities (Put) may participate in the positive development of the Underlying relative to another Underlying.

UBS Gearing Securities may expire worthless upon the unfavourable development of the Underlying(s) beyond a certain value, as specified in the applicable Product Terms.

Securityholders receive on the Maturity Date a Redemption Amount in the Redemption Currency, the amount of which depends on the Reference Price or the Settlement Price of the Underlying(s), as specified in the relevant Product Terms. The Redemption Amount is typically calculated by multiplying the Nominal Amount or such other amount as specified in the applicable Product Terms with the relevant performance of the Underlying(s), thereafter multiplied by the Participation Factor, the Leverage Factor or the Multiplier, but may also take other factors into account, as specified in the applicable Product Terms.

The Redemption Amount may be determined by reference to the performance of one or more Underlying(s), as specified in the relevant Product Terms.

PART A – PRODUCT TERMS

The following “**Product Terms**” of the Securities shall, for the relevant Securities, complete and put in concrete terms the General Conditions for the purposes of such Securities. A version of these Product Terms as completed and put in concrete terms for the specific issue will be contained in the applicable Final Terms and must be read in conjunction with the General Conditions.

The Product Terms are composed of

Part 1: Key Terms and Definitions of the Securities

Part 2: Special Conditions of the Securities

Product Terms and General Conditions together constitute the “**Conditions**” of the relevant Securities.

Part 1: Product Terms: Key Terms and Definitions of the Securities

The Securities use the following definitions and have, subject to an adjustment according to the Conditions of the Securities, the following key terms, both as described below in alphabetical order. The following does not represent a comprehensive description of the Securities, and is subject to and should be read in conjunction with the Conditions of the Securities. The following use of the symbol "" in the Key Terms and Definitions of the Securities indicates that the relevant determination will be made by the Calculation Agent or the Issuer, as the case may be, and will be published without undue delay thereafter in accordance with the applicable legal requirements of the relevant jurisdiction.

A.

Additional Termination Event: Additional Termination Event means in relation to a share used as the Underlying any of the following events:

- (i) The Issuer obtains knowledge about the intention to discontinue permanently the quotation of the shares of the Company on the Relevant Exchange due to a merger or a new company formation, due to a transformation of the Company into a legal form without shares, or due to any other comparable reason, in particular as a result of a delisting of the Company.
- (ii) An insolvency proceeding or any other similar proceeding under the jurisdiction applicable to and governing the Company is initiated with respect to the assets of the Company.
- (iii) Take-over of the shares of the Company, which in the Issuer's opinion, results in a significant impact on the liquidity of such shares in the market.
- (iv) Offer to the shareholders of the Company pursuant to the German Stock Corporation Act (*Aktiengesetz*), the German Law regulating the Transformation of Companies (*Umwandlungsgesetz*) or any other similar proceeding under the jurisdiction applicable to and governing the Company to convert existing shares of the Company to cash settlement, to Securities other than shares or rights, which are not quoted on a stock exchange and/or in a trading system.

B.

Banking Day: The Banking Day means each day on which the banks in London, United Kingdom, and Stockholm, Sweden, are open for business and the Clearing System settles securities dealings.

C.

CA Rules: CA Rules means the Swedish Financial Instruments Accounts Act (lag (1998:1479) om kontoföring av finansiella instrument) as well as any regulation and operating procedure applicable to and/or issued by the Clearing System.

Clearing System: Clearing System means Euroclear Sweden AB, Klarabergsviadukten 63, S-111 64 Stockholm, Sweden, in its capacity as central securities depository under the Swedish Financial Instruments Accounts Act (Sw. lag (1998:1479) om kontoföring av finansiella instrument) or any successor in this capacity.

E. Expiration Date: The Expiration Date means 20 September 2022.

F. Fee Calculation Factor: From and including the Fixing Date up to and excluding the first Annual Determination Date (as defined below) the Fee Calculation Factor equals 100 %.

The Fee Calculation Factor will be decreased annually on each "**Annual Determination Date**" and the new value of the Fee Calculation Factor is stated in the table below.

The new value of the Fee Calculation Factor will be applicable from and including the relevant Annual Determination Date up to but excluding the following Annual Determination Date, and with respect to the last Annual Determination Date (Expiration Date), the new value of the Fee Calculation Factor will be applicable from and including the last Annual Determination Date (Expiration Date).

Annual Determination Date:	Fee Calculation Factor:
4 October 2016	99.56 %
4 October 2017	98.57 %
4 October 2018	97.58 %
4 October 2019	96.61 %
5 October 2020	95.64 %
4 October 2021	94.68 %
Expiration Date	93.74 %

Fixing Date: The Fixing Date means 7 April 2016.

If this day is not an Underlying Calculation Date in relation to an Underlying_(i) the immediately succeeding Underlying Calculation Date is deemed to be the Fixing Date in relation to all Underlyings.

In the case of abbreviation or extension of the Subscription Period the Fixing Date may be changed accordingly.

Fixing Time: The Fixing Time equals the time of the official determination of the closing price of the respective Underlying_(i).

FX Factor: The FX Factor equals the quotient of the US Dollar/Swedish Krona ("**USD/SEK**") currency exchange rate on the Observation Date_(i=25) ("**FX_{End}**"), divided by the USD/SEK currency exchange rate on the Fixing Date ("**FX_{Start}**").

The currency exchange rate is expressed in units SEK per one (1) unit USD.

"**FX_{Start}**" and "**FX_{End}**" will be determined by the Calculation Agent at its reasonable discretion pursuant to § 317 of the German Civil Code ("**BGB**"), targeting the USD/SEK currency exchange rate as published as fixing (mid) at approximately 16:15 hrs local time London, United Kingdom, on Bloomberg page "WMCO" (or a substitute page thereof).

If a currency exchange rate is not determined or quoted in the manner described above or in case of, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB), a FX Market Disruption (as

defined below), the Calculation Agent shall be entitled to identify a currency exchange rate, determined on the basis of the then prevailing market customs.

A "**FX Market Disruption**" means a limitation, suspension or disruption of or a restriction imposed on trading, the latter of which the Issuer and the Calculation Agent consider significant, on the foreign exchange market(s) in which the rates for the determination of the FX Factor are determined.

G.

Governing Law:

German law governed Securities. Any reference to reasonable discretion in the Conditions shall be construed as references to reasonable discretion in accordance with § 315 BGB or §§ 315, 317 BGB, as the case may be.

I.

Initial Payment Date:

The Initial Payment Date means 19 April 2016.

In the case of abbreviation or extension of the Subscription Period the Initial Payment Date may be changed accordingly.

Issue Date:

The Issue Date means 19 April 2016.

In the case of abbreviation or extension of the Subscription Period the Issue Date may be changed accordingly.

Issuer:

The Issuer means UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland, acting through its London Branch, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom.

Issuing Agent:

The Issuing Agent means SEB Merchant Banking, Asset Servicing, S-106 40 Stockholm, Sweden, or any successor in this capacity. As long as any Security is outstanding, there will at all times be an Issuing Agent duly authorised as such under the CA Rules with regard to the Securities.

M.

Manager:

The Manager means UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom.

Maturity Date:

The Maturity Date means the eighth Banking Day (i) after the final Valuation Date, and (ii) in the case of a termination by the Issuer in accordance with § 8 of the Conditions of the Securities, after the Termination Date.

Minimum Trading Size:

The Minimum Trading Size equals 1 Security.

N.

Nominal Amount:

The Nominal Amount per Security equals SEK 10,000.00.

- O.**
Observation Date: The Observation Date means the 20th day of each calendar month, beginning on 23 September 2020 (including) (Observation Date_(i=1)) and ending on the Expiration Date (including) (Observation Date_(i=25)).
- The term "Observation Date" shall also refer to all Observation Dates_(i=1) to _(i=25).
- If one of these days is not an Underlying Calculation Date in relation to an Underlying_(i), the immediately succeeding Underlying Calculation Date is deemed to be the relevant Observation Date in relation to all Underlyings.
- P.**
Participation Factor: The Participation Factor equals 120 % (indicative), subject to a minimum of 80 %.
- The Participation Factor will be fixed on the Fixing Date.*
- Paying Agent:** The Paying Agent means UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basle, Switzerland, acting through its London Branch, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom, and Skandinaviska Enskilda Banken, Stockholm (SEB), Kungsträdgårdsgatan 8, S-106 40 Stockholm, Sweden. The term "Paying Agent" shall also refer to all Paying Agents including the Principal Paying Agent.
- Price of the Underlying:** The Price of the Underlying_(i) means the official closing price of the Underlying_(i) as determined on the Relevant Exchange.
- Principal Paying Agent:** The Principal Paying Agent means UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basle, Switzerland, acting through its London Branch, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom.
- R.**
Redemption Currency: The Redemption Currency means Swedish Krona ("SEK").
- Relevant Exchange:** The Relevant Exchange means
- in relation to the Underlying_(i=1) New York Stock Exchange,
 - in relation to the Underlying_(i=2) New York Stock Exchange,
 - in relation to the Underlying_(i=3) New York Stock Exchange,
 - in relation to the Underlying_(i=4) SIX Swiss Exchange,
 - in relation to the Underlying_(i=5) SIX Swiss Exchange,
 - in relation to the Underlying_(i=6) Nasdaq Copenhagen,
 - in relation to the Underlying_(i=7) London Stock Exchange,
 - in relation to the Underlying_(i=8) Frankfurt Stock Exchange (XETRA®),
 - in relation to the Underlying_(i=9) Euronext Paris, and
 - in relation to the Underlying_(i=10) Tokyo Stock Exchange.
- Relevant Futures and Options Exchange:** The Relevant Futures and Options Exchange means the futures and options exchange(s), on which futures and option contracts on the Underlying are primarily traded, as determined by the Calculation Agent.

S.
Securities:

Securities means the UBS Gearing Certificates issued by the Issuer in the Issue Size with the following product features:

Participation Factor:	Applicable
Leverage Factor:	Not Applicable
Multiplier:	Not Applicable
Multiplication Factor:	Not Applicable
Reverse Structure:	Not Applicable
Express Structure:	Not Applicable
Thresholds, Barriers or Levels:	Not Applicable
Maximum Amount:	Not Applicable
Relevant Underlying:	Not Applicable
Physical Delivery:	Not Applicable
Final Lock-In:	Not Applicable
Automatic Termination:	Not Applicable
Currency Conversion:	Applicable
Capital Protection:	Not Applicable
No predefined term:	Not Applicable
Time-lagged Valuation:	Not Applicable
Minimum Exercise Size:	Not Applicable
Securityholder's Termination Right:	Not Applicable
Quanto:	Not Applicable
Consideration of Components:	Not Applicable
Individual Determination:	Applicable
Collective Determination:	Not Applicable

The Securities are being issued in uncertificated and dematerialised form to be registered in book-entry form at the Clearing System (also the "**Swedish Securities**") and will not be represented by definitive securities.

Settlement Cycle:

The Settlement Cycle means the number of business days following a trade in the Underlying on the Relevant Exchange in which settlement will customarily occur according to the rules of the Relevant Exchange.

Settlement Price:

The Settlement Price_(i) of the Underlying_(i) equals the arithmetical average of the Prices of the Underlying_(i) on each of the Observation Dates_(i) at the Valuation Time as determined by the Calculation Agent.

The term "Settlement Price" shall also refer to all Settlement Prices_(i=1) to _(i=10).

Strike:

The Strike_(i) of the Underlying_(i) equals the Price of the respective Underlying_(i) at the Fixing Time on the Fixing Date.

The term "Strike" shall also refer to all Strikes_(i=1) to _(i=10).

The Strike of the Underlying_(i) will be fixed at the Fixing Time on the Fixing Date.*

T.
Term of the Securities:

The Term of the Securities means the period commencing on the Issue Date and ending on the Expiration Date at the Valuation Time.

Termination Amount: The Termination Amount equals an amount in the Redemption Currency, which is determined by the Calculation Agent at its reasonable discretion and considering the then prevailing Price of the Underlying as the fair market price of a Security at the occurrence of the termination of the Securities.

U.

Underlyings: The Underlying_(i=1) equals the share of Johnson & Johnson (ISIN US4781601046, Bloomberg: JNJ UN),

the Underlying_(i=2) equals the share of Merck & Co., Inc. (ISIN US58933Y1055, Bloomberg: MRK UN),

the Underlying_(i=3) equals the share of Pfizer Inc. (ISIN US7170811035, Bloomberg: PFE UN),

the Underlying_(i=4) equals the share of Novartis AG (ISIN CH0012005267, Bloomberg: NOVN VX),

the Underlying_(i=5) equals the share of Roche Holding AG (non-voting equity security) (ISIN CH0012032048, Bloomberg: ROG VX),

the Underlying_(i=6) equals the share of Novo Nordisk A/S (ISIN DK0060534915, Bloomberg: NOVOB DC),

the Underlying_(i=7) equals the share of GlaxoSmithKline plc (ISIN GB0009252882, Bloomberg: GSK LN),

the Underlying_(i=8) equals the share of Bayer AG (ISIN DE000BAY0017, Bloomberg: BAYN GY),

the Underlying_(i=9) equals the share of Sanofi (ISIN FR0000120578, Bloomberg: SAN FP), and

the Underlying_(i=10) equals the share of Takeda Pharmaceutical Company Limited (ISIN JP3463000004, Bloomberg: 4502 JT).

The term "Underlying" shall also refer to all Underlyings_(i=1) to _(i=10).

Underlying Calculation Date:

The Underlying Calculation Date means each day, on which the Relevant Exchange is open for trading and the Price of the Underlying is determined in accordance with the relevant rules.

V.

Valuation Date:

The Valuation Date means the relevant Observation Date_(i).

Valuation Time:

The Valuation Time equals the time of official determination of the closing price of the respective Underlying_(i).

Part 2: Product Terms: Special Conditions of the Securities

§ 1 Security Right

(1) Security Right of the Securityholders

The Issuer hereby warrants to the Securityholder (§ 4 (2)) of each (1) Security relating to the Price of the Underlyings in accordance with these Conditions that such Securityholder shall have the right (the "**Security Right**") to receive the Settlement Amount (§ 1 (2)) in the Redemption Currency, commercially rounded to two decimal places (the "**Redemption Amount**").

(2) Settlement Amount

The "**Settlement Amount**" will be determined as follows:

$$[NA \times FCF \times \text{Max}(0; FX \times P \times \text{Performance}_{\text{End}})] - \text{Distributor Fee}$$

Where

"**NA**" equals the Nominal Amount,

"**FCF**" equals the Fee Calculation Factor on the Observation Date_(i=25),

"**FX**" equals the FX Factor,

"**P**" equals the Participation Factor.

Where the "**Performance_{End}**" will be determined in accordance with the following formula:

$$\frac{1}{10} \sum_{i=1}^{10} \frac{\text{Settlement Price}_{(i)} - \text{Strike}_{(i)}}{\text{Strike}_{(i)}}$$

with:

"**Settlement Price_(i)**" equals the Settlement Price_(i) of the Underlying_(i), and

"**Strike_(i)**" equals the Strike_(i) of the Underlying_(i).

Where the "**Distributor Fee**" will be determined in accordance with the following formula:

$$NA \times [\text{Final Fee} \times \text{Max}(0; FCF \times (1 + FX \times P \times \text{Performance}_{\text{End}}) - 100\%)]$$

with:

"**NA**" equals the Nominal Amount,

"**Final Fee**" equals 10 %,

"**FCF**" equals the Fee Calculation Factor on the Observation Date_(i=25),

"**FX**" equals the FX Factor,

"**P**" equals the Participation Factor, and

"**Performance_{End}**" as defined above.

(3) Determinations and Calculations in connection with the Security Right

Any determination and calculation in connection with the Security Right, in particular the calculation of the Redemption Amount, will be made by the Calculation Agent (§ 12). Determinations and calculations made in this respect by the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Securityholders.

§ 2

(Intentionally left blank)

§ 3

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PART B – OFFERING AND SALE

I. Offering for Sale and Issue Price

Offering for Sale and Issue Price: The UBS Gearing Certificates (the “**Securities**”, and each a “**Security**”) are issued by the Issuer in the Issue Size.

It has been agreed that, on or after the respective Issue Date of the Securities, the Manager may purchase Securities and shall place the Securities for sale at the Issue Price under terms subject to change in the Public Offer Jurisdictions (as defined in “VI. Consent to Use of Prospectus” below).

The Issue Price will be fixed on the Fixing Date. As of the Fixing Date the selling price will then be adjusted on a continual basis to reflect the prevailing market situation.

The Manager shall be responsible for coordinating the entire Securities offering.

Issue Size: The Issue Size means 3,000 Securities (indicative).

The Issue Size will be fixed at the end of the Subscription Period.

Aggregate Amount of the Issue: Issue Price x Issue Size.

Issue Date: The Issue Date means 19 April 2016.

In the case of abbreviation or extension of the Subscription Period the Issue Date may be changed accordingly.

Issue Price: The Issue Price equals SEK 2,000.00 (indicative).

The Issue Price will, subject to a maximum of SEK 2,500.00, be fixed on the Fixing Date and will then be published without undue delay on www.ubs.com/keyinvest.

Manager: The Manager means UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom.

Type and form of the Securities: Certificates

Clearing system: Euroclear Sweden AB, Klarabergsviadukten 63, S-111 64 Stockholm, Sweden, or any successor in this capacity.

Security identification number(s) of the Securities: ISIN: CH0314206159
Valor: 31420615

Currency: The currency of the Securities is Swedish Krona (“**SEK**”).

II. Subscription, Purchase and Delivery of the Securities

Subscription, Purchase and Delivery of the Securities: The Securities may be subscribed from the Manager during normal banking hours during the Subscription Period. The Issue Price per Security is payable on the Initial Payment Date.

The Issuer reserves the right to earlier close or to extend the Subscription Period if market conditions so require.

After the Initial Payment Date, the appropriate number of Securities shall be credited to the investor's account in accordance with the rules of the corresponding Clearing System. If the Subscription Period is shortened or extended, the Initial Payment Date may also be brought forward or postponed.

Subscription Period: 24 February 2016 until 31 March 2016 (17:30 hrs local time Stockholm)

The Issuer reserves the right to earlier close or to extend the Subscription Period by giving notice to the investors if market conditions so require.

Start of the public offer of the Securities: 24 February 2016 in Sweden

Initial Payment Date: The Initial Payment Date means 19 April 2016.

In the case of abbreviation or extension of the Subscription Period the Initial Payment Date may be changed accordingly.

PART C – OTHER INFORMATION

I. Applicable specific risks

Applicable specific risks: In particular the specific risk factors, which are described in the Base Prospectus under the heading “Security specific Risks” and “Underlying specific Risks” related to the following product features are applicable to the Securities:

“risks related to Securities linked to an **Underlying**”

“product feature “**Participation Factor**” ”

“product feature “**Currency Conversion**” ”

“product feature “**Securityholder’s Termination Right**” does **not** apply”

“risks related to a **share** as the Underlying”

II. Listing and Trading

Listing and Trading: It is not intended to apply for inclusion of the Securities to trading on a securities exchange.

III. Commissions paid by the Issuer

Commissions paid by the Issuer:

- | | |
|---|---|
| (i) Underwriting and/or placing fee: | Not Applicable |
| (ii) Selling commission: | Not Applicable |
| (iii) Listing commission: | Not Applicable |
| (iv) Other: | <p>During the Term of the Securities, the Issuer will pay a fee, which is calculated by applying a percentage, as reflected in the annually decreased Fee Calculation Factor (as defined in Part 1 of the Product Terms “Key Terms and Definitions of the Securities”), to the current value of the Securities. Such payment will occur at or around the respective Annual Determination Date, with the last payment being made at or around the Expiration Date.</p> |

In addition, the Distributor Fee (as defined in § 1 (2) of Part 2 of the Product Terms “Special Conditions of the Securities”) will be paid at or around the Expiration Date.

IV. Any interests, including conflicting ones, of natural and legal persons involved that is material to the issue/offer of the Securities

Any interests, including conflicting ones, of natural and legal persons involved that is material to the issue/offer of the Securities: As far as the Issuer is aware, no person involved in the issue and offer of the Securities has an interest material to the issue and offer of the Securities.

V. Rating

Ratings: The Securities have not been rated.

VI. Consent to Use of Prospectus

The Issuer consents to the use of the Base Prospectus together with the relevant Final Terms in connection with a public offer of the Securities (a "**Public Offer**") by any financial intermediary (each an "**Authorised Offeror**") which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Offer Period: Subscription Period (as defined in "II. Subscription, Purchase and Delivery of the Securities" above)

Public Offer Jurisdiction: Sweden

VII. Indication of Yield

Yield: Not Applicable

VIII. Other information about the Securities

Authorisation: The issuance of Securities under the Base Prospectus from time to time has been authorised by applicable corporate authorisations.

Procedure for redemption of Securities: As specified in § 1 of the Conditions of the Securities Part 2: Product Terms: Special Conditions of the Securities of these Final Terms.

Disturbing events that affect the Underlyings: As specified in § 11 of the General Conditions of the Securities of the Base Prospectus dated 8 January 2016, as supplemented from time to time.

Adjustment rules for taking into account events that affect the Underlyings: As specified in § 6 (b) of the General Conditions of the Securities of the Base Prospectus dated 8 January 2016, as supplemented from time to time.

Explanation of how the Underlyings affect the Securities: As specified in the section OVERVIEW ON THE SECURITY STRUCTURE of these Final Terms.

Paying Agent: The Paying Agent means UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basle, Switzerland, acting through its London Branch, 1 Finsbury Avenue,

London EC2M 2PP, United Kingdom, and Skandinaviska Enskilda Banken, Stockholm (SEB), Kungsträdgårdsgatan 8, S-106 40 Stockholm, Sweden. The term "Paying Agent" shall also refer to all Paying Agents including the Principal Paying Agent.

Guarantor(s):

Not Applicable

Calculation Agent:

UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basle, Switzerland, acting through its London Branch, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom.

Information after the Issue Date:

The Issuer does not intend to give information about the Securities after the Issue Date.

PART D – COUNTRY SPECIFIC INFORMATION

Additional Paying Agent(s) (if any): Not Applicable

PART E – INFORMATION ABOUT THE UNDERLYING
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Johnson & Johnson (ISIN US4781601046)

Johnson & Johnson manufactures health care products and provides related services for the consumer, pharmaceutical, and medical devices and diagnostics markets. The company sells products such as skin and hair care products, acetaminophen products, pharmaceuticals, diagnostic equipment, and surgical equipment in countries located around the world.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet page www.jnj.com.

Merck & Co., Inc. (ISIN US58933Y1055)

Merck & Co., Inc. is a global health care company that delivers health solutions through its prescription medicines, vaccines, biologic therapies, animal health, and consumer care products, which it markets directly and through its joint ventures. The company has operations in pharmaceutical, animal health, and consumer care.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet page www.merck.com.

Pfizer Inc. (ISIN US7170811035)

Pfizer Inc. is a research-based, global pharmaceutical company that discovers, develops, manufactures, and markets medicines for humans and animals. The products of the company include prescription pharmaceuticals, nonprescription self-medications, and animal health products such as anti-infective medicines and vaccines.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet page www.pfizer.com.

Novartis AG (ISIN CH0012005267)

Novartis AG manufactures pharmaceutical and consumer healthcare products. The company produces pharmaceuticals for cardiovascular, respiratory and infectious diseases; oncology, neuroscience, transplantation, dermatology, gastrointestinal and urinary conditions, and arthritis; vaccines and diagnostics; vision, and animal health products.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet page www.novartis.com.

Roche Holding AG (non-voting equity security) (ISIN CH0012032048)

Roche Holding AG develops and manufactures pharmaceutical and diagnostic products. The company produces prescription drugs in the areas of cardiovascular, infectious, autoimmune, and respiratory diseases, dermatology, metabolic disorders, oncology, transplantation, and the central nervous system.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet page www.roche.com.

Novo Nordisk A/S (ISIN DK0060534915)

Novo Nordisk A/S develops, produces, and markets pharmaceutical products. The company focuses on diabetes care and offers insulin delivery systems and other diabetes products. Novo Nordisk A/S also works in areas such as haemostatis management, growth disorders, and hormone replacement therapy. The company offers educational and training materials. Novo Nordisk A/S markets worldwide.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet page www.novonordisk.com.

GlaxoSmithKline plc (ISIN GB0009252882)

GlaxoSmithKline plc is a research-based pharmaceutical company. The company develops, manufactures, and markets vaccines, prescription, and over-the-counter medicines, as well as health-related consumer products. GlaxoSmithKline plc provides products for infections, depression, skin conditions, asthma, heart & circulatory disease, and cancer.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet page www.gsk.com.

Bayer AG (ISIN DE000BAY0017)

Bayer AG produces and markets healthcare and agricultural products, and polymers. The company manufactures products that include aspirin, antibiotics, anti-infectives, and cardiovascular, oncology, and central nervous system drugs, over-the-counter medications, diagnostics, animal health products, crop protection products, plastics, and polyurethanes.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet page www.bayer.com.

Sanofi (ISIN FR0000120578)

Sanofi is a global pharmaceutical company that researches, develops and manufactures prescription pharmaceuticals and vaccines. The company develops cardiovascular, thrombosis, metabolic disorder, central nervous system, internal medicine and oncology drugs, and vaccines.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet page www.sanofi.com.

Takeda Pharmaceutical Company Limited (ISIN JP3463000004)

Takeda Pharmaceutical Company Limited mainly manufactures and sells pharmaceuticals, food supplements, and chemical products like polyurethane. The company also produces food, agrochemicals, and environment-related products such as pollution detectors. Takeda Pharmaceutical Company Limited researches, develops, and promotes the products through its related companies in the US, Europe, and Asia.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet pages www.takeda.com and www.jpx.co.jp/english.

ANNEX TO THE FINAL TERMS: ISSUE SPECIFIC SUMMARY

*This summary relates to UBS Gearing Certificates described in the final terms (the "**Final Terms**") to which this summary is annexed. This summary contains that information from the summary set out in the Base Prospectus which is relevant to the Securities together with the relevant information from the Final Terms. Words and expressions defined in the Final Terms and the Base Prospectus have the same meanings in this summary.*

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7).

This Summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

Element	Section A – Introduction and warnings	
A.1	Warning.	<p>This Summary should be read as an introduction to the Base Prospectus. Any decision to invest in the Securities should be based on consideration of the Base Prospectus as a whole by the investor.</p> <p>Potential investors should be aware that where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the respective European Economic Area member state, have to bear the costs of translating the document before the legal proceedings are initiated.</p> <p>Those persons who are responsible for the summary including any translations thereof, or who have initiated the preparation can be held liable, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, all required key information.</p> <p>UBS AG in its capacity as Issuer who is responsible for the summary including the translation thereof can be held liable, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, all required key information.</p>
A.2	Consent to use of Prospectus.	<p>The Issuer consents to the use of the Base Prospectus together with the relevant Final Terms in connection with a public offer of the Securities (a "Public Offer") by any financial intermediary (each an "Authorised Offeror") which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) on the following basis:</p> <ul style="list-style-type: none"> (a) the relevant Public Offer must occur during the Subscription Period (the "Offer Period"); (b) the relevant Public Offer may only be made in Sweden (the "Public Offer Jurisdiction"); (c) the relevant Authorised Offeror must be authorised to make such offers in the relevant Public Offer Jurisdiction under the Markets in

		<p>Financial Instruments Directive (Directive 2004/39/EC) and if any Authorised Offeror ceases to be so authorised then the above consent of the Issuer shall thereupon terminate;</p> <p>(d) any Authorised Offeror which is not a Manager must comply with the restrictions set out in "Subscription and Sale" as if it were a Manager.</p> <p>Authorised Offerors will provide information to investors on the terms and conditions of the Public Offer of the Securities at the time such Public Offer is made by the Authorised Offeror to the investor.</p>
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Element	Section B – Issuer	
B.1	Legal and commercial name of the issuer.	The legal and commercial name of the Issuer is UBS AG (the " Issuer " and together with its subsidiaries " UBS AG (consolidated) ", or " UBS AG Group " and together with UBS Group AG, the holding company of UBS AG, " UBS Group ", " Group ", " UBS " or " UBS Group AG (consolidated) ").
B.2	Domicile, legal form, legislation and country of incorporation of the issuer.	<p>The Issuer was incorporated under the name SBC AG on 28 February 1978 for an unlimited duration and entered in the Commercial Register of Canton Basel-City on that day. On 8 December 1997, the company changed its name to UBS AG. UBS AG in its present form was created on 29 June 1998 by the merger of Union Bank of Switzerland (founded 1862) and Swiss Bank Corporation (founded 1872). UBS AG is entered in the Commercial Registers of Canton Zurich and Canton Basel-City. The registration number is CHE-101.329.561.</p> <p>UBS AG is incorporated and domiciled in Switzerland and operates under the Swiss Code of Obligations as an <i>Aktiengesellschaft</i>, a stock corporation.</p> <p>The addresses and telephone numbers of UBS AG's two registered offices and principal places of business are: Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, telephone +41 44 234 1111; and Aeschenvorstadt 1, CH-4051 Basel, Switzerland, telephone +41 61 288 5050.</p>
B.4b	A description of any known trends affecting the issuer or the industries in which it operates.	<p>Trend Information</p> <p>As stated in the third quarter 2015 financial report of UBS Group AG published on 3 November 2015, many of the underlying macroeconomic challenges and geopolitical issues that UBS has highlighted in previous quarters remain and are unlikely to be resolved in the foreseeable future. In addition, recently proposed changes to the too big to fail regulatory framework in Switzerland will cause substantial ongoing interest costs for the firm. UBS also continues to see headwinds from interest rates which have not increased in line with market expectations, negative market performance in certain asset classes and the weak performance of the euro versus the Swiss franc during the year. UBS is executing the measures already announced to mitigate these effects as it progresses towards its targeted return on tangible equity in the short to medium term. UBS's strategy has proven successful in a variety of market conditions. UBS remains committed to its strategy and its disciplined execution in order to ensure the firm's long-term success and deliver sustainable returns for its shareholders.</p>
B.5	Description of the group and the issuer's position	UBS AG is a Swiss bank and the parent company of the UBS AG Group. UBS AG is 100% owned by UBS Group AG, which is the holding company of the UBS Group. The UBS Group operates as a group with five business

	within the group.	<p>divisions (Wealth Management, Wealth Management Americas, Retail & Corporate, Asset Management and the Investment Bank) and a Corporate Center.</p> <p>Over the past two years, UBS has undertaken a series of measures to improve the resolvability of the Group in response to too big to fail ("TBTf") requirements in Switzerland and other countries in which it operates, including establishing UBS Group AG as the holding company for the UBS Group.</p> <p>In June 2015, UBS AG transferred its Retail & Corporate and Wealth Management business booked in Switzerland to UBS Switzerland AG, a banking subsidiary of UBS AG in Switzerland.</p> <p>In the UK, UBS completed the implementation of a more self-sufficient business and operating model for UBS Limited, under which UBS Limited bears and retains a larger proportion of the risk and reward in its business activities.</p> <p>In the third quarter of 2015, UBS established UBS Business Solutions AG as a direct subsidiary of UBS Group AG, to act as the Group service company. UBS will transfer the ownership of the majority of its existing service subsidiaries to this entity. UBS expects that the transfer of shared service and support functions into the service company structure will be implemented in a staged approach through 2018. The purpose of the service company structure is to improve the resolvability of the Group by enabling UBS to maintain operational continuity of critical services should a recovery or resolution event occur.</p> <p>UBS AG has established a new subsidiary, UBS Americas Holding LLC, which UBS intends to designate as its intermediate holding company for its US subsidiaries prior to the 1 July 2016 deadline under new rules for foreign banks in the US pursuant to the Dodd-Frank Act. During the third quarter of 2015, UBS AG contributed its equity participation in its principal US operating subsidiaries to UBS Americas Holding LLC to meet the requirement under the Dodd-Frank Act that the intermediate holding company own all of UBS's US operations, except branches of UBS AG.</p> <p>UBS has established a new subsidiary of UBS AG, UBS Asset Management AG, into which it expects to transfer the majority of the operating subsidiaries of Asset Management during 2016. UBS continues to consider further changes to the legal entities used by Asset Management, including the transfer of operations conducted by UBS AG in Switzerland into a subsidiary of UBS Asset Management AG.</p> <p>UBS continues to consider further changes to the Group's legal structure in response to capital and other regulatory requirements, and in order to obtain any reduction in capital requirements for which the Group may be eligible. Such changes may include the transfer of operating subsidiaries of UBS AG to become direct subsidiaries of UBS Group AG, consolidation of operating subsidiaries in the European Union, and adjustments to the booking entity or location of products and services. These structural changes are being discussed on an ongoing basis with FINMA and other regulatory authorities, and remain subject to a number of uncertainties that may affect their feasibility, scope or timing.</p>
B.9	Profit forecast or estimate.	Not applicable; no profit forecast or estimate is included in this Prospectus.
B.10	Qualifications in the audit report.	Not applicable. There are no qualifications in the auditors' reports on the consolidated financial statements of UBS AG and the standalone financial

		statements of UBS AG for the years ended on 31 December 2013 and 31 December 2014.																																																																																																											
B.12	Selected historical key financial information.	<p>UBS AG derived the selected consolidated financial information included in the table below for the years ended 31 December 2012, 2013 and 2014 from its Annual Report 2014, which contains the audited consolidated financial statements of UBS AG, as well as additional unaudited consolidated financial information, for the year ended 31 December 2014 and comparative figures for the years ended 31 December 2013 and 2012. The selected consolidated financial information included in the table below for the nine months ended 30 September 2015 and 30 September 2014 was derived from the UBS AG third quarter 2015 financial report, which contains the unaudited consolidated financial statements of UBS AG, as well as additional unaudited consolidated financial information, for the nine months ended 30 September 2015 and comparative figures for the nine months ended 30 September 2014. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and stated in Swiss francs (CHF). In the opinion of management, all necessary adjustments were made for a fair presentation of the UBS AG consolidated financial position and results of operations. Information for the years ended 31 December 2012, 2013 and 2014 which is indicated as being unaudited in the table below was included in the Annual Report 2014 but has not been audited on the basis that the respective disclosures are not required under IFRS, and therefore are not part of the audited financial statements. Certain information which was included in the consolidated financial statements to the annual report 2013 was restated in the Annual Report 2014. The figures contained in the table below in respect of the year ended 31 December 2013 reflect the restated figures as contained in the Annual Report 2014. Prospective investors should read the whole of the documentation and should not rely solely on the summarized information set out below:</p>																																																																																																											
<table border="1"> <thead> <tr> <th rowspan="2"><i>CHF million, except where indicated</i></th> <th colspan="2">As of or for the nine months ended</th> <th colspan="3">As of or for the year ended</th> </tr> <tr> <th>30.9.15</th> <th>30.9.14</th> <th>31.12.14</th> <th>31.12.13</th> <th>31.12.12</th> </tr> <tr> <td></td> <td colspan="2"><i>unaudited</i></td> <td colspan="3"><i>audited, except where indicated</i></td> </tr> </thead> <tbody> <tr> <td>Results</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Operating income</td> <td>23,834</td> <td>21,281</td> <td>28,026</td> <td>27,732</td> <td>25,423</td> </tr> <tr> <td>Operating expenses</td> <td>18,655</td> <td>19,224</td> <td>25,557</td> <td>24,461</td> <td>27,216</td> </tr> <tr> <td>Operating profit/(loss) before tax</td> <td>5,179</td> <td>2,057</td> <td>2,469</td> <td>3,272</td> <td>(1,794)</td> </tr> <tr> <td>Net profit / (loss) attributable to UBS AG shareholders</td> <td>5,285</td> <td>2,609</td> <td>3,502</td> <td>3,172</td> <td>(2,480)</td> </tr> <tr> <td>Key performance indicators</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Profitability</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Return on tangible equity (%) ¹</td> <td>15.4</td> <td>8.3</td> <td>8.2*</td> <td>8.0*</td> <td>1.6*</td> </tr> <tr> <td>Return on assets, gross (%) ²</td> <td>3.2</td> <td>2.8</td> <td>2.8*</td> <td>2.5*</td> <td>1.9*</td> </tr> <tr> <td>Cost / income ratio (%) ³</td> <td>78.1</td> <td>90.3</td> <td>90.9*</td> <td>88.0*</td> <td>106.6*</td> </tr> <tr> <td>Growth</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Net profit growth (%) ⁴</td> <td>102.6</td> <td>15.7</td> <td>10.4*</td> <td>-</td> <td>-</td> </tr> <tr> <td>Net new money growth for combined wealth management businesses (%) ⁵</td> <td>2.0</td> <td>2.4</td> <td>2.5*</td> <td>3.4*</td> <td>3.2*</td> </tr> <tr> <td>Resources</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Common equity tier 1 capital ratio</td> <td>15.3</td> <td>13.7</td> <td>14.2*</td> <td>12.8*</td> <td>9.8*</td> </tr> </tbody> </table>			<i>CHF million, except where indicated</i>	As of or for the nine months ended		As of or for the year ended			30.9.15	30.9.14	31.12.14	31.12.13	31.12.12		<i>unaudited</i>		<i>audited, except where indicated</i>			Results						Operating income	23,834	21,281	28,026	27,732	25,423	Operating expenses	18,655	19,224	25,557	24,461	27,216	Operating profit/(loss) before tax	5,179	2,057	2,469	3,272	(1,794)	Net profit / (loss) attributable to UBS AG shareholders	5,285	2,609	3,502	3,172	(2,480)	Key performance indicators						Profitability						Return on tangible equity (%) ¹	15.4	8.3	8.2*	8.0*	1.6*	Return on assets, gross (%) ²	3.2	2.8	2.8*	2.5*	1.9*	Cost / income ratio (%) ³	78.1	90.3	90.9*	88.0*	106.6*	Growth						Net profit growth (%) ⁴	102.6	15.7	10.4*	-	-	Net new money growth for combined wealth management businesses (%) ⁵	2.0	2.4	2.5*	3.4*	3.2*	Resources						Common equity tier 1 capital ratio	15.3	13.7	14.2*	12.8*	9.8*
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	(fully applied, %) ^{6,7}					
	Leverage ratio (phase-in, %) ^{8,9}	5.3	5.4	5.4*	4.7*	3.6*
	Additional information					
	Profitability					
	Return on equity (RoE) (%) ¹⁰	13.3	7.1	7.0*	6.7*	(5.1)*
	Return on risk-weighted assets, gross (%) ¹¹	14.6	12.4	12.4*	11.4*	12.0*
	Resources					
	Total assets	981,891	1,044,899	1,062,327	1,013,355	1,259,797
	Equity attributable to UBS AG shareholders	54,126	50,824	52,108	48,002	45,949
	Common equity tier 1 capital (fully applied) ⁷	33,183	30,047	30,805	28,908	25,182*
	Common equity tier 1 capital (phase-in) ⁷	40,581	42,464	44,090	42,179	40,032*
	Risk-weighted assets (fully applied) ⁷	217,472	219,296	217,158*	225,153*	258,113*
	Risk-weighted assets (phase-in) ⁷	221,410	222,648	221,150*	228,557*	261,800*
	Common equity tier 1 capital ratio (phase-in, %) ^{6,7}	18.3	19.1	19.9*	18.5*	15.3*
	Total capital ratio (fully applied, %) ⁷	19.9	18.7	19.0*	15.4*	11.4*
	Total capital ratio (phase-in, %) ⁷	23.7	24.9	25.6*	22.2*	18.9*
	Leverage ratio (fully applied, %) ^{8,9}	4.6	4.2	4.1*	3.4*	2.4*
	Leverage ratio denominator (fully applied) ⁹	949,548	980,669	999,124*	1,015,306*	1,206,214*
	Leverage ratio denominator (phase-in) ⁹	955,027	987,327	1,006,001*	1,022,924*	1,216,561*
	Other					
	Invested assets (CHF billion) ¹²	2,577	2,640	2,734	2,390	2,230
	Personnel (full-time equivalents)	58,502	60,292	60,155*	60,205*	62,628*
	* unaudited					
	<p>¹ Net profit / loss attributable to UBS AG shareholders before amortization and impairment of goodwill and intangible assets (annualized as applicable) / average equity attributable to UBS AG shareholders less average goodwill and intangible assets. ² Operating income before credit loss (expense) or recovery (annualized as applicable) / average total assets. ³ Operating expenses / operating income before credit loss (expense) or recovery. ⁴ Change in net profit attributable to UBS AG shareholders from continuing operations between current and comparison periods / net profit attributable to UBS AG shareholders from continuing operations of comparison period. Not meaningful and not included if either the reporting period or the comparison period is a loss period. ⁵ Combined Wealth Management's and Wealth Management Americas' net new money for the period (annualized as applicable) / invested assets at the beginning of the period. Based on adjusted net new money which excludes the negative effect on net new money (third quarter of 2015: 3.3 billion; second quarter of 2015: CHF 6.6 billion) in Wealth Management from UBS's balance sheet and capital optimization efforts in the second quarter of 2015. ⁶ Common equity tier 1 capital / risk-weighted assets. ⁷ Based on the Basel III framework as applicable to Swiss systemically relevant banks (SRB), which became effective in Switzerland on 1 January 2013. The information provided on a fully applied basis entirely reflects the effects of the new capital deductions and the phase out of ineligible capital instruments. The information provided on a phase-in basis gradually reflects those effects during the transition period. Numbers for 31 December 2012 are calculated on an estimated basis described below and are referred to as "pro-forma". The term "pro-forma" as used in this prospectus does not refer to the term "pro forma financial information" within the meaning of Regulation (EC) 809/2004. Some of the models applied when calculating 31 December 2012 pro-forma information required regulatory approval and included estimates (as discussed with UBS's primary regulator) of the effect of new capital charges. These figures are not required to be presented, because Basel III requirements were not in effect on 31 December 2012. They are nevertheless included for comparison reasons. ⁸ Common equity tier 1 capital and loss-absorbing capital / total adjusted exposure (leverage ratio denominator). ⁹ In accordance with Swiss SRB rules. The Swiss SRB leverage ratio came into force on 1 January 2013. Numbers for 31 December 2012 are on a pro-forma basis (see footnote 7 above). ¹⁰ Net profit / loss attributable to UBS AG shareholders (annualized as applicable) / average equity attributable to UBS AG shareholders. ¹¹ Based on Basel III risk-weighted assets (phase-in) for 2015, 2014 and 2013, and on Basel 2.5 risk-weighted assets for 2012. ¹² Includes invested assets for Retail & Corporate.</p>					
	Material	adverse	There has been no material adverse change in the prospects of UBS AG or			

	change statement.	UBS AG Group since 31 December 2014.
	Significant changes statement.	There has been no significant change in the financial or trading position of UBS AG Group since 30 September 2015.
B.13	Any recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency	Not applicable, no recent events particular to UBS AG have occurred, which are to a material extent relevant to the evaluation of the UBS AG's solvency.
B.14	Description of the group and the issuer's position within the group. Dependence upon other entities within the group.	Please see element B.5 UBS AG is the parent company of the UBS AG Group. As such, to a certain extent, it is dependent on certain of its subsidiaries.
B.15	Issuer's principal activities.	UBS AG with its subsidiaries is committed to providing private, institutional and corporate clients worldwide, as well as retail clients in Switzerland, with superior financial advice and solutions, while generating attractive and sustainable returns for shareholders. UBS's strategy centers on its Wealth Management and Wealth Management Americas businesses and its leading (in its own opinion) universal bank in Switzerland, complemented by Asset Management and its Investment Bank. In UBS's opinion, these businesses share three key characteristics: they benefit from a strong competitive position in their targeted markets, are capital-efficient, and offer a superior structural growth and profitability outlook. UBS's strategy builds on the strengths of all of its businesses and focuses its efforts on areas in which UBS excels, while seeking to capitalize on the compelling growth prospects in the businesses and regions in which it operates. Capital strength is the foundation of UBS's success. The operational structure of the Group is comprised of the Corporate Center and five business divisions: Wealth Management, Wealth Management Americas, Retail & Corporate, Asset Management and the Investment Bank. According to article 2 of the Articles of Association of UBS AG, dated 7 May 2015 (" Articles of Association "), the purpose of UBS AG is the operation of a bank. Its scope of operations extends to all types of banking, financial, advisory, trading and service activities in Switzerland and abroad. UBS AG may establish branches and representative offices as well as banks, finance companies and other enterprise of any kind in Switzerland and abroad, hold equity interests in these companies, and conduct their management. UBS AG is authorized to acquire, mortgage and sell real estate and building rights in Switzerland and abroad. UBS AG may provide loans, guarantees and other kinds of financing and security for Group companies and borrow and invest money on the money and capital markets.
B.16	Direct or indirect shareholdings or control agreements of the issuer.	UBS Group AG owns 100% of the outstanding shares of UBS AG.

Element	Section C – Securities	
C.1	Type and the class of the securities, security identification number.	<p>Type and Form of Securities The Securities are certificates.</p> <p>The Securities (also the “Swedish Securities”) are cleared through Euroclear Sweden AB (“Euroclear Sweden”) as the relevant Clearing System and are issued in uncertificated and dematerialised book-entry form, and registered at Euroclear Sweden in accordance with the <i>Swedish Financial Instruments Accounts Act (lag (1998:1479) om kontoföring av finansiella instrument)</i>. No physical securities, such as global temporary or permanent securities or definitive securities will be issued in respect of Swedish Securities.</p> <p>Security identification number(s) of the Securities</p> <p>ISIN: CH0314206159 Valor: 31420615</p>
C.2	Currency of the securities.	Swedish Krona (“ SEK ”) (the “ Redemption Currency ”).
C.5	Restrictions on the free transferability of the securities.	Not applicable. There are no restrictions on the free transferability of the Securities.
C.8	Rights attached to the securities, including ranking and limitations to those rights.	<p>Governing law of the Securities The Securities will be governed by German law (“German law governed Securities”).</p> <p>The legal effects of the registration of the Securities with the relevant Clearing System are governed by the laws of the jurisdiction of the Clearing System.</p> <p>Rights attached to the Securities The Securities provide, subject to the Conditions of the Securities, Securityholders, at maturity or upon exercise, with a claim for payment of the Redemption Amount in the Redemption Currency.</p> <p>Limitation of the rights attached to the Securities Under the conditions set out in the Conditions, the Issuer is entitled to terminate the Securities and to make certain adjustments to the Conditions.</p> <p>Status of the Securities The Securities will constitute direct, unsecured and unsubordinated obligations of the Issuer, ranking <i>pari passu</i> among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer, other than obligations preferred by mandatory provisions of law.</p>
C.11	Admission to trading on a regulated market or other equivalent markets.	It is not intended to apply for inclusion of the Securities to trading on a securities exchange.
C.15	Influence of the underlying on the value of the securities.	The value of the Securities during their term depends on the performance of the Underlyings. In case the price of the Underlyings increases, also the value of the Securities (disregarding any special features of the Securities) is likely to increase.

	<p>In particular, the Redemption Amount, if any, to be received by the Securityholder upon exercise of the Securities depends on the performance of the Underlyings.</p> <p>The following features are examples describing the dependency of the value of the Securities from the Underlyings:</p> <p>UBS Gearing Securities</p> <p>UBS Gearing Securities allow Securityholders to participate in the positive development of the Underlying(s). Conversely, Securityholders in UBS Gearing Securities may also participate in the negative development of the Underlying(s), as the UBS Gearing Securities may provide downside risk potential as specified in the applicable Product Terms. UBS Gearing Securities may also allow Securityholders to participate in the positive development of the Underlying relative to another Underlying. Conversely, Securityholders in UBS Gearing Securities may participate in the negative development of the Underlying relative to another Underlying.</p> <p>UBS Gearing Securities also exist in a so-called "Put" version. In such case Securityholders participate positively in the negative development of the Underlying(s). Conversely, Securityholders in UBS Gearing Securities (Put) may also participate in the positive development of the Underlying(s), as the UBS Gearing Securities (Put) may provide upside risk potential as specified in the applicable Product Terms. UBS Gearing Securities (Put) may also allow Securityholders to participate in the negative development of the Underlying relative to another Underlying. Conversely, Securityholders in UBS Gearing Securities (Put) may participate in the positive development of the Underlying relative to another Underlying.</p> <p>UBS Gearing Securities may expire worthless upon the unfavourable development of the Underlying(s) beyond a certain value, as specified in the applicable Product Terms.</p> <p>Securityholders receive on the Maturity Date a Redemption Amount in the Redemption Currency, the amount of which depends on the Reference Price or the Settlement Price of the Underlying(s), as specified in the relevant Product Terms. The Redemption Amount is typically calculated by multiplying the Nominal Amount or such other amount as specified in the applicable Product Terms with the relevant performance of the Underlying(s), thereafter multiplied by the Participation Factor, the Leverage Factor or the Multiplier, but may also take other factors into account, as specified in the applicable Product Terms.</p> <p>The Redemption Amount may be determined by reference to the performance of one or more Underlying(s), as specified in the relevant Product Terms.</p> <p>The following descriptions of several performance structures might be used for the Securities described in the section above, if applicable.</p> <p><u>Underlyings</u></p> <p>Securities can either depend on one single Underlying, a basket of Underlyings, the best performing Underlying(s), the worst performing Underlying(s) or a combination of those. Basket performances are calculated as the weighted average of the performances of the individual Underlying(s).</p> <p>The weightings can either be predefined or be defined during the life of the product depending on certain conditions. Weights can for example depend on the relative performance of the Underlyings or the realised</p>
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		<p>volatility of the Underlying(s).</p> <p><u>Performances</u></p> <p>In principle, the value of the Securities (disregarding any special features of the Securities) is likely to increase, in case the price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Components, increases. In case the price of the Underlying or Basket Components decreases, also the value of the Securities (disregarding any special features of the Securities) is likely to decrease.</p> <p>In contrast thereto, Securities may, if so specified in the relevant Product Terms, provide for a so-called reverse structure. In this case the Securities (irrespective of the other features attached to the Securities or of any other factors, which may be relevant for the value of the Securities) depreciate in value, if the price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Components, increases, or the Securities increase in value, if the price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Components, decreases.</p> <p>The performance or levels of the Underlying(s) can be measured in various ways.</p> <p>Usually the performance is measured as the final level of the Underlying(s) as a percentage of the initial level of the Underlying(s). However the final level and/or the initial level can also either be defined as the average/maximum/minimum level of the Underlying(s) observed within a certain period. The initial level does not necessarily need to be observed on the strike date of the product but can also be observed during the life of the product.</p> <p>Performance can also be measured as the relative performance of one or more Underlying(s) relative to the performance of one or more different Underlying(s).</p> <p>Performances can also have a predefined or a variable and/or conditional cap. This means Securityholders accept a limitation of earning potential ("Cap") and may only participate in possible price increases (or decreases) of the Underlying(s) until a certain level is reached and no further. Additionally, performances can also have a predefined or a variable and/or conditional floor. This means Securityholders will have a minimum of earning potential ("Floor") and may only negatively participate in possible price decreases (or increases) of the Underlying(s) until a certain level is reached and no further.</p> <p><u>Barriers</u></p> <p>Products can have barriers that are activated as soon as certain conditions are met. Usually these barriers represent certain levels to be reached by the Underlying(s) on certain observation dates.</p> <p>Barriers can either be triggered by Underlying(s), performances or other measures reaching certain predefined levels. Some barriers are only triggered if more than one condition is met.</p> <p>Barriers can be either defined to be observed only on certain dates or continuously.</p> <p>Barriers either lead to the removal (Kick-Out) or addition (Kick-In) of certain features of the Securities. Features which are added or removed are for</p>
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		<p>example coupons, participations or Underlying(s).</p> <p><u>Lock-In and Final Lock-In</u> The relevant Product Terms may provide for a “Lock-In” feature, which means that certain amounts or performances, as specified in the Product Terms, will in the case of the occurrence of a predetermined lock-in event be “locked-in”, i.e. fixed, set aside or otherwise economically preserved, as specified in the Product Terms. To the extent and under the conditions of applicable other features described in this section 13 of the Base Prospectus and as further specified in the applicable Product Terms, Securityholders do still participate in the future performance of the Underlying or, as the case may be, the Basket Components.</p> <p>If the relevant Product Terms specify that a “Final Lock-In” feature applies, certain amounts or performances, as specified in the Product Terms, will in the case of the occurrence of a predetermined lock-in event be “locked-in” to an extent that the participation of the Securityholders in the future performance of the Underlying or, as the case may be, the Basket Components is limited or even excluded.</p> <p><u>Automatic Termination Feature</u> If the relevant Product Terms specify that the Automatic Termination feature applies, then the Securities may be terminated and redeemed early upon the occurrence of an automatic termination event (including, but not limited to, a Stop Loss Event or Knock Out Event).</p> <p><u>Investment Strategies</u> Performance can be defined as the hypothetical performance of a certain predefined investment strategy. This can for example be a strategy that invests into the Underlying(s) only on certain predefined dates. Another example would be a strategy that invests into the Underlying(s) dependent on the realised volatility, performance, momentum or other metric of the Underlying(s) level over the life of the product.</p> <p><u>Bearish/Bullish/Variable Participation Rate</u> Participation is usually proportional with a certain rate (which can itself be dependent on certain pre-conditions for example the performance of one or more Underlying(s)) and can be either negative or positive.</p> <p><u>Currency Conversion</u> The Securityholder’s right vested in the Securities may be determined on the basis of a currency other than the Redemption Currency, currency unit or calculation unit, and also the value of the Underlying or, as the case may be, the Basket Components may be determined in such a currency other than the Redemption Currency, currency unit or calculation unit. The currency exchange rate to be used to determine the Redemption Amount can either be predefined (quanto feature) or variable.</p> <p><u>Coupons/Interest Amounts/Other Proceeds</u> If the relevant Product Terms specify unconditional Coupon, Interest Amount or other proceeds to apply, the Securityholder is entitled to receive payment of the relevant Coupon, Interest Amount or other proceeds, as specified in the applicable Product Terms.</p> <p>If the relevant Product Terms specify conditional Coupon, Interest Amount or other proceeds to apply, the Securityholder is entitled to receive payment of the relevant Coupon, Interest Amount or other proceeds provided that relevant conditions are met. If, in case of a conditional Coupon, Interest Amount or other proceeds, these requirements are not met, no Coupon, Interest Amount or other proceeds are paid.</p> <p>During their term products can therefore generate regular income.</p>
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C.16	Expiration or maturity date, the exercise date or final reference date.	Maturity Date: 30 September 2022 Expiration Date: 20 September 2022
C.17	Settlement procedure of the derivative securities.	<p>Payments shall, in all cases subject to any applicable fiscal or other laws and regulations in the place of payment or other laws and regulations to which the Issuer agrees to be subject, be made in accordance with the relevant CA Rules to the relevant Clearing System or the relevant intermediary or to its order for credit to the accounts of the relevant account holders of the Clearing System or the relevant intermediary.</p> <p>The Issuer shall be discharged from its redemption obligations or any other payment or delivery obligations under the Conditions of the Securities by payment and/or delivery to the Clearing System in the manner described above.</p>
C.18	A description of how the return on derivative securities takes place.	Securityholders will receive on the relevant Maturity Date payment of the Redemption Amount.

C.19	Exercise price or final reference price of the underlying.	Settlement Price
C.20	Type of the underlying and where the information on the underlying can be found.	<p>Type of Underlying: shares</p> <p>Johnson & Johnson Merck & Co., Inc. Pfizer Inc. Novartis AG Roche Holding AG (non-voting equity security) Novo Nordisk A/S Glaxo Smith Kline plc Bayer AG Sanofi Takeda Pharmaceutical Company Limited</p> <p>Information about the past and the further performance of the Underlyings and their volatility can be obtained on the web-site of:</p> <p>www.jnj.com www.merck.com www.pfizer.com www.novartis.com www.roche.com www.novonordisk.com www.gsk.com www.bayer.com www.sanofi.com www.takeda.com and www.jpx.co.jp/english</p>

Element	Section D – Risks	
D.2	Key information on the key risks that is specific and individual to the issuer.	<p>The Securities entail an issuer risk, also referred to as debtor risk or credit risk for prospective investors. An issuer risk is the risk that UBS AG becomes temporarily or permanently unable to meet its obligations under the Securities.</p> <p>General insolvency risk</p> <p>Each investor bears the general risk that the financial situation of the Issuer could deteriorate. The debt or derivative securities of the Issuer will constitute immediate, unsecured and unsubordinated obligations of the Issuer, which, in particular in the case of insolvency of the Issuer, rank pari passu with each other and all other current and future unsecured and unsubordinated obligations of the Issuer, with the exception of those that have priority due to mandatory statutory provisions. The Issuer's obligations relating to the Securities are not protected by any statutory or voluntary deposit guarantee system or compensation scheme. In the event of insolvency of the Issuer, investors may thus experience a total loss of their investment in the Securities.</p> <p>UBS AG as Issuer and UBS are subject to various risks relating to their business activities. Summarised below are the risks that may impact the Group's ability to execute its strategy, and affect its business activities, financial condition, results of operations and prospects, which the Group considers material and is presently aware of:</p> <ul style="list-style-type: none"> On 15 January 2015, the Swiss National Bank ("SNB") discontinued the minimum targeted exchange rate for the Swiss

		<p>franc versus the euro, which had been in place since September 2011. At the same time, the SNB lowered the interest rate on deposit account balances at the SNB that exceed a given exemption threshold by 50 basis points to negative 0.75%. It also moved the target range for three-month LIBOR to between negative 1.25% and negative 0.25%, (previously negative 0.75% to positive 0.25%). These decisions resulted in an immediate, considerable strengthening of the Swiss franc against the euro, US dollar, British pound, Japanese yen and several other currencies, as well as a reduction in Swiss franc interest rates. The longer-term rate of the Swiss franc against these other currencies is not certain, nor is the future direction of Swiss franc interest rates. Several other central banks have likewise adopted a negative-interest-rate policy. Fluctuation in foreign exchange rates and continuing low or negative interest rates may have a detrimental effect on UBS Group's capital strength, UBS Group's liquidity and funding position, and UBS Group's profitability.</p> <ul style="list-style-type: none"> • Regulatory and legal changes may adversely affect UBS's business and ability to execute its strategic plans. The planned and potential regulatory and legislative developments in Switzerland and in other jurisdictions in which UBS has operations may have a material adverse effect on UBS's ability to execute its strategic plans, on the profitability or viability of certain business lines globally or in particular locations, and in some cases on UBS's ability to compete with other financial institutions. The developments have been, and are likely to continue to be, costly to implement and could also have a negative impact on UBS's legal structure or business model, potentially generating capital inefficiencies and affecting UBS's profitability. The uncertainty related to, or the implementation of, legislative and regulatory changes may have a negative impact on UBS's relationships with clients and its success in attracting client business. • UBS's capital strength is important in supporting its strategy, client franchise and competitive position. Any increase in risk-weighted assets or reduction in eligible capital could materially reduce UBS's capital ratios. Additionally, UBS is subject to a minimum leverage ratio requirement for Swiss systemically relevant banks ("SRB"), which under certain circumstances could constrain UBS's business activities even if UBS satisfies other risk-based capital requirements. • UBS may not be successful in completing its announced strategic plans or its plans may be delayed or market events may adversely affect the implementation of the plan or the effects of its plans may differ from those intended. UBS is also exposed to possible outflows of client assets in its asset-gathering businesses and to changes affecting the profitability of its Wealth Management business division, and may not be successful in implementing changes in its businesses to meet changing market, regulatory and other conditions. • Material legal and regulatory risks arise in the conduct of UBS's business. UBS is subject to a large number of claims, disputes, legal proceedings and government investigations and expects that its ongoing business activities will continue to give rise to such matters in the future. The extent of UBS's financial exposure to these and other matters is material and could substantially exceed the level of provisions that UBS has established for litigation, regulatory and similar matters. Litigation, regulatory and similar matters may also result in non-monetary penalties and
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		<p>availability of funding of the types required could change due to, among other things, general market disruptions, widening credit spreads, more stringent capital, liquidity and funding requirements or reductions in UBS's credit ratings, which could also influence the cost of funding.</p> <ul style="list-style-type: none"> • UBS might be unable to identify or capture revenue or competitive opportunities, or retain and attract qualified employees. UBS's competitive strength and market position could be eroded if UBS is unable to identify market trends and developments, does not respond to them by devising and implementing adequate business strategies, adequately developing or updating technology, particularly in the trading businesses, or is unable to attract or retain the qualified people needed to carry them out. • UBS's financial results may be negatively affected by changes to accounting standards. Changes to IFRS or interpretations thereof may cause UBS's future reported results and financial position to differ from current expectations, or historical results to differ from those previously reported due to the adoption of accounting standards on a retrospective basis. Such changes may also affect UBS's regulatory capital and ratios. • UBS's financial results may be negatively affected by changes to assumptions supporting the value of its goodwill. If assumptions in future periods deviate from the current outlook, the value of UBS's goodwill may become impaired in the future, giving rise to losses in the income statement. • The effect of taxes on UBS's financial results is significantly influenced by reassessments of its deferred tax assets. UBS's full year effective tax rate could change significantly on the basis of such reassessments. • The Group's stated capital returns objective is based, in part, on capital ratios that are subject to regulatory change and may fluctuate significantly. UBS has committed to return at least 50% of its net profit to shareholders as capital returns, provided its fully applied CET1 capital ratio is at least 13% and its post-stress fully applied CET1 capital ratio is at least 10%. However, the Group's ability to maintain a fully applied CET1 capital ratio of at least 13% is subject to numerous risks, including the results of the business, changes to capital standards, methodologies and interpretation that may adversely affect the Group's calculated fully applied CET1 capital ratio, imposition of risk add-ons or additional capital requirements such as additional capital buffers. Additionally, changes in the methodology, assumptions, stress scenario and other factors may result in material changes in UBS's post-stress fully applied CET1 capital ratio. • UBS AG's operating results, financial condition and ability to pay obligations in the future may be affected by funding, dividends and other distributions received from UBS Switzerland AG or any other direct subsidiary, which may be subject to restrictions. The ability of such subsidiaries to make loans or distributions (directly or indirectly) to UBS AG may be restricted as a result of several factors, including restrictions in financing agreements and the requirements of applicable law and regulatory and fiscal or other restrictions. Restrictions and regulatory action of this kind could impede access to funds that UBS Group may need to make payments. Furthermore, UBS AG may guarantee some of the
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		<p>payment obligations of certain of its subsidiaries from time to time. Additionally, in connection with the transfer of the Retail & Corporate and Wealth Management business booked in Switzerland from UBS AG to UBS Switzerland AG, which has become effective in June 2015, under the Swiss Merger Act UBS AG is jointly liable for obligations existing on the asset transfer date that are have been transferred to UBS Switzerland AG. These guarantees may require UBS AG to provide substantial funds or assets to subsidiaries or their creditors or counterparties at a time when UBS AG is in need of liquidity to fund its own obligations.</p> <p>However, because the business of a broad-based international financial services firm such as UBS is inherently exposed to risks that become apparent only with the benefit of hindsight, risks of which UBS is not presently aware or which it currently does not consider to be material could also impact its ability to execute its strategy and affect its business activities, financial condition, results of operations and prospects.</p>
D.3	Key information on the risks that are specific and individual to the securities.	<p>Potential investors of the Securities should recognise that the Securities constitute a risk investment which can lead to a total loss of their investment in the Securities. Securityholders will incur a loss, if the amount received in accordance with the Conditions of the Securities is below the purchase price of the Securities (including the transaction costs). Any investor bears the risk of the Issuer's financial situation worsening and the potential subsequent inability of the Issuer to pay its obligations under the Securities. Potential investors must therefore be prepared and able to sustain a partial or even a total loss of the invested capital. Any investors interested in purchasing the Securities should assess their financial situation, to ensure that they are in a position to bear the risks of loss connected with the Securities.</p> <p><u>Special risks related to specific features of the Security structure</u></p> <p>Potential investors should be aware that the amount of the Redemption Amount payable in accordance with the Conditions of the Securities depends on the performance of the Underlying. In case of an unfavourable development of the price of the Underlying, any amount received under the Securities may be lower than expected by the investors and may even be equal to zero. In such case the Securityholders will incur a total loss of its investment (including any transaction costs).</p> <p>Potential investors should consider that the application of the Participation Factor within the determination of the Security Right results in the Securities being in economic terms similar to a direct investment in the Underlying, but being nonetheless not fully comparable with such a direct investment, in particular because the Securityholders do not participate in the relevant performance of the Underlying by a 1:1 ratio, but by the proportion of the Participation Factor.</p> <p>Potential investors should consider that the Securityholder's right vested in the Securities is determined on the basis of a currency other than the Redemption Currency, currency unit or calculation unit, and also the value of the Underlying is determined in such a currency other than the Redemption Currency, currency unit or calculation unit. Potential investors should, therefore, be aware that investments in these Securities could entail risks due to fluctuating exchange rates, and that the risk of loss does not depend solely on the performance of the Underlying, but also on unfavourable developments in the value of the foreign currency, currency unit or calculation unit.</p> <p>Such developments can additionally increase the Securityholders' exposure</p>

		<p>to losses, because an unfavourable performance of the relevant currency exchange rate may correspondingly decrease the value of the purchased Securities during their term or, as the case may be, the level of the Redemption Amount, if any. Currency exchange rates are determined by factors of offer and demand on the international currency exchange markets, which are themselves exposed to economic factors, speculations and measures by governments and central banks (for example monetary controls or restrictions).</p> <p>Potential investors should consider that Securityholders do not have a termination right and the Securities may, hence, not be terminated by the Securityholders during their term. Prior to the maturity of the Securities the realisation of the economic value of the Securities (or parts thereof), is, unless the Securities have been subject to early redemption or termination by the Issuer in accordance with the Conditions of the Securities or, if so specified in the relevant Final Terms, an exercise of the Security Right by the Securityholders in accordance with the Conditions of the Securities, only possible by way of selling the Securities.</p> <p>Selling the Securities requires that market participants are willing to acquire the Securities at a certain price. In case that no market participants are readily available, the value of the Securities may not be realised. The issuance of the Securities does not result in an obligation of the Issuer towards the Securityholders to compensate for this or to repurchase the Securities.</p> <p><u>General risks related to the Securities</u></p> <p><i>Effect of downgrading of the Issuer's rating</i> The general assessment of the Issuer's creditworthiness may affect the value of the Securities. As a result, any downgrading of the Issuer's rating by a rating agency may have a negative impact on the value of the Securities.</p> <p><i>Ratings are not Recommendations</i> The ratings of UBS AG as Issuer should be evaluated independently from similar ratings of other entities, and from the rating, if any, of the debt or derivative securities issued. A credit rating is not a recommendation to buy, sell or hold securities issued or guaranteed by the rated entity and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency.</p> <p>A rating of the Securities, if any, is not a recommendation to buy, sell or hold the Securities and may be subject to revision or withdrawal at any time by the relevant rating agency. Each rating should be evaluated independently of any other securities rating, both in respect of the rating agency and the type of security. Furthermore, rating agencies which have not been hired by the Issuer or otherwise to rate the Securities could seek to rate the Securities and if such "unsolicited ratings" are lower than the equivalent rating assigned to the Securities by the relevant hired rating agency, such ratings could have an adverse effect on the value of the Securities.</p> <p><i>Securityholders are exposed to the risk of a bail-in</i> The Issuer and the Securities are subject to the Swiss Banking Act and the Swiss Financial Market Supervisory Authority's ("FINMA") bank insolvency ordinance, which empowers FINMA as the competent resolution authority to in particular apply under certain circumstances certain resolution tools to credit institutions. These measures include in particular the write-down or conversion of securities into common equity of such credit institution (the so called bail-in). A write-down or conversion would have the effect that</p>
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		<p>the Issuer would insofar be released from its obligations under the Securities. Securityholders would have no further claim against the Issuer under the Securities. The resolution tools may, hence, have a significant negative impact on the Securityholders' rights by suspending, modifying and wholly or partially extinguishing claims under the Securities. In the worst case, this can lead to a total loss of the Securityholders' investment in the Securities.</p> <p>Such legal provisions and/or regulatory measures may severely affect the rights of the Securityholders and may have a negative impact on the value of the Securities even prior to any non-viability or resolution in relation to the Issuer.</p> <p><i>The Conditions of the Securities do not contain any restrictions on the Issuer's or UBS's ability to restructure its business</i></p> <p>The Conditions of the Securities contain no restrictions on change of control events or structural changes, such as consolidations or mergers or demergers of the Issuer or the sale, assignment, spin-off, contribution, distribution, transfer or other disposal of all or any portion of the Issuer's or its subsidiaries' properties or assets in connection with the announced changes to its legal structure or otherwise and no event of default, requirement to repurchase the Securities or other event will be triggered under the Conditions of the Securities as a result of such changes. There can be no assurance that such changes, should they occur, would not adversely affect the credit rating of the Issuer and/or increase the likelihood of the occurrence of an event of default. Such changes, should they occur, may adversely affect the Issuer's ability to pay interest on the Securities and/or lead to circumstances in which the Issuer may elect to cancel such interest (if applicable).</p> <p><i>Termination and Early Redemption at the option of the Issuer</i></p> <p>Potential investors in the Securities should furthermore be aware that the Issuer is, pursuant to the Conditions of the Securities, under certain circumstances, entitled to terminate and redeem the Securities in total prior to the scheduled Maturity Date. In this case the Securityholder is in accordance with the Conditions of the Securities entitled to demand the payment of a redemption amount in relation to this early redemption. However, the Securityholder is not entitled to request any further payments on the Securities after the relevant termination date. Furthermore, the Termination Amount, if any, payable in the case of an early redemption of the Securities by the Issuer can be considerably below the amount, which would be payable at the scheduled end of the term of the Securities.</p> <p>The Securityholder, therefore, bears the risk of not participating in the performance of the Underlying to the expected extent and during the expected period.</p> <p>In the case of a termination of the Securities by the Issuer, the Securityholder bears the risk of a reinvestment, <i>i.e.</i> the investor bears the risk that it will have to re-invest the Termination Amount, if any, paid by the Issuer in the case of termination at market conditions, which are less favourable than those prevailing at the time of the acquisition of the Securities.</p> <p><i>Adverse impact of adjustments of the Security Right</i></p> <p>There is the risk that certain events occur or certain measures are taken (by parties other than the Issuer) in relation to the Underlying, which potentially lead to changes to the Underlying or result in the underlying concept of the Underlying being changed, so-called Potential Adjustment Events. In the case of the occurrence of a Potential Adjustment Event, the Issuer shall be entitled to effect adjustments according to the Conditions of</p>
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		<p>the Securities to account for these events or measures. These adjustments might have a negative impact on the value of the Securities.</p> <p><i>Substitution of the Issuer</i> Provided that the Issuer is not in default with its obligations under the Securities, the Issuer is in accordance with the Conditions of the Securities, at any time entitled, without the consent of the Securityholders, to substitute another company within the UBS Group as issuer (the “Substitute Issuer”) with respect to all obligations under or in connection with the Securities.</p> <p>This may impact any listing of the Securities and, in particular, it may be necessary for the Substitute Issuer to reapply for listing on the relevant market or stock exchange on which the Securities are listed. In addition, following such a substitution, Securityholders will become subject to the credit risk of the Substitute Issuer.</p> <p><i>Trading in the Securities / Illiquidity</i> It is not possible to predict if and to what extent a secondary market may develop in the Securities or at what price the Securities will trade in the secondary market or whether such market will be liquid or illiquid.</p> <p>The liquidity of the Securities, if any, may also be affected by restrictions on the purchase and sale of the Securities in some jurisdictions. Additionally, the Issuer has the right (but no obligation) to purchase Securities at any time and at any price in the open market or by tender or private agreement. Any Securities so purchased may be held or resold or surrendered for cancellation.</p> <p>In addition, there is the risk that the number of Securities actually issued and purchased by investors is less than the intended Issue Size of the Securities. Consequently, there is the risk that due to the low volume of Securities actually issued the liquidity of the Securities is lower than if all Securities were issued and purchased by investors.</p> <p>The Manager(s) intend, under normal market conditions, to provide bid and offer prices for the Securities of an issue on a regular basis. However, the Manager(s) make no firm commitment to the Issuer to provide liquidity by means of bid and offer prices for the Securities, and assumes no legal obligation to quote any such prices or with respect to the level or determination of such prices. Potential investors therefore should not rely on the ability to sell Securities at a specific time or at a specific price.</p> <p><i>Taxation in relation to the Securities</i> Potential investors should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Securities are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial instruments such as the Securities. Potential investors are advised not to rely upon the tax summary contained in the Base Prospectus but to ask for their own tax advisor's advice on their individual taxation with respect to the acquisition, sale and redemption of the Securities. Only these advisors are in a position to duly consider the specific situation of the potential investor.</p> <p><i>Payments under the Securities may be subject to U.S. withholdings</i> Securityholders should, consequently, be aware that payments under the Securities may under certain circumstances be subject to U.S. withholding tax. If an amount in respect of such U.S. withholding tax were to be</p>
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		<p>deducted or withheld from payments on the Securities, none of the Issuer, any paying agent or any other person would, pursuant to the Conditions of the Securities, be required to pay additional amounts as a result of the deduction or withholding of such tax.</p> <p><i>Changes in Taxation in relation to the Securities</i></p> <p>The considerations concerning the taxation of the Securities set forth in the Base Prospectus reflect the opinion of the Issuer on the basis of the legal situation identifiable as of the date hereof. However, there is the risk that the fiscal authorities and tax courts might take a different view, resulting in a different tax treatment of the Securities. Each investor should seek the advice of his or her personal tax consultant before deciding whether to purchase the Securities.</p> <p>Neither the Issuer nor the Manager assumes any responsibility vis-à-vis the Securityholders for the tax consequences of an investment in the Securities.</p> <p><i>Potential conflicts of interest</i></p> <p>The Issuer and affiliated companies may participate in transactions related to the Securities in some way, for their own account or for account of a client. Such transactions may not serve to benefit the Securityholders and may have a positive or negative effect on the value of the Underlying, and consequently on the value of the Securities. Furthermore, companies affiliated with the Issuer may become counterparties in hedging transactions relating to obligations of the Issuer stemming from the Securities. As a result, conflicts of interest can arise between companies affiliated with the Issuer, as well as between these companies and investors, in relation to obligations regarding the calculation of the price of the Securities and other associated determinations. In addition, the Issuer and its affiliates may act in other capacities with regard to the Securities, such as calculation agent, paying agent and administrative agent and/or index sponsor.</p> <p>Furthermore, the Issuer and its affiliates may issue other derivative instruments relating to the Underlying or, as the case may be, the Basket Components; introduction of such competing products may affect the value of the Securities. The Issuer and its affiliated companies may receive non-public information relating to the Underlying, and neither the Issuer nor any of its affiliates undertakes to make this information available to Securityholders. In addition, one or more of the Issuer's affiliated companies may publish research reports on the Underlying. Such activities could present conflicts of interest and may negatively affect the value of the Securities.</p> <p>Within the context of the offering and sale of the Securities, the Issuer or any of its affiliates may directly or indirectly pay fees in varying amounts to third parties, such as distributors or investment advisors, or receive payment of fees in varying amounts, including those levied in association with the distribution of the Securities, from third parties. Potential investors should be aware that the Issuer may retain fees in part or in full. The Issuer or, as the case may be, the Manager, upon request, will provide information on the amount of these fees.</p> <p><u>Risk factors relating to the Underlying</u></p> <p>The Securities depend on the value of the Underlying and the risk associated with this Underlying. The value of the Underlying depends upon a number of factors that may be interconnected. These may include economic, financial and political events beyond the Issuer's control. The past performance of an Underlying should not be regarded as an indicator of its future performance during the term of the Securities and the Issuer</p>
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		<p>does not give any explicit or tacit warranty or representation regarding the future performance of the Underlying.</p> <p>Investors should also note that the level of the Redemption Amount depends on the performance of a portfolio comprising the Underlyings. As a result, fluctuations in the value of one Underlying may be offset or intensified by fluctuations in the value of other Underlyings comprised in the portfolio. Even in the case of a positive performance of one or more Underlyings, the performance of the portfolio as a whole may be negative if the performance of the other Underlyings is negative to a greater extent. There can be a significant adverse effect on the calculation or specification of the redemption amount if the performance of one or more Underlyings comprised in the portfolio, on which the calculation or specification of the redemption amount is based, has deteriorated significantly.</p> <p>Investors should be aware that the relevant Underlying will not be held by the Issuer for the benefit of the Securityholders, and that Securityholders will not obtain any rights of ownership (including, without limitation, any voting rights, any rights to receive dividends or other distributions or any other rights) with respect to the Underlying.</p>
D.6	Risk warning to the effect that investors may lose the value of their entire investment or part of it.	Each investor in the Securities bears the risk of the Issuer's financial situation worsening. Potential investors must therefore be prepared and able to sustain a partial or even a total loss of their entire investment. Any investors interested in purchasing the Securities should assess their financial situation, to ensure that they are in a position to bear the risk of loss connected with the Securities.

Element	Section E – Offer	
E.2b	Reasons for the offer and use of proceeds.	Not applicable. Reasons for the offer and use of proceeds are not different from making profit and/or hedging certain risks.
E.3	Terms and conditions of the offer.	<p>It has been agreed that, on or after the respective Issue Date of the Securities, the Manager may purchase Securities and shall place the Securities for sale at the Issue Price under terms subject to change in the Public Offer Jurisdictions during the Subscription Period (as defined below).</p> <p>The Issue Price will be fixed on 7 April 2016 (the "Fixing Date") and will then be made available on www.ubs.com/keyinvest. As of the Fixing Date the selling price will be adjusted on a continual basis to reflect the prevailing market situation.</p> <p>The Securities may be subscribed from the Manager during normal banking hours during 24 February 2016 and 31 March 2016 (the "Subscription Period"). The Issue Price per Security is payable on 19 April 2016 (the "Initial Payment Date").</p> <p>The Issuer reserves the right to earlier close or to extend the Subscription Period if market conditions so require.</p> <p>After the Initial Payment Date, the appropriate number of Securities shall be credited to the investor's account in accordance with the rules of the corresponding Clearing System. If the Subscription Period is shortened or extended, the Initial Payment Date may also be brought forward or postponed.</p>
E.4	Interest that is material to the	<p>Conflicts of interest</p> <p>The Issuer and affiliated companies may participate in transactions related</p>

	<p>issue/offer conflicting interests.</p> <p>incl.</p>	<p>to the Securities in some way, for their own account or for account of a client. Such transactions may not serve to benefit the Securityholders and may have a positive or negative effect on the value of the Underlying, and consequently on the value of the Securities. Furthermore, companies affiliated with the Issuer may become counterparties in hedging transactions relating to obligations of the Issuer stemming from the Securities. As a result, conflicts of interest can arise between companies affiliated with the Issuer, as well as between these companies and investors, in relation to obligations regarding the calculation of the price of the Securities and other associated determinations. In addition, the Issuer and its affiliates may act in other capacities with regard to the Securities, such as calculation agent, paying agent and administrative agent and/or index sponsor.</p> <p>Furthermore, the Issuer and its affiliates may issue other derivative instruments relating to the Underlying; introduction of such competing products may affect the value of the Securities. The Issuer and its affiliated companies may receive non-public information relating to the Underlying, and neither the Issuer nor any of its affiliates undertakes to make this information available to Securityholders. In addition, one or more of the Issuer's affiliated companies may publish research reports on the Underlying. Such activities could present conflicts of interest and may negatively affect the value of the Securities.</p> <p>Within the context of the offering and sale of the Securities, the Issuer or any of its affiliates may directly or indirectly pay fees in varying amounts to third parties, such as distributors or investment advisors, or receive payment of fees in varying amounts, including those levied in association with the distribution of the Securities, from third parties. Potential investors should be aware that the Issuer may retain fees in part or in full. The Issuer or, as the case may be, the Manager, upon request, will provide information on the amount of these fees.</p> <p>Any interest that is material to the issue/offer including potential conflicting interests</p> <p>As far as the Issuer is aware, no person involved in the issue and offer of the Securities has an interest material to the issue and offer of the Securities.</p>
E.7	<p>Estimated expenses charged to the investor by the issuer or the offeror.</p>	<p>Not applicable; no expenses are charged to the investor by the issuer or the Manager.</p>

ANNEX TO THE FINAL TERMS: ISSUE SPECIFIC SUMMARY (IN THE SWEDISH LANGUAGE)
SAMMANFATTNING

Denna sammanfattning avser UBS Gearing Certifikat som beskrivs i de slutliga villkoren ("**Slutliga Villkoren**") till vilka denna sammanfattning är bilagd. Denna sammanfattning innehåller information från sammanfattningen som återfinns i Grundprospektet som är relevant för Värdepapperen tillsammans med relevant information från de Slutliga Villkoren. Ord och uttryck som definieras i de Slutliga Villkoren eller på andra ställen i Grundprospekt har samma betydelse i denna sammanfattning.

Sammanfattningar består av informationskrav vilka redogörs för i ett antal punkter ("**Punkter**"). Punkterna är numrerade i avsnitt A – E (A.1 – E.7).

Denna sammanfattning innehåller alla de punkter som krävs i en sammanfattning för den aktuella typen av värdepapper och Emittent. Eftersom vissa punkter inte är tillämpliga för denna typ av värdepapper och emittenter, kan det finnas luckor i punkternas numrering.

Även om det krävs att en punkt inkluderas i en sammanfattning för denna typ av värdepapper och emittent, är det möjligt att ingen relevant information kan ges rörande punkten. Informationen har då ersatts med angivelsen "Ej tillämpligt".

Punkt	Avsnitt A– Inledning och varningar	
A.1	Varning.	<p>Denna sammanfattning skall läsas som en inledning till Grundprospektet och varje beslut att investera i Värdepapperen ska baseras på investerarens bedömning av Grundprospektet i dess helhet.</p> <p>Potentiella investerare ska vara medvetna om att om ett krav gällande informationen i detta Grundprospekt framförs inför domstol, kan käranden enligt den nationella lagstiftningen i medlemsstaten i det Europeiska Ekonomiska Samarbetsområdet, bli skyldig att stå för kostnaderna för att översätta Grundprospektet innan de rättsliga förfarandena inleds.</p> <p>De personer som är ansvariga för sammanfattningen, inklusive varje översättning därav, eller som har initierat framtagandet, kan hållas ansvariga, men endast om sammanfattningen är vilseledande, ofullständig eller oförenlig när den läses tillsammans med de övriga delarna av Grundprospektet eller om den inte tillhandahåller, när den läses tillsammans med de andra delarna av detta Grundprospekt, all erforderlig nyckelinformation.</p> <p>UBS AG i dess roll som Emittent är ansvarig för sammanfattningen, inklusive varje översättning härav, kan vara ersättningsskyldig men endast om sammanfattningen är vilseledande, felaktig eller oförenlig när den läses tillsammans med de andra delarna av Grundprospektet eller om den inte tillhandahåller, när den läses tillsammans med de andra delarna av detta Grundprospekt, all erforderlig nyckelinformation.</p>
A.2	Samtycke till användandet av prospektet.	<p>Emittenten samtycker till att Grundprospektet används tillsammans med relevanta Slutliga Villkor i samband med ett erbjudande till allmänheten av Värdepapperen (ett "Erbjudande till Allmänheten") av någon finansiell mellanhand (en "Auktoriserad Erbjudare") som är auktoriserad att göra sådana erbjudanden enligt Direktivet om Marknader för Finansiella Instrument (Direktiv 2004/39/EG) på följande villkor:</p> <p>(a) det aktuella Erbjudandet till Allmänheten måste ske under Teckningsperioden ("Erbjudandeperioden");</p> <p>(b) det aktuella Erbjudandet till Allmänheten får endast ske i Sverige</p>

		<p>(" Jurisdiktionen för Erbjudande till Allmänheten ");</p> <p>(c) den aktuella Auktoriserade Erbjudaren måste vara auktoriserad att göra sådant erbjudande i den aktuella Jurisdiktionen för Erbjudande till Allmänheten enligt Direktivet om Marknader för Finansiella Instrument (Direktiv 2004/39/EG) och om den Auktoriserade Erbjudaren upphör att vara auktoriserad, upphör Emittentens ovanstående samtycke;</p> <p>(d) varje Auktoriserad Erbjudare som inte är en Manager måste iakttä de begränsningar som anges i avsnittet "<i>Subscription and Sale</i>" som om de vore en Manager.</p> <p>Auktoriserade Erbjudare ska underrätta investerare om anbudsvillkoren för Värdepapperen i samband med att Erbjudandet till Allmänheten lämnas av den Auktoriserade Erbjudaren till investeraren.</p>
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Punkt	Avsnitt B – Emittent	
B.1	Emittentens registrerade firma och handelsbeteckning.	Emittentens registrerade firma och handelsbeteckning är UBS AG (" Emittenten " och tillsammans med dess dotterföretag " UBS AG (konsoliderat) " eller " UBS AG Koncernen ", tillsammans med UBS Group AG, holdingbolaget till UBS AG, " UBS Koncernen ", " Koncernen ", " UBS " eller " UBS Group AG (konsoliderat) ").
B.2	Emittentens säte, bolagsform, lag under vilken Emittenten bedriver sin verksamhet, och land för bildande.	<p>Emittenten bildades under firman SBC AG den 28 februari 1978 för en obegränsad tid och fördes in i handelsregistret i Kantonen Basel-City på den dagen. Den 8 december 1997 ändrade bolaget firma till UBS AG. UBS AG i dess nuvarande form bildades den 29 juni 1998 genom sammanslagningen av Union Bank of Switzerland (grundad 1862) och Swiss Bank Corporation (grundad 1872). UBS AG är införd i handelsregistren i kantonen Zürich och kantonen Basel-City. Registreringsnumret är CHE-101.329.561.</p> <p>UBS AG är bildat och är hemmahörande i Schweiz och bedriver sin verksamhet under schweizisk rätt (<i>Swiss Code of Obligations</i>) som ett aktiebolag.</p> <p>Adresserna och telefonnumren till UBS AG:s två registrerade kontor och huvudsakliga platser för verksamheten är: Bahnhofstrasse 45, CH-8001 Zürich, Schweiz, telefonnummer +41 44 234 1111; och Aeschenvorstadt 1, CH-4051 Basel, Schweiz, telefonnummer +41 61 288 5050.</p>
B.4b	En beskrivning av varje känd trend som påverkar emittenten eller de branscher där emittenten är verksam.	<p>Information om trender</p> <p>Som beskrivs i delårsrapporten för det tredje kvartalet 2015 för UBS Group AG, vilken offentliggjordes den 3 november 2015, många av de underliggande markoekonomiska utmaningar och geopolitiska frågor som UBS har lyft fram under tidigare kvartal kvarstår och det är osannolikt att dessa kommer att lösas under överskådlig tid. Dessutom kommer nyligen föreslagna ändringar i det regulatoriska regelverket i Schweiz för de som är för stora för att tillåtas falla att förorsaka betydande löpande räntekostnader för företaget. UBS ser fortsatt motvind från marknadsräntor som inte har stigit i linje med marknadens förväntningar, negativ marknadsutveckling i vissa tillgångsklasser och den svaga utvecklingen för euro i förhållande till schweizisk franc under året. UBS genomför de åtgärder som redan har tillkännagivits för att mildra dessa effekter när den fortsätter mot sitt mål för avkastning på synligt eget kapital på kort och medellång sikt. UBS strategi har visat sig framgångsrik i en rad olika</p>

		marknadsförutsättningar. UBS står fortsatt fast vid sin strategi och dess disciplinerade genomförande för att möjliggöra företagets långsiktiga framgång och att leverera uthålliga avkastningar till sina aktieägare.
B.5	Beskrivning av koncernen och emittentens plats inom koncernen.	<p>UBS AG är en schweizisk och moderbolaget till UBS AG-Koncernen. UBS AG ägs till 100% av UBS Group AG, som är holdingbolaget för UBS Koncernen. UBS Koncernen bedrivs som en koncern med fem affärsdivisioner (Wealth Management, Wealth Management Americas, Retail & Corporate, Asset Management och Investment Bank) samt ett Corporate Center.</p> <p>Under de två senaste åren har UBS vidtagit en rad åtgärder för att återhämtningsförmågan hos Koncernen för att möta kraven i Schweiz avseende de som är för stora för att tillåtas falla ("TBTF") och andra länder där den är verksam, inklusive etablerandet av UBS Group AG som holdingbolaget för UBS Koncernen.</p> <p>I juni 2015 överförde UBS AG dess Retail & Corporate och Wealth Management verksamhet som bokförs i Schweiz till UBS Switzerland AG, ett bankdotterföretag till UBS AG i Schweiz.</p> <p>I Storbritannien verkställde UBS genomförandet av en mer självförsörjande affärs- och verksamhetsmodell för UBS Limited, enligt vilken UBS Limited bär och behåller en större andel av risken och avkastningen från dess affärsaktiviteter.</p> <p>Under det tredje kvartalet 2015 etablerade UBS, UBS Business Solutions AG som ett direkt dotterföretag till UBS Group AG, för att agera som Koncernens serviceföretag. UBS kommer att överföra ägandet av majoriteten av dess existerande servicedotterföretag till denna enhet. UBS förväntar sig att överföringen av delade service- och stödfunktioner till serviceföretagsstrukturen kommer att genomföras stegvis till och med 2018. Syftet med serviceföretagsstrukturen är att förbättra återhämtningsförmågan hos Koncernen genom att möjliggöra för UBS att bibehålla operationell kontinuitet av kritiska tjänster om en återhämtnings- eller resolutionshändelse skulle inträffa.</p> <p>UBS AG har etablerat ett nytt dotterföretag, UBS Americas Holding LLC, som UBS avser att utse som dess mellanliggande holdingbolag för dess dotterföretag i USA före tidsfristen den 1 juli 2016 under de nya reglerna för utländska banker i USA enligt amerikansk rätt (<i>Dodd-Frank Act</i>). Under det tredje kvartalet 2015 tillsköt UBS AG dess ägandeintressen i dess huvudsakliga rörelsedrivande dotterföretag i USA till UBS Americas Holding LLC för att möta kravet under amerikansk rätt (<i>Dodd-Frank Act</i>) att det mellanliggande holdingbolaget äger alla av UBS verksamheter i USA, förutom filialer till UBS AG.</p> <p>UBS har etablerat ett nytt dotterföretag till UBS AG, UBS Asset Management AG, till vilket den förväntar sig att överföra majoriteten av de rörelsedrivande dotterföretagen inom Asset Management under 2016. UBS fortsätter att överväga ytterligare förändringar beträffande juridiska personer som används inom Asset Management, inklusive överföringen av verksamheter som bedrivs av UBS AG i Schweiz till ett dotterföretag till UBS Asset Management AG.</p> <p>UBS fortsätter att överväga ytterligare förändringar beträffande Koncernens juridiska struktur för att möta kapitalmässiga och andra regulatoriska krav samt för att uppnå varje minskning av kapitalkrav som Koncernen kan kvalificera sig till. Sådana förändringar kan inkludera överföringen av rörelsedrivande dotterföretag till UBS AG till att bli direkta dotterföretag till UBS Group AG, konsolidering av rörelsedrivande dotterföretag i den</p>

		Europeiska Unionen och justeringar beträffande bokförande enhet eller placeringen av produkter och tjänster. Dessa strukturella förändringar diskuteras löpande med FINMA och andra regulatoriska myndigheter och fortsätter att vara föremål för ett antal osäkerhetsfaktorer som kan påverka dessas genomförbarhet, omfattning eller tidpunkt.
B.9	Resultatprognos eller förväntat resultat.	Ej tillämpligt; ingen resultatprognos eller förväntat resultat inkluderas i detta Grundprospekt.
B.10	Anmärkningar i revisionsberättelsen.	Ej tillämpligt. Det finns inte några anmärkningar i revisionsberättelserna avseende de konsoliderade finansiella räkenskaperna för UBS AG och de fristående finansiella räkenskaperna för UBS AG för åren som slutade den 31 december 2013 och den 31 december 2014.
B.12	Utvald historisk finansiell nyckelinformation.	UBS AG har hämtat den utvalda finansiella informationen i tabellen nedan för åren som slutade 31 december 2012, 2013 och 2014 från dess årsredovisning för 2014, som innehåller de reviderade konsoliderade finansiella räkenskaperna för UBS AG liksom även ytterligare oreviderad konsoliderad finansiell information för året som slutade den 31 december 2014 och jämförelsesiffror för åren som slutade den 31 december 2013 och 2012. Den utvalda finansiella informationen inkluderad i tabellen nedan för de nio månader som slutade 30 september 2015 och 30 september 2014 har hämtats från UBS AG:s delårsrapport för det tredje kvartalet 2015, vilken innehåller de oreviderade konsoliderade finansiella räkenskaperna för UBS AG, liksom även ytterligare oreviderad konsoliderad finansiell information för de nio månader som slutade 30 september 2015 och jämförelsesiffror för de nio siffror som slutade 30 september 2014. De konsoliderade finansiella räkenskaperna har tagits fram i enlighet med International Financial Reporting Standards (IFRS) som har utfärdats av International Accounting Standards Board (IASB) och anges i schweiziska franc (CHF). Enligt ledningens åsikt har alla justeringar som är nödvändiga för att ge en rättvisande bild av UBS AG:s konsoliderade finansiella ställning och verksamhetsresultat. Information för åren som slutade 31 december 2012, 2013 och 2014 vilken indikeras som oreviderad i tabellen nedan, inkluderades i Årsredovisningen 2014 men har inte reviderats på den grunden att de respektive beskrivningarna inte krävs enligt IFRS och därför inte utgör del av de reviderade finansiella räkenskaperna. Viss information som ingick i de konsoliderade finansiella räkenskaperna till årsredovisningen 2013 räknades om i Årsredovisningen 2014. Siffrorna i tabellen nedan avseende året som slutade 31 december 2013 återspeglar de omräknade siffrorna så som dessa ingår i Årsredovisningen 2014. Potentiella investerare bör läsa dokumentationen i dess helhet och ska inte enbart förlita sig på den sammanfattande informationen som anges nedan:

	Per eller för de nio månader som slutade		Per eller för året som slutade		
CHF miljoner, förutom där indikerat	30.9.15	30.9.14	31.12.14	31.12.13	31.12.12
	Oreviderat		Reviderat, förutom där indikerat		
Resultat					
Rörelseintäkter	23 834	21 281	28 026	27 732	25 423
Rörelsekostnader	18 655	19 224	25 557	24 461	27 216
Rörelsevinst / (förlust) före skatt	5 179	2 057	2 469	3 272	(1 794)
Nettovinst / (förlust) hänförlig till UBS AG aktieägare	5 285	2 609	3 502	3 172	(2 480)
Viktiga utvecklingsindikatorer					
Lönsamhet					

Avkastning på synligt eget kapital (%) ¹	15,4	8,3	8,2*	8,0*	1,6*
Avkastning på tillgångar, brutto (%) ²	3,2	2,8	2,8*	2,5*	1,9*
Kostnads / intäktsrelation (%) ³	78,1	90,3	90,9*	88,0*	106,6*
Tillväxt					
Nettovinsttillväxt (%) ⁴	102,6	15,7	10,4*	-	-
Nettotillväxt nya medel för kombinerade verksamheter inom förmögenhetsförvaltning (%) ⁵	2,0	2,4	2,5*	3,4*	3,2*
Resurser					
Primärkapitalrelation (<i>Common equity tier 1 capital ratio</i>) (fullt tillämpad, %) ^{6,7}	15,3	13,7	14,2*	12,8*	9,8*
Hävstångsrelation (infasad, %) ^{8,9}	5,3	5,4	5,4*	4,7*	3,6*
Ytterligare information					
Lönsamhet					
Avkastning på eget kapital (RoE) (%) ¹⁰	13,3	7,1	7,0*	6,7*	(5,1)*
Avkastning på riskvägda tillgångar, brutto (%) ¹¹	14,6	12,4	12,4*	11,4*	12,0*
Resurser					
Totala tillgångar	981 891	1 044 899	1 062 327	1 013 355	1 259 797
Eget kapital hänförligt till UBS AG aktieägare	54 126	50 824	52 108	48 002	45 949
Primärkapital (<i>Common equity tier 1 capital</i>) (fullt tillämpad) ⁷	33 183	30 047	30 805	28 908	25 182*
Primärkapital (<i>Common equity tier 1 capital</i>) (infasad) ⁷	40 581	42 464	44 090	42 179	40 032*
Riskvägda tillgångar (fullt tillämpad) ⁷	217 472	219 296	217 158*	225 153*	258 113*
Riskvägda tillgångar (infasad) ⁷	221 410	222 648	221 150*	228 557*	261 800*
Primärkapitalrelation (<i>Common equity tier 1 capital ratio</i>) (infasad, %) ^{6,7}	18,3	19,1	19,9*	18,5*	15,3*
Totalkapitalrelation (fullt tillämpad, %) ⁷	19,9	18,7	19,0*	15,4*	11,4*
Totalkapitalrelation (infasad, %) ⁷	23,7	24,9	25,6*	22,2*	18,9*
Hävstångsrelation (fullt tillämpad, %) ^{8,9}	4,6	4,2	4,1*	3,4*	2,4*
Hävstångsrelation nämnare (fullt tillämpad) ⁹	949 548	980 669	999 124*	1 015 306*	1 206 214*
Hävstångsrelation nämnare (infasad) ⁹	955 027	987 327	1 006 001*	1 022 924*	1 216 561*
Övrigt					
Investerade tillgångar (CHF miljarder) ¹²	2 577	2 640	2 734	2 390	2 230
Anställda (motsvarande heltidstjänster)	58 502	60 292	60 155*	60 205*	62 628*

* oreviderat

¹ Nettovinst/förlust hänförlig till UBS AG:s aktieägare före nedskrivningar och reserveringar av goodwill och immateriella tillgångar (på årsbasis där tillämpligt) / genomsnittligt eget kapital hänförligt till UBS AG:s aktieägare minskat med genomsnittlig goodwill och immateriella tillgångar. ² Rörelseintäkter före kreditförluster (utgift) eller återvinning (på årsbasis där tillämpligt) / genomsnittliga totala tillgångar. ³ Rörelseutgifter/rörelseintäkter före kreditförlust (utgift) eller återvinning. ⁴ Förändring i nettovinst hänförlig till UBS AG:s aktieägare från fortsatt bedrivna verksamheter mellan innevarande och jämförelseperiod/nettovinst hänförlig till UBS AG:s aktieägare från fortsatt bedrivna verksamheter under jämförelseperiod. Ej meningsfullt och ej inkluderat om antingen rapporteringsperioden eller jämförelseperioden är en förlustperiod. ⁵ Kombinerat för Wealth Managements och Wealth Management Americas netto nya medel för perioden (på årsbasis där tillämpligt) / investerade tillgångar vid början av perioden. Baserat på justerat netto av nya pengar som exkluderar den negativa effekten på netto av nya pengar om CHF 6,6 miljarder i förmögenhetsförvaltning (*Wealth Management*) på UBS:s balansräkning och försök till kapitaloptimering i den andra kvartalet 2015. ⁶ Primärkapital/riskvägda tillgångar. ⁷ Baserat på Basel III-regelverket så som detta tillämpas på schweiziska systemviktiga banker (SRB), vilket trädde i kraft i Schweiz den 1 januari 2013. Informationen som återges på fullt tillämpad basis återspeglar fullt ut effekterna av de nya kapitalavdragen och utfasningen av icke kvalificerade kapitalinstrument. Informationen som återges på infasad basis återspeglar gradvis dessa effekter under övergångsperioden. Siffror för 31 december 2012 beräknas på en uppskattad basis enligt beskrivning nedan och är på pro forma-basis. Vissa av modellerna som tillämpas vid beräkningen av pro forma informationen 31 december 2012 krävde regulatoriskt godkännande och innefattar uppskattningar (enligt diskussion med UBS primära tillsynsmyndighet) av effekten av de nya kapitalkraven. Dessa siffror måste inte presenteras eftersom Basel III kraven inte var i kraft den 31 december 2012. Dessa är icke desto mindre inkluderade av jämförelseskäl. ⁸ Primärkapital och förlustabsorberande kapital/total justerad exponering (hävstångsrelationsnämnare). ⁹ I enlighet med schweiziska SRB-regler. Den schweiziska SRB hävstångsrelationen trädde i kraft den 1 januari 2013. Siffror för 31 december 2012 är på pro forma basis (se fotnot 7 ovan). ¹⁰ Nettovinst / (förlust) hänförlig till UBS aktieägare (på årsbasis där tillämpligt) / genomsnittligt eget kapital hänförligt till UBS AG:s aktieägare. ¹¹ Baserat på Basel III riskvägda tillgångar (infasing) för 2015, 2014 och 2013 och på Basel 2,5 riskvägda tillgångar

för 2012. ¹² Inkluderar investerade tillgångar inom Retail & Corporate.		
	Uttalande om väsentliga negativa förändringar.	Det har inte inträffat någon väsentlig negativ förändring i framtidsutsikterna för UBS AG eller UBS AG Koncernen sedan den 31 december 2014.
	Uttalande om väsentliga förändringar.	Det har inte inträffat någon väsentlig förändring i den finansiella eller handelspositionen för UBS AG Koncernen sedan den 30 september 2015.
B.13	Nyligen inträffade händelser särskilda för Emittenten vilka är väsentligt relevanta för värderingen av Emittentens solvens.	Ej tillämpligt, det har inte nyligen inträffat några händelser som är specifika för UBS AG och som i väsentlig mån skulle ha varit relevanta för utvärderingen av UBS AG:s solvens.
B.14	Beskrivning av koncernen och av emittentens position inom koncernen. Beroende av andra företag inom koncernen.	Vänligen se Punkt B.5. UBS AG är moderbolaget för UBS AG Koncernen. Som sådant är det i viss mån beroende av vissa av sina dotterföretag.
B.15	Emittentens huvudsakliga verksamhet.	UBS AG och dess dotterföretag är beslutna att tillhandahålla privata, institutionella och företagskunder världen över, liksom även privatpersonskunder i Schweiz med bättre finansiell rådgivning och lösningar samtidigt som attraktiv och uthållig avkastning för aktieägarna genereras. UBS strategi är centrerad på dess verksamheter Wealth Management (förmögenhetsförvaltning) och Wealth Management Americas och dess ledande (enligt dess egen uppfattning) universalbank i Schweiz, kompletterat av Asset Management (tillgångsförvaltning) och dess Investmentbank. Enligt UBS uppfattning delar dessa verksamheter tre nyckeldrag: dessa drar fördel av en stark konkurrensmässig position inom dessas målmarknader, är kapitaleffektiva och erbjuder bättre strukturella tillväxt- och lönsamhetsutsikter. UBS strategi bygger på styrkorna inom alla dess verksamheter och fokuserar dess insatser till områden där UBS är framgångsrikt, samtidigt som den försöker kapitalisera från de tilltalade tillväxtutsikterna inom de verksamheter och regioner där den är verksam. Kapitalstyrka är basen för UBS framgång. Den operationella strukturen inom Koncernen består av Corporate Center (företagscenter) och fem verksamhetsdivisioner: Wealth Management, Wealth Management Americas, Retail & Corporate (bankverksamhet för privatpersoner och företagskunder), Asset Management och dess Investmentbank. Enligt Artikel 2 i Bolagsordningen för UBS AG, daterad den 7 maj 2015 (" Bolagsordningen ") är verksamhetsföremålet för UBS AG att bedriva bankverksamhet. Dess verksamhetsföremål sträcker sig över alla typer av banktjänster, finansiella tjänster, rådgivningstjänster och handelsaktiviteter i Schweiz och utomlands. UBS AB kan etablera filialer och representationskontor liksom även banker, kreditmarknadsföretag och andra företag av varje slag i Schweiz och utomlands, inneha ägarintressen i dessa bolag och sköta dessas ledning. UBS AG är auktoriserat att köpa, inteckna och sälja fast egendom och byggrätter i Schweiz och utomlands. UBS AG kan tillhandahålla lån, garantier och andra former av finansiering och säkerheter för Koncernföretag och låna och investera på penning- och

		kapitalmarknader.
B.16	Direkt eller indirekt aktieäggande eller kontrollöverenskommelser avseende emittenten.	UBS Group AG äger 100% av de utestående aktierna i UBS AG.

Punkt	Avsnitt C – Värdepapper	
C.1	Typ och klass av värdepapperen, värdepappersidentifikationsnummer.	<p>Typ och Form av värdepapper Värdepapperen är certifikat.</p> <p>Värdepapperen (även "Svenska Värdepapper") clearas genom Euroclear Sweden AB ("Euroclear Sweden") i egenskap av det relevanta Clearingsystemet och är utfärdade i icke-certifierade och dematerialiserad, kontoförd form samt registrerade hos Euroclear Sweden i enlighet med lag (1998:1479) om kontoföring av finansiella instrument. Inga fysiska värdepapper, så som globala tillfälliga eller permanenta värdepapper eller definitiva värdepapper kommer emitteras för de Svenska Värdepapperen.</p> <p>Värdepappersidentifikationsnummer för Värdepapperen</p> <p>ISIN: CH0314206159 Valor: 31420615</p>
C.2	Valuta för värdepapperen.	Svenska Kronor (" SEK ") (" Inlösenvaluta ")
C.5	Restriktioner för den fria överlåtbarheten för värdepapperen.	Ej tillämpligt. Det finns inga restriktioner avseende den fria överlåtbarheten för Värdepapperen.
C.8	Rättigheter kopplade till värdepapperen, inklusive rangordning och begränsningar av sådana rättigheter.	<p>Tillämplig lag för Värdepapperen Värdepapperen kommer att vara underkastad tysk rätt ("Värdepapper underkastade tysk rätt").</p> <p>Den juridiska effekten av registrering av Värdepapperen med relevant Clearingsystem styrs av lagarna i Clearingsystemets jurisdiktion.</p> <p>Rättigheter förknippade med Värdepapperen Värdepapperen ger, med förbehåll för Villkoren för Värdepapperen, Värdepappersinnehavarna, vid förfall eller vid utövande, ett yrkande om betalning av Inlösenbeloppet i Inlösenvalutan.</p> <p>Begränsningar i rättigheterna relaterade till Värdepapperen Enligt de villkor som anges i Villkoren för Värdepapperen, har Emittenten rätt att avsluta Värdepapperen och att göra vissa justeringar av Villkoren.</p> <p>Status för Värdepapperen Värdepapperen kommer att utgöra direkta, icke-säkerställda och icke-eftersälda förpliktelser för Emittenten, som rangordnas lika sinsemellan och med alla andra nuvarande och framtida icke-säkerställda och icke-eftersälda förpliktelser för Emittenten, annat än skyldigheter som regleras i tvingande lagstiftning.</p>

C.11	Upptagande till handel på en reglerad marknad eller andra liknande marknader.	Det finns ingen avsikt att ansöka om upptagande av Värdepapperen till handel på en värdepappersbörs.
C.15	Påverkan avseende underliggande på värdet av värdepapperen.	<p>Värdet på Värdepapperen under dessas löptid är beroende av utvecklingen av Underliggande. Om priset på Underliggande ökar, kommer även värdet på Värdepapperen (bortsett från speciella kännetecken för Värdepapperen) sannolikt att öka.</p> <p>I synnerhet, Inlösenbeloppet, om något, som ska erhållas av Värdepappersinnehavaren vid utövande av Värdepapperen är beroende av utvecklingen av Underliggande.</p> <p>Följande kännetecken är exempel som beskriver hur värdet på Värdepapperen är beroende av Underliggande:</p> <p>UBS Värdepapper med Utväxling</p> <p>UBS Värdepapper med Utväxling erbjuder Värdepappersinnehavarna möjlighet att ta del av den positiva utvecklingen av Underliggande. Omvänt, Värdepappersinnehavare av UBS Värdepapper med Utväxling kan också ta del av den negativa utvecklingen av Underliggande, då UBS Värdepapper med Utväxling kan komma att bidra med negativ riskpotential enligt vad som anges i de tillämpliga Produktvillkoren. UBS Värdepapper med Utväxling kan också erbjuda Värdepappersinnehavarna att ta del av den positiva utvecklingen hos Underliggande i relation till andra Underliggande. Omvänt, Värdepappersinnehavarna av UBS Värdepapper med Utväxling kan ta del av den negativa utvecklingen av Underliggande i relation till andra Underliggande.</p> <p>UBS Värdepapper med Utväxling finns också i en så kallad "Sälj" version. I detta fall deltar Värdepappersinnehavarna positivt i den negativa utvecklingen av Underliggande. Omvänt, Värdepappersinnehavarna i UBS Värdepapper med Utväxling (Sälj) kan också delta i den positiva utvecklingen av Underliggande, eftersom UBS Värdepapper med Utväxling (Sälj) kan bidra med riskpotential på uppsidan enligt vad som anges i de tillämpliga Produktvillkoren. UBS Värdepapper med Utväxling (Sälj) kan också tillåta Värdepappersinnehavare att delta i negativ utveckling av Underliggande i relation till andra underliggande. Omvänt, Värdepappersinnehavare i UBS Värdepapper med Utväxling (Sälj) kan delta i den positiva utvecklingen av Underliggande i relation till andra Underliggande.</p> <p>UBS Värdepapper med Utväxling kan löpa ut och vara värdelös vid en ofördelaktig utveckling för Underliggande bortom vissa specifika värden, enligt vad som anges i de tillämpliga Produktvillkoren.</p> <p>Värdepappersinnehavare erhåller på Förfallodagen ett Inlösenbelopp i Inlösenvalutan, vars storlek är beroende av Referenspriset eller Avvecklingspriset för de(n) Underliggande, enligt vad som anges i Produktvillkoren. Typiskt sett beräknas Inlösenbeloppet genom att multiplicera det Nominella Beloppet eller sådant annat belopp enligt vad som anges i Produktvillkoren, med den relevanta utvecklingen för de(n) Underliggande och därefter multiplicera med Deltagandegrad, Hävstångsfaktorn eller Multiplikatorn, men andra faktorer kan också tas med i beräkningen, enligt vad som anges i Produktvillkoren.</p> <p>Inlösenbeloppet kan bestämmas med hänvisning till utvecklingen av en eller flera Underliggande, enligt vad som anges i Produktvillkoren.</p>

		<p>Följande beskrivningar av flertalet utvecklingsstrukturer kan användas för Värdepapper beskrivna ovan, om tillämpliga.</p> <p><u>Underliggande</u> Värdepapper kan antingen vara beroende av en enskild Underliggande, en korg av Underliggande, de(n) bäst utvecklade Underliggande, de(n) sämst utvecklade Underliggande eller en kombination av dessa. Korgutvecklingar beräknas på det vägda genomsnittet av utvecklingarna för de(n) enskilda Underliggande.</p> <p>Viktningen kan antingen vara förutbestämd eller kan bestämmas under produktens löptid beroende på vissa villkor. Viktningen kan, till exempel, bero på den relativa utvecklingen för Underliggande eller realiserad volatilitet i de(n) Underliggande.</p> <p><u>Utvecklingar</u> I princip är det sannolikt att värdet på Värdepapperen (bortsett från särskilda egenskaper hos Värdepapperen) kommer öka, i fall priset på Underliggande eller, om det anges som tillämpligt i definitionen av "Underliggande" att en "Korg" är angiven som tillämplig i de tillämpliga Produktvillkoren, i Korgkomponenterna, ökar. I fall priset på Underliggande eller Korgkomponenter minskar, är det också troligt att värdet på Värdepapperen (bortsett från speciella egenskaper hos Värdepapperen) minskar.</p> <p>Motsatsvis kan Värdepapperen, om så anges i de relevanta Produktvillkoren, erbjuda en så kallad omvänd struktur. I detta fall kommer Värdepapperen (oavsett de övriga egenskaper som är förknippade med Värdepapperen eller andra faktorer, som kan vara relevanta för värdet på Värdepapperen) att minska i värde, om priset på Underliggande eller, om det anges som tillämpligt i definitionen av "Underliggande" att en "Korg" är angiven som tillämplig i de tillämpliga Produktvillkoren, i Korgkomponenterna, ökar, eller så kommer Värdepapperen att öka i värde, om priset på Underliggande eller, om det anges som tillämpligt i definitionen av "Underliggande" att en "Korg" är angiven som tillämplig i de tillämpliga Produktvillkoren, i Korgkomponenterna, minskar.</p> <p>Utvecklingen eller nivån av Underliggande kan mätas på flera olika sätt.</p> <p>Vanligtvis mäts utvecklingen som den slutliga nivån för de(n) Underliggande som ett procenttal av den initiala nivån för de(n) Underliggande. Den slutliga nivån och/eller den initiala nivån kan även definieras som den genomsnittliga/maximala/minimala nivån för de(n) Underliggande som observerats under viss tid. Den initiala nivån behöver inte nödvändigtvis observeras vid startdagen för produkten men kan också observeras under löptiden för produkten.</p> <p>Utvecklingen kan även mätas som den relativa utvecklingen för en eller flera Underliggande i förhållande till utvecklingen för en eller flera andra Underliggande.</p> <p>Utveckling kan också ha ett förutbestämt eller ett rörligt och/eller ett villkorat tak. Det innebär att Värdepappersinnehavare accepterar en begränsning av avkastningspotentialen ("Tak") och att de endast kan delta i eventuella kursökningar (eller minskningar) för de Underliggande till dess att en viss nivå har nåtts och inte ytterligare. Dessutom kan utvecklingen också ha ett förutbestämt eller ett rörligt och/eller villkorat golv. Detta innebär att Värdepappersinnehavare kommer att ha en minsta avkastningspotential ("Golv") och kommer endast negativt att delta i eventuella kursnedgångar (eller öknings) i de(n) Underliggande till dess att en viss nivå har nåtts och inte mer.</p>
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		<p><u>Barriärer</u> Produkter kan ha barriärer som aktiveras så snart vissa villkor är uppfyllda. Vanligtvis representerar dessa barriärer vissa nivåer som ska nås av de(n) Underliggande vid vissa observationsdagar.</p> <p>Barriärer kan antingen utlösas av att Underliggande, utvecklingar eller andra mätbara värden når förutbestämda värden. Vissa barriärer utlösas endast om mer än ett värde möts.</p> <p>Barriärer kan definieras antingen för att observera endast vissa datum eller fortlöpande.</p> <p>Barriärer leder antingen till avlägsnande (Kick-out) eller tillägg (Kick-in) av vissa egenskaper hos Värdepapperen. Funktioner som läggs till eller tas bort är exempelvis kuponger, deltagande eller Underliggande.</p> <p><u>Inlåsnings och Slutlig Inlåsnings</u> De relevanta Produktvillkoren kan föreskriva ett "Inlåsnings"-villkor, vilket betyder att vissa belopp eller utvecklingar, enligt vad som anges i Produktvillkoren, kommer, i händelse av att det inträffar en förutbestämd inlåsningshändelse, att bli "inlåsta", dvs. fixerad, ställd åt sidan eller annars ekonomiskt bevarad, enligt vad som anges i Produktvillkoren. I den utsträckning och under de villkor som är tillämpliga på de övriga villkoren som beskrivs i detta avsnitt 13 av Grundprospektet och som ytterligare specificeras i Produktvillkoren, deltar Värdepappersinnehavare fortfarande i den framtida utvecklingen för den Underliggande, eller, som fallet kan vara, Korgkomponenterna.</p> <p>Om de relevanta Produktvillkoren anger att ett "Slutligt Inlåsnings"-villkor är tillämpligt, kommer vissa belopp eller utvecklingar, enligt vad som anges i Produktvillkoren, i händelse av att det inträffar en förutbestämd inlåsningshändelse att bli "inlåsta", i en utsträckning så att deltagandet för Värdepappersinnehavarna i den framtida utvecklingen för den Underliggande eller, som fallet kan vara, Korgkomponenterna, begränsas eller rentav exkluderas.</p> <p><u>Funktion för Automatiskt Avslut</u> Om de relevanta Produktvillkoren anger att Funktionen för Automatiskt Avslut är tillämplig, kan Värdepapperen avslutas och lösas in i förtid vid inträffande av en händelse för automatiskt avslut (inklusive, men inte begränsat till, en Händelse för Stop-Loss eller Händelse för Knock-Out).</p> <p><u>Investeringsstrategier</u> Utveckling kan definieras som den hypotetiska utvecklingen av en särskild, på förhand definierad, investeringsstrategi. Det kan till exempel vara en strategi att endast investera i den Underliggande på särskilda förutbestämda datum. Ett annat exempel kan vara en strategi att investera i den Underliggande beroende på dess realiserade volatilitet, utveckling, momentum eller andra metriska värden hos den Underliggandes nivå över produktens livslängd.</p> <p><u>Nedgångsinriktad/Uppgångsinriktad/Variabel Deltagandegrad</u> Deltagandegrad är vanligtvis proportionell med en särskild grad (vilken i sig själv kan vara beroende av särskilda förutbestämda villkor, till exempel utvecklingen av en eller flera Underliggande) och kan vara negativ eller positiv.</p> <p><u>Valutakonvertering</u> Värdepappersinnehavarens rätt som finns i Värdepapperen kan bestämmas på basis av en valuta annan än Inlösenvalutan, valutaenhet eller beräkningsenhet, och även värdet av den Underliggande eller, så som fallet kan vara, Korgkomponenterna kan bestämmas i sådan valuta annan än</p>
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		<p>Inlösenvalutan, valutaenhet eller beräkningsenhet. Valutakursen som ska användas för att bestämma Inlösenbeloppet kan antingen vara förutbestämd (quanto funktion) eller variabel.</p> <p><u>Kuponger/Räntebelopp/Andra Likvider</u> Om de relevanta Produktvillkoren anger att ovillkorad Kupong, Räntebelopp eller annan likvid är tillämplig, så är Värdepappersinnehavaren berättigad att ta emot betalning i form av den relevanta Kupongen, Räntebeloppet eller annan likvid, enligt vad som i de tillämpliga Produktvillkoren.</p> <p>Om de relevanta Produktvillkoren anger att villkorad Kupong, Räntebelopp eller annan likvid är tillämplig, är Värdepappersinnehavaren berättigad att ta emot betalning i form av den relevanta Kupongen, Räntebeloppet eller annan likvid förutsatt att villkoren uppfylls. Om, i fall av en villkorad Kupong, Räntebelopp eller annan likvid, dessa krav inte är uppfyllda, så utbetalas ingen Kupong, Räntebelopp eller annan likvid.</p> <p>Under dessas löptid kan produkter därför generera regelbunden inkomst. Emellertid genererar de flesta produkter inte ovillkorad inkomst, till exempel utdelning eller ränta.</p> <p><u>Kapitalskydd</u> Endast om produkttegenskapen "Kapitalskydd" anges som tillämplig i de relevanta Produktvillkoren motsvarar Avvecklingsbeloppet, i varje fall, åtminstone det kapitalskyddade Minimibeloppet.</p> <p><u>Maximalt Belopp</u> Om produkttegenskapen "Maximalt Belopp" anges som tillämplig i de relevanta Produktvillkoren, är taket för Avvecklingsbeloppet satt till det Maximala Beloppet.</p> <p><u>Fysisk eller Kontantavveckling</u> Endast om produkttegenskapen "Fysisk Avveckling" anges som tillämplig i de relevanta Produktvillkoren, kan produkten eventuellt avvecklas fysiskt. Annars sker avveckling genom kontant betalning. Avvecklingen kan bero på utvecklingen för de(n) Underliggande.</p> <p><u>Generell Rätt till Förtida Inlösen</u> Emittenten och Värdepappersinnehavarna kommer endast att ha en generell rätt till förtida inlösen avseende Värdepapperen före Förfallodagen om detta anges i de tillämpliga Produktvillkoren.</p> <p><i>Emittentens Rätt till Förtida Inlösen</i> Om så anges i de tillämpliga Produktvillkoren har Emittenten en rätt att begära Värdepapperen inlösta i förtid genom att lämna meddelande om detta på vissa förutbestämda datum. Inlösenvärdet kan antingen vara förutbestämt eller beroende av nivån för de(n) Underliggande, vissa datum eller andra parametrar.</p> <p><i>Värdepappersinnehavarnas Rätt till Förtida Inlösen</i> Om så anges i de tillämpliga Produktvillkoren har Värdepappersinnehavaren rätt att begära Värdepapperen inlösta i förtid. Inlösenvärdet kan antingen vara förutbestämt eller beroende av nivån för de(n) Underliggande, vissa datum eller andra parametrar.</p>
C.16	Utlöpande- eller förfallodag, utövandedag eller slutlig referensdag.	Förfallodag: 30 september 2022 Utlöpandedag: 20 september 2022

C.17	Avvecklingsförfarande för de derivatvärdepapper.	Betalningar ska, i alla fall som är föremål för någon form av tillämpliga skatte- eller andra lagar och regler på platsen för betalningen eller andra lagar och regler för vilka Emittenten gått med på att bli föremål för, göras i enlighet med de relevanta reglerna och operationella förfarandena som är tillämpliga på och/eller utfärdade av Clearingsystemet (" CA Reglerna ") för det relevanta Clearingsystemet eller den relevanta mellanmannen eller för dess order för kreditering på kontona för de relevanta kontoinnehavarna hos Clearingsystemet eller den relevanta mellanmannen. Emittenten ska anses ha fullgjort dess inlösenförpliktelser eller varje annan betalnings- eller annan förpliktelse under Villkoren för Värdepapperen vid leverans till Clearingsystemet på det sätt som beskrivs ovan.
C.18	En beskrivning av hur avkastningen på derivatvärdepapper äger rum.	Värdepappersinnehavare kommer på den relevanta Förfallodagen erhålla betalning i form av Inlösenbeloppet.
C.19	Utövandekurs eller slutlig referenskurs för den underliggande.	Avvecklingspris
C.20	Typ av underliggande och var informationen om underliggande kan finnas.	Typ av Underliggande: aktier Johnson & Johnson Merck & Co., Inc. Pfizer Inc. Novartis AG Roche Holding AG (non-voting equity security) Novo Nordisk A/S Glaxo Smith Kline plc Bayer AG Sanofi Takeda Pharmaceutical Company Limited Information om den gångna och den framtida utvecklingen av den Underliggande och dessas volatilitet kan finnas på hemsidan: www.jnj.com www.merck.com www.pfizer.com www.novartis.com www.roche.com www.novonordisk.com www.gsk.com www.bayer.com www.sanofi.com www.takeda.com och www.jpx.co.jp/english

Punkt	Avsnitt D – Risker	
D.2	Nyckelinformation om väsentliga risker som är specifika och individuella för Emittenten.	Värdepapperen medför emittentrisk, även kallad gäldenärsrisk eller kreditrisk för potentiella investerare. En emittentrisk är risken att UBS AG tillfälligt eller varaktigt blir oförmögen att fullgöra dess förpliktelser under Värdepapperen. Generell risk för insolvens Varje Värdepappersinnehavare bär den generella risken att den finansiella

		<p>situationen för Emittenten kan försämrats. Värdepapperen utgör direkta, icke säkerställda och icke efterställda förpliktelser för Emittenten och förpliktelserna kommer vid Emittentens insolvens att rangordnas lika med samtliga andra nuvarande och framtida icke säkerställda och icke efterställda förpliktelser för Emittenten, med undantag för de förpliktelser som har förmånsrätt enligt tvingande lagregler. Emittentens förpliktelser under Värdepapperen garanteras inte av något system av insättningsgarantier eller kompensationsplaner. Om Emittenten blir insolvent kan följaktligen Värdepappersinnehavare lida en total förlust av sina investeringar i Värdepapperen.</p> <p>UBS AG som Emittent och UBS är utsatta för olika riskfaktorer i sin affärsverksamhet. Sammanfattade nedan är riskerna som kan påverka Koncernens förmåga att verkställa sin strategi och påverka dess affärsverksamhet, finansiella ställning, verksamhetsresultat och utsikter, som Koncernen anser är väsentliga och för närvarande är medveten om:</p> <ul style="list-style-type: none"> • Den 15 januari 2015 avbröt den schweiziska centralbanken ("SNB") den lägsta målsättningsväxelkursen för den schweiziska francen mot euron, vilken hade funnits på plats sedan september 2011. Vid samma tidpunkt sänkte SNB räntesatsen på saldon på insättningskonton hos SNB som överstiger en viss undantagströskel med 50 baspunkter till negativa 0,75%. Den flyttade också målsättningsintervallet för tremånaders LIBOR till mellan negativa 1,25% och negativa 0,25% (tidigare negativa 0,75% till positiva 0,25%). Dessa beslut resulterade i en betydande stärkning av den schweiziska francen mot euron, US dollar, brittiska pund, japanska yen och flera andra valutor, liksom även en sänkning av räntesatser i schweiziska franc. Den långsiktiga kursen för den schweiziska francen mot dessa andra valutor är inte säker, inte heller är den framtida riktningen för räntesatser i den schweiziska francen. Flera andra centralbanker har på liknande sätt antagit policys om negativ ränta. Fluktuationer i valutakurser och fortsatt låga eller negativa räntesatser kan ha en mycket negativ inverkan på UBS Koncernens kapitalstyrka, UBS Koncernens likviditets- och finansieringsposition och UBS Koncernens lönsamhet. • Regulatoriska och juridiska förändringar kan negativt inverka på UBS verksamhet och förmåga att genomföra dess strategiska planer. De planerade och potentiella regulatoriska och lagstiftningsmässiga utvecklingarna i Schweiz och i andra jurisdiktioner där UBS bedriver verksamhet kan ha väsentlig negativ inverkan på UBS förmåga att genomföra dess strategiska planer, på lönsamheten eller livskraften för vissa verksamhetsområden globalt eller i särskilda jurisdiktioner och, i vissa fall, på UBS förmåga att konkurrera med andra finansiella institutioner. Utvecklingarna har varit och kommer sannolikt att fortsätta att vara kostsamma att implementera och kan också ha en negativ inverkan på UBS juridiska struktur och affärsmodell, potentiellt genereras kapitalineffektiviteter och påverka UBS lönsamhet. Osäkerheten relaterad till eller verkställandet av juridiska och regulatoriska förändringar kan ha en negativ inverkan på UBS relationer med kunder och dess framgång i att attrahera kundaffärer. • UBS kapitalstyrka är viktig för att stödja dess strategi, kunderbidande och konkurrensmässiga position. Varje ökning i riskvägda tillgångar eller en reducering i kvalificerande kapital skulle kunna väsentligt reducera UBS kapitalrelationer. Vidare, UBS är underkastad ett krav på lägsta hävstångsrelation för schweiziska systemrelevanta banker ("SRB"), vilket under vissa omständigheter skulle kunna begränsa UBS affärsverksamheter även om UBS möter övriga riskbaserade kapitalkrav. • UBS kanske inte är framgångsrik i sina tillkännagivna strategiska planer
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		<p>10%. Men Koncernens förmåga att upprätthålla en fullt tillämpad primärkapitalrelation om minst 13% är underkastad ett flertal risker, inklusive resultatet från Koncernens verksamhet, förändringar i kapitalstandarder, metodologier och tolkningar som kan negativt inverka på Koncernens beräknade fullt tillämpade primärkapitalrelation, påförande av att risktillägg, eller ytterligare kapitalkrav såsom ytterligare kapitalbuffertar. Vidare, förändringar i metodologin, antaganden, stressscenarier och andra faktorer kan resultera i väsentliga skillnader i UBS fullt tillämpade primärkapitalrelation vid stresstest.</p> <ul style="list-style-type: none"> • UBS AG:s rörelseresultat, finansiella ställning och förmåga att betala sina förpliktelser i framtiden, kan påverkas av finansiering, utdelning och andra överföringar erhållna från UBS Switzerland AG eller varje annat direktägt dotterföretag, vilket kan vara föremål för begränsningar. Förmågan hos sådana dotterföretag att lämna lån eller överföringar (direkt eller indirekt) till UBS AG kan vara begränsad som en konsekvens av flera faktorer, inklusive restriktioner i finansieringsavtal och krav enligt tillämplig rätt samt regulatoriska och skattemässiga eller andra begränsningar. Begränsningar och regulatoriska åtgärder av detta slag kan försämra tillgången till medel som UBS Koncernen behöver för att göra betalningar. Vidare, UBS AG kan garantera betalningsförpliktelserna för vissa av sina dotterföretag från tid till annan. Dessutom, i samband med överföringen av verksamheterna inom Retail & Corporate och Wealth Management som bokförs i Schweiz från UBS AG till UBS Switzerland AG, vilken fick verkan i juni 2015, under schweizisk rätt (<i>Swiss Merger Act</i>) är UBS AG solidariskt ansvarigt för förpliktelser som existerade vid dagen för tillgångsöverföringen och vilka har överförts till UBS Switzerland AG. Dessa garantier kan kräva att UBS AG tillhandahåller betydande medel eller tillgångar till dotterföretag eller dessas borgenärer eller motparter vid en tidpunkt när UBS AG är i behov av likviditet för att finansiera sina egna förpliktelser. <p>Men eftersom verksamheten i en brett baserat internationellt finansiellt tjänsteföretag, som UBS, till sin inneboende natur är exponerad mot risker som blir uppenbara endast i efterhand, kan risker som UBS inte för närvarande är medvetet om eller som det för närvarande inte betraktar som väsentliga, också påverka dess förmåga att verkställa sin strategi och kan påverka dess affärsverksamhet, finansiella ställning, verksamhetsresultat och utsikter.</p>
D.3	Nyckelinformation om risker som är specifika och individuella för värdepapperen.	<p>Potentiella investerare i Värdepapperen ska vara medvetna om att Värdepapperen utgör en riskfylld investering som kan leda till total förlust av deras investering i Värdepapperen. Värdepappersinnehavare kommer att vidkännas en förlust, om de belopp som erhålls i enlighet med Villkoren för Värdepapperen är lägre än förvärvspriset (inklusive transaktionskostnader). Investerare bär risken för att Emittentens finansiella situation försämras och potentiellt medför oförmåga för Emittenten att fullgöra sina förpliktelser under Värdepapperen. Potentiella investerare måste därför vara förberedda på och i stånd att klara av en partiell eller till och med en total förlust av investerat kapital. Investerare som är intresserade av att köpa Värdepapper måste bedöma sin finansiella situation, för att tillförsäkra sig om att de är i en situation där de klarar av de risker för förluster som Värdepapperen innebär.</p> <p><u>Särskilda risker relaterade till specifika egenskaper hos Värdepapperets struktur</u></p> <p>Potentiella investerare ska vara medvetna om att den del av Inlösenbeloppet som erläggas i enlighet med de Allmänna Villkoren för Värdepapperen är beroende av utvecklingen på den Underliggande. I fall av ogymsam</p>

		<p>utveckling av priset på den Underliggande, kan det belopp som erhållits från Värdepapperen vara lägre än vad investerarna förväntat sig och kan till och med vara lika med noll. I sådana fall kommer Värdepappersinnehavarna ådra sig en total förlust av sina investeringar (inklusive eventuella transaktionskostnader).</p> <p>Potentiella investerare ska vara medvetna om att tillämpningen av Deltagandegrad vid bestämmandet av Värdepappersrätten resulterar i att Värdepapperen i ekonomisk mening liknar en direktinvestering i den Underliggande, men innebär trots det inte att investeringen är helt jämställd med en sådan direktinvestering, i synnerhet på grund av att Värdepappersinnehavarna inte deltar i den aktuella utvecklingen av den Underliggande med ett förhållande om 1:1, utan med den proportion som ges av Deltagandegraden.</p> <p>Potentiella investerare ska vara medvetna om att Värdepappersinnehavarens rättighet i Värdepapperen bestäms på grundval av en annan valuta än Inlösenvalutan, valutaenhet eller beräkningsenhet, och även värdet av den Underliggande bestäms i en sådan annan valuta än Inlösenvalutan, valutaenhet eller beräkningsenhet. Potentiella investerare bör, därför, vara medvetna om att investeringar i dessa Värdepapper kan innebära risker på grund av fluktuerande valutakurser, och att risken för förlust inte enbart beror på utvecklingen av den Underliggande, utan även på ogynnsam utveckling i värdet på utländsk valuta, valutaenhet eller beräkningsenhet.</p> <p>Sådan utveckling kan dessutom öka Värdepappersinnehavarnas exponering mot förluster därför att en ogynnsam utveckling av den relevanta valutakursen i motsvarande mån kan sänka värdet på de förvärvade Värdepapperen under deras löptid eller, i förekommande fall, nivån på Inlösenbeloppet, om något. Valutakurser bestäms av faktorer av tillgång och efterfrågan på internationella valutamarknader, vilka är i sig själva exponerade mot ekonomiska faktorer, spekulationer och åtgärder från regeringar och centralbanker (till exempel monetära kontroller eller restriktioner).</p> <p>Potentiella investerare ska vara medvetna om att Värdepappersinnehavare inte har en avecklingsrätt och att Värdepapperen, följaktligen, inte kan avecklas av Värdepappersinnehavaren under sin löptid. Innan Värdepapperen förfaller är realisation av Värdepapperens ekonomiska värde (eller delar därav), om inte Värdepapperen har varit föremål för förtida återbetalning och aveckling av Emittenten i enlighet med de Allmänna Villkoren till Värdepapperen eller, om så är angivet i de relevanta Slutliga Villkoren, en aveckling av Värdepapperen av Värdepappersinnehavaren i enlighet med de Allmänna Villkoren till Värdepapperen, endast möjlig genom att sälja Värdepapperen.</p> <p>Försäljning av Värdepapperen förutsätter att marknadsaktörer är villiga att förvärva Värdepapperen till ett visst pris. Om inga marknadsaktörer är tillgängliga, kan värdet av Värdepapperen inte realiseras. Utgivandet av Värdepapperen resulterar inte i en förpliktelse för Emittenten gentemot Värdepappersinnehavarna att kompensera för detta eller att återköpa Värdepapperen.</p> <p><u>Generella risker avseende Värdepapperen</u></p> <p><i>Inverkan av nedvärdering av Emittentens kreditvärdighetsbetyg</i> Den allmänna uppfattningen om Emittentens kreditvärdighet kan påverka värdet för Värdepapperen. Som en konsekvens kan varje nedvärdering av Emittentens kreditvärdighetsbetyg ha en negativ inverkan på värdet för Värdepapperen.</p>
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		<p><i>Kreditvärdighetsbetyg är inte rekommendationer</i></p> <p>Kreditvärdighetsbetygen för UBS AG som Emittent bör utvärderas separat från liknande kreditvärdighetsbetyg för andra enheter och från kreditvärdighetsbetyget, om något, tilldelat emitterade skuld- eller derivatvärdepapperen. Ett kreditvärdighetsbetyg är inte en rekommendation att köpa, sälja eller inneha värdepapper emitterade eller garanterade av enheten för kreditvärdighetsbetyget och kan bli föremål för granskning, ändring, tillfälligt indragande, sänkning eller återkallande när som helst utav det tilldelande kreditvärderingsinstitutet.</p> <p>Ett kreditvärdighetsbetyg för Värdepapperen, om något, är inte en rekommendation att köpa, sälja eller inneha Värdepapperen och kan bli föremål för ändring eller återkallande när som helst utav det relevanta kreditvärderingsinstitutet. Varje kreditvärdighetsbetyg bör utvärderas separat från andra kreditvärdighetsbetyg för värdepapper, både avseende kreditvärderingsinstitutet och typen av värdepapper. Vidare, kreditvärderingsinstitut som inte har anlitats av Emittenten eller annars för att värdera Värdepapperen kan försöka att värdera Värdepapperen och, om sådana icke efterfrågade kreditvärdighetsbetyg är lägre än det motsvarande kreditvärdighetsbetyget tilldelat Värdepapperen av det relevanta anlitade kreditvärderingsinstitutet, så kan sådana kreditvärdighetsbetyg ha en negativ inverkan på Värdepapperens värde.</p> <p><i>Värdepappersinnehavare är exponerade mot risken för skuldnedskrivning</i></p> <p>Emittenten och Värdepapperen är föremål för den schweiziska banklagen och den schweiziska finansiella tillsynsmyndighetens ("FINMA") förordning om insolvens hos banker som ger FINMA makt i egenskap av behörig myndighet att i särskilda fall tillämpa vissa resolutionsverktyg mot kreditinstitutioner. Dessa åtgärder inkluderar särskilt nedskrivningen eller omvandlingen av värdepapper till aktiekapital för sådan kreditinstitution (så kallad skuldnedskrivning). En nedskrivning eller en konvertering skulle ha konsekvensen att Emittenten skulle bli befriad från dess skyldigheter under Värdepapperen. Värdepappersinnehavare skulle inte ha några ytterligare krav på Emittenten under Värdepapperen. Resolutionsverktygen kan därför ha en omfattande negativ påverkan på Värdepappersinnehavares rättigheter genom att avstänga, modifiera och helt eller delvis upphäva krav under Värdepapperen. I värsta fall kan detta leda till en total förlust av Värdepappersinnehavares investeringar i Värdepapperen.</p> <p>Sådana juridiska bestämmelser och/eller näringsrättsliga åtgärder kan allvarligt påverka Värdepappersinnehavares rättigheter och kan ha en negativ påverkan på värdet av Värdepapperen redan innan någon ekonomisk brist uppstår eller resolution sker i förhållande till Emittenten.</p> <p><i>Villkoren för Värdepapperen innehåller inte några begränsningar för Emittentens eller UBS förmåga att omorganisera sin verksamhet</i></p> <p>Villkoren för Värdepapperen innehåller inte några begränsningar avseende förändrad ägarkontroll eller strukturella förändringar, såsom sammanslagningar eller fusioner eller avyttranden avseende Emittenten eller försäljningen, överlåtelsen, avknoppningen, tillskjutandet, utdelningen, överföringen eller annan disposition avseende all eller någon del av Emittentens eller dess dotterföretags fastigheter eller tillgångar i samband med de tillkännagivna ändringarna avseende dess juridiska struktur eller annars och ingen uppsägningsgrundande händelse, skyldighet att återköpa Värdepapperen eller någon annan händelse kommer att aktiveras under Villkoren för Värdepapperen som en följd av sådana ändringar. Det kan inte lämnas någon försäkran att, skulle dessa inträffa, dessa inte kommer att ha en negativ inverkan på kreditvärdighetsbetygen för Emittenten och/eller öka sannolikheten för inträffande av en uppsägningsgrundande händelse. Sådana ändringar, skulle dessa inträffa,</p>
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		<p>kan negativt påverka Emittentens förmåga att erlägga ränta avseende Värdepapperen och/eller leda till omständighet där Emittenten kan välja att annullera sådan ränta (om tillämpligt).</p> <p>Avslutande och Förtida Inlösen efter Emittentens val Potentiella investerare i Värdepapperen ska vidare vara medvetna om att Emittenten, enligt Villkoren för Värdepapperen, under vissa omständigheter, är berättigad att avsluta och lösa in Värdepapperen i dessas helhet före den planerade Förfallodagen. I sådant fall är Värdepappersinnehavaren berättigad att begära betalning av ett inlösenbelopp avseende denna förtida inlösen. Men Värdepappersinnehavaren är inte berättigad att begära ytterligare betalningar avseende Värdepapperen efter den relevanta dagen för avslutande. Vidare, det Avslutsbeloppet, om något, som ska erläggas i händelse av en förtida inlösen av Värdepapperen av Emittenten kan vara markant lägre än det belopp som skulle ha förfallit till betalning vid det planerade slutet av löptiden för Värdepapperen.</p> <p>Värdepappersinnehavaren bär därför risken att inte ta del av utveckling av den Underliggande, i förväntad omfattning och under den förväntade perioden.</p> <p>Om Emittenten löser in Värdepapperen bär Värdepappersinnehavaren en återinvesteringsrisk, dvs. investeraren bär risken att investeraren måste återinvestera Avslutsbeloppet, om något, som utbetalas av Emittenten vid inlösen till rådande marknadsförhållanden, som kan vara mindre förmånliga än de som rådde vid tidpunkten då Värdepapperen förvärvades.</p> <p>Negativ inverkan av justering av Värdepapperens rättigheter Det finns en risk att vissa omständigheter inträffar eller särskilda åtgärder vidtas (av annan part än Emittenten) i förhållande till den Underliggande, vilket potentiellt kan medföra förändringar av den Underliggande, eller resultera i att det underliggande konceptet för den Underliggande förändras, så kallade Potentiella Justeringshändelser. Om en Potentiell Justeringshändelse inträffar, ska Emittenten vara berättigad att videra justeringar i enlighet med Villkoren för Värdepapperen för att beakta dessa händelser eller åtgärder. Dessa justeringar kan medföra en negativ inverkan på Värdepapperens värde.</p> <p>Substitution av Emittenten Förutsatt att Emittenten inte underlåter att infria sina skyldigheter under Värdepapperen, är Emittenten i enlighet med de Allmänna Villkoren till Värdepapperen, när som helst berättigad, utan Värdepappersinnehavarnas samtycke, att substituera in ett annat bolag inom UBS-Koncernen som Emittent ("Substituerande Emittent") med hänsyn till alla skyldigheter under eller med koppling till Värdepapperen.</p> <p>Detta kan påverka notering av Värdepapperen och, i synnerhet, kan det vara nödvändigt för den Substituerande Emittenten att ansöka på nytt om notering på den relevanta marknad eller börs där Värdepapperen är noterade. Dessutom kommer, efter en sådan substitution, Värdepappersinnehavare vara föremål för den Substituerande Emittentens kreditrisk.</p> <p>Handel med Värdepapperen/ Illikviditet Det är inte möjligt att förutse om och i vilken utsträckning en andrahandsmarknad för Värdepapperen kan komma att utvecklas eller till vilket pris Värdepapperen kommer att handlas för på andrahandsmarknaden eller om sådan marknad är likvid eller illikvid.</p> <p>Värdepapperens likviditet, om någon, kan också påverkas av restriktioner</p>
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		<p>för köp och försäljning av Värdepapperen i vissa jurisdiktioner. Dessutom är Emittenten berättigad (men inte förpliktigad) att förvärva Värdepapper när som helst och till vilket pris som helst på den öppna marknaden eller genom erbjudande eller genom privat överenskommelse. Värdepapper förvärvade på detta sätt kan innehas eller säljas vidare eller överlämnas för annullering.</p> <p>Dessutom finns det en risk att antalet Värdepapper som faktiskt emitteras och förvärvas av investerare är färre än den avsedda Emissionsstorleken av Värdepapperen. Följaktligen finns det en risk att, på grund av den låga volymen av Värdepapper som faktiskt emitteras, likviditeten för Värdepapperen är lägre än om alla Värdepapper hade emitterats och förvärvats av investerare.</p> <p>Managern avser att, under normala marknadsförhållanden, ställa köp- och säljkurser för emitterade Värdepapper regelbundet. Managern har dock inget bindande åtagande mot Emittenten att tillföra likviditet genom köp- och säljkurser för Värdepapperen, och åtar sig inget juridiskt ansvar att ange sådana priser eller avseende nivån eller fastställandet av sådana priser. Potentiella investerare ska därför inte förlita sig på möjligheterna att sälja Värdepapper vid någon specifik tidpunkt eller till något särskilt pris.</p> <p><i>Beskattning avseende Värdepapperen</i> Potentiella investerare ska vara medvetna om att de kan bli ålagda att betala skatter eller andra dokumentationsavgifter eller avgifter i enlighet med lagar och praxis i det land till vilket Värdepapperen överförs eller andra jurisdiktioner. I vissa jurisdiktioner kan det saknas officiella uttalanden från skattemyndigheter eller domstolsbeslut vad gäller innovativa finansiella instrument så som Värdepapperen. Potentiella investerare uppmanas att inte förlita sig till någon skattesammanfattning i Grundprospektet utan uppmanas istället att efterfråga sina egna skatterådgivare avseende sin individuella beskattning vad gäller förvärv, försäljning eller inlösen av Värdepapperen. Endast dessa rådgivare är i position att vederbörligen bedöma den specifika positionen för den potentiella investeraren.</p> <p><i>Betalningar under Värdepapperen kan bli föremål för amerikansk källskatt</i> Värdepappersinnehavare bör, följaktligen, vara medvetna om att betalningar under Värdepapperen kan, under vissa omständigheter, bli föremål för amerikansk källskatt. Om ett belopp avseende sådan amerikansk källskatt ska dras av från eller innehållas från betalningar på Värdepapperen, skulle inte någon av Emittenten, varje betalningsombud eller varje annan person enligt Villkoren för Värdepapperen, ha någon skyldighet att betala ytterligare belopp som en följd av avdraget för eller innehållandet av sådan skatt.</p> <p><i>Förändrad beskattning av Värdepapperen</i> Bedömning gällande Beskattning av Värdepapperen i Grundprospektet återspeglar Emittentens uppfattning på basis av den juridiska situationen vid dagen för Grundprospektet. Dock finns det en risk att skattemyndigheter eller skattedomstolar intar en annan position, vilket ger en annan skattemässig behandling av Värdepapperen. Varje investerare uppmanas att rådfråga sin egen skatterådgivare innan beslut om att investera i Värdepapperen fattas.</p> <p>Varken Emittenten eller Managern tar något ansvar i förhållande till Värdepappersinnehavare vad gäller skattekonsekvenser av en investering i Värdepapperen.</p>
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		<p>Potentiella Intressekonflikter</p> <p>Emittenten och dess närstående bolag kan ingå transaktioner som relaterar till Värdepapperen på ett eller annat sätt, antingen för egen räkning eller på uppdrag av en kund. Sådana transaktioner behöver inte vara gynnsamma för Värdepappersinnehavare och kan få positiv eller negativ effekt på värdet av den Underliggande, och följaktligen på värdet av Värdepapperen. Vidare kan bolag som är närstående till Emittenten vara motparter i hedgningstransaktioner som relaterar till Emittentens förpliktelser som följer av Värdepapperen. Som ett resultat kan intressekonflikter uppstå mellan bolag som är närstående till Emittenten, så väl som mellan dessa bolag och investerare, med avseende på skyldigheter beträffande beräkningen av kursen för Värdepapperen och andra därmed förknippade fastställanden. Dessutom kan Emittenten och dess närstående bolag agera i andra egenskaper med avseende på Värdepapperen, såsom som beräkningsagent, betalningsagent och administrativ agent och/eller indexsponsor.</p> <p>Dessutom kan Emittenten och dess närstående bolag emittera andra derivatinstrument relaterade till den Underliggande eller, i förekommande fall, Korgkomponenterna; introduktionen av sådana konkurrerande produkter kan påverka värdet på Värdepapperen. Emittenten och dess närstående bolag kan erhålla icke-offentlig information relaterad till den Underliggande, och varken Emittenten eller någon av dess närstående åtar sig att göra denna information tillgänglig för Värdepappersinnehavarna. Dessutom kan ett eller flera av Emittentens närstående bolag publicera forskningsrapporter om den Underliggande. Sådana aktiviteter kan innebära intressekonflikter och kan påverka Värdepapperens värde negativt.</p> <p>Inom ramen för erbjudandet och försäljningen av Värdepapperna, kan Emittenten eller dess närstående direkt eller indirekt betala avgifter i olika belopp till tredje parter, såsom distributörer eller investeringsrådgivare, eller motta betalning av avgifter i varierande belopp, inklusive dem som tas ut i samband med distribution av Värdepapperen, från tredje parter. Potentiella investerare ska vara medvetna om att Emittenten kan behålla avgifter helt eller delvis. Emittenten, eller i förekommande fall, Managern, kommer på begäran tillhandahålla information om dessa avgifter.</p> <p>Risikfaktorer relaterade till den Underliggande</p> <p>Värdepapperen är beroende av värdet på Underliggande Tillgångar och risken förknippad med den Underliggande. Värdet på Underliggande Tillgångar beror på flertalet faktorer som kan bli sammankopplade. Dessa kan inkludera ekonomiska, finansiella eller politiska händelser som är utom Emittentens kontroll. Den gångna utvecklingen för Underliggande Tillgångar skall inte ses som en indikator på den framtida utvecklingen under löptiden för Värdepapperen och Emittenten ger inte någon uttaland eller tyst garanti eller representation vad gäller framtida utveckling av Underliggande Tillgångar.</p> <p>Investerare ska också notera att nivån för Inlösenbeloppet beror på utvecklingen av en portfölj innehållande Underliggande Tillgångar. Som resultat av detta, kan fluktuationer i värdet av en Underliggande komma att sätta igång eller intensifiera fluktuationerna i värdet av andra Underliggande Tillgångar i portföljen. Till och med vid fall av en positiv utveckling av en eller flera Underliggande Tillgångar, kan utvecklingen av portföljen, som helhet bli negativ om utvecklingen av andra Underliggande Tillgångar är mer negativa. Det kan finnas betydande negativ effekt på kalkuleringen eller specificeringen av inlösenbeloppet om utvecklingen av en eller flera Underliggande Tillgångar i en portfölj, på vilken kalkuleringen eller specificeringen av inlösenbeloppet grundar sig på, har försämrats i betydande mån.</p> <p>Investerare ska vara medvetna om att de relevanta Underliggande</p>
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		Tillgångarna inte kommer innehåsa av Emittenten för att bringa fördel till Värdepappersinnehavarna, och att Värdepappersinnehavarna inte kommer få ta del av några äganderättigheter (inkluderat, utan begränsning, rösträttigheter, rättigheter att få del av utdelning eller andra utbetalningar eller andra rättigheter) med avseende på Underliggande Tillgångar.
D.6	Riskvarning för att investerare kan förlora hela värdet av investeringen eller del av den.	Även då Värdepapperen är kapitalskyddade vid förfallodagen till Minimibeloppet och risken således inledningsvis är begränsad, bär varje investerare i Värdepapperen risken att Emittentens finansiella situation försämrats. Potentiella investerare måste därför vara förberedda på att drabbas av en partiell eller rentav total förlust av hela sin investering. Varje investerare som är intresserad av att köpa Värdepapper bör bedöma sin finansiella situation för att säkerställa att de är i en sådan position att de kan bära risken för förlust förknippad med Värdepapperen.

Punkt	Avsnitt E – Erbjudande	
E.2b	Motiv till erbjudandet och användning av intäkterna.	Ej tillämpligt. Motiven för erbjudande och användningen av intäkterna skiljer sig inte åt från att generera vinster och/eller säkra vissa risker.
E.3	Former och villkor för erbjudandet.	<p>Det har överenskommit om att Managern, på eller efter respektive Emissionsdag för Värdepapperen, får köpa Värdepapper och ska placera Värdepapperen för försäljning, för Emissionskursen på villkor som kan komma att ändras i Jurisdiktionen för Erbjudande till Allmänheten under Teckningsperioden (enligt definition nedan).</p> <p>Emissionskursen kommer vara fastställd på den 7 april 2016 ("Fastställsedagen") och kommer sedan att göras tillgänglig på www.ubs.com/keyinvest. Per Fastställsedagen kommer försäljningskursen justeras kontinuerligt för att reflektera den rådande marknadssituationen.</p> <p>Värdepapperen ska kunna tecknas från Managern under normala öppethållandetider för banker under 24 februari 2016 och 31 mars 2016 ("Teckningsperioden"). Emissionskursen för varje Värdepapper ska betalas den 19 april 2016 ("Initiala Betalningsdag").</p> <p>Emittenten förbehåller sig rätten att tidigare avsluta eller förlänga Teckningsperioden om marknadsförhållandena kräver det.</p> <p>Efter den Initiala Betalningsdagen ska respektive investerares Värdepapper krediteras dennes konto i enlighet med bestämmelserna för gällande Clearingsystem. Om Teckningsperioden förkortas eller förlängs, kan den Initiala Betalningsdagen också tidigare- eller senareläggas.</p>
E.4	Intressen som är väsentliga för emissionen/erbjudandet inkl. intressekonflikter.	<p>Intressekonflikter</p> <p>Emittenten och de närstående företagen kan delta i transaktioner relaterade till Värdepapperen på olika sätt, för deras egen räkning eller för kunds räkning. Sådana transaktioner kanske inte tjänar Värdepappersinnehavarnas intressen och kan ha en positiv eller negativ inverkan på den Underliggande och, följaktligen, på värdet för Värdepapperen. Vidare, bolag närstående till Emittenten kan bli motparter i hedgningstransaktioner avseende förpliktelse för Emittenten som härrör från Värdepapperen. Som ett resultat kan intressekonflikter uppkomma mellan dessa bolag och investerare avseende förpliktelse rörande beräkningen av priset för Värdepapperen och andra förknippade fastställanden. Dessutom Emittenten och dess närstående kan agera i andra roller med avseende på Värdepapperen, såsom beräkningsagent, betalningsombud eller administrativ agent och/eller indexsponsor.</p>

		<p>Vidare, Emittenten och dess närstående kan emittera andra derivatinstrument avseende den Underliggande; introduktionen av sådana konkurrerande produkter kan påverka värdet på Värdepapperen. Emittenten och dess närstående bolag kan erhålla ej offentliggjord information avseende den Underliggande och varken Emittenten eller någon av dess närstående åtar sig att göra sådan information tillgänglig för Värdepappersinnehavare. Dessutom kan ett eller flera av Emittentens närstående bolag publicera researchrapporter beträffande den Underliggande. Sådana aktiviteter kan utgöra intressekonflikter och kan negativt påverka värdet för Värdepapperen.</p> <p>I samband med erbjudandet och försäljningen av Värdepapperen kan Emittenten eller någon av dess närstående direkt eller indirekt betala arvoden i olika storlek till tredje parter, så som distributörer eller investeringsrådgivare, eller erhålla arvoden i olika storlek, inklusive de som debiteras i samband med distributionen av Värdepapperen, från tredje parter. Potentiella investerare bör vara medvetna om att Emittenten kan behålla arvoden delvis eller helt. Emittenten eller, som fallet kan vara, Managern kommer, på begäran, ge information om storleken på dessa arvoden.</p> <p>Varje intresse som är väsentligt för emissionen/erbjudandet, inklusive potentiella intressekonflikter</p> <p>Som så långt Emittenten är medveten, ingen person som är inblandad i utfärdandet och erbjudandet av Värdepapperen har något väsentligt intresse i utfärdandet och erbjudandet av Värdepapperen.</p>
E.7	Förväntade kostnader debiteras investeraren av emittenten eller erbjudaren.	Ej tillämpligt; inga kostnader debiteras investeraren av emittenten eller Managern.

FINAL TERMS

dated 24 February 2016

in connection with the Base Prospectus dated 8 January 2016
(as supplemented from time to time)

of

UBS AG

(a corporation limited by shares established under the laws of Switzerland)
acting through its London Branch



for the issue and public offer of

3,000 (indicative) UBS Gearing Certificates

ISIN CH0314190486

Valor 31419048

linked to shares

These final terms (the "**Final Terms**") have been prepared for the purpose of Article 5 (4) of the Prospectus Directive and provide additional information to the base prospectus dated 8 January 2016, as supplemented from time to time (the "**Base Prospectus**", together with the Final Terms, the "**Prospectus**") that was prepared in accordance with the Financial Instruments Trading Act (SFS 1991:980). Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus.

These Final Terms must be read in conjunction with the Base Prospectus, including all information incorporated by reference therein and any supplement(s) thereto. Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus, as supplemented from time to time. However, a summary of the individual issue of the Securities is annexed to these Final Terms. The Base Prospectus, any supplement to the Base Prospectus and these Final Terms are available for viewing at www.ubs.com/keyinvest or a successor address. Copies may be obtained during normal business hours at the registered offices of the Issuer.

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OVERVIEW ON THE SECURITY STRUCTURE

UBS Gearing Securities

UBS Gearing Securities allow Securityholders to participate in the positive development of the Underlying(s). Conversely, Securityholders in UBS Gearing Securities may also participate in the negative development of the Underlying(s), as the UBS Gearing Securities may provide downside risk potential as specified in the applicable Product Terms. UBS Gearing Securities may also allow Securityholders to participate in the positive development of the Underlying relative to another Underlying. Conversely, Securityholders in UBS Gearing Securities may participate in the negative development of the Underlying relative to another Underlying.

UBS Gearing Securities also exist in a so-called "Put" version. In such case Securityholders participate positively in the negative development of the Underlying(s). Conversely, Securityholders in UBS Gearing Securities (Put) may also participate in the positive development of the Underlying(s), as the UBS Gearing Securities (Put) may provide upside risk potential as specified in the applicable Product Terms. UBS Gearing Securities (Put) may also allow Securityholders to participate in the negative development of the Underlying relative to another Underlying. Conversely, Securityholders in UBS Gearing Securities (Put) may participate in the positive development of the Underlying relative to another Underlying.

UBS Gearing Securities may expire worthless upon the unfavourable development of the Underlying(s) beyond a certain value, as specified in the applicable Product Terms.

Securityholders receive on the Maturity Date a Redemption Amount in the Redemption Currency, the amount of which depends on the Reference Price or the Settlement Price of the Underlying(s), as specified in the relevant Product Terms. The Redemption Amount is typically calculated by multiplying the Nominal Amount or such other amount as specified in the applicable Product Terms with the relevant performance of the Underlying(s), thereafter multiplied by the Participation Factor, the Leverage Factor or the Multiplier, but may also take other factors into account, as specified in the applicable Product Terms.

The Redemption Amount may be determined by reference to the performance of one or more Underlying(s), as specified in the relevant Product Terms.

PART A – PRODUCT TERMS

The following “**Product Terms**” of the Securities shall, for the relevant Securities, complete and put in concrete terms the General Conditions for the purposes of such Securities. A version of these Product Terms as completed and put in concrete terms for the specific issue will be contained in the applicable Final Terms and must be read in conjunction with the General Conditions.

The Product Terms are composed of

Part 1: Key Terms and Definitions of the Securities

Part 2: Special Conditions of the Securities

Product Terms and General Conditions together constitute the “**Conditions**” of the relevant Securities.

Part 1: Product Terms: Key Terms and Definitions of the Securities

The Securities use the following definitions and have, subject to an adjustment according to the Conditions of the Securities, the following key terms, both as described below in alphabetical order. The following does not represent a comprehensive description of the Securities, and is subject to and should be read in conjunction with the Conditions of the Securities. The following use of the symbol "" in the Key Terms and Definitions of the Securities indicates that the relevant determination will be made by the Calculation Agent or the Issuer, as the case may be, and will be published without undue delay thereafter in accordance with the applicable legal requirements of the relevant jurisdiction.

A.

Additional Termination Event: Additional Termination Event means in relation to a share used as the Underlying any of the following events:

- (i) The Issuer obtains knowledge about the intention to discontinue permanently the quotation of the shares of the Company on the Relevant Exchange due to a merger or a new company formation, due to a transformation of the Company into a legal form without shares, or due to any other comparable reason, in particular as a result of a delisting of the Company.
- (ii) An insolvency proceeding or any other similar proceeding under the jurisdiction applicable to and governing the Company is initiated with respect to the assets of the Company.
- (iii) Take-over of the shares of the Company, which in the Issuer's opinion, results in a significant impact on the liquidity of such shares in the market.
- (iv) Offer to the shareholders of the Company pursuant to the German Stock Corporation Act (*Aktiengesetz*), the German Law regulating the Transformation of Companies (*Umwandlungsgesetz*) or any other similar proceeding under the jurisdiction applicable to and governing the Company to convert existing shares of the Company to cash settlement, to Securities other than shares or rights, which are not quoted on a stock exchange and/or in a trading system.

B.

Banking Day: The Banking Day means each day on which the banks in London, United Kingdom, and Stockholm, Sweden, are open for business and the Clearing System settles securities dealings.

C.

CA Rules: CA Rules means the Swedish Financial Instruments Accounts Act (lag (1998:1479) om kontoföring av finansiella instrument) as well as any regulation and operating procedure applicable to and/or issued by the Clearing System.

Clearing System:

Clearing System means Euroclear Sweden AB, Klarabergsviadukten 63, S-111 64 Stockholm, Sweden, in its capacity as central securities depository under the Swedish Financial Instruments Accounts Act (Sw. lag (1998:1479) om kontoföring av finansiella instrument) or any successor in this capacity.

E.
Expiration Date: The Expiration Date means 20 September 2022.

F.
Fee Calculation Factor: From and including the Fixing Date up to and excluding the first Annual Determination Date (as defined below) the Fee Calculation Factor equals 100 %.

The Fee Calculation Factor will be decreased annually on each "**Annual Determination Date**" and the new value of the Fee Calculation Factor is stated in the table below.

The new value of the Fee Calculation Factor will be applicable from and including the relevant Annual Determination Date up to but excluding the following Annual Determination Date, and with respect to the last Annual Determination Date (Expiration Date), the new value of the Fee Calculation Factor will be applicable from and including the last Annual Determination Date (Expiration Date).

Annual Determination Date:	Fee Calculation Factor:
4 October 2016	99.56 %
4 October 2017	98.57 %
4 October 2018	97.58 %
4 October 2019	96.61 %
5 October 2020	95.64 %
4 October 2021	94.68 %
Expiration Date	93.74 %

Fixing Date: The Fixing Date means 7 April 2016.

If this day is not an Underlying Calculation Date in relation to an Underlying_(i) the immediately succeeding Underlying Calculation Date is deemed to be the Fixing Date in relation to all Underlyings.

In the case of abbreviation or extension of the Subscription Period the Fixing Date may be changed accordingly.

Fixing Time: The Fixing Time equals the time of the official determination of the closing price of the respective Underlying_(i).

G.
Governing Law: German law governed Securities. Any reference to reasonable discretion in the Conditions shall be construed as references to reasonable discretion in accordance with § 315 BGB or §§ 315, 317 BGB, as the case may be.

I.
Initial Payment Date: The Initial Payment Date means 19 April 2016.

In the case of abbreviation or extension of the Subscription Period the Initial Payment Date may be changed accordingly.

- Issue Date:** The Issue Date means 19 April 2016.
- In the case of abbreviation or extension of the Subscription Period the Issue Date may be changed accordingly.
- Issuer:** The Issuer means UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland, acting through its London Branch, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom.
- Issuing Agent:** The Issuing Agent means SEB Merchant Banking, Asset Servicing, S-106 40 Stockholm, Sweden, or any successor in this capacity. As long as any Security is outstanding, there will at all times be an Issuing Agent duly authorised as such under the CA Rules with regard to the Securities.
- L.**
- Look-Back Date:** A Look-Back Date_(n) means each Thursday within a period starting on 7 April 2016 (including) (Look-Back Date_(n=1)) and ending on 16 June 2016 (including) (Look-Back Date_(n=11)).
- The term "Look-Back Date" shall also refer to all Look-Back Dates_(n=1) to _(n=11).
- If one of these days is not an Underlying Calculation Date in relation to an Underlying_(i), the immediately succeeding Underlying Calculation Date is deemed to be the relevant Look-Back Date in relation to all Underlyings. *For the avoidance of doubt*, there will be 11 Look-Back Dates in any case.
- In the case of abbreviation or extension of the Subscription Period the Look-Back Dates may be changed accordingly.
- M.**
- Manager:** The Manager means UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom.
- Maturity Date:** The Maturity Date means the eighth Banking Day (i) after the final Valuation Date, and (ii) in the case of a termination by the Issuer in accordance with § 8 of the Conditions of the Securities, after the Termination Date.
- Minimum Trading Size:** The Minimum Trading Size equals 1 Security.
- N.**
- Nominal Amount:** The Nominal Amount per Security equals SEK 10,000.00.
- O.**
- Observation Date:** The Observation Date means the 20th day of each calendar month, beginning on 21 September 2020 (including) (Observation Date_(i=1)) and ending on the Expiration Date (including) (Observation Date_(i=25)).
- The term "Observation Date" shall also refer to all Observation Dates_(i=1) to _(i=25).
- If one of these days is not an Underlying Calculation Date in relation to an

Underlying_(i), the immediately succeeding Underlying Calculation Date is deemed to be the relevant Observation Date in relation to all Underlyings.

P.

Participation Factor:

The Participation Factor equals 120 % (indicative), subject to a minimum of 80 %.

The Participation Factor will be fixed on the Fixing Date.*

Paying Agent:

The Paying Agent means UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basle, Switzerland, acting through its London Branch, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom, and Skandinaviska Enskilda Banken, Stockholm (SEB), Kungsträdgårdsgatan 8, S-106 40 Stockholm, Sweden. The term "Paying Agent" shall also refer to all Paying Agents including the Principal Paying Agent.

Price of the Underlying:

The Price of the Underlying_(i) means the official closing price of the Underlying_(i) as determined on the Relevant Exchange.

Principal Paying Agent:

The Principal Paying Agent means UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basle, Switzerland, acting through its London Branch, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom.

R.

Redemption Currency:

The Redemption Currency means Swedish Krona ("SEK").

Relevant Exchange:

The Relevant Exchange means Nasdaq Stockholm.

Relevant Futures and Options Exchange:

The Relevant Futures and Options Exchange means the futures and options exchange(s), on which futures and option contracts on the Underlying are primarily traded, as determined by the Calculation Agent.

S.

Securities:

Securities means the UBS Gearing Certificates issued by the Issuer in the Issue Size with the following product features:

Participation Factor:	Applicable
Leverage Factor:	Not Applicable
Multiplier:	Not Applicable
Multiplication Factor:	Not Applicable
Reverse Structure:	Not Applicable
Express Structure:	Not Applicable
Thresholds, Barriers or Levels:	Not Applicable
Maximum Amount:	Not Applicable
Relevant Underlying:	Not Applicable
Physical Delivery:	Not Applicable
Final Lock-In:	Not Applicable
Automatic Termination:	Not Applicable
Currency Conversion:	Not Applicable
Capital Protection:	Not Applicable
No predefined term:	Not Applicable

Time-lagged Valuation:	Not Applicable
Minimum Exercise Size:	Not Applicable
Securityholder's Termination Right:	Not Applicable
Quanto:	Not Applicable
Consideration of Components:	Not Applicable
Individual Determination:	Applicable
Collective Determination:	Not Applicable

The Securities are being issued in uncertificated and dematerialised form to be registered in book-entry form at the Clearing System (also the "**Swedish Securities**") and will not be represented by definitive securities.

Settlement Cycle: The Settlement Cycle means the number of business days following a trade in the Underlying on the Relevant Exchange in which settlement will customarily occur according to the rules of the Relevant Exchange.

Settlement Price: The Settlement Price_(i) of the Underlying_(i) equals the arithmetical average of the Prices of the Underlying_(i) on each of the Observation Dates_(i) at the Valuation Time as determined by the Calculation Agent.

The term "Settlement Price" shall also refer to all Settlement Prices_(i=1) to _(i=10).

Strike: The Strike_(i) of the Underlying_(i) equals the lowest Price of the Underlying_(i) on any of the Look-Back Dates at the Fixing Time, as determined by the Calculation Agent

The term "Strike" shall also refer to all Strikes_(i=1) to _(i=10).

The Strike of the Underlying_(i) will be fixed on the last Look-Back Date at the Fixing Time.*

T. Term of the Securities: The Term of the Securities means the period commencing on the Issue Date and ending on the Expiration Date at the Valuation Time.

Termination Amount: The Termination Amount equals an amount in the Redemption Currency, which is determined by the Calculation Agent at its reasonable discretion and considering the then prevailing Price of the Underlying as the fair market price of a Security at the occurrence of the termination of the Securities.

U. Underlyings: The Underlying_(i=1) equals the share of ABB Ltd. (ISIN CH0012221716, Bloomberg: ABB SS),

the Underlying_(i=2) equals the share of Skanska AB (ISIN SE0000113250, Bloomberg: SKAB SS),

the Underlying_(i=3) equals the share of H & M Hennes & Mauritz AB (ISIN SE0000106270, Bloomberg: HMB SS),

the Underlying_(i=4) equals the share of Aktiebolaget SKF (ISIN SE0000108227, Bloomberg: SKFB SS),

the Underlying_(i=5) equals the share of Nordea Bank AB (ISIN SE0000427361, Bloomberg: NDA SS),

the Underlying_(i=6) equals the share of Tele2 AB (ISIN SE0005190238, Bloomberg: TEL2B SS),

the Underlying_(i=7) equals the share of AstraZeneca PLC (ISIN GB0009895292, Bloomberg: AZN SS),

the Underlying_(i=8) equals the share of TeliaSonera Aktiebolag (ISIN SE0000667925, Bloomberg: TLSN SS),

the Underlying_(i=9) equals the share of Swedbank AB (ISIN SE0000242455, Bloomberg: SWEDA SS), and

the Underlying_(i=10) equals the share of Svenska Handelsbanken AB (ISIN SE0007100599, Bloomberg: SHBA SS).

The term "Underlying" shall also refer to all Underlyings_(i=1) to _(i=10).

Underlying Calculation Date:

The Underlying Calculation Date means each day, on which the Relevant Exchange is open for trading and the Price of the Underlying is determined in accordance with the relevant rules.

V. Valuation Date:

The Valuation Date means the relevant Observation Date_(i).

Valuation Time:

The Valuation Time equals the time of official determination of the closing price of the respective Underlying_(i).

Part 2: Product Terms: Special Conditions of the Securities

§ 1 Security Right

(1) Security Right of the Securityholders

The Issuer hereby warrants to the Securityholder (§ 4 (2)) of each (1) Security relating to the Price of the Underlyings in accordance with these Conditions that such Securityholder shall have the right (the "**Security Right**") to receive the Settlement Amount (§ 1 (2)) in the Redemption Currency, commercially rounded to two decimal places (the "**Redemption Amount**").

(2) Settlement Amount

The "**Settlement Amount**" will be determined as follows:

$$[NA \times FCF \times \text{Max}(0; P \times \text{Performance}_{\text{End}})] - \text{Distributor Fee}$$

Where

"**NA**" equals the Nominal Amount,

"**FCF**" equals the Fee Calculation Factor on the Observation Date_(i=25),

"**P**" equals the Participation Factor.

Where the "**Performance_{End}**" will be determined in accordance with the following formula:

$$\frac{1}{10} \sum_{i=1}^{10} \frac{\text{Settlement Price}_{(i)} - \text{Strike}_{(i)}}{\text{Strike}_{(i)}}$$

with:

"**Settlement Price_(i)**" equals the Settlement Price_(i) of the Underlying_(i), and

"**Strike_(i)**" equals the Strike_(i) of the Underlying_(i).

Where the "**Distributor Fee**" will be determined in accordance with the following formula:

$$NA \times [\text{Final Fee} \times \text{Max}(0; FCF \times (1 + P \times \text{Performance}_{\text{End}}) - 100\%)]$$

with:

"**NA**" equals the Nominal Amount,

"**Final Fee**" equals 10 %,

"**FCF**" equals the Fee Calculation Factor on the Observation Date_(i=25),

"**P**" equals the Participation Factor, and

"**Performance_{End}**" as defined above.

(3) Determinations and Calculations in connection with the Security Right

Any determination and calculation in connection with the Security Right, in particular the calculation of the Redemption Amount, will be made by the Calculation Agent (§ 12). Determinations and calculations made in this respect by the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Securityholders.

§ 2

(Intentionally left blank)

§ 3

(Intentionally left blank)

PART B – OFFERING AND SALE

I. Offering for Sale and Issue Price

Offering for Sale and Issue Price: The UBS Gearing Certificates (the “**Securities**”, and each a “**Security**”) are issued by the Issuer in the Issue Size.

It has been agreed that, on or after the respective Issue Date of the Securities, the Manager may purchase Securities and shall place the Securities for sale at the Issue Price under terms subject to change in the Public Offer Jurisdictions (as defined in “VI. Consent to Use of Prospectus” below).

The Issue Price will be fixed on the Fixing Date. As of the Fixing Date the selling price will then be adjusted on a continual basis to reflect the prevailing market situation.

The Manager shall be responsible for coordinating the entire Securities offering.

Issue Size: The Issue Size means 3,000 Securities (indicative).

The Issue Size will be fixed at the end of the Subscription Period.

Aggregate Amount of the Issue: Issue Price x Issue Size.

Issue Date: The Issue Date means 19 April 2016.

In the case of abbreviation or extension of the Subscription Period the Issue Date may be changed accordingly.

Issue Price: The Issue Price equals SEK 2,000.00 (indicative).

The Issue Price will, subject to a maximum of SEK 2,500.00, be fixed on the Fixing Date and will then be published without undue delay on www.ubs.com/keyinvest.

Manager: The Manager means UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom.

Type and form of the Securities: Certificates

Clearing system: Euroclear Sweden AB, Klarabergsviadukten 63, S-111 64 Stockholm, Sweden, or any successor in this capacity.

Security identification number(s) of the Securities: ISIN: CH0314190486
Valor: 31419048

Currency: The currency of the Securities is Swedish Krona (“**SEK**”).

II. Subscription, Purchase and Delivery of the Securities

Subscription, Purchase and Delivery of the Securities:	<p>The Securities may be subscribed from the Manager during normal banking hours during the Subscription Period. The Issue Price per Security is payable on the Initial Payment Date.</p> <p>The Issuer reserves the right to earlier close or to extend the Subscription Period if market conditions so require.</p> <p>After the Initial Payment Date, the appropriate number of Securities shall be credited to the investor's account in accordance with the rules of the corresponding Clearing System. If the Subscription Period is shortened or extended, the Initial Payment Date may also be brought forward or postponed.</p>
Subscription Period:	<p>24 February 2016 until 31 March 2016 (17:30 hrs local time Stockholm)</p> <p>The Issuer reserves the right to earlier close or to extend the Subscription Period by giving notice to the investors if market conditions so require.</p>
Start of the public offer of the Securities:	<p>24 February 2016 in Sweden</p>
Initial Payment Date:	<p>The Initial Payment Date means 19 April 2016.</p> <p>In the case of abbreviation or extension of the Subscription Period the Initial Payment Date may be changed accordingly.</p>

PART C – OTHER INFORMATION

I. Applicable specific risks

Applicable specific risks: In particular the specific risk factors, which are described in the Base Prospectus under the heading “Security specific Risks” and “Underlying specific Risks” related to the following product features are applicable to the Securities:

“risks related to Securities linked to an **Underlying**”

“product feature “**Participation Factor**””

“product feature “**Securityholder’s Termination Right**” does **not** apply”

“risks related to a **share** as the Underlying”

II. Listing and Trading

Listing and Trading: It is not intended to apply for inclusion of the Securities to trading on a securities exchange.

III. Commissions paid by the Issuer

Commissions paid by the Issuer:

- | | |
|---|--|
| (i) Underwriting and/or placing fee: | Not Applicable |
| (ii) Selling commission: | Not Applicable |
| (iii) Listing commission: | Not Applicable |
| (iv) Other: | <p>During the Term of the Securities, the Issuer will pay a fee, which is calculated by applying a percentage, as reflected in the annually decreased Fee Calculation Factor (as defined in Part 1 of the Product Terms “Key Terms and Definitions of the Securities”), to the current value of the Securities. Such payment will occur at or around the respective Annual Determination Date, with the last payment being made at or around the Expiration Date.</p> <p>In addition, the Distributor Fee (as defined in § 1 (2) of Part 2 of the Product Terms “Special Conditions of the Securities”) will be paid at or around the Expiration Date.</p> |

IV. Any interests, including conflicting ones, of natural and legal persons involved that is material to the issue/offer of the Securities

Any interests, including conflicting ones, of natural and legal persons involved that is material to the issue/offer of the Securities: As far as the Issuer is aware, no person involved in the issue and offer of the Securities has an interest material to the issue and offer of the Securities.

V. Rating

Ratings: The Securities have not been rated.

VI. Consent to Use of Prospectus

The Issuer consents to the use of the Base Prospectus together with the relevant Final Terms in connection with a public offer of the Securities (a "**Public Offer**") by any financial intermediary (each an "**Authorised Offeror**") which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Offer Period: Subscription Period (as defined in "II. Subscription, Purchase and Delivery of the Securities" above)

Public Offer Jurisdiction: Sweden

VII. Indication of Yield

Yield: Not Applicable

VIII. Other information about the Securities

Authorisation: The issuance of Securities under the Base Prospectus from time to time has been authorised by applicable corporate authorisations.

Procedure for redemption of Securities: As specified in § 1 of the Conditions of the Securities Part 2: Product Terms: Special Conditions of the Securities of these Final Terms.

Disturbing events that affect the Underlyings: As specified in § 11 of the General Conditions of the Securities of the Base Prospectus dated 8 January 2016, as supplemented from time to time.

Adjustment rules for taking into account events that affect the Underlyings: As specified in § 6 (b) of the General Conditions of the Securities of the Base Prospectus dated 8 January 2016, as supplemented from time to time.

Explanation of how the Underlyings affect the Securities: As specified in the section OVERVIEW ON THE SECURITY STRUCTURE of these Final Terms.

Paying Agent: The Paying Agent means UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basle, Switzerland, acting through its London Branch, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom, and Skandinaviska Enskilda Banken, Stockholm (SEB), Kungsträdgårdsgatan 8, S-106 40 Stockholm, Sweden. The term "Paying Agent" shall also refer to all Paying Agents including the Principal Paying Agent.

Guarantor(s): Not Applicable

Calculation Agent: UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basle, Switzerland, acting through its London Branch, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom.

Information after the Issue Date: The Issuer does not intend to give information about the Securities after the Issue Date.

PART D – COUNTRY SPECIFIC INFORMATION

Additional Paying Agent(s) (if any): Not Applicable

PART E – INFORMATION ABOUT THE UNDERLYING
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ABB Ltd. (ISIN CH0012221716)

ABB Ltd. provides power and automation technologies. The company operates under segments that include power products, power systems, automation products, process automation and robotics.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet page www.abb.com.

Skanska AB (ISIN SE0000113250)

Skanska AB offers construction related and project development services. The company focuses on construction of housing, commercial buildings, roads, and railways, as well as develops and carries out civil engineering projects. Skanska AB is also a provider of facilities management services and provides all services internationally.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet page www.skanska.com.

H & M Hennes & Mauritz AB (ISIN SE0000106270)

H & M Hennes & Mauritz AB designs and retails fashions for women, men, teens, and children. The company sells a variety of trendy, sporty, and classic garments in addition to accessories such as jewelry, bags, and scarves, and cosmetics. H & M Hennes & Mauritz AB owns and operates stores in many European countries and the United States.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet page www.hm.com.

Aktiebolaget SKF (ISIN SE0000108227)

Aktiebolaget SKF develops, produces, and markets products, solutions, and services in the rolling bearing and seal business. The company's product line includes ball and roller bearings, specialty bearings, sealing systems, linear motion products, tools for mounting and dismounting bearings, and measuring and monitoring instruments. Aktiebolaget SKF markets to industrial companies worldwide.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet page www.skf.com.

Nordea Bank AB (ISIN SE0000427361)

Nordea Bank AB is a financial services group that provides banking services, financial solutions, and related advisory services. The group attracts deposits and offers credit, investment banking, securities trading, and insurance products to private individuals, companies, institutions, and the public sector. Nordea Bank AB services the Scandinavian countries and the Baltic Sea region.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet page www.nordea.com.

Tele2 AB (ISIN SE0005190238)

Tele2 AB is a telecommunications company. The company offers mobile services, fixed broadband and telephony, data network services and content services. Tele2 AB operates throughout Europe and EuroAsia.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet page www.tele2.com.

AstraZeneca PLC (ISIN GB0009895292)

AstraZeneca PLC is a holding company. The company, through its subsidiaries, researches, manufactures, and sells pharmaceutical and medical products. AstraZeneca PLC focuses its operations on eight therapeutic areas: Gastrointestinal, Oncology, Cardiovascular, Respiratory, Central Nervous System, Pain Control, Anaesthesia, and Infection.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet page www.astrazeneca.com.

TeliaSonera Aktiebolag (ISIN SE0000667925)

TeliaSonera Aktiebolag offers telecommunication services. The company offers mobile communications services in Europe and the United States, as well as operates fixed networks in Northern Europe.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet page www.teliasonera.com.

Swedbank AB (ISIN SE0000242455)

Swedbank AB offers retail banking, asset management, financial, and other services. The bank attracts deposits and offers mortgage and other loans, credit and smart cards, lease financing, installment loans on equipment and recreational vehicles, securities trading, export and import services, insurance, and real estate brokerage services.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet page www.swedbank.com.

Svenska Handelsbanken AB (ISIN SE0007100599)

Svenska Handelsbanken AB attracts deposits and offers commercial banking services. The bank offers corporate finance, securities brokerage, commodity trading, structured products, custody services, and institutional asset management services. Svenska Handelsbanken AB operates in Europe, Asia, and the United States.

Further information as well as information about the past and the further performance and the volatility of the Underlying can be obtained from the internet page www.handelsbanken.com.

ANNEX TO THE FINAL TERMS: ISSUE SPECIFIC SUMMARY

This summary relates to UBS Gearing Certificates described in the final terms (the "Final Terms") to which this summary is annexed. This summary contains that information from the summary set out in the Base Prospectus which is relevant to the Securities together with the relevant information from the Final Terms. Words and expressions defined in the Final Terms and the Base Prospectus have the same meanings in this summary.

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7).

This Summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

Element	Section A – Introduction and warnings	
A.1	Warning.	<p>This Summary should be read as an introduction to the Base Prospectus. Any decision to invest in the Securities should be based on consideration of the Base Prospectus as a whole by the investor.</p> <p>Potential investors should be aware that where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the respective European Economic Area member state, have to bear the costs of translating the document before the legal proceedings are initiated.</p> <p>Those persons who are responsible for the summary including any translations thereof, or who have initiated the preparation can be held liable, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, all required key information.</p> <p>UBS AG in its capacity as Issuer who is responsible for the summary including the translation thereof can be held liable, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, all required key information.</p>
A.2	Consent to use of Prospectus.	<p>The Issuer consents to the use of the Base Prospectus together with the relevant Final Terms in connection with a public offer of the Securities (a "Public Offer") by any financial intermediary (each an "Authorised Offeror") which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) on the following basis:</p> <ul style="list-style-type: none"> (a) the relevant Public Offer must occur during the Subscription Period (the "Offer Period"); (b) the relevant Public Offer may only be made in Sweden (the "Public Offer Jurisdiction"); (c) the relevant Authorised Offeror must be authorised to make such offers in the relevant Public Offer Jurisdiction under the Markets in

		<p>Financial Instruments Directive (Directive 2004/39/EC) and if any Authorised Offeror ceases to be so authorised then the above consent of the Issuer shall thereupon terminate;</p> <p>(d) any Authorised Offeror which is not a Manager must comply with the restrictions set out in "Subscription and Sale" as if it were a Manager.</p> <p>Authorised Offerors will provide information to investors on the terms and conditions of the Public Offer of the Securities at the time such Public Offer is made by the Authorised Offeror to the investor.</p>
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Element	Section B – Issuer	
B.1	Legal and commercial name of the issuer.	The legal and commercial name of the Issuer is UBS AG (the " Issuer " and together with its subsidiaries " UBS AG (consolidated) ", or " UBS AG Group " and together with UBS Group AG, the holding company of UBS AG, " UBS Group ", " Group ", " UBS " or " UBS Group AG (consolidated) ").
B.2	Domicile, legal form, legislation and country of incorporation of the issuer.	<p>The Issuer was incorporated under the name SBC AG on 28 February 1978 for an unlimited duration and entered in the Commercial Register of Canton Basel-City on that day. On 8 December 1997, the company changed its name to UBS AG. UBS AG in its present form was created on 29 June 1998 by the merger of Union Bank of Switzerland (founded 1862) and Swiss Bank Corporation (founded 1872). UBS AG is entered in the Commercial Registers of Canton Zurich and Canton Basel-City. The registration number is CHE-101.329.561.</p> <p>UBS AG is incorporated and domiciled in Switzerland and operates under the Swiss Code of Obligations as an <i>Aktiengesellschaft</i>, a stock corporation.</p> <p>The addresses and telephone numbers of UBS AG's two registered offices and principal places of business are: Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, telephone +41 44 234 1111; and Aeschenvorstadt 1, CH-4051 Basel, Switzerland, telephone +41 61 288 5050.</p>
B.4b	A description of any known trends affecting the issuer or the industries in which it operates.	<p>Trend Information</p> <p>As stated in the third quarter 2015 financial report of UBS Group AG published on 3 November 2015, many of the underlying macroeconomic challenges and geopolitical issues that UBS has highlighted in previous quarters remain and are unlikely to be resolved in the foreseeable future. In addition, recently proposed changes to the too big to fail regulatory framework in Switzerland will cause substantial ongoing interest costs for the firm. UBS also continues to see headwinds from interest rates which have not increased in line with market expectations, negative market performance in certain asset classes and the weak performance of the euro versus the Swiss franc during the year. UBS is executing the measures already announced to mitigate these effects as it progresses towards its targeted return on tangible equity in the short to medium term. UBS's strategy has proven successful in a variety of market conditions. UBS remains committed to its strategy and its disciplined execution in order to ensure the firm's long-term success and deliver sustainable returns for its shareholders.</p>
B.5	Description of the group and the issuer's position	UBS AG is a Swiss bank and the parent company of the UBS AG Group. UBS AG is 100% owned by UBS Group AG, which is the holding company of the UBS Group. The UBS Group operates as a group with five business

	within the group.	<p>divisions (Wealth Management, Wealth Management Americas, Retail & Corporate, Asset Management and the Investment Bank) and a Corporate Center.</p> <p>Over the past two years, UBS has undertaken a series of measures to improve the resolvability of the Group in response to too big to fail ("TBTF") requirements in Switzerland and other countries in which it operates, including establishing UBS Group AG as the holding company for the UBS Group.</p> <p>In June 2015, UBS AG transferred its Retail & Corporate and Wealth Management business booked in Switzerland to UBS Switzerland AG, a banking subsidiary of UBS AG in Switzerland.</p> <p>In the UK, UBS completed the implementation of a more self-sufficient business and operating model for UBS Limited, under which UBS Limited bears and retains a larger proportion of the risk and reward in its business activities.</p> <p>In the third quarter of 2015, UBS established UBS Business Solutions AG as a direct subsidiary of UBS Group AG, to act as the Group service company. UBS will transfer the ownership of the majority of its existing service subsidiaries to this entity. UBS expects that the transfer of shared service and support functions into the service company structure will be implemented in a staged approach through 2018. The purpose of the service company structure is to improve the resolvability of the Group by enabling UBS to maintain operational continuity of critical services should a recovery or resolution event occur.</p> <p>UBS AG has established a new subsidiary, UBS Americas Holding LLC, which UBS intends to designate as its intermediate holding company for its US subsidiaries prior to the 1 July 2016 deadline under new rules for foreign banks in the US pursuant to the Dodd-Frank Act. During the third quarter of 2015, UBS AG contributed its equity participation in its principal US operating subsidiaries to UBS Americas Holding LLC to meet the requirement under the Dodd-Frank Act that the intermediate holding company own all of UBS's US operations, except branches of UBS AG.</p> <p>UBS has established a new subsidiary of UBS AG, UBS Asset Management AG, into which it expects to transfer the majority of the operating subsidiaries of Asset Management during 2016. UBS continues to consider further changes to the legal entities used by Asset Management, including the transfer of operations conducted by UBS AG in Switzerland into a subsidiary of UBS Asset Management AG.</p> <p>UBS continues to consider further changes to the Group's legal structure in response to capital and other regulatory requirements, and in order to obtain any reduction in capital requirements for which the Group may be eligible. Such changes may include the transfer of operating subsidiaries of UBS AG to become direct subsidiaries of UBS Group AG, consolidation of operating subsidiaries in the European Union, and adjustments to the booking entity or location of products and services. These structural changes are being discussed on an ongoing basis with FINMA and other regulatory authorities, and remain subject to a number of uncertainties that may affect their feasibility, scope or timing.</p>
B.9	Profit forecast or estimate.	Not applicable; no profit forecast or estimate is included in this Prospectus.
B.10	Qualifications in the audit report.	Not applicable. There are no qualifications in the auditors' reports on the consolidated financial statements of UBS AG and the standalone financial

		statements of UBS AG for the years ended on 31 December 2013 and 31 December 2014.																																																																																																											
B.12	Selected historical key financial information.	<p>UBS AG derived the selected consolidated financial information included in the table below for the years ended 31 December 2012, 2013 and 2014 from its Annual Report 2014, which contains the audited consolidated financial statements of UBS AG, as well as additional unaudited consolidated financial information, for the year ended 31 December 2014 and comparative figures for the years ended 31 December 2013 and 2012. The selected consolidated financial information included in the table below for the nine months ended 30 September 2015 and 30 September 2014 was derived from the UBS AG third quarter 2015 financial report, which contains the unaudited consolidated financial statements of UBS AG, as well as additional unaudited consolidated financial information, for the nine months ended 30 September 2015 and comparative figures for the nine months ended 30 September 2014. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and stated in Swiss francs (CHF). In the opinion of management, all necessary adjustments were made for a fair presentation of the UBS AG consolidated financial position and results of operations. Information for the years ended 31 December 2012, 2013 and 2014 which is indicated as being unaudited in the table below was included in the Annual Report 2014 but has not been audited on the basis that the respective disclosures are not required under IFRS, and therefore are not part of the audited financial statements. Certain information which was included in the consolidated financial statements to the annual report 2013 was restated in the Annual Report 2014. The figures contained in the table below in respect of the year ended 31 December 2013 reflect the restated figures as contained in the Annual Report 2014. Prospective investors should read the whole of the documentation and should not rely solely on the summarized information set out below:</p>																																																																																																											
<table border="1"> <thead> <tr> <th rowspan="2"><i>CHF million, except where indicated</i></th> <th colspan="2">As of or for the nine months ended</th> <th colspan="3">As of or for the year ended</th> </tr> <tr> <th>30.9.15</th> <th>30.9.14</th> <th>31.12.14</th> <th>31.12.13</th> <th>31.12.12</th> </tr> <tr> <td></td> <td colspan="2"><i>unaudited</i></td> <td colspan="3"><i>audited, except where indicated</i></td> </tr> </thead> <tbody> <tr> <td>Results</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Operating income</td> <td>23,834</td> <td>21,281</td> <td>28,026</td> <td>27,732</td> <td>25,423</td> </tr> <tr> <td>Operating expenses</td> <td>18,655</td> <td>19,224</td> <td>25,557</td> <td>24,461</td> <td>27,216</td> </tr> <tr> <td>Operating profit/(loss) before tax</td> <td>5,179</td> <td>2,057</td> <td>2,469</td> <td>3,272</td> <td>(1,794)</td> </tr> <tr> <td>Net profit / (loss) attributable to UBS AG shareholders</td> <td>5,285</td> <td>2,609</td> <td>3,502</td> <td>3,172</td> <td>(2,480)</td> </tr> <tr> <td>Key performance indicators</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Profitability</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Return on tangible equity (%) ¹</td> <td>15.4</td> <td>8.3</td> <td>8.2*</td> <td>8.0*</td> <td>1.6*</td> </tr> <tr> <td>Return on assets, gross (%) ²</td> <td>3.2</td> <td>2.8</td> <td>2.8*</td> <td>2.5*</td> <td>1.9*</td> </tr> <tr> <td>Cost / income ratio (%) ³</td> <td>78.1</td> <td>90.3</td> <td>90.9*</td> <td>88.0*</td> <td>106.6*</td> </tr> <tr> <td>Growth</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Net profit growth (%) ⁴</td> <td>102.6</td> <td>15.7</td> <td>10.4*</td> <td>-</td> <td>-</td> </tr> <tr> <td>Net new money growth for combined wealth management businesses (%) ⁵</td> <td>2.0</td> <td>2.4</td> <td>2.5*</td> <td>3.4*</td> <td>3.2*</td> </tr> <tr> <td>Resources</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Common equity tier 1 capital ratio</td> <td>15.3</td> <td>13.7</td> <td>14.2*</td> <td>12.8*</td> <td>9.8*</td> </tr> </tbody> </table>			<i>CHF million, except where indicated</i>	As of or for the nine months ended		As of or for the year ended			30.9.15	30.9.14	31.12.14	31.12.13	31.12.12		<i>unaudited</i>		<i>audited, except where indicated</i>			Results						Operating income	23,834	21,281	28,026	27,732	25,423	Operating expenses	18,655	19,224	25,557	24,461	27,216	Operating profit/(loss) before tax	5,179	2,057	2,469	3,272	(1,794)	Net profit / (loss) attributable to UBS AG shareholders	5,285	2,609	3,502	3,172	(2,480)	Key performance indicators						Profitability						Return on tangible equity (%) ¹	15.4	8.3	8.2*	8.0*	1.6*	Return on assets, gross (%) ²	3.2	2.8	2.8*	2.5*	1.9*	Cost / income ratio (%) ³	78.1	90.3	90.9*	88.0*	106.6*	Growth						Net profit growth (%) ⁴	102.6	15.7	10.4*	-	-	Net new money growth for combined wealth management businesses (%) ⁵	2.0	2.4	2.5*	3.4*	3.2*	Resources						Common equity tier 1 capital ratio	15.3	13.7	14.2*	12.8*	9.8*
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	(fully applied, %) ^{6,7}					
	Leverage ratio (phase-in, %) ^{8,9}	5.3	5.4	5.4*	4.7*	3.6*
	Additional information					
	Profitability					
	Return on equity (RoE) (%) ¹⁰	13.3	7.1	7.0*	6.7*	(5.1)*
	Return on risk-weighted assets, gross (%) ¹¹	14.6	12.4	12.4*	11.4*	12.0*
	Resources					
	Total assets	981,891	1,044,899	1,062,327	1,013,355	1,259,797
	Equity attributable to UBS AG shareholders	54,126	50,824	52,108	48,002	45,949
	Common equity tier 1 capital (fully applied) ⁷	33,183	30,047	30,805	28,908	25,182*
	Common equity tier 1 capital (phase-in) ⁷	40,581	42,464	44,090	42,179	40,032*
	Risk-weighted assets (fully applied) ⁷	217,472	219,296	217,158*	225,153*	258,113*
	Risk-weighted assets (phase-in) ⁷	221,410	222,648	221,150*	228,557*	261,800*
	Common equity tier 1 capital ratio (phase-in, %) ^{6,7}	18.3	19.1	19.9*	18.5*	15.3*
	Total capital ratio (fully applied, %) ⁷	19.9	18.7	19.0*	15.4*	11.4*
	Total capital ratio (phase-in, %) ⁷	23.7	24.9	25.6*	22.2*	18.9*
	Leverage ratio (fully applied, %) ^{8,9}	4.6	4.2	4.1*	3.4*	2.4*
	Leverage ratio denominator (fully applied) ⁹	949,548	980,669	999,124*	1,015,306*	1,206,214*
	Leverage ratio denominator (phase-in) ⁹	955,027	987,327	1,006,001*	1,022,924*	1,216,561*
	Other					
	Invested assets (CHF billion) ¹²	2,577	2,640	2,734	2,390	2,230
	Personnel (full-time equivalents)	58,502	60,292	60,155*	60,205*	62,628*
	* unaudited					
	<p>¹ Net profit / loss attributable to UBS AG shareholders before amortization and impairment of goodwill and intangible assets (annualized as applicable) / average equity attributable to UBS AG shareholders less average goodwill and intangible assets. ² Operating income before credit loss (expense) or recovery (annualized as applicable) / average total assets. ³ Operating expenses / operating income before credit loss (expense) or recovery. ⁴ Change in net profit attributable to UBS AG shareholders from continuing operations between current and comparison periods / net profit attributable to UBS AG shareholders from continuing operations of comparison period. Not meaningful and not included if either the reporting period or the comparison period is a loss period. ⁵ Combined Wealth Management's and Wealth Management Americas' net new money for the period (annualized as applicable) / invested assets at the beginning of the period. Based on adjusted net new money which excludes the negative effect on net new money (third quarter of 2015: 3.3 billion; second quarter of 2015: CHF 6.6 billion) in Wealth Management from UBS's balance sheet and capital optimization efforts in the second quarter of 2015. ⁶ Common equity tier 1 capital / risk-weighted assets. ⁷ Based on the Basel III framework as applicable to Swiss systemically relevant banks (SRB), which became effective in Switzerland on 1 January 2013. The information provided on a fully applied basis entirely reflects the effects of the new capital deductions and the phase out of ineligible capital instruments. The information provided on a phase-in basis gradually reflects those effects during the transition period. Numbers for 31 December 2012 are calculated on an estimated basis described below and are referred to as "pro-forma". The term "pro-forma" as used in this prospectus does not refer to the term "pro forma financial information" within the meaning of Regulation (EC) 809/2004. Some of the models applied when calculating 31 December 2012 pro-forma information required regulatory approval and included estimates (as discussed with UBS's primary regulator) of the effect of new capital charges. These figures are not required to be presented, because Basel III requirements were not in effect on 31 December 2012. They are nevertheless included for comparison reasons. ⁸ Common equity tier 1 capital and loss-absorbing capital / total adjusted exposure (leverage ratio denominator). ⁹ In accordance with Swiss SRB rules. The Swiss SRB leverage ratio came into force on 1 January 2013. Numbers for 31 December 2012 are on a pro-forma basis (see footnote 7 above). ¹⁰ Net profit / loss attributable to UBS AG shareholders (annualized as applicable) / average equity attributable to UBS AG shareholders. ¹¹ Based on Basel III risk-weighted assets (phase-in) for 2015, 2014 and 2013, and on Basel 2.5 risk-weighted assets for 2012. ¹² Includes invested assets for Retail & Corporate.</p>					
	Material	adverse	There has been no material adverse change in the prospects of UBS AG or			

	change statement.	UBS AG Group since 31 December 2014.
	Significant changes statement.	There has been no significant change in the financial or trading position of UBS AG Group since 30 September 2015.
B.13	Any recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency	Not applicable, no recent events particular to UBS AG have occurred, which are to a material extent relevant to the evaluation of the UBS AG's solvency.
B.14	Description of the group and the issuer's position within the group. Dependence upon other entities within the group.	Please see element B.5 UBS AG is the parent company of the UBS AG Group. As such, to a certain extent, it is dependent on certain of its subsidiaries.
B.15	Issuer's principal activities.	<p>UBS AG with its subsidiaries is committed to providing private, institutional and corporate clients worldwide, as well as retail clients in Switzerland, with superior financial advice and solutions, while generating attractive and sustainable returns for shareholders. UBS's strategy centers on its Wealth Management and Wealth Management Americas businesses and its leading (in its own opinion) universal bank in Switzerland, complemented by Asset Management and its Investment Bank. In UBS's opinion, these businesses share three key characteristics: they benefit from a strong competitive position in their targeted markets, are capital-efficient, and offer a superior structural growth and profitability outlook. UBS's strategy builds on the strengths of all of its businesses and focuses its efforts on areas in which UBS excels, while seeking to capitalize on the compelling growth prospects in the businesses and regions in which it operates. Capital strength is the foundation of UBS's success. The operational structure of the Group is comprised of the Corporate Center and five business divisions: Wealth Management, Wealth Management Americas, Retail & Corporate, Asset Management and the Investment Bank.</p> <p>According to article 2 of the Articles of Association of UBS AG, dated 7 May 2015 ("Articles of Association"), the purpose of UBS AG is the operation of a bank. Its scope of operations extends to all types of banking, financial, advisory, trading and service activities in Switzerland and abroad. UBS AG may establish branches and representative offices as well as banks, finance companies and other enterprise of any kind in Switzerland and abroad, hold equity interests in these companies, and conduct their management. UBS AG is authorized to acquire, mortgage and sell real estate and building rights in Switzerland and abroad. UBS AG may provide loans, guarantees and other kinds of financing and security for Group companies and borrow and invest money on the money and capital markets.</p>
B.16	Direct or indirect shareholdings or control agreements of the issuer.	UBS Group AG owns 100% of the outstanding shares of UBS AG.

Element	Section C – Securities	
C.1	Type and the class of the securities, security identification number.	<p>Type and Form of Securities The Securities are certificates.</p> <p>The Securities (also the “Swedish Securities”) are cleared through Euroclear Sweden AB (“Euroclear Sweden”) as the relevant Clearing System and are issued in uncertificated and dematerialised book-entry form, and registered at Euroclear Sweden in accordance with the <i>Swedish Financial Instruments Accounts Act (lag (1998:1479) om kontoföring av finansiella instrument)</i>. No physical securities, such as global temporary or permanent securities or definitive securities will be issued in respect of Swedish Securities.</p> <p>Security identification number(s) of the Securities</p> <p>ISIN: CH0314190486 Valor: 31419048</p>
C.2	Currency of the securities.	Swedish Krona (“ SEK ”) (the “ Redemption Currency ”).
C.5	Restrictions on the free transferability of the securities.	Not applicable. There are no restrictions on the free transferability of the Securities.
C.8	Rights attached to the securities, including ranking and limitations to those rights.	<p>Governing law of the Securities The Securities will be governed by German law (“German law governed Securities”).</p> <p>The legal effects of the registration of the Securities with the relevant Clearing System are governed by the laws of the jurisdiction of the Clearing System.</p> <p>Rights attached to the Securities The Securities provide, subject to the Conditions of the Securities, Securityholders, at maturity or upon exercise, with a claim for payment of the Redemption Amount in the Redemption Currency.</p> <p>Limitation of the rights attached to the Securities Under the conditions set out in the Conditions, the Issuer is entitled to terminate the Securities and to make certain adjustments to the Conditions.</p> <p>Status of the Securities The Securities will constitute direct, unsecured and unsubordinated obligations of the Issuer, ranking <i>pari passu</i> among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer, other than obligations preferred by mandatory provisions of law.</p>
C.11	Admission to trading on a regulated market or other equivalent markets.	It is not intended to apply for inclusion of the Securities to trading on a securities exchange.
C.15	Influence of the underlying on the value of the securities.	The value of the Securities during their term depends on the performance of the Underlyings. In case the price of the Underlyings increases, also the value of the Securities (disregarding any special features of the Securities) is likely to increase.

	<p>In particular, the Redemption Amount, if any, to be received by the Securityholder upon exercise of the Securities depends on the performance of the Underlyings.</p> <p>The following features are examples describing the dependency of the value of the Securities from the Underlyings:</p> <p>UBS Gearing Securities</p> <p>UBS Gearing Securities allow Securityholders to participate in the positive development of the Underlying(s). Conversely, Securityholders in UBS Gearing Securities may also participate in the negative development of the Underlying(s), as the UBS Gearing Securities may provide downside risk potential as specified in the applicable Product Terms. UBS Gearing Securities may also allow Securityholders to participate in the positive development of the Underlying relative to another Underlying. Conversely, Securityholders in UBS Gearing Securities may participate in the negative development of the Underlying relative to another Underlying.</p> <p>UBS Gearing Securities also exist in a so-called "Put" version. In such case Securityholders participate positively in the negative development of the Underlying(s). Conversely, Securityholders in UBS Gearing Securities (Put) may also participate in the positive development of the Underlying(s), as the UBS Gearing Securities (Put) may provide upside risk potential as specified in the applicable Product Terms. UBS Gearing Securities (Put) may also allow Securityholders to participate in the negative development of the Underlying relative to another Underlying. Conversely, Securityholders in UBS Gearing Securities (Put) may participate in the positive development of the Underlying relative to another Underlying.</p> <p>UBS Gearing Securities may expire worthless upon the unfavourable development of the Underlying(s) beyond a certain value, as specified in the applicable Product Terms.</p> <p>Securityholders receive on the Maturity Date a Redemption Amount in the Redemption Currency, the amount of which depends on the Reference Price or the Settlement Price of the Underlying(s), as specified in the relevant Product Terms. The Redemption Amount is typically calculated by multiplying the Nominal Amount or such other amount as specified in the applicable Product Terms with the relevant performance of the Underlying(s), thereafter multiplied by the Participation Factor, the Leverage Factor or the Multiplier, but may also take other factors into account, as specified in the applicable Product Terms.</p> <p>The Redemption Amount may be determined by reference to the performance of one or more Underlying(s), as specified in the relevant Product Terms.</p> <p>The following descriptions of several performance structures might be used for the Securities described in the section above, if applicable.</p> <p><u>Underlyings</u></p> <p>Securities can either depend on one single Underlying, a basket of Underlyings, the best performing Underlying(s), the worst performing Underlying(s) or a combination of those. Basket performances are calculated as the weighted average of the performances of the individual Underlying(s).</p> <p>The weightings can either be predefined or be defined during the life of the product depending on certain conditions. Weights can for example depend on the relative performance of the Underlyings or the realised</p>
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		<p>volatility of the Underlying(s).</p> <p><u>Performances</u></p> <p>In principle, the value of the Securities (disregarding any special features of the Securities) is likely to increase, in case the price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Components, increases. In case the price of the Underlying or Basket Components decreases, also the value of the Securities (disregarding any special features of the Securities) is likely to decrease.</p> <p>In contrast thereto, Securities may, if so specified in the relevant Product Terms, provide for a so-called reverse structure. In this case the Securities (irrespective of the other features attached to the Securities or of any other factors, which may be relevant for the value of the Securities) depreciate in value, if the price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Components, increases, or the Securities increase in value, if the price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Components, decreases.</p> <p>The performance or levels of the Underlying(s) can be measured in various ways.</p> <p>Usually the performance is measured as the final level of the Underlying(s) as a percentage of the initial level of the Underlying(s). However the final level and/or the initial level can also either be defined as the average/maximum/minimum level of the Underlying(s) observed within a certain period. The initial level does not necessarily need to be observed on the strike date of the product but can also be observed during the life of the product.</p> <p>Performance can also be measured as the relative performance of one or more Underlying(s) relative to the performance of one or more different Underlying(s).</p> <p>Performances can also have a predefined or a variable and/or conditional cap. This means Securityholders accept a limitation of earning potential ("Cap") and may only participate in possible price increases (or decreases) of the Underlying(s) until a certain level is reached and no further. Additionally, performances can also have a predefined or a variable and/or conditional floor. This means Securityholders will have a minimum of earning potential ("Floor") and may only negatively participate in possible price decreases (or increases) of the Underlying(s) until a certain level is reached and no further.</p> <p><u>Barriers</u></p> <p>Products can have barriers that are activated as soon as certain conditions are met. Usually these barriers represent certain levels to be reached by the Underlying(s) on certain observation dates.</p> <p>Barriers can either be triggered by Underlying(s), performances or other measures reaching certain predefined levels. Some barriers are only triggered if more than one condition is met.</p> <p>Barriers can be either defined to be observed only on certain dates or continuously.</p> <p>Barriers either lead to the removal (Kick-Out) or addition (Kick-In) of certain features of the Securities. Features which are added or removed are for</p>
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		<p>example coupons, participations or Underlying(s).</p> <p><u>Lock-In and Final Lock-In</u> The relevant Product Terms may provide for a “Lock-In” feature, which means that certain amounts or performances, as specified in the Product Terms, will in the case of the occurrence of a predetermined lock-in event be “locked-in”, i.e. fixed, set aside or otherwise economically preserved, as specified in the Product Terms. To the extent and under the conditions of applicable other features described in this section 13 of the Base Prospectus and as further specified in the applicable Product Terms, Securityholders do still participate in the future performance of the Underlying or, as the case may be, the Basket Components.</p> <p>If the relevant Product Terms specify that a “Final Lock-In” feature applies, certain amounts or performances, as specified in the Product Terms, will in the case of the occurrence of a predetermined lock-in event be “locked-in” to an extent that the participation of the Securityholders in the future performance of the Underlying or, as the case may be, the Basket Components is limited or even excluded.</p> <p><u>Automatic Termination Feature</u> If the relevant Product Terms specify that the Automatic Termination feature applies, then the Securities may be terminated and redeemed early upon the occurrence of an automatic termination event (including, but not limited to, a Stop Loss Event or Knock Out Event).</p> <p><u>Investment Strategies</u> Performance can be defined as the hypothetical performance of a certain predefined investment strategy. This can for example be a strategy that invests into the Underlying(s) only on certain predefined dates. Another example would be a strategy that invests into the Underlying(s) dependent on the realised volatility, performance, momentum or other metric of the Underlying(s) level over the life of the product.</p> <p><u>Bearish/Bullish/Variable Participation Rate</u> Participation is usually proportional with a certain rate (which can itself be dependent on certain pre-conditions for example the performance of one or more Underlying(s)) and can be either negative or positive.</p> <p><u>Currency Conversion</u> The Securityholder’s right vested in the Securities may be determined on the basis of a currency other than the Redemption Currency, currency unit or calculation unit, and also the value of the Underlying or, as the case may be, the Basket Components may be determined in such a currency other than the Redemption Currency, currency unit or calculation unit. The currency exchange rate to be used to determine the Redemption Amount can either be predefined (quanto feature) or variable.</p> <p><u>Coupons/Interest Amounts/Other Proceeds</u> If the relevant Product Terms specify unconditional Coupon, Interest Amount or other proceeds to apply, the Securityholder is entitled to receive payment of the relevant Coupon, Interest Amount or other proceeds, as specified in the applicable Product Terms.</p> <p>If the relevant Product Terms specify conditional Coupon, Interest Amount or other proceeds to apply, the Securityholder is entitled to receive payment of the relevant Coupon, Interest Amount or other proceeds provided that relevant conditions are met. If, in case of a conditional Coupon, Interest Amount or other proceeds, these requirements are not met, no Coupon, Interest Amount or other proceeds are paid.</p> <p>During their term products can therefore generate regular income.</p>
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C.16	Expiration or maturity date, the exercise date or final reference date.	Maturity Date: 30 September 2022 Expiration Date: 20 September 2022
C.17	Settlement procedure of the derivative securities.	<p>Payments shall, in all cases subject to any applicable fiscal or other laws and regulations in the place of payment or other laws and regulations to which the Issuer agrees to be subject, be made in accordance with the relevant CA Rules to the relevant Clearing System or the relevant intermediary or to its order for credit to the accounts of the relevant account holders of the Clearing System or the relevant intermediary.</p> <p>The Issuer shall be discharged from its redemption obligations or any other payment or delivery obligations under the Conditions of the Securities by payment and/or delivery to the Clearing System in the manner described above.</p>
C.18	A description of how the return on derivative securities takes place.	Securityholders will receive on the relevant Maturity Date payment of the Redemption Amount.

C.19	Exercise price or final reference price of the underlying.	Settlement Price
C.20	Type of the underlying and where the information on the underlying can be found.	<p>Type of Underlying: shares</p> <p>ABB Ltd. Skanska AB H & M Hennes & Mauritz AB Aktiebolaget SKF Nordea Bank AB Tele2 AB AstraZeneca PLC TeliaSonera Aktiebolag Swedbank AB Svenska Handelsbanken AB</p> <p>Information about the past and the further performance of the Underlyings and their volatility can be obtained on the web-site of:</p> <p>www.abb.com www.skanska.com www.hm.com www.skf.com www.nordea.com www.tele2.com www.astrazeneca.com www.teliasonera.com www.swedbank.com www.handelsbanken.com</p>

Element	Section D – Risks	
D.2	Key information on the key risks that is specific and individual to the issuer.	<p>The Securities entail an issuer risk, also referred to as debtor risk or credit risk for prospective investors. An issuer risk is the risk that UBS AG becomes temporarily or permanently unable to meet its obligations under the Securities.</p> <p>General insolvency risk</p> <p>Each investor bears the general risk that the financial situation of the Issuer could deteriorate. The debt or derivative securities of the Issuer will constitute immediate, unsecured and unsubordinated obligations of the Issuer, which, in particular in the case of insolvency of the Issuer, rank pari passu with each other and all other current and future unsecured and unsubordinated obligations of the Issuer, with the exception of those that have priority due to mandatory statutory provisions. The Issuer's obligations relating to the Securities are not protected by any statutory or voluntary deposit guarantee system or compensation scheme. In the event of insolvency of the Issuer, investors may thus experience a total loss of their investment in the Securities.</p> <p>UBS AG as Issuer and UBS are subject to various risks relating to their business activities. Summarised below are the risks that may impact the Group's ability to execute its strategy, and affect its business activities, financial condition, results of operations and prospects, which the Group considers material and is presently aware of:</p> <ul style="list-style-type: none"> On 15 January 2015, the Swiss National Bank ("SNB") discontinued the minimum targeted exchange rate for the Swiss

		<p>franc versus the euro, which had been in place since September 2011. At the same time, the SNB lowered the interest rate on deposit account balances at the SNB that exceed a given exemption threshold by 50 basis points to negative 0.75%. It also moved the target range for three-month LIBOR to between negative 1.25% and negative 0.25%, (previously negative 0.75% to positive 0.25%). These decisions resulted in an immediate, considerable strengthening of the Swiss franc against the euro, US dollar, British pound, Japanese yen and several other currencies, as well as a reduction in Swiss franc interest rates. The longer-term rate of the Swiss franc against these other currencies is not certain, nor is the future direction of Swiss franc interest rates. Several other central banks have likewise adopted a negative-interest-rate policy. Fluctuation in foreign exchange rates and continuing low or negative interest rates may have a detrimental effect on UBS Group's capital strength, UBS Group's liquidity and funding position, and UBS Group's profitability.</p> <ul style="list-style-type: none"> • Regulatory and legal changes may adversely affect UBS's business and ability to execute its strategic plans. The planned and potential regulatory and legislative developments in Switzerland and in other jurisdictions in which UBS has operations may have a material adverse effect on UBS's ability to execute its strategic plans, on the profitability or viability of certain business lines globally or in particular locations, and in some cases on UBS's ability to compete with other financial institutions. The developments have been, and are likely to continue to be, costly to implement and could also have a negative impact on UBS's legal structure or business model, potentially generating capital inefficiencies and affecting UBS's profitability. The uncertainty related to, or the implementation of, legislative and regulatory changes may have a negative impact on UBS's relationships with clients and its success in attracting client business. • UBS's capital strength is important in supporting its strategy, client franchise and competitive position. Any increase in risk-weighted assets or reduction in eligible capital could materially reduce UBS's capital ratios. Additionally, UBS is subject to a minimum leverage ratio requirement for Swiss systemically relevant banks ("SRB"), which under certain circumstances could constrain UBS's business activities even if UBS satisfies other risk-based capital requirements. • UBS may not be successful in completing its announced strategic plans or its plans may be delayed or market events may adversely affect the implementation of the plan or the effects of its plans may differ from those intended. UBS is also exposed to possible outflows of client assets in its asset-gathering businesses and to changes affecting the profitability of its Wealth Management business division, and may not be successful in implementing changes in its businesses to meet changing market, regulatory and other conditions. • Material legal and regulatory risks arise in the conduct of UBS's business. UBS is subject to a large number of claims, disputes, legal proceedings and government investigations and expects that its ongoing business activities will continue to give rise to such matters in the future. The extent of UBS's financial exposure to these and other matters is material and could substantially exceed the level of provisions that UBS has established for litigation, regulatory and similar matters. Litigation, regulatory and similar matters may also result in non-monetary penalties and
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		<p>availability of funding of the types required could change due to, among other things, general market disruptions, widening credit spreads, more stringent capital, liquidity and funding requirements or reductions in UBS's credit ratings, which could also influence the cost of funding.</p> <ul style="list-style-type: none"> • UBS might be unable to identify or capture revenue or competitive opportunities, or retain and attract qualified employees. UBS's competitive strength and market position could be eroded if UBS is unable to identify market trends and developments, does not respond to them by devising and implementing adequate business strategies, adequately developing or updating technology, particularly in the trading businesses, or is unable to attract or retain the qualified people needed to carry them out. • UBS's financial results may be negatively affected by changes to accounting standards. Changes to IFRS or interpretations thereof may cause UBS's future reported results and financial position to differ from current expectations, or historical results to differ from those previously reported due to the adoption of accounting standards on a retrospective basis. Such changes may also affect UBS's regulatory capital and ratios. • UBS's financial results may be negatively affected by changes to assumptions supporting the value of its goodwill. If assumptions in future periods deviate from the current outlook, the value of UBS's goodwill may become impaired in the future, giving rise to losses in the income statement. • The effect of taxes on UBS's financial results is significantly influenced by reassessments of its deferred tax assets. UBS's full year effective tax rate could change significantly on the basis of such reassessments. • The Group's stated capital returns objective is based, in part, on capital ratios that are subject to regulatory change and may fluctuate significantly. UBS has committed to return at least 50% of its net profit to shareholders as capital returns, provided its fully applied CET1 capital ratio is at least 13% and its post-stress fully applied CET1 capital ratio is at least 10%. However, the Group's ability to maintain a fully applied CET1 capital ratio of at least 13% is subject to numerous risks, including the results of the business, changes to capital standards, methodologies and interpretation that may adversely affect the Group's calculated fully applied CET1 capital ratio, imposition of risk add-ons or additional capital requirements such as additional capital buffers. Additionally, changes in the methodology, assumptions, stress scenario and other factors may result in material changes in UBS's post-stress fully applied CET1 capital ratio. • UBS AG's operating results, financial condition and ability to pay obligations in the future may be affected by funding, dividends and other distributions received from UBS Switzerland AG or any other direct subsidiary, which may be subject to restrictions. The ability of such subsidiaries to make loans or distributions (directly or indirectly) to UBS AG may be restricted as a result of several factors, including restrictions in financing agreements and the requirements of applicable law and regulatory and fiscal or other restrictions. Restrictions and regulatory action of this kind could impede access to funds that UBS Group may need to make payments. Furthermore, UBS AG may guarantee some of the
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		<p>payment obligations of certain of its subsidiaries from time to time. Additionally, in connection with the transfer of the Retail & Corporate and Wealth Management business booked in Switzerland from UBS AG to UBS Switzerland AG, which has become effective in June 2015, under the Swiss Merger Act UBS AG is jointly liable for obligations existing on the asset transfer date that are have been transferred to UBS Switzerland AG. These guarantees may require UBS AG to provide substantial funds or assets to subsidiaries or their creditors or counterparties at a time when UBS AG is in need of liquidity to fund its own obligations.</p> <p>However, because the business of a broad-based international financial services firm such as UBS is inherently exposed to risks that become apparent only with the benefit of hindsight, risks of which UBS is not presently aware or which it currently does not consider to be material could also impact its ability to execute its strategy and affect its business activities, financial condition, results of operations and prospects.</p>
D.3	Key information on the risks that are specific and individual to the securities.	<p>Potential investors of the Securities should recognise that the Securities constitute a risk investment which can lead to a total loss of their investment in the Securities. Securityholders will incur a loss, if the amount received in accordance with the Conditions of the Securities is below the purchase price of the Securities (including the transaction costs). Any investor bears the risk of the Issuer's financial situation worsening and the potential subsequent inability of the Issuer to pay its obligations under the Securities. Potential investors must therefore be prepared and able to sustain a partial or even a total loss of the invested capital. Any investors interested in purchasing the Securities should assess their financial situation, to ensure that they are in a position to bear the risks of loss connected with the Securities.</p> <p><u>Special risks related to specific features of the Security structure</u></p> <p>Potential investors should be aware that the amount of the Redemption Amount payable in accordance with the Conditions of the Securities depends on the performance of the Underlying. In case of an unfavourable development of the price of the Underlying, any amount received under the Securities may be lower than expected by the investors and may even be equal to zero. In such case the Securityholders will incur a total loss of its investment (including any transaction costs).</p> <p>Potential investors should consider that the application of the Participation Factor within the determination of the Security Right results in the Securities being in economic terms similar to a direct investment in the Underlying, but being nonetheless not fully comparable with such a direct investment, in particular because the Securityholders do not participate in the relevant performance of the Underlying by a 1:1 ratio, but by the proportion of the Participation Factor.</p> <p>Potential investors should consider that Securityholders do not have a termination right and the Securities may, hence, not be terminated by the Securityholders during their term. Prior to the maturity of the Securities the realisation of the economic value of the Securities (or parts thereof), is, unless the Securities have been subject to early redemption or termination by the Issuer in accordance with the Conditions of the Securities or, if so specified in the relevant Final Terms, an exercise of the Security Right by the Securityholders in accordance with the Conditions of the Securities, only possible by way of selling the Securities.</p> <p>Selling the Securities requires that market participants are willing to acquire the Securities at a certain price. In case that no market participants are</p>

		<p>readily available, the value of the Securities may not be realised. The issuance of the Securities does not result in an obligation of the Issuer towards the Securityholders to compensate for this or to repurchase the Securities.</p> <p><u>General risks related to the Securities</u></p> <p><i>Effect of downgrading of the Issuer's rating</i> The general assessment of the Issuer's creditworthiness may affect the value of the Securities. As a result, any downgrading of the Issuer's rating by a rating agency may have a negative impact on the value of the Securities.</p> <p><i>Ratings are not Recommendations</i> The ratings of UBS AG as Issuer should be evaluated independently from similar ratings of other entities, and from the rating, if any, of the debt or derivative securities issued. A credit rating is not a recommendation to buy, sell or hold securities issued or guaranteed by the rated entity and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency.</p> <p>A rating of the Securities, if any, is not a recommendation to buy, sell or hold the Securities and may be subject to revision or withdrawal at any time by the relevant rating agency. Each rating should be evaluated independently of any other securities rating, both in respect of the rating agency and the type of security. Furthermore, rating agencies which have not been hired by the Issuer or otherwise to rate the Securities could seek to rate the Securities and if such "unsolicited ratings" are lower than the equivalent rating assigned to the Securities by the relevant hired rating agency, such ratings could have an adverse effect on the value of the Securities.</p> <p><i>Securityholders are exposed to the risk of a bail-in</i> The Issuer and the Securities are subject to the Swiss Banking Act and the Swiss Financial Market Supervisory Authority's ("FINMA") bank insolvency ordinance, which empowers FINMA as the competent resolution authority to in particular apply under certain circumstances certain resolution tools to credit institutions. These measures include in particular the write-down or conversion of securities into common equity of such credit institution (the so called bail-in). A write-down or conversion would have the effect that the Issuer would insofar be released from its obligations under the Securities. Securityholders would have no further claim against the Issuer under the Securities. The resolution tools may, hence, have a significant negative impact on the Securityholders' rights by suspending, modifying and wholly or partially extinguishing claims under the Securities. In the worst case, this can lead to a total loss of the Securityholders' investment in the Securities.</p> <p>Such legal provisions and/or regulatory measures may severely affect the rights of the Securityholders and may have a negative impact on the value of the Securities even prior to any non-viability or resolution in relation to the Issuer.</p> <p><i>The Conditions of the Securities do not contain any restrictions on the Issuer's or UBS's ability to restructure its business</i> The Conditions of the Securities contain no restrictions on change of control events or structural changes, such as consolidations or mergers or demergers of the Issuer or the sale, assignment, spin-off, contribution, distribution, transfer or other disposal of all or any portion of the Issuer's or its subsidiaries' properties or assets in connection with the announced changes to its legal structure or otherwise and no event of default,</p>
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		<p>requirement to repurchase the Securities or other event will be triggered under the Conditions of the Securities as a result of such changes. There can be no assurance that such changes, should they occur, would not adversely affect the credit rating of the Issuer and/or increase the likelihood of the occurrence of an event of default. Such changes, should they occur, may adversely affect the Issuer's ability to pay interest on the Securities and/or lead to circumstances in which the Issuer may elect to cancel such interest (if applicable).</p> <p><i>Termination and Early Redemption at the option of the Issuer</i> Potential investors in the Securities should furthermore be aware that the Issuer is, pursuant to the Conditions of the Securities, under certain circumstances, entitled to terminate and redeem the Securities in total prior to the scheduled Maturity Date. In this case the Securityholder is in accordance with the Conditions of the Securities entitled to demand the payment of a redemption amount in relation to this early redemption. However, the Securityholder is not entitled to request any further payments on the Securities after the relevant termination date. Furthermore, the Termination Amount, if any, payable in the case of an early redemption of the Securities by the Issuer can be considerably below the amount, which would be payable at the scheduled end of the term of the Securities.</p> <p>The Securityholder, therefore, bears the risk of not participating in the performance of the Underlying to the expected extent and during the expected period.</p> <p>In the case of a termination of the Securities by the Issuer, the Securityholder bears the risk of a reinvestment, <i>i.e.</i> the investor bears the risk that it will have to re-invest the Termination Amount, if any, paid by the Issuer in the case of termination at market conditions, which are less favourable than those prevailing at the time of the acquisition of the Securities.</p> <p><i>Adverse impact of adjustments of the Security Right</i> There is the risk that certain events occur or certain measures are taken (by parties other than the Issuer) in relation to the Underlying, which potentially lead to changes to the Underlying or result in the underlying concept of the Underlying being changed, so-called Potential Adjustment Events. In the case of the occurrence of a Potential Adjustment Event, the Issuer shall be entitled to effect adjustments according to the Conditions of the Securities to account for these events or measures. These adjustments might have a negative impact on the value of the Securities.</p> <p><i>Substitution of the Issuer</i> Provided that the Issuer is not in default with its obligations under the Securities, the Issuer is in accordance with the Conditions of the Securities, at any time entitled, without the consent of the Securityholders, to substitute another company within the UBS Group as issuer (the "Substitute Issuer") with respect to all obligations under or in connection with the Securities.</p> <p>This may impact any listing of the Securities and, in particular, it may be necessary for the Substitute Issuer to reapply for listing on the relevant market or stock exchange on which the Securities are listed. In addition, following such a substitution, Securityholders will become subject to the credit risk of the Substitute Issuer.</p> <p><i>Trading in the Securities / Illiquidity</i> It is not possible to predict if and to what extent a secondary market may develop in the Securities or at what price the Securities will trade in the secondary market or whether such market will be liquid or illiquid.</p>
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	<p>The liquidity of the Securities, if any, may also be affected by restrictions on the purchase and sale of the Securities in some jurisdictions. Additionally, the Issuer has the right (but no obligation) to purchase Securities at any time and at any price in the open market or by tender or private agreement. Any Securities so purchased may be held or resold or surrendered for cancellation.</p> <p>In addition, there is the risk that the number of Securities actually issued and purchased by investors is less than the intended Issue Size of the Securities. Consequently, there is the risk that due to the low volume of Securities actually issued the liquidity of the Securities is lower than if all Securities were issued and purchased by investors.</p> <p>The Manager(s) intend, under normal market conditions, to provide bid and offer prices for the Securities of an issue on a regular basis. However, the Manager(s) make no firm commitment to the Issuer to provide liquidity by means of bid and offer prices for the Securities, and assumes no legal obligation to quote any such prices or with respect to the level or determination of such prices. Potential investors therefore should not rely on the ability to sell Securities at a specific time or at a specific price.</p> <p><i>Taxation in relation to the Securities</i></p> <p>Potential investors should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Securities are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial instruments such as the Securities. Potential investors are advised not to rely upon the tax summary contained in the Base Prospectus but to ask for their own tax advisor's advice on their individual taxation with respect to the acquisition, sale and redemption of the Securities. Only these advisors are in a position to duly consider the specific situation of the potential investor.</p> <p><i>Payments under the Securities may be subject to U.S. withholdings</i></p> <p>Securityholders should, consequently, be aware that payments under the Securities may under certain circumstances be subject to U.S. withholding tax. If an amount in respect of such U.S. withholding tax were to be deducted or withheld from payments on the Securities, none of the Issuer, any paying agent or any other person would, pursuant to the Conditions of the Securities, be required to pay additional amounts as a result of the deduction or withholding of such tax.</p> <p><i>Changes in Taxation in relation to the Securities</i></p> <p>The considerations concerning the taxation of the Securities set forth in the Base Prospectus reflect the opinion of the Issuer on the basis of the legal situation identifiable as of the date hereof. However, there is the risk that the fiscal authorities and tax courts might take a different view, resulting in a different tax treatment of the Securities. Each investor should seek the advice of his or her personal tax consultant before deciding whether to purchase the Securities.</p> <p>Neither the Issuer nor the Manager assumes any responsibility vis-à-vis the Securityholders for the tax consequences of an investment in the Securities.</p> <p><i>Potential conflicts of interest</i></p> <p>The Issuer and affiliated companies may participate in transactions related to the Securities in some way, for their own account or for account of a client. Such transactions may not serve to benefit the Securityholders and may have a positive or negative effect on the value of the Underlying, and</p>
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		<p>consequently on the value of the Securities. Furthermore, companies affiliated with the Issuer may become counterparties in hedging transactions relating to obligations of the Issuer stemming from the Securities. As a result, conflicts of interest can arise between companies affiliated with the Issuer, as well as between these companies and investors, in relation to obligations regarding the calculation of the price of the Securities and other associated determinations. In addition, the Issuer and its affiliates may act in other capacities with regard to the Securities, such as calculation agent, paying agent and administrative agent and/or index sponsor.</p> <p>Furthermore, the Issuer and its affiliates may issue other derivative instruments relating to the Underlying or, as the case may be, the Basket Components; introduction of such competing products may affect the value of the Securities. The Issuer and its affiliated companies may receive non-public information relating to the Underlying, and neither the Issuer nor any of its affiliates undertakes to make this information available to Securityholders. In addition, one or more of the Issuer's affiliated companies may publish research reports on the Underlying. Such activities could present conflicts of interest and may negatively affect the value of the Securities.</p> <p>Within the context of the offering and sale of the Securities, the Issuer or any of its affiliates may directly or indirectly pay fees in varying amounts to third parties, such as distributors or investment advisors, or receive payment of fees in varying amounts, including those levied in association with the distribution of the Securities, from third parties. Potential investors should be aware that the Issuer may retain fees in part or in full. The Issuer or, as the case may be, the Manager, upon request, will provide information on the amount of these fees.</p> <p><u>Risk factors relating to the Underlying</u></p> <p>The Securities depend on the value of the Underlying and the risk associated with this Underlying. The value of the Underlying depends upon a number of factors that may be interconnected. These may include economic, financial and political events beyond the Issuer's control. The past performance of an Underlying should not be regarded as an indicator of its future performance during the term of the Securities and the Issuer does not give any explicit or tacit warranty or representation regarding the future performance of the Underlying.</p> <p>Investors should also note that the level of the Redemption Amount depends on the performance of a portfolio comprising the Underlyings. As a result, fluctuations in the value of one Underlying may be offset or intensified by fluctuations in the value of other Underlyings comprised in the portfolio. Even in the case of a positive performance of one or more Underlyings, the performance of the portfolio as a whole may be negative if the performance of the other Underlyings is negative to a greater extent. There can be a significant adverse effect on the calculation or specification of the redemption amount if the performance of one or more Underlyings comprised in the portfolio, on which the calculation or specification of the redemption amount is based, has deteriorated significantly.</p> <p>Investors should be aware that the relevant Underlying will not be held by the Issuer for the benefit of the Securityholders, and that Securityholders will not obtain any rights of ownership (including, without limitation, any voting rights, any rights to receive dividends or other distributions or any other rights) with respect to the Underlying.</p>
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D.6	Risk warning to the effect that investors may lose the value of their entire investment or part of it.	Each investor in the Securities bears the risk of the Issuer's financial situation worsening. Potential investors must therefore be prepared and able to sustain a partial or even a total loss of their entire investment. Any investors interested in purchasing the Securities should assess their financial situation, to ensure that they are in a position to bear the risk of loss connected with the Securities.
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Element	Section E – Offer	
E.2b	Reasons for the offer and use of proceeds.	Not applicable. Reasons for the offer and use of proceeds are not different from making profit and/or hedging certain risks.
E.3	Terms and conditions of the offer.	<p>It has been agreed that, on or after the respective Issue Date of the Securities, the Manager may purchase Securities and shall place the Securities for sale at the Issue Price under terms subject to change in the Public Offer Jurisdictions during the Subscription Period (as defined below).</p> <p>The Issue Price will be fixed on 7 April 2016 (the "Fixing Date") and will then be made available on www.ubs.com/keyinvest. As of the Fixing Date the selling price will be adjusted on a continual basis to reflect the prevailing market situation.</p> <p>The Securities may be subscribed from the Manager during normal banking hours during 24 February 2016 and 31 March 2016 (the "Subscription Period"). The Issue Price per Security is payable on 19 April 2016 (the "Initial Payment Date").</p> <p>The Issuer reserves the right to earlier close or to extend the Subscription Period if market conditions so require.</p> <p>After the Initial Payment Date, the appropriate number of Securities shall be credited to the investor's account in accordance with the rules of the corresponding Clearing System. If the Subscription Period is shortened or extended, the Initial Payment Date may also be brought forward or postponed.</p>
E.4	Interest that is material to the issue/offer incl. conflicting interests.	<p>Conflicts of interest</p> <p>The Issuer and affiliated companies may participate in transactions related to the Securities in some way, for their own account or for account of a client. Such transactions may not serve to benefit the Securityholders and may have a positive or negative effect on the value of the Underlying, and consequently on the value of the Securities. Furthermore, companies affiliated with the Issuer may become counterparties in hedging transactions relating to obligations of the Issuer stemming from the Securities. As a result, conflicts of interest can arise between companies affiliated with the Issuer, as well as between these companies and investors, in relation to obligations regarding the calculation of the price of the Securities and other associated determinations. In addition, the Issuer and its affiliates may act in other capacities with regard to the Securities, such as calculation agent, paying agent and administrative agent and/or index sponsor.</p> <p>Furthermore, the Issuer and its affiliates may issue other derivative instruments relating to the Underlying; introduction of such competing products may affect the value of the Securities. The Issuer and its affiliated companies may receive non-public information relating to the Underlying, and neither the Issuer nor any of its affiliates undertakes to make this information available to Securityholders. In addition, one or more of the Issuer's affiliated companies may publish research reports on the</p>

		<p>Underlying. Such activities could present conflicts of interest and may negatively affect the value of the Securities.</p> <p>Within the context of the offering and sale of the Securities, the Issuer or any of its affiliates may directly or indirectly pay fees in varying amounts to third parties, such as distributors or investment advisors, or receive payment of fees in varying amounts, including those levied in association with the distribution of the Securities, from third parties. Potential investors should be aware that the Issuer may retain fees in part or in full. The Issuer or, as the case may be, the Manager, upon request, will provide information on the amount of these fees.</p> <p>Any interest that is material to the issue/offer including potential conflicting interests</p> <p>As far as the Issuer is aware, no person involved in the issue and offer of the Securities has an interest material to the issue and offer of the Securities.</p>
E.7	Estimated expenses charged to the investor by the issuer or the offeror.	Not applicable; no expenses are charged to the investor by the issuer or the Manager.

ANNEX TO THE FINAL TERMS: ISSUE SPECIFIC SUMMARY (IN THE SWEDISH LANGUAGE)
SAMMANFATTNING

Denna sammanfattning avser UBS Gearing Certifikat som beskrivs i de slutliga villkoren ("**Slutliga Villkoren**") till vilka denna sammanfattning är bilagd. Denna sammanfattning innehåller information från sammanfattningen som återfinns i Grundprospektet som är relevant för Värdepapperen tillsammans med relevant information från de Slutliga Villkoren. Ord och uttryck som definieras i de Slutliga Villkoren eller på andra ställen i Grundprospekt har samma betydelse i denna sammanfattning.

Sammanfattningar består av informationskrav vilka redogörs för i ett antal punkter ("**Punkter**"). Punkterna är numrerade i avsnitt A – E (A.1 – E.7).

Denna sammanfattning innehåller alla de punkter som krävs i en sammanfattning för den aktuella typen av värdepapper och Emittent. Eftersom vissa punkter inte är tillämpliga för denna typ av värdepapper och emittenter, kan det finnas luckor i punkternas numrering.

Även om det krävs att en punkt inkluderas i en sammanfattning för denna typ av värdepapper och emittent, är det möjligt att ingen relevant information kan ges rörande punkten. Informationen har då ersatts med angivelsen "Ej tillämpligt".

Punkt	Avsnitt A– Inledning och varningar	
A.1	Varning.	<p>Denna sammanfattning skall läsas som en inledning till Grundprospektet och varje beslut att investera i Värdepapperen ska baseras på investerarens bedömning av Grundprospektet i dess helhet.</p> <p>Potentiella investerare ska vara medvetna om att om ett krav gällande informationen i detta Grundprospekt framförs inför domstol, kan käranden enligt den nationella lagstiftningen i medlemsstaten i det Europeiska Ekonomiska Samarbetsområdet, bli skyldig att stå för kostnaderna för att översätta Grundprospektet innan de rättsliga förfarandena inleds.</p> <p>De personer som är ansvariga för sammanfattningen, inklusive varje översättning därav, eller som har initierat framtagandet, kan hållas ansvariga, men endast om sammanfattningen är vilseledande, ofullständig eller oförenlig när den läses tillsammans med de övriga delarna av Grundprospektet eller om den inte tillhandahåller, när den läses tillsammans med de andra delarna av detta Grundprospekt, all erforderlig nyckelinformation.</p> <p>UBS AG i dess roll som Emittent är ansvarig för sammanfattningen, inklusive varje översättning härav, kan vara ersättningskyldig men endast om sammanfattningen är vilseledande, felaktig eller oförenlig när den läses tillsammans med de andra delarna av Grundprospektet eller om den inte tillhandahåller, när den läses tillsammans med de andra delarna av detta Grundprospekt, all erforderlig nyckelinformation.</p>
A.2	Samtycke till användandet av prospektet.	<p>Emittenten samtycker till att Grundprospektet används tillsammans med relevanta Slutliga Villkor i samband med ett erbjudande till allmänheten av Värdepapperen (ett "Erbjudande till Allmänheten") av någon finansiell mellanhand (en "Auktoriserad Erbjudare") som är auktoriserad att göra sådana erbjudanden enligt Direktivet om Marknader för Finansiella Instrument (Direktiv 2004/39/EG) på följande villkor:</p> <p>(a) det aktuella Erbjudandet till Allmänheten måste ske under Teckningsperioden ("Erbjudandeperioden");</p> <p>(b) det aktuella Erbjudandet till Allmänheten får endast ske i Sverige</p>

		<p>(" Jurisdiktionen för Erbjudande till Allmänheten ");</p> <p>(c) den aktuella Auktoriserade Erbjudaren måste vara auktoriserad att göra sådant erbjudande i den aktuella Jurisdiktionen för Erbjudande till Allmänheten enligt Direktivet om Marknader för Finansiella Instrument (Direktiv 2004/39/EG) och om den Auktoriserade Erbjudaren upphör att vara auktoriserad, upphör Emittentens ovanstående samtycke;</p> <p>(d) varje Auktoriserad Erbjudare som inte är en Manager måste iakttä de begränsningar som anges i avsnittet " <i>Subscription and Sale</i> " som om de vore en Manager.</p> <p>Auktoriserade Erbjudare ska underrätta investerare om anbudsvillkoren för Värdepapperen i samband med att Erbjudandet till Allmänheten lämnas av den Auktoriserade Erbjudaren till investeraren.</p>
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Punkt	Avsnitt B – Emittent	
B.1	Emittentens registrerade firma och handelsbeteckning.	Emittentens registrerade firma och handelsbeteckning är UBS AG (" Emittenten " och tillsammans med dess dotterföretag " UBS AG (konsoliderat) " eller " UBS AG Koncernen ", tillsammans med UBS Group AG, holdingbolaget till UBS AG, " UBS Koncernen ", " Koncernen ", " UBS " eller " UBS Group AG (konsoliderat) ").
B.2	Emittentens säte, bolagsform, lag under vilken Emittenten bedriver sin verksamhet, och land för bildande.	<p>Emittenten bildades under firman SBC AG den 28 februari 1978 för en obegränsad tid och fördes in i handelsregistret i Kantonen Basel-City på den dagen. Den 8 december 1997 ändrade bolaget firma till UBS AG. UBS AG i dess nuvarande form bildades den 29 juni 1998 genom sammanslagningen av Union Bank of Switzerland (grundad 1862) och Swiss Bank Corporation (grundad 1872). UBS AG är införd i handelsregistren i kantonen Zürich och kantonen Basel-City. Registreringsnummet är CHE-101.329.561.</p> <p>UBS AG är bildat och är hemmahörande i Schweiz och bedriver sin verksamhet under schweizisk rätt (<i>Swiss Code of Obligations</i>) som ett aktiebolag.</p> <p>Adresserna och telefonnumren till UBS AG:s två registrerade kontor och huvudsakliga platser för verksamheten är: Bahnhofstrasse 45, CH-8001 Zürich, Schweiz, telefonnummer +41 44 234 1111; och Aeschenvorstadt 1, CH-4051 Basel, Schweiz, telefonnummer +41 61 288 5050.</p>
B.4b	En beskrivning av varje känd trend som påverkar emittenten eller de branscher där emittenten är verksam.	<p>Information om trender</p> <p>Som beskrivs i delårsrapporten för det tredje kvartalet 2015 för UBS Group AG, vilken offentliggjordes den 3 november 2015, många av de underliggande markoekonomiska utmaningar och geopolitiska frågor som UBS har lyft fram under tidigare kvartal kvarstår och det är osannolikt att dessa kommer att lösas under överskådlig tid. Dessutom kommer nyligen föreslagna ändringar i det regulatoriska regelverket i Schweiz för de som är för stora för att tillåtas falla att förorsaka betydande löpande räntekostnader för företaget. UBS ser fortsatt motvind från marknadsräntor som inte har stigit i linje med marknadens förväntningar, negativ marknadsutveckling i vissa tillgångsklasser och den svaga utvecklingen för euro i förhållande till schweizisk franc under året. UBS genomför de åtgärder som redan har tillkännagivits för att mildra dessa effekter när den fortsätter mot sitt mål för avkastning på synligt eget kapital på kort och medellång sikt. UBS strategi har visat sig framgångsrik i en rad olika</p>

		marknadsförutsättningar. UBS står fortsatt fast vid sin strategi och dess disciplinerade genomförande för att möjliggöra företagets långsiktiga framgång och att leverera uthålliga avkastningar till sina aktieägare.
B.5	Beskrivning av koncernen och emittentens plats inom koncernen.	<p>UBS AG är en schweizisk och moderbolaget till UBS AG-Koncernen. UBS AG ägs till 100% av UBS Group AG, som är holdingbolaget för UBS Koncernen. UBS Koncernen bedrivs som en koncern med fem affärsdivisioner (Wealth Management, Wealth Management Americas, Retail & Corporate, Asset Management och Investment Bank) samt ett Corporate Center.</p> <p>Under de två senaste åren har UBS vidtagit en rad åtgärder för att återhämtningsförmågan hos Koncernen för att möta kraven i Schweiz avseende de som är för stora för att tillåtas falla ("TBTF") och andra länder där den är verksam, inklusive etablerandet av UBS Group AG som holdingbolaget för UBS Koncernen.</p> <p>I juni 2015 överförde UBS AG dess Retail & Corporate och Wealth Management verksamhet som bokförs i Schweiz till UBS Switzerland AG, ett bankdotterföretag till UBS AG i Schweiz.</p> <p>I Storbritannien verkställde UBS genomförandet av en mer självförsörjande affärs- och verksamhetsmodell för UBS Limited, enligt vilken UBS Limited bär och behåller en större andel av risken och avkastningen från dess affärsaktiviteter.</p> <p>Under det tredje kvartalet 2015 etablerade UBS, UBS Business Solutions AG som ett direkt dotterföretag till UBS Group AG, för att agera som Koncernens serviceföretag. UBS kommer att överföra ägandet av majoriteten av dess existerande servicedotterföretag till denna enhet. UBS förväntar sig att överföringen av delade service- och stödfunktioner till serviceföretagsstrukturen kommer att genomföras stegvis till och med 2018. Syftet med serviceföretagsstrukturen är att förbättra återhämtningsförmågan hos Koncernen genom att möjliggöra för UBS att bibehålla operationell kontinuitet av kritiska tjänster om en återhämtnings- eller resolutionshändelse skulle inträffa.</p> <p>UBS AG har etablerat ett nytt dotterföretag, UBS Americas Holding LLC, som UBS avser att utse som dess mellanliggande holdingbolag för dess dotterföretag i USA före tidsfristen den 1 juli 2016 under de nya reglerna för utländska banker i USA enligt amerikansk rätt (<i>Dodd-Frank Act</i>). Under det tredje kvartalet 2015 tillsköt UBS AG dess ägandeintressen i dess huvudsakliga rörelsedrivande dotterföretag i USA till UBS Americas Holding LLC för att möta kravet under amerikansk rätt (<i>Dodd-Frank Act</i>) att det mellanliggande holdingbolaget äger alla av UBS verksamheter i USA, förutom filialer till UBS AG.</p> <p>UBS har etablerat ett nytt dotterföretag till UBS AG, UBS Asset Management AG, till vilket den förväntar sig att överföra majoriteten av de rörelsedrivande dotterföretagen inom Asset Management under 2016. UBS fortsätter att överväga ytterligare förändringar beträffande juridiska personer som används inom Asset Management, inklusive överföringen av verksamheter som bedrivs av UBS AG i Schweiz till ett dotterföretag till UBS Asset Management AG.</p> <p>UBS fortsätter att överväga ytterligare förändringar beträffande Koncernens juridiska struktur för att möta kapitalmässiga och andra regulatoriska krav samt för att uppnå varje minskning av kapitalkrav som Koncernen kan kvalificera sig till. Sådana förändringar kan inkludera överföringen av rörelsedrivande dotterföretag till UBS AG till att bli direkta dotterföretag till UBS Group AG, konsolidering av rörelsedrivande dotterföretag i den</p>

		Europeiska Unionen och justeringar beträffande bokförande enhet eller placeringen av produkter och tjänster. Dessa strukturella förändringar diskuteras löpande med FINMA och andra regulatoriska myndigheter och fortsätter att vara föremål för ett antal osäkerhetsfaktorer som kan påverka dessas genomförbarhet, omfattning eller tidpunkt.
B.9	Resultatprognos eller förväntat resultat.	Ej tillämpligt; ingen resultatprognos eller förväntat resultat inkluderas i detta Grundprospekt.
B.10	Anmärkningar i revisionsberättelsen.	Ej tillämpligt. Det finns inte några anmärkningar i revisionsberättelserna avseende de konsoliderade finansiella räkenskaperna för UBS AG och de fristående finansiella räkenskaperna för UBS AG för åren som slutade den 31 december 2013 och den 31 december 2014.
B.12	Utvald historisk finansiell nyckelinformation.	UBS AG har hämtat den utvalda finansiella informationen i tabellen nedan för åren som slutade 31 december 2012, 2013 och 2014 från dess årsredovisning för 2014, som innehåller de reviderade konsoliderade finansiella räkenskaperna för UBS AG liksom även ytterligare oreviderad konsoliderad finansiell information för året som slutade den 31 december 2014 och jämförelsesiffror för åren som slutade den 31 december 2013 och 2012. Den utvalda finansiella informationen inkluderad i tabellen nedan för de nio månader som slutade 30 september 2015 och 30 september 2014 har hämtats från UBS AG:s delårsrapport för det tredje kvartalet 2015, vilken innehåller de oreviderade konsoliderade finansiella räkenskaperna för UBS AG, liksom även ytterligare oreviderad konsoliderad finansiell information för de nio månader som slutade 30 september 2015 och jämförelsesiffror för de nio siffror som slutade 30 september 2014. De konsoliderade finansiella räkenskaperna har tagits fram i enlighet med International Financial Reporting Standards (IFRS) som har utfärdats av International Accounting Standards Board (IASB) och anges i schweiziska franc (CHF). Enligt ledningens åsikt har alla justeringar som är nödvändiga för att ge en rättvisande bild av UBS AG:s konsoliderade finansiella ställning och verksamhetsresultat. Information för åren som slutade 31 december 2012, 2013 och 2014 vilken indikeras som oreviderad i tabellen nedan, inkluderades i Årsredovisningen 2014 men har inte reviderats på den grunden att de respektive beskrivningarna inte krävs enligt IFRS och därför inte utgör del av de reviderade finansiella räkenskaperna. Viss information som ingick i de konsoliderade finansiella räkenskaperna till årsredovisningen 2013 räknades om i Årsredovisningen 2014. Siffrorna i tabellen nedan avseende året som slutade 31 december 2013 återspeglar de omräknade siffrorna så som dessa ingår i Årsredovisningen 2014. Potentiella investerare bör läsa dokumentationen i dess helhet och ska inte enbart förlita sig på den sammanfattande informationen som anges nedan:

	Per eller för de nio månader som slutade		Per eller för året som slutade		
<i>CHF miljoner, förutom där indikerat</i>	30.9.15	30.9.14	31.12.14	31.12.13	31.12.12
	<i>Oreviderat</i>		<i>Reviderat, förutom där indikerat</i>		
Resultat					
Rörelseintäkter	23 834	21 281	28 026	27 732	25 423
Rörelsekostnader	18 655	19 224	25 557	24 461	27 216
Rörelsevinst / (förlust) före skatt	5 179	2 057	2 469	3 272	(1 794)
Nettovinst / (förlust) hänförlig till UBS AG aktieägare	5 285	2 609	3 502	3 172	(2 480)
Viktiga utvecklingsindikatorer					
Lönsamhet					

Avkastning på synligt eget kapital (%) ¹	15,4	8,3	8,2*	8,0*	1,6*
Avkastning på tillgångar, brutto (%) ²	3,2	2,8	2,8*	2,5*	1,9*
Kostnads / intäktsrelation (%) ³	78,1	90,3	90,9*	88,0*	106,6*
Tillväxt					
Nettovinsttillväxt (%) ⁴	102,6	15,7	10,4*	-	-
Nettotillväxt nya medel för kombinerade verksamheter inom förmögenhetsförvaltning (%) ⁵	2,0	2,4	2,5*	3,4*	3,2*
Resurser					
Primärkapitalrelation (<i>Common equity tier 1 capital ratio</i>) (fullt tillämpad, %) ^{6,7}	15,3	13,7	14,2*	12,8*	9,8*
Hävstångsrelation (infasad, %) ^{8,9}	5,3	5,4	5,4*	4,7*	3,6*
Ytterligare information					
Lönsamhet					
Avkastning på eget kapital (RoE) (%) ¹⁰	13,3	7,1	7,0*	6,7*	(5,1)*
Avkastning på riskvägda tillgångar, brutto (%) ¹¹	14,6	12,4	12,4*	11,4*	12,0*
Resurser					
Totala tillgångar	981 891	1 044 899	1 062 327	1 013 355	1 259 797
Eget kapital hänförligt till UBS AG aktieägare	54 126	50 824	52 108	48 002	45 949
Primärkapital (<i>Common equity tier 1 capital</i>) (fullt tillämpad) ⁷	33 183	30 047	30 805	28 908	25 182*
Primärkapital (<i>Common equity tier 1 capital</i>) (infasad) ⁷	40 581	42 464	44 090	42 179	40 032*
Riskvägda tillgångar (fullt tillämpad) ⁷	217 472	219 296	217 158*	225 153*	258 113*
Riskvägda tillgångar (infasad) ⁷	221 410	222 648	221 150*	228 557*	261 800*
Primärkapitalrelation (<i>Common equity tier 1 capital ratio</i>) (infasad, %) ^{6,7}	18,3	19,1	19,9*	18,5*	15,3*
Totalkapitalrelation (fullt tillämpad, %) ⁷	19,9	18,7	19,0*	15,4*	11,4*
Totalkapitalrelation (infasad, %) ⁷	23,7	24,9	25,6*	22,2*	18,9*
Hävstångsrelation (fullt tillämpad, %) ^{8,9}	4,6	4,2	4,1*	3,4*	2,4*
Hävstångsrelation nämnare (fullt tillämpad) ⁹	949 548	980 669	999 124*	1 015 306*	1 206 214*
Hävstångsrelation nämnare (infasad) ⁹	955 027	987 327	1 006 001*	1 022 924*	1 216 561*
Övrigt					
Investerade tillgångar (CHF miljarder) ¹²	2 577	2 640	2 734	2 390	2 230
Anställda (motsvarande heltidstjänster)	58 502	60 292	60 155*	60 205*	62 628*

* oreviderat

¹ Nettovinst/förlust hänförlig till UBS AG:s aktieägare före nedskrivningar och reserveringar av goodwill och immateriella tillgångar (på årsbasis där tillämpligt) / genomsnittligt eget kapital hänförligt till UBS AG:s aktieägare minskat med genomsnittlig goodwill och immateriella tillgångar. ² Rörelseintäkter före kreditförluster (utgift) eller återvinning (på årsbasis där tillämpligt) / genomsnittliga totala tillgångar. ³ Rörelseutgifter/rörelseintäkter före kreditförlust (utgift) eller återvinning. ⁴ Förändring i nettovinst hänförlig till UBS AG:s aktieägare från fortsatt bedrivna verksamheter mellan innevarande och jämförelseperiod/nettovinst hänförlig till UBS AG:s aktieägare från fortsatt bedrivna verksamheter under jämförelseperiod. Ej meningsfullt och ej inkluderat om antingen rapporteringsperioden eller jämförelseperioden är en förlustperiod. ⁵ Kombinerat för Wealth Managements och Wealth Management Americas netto nya medel för perioden (på årsbasis där tillämpligt) / investerade tillgångar vid början av perioden. Baserat på justerat netto av nya pengar som exkluderar den negativa effekten på netto av nya pengar om CHF 6,6 miljarder i förmögenhetsförvaltning (*Wealth Management*) på UBS:s balansräkning och försök till kapitaloptimering i den andra kvartalet 2015. ⁶ Primärkapital/riskvägda tillgångar. ⁷ Baserat på Basel III-regelverket så som detta tillämpas på schweiziska systemviktiga banker (SRB), vilket trädde i kraft i Schweiz den 1 januari 2013. Informationen som återges på fullt tillämpad basis återspeglar fullt ut effekterna av de nya kapitalavdragen och utfasningen av icke kvalificerade kapitalinstrument. Informationen som återges på infasad basis återspeglar gradvis dessa effekter under övergångsperioden. Siffror för 31 december 2012 beräknas på en uppskattad basis enligt beskrivning nedan och är på pro forma-basis. Vissa av modellerna som tillämpas vid beräkningen av pro forma informationen 31 december 2012 krävde regulatoriskt godkännande och innefattar uppskattningar (enligt diskussion med UBS primära tillsynsmyndighet) av effekten av de nya kapitalkraven. Dessa siffror måste inte presenteras eftersom Basel III kraven inte var i kraft den 31 december 2012. Dessa är icke desto mindre inkluderade av jämförelseskäl. ⁸ Primärkapital och förlustabsorberande kapital/total justerat exponering (hävstångsrelationsnämnare). ⁹ I enlighet med schweiziska SRB-regler. Den schweiziska SRB hävstångsrelationen trädde i kraft den 1 januari 2013. Siffror för 31 december 2012 är på pro forma basis (se fotnot 7 ovan). ¹⁰ Nettovinst / (förlust) hänförlig till UBS aktieägare (på årsbasis där tillämpligt) / genomsnittligt eget kapital hänförligt till UBS AG:s aktieägare. ¹¹ Baserat på Basel III riskvägda tillgångar (infasing) för 2015, 2014 och 2013 och på Basel 2,5 riskvägda tillgångar

för 2012. ¹² Inkluderar investerade tillgångar inom Retail & Corporate.		
	Uttalande om väsentliga negativa förändringar.	Det har inte inträffat någon väsentlig negativ förändring i framtidsutsikterna för UBS AG eller UBS AG Koncernen sedan den 31 december 2014.
	Uttalande om väsentliga förändringar.	Det har inte inträffat någon väsentlig förändring i den finansiella eller handelspositionen för UBS AG Koncernen sedan den 30 september 2015.
B.13	Nyligen inträffade händelser särskilda för Emittenten vilka är väsentligt relevanta för värderingen av Emittentens solvens.	Ej tillämpligt, det har inte nyligen inträffat några händelser som är specifika för UBS AG och som i väsentlig mån skulle ha varit relevanta för utvärderingen av UBS AG:s solvens.
B.14	Beskrivning av koncernen och av emittentens position inom koncernen. Beroende av andra företag inom koncernen.	Vänligen se Punkt B.5. UBS AG är moderbolaget för UBS AG Koncernen. Som sådant är det i viss mån beroende av vissa av sina dotterföretag.
B.15	Emittentens huvudsakliga verksamhet.	<p>UBS AG och dess dotterföretag är beslutna att tillhandahålla privata, institutionella och företagskunder världen över, liksom även privatpersonskunder i Schweiz med bättre finansiell rådgivning och lösningar samtidigt som attraktiv och uthållig avkastning för aktieägarna genereras. UBS strategi är centrerad på dess verksamheter Wealth Management (förmögenhetsförvaltning) och Wealth Management Americas och dess ledande (enligt dess egen uppfattning) universalbank i Schweiz, kompletterat av Asset Management (tillgångsförvaltning) och dess Investmentbank. Enligt UBS uppfattning delar dessa verksamheter tre nyckeldrag: dessa drar fördel av en stark konkurrensmässig position inom dessas målmarknader, är kapitaleffektiva och erbjuder bättre strukturella tillväxt- och lönsamhetsutsikter. UBS strategi bygger på styrkorna inom alla dess verksamheter och fokuserar dess insatser till områden där UBS är framgångsrikt, samtidigt som den försöker kapitalisera från de tilltalande tillväxtutsikterna inom de verksamheter och regioner där den är verksam. Kapitalstyrka är basen för UBS framgång. Den operationella strukturen inom Koncernen består av Corporate Center (företagscenter) och fem verksamhetsdivisioner: Wealth Management, Wealth Management Americas, Retail & Corporate (bankverksamhet för privatpersoner och företagskunder), Asset Management och dess Investmentbank.</p> <p>Enligt Artikel 2 i Bolagsordningen för UBS AG, daterad den 7 maj 2015 ("Bolagsordningen") är verksamhetsföremålet för UBS AG att bedriva bankverksamhet. Dess verksamhetsföremål sträcker sig över alla typer av banktjänster, finansiella tjänster, rådgivningstjänster och handelsaktiviteter i Schweiz och utomlands. UBS AB kan etablera filialer och representationskontor liksom även banker, kreditmarknadsföretag och andra företag av varje slag i Schweiz och utomlands, inneha ägarintressen i dessa bolag och sköta dessas ledning. UBS AG är auktoriserat att köpa, inteckna och sälja fast egendom och byggrätter i Schweiz och utomlands. UBS AG kan tillhandahålla lån, garantier och andra former av finansiering och säkerheter för Koncernföretag och låna och investera på penning- och</p>

		kapitalmarknader.
B.16	Direkt eller indirekt aktieäggande eller kontrollöverenskommelser avseende emittenten.	UBS Group AG äger 100% av de utestående aktierna i UBS AG.

Punkt	Avsnitt C – Värdepapper	
C.1	Typ och klass av värdepapperen, värdepappersidentifikationsnummer.	<p>Typ och Form av värdepapper Värdepapperen är certifikat.</p> <p>Värdepapperen (även "Svenska Värdepapper") clearas genom Euroclear Sweden AB ("Euroclear Sweden") i egenskap av det relevanta Clearingsystemet och är utfärdade i icke-certifierade och dematerialiserad, kontoförd form samt registrerade hos Euroclear Sweden i enlighet med lag (1998:1479) om kontoföring av finansiella instrument. Inga fysiska värdepapper, så som globala tillfälliga eller permanenta värdepapper eller definitiva värdepapper kommer emitteras för de Svenska Värdepapperen.</p> <p>Värdepappersidentifikationsnummer för Värdepapperen</p> <p>ISIN: CH0314190486 Valor: 31419048</p>
C.2	Valuta för värdepapperen.	Svenska Kronor (" SEK ") (" Inlösenvaluta ")
C.5	Restriktioner för den fria överlåtbarheten för värdepapperen.	Ej tillämpligt. Det finns inga restriktioner avseende den fria överlåtbarheten för Värdepapperen.
C.8	Rättigheter kopplade till värdepapperen, inklusive rangordning och begränsningar av sådana rättigheter.	<p>Tillämplig lag för Värdepapperen Värdepapperen kommer att vara underkastad tysk rätt ("Värdepapper underkastade tysk rätt").</p> <p>Den juridiska effekten av registrering av Värdepapperen med relevant Clearingsystem styrs av lagarna i Clearingsystemets jurisdiktion.</p> <p>Rättigheter förknippade med Värdepapperen Värdepapperen ger, med förbehåll för Villkoren för Värdepapperen, Värdepappersinnehavarna, vid förfall eller vid utövande, ett yrkande om betalning av Inlösenbeloppet i Inlösenvalutan.</p> <p>Begränsningar i rättigheterna relaterade till Värdepapperen Enligt de villkor som anges i Villkoren för Värdepapperen, har Emittenten rätt att avsluta Värdepapperen och att göra vissa justeringar av Villkoren.</p> <p>Status för Värdepapperen Värdepapperen kommer att utgöra direkta, icke-säkerställda och icke-eftersäkrade förpliktelser för Emittenten, som rangordnas lika sinsemellan och med alla andra nuvarande och framtida icke-säkerställda och icke-eftersäkrade förpliktelser för Emittenten, annat än skyldigheter som regleras i tvingande lagstiftning.</p>

C.11	Upptagande till handel på en reglerad marknad eller andra liknande marknader.	Det finns ingen avsikt att ansöka om upptagande av Värdepapperen till handel på en värdepappersbörs.
C.15	Påverkan avseende underliggande på värdet av värdepapperen.	<p>Värdet på Värdepapperen under dessas löptid är beroende av utvecklingen av Underliggande. Om priset på Underliggande ökar, kommer även värdet på Värdepapperen (bortsett från speciella kännetecken för Värdepapperen) sannolikt att öka.</p> <p>I synnerhet, Inlösenbeloppet, om något, som ska erhållas av Värdepappersinnehavaren vid utövande av Värdepapperen är beroende av utvecklingen av Underliggande.</p> <p>Följande kännetecken är exempel som beskriver hur värdet på Värdepapperen är beroende av Underliggande:</p> <p>UBS Värdepapper med Utväxling</p> <p>UBS Värdepapper med Utväxling erbjuder Värdepappersinnehavarna möjlighet att ta del av den positiva utvecklingen av Underliggande. Omvänt, Värdepappersinnehavare av UBS Värdepapper med Utväxling kan också ta del av den negativa utvecklingen av Underliggande, då UBS Värdepapper med Utväxling kan komma att bidra med negativ riskpotential enligt vad som anges i de tillämpliga Produktvillkoren. UBS Värdepapper med Utväxling kan också erbjuda Värdepappersinnehavarna att ta del av den positiva utvecklingen hos Underliggande i relation till andra Underliggande. Omvänt, Värdepappersinnehavarna av UBS Värdepapper med Utväxling kan ta del av den negativa utvecklingen av Underliggande i relation till andra Underliggande.</p> <p>UBS Värdepapper med Utväxling finns också i en så kallad "Sälj" version. I detta fall deltar Värdepappersinnehavarna positivt i den negativa utvecklingen av Underliggande. Omvänt, Värdepappersinnehavarna i UBS Värdepapper med Utväxling (Sälj) kan också delta i den positiva utvecklingen av Underliggande, eftersom UBS Värdepapper med Utväxling (Sälj) kan bidra med riskpotential på uppsidan enligt vad som anges i de tillämpliga Produktvillkoren. UBS Värdepapper med Utväxling (Sälj) kan också tillåta Värdepappersinnehavare att delta i negativ utveckling av Underliggande i relation till andra underliggande. Omvänt, Värdepappersinnehavare i UBS Värdepapper med Utväxling (Sälj) kan delta i den positiva utvecklingen av Underliggande i relation till andra Underliggande.</p> <p>UBS Värdepapper med Utväxling kan löpa ut och vara värdelös vid en ofördelaktig utveckling för Underliggande bortom vissa specifika värden, enligt vad som anges i de tillämpliga Produktvillkoren.</p> <p>Värdepappersinnehavare erhåller på Förfallodagen ett Inlösenbelopp i Inlösenvalutan, vars storlek är beroende av Referenspriset eller Avvecklingspriset för de(n) Underliggande, enligt vad som anges i Produktvillkoren. Typiskt sett beräknas Inlösenbeloppet genom att multiplicera det Nominella Beloppet eller sådant annat belopp enligt vad som anges i Produktvillkoren, med den relevanta utvecklingen för de(n) Underliggande och därefter multiplicera med Deltagandegrad, Hävstångsfaktorn eller Multiplikatorn, men andra faktorer kan också tas med i beräkningen, enligt vad som anges i Produktvillkoren.</p> <p>Inlösenbeloppet kan bestämmas med hänvisning till utvecklingen av en eller flera Underliggande, enligt vad som anges i Produktvillkoren.</p>

	<p>Följande beskrivningar av flertalet utvecklingsstrukturer kan användas för Värdepapper beskrivna ovan, om tillämpliga.</p> <p><u>Underliggande</u> Värdepapper kan antingen vara beroende av en enskild Underliggande, en korg av Underliggande, de(n) bäst utvecklade Underliggande, de(n) sämst utvecklade Underliggande eller en kombination av dessa. Korgutvecklingar beräknas på det vägda genomsnittet av utvecklingarna för de(n) enskilda Underliggande.</p> <p>Viktningen kan antingen vara förutbestämd eller kan bestämmas under produktens löptid beroende på vissa villkor. Viktningen kan, till exempel, bero på den relativa utvecklingen för Underliggande eller realiserad volatilitet i de(n) Underliggande.</p> <p><u>Utvecklingar</u> I princip är det sannolikt att värdet på Värdepapperen (bortsett från särskilda egenskaper hos Värdepapperen) kommer öka, i fall priset på Underliggande eller, om det anges som tillämpligt i definitionen av "Underliggande" att en "Korg" är angiven som tillämplig i de tillämpliga Produktvillkoren, i Korgkomponenterna, ökar. I fall priset på Underliggande eller Korgkomponenter minskar, är det också troligt att värdet på Värdepapperen (bortsett från speciella egenskaper hos Värdepapperen) minskar.</p> <p>Motsatsvis kan Värdepapperen, om så anges i de relevanta Produktvillkoren, erbjuda en så kallad omvänd struktur. I detta fall kommer Värdepapperen (oavsett de övriga egenskaper som är förknippade med Värdepapperen eller andra faktorer, som kan vara relevanta för värdet på Värdepapperen) att minska i värde, om priset på Underliggande eller, om det anges som tillämpligt i definitionen av "Underliggande" att en "Korg" är angiven som tillämplig i de tillämpliga Produktvillkoren, i Korgkomponenterna, ökar, eller så kommer Värdepapperen att öka i värde, om priset på Underliggande eller, om det anges som tillämpligt i definitionen av "Underliggande" att en "Korg" är angiven som tillämplig i de tillämpliga Produktvillkoren, i Korgkomponenterna, minskar.</p> <p>Utvecklingen eller nivån av Underliggande kan mätas på flera olika sätt.</p> <p>Vanligtvis mäts utvecklingen som den slutliga nivån för de(n) Underliggande som ett procenttal av den initiala nivån för de(n) Underliggande. Den slutliga nivån och/eller den initiala nivån kan även definieras som den genomsnittliga/maximala/minimala nivån för de(n) Underliggande som observerats under viss tid. Den initiala nivån behöver inte nödvändigtvis observeras vid startdagen för produkten men kan också observeras under löptiden för produkten.</p> <p>Utvecklingen kan även mätas som den relativa utvecklingen för en eller flera Underliggande i förhållande till utvecklingen för en eller flera andra Underliggande.</p> <p>Utveckling kan också ha ett förutbestämt eller ett rörligt och/eller ett villkorat tak. Det innebär att Värdepappersinnehavare accepterar en begränsning av avkastningspotentialen ("Tak") och att de endast kan delta i eventuella kursökningar (eller minskningar) för de Underliggande till dess att en viss nivå har nåtts och inte ytterligare. Dessutom kan utvecklingen också ha ett förutbestämt eller ett rörligt och/eller villkorat golv. Detta innebär att Värdepappersinnehavare kommer att ha en minsta avkastningspotential ("Golv") och kommer endast negativt att delta i eventuella kursnedgångar (eller öknings) i de(n) Underliggande till dess att en viss nivå har nåtts och inte mer.</p>
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		<p><u>Barriärer</u> Produkter kan ha barriärer som aktiveras så snart vissa villkor är uppfyllda. Vanligtvis representerar dessa barriärer vissa nivåer som ska nås av de(n) Underliggande vid vissa observationsdagar.</p> <p>Barriärer kan antingen utlösas av att Underliggande, utvecklingar eller andra mätbara värden når förutbestämda värden. Vissa barriärer utlösas endast om mer än ett värde möts.</p> <p>Barriärer kan definieras antingen för att observera endast vissa datum eller fortlöpande.</p> <p>Barriärer leder antingen till avlägsnande (Kick-out) eller tillägg (Kick-in) av vissa egenskaper hos Värdepapperen. Funktioner som läggs till eller tas bort är exempelvis kuponger, deltagande eller Underliggande.</p> <p><u>Inlåsnings och Slutlig Inlåsnings</u> De relevanta Produktvillkoren kan föreskriva ett "Inlåsnings"-villkor, vilket betyder att vissa belopp eller utvecklingar, enligt vad som anges i Produktvillkoren, kommer, i händelse av att det inträffar en förutbestämd inlåsningshändelse, att bli "inlåsta", dvs. fixerad, ställd åt sidan eller annars ekonomiskt bevarad, enligt vad som anges i Produktvillkoren. I den utsträckning och under de villkor som är tillämpliga på de övriga villkoren som beskrivs i detta avsnitt 13 av Grundprospektet och som ytterligare specificeras i Produktvillkoren, deltar Värdepappersinnehavare fortfarande i den framtida utvecklingen för den Underliggande, eller, som fallet kan vara, Korgkomponenterna.</p> <p>Om de relevanta Produktvillkoren anger att ett "Slutligt Inlåsnings"-villkor är tillämpligt, kommer vissa belopp eller utvecklingar, enligt vad som anges i Produktvillkoren, i händelse av att det inträffar en förutbestämd inlåsningshändelse att bli "inlåsta", i en utsträckning så att deltagandet för Värdepappersinnehavarna i den framtida utvecklingen för den Underliggande eller, som fallet kan vara, Korgkomponenterna, begränsas eller rentav exkluderas.</p> <p><u>Funktion för Automatiskt Avslut</u> Om de relevanta Produktvillkoren anger att Funktionen för Automatiskt Avslut är tillämplig, kan Värdepapperen avslutas och lösas in i förtid vid inträffande av en händelse för automatiskt avslut (inklusive, men inte begränsat till, en Händelse för Stop-Loss eller Händelse för Knock-Out).</p> <p><u>Investeringsstrategier</u> Utveckling kan definieras som den hypotetiska utvecklingen av en särskild, på förhand definierad, investeringsstrategi. Det kan till exempel vara en strategi att endast investera i den Underliggande på särskilda förutbestämda datum. Ett annat exempel kan vara en strategi att investera i den Underliggande beroende på dess realiserade volatilitet, utveckling, momentum eller andra metriska värden hos den Underliggandes nivå över produktens livslängd.</p> <p><u>Nedgångsinriktad/Uppgångsinriktad/Variabel Deltagandegrad</u> Deltagandegrad är vanligtvis proportionell med en särskild grad (vilken i sig själv kan vara beroende av särskilda förutbestämda villkor, till exempel utvecklingen av en eller flera Underliggande) och kan vara negativ eller positiv.</p> <p><u>Valutakonvertering</u> Värdepappersinnehavarens rätt som finns i Värdepapperen kan bestämmas på basis av en valuta annan än Inlösenvalutan, valutaenhet eller beräkningsenhet, och även värdet av den Underliggande eller, så som fallet kan vara, Korgkomponenterna kan bestämmas i sådan valuta annan än</p>
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		<p>Inlösenvalutan, valutaenhet eller beräkningsenhet. Valutakursen som ska användas för att bestämma Inlösenbeloppet kan antingen vara förutbestämd (quanto funktion) eller variabel.</p> <p><u>Kuponger/Räntebelopp/Andra Likvider</u> Om de relevanta Produktvillkoren anger att ovillkorad Kupong, Räntebelopp eller annan likvid är tillämplig, så är Värdepappersinnehavaren berättigad att ta emot betalning i form av den relevanta Kupongen, Räntebeloppet eller annan likvid, enligt vad som i de tillämpliga Produktvillkoren.</p> <p>Om de relevanta Produktvillkoren anger att villkorad Kupong, Räntebelopp eller annan likvid är tillämplig, är Värdepappersinnehavaren berättigad att ta emot betalning i form av den relevanta Kupongen, Räntebeloppet eller annan likvid förutsatt att villkoren uppfylls. Om, i fall av en villkorad Kupong, Räntebelopp eller annan likvid, dessa krav inte är uppfyllda, så utbetalas ingen Kupong, Räntebelopp eller annan likvid.</p> <p>Under dessas löptid kan produkter därför generera regelbunden inkomst. Emellertid genererar de flesta produkter inte ovillkorad inkomst, till exempel utdelning eller ränta.</p> <p><u>Kapitalskydd</u> Endast om produkttegenskapen "Kapitalskydd" anges som tillämplig i de relevanta Produktvillkoren motsvarar Avvecklingsbeloppet, i varje fall, åtminstone det kapitalskyddade Minimibeloppet.</p> <p><u>Maximalt Belopp</u> Om produkttegenskapen "Maximalt Belopp" anges som tillämplig i de relevanta Produktvillkoren, är taket för Avvecklingsbeloppet satt till det Maximala Beloppet.</p> <p><u>Fysisk eller Kontantavveckling</u> Endast om produkttegenskapen "Fysisk Avveckling" anges som tillämplig i de relevanta Produktvillkoren, kan produkten eventuellt avvecklas fysiskt. Annars sker avveckling genom kontant betalning. Avvecklingen kan bero på utvecklingen för de(n) Underliggande.</p> <p><u>Generell Rätt till Förtida Inlösen</u> Emittenten och Värdepappersinnehavarna kommer endast att ha en generell rätt till förtida inlösen avseende Värdepapperen före Förfalldagen om detta anges i de tillämpliga Produktvillkoren.</p> <p><i>Emittentens Rätt till Förtida Inlösen</i> Om så anges i de tillämpliga Produktvillkoren har Emittenten en rätt att begära Värdepapperen inlösta i förtid genom att lämna meddelande om detta på vissa förutbestämda datum. Inlösenvärdet kan antingen vara förutbestämt eller beroende av nivån för de(n) Underliggande, vissa datum eller andra parametrar.</p> <p><i>Värdepappersinnehavarnas Rätt till Förtida Inlösen</i> Om så anges i de tillämpliga Produktvillkoren har Värdepappersinnehavaren rätt att begära Värdepapperen inlösta i förtid. Inlösenvärdet kan antingen vara förutbestämt eller beroende av nivån för de(n) Underliggande, vissa datum eller andra parametrar.</p>
C.16	Utlöpande- eller förfalldag, utövandedag eller slutlig referensdag.	Förfalldag: 30 september 2022 Utlöpandedag: 20 september 2022

C.17	Avvecklingsförfarande för de derivatvärdepapper.	Betalningar ska, i alla fall som är föremål för någon form av tillämpliga skatte- eller andra lagar och regler på platsen för betalningen eller andra lagar och regler för vilka Emittenten gått med på att bli föremål för, göras i enlighet med de relevanta reglerna och operationella förfarandena som är tillämpliga på och/eller utfärdade av Clearingsystemet (" CA Reglerna ") för det relevanta Clearingsystemet eller den relevanta mellanmannen eller för dess order för kreditering på kontona för de relevanta kontoinnehavarna hos Clearingsystemet eller den relevanta mellanmannen. Emittenten ska anses ha fullgjort dess inlösenförpliktelser eller varje annan betalnings- eller annan förpliktelse under Villkoren för Värdepapperen vid leverans till Clearingsystemet på det sätt som beskrivs ovan.
C.18	En beskrivning av hur avkastningen på derivatvärdepapper äger rum.	Värdepappersinnehavare kommer på den relevanta Förfallodagen erhålla betalning i form av Inlösenbeloppet.
C.19	Utövandekurs eller slutlig referenskurs för den underliggande.	Avvecklingspris
C.20	Typ av underliggande och var informationen om underliggande kan finnas.	Typ av Underliggande: aktier ABB Ltd. Skanska AB H & M Hennes & Mauritz AB Aktiebolaget SKF Nordea Bank AB Tele2 AB AstraZeneca PLC TeliaSonera Aktiebolag Swedbank AB Svenska Handelsbanken AB Information om den gångna och den framtida utvecklingen av den Underliggande och dessas volatilitet kan finnas på hemsidan: www.abb.com www.skanska.com www.hm.com www.skf.com www.nordea.com www.tele2.com www.astrazeneca.com www.teliasonera.com www.swedbank.com www.handelsbanken.com

Punkt	Avsnitt D – Risker	
D.2	Nyckelinformation om väsentliga risker som är specifika och individuella för Emittenten.	Värdepapperen medför emittentrisk, även kallad gäldenärsrisk eller kreditrisk för potentiella investerare. En emittentrisk är risken att UBS AG tillfälligt eller varaktigt blir oförmögen att fullgöra dess förpliktelser under Värdepapperen. Generell risk för insolvens Varje Värdepappersinnehavare bär den generella risken att den finansiella

		<p>situationen för Emittenten kan försämrans. Värdepapperen utgör direkta, icke säkerställda och icke efterställda förpliktelser för Emittenten och förpliktelserna kommer vid Emittentens insolvens att rangordnas lika med samtliga andra nuvarande och framtida icke säkerställda och icke efterställda förpliktelser för Emittenten, med undantag för de förpliktelser som har förmånsrätt enligt tvingande lagregler. Emittentens förpliktelser under Värdepapperen garanteras inte av något system av insättningsgarantier eller kompensationsplaner. Om Emittenten blir insolvent kan följaktligen Värdepappersinnehavare lida en total förlust av sina investeringar i Värdepapperen.</p> <p>UBS AG som Emittent och UBS är utsatta för olika riskfaktorer i sin affärsverksamhet. Sammanfattade nedan är riskerna som kan påverka Koncernens förmåga att verkställa sin strategi och påverka dess affärsverksamhet, finansiella ställning, verksamhetsresultat och utsikter, som Koncernen anser är väsentliga och för närvarande är medveten om:</p> <ul style="list-style-type: none"> • Den 15 januari 2015 avbröt den schweiziska centralbanken ("SNB") den lägsta målsättningsväxelkursen för den schweiziska francen mot euron, vilken hade funnits på plats sedan september 2011. Vid samma tidpunkt sänkte SNB räntesatsen på saldon på insättningskonton hos SNB som överstiger en viss undantagströskel med 50 baspunkter till negativa 0,75%. Den flyttade också målsättningsintervallet för tremånaders LIBOR till mellan negativa 1,25% och negativa 0,25% (tidigare negativa 0,75% till positiva 0,25%). Dessa beslut resulterade i en betydande stärkning av den schweiziska francen mot euron, US dollar, brittiska pund, japanska yen och flera andra valutor, liksom även en sänkning av räntesatser i schweiziska franc. Den långsiktiga kursen för den schweiziska francen mot dessa andra valutor är inte säker, inte heller är den framtida riktningen för räntesatser i den schweiziska francen. Flera andra centralbanker har på liknande sätt antagit policys om negativ ränta. Fluktuationer i valutakurser och fortsatt låga eller negativa räntesatser kan ha en mycket negativ inverkan på UBS Koncernens kapitalstyrka, UBS Koncernens likviditets- och finansieringsposition och UBS Koncernens lönsamhet. • Regulatoriska och juridiska förändringar kan negativt inverka på UBS verksamhet och förmåga att genomföra dess strategiska planer. De planerade och potentiella regulatoriska och lagstiftningsmässiga utvecklingarna i Schweiz och i andra jurisdiktioner där UBS bedriver verksamhet kan ha väsentlig negativ inverkan på UBS förmåga att genomföra dess strategiska planer, på lönsamheten eller livskraften för vissa verksamhetsområden globalt eller i särskilda jurisdiktioner och, i vissa fall, på UBS förmåga att konkurrera med andra finansiella institutioner. Utvecklingarna har varit och kommer sannolikt att fortsätta att vara kostsamma att implementera och kan också ha en negativ inverkan på UBS juridiska struktur och affärsmodell, potentiellt genereras kapitalineffektiviteter och påverka UBS lönsamhet. Osäkerheten relaterad till eller verkställandet av juridiska och regulatoriska förändringar kan ha en negativ inverkan på UBS relationer med kunder och dess framgång i att attrahera kundaffärer. • UBS kapitalstyrka är viktig för att stödja dess strategi, kunderbidande och konkurrensmässiga position. Varje ökning i riskvägda tillgångar eller en reducering i kvalificerande kapital skulle kunna väsentligt reducera UBS kapitalrelationer. Vidare, UBS är underkastad ett krav på lägsta hävstångsrelation för schweiziska systemrelevanta banker ("SRB"), vilket under vissa omständigheter skulle kunna begränsa UBS affärsverksamheter även om UBS möter övriga riskbaserade kapitalkrav. • UBS kanske inte är framgångsrik i sina tillkännagivna strategiska planer
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		<p>rapporterade siffror såsom annan inkomst, investerade tillgångar, tillgångar på balansräkningen, riskvägda tillgångar och primärkapital enligt Basel III. Dessa effekter kan negativt inverka på UBS intäkter, balansräkning, kapital- och likviditetsrelationer.</p> <ul style="list-style-type: none"> • UBS är beroende av dess riskhantering- och kontrollprocesser för att undvika eller begränsa potentiella förluster inom dess motpartskredits- och handelsverksamheter och skulle kunna drabbas av förluster om, till exempel, den inte till fullo identifierar riskerna inom dess portfölj eller om dess bedömning av riskerna som identifierats eller dess svar på negativa trender visar sig ske vid fel tidpunkt, olämpliga, otillräckliga eller felaktiga. • Värderingar av vissa positioner förlitar sig på modeller; modeller har inneboende begränsningar och kan använda ingångsvärden som inte har någon observerbar källa; andra antaganden och ingångsvärden skulle generera andra resultat och dessa skillnader skulle kunna ha en betydande inverkan på UBS finansiella resultat. • Likviditets- och finansieringsförvaltning är kritiskt för UBS pågående verksamhet. Volymen för UBS finansieringskällor eller tillgången till finansiering av de slag som krävs, kan förändras på grund av, bland annat, allmänna marknadsstörningar, ökade kreditspreadar, striktare kapital-, likviditets- och finansieringskrav eller nedvärderingar av UBS kreditvärdighetsbetyg, vilket även kan inverka på kostnaden för finansiering. • UBS kan vara oförmögen att identifiera eller tillvarata intäkter eller konkurrensmässiga möjligheter eller att behålla och attrahera kvalificerade anställda. UBS konkurrensmässiga styrka och marknadsställning skulle kunna eroderas om UBS är oförmögen att identifiera marknadstrender och utvecklingar, inte svarar på dessa genom att ta fram och genomföra lämpliga affärsstrategier, på lämpligt sätt ta fram eller uppdatera teknologi, särskilt inom handelsverksamheterna eller är oförmögen att attrahera eller behålla de kvalificerade personer som behövs för att utföra dessa. • UBS finansiella resultat kan påverkas negativt av förändringar inom redovisningsstandarder. Förändringar i IFRS eller tolkningar därav kan föranleda att UBS framtida rapporterade resultat och finansiella position skiljer sig från de som tidigare rapporterats på grund av införandet av redovisningsstandarder på retroaktiv basis. Sådana förändringar kan också påverka UBS regulatoriska kapital och relationer. • UBS finansiella resultat kan påverkas negativt av förändringar i antaganden för värderingen av dess goodwill. Om antaganden under framtida perioder skiljer sig från de nuvarande utsikterna, kan värdet av UBS goodwill försämrats, vilket ger upphov till förluster över resultaträkningen. • Inverkan av skatter på UBS finansiella resultat påverkas i väsentlig mån av omvärderingar av dess uppskjutna skattefordringar. UBS effektiva skattekostnad på helårsbasis skulle kunna förändras väsentligt på basis av sådana omvärderingar. • Koncernens angivna mål för avkastning från kapital baseras, delvis, på kapitalrelationer som är föremål för regulatoriska förändringar och kan fluktuera i betydande mån. UBS har beslutat att återföra åtminstone 50% av dess nettovinst till aktieägare som avkastning från kapital, förutsatt att dess fullt tillämpade primärkapitalrelation är minst 13% och dess fullt tillämpade primärkapitalrelation vid stresstest är minst
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		<p>10%. Men Koncernens förmåga att upprätthålla en fullt tillämpad primärkapitalrelation om minst 13% är underkastad ett flertal risker, inklusive resultatet från Koncernens verksamhet, förändringar i kapitalstandarder, metodologier och tolkningar som kan negativt inverka på Koncernens beräknade fullt tillämpade primärkapitalrelation, påförande av att risktillägg, eller ytterligare kapitalkrav såsom ytterligare kapitalbuffertar. Vidare, förändringar i metodologin, antaganden, stressscenarier och andra faktorer kan resultera i väsentliga skillnader i UBS fullt tillämpade primärkapitalrelation vid stresstest.</p> <ul style="list-style-type: none"> • UBS AG:s rörelseresultat, finansiella ställning och förmåga att betala sina förpliktelser i framtiden, kan påverkas av finansiering, utdelning och andra överföringar erhållna från UBS Switzerland AG eller varje annat direktägt dotterföretag, vilket kan vara föremål för begränsningar. Förmågan hos sådana dotterföretag att lämna lån eller överföringar (direkt eller indirekt) till UBS AG kan vara begränsad som en konsekvens av flera faktorer, inklusive restriktioner i finansieringsavtal och krav enligt tillämplig rätt samt regulatoriska och skattemässiga eller andra begränsningar. Begränsningar och regulatoriska åtgärder av detta slag kan försämra tillgången till medel som UBS Koncernen behöver för att göra betalningar. Vidare, UBS AG kan garantera betalningsförpliktelserna för vissa av sina dotterföretag från tid till annan. Dessutom, i samband med överföringen av verksamheterna inom Retail & Corporate och Wealth Management som bokförs i Schweiz från UBS AG till UBS Switzerland AG, vilken fick verkan i juni 2015, under schweizisk rätt (<i>Swiss Merger Act</i>) är UBS AG solidariskt ansvarigt för förpliktelser som existerade vid dagen för tillgångsöverföringen och vilka har överförts till UBS Switzerland AG. Dessa garantier kan kräva att UBS AG tillhandahåller betydande medel eller tillgångar till dotterföretag eller dessas borgenärer eller motparter vid en tidpunkt när UBS AG är i behov av likviditet för att finansiera sina egna förpliktelser. <p>Men eftersom verksamheten i en brett baserat internationellt finansiellt tjänsteföretag, som UBS, till sin inneboende natur är exponerad mot risker som blir uppenbara endast i efterhand, kan risker som UBS inte för närvarande är medvetet om eller som det för närvarande inte betraktar som väsentliga, också påverka dess förmåga att verkställa sin strategi och kan påverka dess affärsverksamhet, finansiella ställning, verksamhetsresultat och utsikter.</p>
D.3	Nyckelinformation om risker som är specifika och individuella för värdepapperen.	<p>Potentiella investerare i Värdepapperen ska vara medvetna om att Värdepapperen utgör en riskfylld investering som kan leda till total förlust av deras investering i Värdepapperen. Värdepappersinnehavare kommer att vidkännas en förlust, om de belopp som erhålls i enlighet med Villkoren för Värdepapperen är lägre än förvärvspriset (inklusive transaktionskostnader). Investerare bär risken för att Emittentens finansiella situation försämras och potentiellt medför oförmåga för Emittenten att fullgöra sina förpliktelser under Värdepapperen. Potentiella investerare måste därför vara förberedda på och i stånd att klara av en partiell eller till och med en total förlust av investerat kapital. Investerare som är intresserade av att köpa Värdepapper måste bedöma sin finansiella situation, för att tillförsäkra sig om att de är i en situation där de klarar av de risker för förluster som Värdepapperen innebär.</p> <p><u>Särskilda risker relaterade till specifika egenskaper hos Värdepapperets struktur</u></p> <p>Potentiella investerare ska vara medvetna om att den del av Inlösenbeloppet som erläggas i enlighet med de Allmänna Villkoren för Värdepapperen är beroende av utvecklingen på den Underliggande. I fall av ogynnsam</p>

		<p>utveckling av priset på den Underliggande, kan det belopp som erhållits från Värdepapperen vara lägre än vad investerarna förväntat sig och kan till och med vara lika med noll. I sådana fall kommer Värdepappersinnehavarna ådra sig en total förlust av sina investeringar (inklusive eventuella transaktionskostnader).</p> <p>Potentiella investerare ska vara medvetna om att tillämpningen av Deltagandegrad vid bestämmandet av Värdepappersrätten resulterar i att Värdepapperen i ekonomisk mening liknar en direktinvestering i den Underliggande, men innebär trots det inte att investeringen är helt jämställd med en sådan direktinvestering, i synnerhet på grund av att Värdepappersinnehavarna inte deltar i den aktuella utvecklingen av den Underliggande med ett förhållande om 1:1, utan med den proportion som ges av Deltagandegraden.</p> <p>Potentiella investerare ska vara medvetna om att Värdepappersinnehavare inte har en avvecklingsrätt och att Värdepapperen, följaktligen, inte kan avvecklas av Värdepappersinnehavaren under sin löptid. Innan Värdepapperen förfaller är realisation av Värdepapperens ekonomiska värde (eller delar därav), om inte Värdepapperen har varit föremål för förtida återbetalning och avveckling av Emittenten i enlighet med de Allmänna Villkoren till Värdepapperen eller, om så är angivet i de relevanta Slutliga Villkoren, en avveckling av Värdepapperen av Värdepappersinnehavaren i enlighet med de Allmänna Villkoren till Värdepapperen, endast möjlig genom att sälja Värdepapperen.</p> <p>Försäljning av Värdepapperen förutsätter att marknadsaktörer är villiga att förvärva Värdepapperen till ett visst pris. Om inga marknadsaktörer är tillgängliga, kan värdet av Värdepapperen inte realiseras. Utgivandet av Värdepapperen resulterar inte i en förpliktelse för Emittenten gentemot Värdepappersinnehavarna att kompensera för detta eller att återköpa Värdepapperen.</p> <p><u>Generella risker avseende Värdepapperen</u></p> <p><i>Inverkan av nedvärdering av Emittentens kreditvärdighetsbetyg</i> Den allmänna uppfattningen om Emittentens kreditvärdighet kan påverka värdet för Värdepapperen. Som en konsekvens kan varje nedvärdering av Emittentens kreditvärdighetsbetyg ha en negativ inverkan på värdet för Värdepapperen.</p> <p><i>Kreditvärdighetsbetyg är inte rekommendationer</i> Kreditvärdighetsbetygen för UBS AG som Emittent bör utvärderas separat från liknande kreditvärdighetsbetyg för andra enheter och från kreditvärdighetsbetyget, om något, tilldelat emitterade skuld- eller derivatvärdepapperen. Ett kreditvärdighetsbetyg är inte en rekommendation att köpa, sälja eller inneha värdepapper emitterade eller garanterade av enheten för kreditvärdighetsbetyget och kan bli föremål för granskning, ändring, tillfälligt indragande, sänkning eller återkallande när som helst utav det tilldelande kreditvärderingsinstitutet.</p> <p>Ett kreditvärdighetsbetyg för Värdepapperen, om något, är inte en rekommendation att köpa, sälja eller inneha Värdepapperen och kan bli föremål för ändring eller återkallande när som helst utav det relevanta kreditvärderingsinstitutet. Varje kreditvärdighetsbetyg bör utvärderas separat från andra kreditvärdighetsbetyg för värdepapper, både avseende kreditvärderingsinstitutet och typen av värdepapper. Vidare, kreditvärderingsinstitut som inte har anlitats av Emittenten eller annars för att värdera Värdepapperen kan försöka att värdera Värdepapperen och, om sådana icke efterfrågade kreditvärdighetsbetyg är lägre än det motsvarande kreditvärdighetsbetyget tilldelat Värdepapperen av det relevanta anlitade</p>
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		<p>kreditvärderingsinstitutet, så kan sådana kreditvärdighetsbetyg ha en negativ inverkan på Värdepapperens värde.</p> <p><i>Värdepappersinnehavare är exponerade mot risken för skuldnedskrivning</i></p> <p>Emittenten och Värdepapperen är föremål för den schweiziska banklagen och den schweiziska finansiella tillsynsmyndighetens ("FINMA") förordning om insolvens hos banker som ger FINMA makt i egenskap av behörig myndighet att i särskilda fall tillämpa vissa resolutionsverktyg mot kreditinstitutioner. Dessa åtgärder inkluderar särskilt nedskrivningen eller omvandlingen av värdepapper till aktiekapital för sådan kreditinstitution (så kallad skuldnedskrivning). En nedskrivning eller en konvertering skulle ha konsekvensen att Emittenten skulle bli befriad från dess skyldigheter under Värdepapperen. Värdepappersinnehavare skulle inte ha några ytterligare krav på Emittenten under Värdepapperen. Resolutionsverktygen kan därför ha en omfattande negativ påverkan på Värdepappersinnehavares rättigheter genom att avstänga, modifiera och helt eller delvis upphäva krav under Värdepapperen. I värsta fall kan detta leda till en total förlust av Värdepappersinnehavares investeringar i Värdepapperen.</p> <p>Sådana juridiska bestämmelser och/eller näringsrättsliga åtgärder kan allvarligt påverka Värdepappersinnehavares rättigheter och kan ha en negativ påverkan på värdet av Värdepapperen redan innan någon ekonomisk brist uppstår eller resolution sker i förhållande till Emittenten.</p> <p><i>Villkoren för Värdepapperen innehåller inte några begränsningar för Emittentens eller UBS förmåga att omorganisera sin verksamhet</i></p> <p>Villkoren för Värdepapperen innehåller inte några begränsningar avseende förändrad ägarkontroll eller strukturella förändringar, såsom sammanslagningar eller fusioner eller avyttranden avseende Emittenten eller försäljningen, överlåtelsen, avknoppningen, tillskjutandet, utdelningen, överföringen eller annan disposition avseende all eller någon del av Emittentens eller dess dotterföretags fastigheter eller tillgångar i samband med de tillkännagivna ändringarna avseende dess juridiska struktur eller annars och ingen uppsägningsgrundande händelse, skyldighet att återköpa Värdepapperen eller någon annan händelse kommer att aktiveras under Villkoren för Värdepapperen som en följd av sådana ändringar. Det kan inte lämnas någon försäkran att, skulle dessa inträffa, dessa inte kommer att ha en negativ inverkan på kreditvärdighetsbetygen för Emittenten och/eller öka sannolikheten för inträffande av en uppsägningsgrundande händelse. Sådana ändringar, skulle dessa inträffa, kan negativt påverka Emittentens förmåga att erlægga ränta avseende Värdepapperen och/eller leda till omständighet där Emittenten kan välja att annullera sådan ränta (om tillämpligt).</p> <p><i>Avslutande och Förtida Inlösen efter Emittentens val</i></p> <p>Potentiella investerare i Värdepapperen ska vidare vara medvetna om att Emittenten, enligt Villkoren för Värdepapperen, under vissa omständigheter, är berättigad att avsluta och lösa in Värdepapperen i dessas helhet före den planerade Förfallodagen. I sådant fall är Värdepappersinnehavaren berättigad att begära betalning av ett inlösenbelopp avseende denna förtida inlösen. Men Värdepappersinnehavaren är inte berättigad att begära ytterligare betalningar avseende Värdepapperen efter den relevanta dagen för avslutande. Vidare, det Avslutsbeloppet, om något, som ska erläggas i händelse av en förtida inlösen av Värdepapperen av Emittenten kan vara markant lägre än det belopp som skulle ha förfallit till betalning vid det planerade slutet av löptiden för Värdepapperen.</p> <p>Värdepappersinnehavaren bär därför risken att inte ta del av utveckling av den Underliggande, i förväntad omfattning och under den förväntade</p>
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		<p>perioden.</p> <p>Om Emittenten löser in Värdepapperen bär Värdepappersinnehavaren en återinvesteringsrisk, dvs. investeraren bär risken att investeraren måste återinvestera Avslutsbeloppet, om något, som utbetalas av Emittenten vid inlösen till rådande marknadsförhållanden, som kan vara mindre förmånliga än de som rådde vid tidpunkten då Värdepapperen förvärvades.</p> <p>Negativ inverkan av justering av Värdepapperens rättigheter Det finns en risk att vissa omständigheter inträffar eller särskilda åtgärder vidtas (av annan part än Emittenten) i förhållande till den Underliggande, vilket potentiellt kan medföra förändringar av den Underliggande, eller resultera i att det underliggande konceptet för den Underliggande förändras, så kallade Potentiella Justeringshändelser. Om en Potentiell Justeringshändelse inträffar, ska Emittenten vara berättigad att vida justeringar i enlighet med Villkoren för Värdepapperen för att beakta dessa händelser eller åtgärder. Dessa justeringar kan medföra en negativ inverkan på Värdepapperens värde.</p> <p>Substitution av Emittenten Förutsatt att Emittenten inte underlåter att infra sina skyldigheter under Värdepapperen, är Emittenten i enlighet med de Allmänna Villkoren till Värdepapperen, när som helst berättigad, utan Värdepappersinnehavarnas samtycke, att substituera in ett annat bolag inom UBS-Koncernen som Emittent ("Substituerande Emittent") med hänsyn till alla skyldigheter under eller med koppling till Värdepapperen.</p> <p>Detta kan påverka notering av Värdepapperen och, i synnerhet, kan det vara nödvändigt för den Substituerande Emittenten att ansöka på nytt om notering på den relevanta marknad eller börs där Värdepapperen är noterade. Dessutom kommer, efter en sådan substitution, Värdepappersinnehavare vara föremål för den Substituerande Emittentens kreditrisk.</p> <p>Handel med Värdepapperen/ Illikviditet Det är inte möjligt att förutse om och i vilken utsträckning en andrahandsmarknad för Värdepapperen kan komma att utvecklas eller till vilket pris Värdepapperen kommer att handlas för på andrahandsmarknaden eller om sådan marknad är likvid eller illikvid.</p> <p>Värdepapperens likviditet, om någon, kan också påverkas av restriktioner för köp och försäljning av Värdepapperen i vissa jurisdiktioner. Dessutom är Emittenten berättigad (men inte förpliktad) att förvärva Värdepapper när som helst och till vilket pris som helst på den öppna marknaden eller genom erbjudande eller genom privat överenskommelse. Värdepapper förvärvade på detta sätt kan innehas eller säljas vidare eller överlämnas för annullering.</p> <p>Dessutom finns det en risk att antalet Värdepapper som faktiskt emitteras och förvärvas av investerare är färre än den avsedda Emissionsstorleken av Värdepapperen. Följaktligen finns det en risk att, på grund av den låga volymen av Värdepapper som faktiskt emitteras, likviditeten för Värdepapperen är lägre än om alla Värdepapper hade emitterats och förvärvats av investerare.</p> <p>Managern avser att, under normala marknadsförhållanden, ställa köp- och säljkurser för emitterade Värdepapper regelbundet. Managern har dock inget bindande åtagande mot Emittenten att tillföra likviditet genom köp- och säljkurser för Värdepapperen, och åtar sig inget juridiskt ansvar att ange sådana priser eller avseende nivån eller fastställandet av sådana priser.</p> <p>Potentiella investerare ska därför inte förlita sig på möjligheterna</p>
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		<p>att sälja Värdepapper vid någon specifik tidpunkt eller till något särskilt pris.</p> <p><i>Beskattning avseende Värdepapperen</i> Potentiella investerare ska vara medvetna om att de kan bli ålagda att betala skatter eller andra dokumentationsavgifter eller avgifter i enlighet med lagar och praxis i det land till vilket Värdepapperen överförs eller andra jurisdiktioner. I vissa jurisdiktioner kan det saknas officiella uttalanden från skattemyndigheter eller domstolsbeslut vad gäller innovativa finansiella instrument så som Värdepapperen. Potentiella investerare uppmanas att inte förlita sig till någon skattesammanfattning i Grundprospektet utan uppmanas istället att efterfråga sina egna skatterådgivare avseende sin individuella beskattning vad gäller förvärv, försäljning eller inlösen av Värdepapperen. Endast dessa rådgivare är i position att vederbörligen bedöma den specifika positionen för den potentiella investeraren.</p> <p><i>Betalningar under Värdepapperen kan bli föremål för amerikansk källskatt</i> Värdepappersinnehavare bör, följaktligen, vara medvetna om att betalningar under Värdepapperen kan, under vissa omständigheter, bli föremål för amerikansk källskatt. Om ett belopp avseende sådan amerikansk källskatt ska dras av från eller innehållas från betalningar på Värdepapperen, skulle inte någon av Emittenten, varje betalningsombud eller varje annan person enligt Villkoren för Värdepapperen, ha någon skyldighet att betala ytterligare belopp som en följd av avdraget för eller innehållandet av sådan skatt.</p> <p><i>Förändrad beskattning av Värdepapperen</i> Bedömning gällande Beskattning av Värdepapperen i Grundprospektet återspeglar Emittentens uppfattning på basis av den juridiska situationen vid dagen för Grundprospektet. Dock finns det en risk att skattemyndigheter eller skattedomstolar intar en annan position, vilket ger en annan skattemässig behandling av Värdepapperen. Varje investerare uppmanas att rådfråga sin egen skatterådgivare innan beslut om att investera i Värdepapperen fattas.</p> <p>Varken Emittenten eller Managern tar något ansvar i förhållande till Värdepappersinnehavare vad gäller skattekonsekvenser av en investering i Värdepapperen.</p> <p><i>Potentiella Intressekonflikter</i> Emittenten och dess närstående bolag kan ingå transaktioner som relaterar till Värdepapperen på ett eller annat sätt, antingen för egen räkning eller på uppdrag av en kund. Sådana transaktioner behöver inte vara gynnsamma för Värdepappersinnehavare och kan få positiv eller negativ effekt på värdet av den Underliggande, och följaktligen på värdet av Värdepapperen. Vidare kan bolag som är närstående till Emittenten vara motparter i hedgningstransaktioner som relaterar till Emittentens förpliktelser som följer av Värdepapperen. Som ett resultat kan intressekonflikter uppstå mellan bolag som är närstående till Emittenten, så väl som mellan dessa bolag och investerare, med avseende på skyldigheter beträffande beräkningen av kursen för Värdepapperen och andra därmed förknippade fastställanden. Dessutom kan Emittenten och dess närstående bolag agera i andra egenskaper med avseende på Värdepapperen, såsom som beräkningsagent, betalningsagent och administrativ agent och/eller indexsponsor.</p> <p>Dessutom kan Emittenten och dess närstående bolag emittera andra derivatinstrument relaterade till den Underliggande eller, i förekommande fall, Korgkomponenterna; introduktionen av sådana konkurrerande produkter kan påverka värdet på Värdepapperen. Emittenten och dess närstående bolag kan erhålla icke-offentlig information relaterad till den</p>
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		<p>Underliggande, och varken Emittenten eller någon av dess närstående åtar sig att göra denna information tillgänglig för Värdepappersinnehavarna. Dessutom kan ett eller flera av Emittentens närstående bolag publicera forskningsrapporter om den Underliggande. Sådana aktiviteter kan innebära intressekonflikter och kan påverka Värdepapperens värde negativt.</p> <p>Inom ramen för erbjudandet och försäljningen av Värdepapperna, kan Emittenten eller dess närstående direkt eller indirekt betala avgifter i olika belopp till tredje parter, såsom distributörer eller investeringsrådgivare, eller motta betalning av avgifter i varierande belopp, inklusive dem som tas ut i samband med distribution av Värdepapperen, från tredje parter. Potentiella investerare ska vara medvetna om att Emittenten kan behålla avgifter helt eller delvis. Emittenten, eller i förekommande fall, Managern, kommer på begäran tillhandahålla information om dessa avgifter.</p> <p><u>Riskfaktorer relaterade till den Underliggande</u></p> <p>Värdepapperen är beroende av värdet på Underliggande Tillgångar och risken förknippad med den Underliggande. Värdet på Underliggande Tillgångar beror på flertalet faktorer som kan bli sammankopplade. Dessa kan inkludera ekonomiska, finansiella eller politiska händelser som är utom Emittentens kontroll. Den gångna utvecklingen för Underliggande Tillgångar skall inte ses som en indikator på den framtida utvecklingen under löptiden för Värdepapperen och Emittenten ger inte någon uttalad eller tyst garanti eller representation vad gäller framtida utveckling av Underliggande Tillgångar.</p> <p>Investerare ska också notera att nivån för Inlösenbeloppet beror på utvecklingen av en portfölj innehållande Underliggande Tillgångar. Som resultat av detta, kan fluktuationer i värdet av en Underliggande komma att sätta igång eller intensifiera fluktuationerna i värdet av andra Underliggande Tillgångar i portföljen. Till och med vid fall av en positiv utveckling av en eller flera Underliggande Tillgångar, kan utvecklingen av portföljen, som helhet bli negativ om utvecklingen av andra Underliggande Tillgångar är mer negativa. Det kan finnas betydande negativ effekt på kalkuleringen eller specificeringen av inlösenbeloppet om utvecklingen av en eller flera Underliggande Tillgångar i en portfölj, på vilken kalkuleringen eller specificeringen av inlösenbeloppet grundar sig på, har försämrats i betydande mån.</p> <p>Investerare ska vara medvetna om att de relevanta Underliggande Tillgångarna inte kommer innehas av Emittenten för att bringa fördel till Värdepappersinnehavarna, och att Värdepappersinnehavarna inte kommer få ta del av några äganderättigheter (inkluderat, utan begränsning, rösträttigheter, rättigheter att få del av utdelning eller andra utbetalningar eller andra rättigheter) med avseende på Underliggande Tillgångar.</p>
D.6	Riskvarning för att investerare kan förlora hela värdet av investeringen eller del av den.	Även då Värdepapperen är kapitalskyddade vid förfallodagen till Minimibeloppet och risken således inledningsvis är begränsad, bär varje investerare i Värdepapperen risken att Emittentens finansiella situation försämras. Potentiella investerare måste därför vara förberedda på att drabbas av en partiell eller rentav total förlust av hela sin investering. Varje investerare som är intresserad av att köpa Värdepapper bör bedöma sin finansiella situation för att säkerställa att de är i en sådan position att de kan bära risken för förlust förknippad med Värdepapperen.

Punkt	Avsnitt E – Erbjudande	
E.2b	Motiv till erbjudandet och användning av	Ej tillämpligt. Motiven för erbjudande och användningen av intäkterna skiljer sig inte åt från att generera vinster och/eller säkra vissa risker.

	intäkterna.	
E.3	Former och villkor för erbjudandet.	<p>Det har överenskommits om att Managern, på eller efter respektive Emissionsdag för Värdepapperen, får köpa Värdepapper och ska placera Värdepapperen för försäljning, för Emissionskursen på villkor som kan komma att ändras i Jurisdiktionen för Erbjudande till Allmänheten under Teckningsperioden (enligt definition nedan).</p> <p>Emissionskursen kommer vara fastställd på den 7 april 2016 ("Fastställensedagen") och kommer sedan att göras tillgänglig på www.ubs.com/keyinvest. Per Fastställensedagen kommer försäljningskursen justeras kontinuerligt för att reflektera den rådande marknadssituationen.</p> <p>Värdepapperen ska kunna tecknas från Managern under normala öppethållandetider för banker under 24 februari 2016 och 31 mars 2016 ("Teckningsperioden"). Emissionskursen för varje Värdepapper ska betalas den 19 april 2016 ("Initial Betalningsdag").</p> <p>Emittenten förbehåller sig rätten att tidigare avsluta eller förlänga Teckningsperioden om marknadsförhållandena kräver det.</p> <p>Efter den Initiala Betalningsdagen ska respektive investerares Värdepapper krediteras dennes konto i enlighet med bestämmelserna för gällande Clearingsystem. Om Teckningsperioden förkortas eller förlängs, kan den Initiala Betalningsdagen också tidigare- eller senareläggas.</p>
E.4	Intressen som är väsentliga för emissionen/erbjudandet inkl. intressekonflikter.	<p>Intressekonflikter</p> <p>Emittenten och de närstående företagen kan delta i transaktioner relaterade till Värdepapperen på olika sätt, för deras egen räkning eller för kunds räkning. Sådana transaktioner kanske inte tjänar Värdepappersinnehavarnas intressen och kan ha en positiv eller negativ inverkan på den Underliggande och, följaktligen, på värdet för Värdepapperen. Vidare, bolag närstående till Emittenten kan bli motparter i hedgningstransaktioner avseende förpliktelseerna för Emittenten som härrör från Värdepapperen. Som ett resultat kan intressekonflikter uppkomma mellan dessa bolag och investerare avseende förpliktelseerna rörande beräkningen av priset för Värdepapperen och andra förknippade fastställanden. Dessutom Emittenten och dess närstående kan agera i andra roller med avseende på Värdepapperen, såsom beräkningsagent, betalningsombud eller administrativ agent och/eller indexsponsor.</p> <p>Vidare, Emittenten och dess närstående kan emittera andra derivatinstrument avseende den Underliggande; introduktionen av sådana konkurrerande produkter kan påverka värdet på Värdepapperen. Emittenten och dess närstående bolag kan erhålla ej offentliggjord information avseende den Underliggande och varken Emittenten eller någon av dess närstående åtar sig att göra sådan information tillgänglig för Värdepappersinnehavare. Dessutom kan ett eller flera av Emittentens närstående bolag publicera researchrapporter beträffande den Underliggande. Sådana aktiviteter kan utgöra intressekonflikter och kan negativt påverka värdet för Värdepapperen.</p> <p>I samband med erbjudandet och försäljningen av Värdepapperen kan Emittenten eller någon av dess närstående direkt eller indirekt betala arvoden i olika storlek till tredje parter, så som distributörer eller investeringsrådgivare, eller erhålla arvoden i olika storlek, inklusive de som debiteras i samband med distributionen av Värdepapperen, från tredje parter. Potentiella investerare bör vara medvetna om att Emittenten kan behålla arvoden delvis eller helt. Emittenten eller, som fallet kan vara, Managern kommer, på begäran, ge information om storleken på dessa arvoden.</p>

		<p>Varje intresse som är väsentligt för emissionen/erbjudandet, inklusive potentiella intressekonflikter</p> <p>Som så långt Emittenten är medveten, ingen person som är inblandad i utfärdandet och erbjudandet av Värdepapperen har något väsentligt intresse i utfärdandet och erbjudandet av Värdepapperen.</p>
E.7	Förväntade kostnader debiteras investeraren emittenten erbjudaren. som av eller	Ej tillämpligt; inga kostnader debiteras investeraren av emittenten eller Managern.

D. RISK FACTORS

The different risk factors associated with an investment in the Securities are outlined below. Which of these are relevant to the Securities issued under the Base Prospectus depends upon a number of interrelated factors, especially the type of Securities and of the Underlying, if any, or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Components, if any. Investments in the Securities should not be made until all the factors relevant to the Securities have been acknowledged and carefully considered. **When making decisions relating to investments in the Securities, potential investors should consider all information contained in the Base Prospectus and, if necessary, consult their legal, tax, financial or other advisor.**

1. Issuer specific Risks

Investing in the debt or derivative securities of the Issuer involves certain issuer-specific risks. Investments in debt or derivative securities of the Issuer should not be made until all these risk factors have been acknowledged and carefully considered. When making decisions relating to investments in the debt or derivative securities of the Issuer, potential investors should consider following risks factors in respect of the Issuer, which may affect the Issuer's ability to fulfil its obligations under its debt or derivative securities and, if necessary, consult their legal, tax, financial or other advisor.

Prospective investors in any debt or derivative securities of the Issuer should read the entire Base Prospectus and the relevant summary and securities note, base prospectus or other prospectus, either incorporating information from this Base Prospectus by reference, containing disclosure on certain debt or derivative securities (and where appropriate, the relevant summary note applicable to the relevant debt or derivative securities).

As a global financial services provider, the business activities of UBS AG ("Issuer") with its subsidiaries (together, "UBS AG (consolidated)" or "UBS AG Group"; together with UBS Group AG, which is the holding company of UBS AG, "UBS Group" "Group", "UBS" or "UBS Group AG (consolidated)") are affected by certain risks, including those described below, which may impact UBS's ability to execute its strategy and affect its business activities, financial condition, results of operations and prospects. Because the business of a broad-based international financial services firm such as UBS is inherently exposed to risks that become apparent only with the benefit of hindsight, risks of which UBS is not presently aware or which UBS currently does not consider to be material could also impact UBS's ability to execute its strategy and affect its business activities, financial condition, results of operations and prospects. The order of presentation of the risk factors below does not indicate the likelihood of their occurrence or the potential magnitude of their consequences.

General insolvency risk

Each investor bears the general risk that the financial situation of the Issuer could deteriorate. The Securities constitute immediate, unsecured and unsubordinated obligations of the Issuer, which, in particular in the case of insolvency of the Issuer, rank *pari passu* with each other and all other current and future unsecured and unsubordinated obligations of the Issuer, with the exception of those that have priority due to mandatory statutory provisions. The obligations of the Issuer created by the Securities are not secured by a system of deposit guarantees or a compensation scheme. In case of an insolvency of the Issuer, Securityholders may, consequently, suffer a **total loss** of their investment in the Securities.

Fluctuation in foreign exchange rates and continuing low or negative interest rates may have a detrimental effect on UBS's capital strength, its liquidity and funding position, and its profitability

On 15 January 2015, the Swiss National Bank ("SNB") discontinued the minimum targeted exchange rate for the Swiss franc versus the euro, which had been in place since September 2011. At the same time, the SNB lowered the interest rate on deposit account balances at the SNB that exceed a given exemption threshold by 50 basis points to negative 0.75 per cent. It also moved the target range for three-month LIBOR to between negative 1.25 per cent. and negative 0.25 per cent., (previously negative 0.75 per cent. to positive 0.25 per cent.). These decisions resulted in an immediate, considerable strengthening of the Swiss franc against the euro, US dollar, British pound, Japanese yen and several other currencies, as well as a reduction in Swiss franc interest rates. The longer-term rate of the Swiss franc against these other currencies is not certain, nor is the future direction of Swiss franc interest rates. Several other central banks have likewise adopted a negative-interest-rate policy.

A significant portion of the equity of UBS's foreign operations is denominated in US dollars, euros, British pounds and other foreign currencies.

Similarly, a significant portion of UBS's risk-weighted assets ("RWA") are denominated in US dollars, euros, British pounds and other foreign currencies. Group Asset and Liability Management is mandated with the task of minimizing adverse effects from changes in currency rates on UBS's capital ratios. The Group Asset and Liability Management Committee, a committee of the UBS Group AG Executive Board, can adjust the currency mix in capital, within limits set by the Board of Directors, to balance the effect of foreign exchange movements on the fully applied Common Equity Tier 1 ("CET1") capital and total capital ratio. As a result, the proportion of RWA denominated in foreign currencies outweighs the capital in these currencies, and any further significant appreciation of the Swiss franc against these currencies would be expected to benefit UBS's Basel III capital ratios, while a depreciation of the Swiss franc would be expected to have a detrimental effect.

The portion of UBS's operating income denominated in non-Swiss franc currencies is greater than the portion of operating expenses denominated in non-Swiss franc currencies. Therefore, appreciation of the Swiss franc against other currencies generally has an adverse effect on UBS's earnings in the absence of any mitigating actions.

In addition to the estimated effects from changes in foreign currency exchange rates, UBS's equity and capital are affected by changes in interest rates. In particular, the calculation of its net defined benefit assets and liabilities is sensitive to the discount rate applied. Any further reduction in interest rates would lower the discount rates and result in an increase in pension plan deficits due to the long duration of corresponding liabilities. This would lead to a corresponding reduction in UBS's equity and fully applied CET1 capital. Also, a continuing low or negative interest rate environment would have an adverse effect on the re-pricing of UBS's assets and liabilities, and would significantly impact the net interest income generated from its wealth management and retail and corporate businesses. The low or negative interest rate environment may affect customer behavior and hence the overall balance sheet structure. Mitigating actions that UBS has taken, or may take in the future, to counteract these effects, such as the introduction of selective deposit fees or minimum lending rates, could result in the loss of customer deposits, a key source of UBS's funding, and / or a declining market share in its domestic lending portfolio.

UBS is closely monitoring developments in the Swiss economy. UBS expects the stronger Swiss franc may have a negative effect on the Swiss economy and on exporters in particular, which could adversely affect some of the counterparties within UBS's domestic lending portfolio and lead to an increase in the level of credit loss expenses in future periods from the low levels recently observed.

Regulatory and legal changes may adversely affect UBS's business and its ability to execute its strategic plans

Fundamental changes in the laws and regulations affecting financial institutions can have a material and adverse effect on UBS's business. In the wake of the 2007–2009 financial crisis and the following instability in global financial markets, regulators and legislators have proposed, have adopted, or are actively considering, a wide range of changes to these laws and regulations. These measures are generally designed to address the perceived causes of the crisis and to limit the systemic risks posed by major financial institutions. They include the following:

- significantly higher regulatory capital requirements;
- changes in the definition and calculation of regulatory capital;
- changes in the calculation of RWA, including potential requirements to calculate or disclose RWA using less risk-sensitive standardized approaches rather than the internal models approach UBS currently uses as required by the Swiss Financial Market Supervisory Authority ("FINMA") under the Basel Committee on Banking Supervision ("BCBS") "International framework for liquidity risk measurement, standards and monitoring" ("Basel III") framework;
- changes in the calculation of the leverage ratio or the introduction of a more demanding leverage ratio;
- new or significantly enhanced liquidity or funding requirements;
- requirements to maintain liquidity and capital in jurisdictions in which activities are conducted and booked;
- limitations on principal trading and other activities;

- new licensing, registration and compliance regimes;
- limitations on risk concentrations and maximum levels of risk;
- taxes and government levies that would effectively limit balance sheet growth or reduce the profitability of trading and other activities;
- cross-border market access restrictions;
- a variety of measures constraining, taxing or imposing additional requirements relating to compensation;
- adoption of new liquidation regimes intended to prioritize the preservation of systemically significant functions;
- requirements to maintain loss-absorbing capital or debt instruments subject to write down as part of recovery measures or a resolution of the Group or a Group company, including requirements for subsidiaries to maintain such instruments;
- requirements to adopt structural and other changes designed to reduce systemic risk and to make major financial institutions easier to manage, restructure, disassemble or liquidate, including ring-fencing certain activities and operations within separate legal entities; and
- requirements to adopt risk and other governance structures at a local jurisdiction level.

Many of these measures have been adopted and their implementation has had a material effect on UBS's business. Others will be implemented over the next several years; some are subject to legislative action or to further rulemaking by regulatory authorities before final implementation. As a result, there remains a high level of uncertainty regarding a number of the measures referred to above, including whether (or the form in which) they will be adopted, the timing and content of implementing regulations and interpretations and / or the dates of their effectiveness. The implementation of such measures and further, more restrictive changes may materially affect UBS's business and ability to execute UBS's strategic plans.

Notwithstanding attempts by regulators to coordinate their efforts, the measures adopted or proposed differ significantly across the major jurisdictions, making it increasingly difficult to manage a global institution. The absence of a coordinated approach, moreover, disadvantages institutions headquartered in jurisdictions that impose relatively more stringent standards. Switzerland has adopted capital and liquidity requirements for its major international banks that are among the strictest of the major financial centres. This could disadvantage Swiss banks, such as UBS, when they compete with peer financial institutions subject to more lenient regulation or with unregulated non-bank competitors.

Regulatory and legislative changes in Switzerland

Swiss regulatory changes have generally proceeded more quickly in capital, liquidity and other areas than those in other major jurisdictions, FINMA, the SNB and the Swiss Federal Council are implementing requirements that are significantly more onerous and restrictive for major Swiss banks, such as UBS, than those adopted or proposed by regulatory authorities in other major global financial centres. In December 2014, a group of senior experts representing the private sector, authorities and academia (the Brunetti group) appointed by the Swiss Federal Council published recommendations on, among other things, safeguarding systemic stability and too big to fail ("TBTF"), including with respect to the calculation of RWA, higher leverage ratio and withdrawing regulatory waivers at the level of the entity holding systemically relevant functions. Based on the Brunetti group report, the Swiss Federal Council conducted a review of the Swiss TBTF law, resulting in proposed cornerstones of a revised Swiss "too big to fail" framework (the "**Swiss TBTF Proposal**"). The Swiss TBTF Proposal would make the Swiss capital regime by far the most demanding in the world and in several areas anticipates adoption of international standards.

Capital regulation: A revised banking ordinance and capital adequacy ordinance implementing the Basel III capital standards and the Swiss TBTF law became effective on 1 January 2013. As a systemically relevant Swiss bank, UBS is subject to base capital requirements, as well as a progressive buffer that scales with its total exposure (a metric that is based on its balance sheet size) and market share in Switzerland. In addition, Swiss governmental authorities have the authority to impose an additional countercyclical buffer capital requirement

of up to 2.5 per cent. of RWA. This authority has been exercised to impose an additional capital charge of 2 per cent. in respect of RWA arising from Swiss residential mortgage loans. FINMA has further required banks using the internal ratings-based (“**IRB**”) approach to use a bank-specific multiplier when calculating RWA for owner-occupied Swiss residential mortgages, which is being phased in through 2019. Moreover, FINMA has extended the multiplier approach to Swiss income-producing residential and commercial real estate (“**IPRE**”), as well as to credit exposure in the Basel II asset class “corporate” for the Investment Bank. The multiplier for IPRE applies from the first quarter of 2015, and the multiplier for Investment Bank corporates from the second quarter of 2015, and they will increase over time and reach full implementation by December 2018. Assuming no change in portfolio size or other characteristics, UBS expects these multipliers to result in an aggregate increase in RWA of CHF 5 to 6 billion each year from 2015 through 2018 and CHF 2 billion in 2019. UBS understands that the new requirements have been introduced against the background of the BCBS considering substantive changes to the standardized approach and a capital requirement floor based on the standardized approach.

In October 2015, the Swiss Federal Council published the Swiss TBTF Proposal which outlines the cornerstones of further strengthened capital requirements for Swiss systemically relevant banks (“**SRB**”) and represents the intended implementation of the recommendation of the Brunetti commission. For Swiss SRB which operate internationally, the proposal would revise existing Swiss SRB capital requirements as a new going concern requirement and would establish an additional gone concern capital requirement, which, together with the going concern requirement, represents the TLAC required for Swiss SRB. The proposed going concern capital requirements consist of a basic requirement for all Swiss SRB which is set at 4.5 per cent. of the Leverage Ratio Denominator (“**LRD**”) and 12.9 per cent. of RWA. On top of that, a progressive buffer would be added reflecting the degree of systemic importance. The progressive buffer for UBS is expected to be 0.5 per cent. of LRD and 1.4 per cent. of RWA resulting in a total going concern capital requirement of 5 per cent. of LRD and 14.3 per cent. of RWA. The going concern leverage ratio proposal would require a minimum CET1 capital requirement of 3.5 per cent. of LRD and up to 1.5 per cent. in high-trigger additional Tier 1 (“**AT1**”) capital instruments. The minimum CET1 capital requirement will remain unchanged at 10 per cent. of RWA, and the balance of the RWA-based capital requirement, i.e. 4.3 per cent., may be met with high-trigger AT1 instruments. The gone concern capital would be 5.0 per cent. of LRD and 14.3 per cent. of RWA for internationally active Swiss SRB and may be met with senior debt that is TLAC eligible. Banks would be eligible for a reduction of the gone concern capital requirement if they demonstrate improved resolvability. The proposal envisages transitional arrangements for outstanding low-trigger AT1 and tier 2 instruments to qualify as going concern capital until maturity or first call date and at least until the end of 2019. Any high and low-trigger tier 2 capital remaining after 2019 will qualify as gone concern capital while low-trigger tier 1 capital instruments will continue to qualify as going concern capital.

The BCBS has issued far-reaching proposals (i) on revising the standardized approach to credit risk, e.g., by relying less on external credit ratings, reducing the scope of national discretion and strengthening the link between the standardized and the IRB approach, (ii) on mandatory disclosure of RWA based on the standardized approach and (iii) on the design of a capital floor framework. If adopted by the BCBS and implemented into Swiss regulation, implementation of disclosure or capital calculations based on the standardized approach would result in significant implementation costs to UBS. In addition, a capital standard or floor based on the standardized approach would likely be less risk sensitive and would likely result in higher capital requirements.

In addition, UBS has mutually agreed with FINMA to an incremental operational capital requirement to be held against litigation, regulatory and similar matters and other contingent liabilities, which added CHF 13.3 billion to its RWA as of 30 June 2015. There can be no assurance that UBS will not be subject to increases in capital requirements in the future either from the imposition of additional requirements or changes in the calculation of RWA or other components of the existing minimum capital requirement.

Liquidity and funding: As a Swiss SRB, UBS is required to maintain a Liquidity Coverage Ratio (“**LCR**”) of high-quality liquid assets to estimated stressed short-term funding outflows, and will be required to maintain a Net Stable Funding Ratio (“**NSFR**”), both of which are intended to ensure that UBS is not overly reliant on short-term funding and that it has sufficient long-term funding for illiquid assets.

These requirements, together with liquidity requirements imposed by other jurisdictions in which UBS operates, require it to maintain substantially higher levels of overall liquidity than was previously the case. Increased capital requirements and higher liquidity requirements make certain lines of business less attractive and may reduce UBS’s overall ability to generate profits. The LCR and NSFR calculations make assumptions about the relative likelihood and amount of outflows of funding and available sources of additional funding in a market or firm-specific stress situation. There can be no assurance that in an actual stress situation UBS’s funding outflows would not exceed the assumed amounts.

Resolution planning and resolvability. The revised Swiss banking act and capital adequacy ordinances provide FINMA with additional powers to intervene to prevent a failure or resolve a failing financial institution. These measures may be triggered when certain thresholds are breached and permit the exercise of considerable discretion by FINMA in determining whether, when or in what manner to exercise such powers. In case of a threatened insolvency, FINMA may impose more onerous requirements on UBS, including restrictions on the payment of dividends and interest. Although the actions that FINMA may take in such circumstances are not yet defined, UBS could be required directly or indirectly, for example, to alter its legal structure (e.g., to separate lines of business into dedicated entities, with limitations on intra-group funding and certain guarantees), or to further reduce business risk levels in some manner. The Swiss banking act also provides FINMA with the ability to extinguish or convert to common equity the liabilities of a bank in connection with its resolution.

Swiss TBTF requirements require Swiss SRB, including UBS, to put in place viable emergency plans to preserve the operation of systemically important functions despite a failure of the institution, to the extent that such activities are not sufficiently separated in advance. The current Swiss TBTF law provides for the possibility of a limited reduction of capital requirements for Swiss SRB that adopt measures to reduce resolvability risk beyond what is legally required. Such actions include changes to the legal structure of a bank group in a manner that would insulate parts of the group to exposure from risks arising from other parts of the group thereby making it easier to dispose of certain parts of the group in a recovery scenario, to liquidate or dispose of certain parts of the group in a resolution scenario or to execute a debt bail-in. The revisions to the Swiss TBTF Proposal also contemplate a limited reduction of the proposed TLAC requirement based on improvements to resolvability. However, there is no certainty with respect to timing or size of a potential capital rebate.

UBS has undertaken or announced a series of measures to improve its resolvability:

- UBS Group AG completed an exchange offer for the shares of UBS AG and a procedure under the Swiss Stock Exchange and Securities Trading Act to squeeze out minority shareholders of UBS AG and as at the date of this Prospectus owns all of the outstanding shares of UBS AG and is the holding company for the UBS Group.
- In June 2015, UBS AG transferred its Retail & Corporate and Wealth Management business booked in Switzerland to UBS Switzerland AG, a banking subsidiary of UBS AG in Switzerland.
- In the UK, UBS completed the implementation of a more self-sufficient business and operating model for UBS Limited, under which UBS Limited bears and retains a larger proportion of the risk and reward in its business activities.
- In the third quarter, UBS established UBS Business Solutions AG as a direct subsidiary of UBS Group AG, to act as the Group service company. UBS will transfer the ownership of the majority of its existing service subsidiaries to this entity. UBS expects that the transfer of shared service and support functions into the service company structure will be implemented in a staged approach through 2018. The purpose of the service company structure is to improve the resolvability of the Group by enabling UBS to maintain operational continuity of critical services should a recovery or resolution event occur.
- UBS AG has established a new subsidiary, UBS Americas Holding LLC, which UBS intends to designate as its intermediate holding company for its US subsidiaries prior to the 1 July 2016 deadline under new rules for foreign banks in the US pursuant to the Dodd-Frank Act. During the third quarter of 2015, UBS AG contributed its equity participation in its principal US operating subsidiaries to UBS Americas Holding LLC to meet the requirement under the Dodd-Frank Act that the intermediate holding company own all of UBS's US operations, except branches of UBS AG.
- UBS has established a new subsidiary of UBS AG, UBS Asset Management AG, into which UBS expects to transfer the majority of the operating subsidiaries of Asset Management during 2016. UBS continues to consider further changes to the legal entities used by Asset Management, including the transfer of operations conducted by UBS AG in Switzerland into a subsidiary of UBS Asset Management AG.

UBS continues to consider further changes to the Group's legal structure in response to capital and other regulatory requirements and in order to obtain any reduction in capital requirements for which the Group may be eligible. Such changes may include the transfer of operating subsidiaries of UBS AG to become direct subsidiaries of UBS Group AG, consolidation of operating subsidiaries in the European Union, and adjustments

to the booking entity or location of products and services. These structural changes are being discussed on an ongoing basis with FINMA and other regulatory authorities and remain subject to a number of uncertainties that may affect their feasibility, scope or timing.

Movement of businesses to a new subsidiary ("**subsidiarization**") will require significant time and resources to implement. Subsidiarization in Switzerland and elsewhere may create operational, capital, liquidity, funding and tax inefficiencies and increase UBS's and counterparties' credit risk. Refer to "*Regulatory and legislative changes outside Switzerland*" for a description of other regulatory and legislative developments that may affect these decisions and further discussion of these risks. There can be no assurance that the execution of the changes UBS has undertaken, planned or may implement in the future will result in a material reduction in the progressive capital buffer as permitted under the Swiss TBTF law or that these changes will satisfy existing or future requirements for resolvability or mandatory structural change in banking organizations.

Market regulation: The Swiss Parliament adopted in June 2015 new regulation of the financial market infrastructure in Switzerland which is expected to become effective in 2016 and mandates the clearing of OTC derivatives with a central counterparty, among other things. These laws may have a material impact on the market infrastructure that UBS uses, available platforms, collateral management and the way it interacts with clients. In addition, these initiatives may cause UBS to incur material implementation costs.

Regulatory and legislative changes outside Switzerland

Regulatory and legislative changes in other locations in which it operates may subject UBS to a wide range of new restrictions both in individual jurisdictions and, in some cases, globally.

Banking structure and activity limitations: Some of these regulatory and legislative changes may subject UBS to requirements to move activities from UBS AG branches into subsidiaries. Such "subsidiarization" can create operational, capital and tax inefficiencies, increase UBS's aggregate credit exposure to counterparties as they transact with multiple entities within UBS, expose UBS's businesses to higher local capital requirements, to local liquidity and funding requirements, and potentially give rise to client and counterparty concerns about the credit quality of individual subsidiaries. Such changes could also negatively affect UBS's funding model and severely limit its booking flexibility.

For example, UBS has significant operations in the UK and currently uses UBS AG's London branch as a global booking centre for many types of products. UBS has been required by the Prudential Regulatory Authority ("**PRA**") and by FINMA to increase very substantially the capitalization of its UK bank subsidiary, UBS Limited, and may be required to change its booking practices to reduce or even eliminate its utilization of UBS AG's London branch as a global booking centre for the ongoing business of the Investment Bank. In addition, the UK Independent Commission on Banking has recommended structural and non-structural reforms of the banking sector, most of which have been endorsed by the UK government and implemented in the Financial Services (Banking Reform) Act. Key proposed measures include the ring-fencing of retail banking activities in the UK (which UBS does not expect to affect it directly), additional common equity tier 1 capital requirements of up to 3 per cent. of RWA for retail banks, and the issuance by UK banks of debt subject to bail-in provisions. Furthermore, the European Commission published its proposal for a "Regulation on bank structural reform" in January 2014. The objectives of the Regulation centre on the reduction of the systemic impact of banks and addressing the too big to fail problem. Proposals include the separation of retail banking activities from wholesale banking activities together with a ban on proprietary trading and lending to hedge funds and private equity funds. Significant divergence in views on the scope and application of these proposals persists at the EU level with full potential political agreement not likely before early 2016. Issues that remain the subject of debate include how prescriptive to be as to separation requirements and which trading activities entities can and cannot be engaged in. The applicability and implications of such changes to branches and subsidiaries of foreign banks are also not yet entirely clear, but they could have a material adverse effect on UBS's businesses located or booked in the UK and other EU locations.

In February 2014, the Federal Reserve Board issued final rules for foreign banking organizations ("**FBO**") operating in the US (under Section 165 of the Dodd-Frank Act) that include the following: (i) a requirement for FBO with more than USD 50 billion of US non-branch assets to establish an intermediate holding company ("**IHC**") to hold all US subsidiary operations, (ii) risk-based capital and leverage requirements for the IHC, (iii) liquidity requirements, including a 30-day onshore liquidity requirement for the IHC, (iv) risk management requirements including the establishment of a risk committee and the appointment of a US chief risk officer, (v) stress test and capital planning requirements and (vi) a debt-to-equity limit for institutions that pose "a grave threat" to US financial stability. Requirements differ based on the overall size of the foreign banking organization and the amount of its US-based assets. UBS expects that it will be subject to the most stringent

requirements based on its current operations. It will have to establish an IHC by 1 July 2016 and meet many of the new requirements. The IHC will not need to comply with the US leverage ratio until 1 January 2018.

In October 2015, the Federal Reserve Board proposed long-term debt and TLAC requirements for US globally systemically important bank holding companies and US IHC that are controlled by non-US globally systemically important banks. Under the proposed regulation, covered IHC, including UBS's IHC, would be required to have TLAC held by a non-US parent entity (internal TLAC) equal to the greatest of: (i) 16 per cent. or 18 per cent. of RWA, (ii) if the IHC is subject to the US supplementary leverage ratio, 6 per cent. or 6.75 per cent. of total leverage exposure and (iii) 8 per cent. or 9 per cent. of average total consolidated assets. The lower percentages would apply to an IHC if the home country resolution authority for the IHC's parent banking organization certifies to the Federal Reserve Board that its resolution strategy for the parent banking organization does not involve the IHC entering a resolution proceeding in the US. FINMA has adopted a single point of entry resolution strategy and UBS anticipates that it will qualify for the lower internal TLAC requirement. The TLAC requirement must be met with tier 1 capital and eligible long-term debt, including tier 2 capital instruments that meet requirements for eligible long-term debt, that is issued directly by the covered IHC to a foreign entity that controls the covered IHC. An IHC also would be required to maintain outstanding eligible long-term debt held by a non-US parent entity equal to the greatest of: (i) 7 per cent. of RWA, (ii) if the IHC is subject to the US supplementary leverage ratio, 3 per cent. of total leverage exposure and (iii) 4 per cent. of average total consolidated assets. In addition, IHC would be required to maintain an internal TLAC buffer of 2.5 per cent. of RWA plus any countercyclical buffer. Failure to maintain the buffer would trigger restrictions on distribution of dividends and discretionary variable compensation payments. If adopted as proposed, these requirements would apply as of 1 January 2019, with the RWA-based component of the TLAC requirement phased in until 1 January 2022. Refer to "*Recent developments – US Federal Reserve proposes TLAC requirements*" in the section "*Information about UBS AG*" of this Prospectus for more information.

In the US, regulations implementing the "Volcker Rule" became effective in July 2015. In general, the Volcker Rule prohibits any banking entity from engaging in proprietary trading and from owning interests in hedge funds and other private fund vehicles. The Volcker Rule also broadly limits investments and other transactional activities between a bank and funds that the bank has sponsored or with which the bank has certain other relationships. The Volcker Rule permits UBS and other non-US banking entities to engage in certain activities that would otherwise be prohibited to the extent that they are conducted outside the US and certain other conditions are met. UBS has established a global compliance and reporting framework to ensure compliance with the Volcker Rule and the available exemptions. The Volcker Rule could also have a substantial impact on market liquidity and the economics of market-making activities.

OTC derivatives regulation: In 2009, the G20 countries committed to require all standardized over-the-counter ("OTC") derivative contracts to be traded on exchanges or trading facilities and cleared through central counterparties by the end of 2012. This commitment is being implemented through the Dodd-Frank Act in the US and corresponding legislation in the EU, Switzerland – where the new regulation of the financial market infrastructure in Switzerland, which is expected to become effective in 2016, mandates, among other things, the clearing of OTC derivatives via a central counterparty – and other jurisdictions, and has and will continue to have a significant effect on UBS's OTC derivatives business, which is conducted primarily in the Investment Bank. For example, UBS expects that, as a rule, the shift of OTC derivatives trading to a central clearing model will tend to reduce profit margins in these products, although some market participants may be able to offset this effect with higher trading volumes in commoditized products. Although UBS is preparing for these thematic market changes, the changes are likely to reduce the revenue potential of certain lines of business for market participants generally, and UBS may be adversely affected.

These mandatory clearing requirements will be supplemented by mandatory requirements to trade such clearable instruments on regulated venues under the forthcoming Markets in Financial Instruments Directive ("**MiFID II**") and the Markets in Financial Instruments Regulation ("**MiFIR**"). These two pieces of legislation, together with the more detailed implementing measures, due to take effect in early 2017, have the potential to bring about a major change to many aspects of the way financial services are provided in and into the European Economic Area. All areas of the provision of financial services are impacted across all client types. Some notable areas covered include increased pre and post-trade transparency, particularly into the area of fixed income products; further restrictions on the provision of inducements; the introduction of a new discretionary trading venue with the aim of regulating broker crossing networks; trading controls for algorithmic trading activities; increased conduct of business requirements and strengthened supervisory powers which include powers for authorities to ban products or services in particular situations. UBS will not know the full effect of this legislation until the details of the implementing legislation and national implementation (where applicable) are completed. UBS expects that this legislation will necessitate changes in business models and procedures in a number of areas. This will likely entail the expenditure of significant time and resources on

an ongoing basis and, in common with some other legislative proposals in this area, may also reduce the revenue potential of UBS's businesses.

UBS AG registered as a swap dealer with the Commodity Futures Trading Commission ("CFTC") in the US at the end of 2012, enabling the continuation of its swaps business with US persons. UBS expects to register UBS AG as a security-based swap dealer with the SEC, when its registration is required. Regulations issued by the CFTC and those proposed by the SEC impose substantial new requirements on registered swap dealers for clearing, trade execution, transaction reporting, recordkeeping, risk management and business conduct. Certain of the CFTC's regulations, including those relating to swap data reporting, recordkeeping, compliance and supervision, apply to UBS AG globally. Application of the CFTC's regulations and the SEC's regulations, when they become effective to UBS AG's or possibly to other Group entities' swaps business with non-US persons continues to present a substantial implementation burden, will likely duplicate or conflict with legal requirements applicable to UBS outside the US, including in Switzerland, and may place UBS at a competitive disadvantage to firms that are not required to register as swap dealers with the SEC or CFTC.

Regulation of cross-border provision of financial services. In many instances, UBS provides services on a cross-border basis. UBS is therefore sensitive to barriers restricting market access for third-country firms. In particular, efforts in the European Union ("EU") to harmonize the regime for third-country firms to access the European market may have the effect of creating new barriers that adversely affect UBS's ability to conduct business in these jurisdictions from Switzerland. In addition, a number of jurisdictions are increasingly regulating cross-border activities on the basis of some notion of comity (e.g., substituted compliance and equivalence determination). While the issuance of such determinations in particular jurisdictions may ensure UBS access to markets in those jurisdictions, a negative determination in other jurisdictions may negatively influence UBS's ability to act as a global firm. In addition, as jurisdictions tend to apply such determinations on a jurisdictional level rather than on an entity level, UBS will generally need to rely on jurisdictions' willingness to collaborate.

Resolution and recovery; bail-in

UBS is currently required to produce recovery and resolution plans in the US, the UK, Switzerland and Germany and is likely to face similar requirements for its operations in other jurisdictions, including its operations in the EU as a whole as part of the proposed EU Bank Recovery and Resolution Directive. If a recovery or resolution plan is determined by the relevant authority to be inadequate or not credible, relevant regulation may authorize the authority to place limitations on the scope or size of UBS's business in that jurisdiction, hold higher amounts of capital or liquidity or change UBS's legal structure or business to remove the relevant impediments to resolution. Resolution plans may increase the pressure on UBS to make structural changes, such as the creation of separate legal entities, if the resolution plan in any jurisdiction identifies impediments that are not acceptable to the relevant regulators. Such structural changes may negatively impact UBS's ability to benefit from synergies between business units, and if they include the creation of separate legal entities, may have the other negative consequences mentioned above with respect to subsidiarization more generally.

The Financial Stability Board ("FSB") and the BCBS have issued proposed standards on total loss-absorbing capacity ("TLAC") that aims to build up adequate loss-absorbing capacity for global systemically important banks to ensure that an orderly wind-down is possible. The FSB proposes that a minimum Pillar 1 TLAC requirement be set within the range of 16 per cent. to 20 per cent. of RWA and at least twice the Basel III tier 1 leverage ratio requirement. In addition, a number of jurisdictions, including Switzerland, the US, the UK and the EU, have implemented or are considering implementing changes that would allow resolution authorities to write down or convert into equity unsecured debt to execute a bail-in. The scope of bail-in authority and the legal mechanisms that would be utilized for the purpose are subject to a great deal of development and interpretation. Regulatory requirements to maintain minimum TLAC, including potential requirements to maintain TLAC at subsidiaries, as well as the power of resolution authorities to bail in TLAC and other debt obligations and uncertainty as to how such powers will be exercised, may increase the total amount and cost of funding for the Group. See "Regulatory and legal changes may adversely affect UBS's business and its ability to execute its strategic plans – Regulatory and legislative changes in Switzerland" above in connection with the Swiss TBTF Proposal.

Possible consequences of regulatory and legislative developments

Planned and potential regulatory and legislative developments in Switzerland and in other jurisdictions in which UBS has operations may have a material adverse effect on its ability to execute its strategic plans, on the profitability or viability of certain business lines globally or in particular locations, and in some cases on its ability to compete with other financial institutions. The developments have been, and are likely to continue to be, costly to implement and could also have a negative impact on UBS's legal structure or business model, potentially generating capital inefficiencies and affecting UBS's profitability. Finally, the uncertainty related to,

or the implementation of, legislative and regulatory changes may have a negative impact on UBS's relationships with clients and its success in attracting client business.

UBS's capital strength is important in supporting its strategy, client franchise and competitive position

UBS's capital position, as measured by the fully applied common equity tier 1 and total capital ratios under Swiss SRB Basel III requirements, is determined by: (i) RWA (credit, non-counterparty related, market and operational risk positions, measured and risk-weighted according to regulatory criteria) and (ii) eligible capital. Both RWA and eligible capital may fluctuate based on a number of factors. RWA are driven by UBS's business activities and by changes in the risk profile of UBS's exposures, as well as regulatory requirements. For instance, substantial market volatility, a widening of credit spreads (a major driver of UBS's value-at-risk), adverse currency movements, increased counterparty risk, deterioration in the economic environment, or increased operational risk could result in a rise in RWA. UBS's eligible capital would be reduced if it experienced net losses or losses through other comprehensive income, as determined for the purpose of the regulatory capital calculation, which may also render it more difficult or more costly for it to raise new capital. In addition, eligible capital can be reduced for a number of other reasons, including certain reductions in the ratings of securitization exposures, acquisitions and divestments changing the level of goodwill, adverse currency movements affecting the value of equity, prudential adjustments that may be required due to the valuation uncertainty associated with certain types of positions, and changes in the value of certain pension fund assets and liabilities or in the interest rate and other assumptions used to calculate the changes in UBS's net defined benefit obligation recognized in other comprehensive income. See "*Fluctuation in foreign exchange rates and continuing low or negative interest rates may have a detrimental effect on UBS's capital strength, its liquidity and funding position, and its profitability*". Any such increase in RWA or reduction in eligible capital could materially reduce UBS's capital ratios.

Risks captured in the operational risk component of RWA have become increasingly significant as a component of UBS's overall RWA as a result of significant reductions in market and credit risk RWA, as UBS executes its strategy, and increased operational risk charges arising from operational risk events (including charges arising from litigation, regulatory and similar matters). UBS has agreed with FINMA on a supplemental analysis that is used to calculate an incremental operational risk capital charge to be held for litigation, regulatory and similar matters and other contingent liabilities. The incremental RWA calculated based on this supplemental analysis as of 30 September 2015 was CHF 13.3 billion. Future developments in and the ultimate elimination of the incremental RWA attributable to the supplemental analysis will depend on provisions charged to earnings for litigation, regulatory and similar matters and other contingent liabilities and on developments in these matters. There can be no assurance that UBS will be successful in addressing these matters and reducing or eliminating the incremental operational risk component of RWA.

The required levels and calculation of UBS's regulatory capital and the calculation of its RWA are also subject to changes in regulatory requirements or their interpretation, as well as the exercise of regulatory discretion. Changes in the calculation of RWA under Basel III and Swiss requirements (such as the revised treatment of certain securitization exposures under the Basel III framework) have significantly increased the level of UBS's RWA and, therefore, have adversely affected its capital ratios. UBS has achieved substantial reductions in RWA, in part to mitigate the effects of increased capital requirements. Further changes in the calculation of RWA, the imposition of additional supplemental RWA charges or multipliers applied to certain exposures, or the imposition of an RWA floor based on the standardized approach or other methodology could substantially increase UBS's RWA. See "*Regulatory and legal changes may adversely affect UBS's business and its ability to execute its strategic plans – Regulatory and legislative changes in Switzerland – Capital regulations*" for more information on the recent FINMA requirement for banks using the IRB approach to use a bank-specific multiplier when calculating RWA related to certain exposures. In addition, UBS may not be successful in its plans to further reduce RWA, either because it is unable to carry out fully the actions it has planned or because other business or regulatory developments or actions to some degree counteract the benefit of its actions.

In addition to the risk-based capital requirements, UBS is subject to a minimum leverage ratio requirement for Swiss SRB. The minimum leverage ratio requirement would be substantially increased under the Swiss TBTF Proposal. The leverage ratio operates separately from the risk-based capital requirements. It is a simple balance sheet measure and therefore limits balance sheet intensive activities, such as lending, more than activities that are less balance sheet intensive and, accordingly, under certain circumstances could constrain UBS's business activities even if UBS satisfies other risk-based capital requirements. UBS has achieved substantial reductions in its balance sheet and expects to make further reductions as it winds down its Non-core and Legacy Portfolio positions. These reductions have improved its leverage ratio and contributed to its ability to comply with the more stringent leverage ratio requirements. However, further increases in the leverage ratio requirement, including those contemplated in the Swiss TBTF Proposal, may make it difficult for UBS to satisfy the

requirements without adversely affecting certain of its businesses, particularly balance sheet intensive businesses, such as lending.

Changes in international or Swiss requirements for risk-based capital, leverage ratios, LCR or NSFR, including changes in minimum levels, method of calculation or supervisory add-ons could have a material adverse effect on UBS's capital position and its business. Any such changes that are implemented only, or more quickly, in Switzerland may have an adverse effect on UBS's competitive position compared with institutions regulated under different regimes.

UBS may not be successful in completing its announced strategic plans or in implementing changes in its businesses to meet changing market, regulatory and other conditions

In October 2012, UBS announced a significant acceleration in the implementation of its strategy. The strategy included transforming its Investment Bank to focus it on its traditional strengths, very significantly reducing Basel III RWA and further strengthening its capital position, and significantly reducing costs and improving efficiency. UBS has substantially completed the transformation of its business, but elements remain that are not complete. There continues to be a risk that UBS will not be successful in completing the execution of its plans, that its plans may be delayed, that market events may adversely affect the implementation of its plans or that the effects of its plans may differ from those intended.

UBS has substantially reduced the RWA and balance sheet usage of its Non-core and Legacy Portfolio positions, but there can be no assurance that it will continue to be able to exit the remaining positions in the Non-core and Legacy Portfolio as quickly as its plans suggest or that it will not incur significant losses in doing so. The continued illiquidity and complexity of many of its legacy risk positions in particular could make it difficult to sell or otherwise exit these positions and reduce the RWA and the balance sheet usage associated with these exposures. As the size of the Non-core and Legacy Portfolio decreases, achieving a complete exit of particular classes of transactions will be necessary to achieve the reductions of RWA, balance sheet and costs associated with the positions. At the same time, UBS's ability to meet its future capital targets and requirements depends in part on its ability to reduce RWA and balance sheet usage without incurring unacceptable losses.

As part of its strategy, UBS has a program underway to achieve significant incremental cost reductions. The success of its strategy and its ability to reach certain of the targets it has announced depends on the success of the effectiveness and efficiency measures it is able to carry out. As is often the case with major effectiveness and efficiency programs, its plans involve significant risks. Included among these are the risks that restructuring costs may be higher and may be recognized sooner than it has projected, that it may not be able to identify feasible cost reduction opportunities that are also consistent with its business goals and that cost reductions may be realized later or may be less than it anticipates. Changes in workforce location or reductions in workforce can lead to charges to the income statement well in advance of the cost savings intended to be achieved through such workforce strategy. For example, under IFRS UBS is required to recognize provisions for real estate lease contracts when the unavoidable costs of meeting the obligations under the contracts are considered to exceed the future economic benefits expected to be received under them and closure or disposal of operations may result in foreign currency translation losses (or gains) previously recorded in other comprehensive income being recognized in income. In addition, as UBS implements its effectiveness and efficiency programs it may experience unintended consequences such as the loss or degradation of capabilities that it needs in order to maintain its competitive position and achieve its targeted returns.

UBS is exposed to possible outflows of client assets in its asset-gathering businesses and to changes affecting the profitability of its Wealth Management business division and it may not be successful in implementing the business changes needed to address them. UBS experienced substantial net outflows of client assets in its wealth management and asset management businesses in 2008 and 2009. The net outflows resulted from a number of different factors, including its substantial losses, damage to its reputation, the loss of client advisors, difficulty in recruiting qualified client advisors and tax, legal and regulatory developments concerning its cross-border private banking business.

Many of these factors have been successfully addressed. UBS's Wealth Management and Wealth Management Americas business divisions recorded substantial net new money inflows in 2013 and 2014. Long-term changes affecting the cross-border private banking business model will, however, continue to affect client flows in the Wealth Management business division for an extended period of time. One of the important drivers behind the longer-term reduction in the amount of cross-border private banking assets, particularly in Europe but increasingly also in other regions, is the heightened focus of fiscal authorities on cross-border investments. Changes in local tax laws or regulations and their enforcement and the implementation of cross-border tax information exchange regimes may affect the ability or the willingness of UBS's clients to do business with UBS or the viability of its strategies and business model. For the last three years, UBS has experienced net

withdrawals in its Swiss booking centre from clients domiciled elsewhere in Europe, in many cases related to the negotiation of tax treaties between Switzerland and other countries.

The net new money inflows in recent years in UBS's Wealth Management business division have come predominantly from clients in Asia Pacific and in the ultra high net worth segment globally. Over time, inflows from these lower-margin segments and markets have been replacing outflows from higher-margin segments and markets, in particular cross-border European clients. This dynamic, combined with changes in client product preferences as a result of which low-margin products account for a larger share of UBS's revenues than in the past, put downward pressure on its return on invested assets and adversely affect the profitability of its Wealth Management business division.

Reduced and in some cases negative interest rates impact Wealth Management's performance, particularly given the associated cost of maintaining the high-quality liquid assets required to cover regulatory outflow assumptions embedded in the LCR. In order to adapt its business to the new regulatory and interest rate environments, in the first half of 2015, Wealth Management launched a global program intended to optimize its leverage ratio denominator and LCR and changed pricing for a number of clients with a high proportion of short-term deposits relative to invested assets. Although the majority of these clients have chosen to retain their relationship with UBS and, in the aggregate, the program has reduced the LRD and high-quality liquid asset requirements for the Wealth Management's business, net new money outflows and reductions in customer deposits have been recorded in the second and third quarters of 2015 related to this program.

UBS will continue its efforts to adjust to client trends, regulatory and market dynamics as necessary, in an effort to overcome the effects of changes in the business environment on its profitability, balance sheet and capital positions, but there can be no assurance that UBS will be able to counteract those effects. In addition, it has made changes to its business offerings and pricing practices in line with the Swiss Supreme Court case concerning "retrocessions" (fees paid to a bank for distributing third-party and intra-group investment funds and structured products) and other industry developments. These changes may adversely affect its margins on these products and the current offering may be less attractive to clients than the products it replaces. There can be no assurance that UBS will be successful in its efforts to offset the adverse impact of these or similar trends and developments.

Asset Management experienced net outflows of client assets in 2012 and 2013, although it had net inflows for the first three quarters of 2014 and for full year 2014. Further net outflows of client assets could also adversely affect the results of this business division.

Material legal and regulatory risks arise in the conduct of UBS's business

The nature of UBS's business subjects it to significant regulatory oversight and liability risk. As a global financial services firm operating in more than 50 countries, it is subject to many different legal, tax and regulatory regimes. It is involved in a variety of claims, disputes, legal proceedings and government investigations. These proceedings expose it to substantial monetary damages and legal defence costs, injunctive relief and criminal and civil penalties, in addition to potential regulatory restrictions on its businesses. The outcome of most of these matters, and their potential effect on UBS's future business or financial results, is extremely difficult to predict.

In December 2012, UBS announced settlements totalling approximately CHF 1.4 billion in fines by and disgorgements to US, UK and Swiss authorities to resolve investigations by those authorities relating to LIBOR and other benchmark interest rates. UBS entered into a non-prosecution agreement ("NPA") with the US Department of Justice ("DOJ") and UBS Securities Japan Co. Ltd. also pled guilty to one count of wire fraud relating to the manipulation of certain benchmark interest rates. In May 2015, the NPA was terminated by the DOJ based on its determination in its discretion that UBS had committed a US crime in relation to foreign exchange matters. As a consequence, UBS AG pleaded guilty to one count of wire fraud for conduct in the LIBOR matter, and has agreed to pay a USD 203 million fine and accept a three-year term of probation. The settlements do not resolve investigations by other authorities or civil claims that have been or may in the future be asserted by private and governmental claimants with respect to submissions regarding LIBOR or other benchmark interest rates. The extent of UBS's financial exposure to these remaining matters is extremely difficult to estimate and could be material.

UBS's settlements with governmental authorities in connection with foreign exchange and LIBOR and benchmark interest rates starkly illustrate the much-increased level of financial and reputational risk now associated with regulatory matters in major jurisdictions. Very large fines and disgorgement amounts were assessed against UBS, and the guilty pleas by UBS and a subsidiary, despite UBS's full cooperation with the authorities in the investigations relating to LIBOR and other benchmark interest rates, and despite UBS's receipt

of conditional leniency or conditional immunity from antitrust authorities in a number of jurisdictions, including the US and Switzerland. UBS understands that, in determining the consequences to UBS, the authorities considered the fact that it has in the recent past been determined that UBS has engaged in serious misconduct in several other matters. The heightened risk level was further illustrated by the European Commission (“EC”) announcement in December 2013 of fines against other financial institutions related to its Yen Interest Rate Derivatives (“YIRD”) investigation. The EC stated that UBS would have been subject to fines of approximately EUR 2.5 billion had it not received full immunity for disclosing to the EC the existence of infringements relating to YIRD. Recent resolution of enforcement matters involving other financial institutions further illustrates the continued increase in the financial and other penalties, reputational risk and other consequences of regulatory matters in major jurisdictions, particularly the US, and the resulting difficulty in predicting in this environment the financial and other terms of resolutions of pending government investigations and similar proceedings. In 2014, Credit Suisse AG (“CS”) and BNP Paribas (“BNPP”) each pleaded guilty to criminal charges in the United States and simultaneously entered into settlements with other US agencies, including the Federal Reserve and the New York Department of Financial Services (“DFS”). These resolutions involved the payment of substantial penalties (USD 1.8 billion in the case of CS and USD 8.8 billion in the case of BNPP), agreements with respect to future operation of their businesses and actions with respect to relevant personnel. In the case of BNPP, the DFS suspended for a one-year period BNPP’s ability to conduct through its New York branch business activity related to the business line that gave rise to the illegal conduct, namely US dollar clearing for specified BNPP business units. In addition, the DOJ has announced a series of resolutions related to the conduct of major financial institutions in packaging, marketing, issuing and selling residential mortgage-backed securities. In these resolutions, financial institutions have been required to pay penalties ranging from USD 7 to USD 16.7 billion and, in many cases, were also required to provide relief to consumers who were harmed by the relevant conduct.

UBS continues to be subject to a large number of claims, disputes, legal proceedings and government investigations, including the matters described in the notes to the financial statements included in its Third Quarter 2015 Financial Report and it expects that its ongoing business activities will continue to give rise to such matters in the future. The extent of its financial exposure to these and other matters is material and could substantially exceed the level of provisions that UBS has established for litigation, regulatory and similar matters. UBS is not able to predict the financial and other terms on which some of these matters may be resolved. Litigation, regulatory and similar matters may also result in non-monetary penalties and consequences. Among other things, a guilty plea to, or conviction of, a crime (including as a result of termination of the NPA) could have material consequences for UBS. Resolution of regulatory proceedings may require UBS to obtain waivers of regulatory disqualifications to maintain certain operations, may entitle regulatory authorities to limit, suspend or terminate licenses and regulatory authorizations and may permit financial market utilities to limit, suspend or terminate UBS’s participation in such utilities. Failure to obtain such waivers, or any limitation, suspension or termination of licenses, authorizations or participations, could have material consequences for UBS.

At this point in time, UBS believes that the industry continues to operate in an environment where charges associated with litigation, regulatory and similar matters will remain elevated for the foreseeable future and it continues to be exposed to a number of significant claims and regulatory matters.

Ever since its losses in 2007 and 2008, UBS has been subject to a very high level of regulatory scrutiny and to certain regulatory measures that constrain its strategic flexibility. While it believes that it has remediated the deficiencies that led to the material losses during the 2007–2009 financial crisis, the unauthorized trading incident announced in September 2011, the LIBOR-related settlements of 2012 and settlements with some regulators of matters related to UBS’s foreign exchange and precious metals business, the resulting effects of these matters on its reputation and relationships with regulatory authorities have proven to be more difficult to overcome. For example, following the unauthorized trading incident, FINMA placed restrictions (since removed) on acquisitions or business expansions in UBS’s Investment Bank unit. UBS is determined to address the issues that have arisen in the above and other matters in a thorough and constructive manner. UBS is in active dialogue with its regulators concerning the actions that it is taking to improve its operational risk management and control framework, but there can be no assurance that its efforts will have the desired effects. As a result of this history, UBS’s level of risk with respect to regulatory enforcement may be greater than that of some of its peer institutions.

Operational risks affect UBS’s business

UBS’s businesses are dependent on its ability to process a large number of complex transactions across multiple and diverse markets in different currencies, to comply with requirements of many different legal and regulatory regimes to which it is subject and to prevent, or promptly detect and stop, unauthorized, fictitious or fraudulent transactions. UBS’s operational risk management and control systems and processes are designed to

help ensure that the risks associated with its activities, including those arising from process error, failed execution, misconduct, unauthorized trading, fraud, system failures, financial crime, cyber-attacks, breaches of information security and failure of security and physical protection, are appropriately controlled.

Cyber-crime is a fast growing threat to large organizations that rely on technology to support their business. It can range from internet-based attacks that interfere with the organizations' internet websites, to more sophisticated crimes that target the organizations, as well as their clients, and seek to gain unauthorized access to technology systems in efforts to disrupt business, steal money or obtain sensitive information. Cyber-threats to the financial industry have been increasing and cyber-attacks have become increasingly sophisticated as criminal organizations deploy resources and technical capabilities to target specific institutions.

A major focus of US governmental policy relating to financial institutions in recent years has been fighting money laundering and terrorist financing. Regulations applicable to UBS impose obligations to maintain effective policies, procedures and controls to detect, prevent and report money laundering and terrorist financing, and to verify the identity of UBS's clients. UBS is also subject to laws and regulations related to corrupt and illegal payments to government officials by others, such as the US Foreign Corrupt Practices Act and the UK Bribery Act. UBS has implemented policies, procedures and internal controls that are designed to comply with such laws and regulations. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing or laws against corruption, or any failure of the UBS's programs in these areas, could have serious consequences both from legal enforcement action and from damage to UBS's reputation.

Although UBS seeks to continuously adapt its capability to detect and respond to the risks described above, if its internal controls fail or prove ineffective in identifying and remedying these risks, it could suffer operational failures that might result in material losses, such as the loss from the unauthorized trading incident announced in September 2011.

Participation in high-volume and high-frequency trading activities, even in the execution of client-driven business, can also expose UBS to operational risks. UBS's loss in 2012 relating to the Facebook initial public offering illustrates the exposure participants in these activities have to unexpected results arising not only from their own systems and processes but also from the behavior of exchanges, clearing systems and other third parties and from the performance of third-party systems.

UBS's wealth and asset management businesses operate in an environment of increasing regulatory scrutiny and changing standards. Legislation and regulators have changed and are likely to continue to change fiduciary and other standards of care for asset managers and advisers and have increased focus on mitigating or eliminating conflicts of interest between a manager or adviser and the client. These changes have and likely will continue to present regulatory and operational risks if not implemented effectively across the global systems and processes of investment managers and other industry participants. If UBS fails to effectively implement controls to ensure full compliance with new, rising standards in the wealth and asset management industry, it could be subject to additional fines and sanctions as a result. These could have an impact on UBS's ability to operate or grow its wealth and asset management businesses in line with its strategy.

Certain types of operational control weaknesses and failures could also adversely affect UBS's ability to prepare and publish accurate and timely financial reports. Following the unauthorized trading incident announced in September 2011, management determined that UBS had a material weakness in its internal control over financial reporting as of the end of 2010 and 2011, although this did not affect the reliability of its financial statements for either year.

In addition, despite the contingency plans UBS has in place, its ability to conduct business may be adversely affected by a disruption in the infrastructure that supports its businesses and the communities in which it is located. This may include a disruption due to natural disasters, pandemics, civil unrest, war or terrorism and involve electrical, communications, transportation or other services used by UBS or third parties with whom it conducts business.

UBS's reputation is critical to the success of its business

UBS's reputation is critical to the success of its strategic plans. Damage to its reputation can have fundamental negative effects on its business and prospects. Reputational damage is difficult to reverse, and improvements tend to be slow and difficult to measure. This was demonstrated in recent years, as UBS's very large losses during the financial crisis, the US cross-border matter (relating to the governmental inquiries and investigations relating to UBS's cross-border private banking services to US private clients during the years 2000–2007 and the settlements entered into with US authorities with respect to this matter) and other events seriously

damaged UBS's reputation. Reputational damage was an important factor in UBS's loss of clients and client assets across its asset-gathering businesses, and contributed to its loss of and difficulty in attracting staff in 2008 and 2009. These developments had short-term and also more lasting adverse effects on UBS's financial performance, and UBS recognized that restoring its reputation would be essential to maintaining its relationships with clients, investors, regulators and the general public, as well as with its employees. More recently, the unauthorized trading incident announced in September 2011 and UBS's involvement in the LIBOR matter and investigations relating to its foreign exchange and precious metals business have also adversely affected its reputation. Any further reputational damage could have a material adverse effect on its operational results and financial condition and on its ability to achieve its strategic goals and financial targets.

Performance in the financial services industry is affected by market conditions and the macroeconomic climate

The financial services industry prospers in conditions of economic growth, stable geopolitical conditions, transparent, liquid and buoyant capital markets and positive investor sentiment. An economic downturn, continued low interest rates or weak or stagnant economic growth in UBS's core markets, or a severe financial crisis can negatively affect UBS's revenues and ultimately its capital base.

A market downturn and weak macroeconomic conditions can be precipitated by a number of factors, including geopolitical events, changes in monetary or fiscal policy, trade imbalances, natural disasters, pandemics, civil unrest, war or terrorism. Because financial markets are global and highly interconnected, even local and regional events can have widespread impact well beyond the countries in which they occur. A crisis could develop, regionally or globally, as a result of disruptions in emerging markets as well as developed markets that are susceptible to macroeconomic and political developments, or as a result of the failure of a major market participant. UBS has material exposures to a number of these markets, both as a wealth manager and as an investment bank. Moreover, its strategic plans depend more heavily upon its ability to generate growth and revenue in emerging markets, causing UBS to be more exposed to the risks associated with them. The continued absence of sustained and credible improvements to unresolved issues in Europe, continued US fiscal and monetary policy issues, emerging markets fragility and the mixed outlook for global growth demonstrate that macroeconomic and political developments can have unpredictable and destabilizing effects. Adverse developments of these kinds have affected UBS's businesses in a number of ways, and may continue to have further adverse effects on its businesses as follows:

- a general reduction in business activity and market volumes, as UBS has recently experienced, affects fees, commissions and margins; local or regional economic factors, such as the ongoing European sovereign debt concerns and negative interest rates, could also have an effect on UBS;
- a market downturn is likely to reduce the volume and valuations of assets UBS manages on behalf of clients, reducing its asset and performance-based fees;
- the ongoing low interest rate environment will further erode interest margins in several of UBS's businesses and adversely affect its net defined benefit obligations in relation to its pension plans;
- negative interest rates announced by central banks in Switzerland or elsewhere may also affect client behaviour and changes to UBS's deposit and lending pricing and structure that it may make to respond to negative interest rates and client behaviour may cause deposit outflows, reduced business volumes or otherwise adversely affect UBS's businesses;
- reduced market liquidity or volatility limits trading and arbitrage opportunities and impedes UBS's ability to manage risks, impacting both trading income and performance-based fees;
- deteriorating market conditions could cause a decline in the value of assets that UBS owns and accounts for as investments or trading positions;
- worsening economic conditions and adverse market developments could lead to impairments and defaults on credit exposures and on UBS's trading and investment positions, and losses may be exacerbated by declines in the value of collateral it holds; and
- if individual countries impose restrictions on cross-border payments or other exchange or capital controls, or change their currency (for example, if one or more countries should leave the euro), UBS could suffer losses from enforced default by counterparties, be unable to access its own assets, or be impeded in, or prevented from, managing its risks.

Because UBS has very substantial exposures to other major financial institutions, the failure of one or more such institutions could have a material effect on UBS.

The developments mentioned above have in the past affected and could materially affect the performance of the business units and of UBS as a whole, and ultimately UBS's financial condition. There are related risks that, as a result of the factors listed above, carrying value of goodwill of a business unit might suffer impairments, deferred tax asset levels may need to be adjusted or UBS's capital position or regulatory capital ratios could be adversely affected.

UBS holds legacy and other risk positions that may be adversely affected by conditions in the financial markets; legacy risk positions may be difficult to liquidate

UBS, like other financial market participants, was severely affected by the financial crisis that began in 2007. The deterioration of financial markets since the beginning of the crisis was extremely severe by historical standards, and UBS recorded substantial losses on fixed income trading positions, particularly in 2008 and 2009. Although UBS has significantly reduced its risk exposures starting in 2008, and more recently as it progresses its strategy and focuses on complying with Basel III capital standards, UBS continues to hold substantial legacy risk positions, primarily in its Non-core and Legacy Portfolio unit. In many cases these risk positions remain illiquid, and UBS continues to be exposed to the risk that the remaining positions may again deteriorate in value. In the fourth quarter of 2008 and the first quarter of 2009, certain of these positions were reclassified for accounting purposes from fair value to amortized cost; these assets are subject to possible impairment due to changes in market interest rates and other factors.

Moreover, UBS holds positions related to real estate in various countries, and could suffer losses on these positions. These positions include a substantial Swiss mortgage portfolio. Although management believes that this portfolio has been very prudently managed, UBS could nevertheless be exposed to losses if the concerns expressed by the SNB and others about unsustainable price escalation in the Swiss real estate market come to fruition. Other macroeconomic developments, such as the implications on export markets of the appreciation of the Swiss franc following recent announcements by the SNB, the adoption of negative interest rates by the SNB or other central banks or any return of crisis conditions within the eurozone and the potential implications of the recent decision in Switzerland to reinstate immigration quotas for EU / EEA countries, could also adversely affect the Swiss economy, its business in Switzerland in general and, in particular, its Swiss mortgage and corporate loan portfolios.

In addition, UBS is exposed to risk in its prime brokerage, reverse repo and Lombard lending activities, as the value or liquidity of the assets against which it provides financing may decline rapidly.

UBS's global presence subjects it to risk from currency fluctuations

UBS prepares its consolidated financial statements in Swiss francs. However, a substantial portion of its assets, liabilities, invested assets, revenues and expenses are denominated in other currencies, particularly the US dollar, the euro and the British pound. Accordingly, changes in foreign exchange rates, particularly between the Swiss franc and the US dollar (US dollar revenues account for the largest portion of its non-Swiss franc revenues) have an effect on its reported income and expenses, and on other reported figures such as other comprehensive income, invested assets, balance sheet assets, RWA and Basel III CET1 capital. These effects may adversely affect UBS's income, balance sheet, capital and liquidity ratios. The effects described in the sidebar "Impact of Swiss National Bank actions" in the "Current market climate and industry drivers" section of the Annual Report 2014 clearly illustrate the potential effect of significant currency movements, particularly of the Swiss franc.

UBS is dependent upon its risk management and control processes to avoid or limit potential losses in its counterparty credit and trading businesses

Controlled risk-taking is a major part of the business of a financial services firm. Credit risk is an integral part of many of UBS's retail, corporate, wealth management and Investment Bank activities, and its non-core activities that were transferred to Corporate Center – Non-core and Legacy Portfolio, including lending, underwriting and derivatives activities. Changes in interest rates, credit spreads, securities' prices, market volatility and liquidity, foreign exchange levels and other market fluctuations can adversely affect UBS's earnings. Some losses from risk-taking activities are inevitable, but to be successful over time, UBS must balance the risks it takes against the returns it generates. UBS must, therefore, diligently identify, assess, manage and control its risks, not only in normal market conditions but also as they might develop under more extreme (stressed) conditions, when concentrations of exposures can lead to severe losses.

As seen during the financial crisis of 2007–2009, UBS is not always able to prevent serious losses arising from extreme or sudden market events that are not anticipated by its risk measures and systems. Value-at-risk, a statistical measure for market risk, is derived from historical market data, and thus by definition could not have anticipated the losses suffered in the stressed conditions of the financial crisis. Moreover, stress loss and concentration controls and the dimensions in which UBS aggregated risk to identify potentially highly correlated exposures proved to be inadequate. Notwithstanding the steps it has taken to strengthen its risk management and control framework, UBS could suffer further losses in the future if, for example:

- it does not fully identify the risks in its portfolio, in particular risk concentrations and correlated risks;
- its assessment of the risks identified or its response to negative trends proves to be untimely, inadequate, insufficient or incorrect;
- markets move in ways that UBS does not expect – in terms of their speed, direction, severity or correlation – and UBS’s ability to manage risks in the resulting environment is, therefore, affected;
- third parties to whom UBS has credit exposure or whose securities it holds for its own account are severely affected by events not anticipated by its models, and accordingly it suffers defaults and impairments beyond the level implied by its risk assessment; or
- collateral or other security provided by its counterparties proves inadequate to cover their obligations at the time of their default.

UBS also manages risk on behalf of its clients in its asset and wealth management businesses. The performance of assets it holds for its clients in these activities could be adversely affected by the same factors. If clients suffer losses or the performance of their assets held with UBS is not in line with relevant benchmarks against which clients assess investment performance, UBS may suffer reduced fee income and a decline in assets under management, or withdrawal of mandates.

If UBS decides to support a fund or another investment that it sponsors in its asset or wealth management businesses, it might, depending on the facts and circumstances, incur charges that could increase to material levels.

Investment positions, such as equity investments made as part of strategic initiatives and seed investments made at the inception of funds that UBS manages, may also be affected by market risk factors. These investments are often not liquid and generally are intended or required to be held beyond a normal trading horizon. They are subject to a distinct control framework. Deteriorations in the fair value of these positions would have a negative impact on UBS’s earnings.

Valuations of certain positions rely on models; models have inherent limitations and may use inputs which have no observable source

If available, the fair value of a financial instrument or non-financial asset or liability is determined using quoted prices in active markets for identical assets or liabilities. Where the market is not active, fair value is established using a valuation technique, including pricing models. Where available, valuation techniques use market observable assumptions and inputs. If such information is not available, inputs may be derived by reference to similar instruments in active markets, from recent prices for comparable transactions or from other observable market data. If market observable data is not available, UBS selects non-market observable inputs to be used in its valuation techniques. UBS also uses internally developed models. Such models have inherent limitations; different assumptions and inputs would generate different results, and these differences could have a significant impact on UBS’s financial results. UBS regularly reviews and updates its valuation models to incorporate all factors that market participants would consider in setting a price, including factoring in current market conditions. Judgment is an important component of this process, and failure to make the changes necessary to reflect evolving market conditions could have a material adverse effect on UBS’s financial results. Moreover, evolving market practice may result in changes to valuation techniques that could have a material impact on UBS’s financial results. Changes in model inputs or calibration, changes in the valuation methodology incorporated in models, or failure to make the changes necessary to reflect evolving market conditions could have a material adverse effect on UBS’s financial results.

Liquidity and funding management are critical to UBS’s ongoing performance

The viability of UBS’s business depends on the availability of funding sources, and its success depends on its ability to obtain funding at times, in amounts, for tenors and at rates that enable it to efficiently support its

asset base in all market conditions. A substantial part of UBS's liquidity and funding requirements is met using short-term unsecured funding sources, including retail and wholesale deposits and the regular issuance of money market securities. The volume of its funding sources has generally been stable, but could change in the future due to, among other things, general market disruptions or widening credit spreads, which could also influence the cost of funding. A change in the availability of short-term funding could occur quickly.

Reductions in UBS's credit ratings can increase its funding costs, in particular with regard to funding from wholesale unsecured sources, and can affect the availability of certain kinds of funding. In addition, as UBS experienced in connection with Moody's downgrade of its long-term rating in June 2012, rating downgrades can require UBS to post additional collateral or make additional cash payments under master trading agreements relating to its derivatives businesses. UBS's credit ratings, together with its capital strength and reputation, also contribute to maintaining client and counterparty confidence and it is possible that ratings changes could influence the performance of some of UBS's businesses.

More stringent capital, liquidity and funding requirements will likely lead to increased competition for both secured funding and deposits as a stable source of funding, and to higher funding costs. The addition of loss-absorbing debt as a component of capital requirements and potential future requirements to maintain senior unsecured debt that could be written down in the event of UBS's insolvency or other resolution, may increase UBS's funding costs or limit the availability of funding of the types required.

UBS may be unable to identify or capture revenue or competitive opportunities, or retain and attract qualified employees

The financial services industry is characterized by intense competition, continuous innovation, detailed (and sometimes fragmented) regulation and ongoing consolidation. UBS faces competition at the level of local markets and individual business lines, and from global financial institutions that are comparable to it in their size and breadth. Barriers to entry in individual markets and pricing levels are being eroded by new technology. UBS expects these trends to continue and competition to increase. UBS's competitive strength and market position could be eroded if it is unable to identify market trends and developments, does not respond to them by devising and implementing adequate business strategies, adequately developing or updating its technology, particularly in trading businesses, or is unable to attract or retain the qualified people needed to carry them out.

The amount and structure of UBS's employee compensation is affected not only by its business results but also by competitive factors and regulatory considerations. Constraints on the amount or structure of employee compensation, higher levels of deferral, performance conditions and other circumstances triggering the forfeiture of unvested awards may adversely affect UBS's ability to retain and attract key employees, and may in turn negatively affect UBS's business performance. UBS has made changes to the terms of compensation awards to reflect the demands of various stakeholders, including regulatory authorities and shareholders. These terms include the introduction of a deferred contingent capital plan with many of the features of the loss-absorbing capital that UBS has issued in the market but with a higher capital ratio write-down trigger, increased average deferral periods for stock awards, and expanded forfeiture provisions for certain awards linked to business performance. These changes, while intended to better align the interests of UBS's staff with those of other stakeholders, increase the risk that key employees will be attracted by competitors and decide to leave UBS, and that UBS may be less successful than its competitors in attracting qualified employees. The loss of key staff and the inability to attract qualified replacements, depending upon which and how many roles are affected, could seriously compromise UBS's ability to execute its strategy and to successfully improve its operating and control environment.

In a referendum in March 2013, the Swiss cantons and voters approved an initiative to give shareholders of Swiss listed companies more influence over board and management compensation. The ordinance requires public companies to specify in their articles of association a mechanism to require annual binding votes by shareholders on the aggregate compensation of each of the board of directors and the executive board. UBS held its first such binding votes at its 2015 annual general meeting.

The EU has adopted legislation that caps the amount of variable compensation in proportion to the amount of fixed compensation for employees of a bank active within the EU. This legislation will apply to employees of UBS in the EU. These and other similar initiatives may require UBS to make further changes to its compensation structure and may increase the risks described above.

UBS's financial results may be negatively affected by changes to accounting standards

UBS reports its results and financial position in accordance with IFRS as issued by the IASB. Changes to IFRS or interpretations thereof may cause its future reported results and financial position to differ from current expectations, or historical results to differ from those previously reported due to the adoption of accounting

standards on a retrospective basis. Such changes may also affect UBS's regulatory capital and ratios. UBS monitors potential accounting changes and when these are finalized by the IASB, and determines the potential impact and discloses significant future changes in its financial statements. Currently, there are a number of issued but not yet effective IFRS changes, as well as potential IFRS changes, some of which could be expected to impact UBS's reported results, financial position and regulatory capital in the future.

UBS's financial results may be negatively affected by changes to assumptions supporting the value of its goodwill

The goodwill that UBS has recognized on the respective balance sheets of its operating segments is tested for impairment at least annually. UBS's impairment test in respect of the assets recognized as of 31 December 2014 indicated that the value of its goodwill is not impaired. The impairment test is based on assumptions regarding estimated earnings, discount rates and long-term growth rates impacting the recoverable amount of each segment and on estimates of the carrying amounts of the segments to which the goodwill relates. If the estimated earnings and other assumptions in future periods deviate from the current outlook, the value of UBS's goodwill may become impaired in the future, giving rise to losses in the income statement. For example, in the third quarter of 2012, the carrying amount of goodwill and certain other non-financial assets of the Investment Bank were written down, resulting in a pre-tax impairment loss of almost CHF 3.1 billion.

The effect of taxes on UBS's financial results is significantly influenced by reassessments of its deferred tax assets

The deferred tax assets ("DTA") that UBS has recognized on its balance sheet as of 31 December 2014 in respect of prior years' tax losses reflect the probable recoverable level based on future taxable profit as informed by its business plans. If the business plan earnings and assumptions in future periods substantially deviate from current forecasts, the amount of recognized deferred tax assets may need to be adjusted in the future. These adjustments may include write-downs of deferred tax assets through the income statement.

UBS's effective tax rate is highly sensitive both to its performance as well as its expectation of future profitability as reflected in its business plans. UBS's results in recent periods have demonstrated that changes in the recognition of deferred tax assets can have a very significant effect on its reported results. If its performance is expected to improve, particularly in the US, the UK or Switzerland, UBS could potentially recognize additional deferred tax assets as a result of that assessment. The effect of doing so would be to significantly reduce its effective tax rate in years in which additional deferred tax assets are recognized. Conversely, if UBS's performance in those countries is expected to produce diminished taxable profit in future years, it may be required to write down all or a portion of the currently recognized deferred tax assets through the income statement. This would have the effect of increasing UBS's effective tax rate in the year in which any write-downs are taken.

In 2015, excluding the effects of any potential reassessment of the level of deferred tax assets, UBS expects its effective tax rate to be approximately 25 per cent. UBS expects to revalue its overall level of deferred tax assets during the second half of each year based on a reassessment of future profitability taking into account updated business plan forecasts as part of its annual business planning process. In each of the past three years, UBS has recognized substantial DTA as a result of extension of the forecast period over which income is taken into account for recognition of DTA based on both future forecasts and assessment criteria of the reliability of those forecasts. As the internal assessment thresholds for further extensions of the forecast period are higher, UBS currently does not expect to make further extensions of the forecast period in the near future, which will reduce the amount of DTA recognized in future years. Should UBS realize less profits in future years than anticipated in its forecasts or reduce its forecasts of future profitability, particularly in the US, it could be required to write down currently recognized DTA. Given the amount of DTA currently recognized, any such write-down could be substantial. In 2015, excluding the effects of any potential reassessment of the level of deferred tax assets, UBS expects its effective tax rate to be approximately 25 per cent. UBS's full year tax rate could change significantly based on reassessments of DTA. It could also change if aggregate tax expenses for locations other than Switzerland, the US and the UK differ from what is expected. UBS's effective tax rate is also sensitive to any future reductions in statutory tax rates, particularly in the US and Switzerland. Reductions in the statutory tax rate would cause the expected future tax benefit from items such as tax loss carry-forwards in the affected locations to diminish in value. This in turn would cause a write-down of the associated deferred tax assets.

In addition, statutory and regulatory changes, as well as changes to the way in which courts and tax authorities interpret tax laws could cause the amount of taxes ultimately paid by UBS to materially differ from the amount accrued.

UBS has undertaken, or is considering, changes to its legal structure in the US, the UK, Switzerland and other countries in response to regulatory changes. Tax laws or the tax authorities in these countries may prevent the transfer of tax losses incurred in one legal entity to newly organized or reorganized subsidiaries or affiliates or may impose limitations on the utilization of tax losses that are expected to carry on businesses formerly conducted by the transferor. Were this to occur in situations where there were also limited planning opportunities to utilize the tax losses in the originating entity, the deferred tax assets associated with such tax losses could be written down through the income statement.

A net charge of CHF 123 million was recognized in operating expenses (within operating profit before tax) in 2014 in relation to the UK bank levy. This is a balance sheet levy, payable by banks operating in the UK. UBS's bank levy expense for future years will depend on both the rate of the levy and UBS's taxable UK liabilities at each year-end; changes to either factor could increase the cost. This expense could increase if organizational changes involving UBS Limited and/or UBS AG alter the level or profile of UBS's bank levy tax base. UBS expects that the annual bank levy charge will continue to be recognized for IFRS purposes as an expense arising in the final quarter of each financial year, rather than being accrued throughout the year, as it is charged by reference to the year-end balance sheet position.

UBS's stated capital returns objective is based, in part, on capital ratios that are subject to regulatory change and may fluctuate significantly

UBS has committed to return at least 50 per cent. of its net profit to shareholders as capital returns, provided its fully applied CET1 capital ratio is at least 13 per cent. and its post-stress fully applied CET1 capital ratio is at least 10 per cent. As of 30 June 2015, UBS's post-stress CET1 capital ratio exceeded this 10 per cent. objective. However, UBS's ability to maintain a fully applied CET1 capital ratio of at least 13 per cent. is subject to numerous risks, including the results of its business, changes to capital standards, methodologies and interpretation that may adversely affect UBS's calculated fully applied CET1 capital ratio, imposition of risk add-ons or additional capital requirements such as additional capital buffers.

Changes in the methodology, assumptions, stress scenario and other factors may result in material changes in UBS's post-stress fully applied CET1 capital ratio. UBS's objective to maintain a post-stress fully applied CET1 capital ratio of at least 10 per cent. is a condition to its capital returns commitment. To calculate its post-stress CET1 capital ratio, UBS forecasts capital one year ahead based on internal projections of earnings, expenses, distributions to shareholders and other factors affecting CET1 capital, including UBS's net defined benefit assets and liabilities. UBS also forecasts one-year developments in RWA. It adjusts these forecasts based on assumptions as to how they may change as a result of a severe stress event. It then further deducts from capital the stress loss estimated using its combined stress test ("CST") framework to arrive at the post-stress CET1 capital ratio. Changes to UBS's results, business plans and forecasts, in the assumptions used to reflect the effect of a stress event on UBS's business forecasts or in the results of its CST, could have a material effect on its stress scenario results and on its calculated fully applied post-stress CET1 capital ratio. UBS's CST framework relies on various risk exposure measurement methodologies which are predominantly proprietary, on its selection and definition of potential stress scenarios and on its assumptions regarding estimates of changes in a wide range of macroeconomic variables and certain idiosyncratic events for each of those scenarios. UBS periodically reviews these methodologies, and assumptions are subject to periodic review and change on a regular basis. UBS's risk exposure measurement methodologies may change in response to developing market practice and enhancements to its own risk control environment, and input parameters for models may change due to changes in positions, market parameters and other factors. UBS's stress scenarios, the events comprising a scenario and the assumed shocks and market and economic consequences applied in each scenario are subject to periodic review and change. A change in the CST scenario used to calculate the fully applied post-stress CET1 capital ratio, or in the assumptions used in a particular scenario, may cause the post-stress CET1 capital ratio to fluctuate materially from period to period. UBS's business plans and forecasts are subject to inherent uncertainty, its choice of stress test scenarios and the market and macroeconomic assumptions used in each scenario are based on judgments and assumptions about possible future events. UBS's risk exposure methodologies are subject to inherent limitations, rely on numerous assumptions as well as on data which may have inherent limitations. In particular, certain data is not available on a monthly basis and UBS may therefore rely on prior month/quarter data as an estimate. All of these factors may result in UBS's post-stress CET1 capital ratio, as calculated using its methodology for any period, being materially higher or lower than the actual effect of a stress scenario.

UBS AG's operating results, financial condition and ability to pay obligations in the future may be affected by funding, dividends and other distributions received from UBS Switzerland AG or any other direct subsidiary, which may be subject to restrictions

UBS AG's ability to pay its obligations in the future may be affected by the level of funding, dividends and other distributions, if any, received from UBS Switzerland AG and any other subsidiaries currently existing or

established by UBS AG in the future. The ability of such subsidiaries to make loans or distributions (directly or indirectly) to UBS AG may be restricted as a result of several factors, including restrictions in financing agreements and the requirements of applicable laws and regulatory and fiscal or other restrictions. UBS AG's subsidiaries, including UBS Switzerland AG, UBS Limited and the US IHC (when designated) are subject to laws that restrict dividend payments, authorize regulatory bodies to block or reduce the flow of funds from those subsidiaries to UBS AG, or limit or prohibit transactions with affiliates. Restrictions and regulatory action of this kind could impede access to funds that UBS AG may need to make payments.

In addition, UBS AG's right to participate in a distribution of assets upon a subsidiary's liquidation or reorganization is subject to all prior claims of the subsidiary's creditors.

Furthermore, UBS AG may guarantee some of the payment obligations of certain of its subsidiaries from time to time. Additionally, in connection with the transfer of the Retail & Corporate and Wealth Management business booked in Switzerland from UBS AG to UBS Switzerland AG, which has become effective in June 2015, under the Swiss Merger Act UBS AG is jointly liable for obligations existing on the asset transfer date that have been transferred to UBS Switzerland AG. These guarantees may require UBS AG to provide substantial funds or assets to subsidiaries or their creditors or counterparties at a time when UBS AG is in need of liquidity to fund its own obligations.

2. Security specific Risks

Investing in the Securities involves certain risks. Among others, these risks may be related to equity markets, commodity markets, bond markets, foreign exchanges, interest rates, market volatility and economic and political risks and any combination of these and other risks. The material risks are presented below. Potential investors should be experienced with regard to transactions in instruments such as the Securities and in the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Components. **Potential investors should understand the risks associated with an investment in the Securities and shall only reach an investment decision, after careful considerations with their legal, tax, financial and other advisors of (i) the suitability of an investment in the Securities in the light of their own particular financial, fiscal and other circumstances; (ii) the information set out in this document and (iii) the Underlying or, as the case may be, the Basket Components.**

An investment in the Securities should only be made after assessing the direction, timing and magnitude of potential future changes in the value of the Underlying or, as the case may be, of the Basket Components, as the value of the Securities and, hence, any amount, if any, payable in accordance with the relevant Product Terms comprised in the Final Terms in conjunction with the General Conditions comprised in this Base Prospectus, together constituting the "Conditions", of the relevant Securities or, in case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "Physical Delivery" is specified to be applicable, the value of the Physical Underlying to be delivered in a number as expressed by the Participation Factor, the Leverage Factor or the Multiplier will be dependent, *inter alia*, upon such changes. More than one risk factor may have simultaneous effects with regard to the Securities, so that the effect of a particular risk factor is not predictable. In addition, more than one risk factor may have a compounding effect which may not be predictable. There is the risk that any combination of risk factors may have a significantly negative effect on the value of the Securities.

Potential investors of the Securities should recognise that the Securities **constitute a risk investment** which can lead to a **total loss** of their investment in the Securities. Securityholders will incur a loss, if the amounts or, in case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms, the product feature "Physical Delivery" is specified to be applicable, the value of the Physical Underlying received in accordance with the Conditions of the Securities is below the purchase price of the Securities (including the transaction costs). Even when the Securities are capital protected at maturity to the extent of the Minimum Amount and, hence, the risk of a loss is initially limited to the Minimum Amount, the investor bears the risk of the Issuer's financial situation worsening and the potential subsequent inability of the Issuer to pay its obligations under the Securities. Potential investors must therefore be prepared and able to sustain a partial or even a **total loss** of the invested capital. Any investors interested in purchasing the Securities should assess their financial situation, to ensure that they are in a position to bear the **risks of loss** connected with the Securities.

Unless explicitly specified in the Product Terms of the relevant Final Terms, none of the Securities vests a right to payment of fixed or variable interest or dividends and, as such, they **generate no regular income**. Therefore, potential reductions in the value of the Securities cannot be offset by any other income from the Securities.

It is expressly recommended that potential investors familiarise themselves with the specific risk profile of the product type described in the Base Prospectus and seek the advice of a professional, if necessary.

1. **Special risks related to specific features of the Security structure**

Prior to investing in the Securities, potential investors should note that the following special features of the Securities, if specified to be applicable in the relevant Final Terms, may have a negative impact on the value of the Securities or, as the case may be, on any amount, if any, payable according to the Conditions of the Securities or, as the case may be, the delivery of the Physical Underlying in an appropriate number and that the Securities accordingly have special risk profiles:

In the case of Securities linked to an **Underlying** as specified in the section "Product Terms" of the relevant Final Terms,

potential investors should be aware that the amount of the Interest Amount, if specified to be applicable in the Final Terms, and of the Redemption Amount payable in accordance with the Conditions of the Securities depends on the performance of the Underlying or, as the case may be, the Basket Components. In case of an unfavourable development of the price of the Underlying or, as the case may be, the Basket Components, any amount received under the Securities may be lower than expected by the investors **and may even be equal to zero. In such case the Securityholders will incur a total loss of its investment (including any transaction costs).**

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Participation Factor**", "**Leverage Factor**", "**Multiplication Factor**" or, as the case may be, "**Multiplier**" is specified to be applicable,

potential investors should consider that the application of the Participation Factor, Leverage Factor, Multiplication Factor or of the Multiplier, as specified to be applicable in the Final Terms, within the determination of the Security Right results in the Securities being in economic terms similar to a direct investment in the Underlying or, as the case may be, in the Basket Components, but being nonetheless not fully comparable with such a direct investment, in particular because the Securityholders do, if so specified in the relevant Final Terms, not participate in the relevant performance of the Underlying or, as the case may be, Basket Components by a 1:1 ratio, but by the proportion of the Participation Factor, the Leverage Factor, the Multiplication Factor or of the Multiplier.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Reverse Structure**" is specified to be applicable,

potential investors should consider that the Securities provide for a so-called reverse structure and that, hence, the Securities (irrespective of the other features attached to the Securities or of any other factors, which may be relevant for the value of the Securities) **depreciate in value**, if the price of the Underlying or, as the case may be, in the Basket Components, increases, or the Securities **increase in value**, if the price of the Underlying or, as the case may be, in the Basket Components, decreases. Consequently, there is the risk of a loss of the invested capital, if the price of the Underlying or, as the case may be, Basket Components increases correlatively. In addition, the potential return under each Security is, as a principle rule, limited, since the negative performance of the Underlying or, as the case may be, Basket Components may not exceed 100 %.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Express Structure**" is specified to be applicable,

potential investors should consider that the Securities may according to the Conditions of the Securities under certain circumstances expire prior to the Maturity Date without any notice or declaration by the Issuer or the Securityholder being required, so-called express structure. In case the Securities expire prior to the Maturity Date, the Securityholder is entitled to demand the payment of a cash amount and, if a "**Physical Delivery**" is specified to be applicable in the Final Terms, the delivery of the Physical Underlying in an appropriate number in relation to the early expiration. However, the Securityholder is not entitled to request any further payments on the Securities or, as the case may be, and if specified in the relevant Final Terms, the delivery of the Physical Underlying after such early expiration.

The Securityholder, therefore, bears the risk of not participating in the performance of the Underlying or, as the case may be, the Basket Components to the expected extent and during the expected period.

In the case of an early expiration of the Securities, the Securityholder also bears the so-called **risk of reinvestment**. The Securityholder may only be able to re-invest any amount paid by the Issuer in the case of an early expiration, if any, at market conditions, which are less favourable than those existing prevailing at the time of the acquisition of the Securities.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Thresholds, Barriers or Levels**" is specified to be applicable,

potential investors should consider that the Redemption Amount or, as the case may be, and as specified in the relevant Final Terms, the value of the Physical Underlying to be delivered in an appropriate number, if any, under the Securities depends on whether the price of the Underlying or, as the case may be, the Basket Components equals, and/or falls below respectively exceeds a certain threshold, barrier or level as specified in the relevant Final Terms, at a given time or, as the case may be, within a given period as determined by the Conditions of the Securities.

Only provided that the relevant threshold, barrier or, as the case may be, level has not been reached and/or fallen below respectively exceeded at the time or period as determined by the Conditions of the Securities, the holder of a Security receives an amount, predetermined in the Conditions of the Securities as Redemption Amount. If so specified in the relevant Final Terms, the application of thresholds, barriers or levels as specified in the relevant Final Terms may in accordance with the Conditions of the Securities even result in a Redemption Amount of zero (0). Otherwise the Securityholder participates in the performance of the Underlying or, as the case may be, the Basket Components and, therefore, bears the risks of a total loss of the invested capital.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Maximum Amount**" is specified to be applicable,

potential investors should consider that the Redemption Amount or, as the case may be, and as specified in the relevant Final Terms, the value of the Physical Underlying to be delivered in an appropriate number, if any, under the Securities is limited to the Maximum Amount as determined in the Conditions of the Securities. In contrast to a direct investment in the Underlying or, as the case may be, the Basket Components the potential profit of the Securities is, therefore, limited to the Maximum Amount.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Relevant Underlying**" is specified to be applicable,

potential investors should consider that the calculation of the level of the Redemption Amount or, as the case may be, and as specified in the relevant Final Terms, the value of the Physical Underlying to be delivered in an appropriate number, if any, solely refers to the performance of the Relevant Underlying and, thereby, to the Underlying, showing a certain predetermined performance, *e.g.* the **worst** performance during an observation period.

Potential investors should, consequently, be aware that compared to Securities, which refer to only one underlying, the Securities show a higher exposure to loss. This risk may not be reduced by a positive or, as the case may be, negative performance of the remaining Underlyings, because the remaining Underlyings are not taken into account when calculating the level of the Redemption Amount or, as the case may be, and as specified in the relevant Final Terms, the value of the Physical Underlying to be delivered in an appropriate number.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Physical Delivery**" is specified to be applicable,

potential investors should consider that as far as the Conditions of the Securities provide for settlement through physical delivery, upon maturity of the Securities, no payment of a Redemption Amount, but the delivery, if any, of the Physical Underlying as described in the Conditions of the Securities in the appropriate number will occur. Potential investors should, hence, consider that, in the case of a

redemption of the Securities by physical delivery of the Physical Underlying in the appropriate number, investors do not receive any cash amount, but a right to the relevant security, which is transferable according to the conditions of the relevant depository system.

As in such case the Securityholders of the Securities are exposed to the issuer- and security-specific risks related to the Physical Underlying to be delivered, if any, potential investors in the Securities should make themselves familiar with the Physical Underlying, to be delivered, if any, before purchasing the Securities. Moreover, investors should not rely on being able to sell the Physical Underlying after redemption of the Securities at a certain price, in particular not at a price, which corresponds to the capital invested for the acquisition of the Securities. The Physical Underlying delivered in the appropriate number can, under certain circumstances, possibly have a very low or even no value. In such case the Securityholders bear the risk of a total loss of the capital invested for purchasing the Securities (including the transaction costs).

Potential investors in the Securities should also consider that possible fluctuations in the price of the Physical Underlying between the end of the term of the Securities and the actual delivery of the Physical Underlying on the Maturity Date remain with the Securityholder. Any decrease in value of the Physical Underlying after the end of the term of the Securities has to be borne by the Securityholder.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Final Lock-In**" is specified to be applicable,

potential investors should be aware that, as far as the Conditions of the Securities provide for a "Final Lock-In" feature, certain amounts or performances, as specified in the Product Terms, will in the case of the occurrence of a predetermined lock-in event be "locked-in" to an extent that the participation of the Securityholders in the future performance of the Underlying or, as the case may be, the Basket Components is limited or even excluded.

Securityholder do in this case, not, or only to a limited extent, participate in any future performance of the Underlying or, as the case may be, the Basket Components.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Currency Conversion**" is specified to be applicable,

potential investors should consider that the Securityholder's right vested in the Securities is determined on the basis of a currency other than the Redemption Currency, currency unit or calculation unit, and also the value of the Underlying or, as the case may be, the Basket Components is determined in such a currency other than the Redemption Currency, currency unit or calculation unit. Potential investors should, therefore, be aware that investments in these Securities could entail risks due to fluctuating exchange rates, and that the risk of loss does not depend solely on the performance of the Underlying or, as the case may be, the Basket Components, but also on unfavourable developments in the value of the foreign currency, currency unit or calculation unit.

Such developments can additionally increase the Securityholders' exposure to losses, because an unfavourable performance of the relevant currency exchange rate may correspondingly decrease the value of the purchased Securities during their term or, as the case may be, the level of the Redemption Amount or, as the case may be, the value of the Physical Underlying to be delivered in an appropriate number, if any. Currency exchange rates are determined by factors of offer and demand on the international currency exchange markets, which are themselves exposed to economic factors, speculations and measures by governments and central banks (for example monetary controls or restrictions).

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Capital Protection**" is specified to be applicable,

potential investors should consider that the Securities are as at the end of their term only capital protected to the extent of a Minimum Amount (without consideration of the offering premium), *i.e.* the investor receives at the end of the term, in case of Securities linked to the performance of an Underlying even disregarding the actual performance of the Underlying or, as the case may be, the Basket Components, in any case the capital protected Minimum Amount specified in the relevant Final Terms. If an investor acquires the Securities at a price, which is higher than the Minimum Amount, the prospective investor should be aware that the (proportional) capital protection only refers to the lower

Minimum Amount. In this context, it has to be considered that the capital protection only applies at the end of the term, *i.e.* provided that the Securities have not been terminated or, if so specified in the applicable Final Terms, expired early. The cash amount to be paid or, as the case may be and as specified in the applicable Final Terms, the value of the Physical Underlying to be delivered in an appropriate number, if any, in the case of an early redemption of the Securities can be considerably below the amount, which would be payable as a minimum at the end of the term of the Securities, where the capital protection applies to the extent of the Minimum Amount, and may even be equal to zero. In such case the Securityholders will incur a **total loss** of its investment (including any transaction costs).

Potential investors of the Securities should furthermore recognise that despite the capital protection to the extent of the Minimum Amount, the investor bears the risk of the Issuer's financial ability worsening and the potential subsequent inability of the Issuer to pay its obligations under the Securities. In case of an insolvency of the Issuer, Securityholders may suffer a **total loss** of their investment in the Securities. Potential investors must therefore be prepared and able to sustain a partial or even a total loss of the capital invested. Purchasers of the Securities should in any case assess their financial situation, to ensure that they are in a position to bear the risks of loss connected with the Securities.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**No predefined term**" is specified to be applicable,

potential investors should consider that the Securities have - in contrast to securities with a fixed term - no predetermined expiration date, and thus no defined term. As a result, the Securityholder's right vested in those Securities, must be exercised by the respective Securityholder on a specific Exercise Date in accordance with the exercise procedure described in the Conditions of the Securities, if the Security Right is to be asserted. In the event that the required Exercise Notice is not duly received on the relevant Exercise Date, the Securities cannot be exercised until the next exercise date stated in the Conditions of the Securities.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Time-lagged Valuation**" is specified to be applicable,

potential investors should note that in case of an exercise of the Securities on an Exercise Date or, as the case may be, of the occurrence of an automatic termination event (including, but not limited to, a Stop Loss Event or Knock Out Event) in accordance with the Conditions of the Securities, the Valuation Date or the Final Valuation Date relevant for determining the Reference Price or the Settlement Price, as specified in the Final Terms, will in accordance with the Conditions of the Securities be a day following a significant period after the relevant Exercise Date or, as the case may be, the relevant automatic termination date, as specified to be applicable in the Product Terms. Any adverse fluctuations in the Price of the Underlying or, as the case may be, of the Basket Components between such date and the Valuation Date or the Final Valuation Date, as specified in the Final Terms are borne by the relevant Securityholder.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Automatic Termination**" is specified to be applicable,

potential investors should consider that in case of the occurrence of an automatic termination event (including, but not limited to, a Stop Loss Event or Knock Out Event) in accordance with the Conditions of the Securities, the term of all outstanding Securities is automatically terminated.

The Securityholder, therefore, bears the risk of not participating in the performance of the Underlying or, as the case may be, the Basket Components to the expected extent and during the expected period and, therefore, receives less than its capital invested.

In the case of the occurrence of an automatic termination event, the Securityholder also bears the risk of a reinvestment, *i.e.* the investor bears the risk that it will have to re-invest the redemption amount, if any, paid by the Issuer in the case of the occurrence of an automatic termination event at market conditions, which may be less favourable than those existing prevailing at the time of the acquisition of the Securities.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Minimum Exercise Size**" is specified to be applicable,

potential investors should consider that any Securityholder, must in accordance with the Conditions of the Securities tender a specified minimum number of the Securities, in order to exercise the Security Right vested in the Securities, the so-called Minimum Exercise Size. Securityholders with fewer than the specified Minimum Exercise Size of Securities will, therefore, either have to sell their Securities or purchase additional Securities (incurring transaction costs in each case). Selling the Securities requires that market participants are willing to acquire the Securities at a certain price. In case that no market participants are readily available, the value of the Securities may not be realised.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Securityholder's Termination Right**" is specified to be **not** applicable,

potential investors should consider that Securityholders do not have a termination right and the Securities may, hence, not be terminated by the Securityholders during their term. Prior to the maturity of the Securities the realisation of the economic value of the Securities (or parts thereof), is, unless the Securities have been subject to early redemption or termination by the Issuer in accordance with the Conditions of the Securities or, if so specified in the relevant Final Terms, an exercise of the Security Right by the Securityholders in accordance with the Conditions of the Securities, only possible by way of selling the Securities.

Selling the Securities requires that market participants are willing to acquire the Securities at a certain price. In case that no market participants are readily available, the value of the Securities may not be realised. The issuance of the Securities does not result in an obligation of the Issuer towards the Securityholders to compensate for this or to repurchase the Securities.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Quanto**" is specified to be applicable,

potential investors should consider that the Price of the Underlying or, as the case may be, the Basket Components is determined in a currency other than the Redemption Currency, so-called underlying currency. The relevant Price of the Underlying or of the Basket Components used for the calculation of any amounts payable under the Securities is expressed in the Redemption Currency without any reference to the currency exchange rate between the underlying currency of the Underlying or, as the case may be, the Basket Components, and the Redemption Currency (so-called "quanto"-feature). As a result, the relative difference between the actual interest rate in relation to the Underlying Currency and the actual interest rate in relation to the Redemption Currency may have a negative impact on the value of the Securities.

2. Effect of downgrading of the Issuer's rating

The general assessment of the Issuer's creditworthiness may affect the value of the Securities. This assessment generally depends on the ratings assigned to the Issuer or its affiliated companies by rating agencies such as Standard & Poor's Credit Market Services Europe Limited, Fitch Ratings Limited, Moody's Investors Service, Inc. and Scope Ratings AG. As a result, any downgrading of the Issuer's rating by a rating agency may have a negative impact on the value of the Securities.

3. Ratings are not Recommendations

The ratings of UBS AG as Issuer should be evaluated independently from similar ratings of other entities, and from the rating, if any, of the debt or derivative securities issued. A credit rating is not a recommendation to buy, sell or hold securities issued or guaranteed by the rated entity and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency.

A rating of the Securities, if any, is not a recommendation to buy, sell or hold the Securities and may be subject to revision or withdrawal at any time by the relevant rating agency. Each rating should be evaluated independently of any other securities rating, both in respect of the rating agency and the type of security. Furthermore, rating agencies which have not been hired by the Issuer or otherwise to rate the Securities could seek to rate the Securities and if such "unsolicited ratings" are lower than the equivalent rating assigned to the Securities by the relevant hired rating agency, such ratings could have an adverse effect on the value of the Securities.

4. **No statutory or voluntary deposit guarantee scheme**

The Issuer's obligations relating to the Securities are not protected by any statutory or voluntary deposit guarantee system or compensation scheme. **In the event of insolvency of the Issuer, investors may thus experience a total loss of their investment in the Securities.**

5. **Securityholders are exposed to the risk of a bail-in**

The Issuer and the Securities are subject to the Swiss Banking Act and the Swiss Financial Market Supervisory Authority's ("FINMA") bank insolvency ordinance, which empowers FINMA as the competent resolution authority to in particular apply under certain circumstances certain resolution tools to credit institutions. These measures include in particular the write-down or conversion of securities into common equity of such credit institution (the so called bail-in). A write-down or conversion would have the effect that the Issuer would insofar be released from its obligations under the Securities. Securityholders would have no further claim against the Issuer under the Securities. The resolution tools may, hence, have a significant negative impact on the Securityholders' rights by suspending, modifying and wholly or partially extinguishing claims under the Securities. In the worst case, this can lead to a **total loss of the Securityholders' investment in the Securities.**

Such legal provisions and/or regulatory measures may severely affect the rights of the Securityholders and may have a negative impact on the value of the Securities even prior to any non-viability or resolution in relation to the Issuer.

6. **The Conditions of the Securities do not contain any restrictions on the Issuer's or UBS's ability to restructure its business**

Over the past two years, UBS has undertaken a series of measures to improve the resolvability of the Group in response to too big to fail ("TBTF") requirements in Switzerland and other countries in which the Group operates. UBS Group AG completed an exchange offer for the shares of UBS AG and a procedure under the Swiss Stock Exchange and Securities Trading Act to squeeze out minority shareholders of UBS AG and as at the date of this Listing Prospectus owns all of the outstanding shares of UBS AG and is the holding company for the UBS Group.

In June 2015, UBS AG transferred its Retail & Corporate and Wealth Management business booked in Switzerland to UBS Switzerland AG, a banking subsidiary of UBS AG in Switzerland.

In the UK, UBS completed the implementation of a more self-sufficient business and operating model for UBS Limited, under which UBS Limited bears and retains a larger proportion of the risk and reward in its business activities.

In the third quarter, UBS established UBS Business Solutions AG as a direct subsidiary of UBS Group AG, to act as the Group service company. UBS will transfer the ownership of the majority of its existing service subsidiaries to this entity. UBS expects that the transfer of shared service and support functions into the service company structure will be implemented in a staged approach through 2018. The purpose of the service company structure is to improve the resolvability of the Group by enabling UBS to maintain operational continuity of critical services should a recovery or resolution event occur.

UBS AG has established a new subsidiary, UBS Americas Holding LLC, which UBS intends to designate as its intermediate holding company for its US subsidiaries prior to the 1 July 2016 deadline under new rules for foreign banks in the US pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"). During the third quarter of 2015, UBS AG contributed its equity participation in the principal US operating subsidiaries to UBS Americas Holding LLC to meet the requirement under Dodd-Frank that the intermediate holding company own all of UBS's US operations, except branches of UBS AG.

UBS has established a new subsidiary of UBS AG, UBS Asset Management AG, into which UBS expects to transfer the majority of the operating subsidiaries of Asset Management during 2016. UBS continues to consider further changes to the legal entities used by Asset Management, including the transfer of operations conducted by UBS AG in Switzerland into a subsidiary of UBS Asset Management AG.

UBS continues to consider further changes to the Group's legal structure in response to capital and other regulatory requirements, and in order to obtain any reduction in capital requirements for which the Group may be eligible. Such changes may include the transfer of operating subsidiaries of UBS AG

to become direct subsidiaries of UBS Group AG, consolidation of operating subsidiaries in the European Union, and adjustments to the booking entity or location of products and services. These structural changes are being discussed on an ongoing basis with FINMA and other regulatory authorities, and remain subject to a number of uncertainties that may affect their feasibility, scope or timing.

The Conditions of the Securities contain no restrictions on change of control events or structural changes, such as consolidations or mergers or demergers of the Issuer or the sale, assignment, spin-off, contribution, distribution, transfer or other disposal of all or any portion of the Issuer's or its subsidiaries' properties or assets in connection with the announced changes to its legal structure or otherwise and no event of default, requirement to repurchase the Securities or other event will be triggered under the Conditions of the Securities as a result of such changes. There can be no assurance that such changes, should they occur, would not adversely affect the credit rating of the Issuer and/or increase the likelihood of the occurrence of an event of default. Such changes, should they occur, may adversely affect the Issuer's ability to pay interest on the Securities and/or lead to circumstances in which the Issuer may elect to cancel such interest (if applicable).

7. Termination and Early Redemption at the option of the Issuer

Potential investors in the Securities should furthermore be aware that the Issuer is, pursuant to the Conditions of the Securities, under certain circumstances, e.g. in case that (i) the determination and/or publication of the price of the Underlying or, as the case may be, a Basket Component is discontinued permanently or (ii) that due to the coming into effect of changes in laws or regulations (including but not limited to tax laws) at the reasonable discretion of the Issuer the holding, acquisition or sale of the Underlying or, as the case may be, a Basket Component is or becomes wholly or partially illegal, entitled to terminate and redeem the Securities in total prior to the scheduled Maturity Date. In case of a **share as the Underlying or a Basket Component**, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the Issuer is pursuant to the Conditions of the Securities also entitled to termination, if the liquidity of the shares of the affected company is, in the Issuer's opinion, significantly affected by a take-over of the relevant shares, even without the occurrence of a delisting of the stock company. In case the Issuer terminates and redeems the Securities prior to the Maturity Date, the Securityholder is in accordance with the Conditions of the Securities entitled to demand the payment of a redemption amount in relation to this early redemption. However, the Securityholder is not entitled to request any further payments on the Securities after the relevant termination date. Furthermore, the Termination Amount, if any, payable in the case of an early redemption of the Securities by the Issuer can be considerably below the amount, which would be payable at the scheduled end of the term of the Securities.

The Securityholder, therefore, bears the risk of not participating in the performance of the Underlying or, as the case may be, the Basket Components, to the expected extent and during the expected period.

In the case of a termination the Issuer shall pay to each Securityholder an amount in the Redemption Currency with respect to each Security held by it, which is determined by the Calculation Agent at its reasonable discretion and, if applicable, considering the then prevailing Price of the Underlying or, as the case may be, the Basket Components and the expenses of the Issuer caused by the termination, as the fair market price of a Security at the occurrence of the termination. When determining a fair market price of a Security, the Calculation Agent is entitled to consider all factors, including any adjustments of option contracts on the Underlying or, as the case may be, the Basket Components, without being bound to any third party measures or assessments, in particular any measures or assessments of any futures or options exchange. Due to the fact that the Calculation Agent may take into consideration the market factors it considers to be relevant at its reasonable discretion without being bound to third party measures or assessments, there is the risk that the amount determined by the Calculation Agent at its reasonable discretion as the fair market price of the Security at the occurrence of the termination – and, hence, the Termination Amount - may differ from the market price of comparable Securities relating to the Underlying or, as the case may be, the Basket Components, as determined by a third party.

In the case of a termination of the Securities by the Issuer, the Securityholder bears the risk of a reinvestment, *i.e.* the investor bears the risk that it will have to re-invest the Termination Amount, if any, paid by the Issuer in the case of termination at market conditions, which are less favourable than those prevailing at the time of the acquisition of the Securities.

8. **Possible fluctuations in the Price of the Underlying or, as the case may be, the Basket Components after termination of the Securities**

In the event that the term of the Securities is terminated early by the Issuer pursuant to the Conditions of the Securities, potential investors of the Securities should note that any adverse fluctuations in the Price of the Underlying or, as the case may be, of the Basket Components between the announcement of the termination by the Issuer and the determination of the Price of the Underlying or, as the case may be, the Basket Components relevant for the calculation of the then payable relevant Termination Amount or, if in the applicable Product Terms in the definition of "Securities" the product feature "**Securityholder's Termination Right**" is specified to be applicable, of the Securityholder Termination Amount, as the case may be, are borne by the Securityholders.

9. **Adverse impact of adjustments of the Security Right**

There is the risk that certain events occur or certain measures are taken (by parties other than the Issuer) in relation to the Underlying or, as the case may be, the Basket Components, which potentially lead to changes to the Underlying or, as the case may be, the Basket Components or result in the underlying concept of the Underlying or, as the case may be, the Basket Components being changed, so-called Potential Adjustment Events. In the case of the occurrence of a Potential Adjustment Event, the Issuer shall be entitled to effect adjustments according to the Conditions of the Securities to account for these events or measures. These adjustments might have a negative impact on the value of the Securities.

10. **Substitution of the Issuer**

Provided that the Issuer is not in default with its obligations under the Securities, the Issuer is in accordance with the Conditions of the Securities, at any time entitled, without the consent of the Securityholders, to substitute another company within the UBS Group as issuer (the "**Substitute Issuer**") with respect to all obligations under or in connection with the Securities.

This may impact any listing of the Securities and, in particular, it may be necessary for the Substitute Issuer to reapply for listing on the relevant market or stock exchange on which the Securities are listed. In addition, following such a substitution, Securityholders will become subject to the credit risk of the Substitute Issuer.

11. **Determinations by the Calculation Agent**

The Calculation Agent has certain discretion under the Conditions of the Securities (i) to determine whether certain events have occurred (in particular, the occurrence of a Potential Adjustment Event or a Market Disruption in accordance with the Conditions of the Securities), (ii) to determine any resulting adjustments and calculations, (iii) also to make adjustments to the Underlying or, as the case may be, the Basket Components and (iv) to postpone valuations or payments under the Securities. The Calculation Agent will make any such determination at its reasonable discretion and in a commercially reasonable manner. Potential investors should be aware that any determination made by the Calculation Agent may have an impact on the value and financial return of the Securities. Any such discretion exercised by, or any determination made by, the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Securityholders.

12. **Other factors affecting the value**

The value of a Security is determined not only by changes in the Price of the Underlying or, as the case may be, the Basket Components, but also by a number of other factors. Since several risk factors may have simultaneous effects on the Securities, the effect of a particular risk factor cannot be predicted. In addition, several risk factors may have a compounding effect which may not be predictable. There is the risk that any combination of risk factors may have a significantly negative effect on the value of the Securities.

These factors include the term of the Securities, the frequency and intensity of price fluctuations (volatility), as well as the prevailing interest rate and dividend levels. A decline in the value of the Security may therefore occur even if the Price of the Underlying or, as the case may be, the Basket Components remain(s) constant.

Potential investors of the Securities should be aware that an investment in the Securities involves a valuation risk with regard to the Underlying or, as the case may be, the Basket Components. They should have experience with transactions in securities with a value derived from the Underlying or, as the case may be, the Basket Components. The value of the Underlying or, as the case may be, the Basket Components may vary over time and may increase or decrease by reference to a variety of

factors which may include UBS corporate action, macro economic factors and speculation. In addition, the historical performance of the Underlying or, as the case may be, the Basket Components is not an indication of its future performance. Changes in the market price of the Underlying or, as the case may be, the Basket Components will affect the trading price of the Securities, and it is impossible to predict whether the market price of the Underlying or, as the case may be, the Basket Components will rise or fall or improve or worsen, respectively.

13. **Effect of ancillary costs**

Commissions and other transaction costs incurred in connection with the purchase or sale of Securities may result in charges, particularly in combination with a low order value, **which can substantially reduce any Redemption Amount, if any, to be paid under the Securities.** Before acquiring a Security, potential investors should therefore inform themselves of all costs incurred through the purchase or sale of the Security, including any costs charged by their custodian banks upon purchase and maturity of the Securities.

14. **Transactions to offset or limit risk**

Potential investors of the Securities should not rely on the ability to conclude transactions at any time during the term of the Securities that will allow them to offset or limit relevant risks. This depends on the market situation and the prevailing conditions. Transactions designed to offset or limit risks might only be possible at an unfavourable market price that will entail a loss for investors.

15. **Trading in the Securities / Illiquidity**

It is not possible to predict if and to what extent a secondary market may develop in the Securities or at what price the Securities will trade in the secondary market or whether such market will be liquid or illiquid.

If so specified in the relevant Final Terms, applications will be or have been made to the Security Exchange(s) specified for admission or listing of the Securities. If the Securities are admitted or listed, there is the risk that any such admission or listing will not be maintained. The fact that the Securities are admitted to trading or listed does not necessarily denote greater liquidity than if this were not the case. If the Securities are not listed or traded on any exchange, pricing information for the Securities may be more difficult to obtain and the liquidity of the Securities, if any, may be adversely affected. The liquidity of the Securities, if any, may also be affected by restrictions on the purchase and sale of the Securities in some jurisdictions. Additionally, the Issuer has the right (but no obligation) to purchase Securities at any time and at any price in the open market or by tender or private agreement. Any Securities so purchased may be held or resold or surrendered for cancellation.

In addition, there is the risk that the number of Securities actually issued and purchased by investors is less than the intended Issue Size or, as the case may be, the intended Aggregate Nominal Amount of the Securities. Consequently, there is the risk that due to the low volume of Securities actually issued the liquidity of the Securities is lower than if all Securities were issued and purchased by investors.

The Manager(s) intend, under normal market conditions, to provide bid and offer prices for the Securities of an issue on a regular basis. However, the Manager(s) make no firm commitment to the Issuer to provide liquidity by means of bid and offer prices for the Securities, and assumes no legal obligation to quote any such prices or with respect to the level or determination of such prices. The Manager(s) determine(s) any bid and offer prices of the Securities by using common pricing models taking into account the changes in parameters that determine market prices. Unlike stock exchange trading prices (of shares, for example) these prices are not directly determined by the principle of offer and demand in relation to Securities. In case of extraordinary market conditions or technical problems, it may be temporarily complicated or impossible to purchase or sell the Securities. **Potential investors therefore should not rely on the ability to sell Securities at a specific time or at a specific price.**

16. **Representation and Custody of the Securities**

Securities under the Base Prospectus may be issued either physically in bearer form (including Swiss Global Securities and (Temporary or Permanent) Global Security(s)) to be kept with the relevant Clearing System or on its behalf) or in uncertificated and dematerialised form to be registered in book-entry form with the relevant Clearing System (in case of Intermediated Securities, Swedish Securities, Finnish Securities, Norwegian Securities and Danish Securities).

Consequently, Securityholders will have to rely on procedures of the relevant Clearing System and the applicable laws for transfer, payment and communication with the Issuer.

The Issuer has no responsibility or liability under any circumstances for any acts and omissions of any Clearing Systems or any intermediary/FISA Depository as well as for any losses which might occur to a Securityholder out of such acts and omissions.

17. Pricing of Securities

Unlike most other securities the pricing of these Securities is regularly not based on the principle of offer and demand in relation to Securities, since the secondary market traders might quote independent bid and offer prices. This price calculation is based on price calculation models prevailing in the market, whereas the theoretical value of the Securities is, in principle, determined on the basis of the value of the Underlying or, as the case may be, the Basket Components and the value of other features attached to the Securities, each of which features may, in economic terms, be represented by another derivative financial instrument.

The potentially quoted prices do not necessarily correspond to the Securities' intrinsic value as determined by a trader.

18. Expansion of the spread between bid and offer prices

In special market situations, where the Issuer is completely unable to conclude hedging transactions, or where such transactions are very difficult to conclude, the spread between the bid and offer prices may be temporarily expanded, in order to limit the economic risks to the Issuer. Therefore, Securityholders who wish to sell their Securities via a stock exchange or in the over-the-counter trading might sell at a price considerably lower than the intrinsic value of the Securities at the time of their sale.

19. Borrowed funds

If the purchase of Securities is financed by borrowed funds and investors' expectations are not met, they not only suffer the loss incurred under the Securities, but in addition also have to pay interest on and repay the loan. This produces a substantial increase in investors' risk of loss. Investors of Securities should never rely on being able to redeem and pay interest on the loan through gains from a Securities transaction. Rather, before financing the purchase of a Security with borrowed funds, the investors' financial situations should be assessed, as to their ability to pay interest on or redeem the loan immediately, even if they incur losses instead of the expected gains.

20. Effect of hedging transactions by the Issuer on the Securities

The Issuer may use all or some of the proceeds received from the sale of the Securities to enter into hedging transactions relating to the risks incurred in issuing the Securities. In such a case, the Issuer or one of its affiliated companies may conclude transactions that correspond to the Issuer's obligations arising from the Securities. Generally speaking, this type of transaction will be concluded before or on the Issue Date of the Securities, although these transactions can also be concluded after the Securities have been issued. The Issuer or one of its affiliated companies may take the necessary steps for the closing out of any hedging transactions. However, there is the risk that the Price of the Underlying or, as the case may be, the Basket Components, might, in certain cases, be affected by these transactions. In the case of Securities whose value depends on the occurrence of a specific event in relation to the Underlying or, as the case may be, the Basket Components, entering into or closing out such hedging transactions may affect the likelihood of this event occurring or not occurring.

21. Taxation in relation to the Securities

Potential investors should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Securities are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial instruments such as the Securities. Potential investors are advised not to rely upon the tax summary contained in the Base Prospectus but to ask for their own tax advisor's advice on their individual taxation with respect to the acquisition, sale and redemption of the Securities. Only these advisors are in a position to duly consider the specific situation of the potential investor.

22. Payments under the Securities may be subject to U.S. withholdings

Investors in the Securities should be aware that payments under the Securities may under certain circumstances be subject to a U.S. withholding:

Payments under the Securities may be subject to U.S. withholding under the U.S. Tax Code

Section 871(m) of the U.S. Tax Code requires withholding (up to 30%, depending on whether a treaty applies) on certain financial instruments (such as, *e.g.* the Securities) to the extent that the payments or deemed payments on the financial instruments are contingent upon or determined by reference to U.S.-source dividends. Under U.S. Treasury Department regulations, certain payments or deemed payments with respect to certain equity-linked instruments (“**specified ELIs**”) that reference U.S. stocks or indices that include U.S. equities may be treated as dividend equivalents (“**dividend equivalents**”) which are subject to U.S. withholding tax at a rate of 30% (or lower treaty rate). Under these regulations, withholding may be required even in the absence of any actual dividend-related payment or adjustment made pursuant to the Conditions of the Securities. **In case, e.g. (but not limited to) of an Underlying or, as the case may be, a Basket Component, providing for dividends from sources within the United States, it is possible that these rules could apply to the Securities.**

Section 871(m) of the U.S. Tax Code and the applicable regulations may apply to Securities that are issued (or significantly modified) on or after 1 January 2017. In addition, with respect to Securities issued (or significantly modified) on or after 1 January 2016 and before 1 January 2017, Section 871(m) of the U.S. Tax Code may apply with respect to payments made on or after 1 January 2018. If an amount in respect of such U.S. withholding tax were to be deducted or withheld from payments on the Securities, none of the Issuer, any paying agent or any other person would, pursuant to the Conditions of the Securities, be required to pay additional amounts as a result of the deduction or withholding of such tax.

Securityholders should, consequently, be aware that payments under the Securities may under certain circumstances be subject to U.S. withholding tax and should consult with their tax advisors regarding the application of Section 871(m) of the US Tax Code and the regulations thereunder in respect of their acquisition and ownership of the Securities.

Payments under the Securities may be subject to U.S. withholding under FATCA

The Foreign Account Tax Compliance Act (“**FATCA**”) imposes a 30% U.S. withholding tax on payments of U.S. source interest, dividends and certain other passive income, and on the gross proceeds from the sale or other disposition of certain assets and on certain “passthru payments” attributable to such income or proceeds beginning 1 January 2019, made to certain foreign financial institutions (“**FFIs**”) (including most foreign hedge funds, private equity funds and other investment vehicles) unless the payee FFI agrees to disclose the identity of any U.S. individuals and certain U.S. entities that directly or indirectly maintain an account with, or hold debt or equity interests in, such institution (or the relevant affiliate) and to annually report certain information about such account or interest directly, or indirectly, to the IRS. FATCA also requires withholding agents making certain payments to certain non-financial foreign entities that fail to disclose the name, address, and taxpayer identification number of any substantial direct or indirect U.S. owners of such entity to withhold a 30% tax on such payments.

The United States and Switzerland entered into an intergovernmental agreement to facilitate the implementation of FATCA (an “**IGA**”). Under the U.S.-Switzerland IGA, financial institutions acting out of Switzerland, such as the Issuer, are directed to enter into and comply with an agreement with the IRS to provide certain information about investors. The United States and certain other jurisdictions, such as Jersey and the United Kingdom, have also entered into IGAs pursuant to which FFIs, including branches acting in those jurisdictions, will be required to provide similar information to the local governmental authorities who will then share it with the U.S. authorities.

Accordingly, the Issuer and other FFIs may be required under FATCA to report certain account information directly to the IRS (or to a non-U.S. governmental authority under a relevant IGA entered into between the U.S. and such non-U.S. country that will pass such information on to the IRS) regarding the holders of the Securities. Moreover, the Issuer may be required to withhold on a portion of payments made on the Securities if: (i) a Securityholder fails to provide the relevant information, (ii) a Securityholder does not consent, where necessary, to have information disclosed to the IRS or the relevant non-U.S. governmental authority under an IGA; or (iii) a Securityholder is an FFI that fails to comply with FATCA.

Securityholders holding their Securities through an FFI or other foreign entity should be aware that a portion of any payments under the Securities may be subject to 30% withholding tax under FATCA. If an amount in respect of such withholding tax under FATCA were to be deducted or withheld from payments on the Securities, none of the Issuer, any paying agent or any other person would, pursuant to the Conditions of the Securities, be required to pay additional amounts as a result of the deduction

or withholding of such tax. **Securityholders should, consequently, be aware that payments under the Securities may under certain circumstances be subject to U.S. withholding under FATCA and should consult with their tax advisors regarding the application of withholding tax under FATCA in respect of their acquisition and ownership of the Securities.**

23. Changes in Taxation in relation to the Securities

The considerations concerning the taxation of the Securities set forth in this Base Prospectus reflect the opinion of the Issuer on the basis of the legal situation identifiable as of the date hereof. However, there is the risk that the fiscal authorities and tax courts might take a different view, resulting in a different tax treatment of the Securities. In addition, the tax considerations set forth in this Base Prospectus cannot be the sole basis for the assessment of an investment in the Securities from a tax point of view, as the individual circumstances of each investor also have to be taken into account. Therefore, the tax considerations set forth in this Base Prospectus are not to be deemed any form of definitive information or tax advice or any form of assurance or guarantee with respect to the occurrence of certain tax consequences. Each investor should seek the advice of his or her personal tax consultant before deciding whether to purchase the Securities.

Neither the Issuer nor the Managers assumes any responsibility vis-à-vis the Securityholders for the tax consequences of an investment in the Securities.

24. Potential conflicts of interest

The Issuer and affiliated companies may participate in transactions related to the Securities in some way, for their own account or for account of a client. Such transactions may not serve to benefit the Securityholders and may have a positive or negative effect on the value of the Underlying or, as the case may be, the Basket Components, and consequently on the value of the Securities. Furthermore, companies affiliated with the Issuer may become counterparties in hedging transactions relating to obligations of the Issuer stemming from the Securities. As a result, conflicts of interest can arise between companies affiliated with the Issuer, as well as between these companies and investors, in relation to obligations regarding the calculation of the price of the Securities and other associated determinations. In addition, the Issuer and its affiliates may act in other capacities with regard to the Securities, such as calculation agent, paying agent and administrative agent and/or index sponsor.

Furthermore, the Issuer and its affiliates may issue other derivative instruments relating to the Underlying or, as the case may be, the Basket Components; introduction of such competing products may affect the value of the Securities. The Issuer and its affiliated companies may receive non-public information relating to the Underlying or, as the case may be, the Basket Components, and neither the Issuer nor any of its affiliates undertakes to make this information available to Securityholders. In addition, one or more of the Issuer's affiliated companies may publish research reports on the Underlying(s) or, as the case may be, the Basket Components. Such activities could present conflicts of interest and may negatively affect the value of the Securities.

Within the context of the offering and sale of the Securities, the Issuer or any of its affiliates may directly or indirectly pay fees in varying amounts to third parties, such as distributors or investment advisors, or receive payment of fees in varying amounts, including those levied in association with the distribution of the Securities, from third parties. Potential investors should be aware that the Issuer may retain fees in part or in full. The Issuer or, as the case may be, the Managers, upon request, will provide information on the amount of these fees.

3. Underlying specific Risks

The Securities issued under the Base Prospectus may be linked to a share, a non-equity security, a precious metal, a commodity, an index, an exchange traded fund unit, a not exchange traded fund unit, a futures contract, a currency exchange rate, an interest rate or a reference rate. The Securities may relate to one or more of these Underlyings or a combination of them.

Some or all of the amounts payable or the Physical Underlying to be delivered on exercise, redemption or periodically under the Securities will be determined by reference to the price or value of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Components. Accordingly, investing in the Securities also involves certain risks that are related to the Underlying and investors should review carefully the Base Prospectus and the applicable Final Terms in order to understand the effect on the Securities of such linkage to the Underlying.

The purchase of, or investment in, Securities linked to an Underlying involves substantial risks. These Securities are not conventional securities and carry various unique investment risks which potential investors should understand clearly before investing in the Securities. Potential investors in such Securities should be familiar with this type of securities and should fully review all documentation, read and understand the Base Prospectus, the Conditions of the Securities and the applicable Final Terms and be aware of the nature and extent of the exposure to risk of loss.

1. **General risks related to the Underlying or a Basket Component, as the case may be**

Investors should be aware that some risks are related to the Underlying or, as the case may be, the Basket Components in general:

Risk of fluctuations in the value of the Underlying or the Basket Components, as the case may be

By investing in Securities linked to an Underlying, Securityholders are subject to the risks related to such Underlying. The performance of the Underlying or, as the case may be, the Basket Components is subject to fluctuations. Therefore, Securityholders cannot foresee what consideration they can expect to receive for the Securities on a certain day in the future. When the Securities are redeemed, exercised or otherwise disposed of on a certain day, substantial losses in value might occur in comparison to a disposal at a later or earlier point in time.

Uncertainty about future performance of the Underlying or the Basket Components, as the case may be

The value of the Underlying or, as the case may be, the Basket Components may vary over time and may increase or decrease by reference to a variety of factors, e.g. corporate actions, macroeconomic factors and speculation. Potential investors should note that an investment in Securities linked to an Underlying may be subject to similar risks than a direct investment in the Underlying or, as the case may be, the Basket Components.

It is not possible to reliably predict the future performance of the Underlying or, as the case may be, the Basket Components. Likewise, the historical data of the Underlying or, as the case may be, the Basket Components does not allow for any conclusions to be drawn about the future performance of the Underlying or, as the case may be, the Basket Components and the Securities. The Underlying or Basket Components may have only a short operating history or may have been in existence only for a short period of time and may deliver results over the longer term that may be lower than originally expected.

No warranties or representations regarding the future performance of the Underlying or the Basket Components, as the case may be

The Issuer does not give any explicit or tacit warranty or representation regarding the future performance of the Underlying or, as the case may be, the Basket Components. In addition, the issuer or the sponsor of the Underlying or, as the case may be, the Basket Component does not assume any obligation to consider the interests of the Issuer of the Securities or the Securityholders for any reason whatsoever.

No rights of ownership in the Underlying or the Basket Components, as the case may be

Potential investors should be aware that the relevant Underlying or, as the case may be, the Basket Components will not be held by the Issuer for the benefit of the Securityholders, and that Securityholders will not obtain any rights of ownership (including, without limitation, any voting rights, any rights to receive dividends or other distributions or any other rights) with respect to any Underlying or, as the case may be, Basket Component to which the Securities are related. Neither the Issuer nor any of its affiliates is under any obligation whatsoever to acquire or hold any Underlying or Basket Component.

Risks associated with Underlyings or a Basket Component, as the case may be, which are subject to emerging market jurisdictions

An Underlying or, as the case may be, a Basket Component may be subject to the jurisdiction of an emerging market. Investing in Securities with such an Underlyings or, as the case may be, Basket Component involves additional legal, political (e.g. rapid political upheavals) or economical (e.g. economic crises) risks.

Countries that fall into this category are usually considered to be "emerging" because of their developments and reforms and their economy being in the process of changing from those of a moderately developed country to an industrial country. In emerging markets, expropriation, taxation

equivalent to confiscation, political or social instability or diplomatic incidents may have a negative impact on an investment in the Securities. The amount of publicly available information with respect to the Underlying or any components thereof may be less than that normally made available to Securityholders. Transparency requirements, accounting, auditing and financial reporting standards as well as regulatory standards are in many ways less stringent than standards in industrial countries.

Although they generally record rising volumes, some emerging financial markets have much lower trading volumes than developed markets and the securities of many companies are less liquid and their prices are subject to stronger fluctuations than those of similar companies in developed markets.

Risks associated with a limited information base regarding the Underlying or the Basket Components, as the case may be, and a possible information advantage of the Issuer

Information regarding the Underlying or the Basket Components, as the case may be may not be publicly available or only available to a certain extent. Therefore, investors may have no or only limited access to detailed information regarding the relevant Underlying or the Basket Components, as the case may be, in particular on its current price or value, on its past and future performance and on its volatility.

In contrast, the Issuer may have access to information which is not publicly available and may thereby generate an information advantage.

In addition, any publicly available information may be published with delay and may not have been published or published in full at the time the investors seeks the information or at the time the amounts payable or the Physical Underlying to be delivered on exercise, redemption or periodically under the Securities will be determined by reference to the price or value of the Underlying or the Basket Components, as the case may be.

Consequence of the linkage to a basket as the Underlying or, as the case may be, a portfolio of Underlyings

In case of a basket or a portfolio used as the Underlying, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the level of the Redemption Amount depends on the performance of the Basket comprising the Basket Components or, as the case may be, a portfolio comprising the Underlyings.

As a result, fluctuations in the value of one Basket Component or, as the case may be, one Underlying may be offset or intensified by fluctuations in the value of other Basket Components comprised in the Basket or, as the case may be, Underlyings comprised in the portfolio. Even in the case of a positive performance of one or more Basket Components comprised in the Basket or Underlyings comprised in the portfolio, the performance of the Basket or the portfolio, respectively, as a whole may be negative if the performance of the other Basket Components or, as the case may be, Underlyings is negative to a greater extent. There can be a significant adverse effect on the calculation or specification of the redemption amount if the performance of one or more Basket Components comprised in the Basket or, as the case may be, Underlyings comprised in the portfolio, on which the calculation or specification of the redemption amount is based, has deteriorated significantly.

Furthermore, also the degree of the Basket Components' or the Underlyings' dependency from each other, so-called correlation, is of importance when calculating the level of the Redemption Amount. If all of the Basket Components or the Underlyings derive from the same economy sector or, as the case may be, the same country the development of the Basket Components or the Underlyings therefore depends on the development of a single economy sector or a single country. That implies that in the case of an unfavourable development of a single economy sector or a single country, which is represented by the Basket comprising the Basket Components or, as the case may be, the portfolio comprising the Underlyings, the Basket or the portfolio may be affected over proportionally by this unfavourable development.

In the case of an Underlying consisting of different shares (except those of the Issuer or of any of its affiliates), indices, currency exchange rates, precious metals, commodities, interest rates, non-equity securities, exchange traded fund units, not exchange traded fund units, futures contracts or reference rates (each a "**Basket**"), the Issuer may have the right, in certain circumstances as specified in the Final Terms, to subsequently adjust the Basket (i.e. remove a component of the Basket without replacing it or replace the component of the Basket in whole or in part by another basket component and/or if

necessary by adjusting the weighting of the Basket). The Securityholder may not assume that the composition of a Basket will remain constant during the life of the Securities.

Depending on the features of the relevant Securities, there can be a significant adverse effect on the calculation or specification of the redemption amount or interest amounts if the performance of one or more basket components, on which the calculation or specification of the redemption amount or interest amounts is based, has deteriorated significantly.

Relative performance of the Underlying to another Underlying used as benchmark

In case of a determination of a relative performance of the Underlying or, as the case may be, the Underlyings to another Underlying or, as the case may be, the Underlyings, as specified in the section "Product Terms" of the relevant Final Terms, investors should also note that the value of the Securities will even in case of a positive performance of the relevant Underlying or, as the case may be, Underlyings remain constant, if the other Underlying or, as the case may be, Underlyings perform(s) in parallel.

2. Specific risks related to the Underlying or a Basket Component, as the case may be

In addition, the following risks are specifically related to the Underlying or a Basket Component, as the case may be:

In case of a **share as the Underlying or a Basket Component**, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

potential investors should consider the following **risks specifically related to shares as Underlying or a Basket Component**, as the case may be:

Specific risks related to the performance of shares

The performance of a share used as the Underlying or, as the case may be, a Basket Component depends on the performance of the company issuing the shares. But even regardless of the financial position, cash flows, liquidity and results of operations of the company issuing the shares, the price of a share can be subject to fluctuations or adverse changes in value. In particular, the development of the share price can be influenced by the general economic situation and market sentiment.

Similar risks to a direct investment in shares

The market price of Securities with a share used as the Underlying or, as the case may be, a Basket Component depends on the performance of the share. The performance of a share may be subject to factors like the dividend or distribution policy, financial prospects, market position, corporate actions, shareholder structure and risk situation of the issuer of the share, short selling activities and low market liquidity as well as to political influences. Accordingly, an investment in Securities with a share as Underlying or, as the case may be, a Basket Component may bear similar risks to a direct investment in shares.

The performance of the share may be subject to factors outside the Issuer's sphere of influence, such as the risk of the relevant company becoming insolvent, insolvency proceedings being opened over the company's assets or similar proceedings under the laws applicable to the company being commenced or similar events taking place with regard to the company, which may result in a total loss for the Securityholder, or the risk that the share price is highly volatile. The issuer's dividend or distribution policy, its financial prospects, market position, any capitalisation measures, shareholder structure and risk situation may also affect the share price.

In addition, the performance of the shares depends particularly on the development of the capital markets, which in turn are dependent on the global situation and the specific economic and political environment. Shares in companies with low or average market capitalisation may be subject to even higher risks (e.g. with regard to volatility or insolvency) than shares in larger companies. Furthermore, shares in companies with a low market capitalisation may be extremely illiquid due to smaller trading volumes. Shares in companies having their seat or exerting their relevant operations in countries with a high legal uncertainty are subject to additional risks, such as the risk of governmental measures being taken or nationalisation taking place. This may result in the partial or total loss of the share's value. The realisation of these risks may result in Securityholders relating to such shares losing all or parts of the capital invested.

Investors in the Securities have no shareholder rights

The Securities constitute no interest in a share as the Underlying or, as the case may be, a Basket Component including any voting rights or rights to receive dividends, interest or other distributions, as applicable, or any other rights with respect to the share. The Issuer and any of its affiliates may choose not to hold the shares or any derivatives contracts linked to the shares used as Underlying or, as the case may be, a Basket Component. Neither the Issuer nor any of its affiliates is restricted from selling, pledging or otherwise conveying all right, title and interest in any shares or any derivatives contracts linked to the shares by virtue solely of it having issued the Securities.

No registration in the register of members in the case of physical delivery of Registered Shares

If the share used as the Underlying or, as the case may be, a Basket Component is a share that is registered in the name of the holder or if the shares contained in an Underlying (e.g. in an index or a Basket) are registered in the name of the holder (each a "**Registered Share**"), and if the Issuer is obliged, as specified in the applicable Conditions of the Securities, to physically deliver these shares to the investor in accordance with the Conditions of the Securities, the rights under the shares (e.g. participation in the annual general meeting and exercise of voting rights) may only be exercised by shareholders that are registered in the register of members or a comparable official shareholder register of the issuer of such Registered Shares. In the case of Registered Shares, any obligation incumbent upon the Issuer to deliver the shares is limited solely to the provision of the shares in a form and with features that allow for stock-exchange delivery and does not cover entry into the register of members. In such cases, any claims due to non-performance, in particular reversal of the transaction or damages, are excluded.

Currency risks

In case of investments of the company, the shares of which are used as the Underlying or, as the case may be, a Basket Component, being denominated in currencies other than the currency in which the share value is calculated, certain additional correlation risks may apply. These correlation risks depend on the degree of dependency of currency fluctuations of the relevant foreign currency to the currency in which the share value is calculated. Hedging transactions, if any, of the company may not exclude these risks.

Issuer's conflicts of interest with regard to the Shares

It is possible that the Issuer or any of its affiliates hold shares in the company which has issued the Underlying or, as the case may be, the Basket Component which may result in conflicts of interest. The Issuer and any of its affiliates may also decide not to hold the Underlying or, as the case may be, a Basket Component, or not to conclude any derivative contracts linked to the share. Neither the Issuer nor any of its affiliates are limited in selling, pledging or otherwise assigning rights, claims and holdings regarding the Underlying or, as the case may be, the Basket Component or any derivative contracts relating to the Underlying or, as the case may be, the Basket Component solely based on the fact that the Securities were issued.

In case of a **certificate representing shares as the Underlying or a Basket Component**, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

potential investors should consider the following **risks specifically related to certificates representing shares as Underlying or a Basket Component**, as the case may be:

Similar risks to a direct investment in certificates representing shares and the Underlying Shares respectively

The level of the Redemption Amount is determined by reference to the price of the certificate representing shares used as the Underlying or, as the case may be, a Basket Component. A certificate representing shares represents shares of a stock corporation (each a "**Underlying Share**") and, as such, mirrors the performance of these Underlying Shares. Consequently, any investment in the Securities is, to a certain extent, subject to market risks similar to a direct investment in the certificate representing shares and the Underlying Shares respectively.

Potential investors should, as a result, also consider the **risks specifically related to shares as Underlying or a Basket Component**, as the case may be, related to the Underlying Shares when investing in the Securities.

In case of a **non-equity security as the Underlying or a Basket Component**, as the case may be, as

specified in the applicable Product Terms in the definition of "Underlying",

potential investors should consider the following risks **specifically related to non-equity securities as Underlying or a Basket Component**, as the case may be:

Similar risks to a direct investment in non-equity securities

The level of the Redemption Amount is determined by reference to the price of the non-equity security used as the Underlying or, as the case may be, a Basket Component. Consequently, any investment in the Securities is, to a certain extent, subject to market risks similar to a direct investment in the non-equity security.

Market Price Developments

The market price development of Securities using non-equity securities as the Underlying or, as the case may be, a Basket Component depends on the development of the non-equity securities which are subject to influences outside of the Issuer's sphere of influence, such as the risk that the issuer of the non-equity securities becoming insolvent or that the market price is subject to considerable fluctuations.

No endorsement of the issuer

Securities with non-equity securities used as the Underlying or, as the case may be, a Basket Component are not in any way sponsored, endorsed, sold or promoted by the issuer of the underlying non-equity securities and such issuer makes no warranty or representation whatsoever, express or implied, as to the future performance of the non-equity securities. Furthermore, the issuer of the non-equity securities used as the Underlying or, as the case may be, a Basket Component does not assume any obligations to take the interest of the Issuer of the Securities or those of the Securityholders into consideration for any reason. None of the issuers of the underlying non-equity securities are responsible for, and have participated in, the determination of the timing of, prices for or quantities of, the Securities.

In case of a **precious metal or commodity as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

potential investors should consider the following risks **specifically related to precious metals or commodities as Underlying or a Basket Component**, as the case may be:

Similar risks to a direct investment in the precious metals or commodities

An investment in Securities using precious metals or commodities as the Underlying or, as the case may be, a Basket Component may bear similar risks to a direct investment in the relevant underlying commodity(ies) or precious metal(s). Commodities (e.g. oil, gas, wheat, corn) and precious metals (e.g. gold, silver) are traded mainly on specialised exchanges or directly among market participants (over the counter). An investment in commodities and precious metals is associated with a greater risk than investments in e.g. bonds, currencies or stocks as prices in this asset category are subject to greater fluctuations (volatility) as trading in commodities and precious metals serves speculative reasons and may be less liquid than e.g. stock markets.

Dependence on the value of the precious metals or commodities

The following factors (which is a non-exhaustive list) may influence commodity and precious metal prices: supply and demand; speculations in the financial markets; production bottlenecks; delivery difficulties; few market participants; production in emerging markets (political disturbances, economic crises); political risks (war, terrorist actions); unfavourable weather conditions; natural disasters.

In cases of precious metals or commodities used as the Underlying, it should be noted that the values are traded 24 hours a day through the time zones of Australia, Asia, Europe and America. This may lead to a determination of different values of the relevant Underlying in different places. **Potential investors of the Securities should, therefore, be aware that a relevant limit, barrier or, as the case may be, threshold, if applicable, described in the Conditions of the Securities, may be reached, exceeded or fallen short at any time and even outside of local or the business hours of the Issuer, the Calculation Agent or the Managers.**

Cartels and regulatory changes

A number of companies or countries producing commodities and precious metals have formed organisations or cartels to control the offer and thus influence prices. On the other hand, the

commodities and precious metals trade is subject to regulatory supervision or market rules the application of which may also have negative impacts on the pricing of the precious metals concerned.

Limited liquidity

Many commodities and precious metals markets are not particularly liquid and may therefore not be able to react swiftly and in a sufficient manner to changes to the offer or demand side. In case of a low liquidity, speculative investments of individual market participants may result in distorted prices.

Political risks

Precious metals are often extracted in emerging markets and acquired by industrialised nations. The political and economic situation of emerging markets, however, is less stable than in the industrialised nations. They are more likely to face risks of quick political change or cyclical downturns. Political crises may unsettle the confidence of Securityholders which, in turn, may affect the prices of the goods. Acts of war or conflicts may change the offer and demand sides of specific precious metals. It is also possible that industrialised nations lay an embargo on the import or export of precious metals and services which may directly or indirectly affect the price of a precious metal used as the Underlying or, as the case may be, a Basket Component.

In case of an **index as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

potential investors should consider the following risks **specifically related to indices as Underlying or a Basket Component**, as the case may be:

Similar risks to a direct investment in the index components

The market price of the Securities with an index used as the Underlying or, as the case may be, a Basket Component depends on the performance of the index. The performance of the index is subject to the performance of the components of the respective index. Accordingly, an investment in Securities with an index used as the Underlying or, as the case may be, Basket Component may bear similar risks to a direct investment in the index components.

Dependence on the value of the index components

The value of the index will be calculated on the basis of the value of its components. Changes to the prices of the index components, the composition of the index as well as other factors which (may) affect the value of the index components, will also affect the value of the Securities which are linked to the relevant index and may thus affect the return on any investment in such Securities. Fluctuations in the value of an index component may be set-off or enhanced by fluctuations in the value of other index components. The historic performance of the index does not constitute a guarantee of its future performance. An index used as the Underlying or, as the case may be, a Basket Component might not be available during the full term of the Securities, might be exchanged or continued to be calculated by the Issuer itself. In such or other cases as mentioned in the Conditions of the Securities, the Issuer is in accordance with the Conditions entitled to terminate the Securities.

It is possible that the Index used as Underlying or, as the case may be, a Basket Component only reflects the performance of assets in certain countries or certain industry sectors. In that case, the Securityholders are facing concentration risks. In case of unfavourable economic developments in a country or with regard to one industry sector such development may have negative impacts for the Securityholder. If several countries or sectors are represented in one index, it is possible that these are weighted in an uneven manner. This means that an unfavourable development in a country or one industry sector with high weighting in the index will affect the value of the index in an unproportionately negative manner.

Securityholders should be aware that selecting an index is not based on the expectations or evaluations of the Issuer or the Calculation Agent with regard to the future performance of the selected index. Securityholders should therefore assess the future performance of an index based on their own knowledge and the information available to them.

Influence of the Issuer or the index sponsor on the index

If the Issuer or any of its affiliates is not the index sponsor, the index composition of the respective index as well as the method of calculating the index is determined by the index sponsor alone or in cooperation with other entities. In this case, the Issuer has no influence on the composition or method of calculating the index. An amendment of the index composition may have an adverse impact on its performance. If, after an amendment by the index sponsor, the index is no longer comparable to the

original index the Issuer has the right to adjust or terminate the Securities, if so specified in the Final Terms. Such an adjustment or termination may lead to losses for the Securityholders.

In accordance with the relevant index rules, the index sponsor may be entitled to make changes to the composition or calculation of the index, which may have a negative effect on the performance of the Securities, or to permanently discontinue the calculation and publication of the index used as the Underlying or, as the case may be, a Basket Component without issuing a successor index.

If the Issuer or any of its affiliates is not the index sponsor, Securities with an index as Underlying are not in any way sponsored, endorsed, sold or promoted by the index sponsor. Such index sponsor makes no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of the index or the value at which the index stands at any particular time. Such an index is determined, composed and calculated by its respective index sponsor, without regard to the Issuer or the Securities. Such an index sponsor is not responsible or liable for the Securities to be issued, the administration, marketing or trading of the Securities.

If the Issuer or any of its affiliates acts as index sponsor or as index calculation agent, conflicts of interests may arise, since any calculation and/or determination of the index sponsor or as index calculation agent has immediate impact on the amount payable under the Securities.

Potential investors in the Securities should furthermore be aware that the Issuer is in case that the calculation and/or publication of the index used as the Underlying is permanently discontinued, pursuant to the Conditions of the Securities, entitled to terminate and redeem the Securities in total prior to the scheduled maturity of the Securities.

Adverse effect of fees on the index

An index used as the Underlying or, as the case may be, a Basket Component may in accordance with its index rules include fees (e.g. calculation fees or fees related to changes in the composition of the Index), which are taken into account when calculating the level of the Index. As a result, any of these index fees reduce the level of the index and have an adverse effect on the index and on any amounts to be paid under the Securities.

Dividends are not taken into account / price index

If the index used as the Underlying or, as the case may be, a Basket Component is calculated as a so-called price index, dividends or other distributions, if any, that are paid out from the index components are not taken into account when calculating the level of the index and may have a negative impact on the price of the index, because the index components will be traded at a discount after the pay-out of dividends or distributions. Thus, Securityholders generally do not participate in any dividends or other distributions paid out or made on components contained in the index used as an Underlying or, as the case may be, as a Basket Component.

Risks in relation to the comparison of the performance of a price index and a performance or total return index

If, for the calculation or specification of amounts payable under the Securities, the performance of a price index is compared with the performance of a total return index potential investors should note that the calculation of the price index does – in contrast to a total return index – not take into account dividends or other distributions, if any, that are paid out from the index components. As a result, the performance of a total return index will - compared to the performance of a price index – always look more positive than the performance of the price index.

The basis of calculating the price of the Underlying or, as the case may be, the Basket Component may change during the term of the Security

The basis of calculating the price of the index used as the Underlying or, as the case may be, a Basket Component or of the index components may vary during the term of the Securities and may negatively affect the market value of the Securities.

Risk of country or sector related indices

If an index used as the Underlying or, as the case may be, a Basket Component reflects the performance only of assets in some countries or industries, this index is affected disproportionately negative in case of an unfavourable development in such a country or sector.

Currency exchange risk contained in the index

Index components may be listed in a different currency and therefore be exposed to different currency influences (this applies particularly for country or sector related indices). Also, it is possible that index components are converted first from one currency to the currency which is relevant for the calculation of the index only to then have to be converted again in order to calculate or specify an amount payable under the Securities. In such cases, Securityholders bear several currency risks, which may not be clearly recognisable for Securityholders.

Adverse effect of fees on the index level

If the index composition, specified in the relevant description of the index, changes, fees may arise, which reduce the level of the index used as the Underlying or, as the case may be, a Basket Component. This may have a negative effect on the performance of the index and on the amounts to be paid under the Securities. In case of indices which reflect certain markets or industry sectors by using certain derivative financial Securities, this may lead to higher fees and thus lower performance of the index than in case of a direct investment in these markets or industry sectors.

Publication of the index composition not constantly updated

Some index sponsors publish the composition of the relevant indices not completely or only after a time lag on a website or in other media specified in the Final Terms. In this case the composition shown might not always be the current composition of the respective index used for calculating the Securities. The delay may be substantial, may under certain circumstances last several months and the calculation of the Securities may be negatively affected.

4. In case of the **UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

potential investors should consider the following risks **specifically related to the UBS Multi Asset Portfolio T10 Total Return Index as Underlying or a Basket Component**, as the case may be:

Rules-Based Index

The UBS Multi Asset Portfolio T10 Total Return Index operates on the basis of predetermined rules. Accordingly, potential investors in Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component should determine whether those rules are appropriate in light of their individual circumstances and investment objectives.

No assurance can be given that the algorithm on which the UBS Multi Asset Portfolio T10 Total Return Index is based will be successful or that the UBS Multi Asset Portfolio T10 Total Return Index will outperform any alternative algorithm that might be employed.

Equity market risks may affect the market value of the UBS Multi Asset Portfolio T10 Total Return Index and the Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component.

Because the components of the UBS Multi Asset Portfolio T10 Total Return Index include equity securities, UBS expects that the UBS Multi Asset Portfolio T10 Total Return Index will fluctuate in accordance with changes in the financial condition of the relevant issuer(s) of the component stocks of the components of the UBS Multi Asset Portfolio T10 Total Return Index, the value of common stocks generally and other factors. The financial condition of the issuer(s) of the components of the components of the UBS Multi Asset Portfolio T10 Total Return Index may become impaired or the general condition of the equity market may deteriorate, either of which may cause a decrease in the level of the UBS Multi Asset Portfolio T10 Total Return Index. Common stocks are susceptible to general equity market fluctuations, to speculative trading by third parties and to volatile increases and decreases in value as market confidence in and perceptions regarding the security or securities comprising the components of the UBS Multi Asset Portfolio T10 Total Return Index change. Investor perceptions regarding the issuer of an equity security comprising the components of the UBS Multi Asset Portfolio T10 Total Return Index are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic, and banking crises.

The UBS Multi Asset Portfolio T10 Total Return Index is not actively managed.

The UBS Multi Asset Portfolio T10 Total Return Index operates in accordance with a predetermined methodology and formulae, and the sponsor of the UBS Multi Asset Portfolio T10 Total Return Index

exercises discretion in limited situations. The UBS Multi Asset Portfolio T10 Total Return Index is, therefore, not managed. The sponsor of the UBS Multi Asset Portfolio T10 Total Return Index is not acting as an investment adviser or performing a discretionary management role with respect to the UBS Multi Asset Portfolio T10 Total Return Index and, as a result, has no fiduciary duty to any person in respect of the UBS Multi Asset Portfolio T10 Total Return Index.

Commodity prices may change unpredictably, affecting the value of the UBS Multi Asset Portfolio T10 Total Return Index in unforeseeable ways.

Trading in futures contracts on physical commodities, including trading in certain components of the UBS Multi Asset Portfolio T10 Total Return Index (which are subindices composed of commodity futures contracts), is speculative and can be extremely volatile. Market prices of such components of the UBS Multi Asset Portfolio T10 Total Return Index, the underlying futures contracts and the underlying physical commodities may fluctuate rapidly based on numerous factors, including changes in supply and demand relationships (whether actual, perceived, anticipated, unanticipated or unrealized); weather; agriculture; trade; fiscal, monetary and exchange control programs; domestic and foreign political and economic events and policies; disease; pestilence; technological developments; changes in interest rates, whether through governmental action or market movements; and monetary and other governmental policies, action and inaction. The current or "spot" prices of the underlying physical commodities may also affect, in a volatile and inconsistent manner, the prices of futures contracts in respect of the relevant physical commodity. These factors may affect the value of the UBS Multi Asset Portfolio T10 Total Return Index, and different factors may cause the prices of the components of the UBS Multi Asset Portfolio T10 Total Return Index, and the volatilities of their prices, to move in inconsistent directions at inconsistent rates.

Influence of Interest Rates

The components of the UBS Multi Asset Portfolio T10 Total Return Index are affected in changes in interest rates of the relative currencies and such movements would affect the performance of the UBS Multi Asset Portfolio T10 Total Return Index. Market prices of the components of the UBS Multi Asset Portfolio T10 Total Return Index, the underlying futures contracts and the underlying physical bonds may fluctuate due to volatility and trends in the interest rates markets based on numerous factors, including (but not limited to) investors perception of quality of the bond issuer; fiscal, monetary and exchange control programs; domestic and foreign political and economic events and policies; governmental action or market movements; and monetary and other governmental policies. These factors may affect the value of the UBS Multi Asset Portfolio T10 Total Return Index, and different factors may cause the prices of the components of the UBS Multi Asset Portfolio T10 Total Return Index, and the volatilities of their prices, to move in inconsistent directions at inconsistent rates.

Influence of Currency Exchange Rates

The components of the UBS Multi Asset Portfolio T10 Total Return Index may be denominated in currencies different from the currency of the UBS Multi Asset Portfolio T10 Total Return Index, and even if the components of the UBS Multi Asset Portfolio T10 Total Return Index are currency-hedged, some residual currency exposure could affect the performance of the UBS Multi Asset Portfolio T10 Total Return Index. Furthermore, Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component may also be denominated in currencies different from the currency of the UBS Multi Asset Portfolio T10 Total Return Index. An unfavourable performance of such currencies in relation to the currency of the UBS Multi Asset Portfolio T10 Total Return Index may have an adverse effect on the level calculated for the UBS Multi Asset Portfolio T10 Total Return Index at any given time or the value of the Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component (if such Securities are not currency-hedged).

Securityholders have no rights in the property, nor shareholder rights in any of the security or securities comprising the components of the UBS Multi Asset Portfolio T10 Total Return Index.

The UBS Multi Asset Portfolio T10 Total Return Index is purely synthetic. The exposure to each component of the UBS Multi Asset Portfolio T10 Total Return Index is purely notional and will exist only in the records held by the sponsor of the UBS Multi Asset Portfolio T10 Total Return Index. Investing in Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component will not make Securityholders holders of the security or securities comprising the components of the UBS Multi Asset Portfolio T10 Total Return Index. Neither the Securityholders nor any other holder or owner of the Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component will have any voting rights, any right to receive dividends or other distributions, or any other rights with respect to any

property or securities of any issuer or with respect to any security or securities comprising the components of the UBS Multi Asset Portfolio T10 Total Return Index.

UBS obtained the information about the issuer of any securities comprising the components of the UBS Multi Asset Portfolio T10 Total Return Index from public sources.

UBS has derived all information about the issuer of the security or securities comprising any component of the UBS Multi Asset Portfolio T10 Total Return Index from publicly available documents. UBS has not participated and will not participate in the preparation of any of those documents. Nor has UBS made or will make any "due diligence" investigation or any inquiry with respect to the sponsor or issuer of the security or securities comprising any component of the UBS Multi Asset Portfolio T10 Total Return Index in connection with the maintenance of the UBS Multi Asset Portfolio T10 Total Return Index. UBS does not make any representation that any publicly available document or any other publicly available information about the issuer of the security or securities comprising any component of the UBS Multi Asset Portfolio T10 Total Return Index is accurate or complete. Furthermore, UBS does not know whether all events occurring before the date of this Prospectus, including events that would affect the accuracy or completeness of the publicly available documents referred to above or the level, value or price of any component of the UBS Multi Asset Portfolio T10 Total Return Index, have been publicly disclosed. Subsequent disclosure of any events of this kind or the disclosure of or failure to disclose material future events concerning the issuer of the security or securities comprising any component of the UBS Multi Asset Portfolio T10 Total Return Index could affect the value of the UBS Multi Asset Portfolio T10 Total Return Index, and hence the value of any Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component.

As sponsor of the UBS Multi Asset Portfolio T10 Total Return Index, UBS will have the authority to make determinations that could materially affect the UBS Multi Asset Portfolio T10 Total Return Index in various ways and create conflicts of interest.

UBS is the sponsor of the UBS Multi Asset Portfolio T10 Total Return Index. The sponsor of the UBS Multi Asset Portfolio T10 Total Return Index is responsible for the composition, calculation and maintenance of the UBS Multi Asset Portfolio T10 Total Return Index and the components of the UBS Multi Asset Portfolio T10 Total Return Index. The sponsor of the UBS Multi Asset Portfolio T10 Total Return Index has the discretion in a number of circumstances to make judgments and take actions in connection with the composition, calculation and maintenance of the UBS Multi Asset Portfolio T10 Total Return Index and the components of the UBS Multi Asset Portfolio T10 Total Return Index, and any such judgments or actions may adversely affect the value of the Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component. The role played by UBS, as sponsor both of the UBS Multi Asset Portfolio T10 Total Return Index and the components of the UBS Multi Asset Portfolio T10 Total Return Index, and the exercise of the kinds of discretion described above could present it with significant conflicts of interest. The sponsor of the UBS Multi Asset Portfolio T10 Total Return Index has no obligation to take the needs of any buyer, seller or holder of interest in the UBS Multi Asset Portfolio T10 Total Return Index into consideration at any time.

The policies of the sponsor of the UBS Multi Asset Portfolio T10 Total Return Index and changes that affect the composition and the components of the UBS Multi Asset Portfolio T10 Total Return Index could affect the valuation of the UBS Multi Asset Portfolio T10 Total Return Index.

The policies of the sponsor and/or the calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index, as applicable, concerning the calculation of the level of the UBS Multi Asset Portfolio T10 Total Return Index and the values of the components of the UBS Multi Asset Portfolio T10 Total Return Index could affect the level of the UBS Multi Asset Portfolio T10 Total Return Index.

The sponsor and/or the calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index, as applicable, may modify the methodology for calculating the level of the UBS Multi Asset Portfolio T10 Total Return Index and the values of the components of the UBS Multi Asset Portfolio T10 Total Return Index. In addition under a number of circumstances the sponsor and/or the calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index, as applicable, may make certain changes to the way in which the UBS Multi Asset Portfolio T10 Total Return Index or any of the components of the UBS Multi Asset Portfolio T10 Total Return Index is calculated. The sponsor of the UBS Multi Asset Portfolio T10 Total Return Index may also discontinue or suspend calculation or publication of the UBS Multi Asset Portfolio T10 Total Return Index or any of the components of the UBS Multi Asset Portfolio T10 Total Return Index, in which case it may become difficult to determine the market value of the UBS Multi Asset Portfolio T10 Total Return Index. Any such changes could adversely affect the value of

Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component.

If the level of the UBS Multi Asset Portfolio T10 Total Return Index cannot be calculated for any reason, the calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index may be required to make, in its sole discretion and acting in good faith, an estimate of the level of the UBS Multi Asset Portfolio T10 Total Return Index.

Use of leverage can amplify losses and gains on Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component

Because the UBS Multi Asset Portfolio T10 Total Return Index exposure will be based upon the performance of one or more reference assets multiplied by a leverage factor which can be over 100 per cent. or 1.00, the purchaser may participate disproportionately in any positive performance and/or may have a disproportionate exposure to any negative performance of the reference assets. Due to this leverage effect, the Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component represent a very speculative and risky form of investment since any loss in the value of the reference assets carries the risk of a correspondingly higher loss.

The historical or hypothetical performance of the UBS Multi Asset Portfolio T10 Total Return Index or any component of the UBS Multi Asset Portfolio T10 Total Return Index is not an indication of future performance.

The historical or hypothetical performance of the UBS Multi Asset Portfolio T10 Total Return Index or any component of the UBS Multi Asset Portfolio T10 Total Return Index should not be taken as an indication of the future performance of the UBS Multi Asset Portfolio T10 Total Return Index or any component of the UBS Multi Asset Portfolio T10 Total Return Index. It is impossible to predict whether the future level, value or price of the UBS Multi Asset Portfolio T10 Total Return Index or any component of the UBS Multi Asset Portfolio T10 Total Return Index will fall or rise. Past fluctuations and trends in the UBS Multi Asset Portfolio T10 Total Return Index or any component of the UBS Multi Asset Portfolio T10 Total Return Index are not necessarily indicative of fluctuations or trends that may occur in the future.

Changes to a component of the UBS Multi Asset Portfolio T10 Total Return Index may affect the value of the Index.

Where a given component of the UBS Multi Asset Portfolio T10 Total Return Index ceases to exist or is no longer tradable, as determined by the sponsor and/or calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index in good faith, including where UBS and its affiliates would be prevented from entering into transactions in respect of components of a given component of the UBS Multi Asset Portfolio T10 Total Return Index by any applicable law or regulation, or where any constituent security of any component of the UBS Multi Asset Portfolio T10 Total Return Index is delisted, becomes insolvent or bankrupt, is the target of a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity that results in such entity or person purchasing, or otherwise obtaining, or having the right to obtain, by conversion or other means, greater than ten percent (10%) and less than one hundred percent (100%) of its outstanding shares, is subject to a merger or does not have its net asset value published by its management company for more than a short period of time which has a material effect on its shares, in each case as determined by the sponsor or calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index or sponsor of the component of the UBS Multi Asset Portfolio T10 Total Return Index, the sponsor and/or calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index may (but is not obliged to) substitute another component of the UBS Multi Asset Portfolio T10 Total Return Index (including without limitation one for which UBS or one of its affiliates is the sponsor or involved in the creation thereof) for the original one where it considers in good faith that a similar alternative is available. If the sponsor and/or calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index do not select any substitute component of the UBS Multi Asset Portfolio T10 Total Return Index, the component of the UBS Multi Asset Portfolio T10 Total Return Index in question will be assigned a zero weight in the Index. Any such substitution or assignment could alter the exposure provided by the UBS Multi Asset Portfolio T10 Total Return Index and materially affect the performance and value of the UBS Multi Asset Portfolio T10 Total Return Index.

Termination or Suspension of the UBS Multi Asset Portfolio T10 Total Return Index.

The calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index is under no obligation to continue the calculation, publication and dissemination of the UBS Multi Asset Portfolio T10 Total Return Index. The UBS Multi Asset Portfolio T10 Total Return Index may be terminated or temporarily suspended at any time. Should the UBS Multi Asset Portfolio T10 Total Return Index cease to exist, this may have a negative impact on the return on any investment in Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component.

Amendment or Modification to the Index

The Index may be amended, modified or adjusted from time to time by the Index Sponsor and/or the Index Calculation Agent, as applicable. Any such amendment may have an adverse effect on the level of the Index and may be made without the consent of investors in Index Products. The Index Calculation Agent shall apply the method described in this Index Manual for the composition and calculation of the Index. However it cannot be excluded that the market environment, supervisory, legal, financial or tax reasons may require changes to be made to this method. The Index Calculation Agent may also make changes to the terms and conditions of the Index and the method applied to calculate the Index, which he deems to be necessary and desirable in order to prevent obvious or demonstrable error or to remedy, correct or supplement incorrect terms and conditions. Notice of such amendments shall be provided on the Bloomberg Page.

Index Calculation Agent and Index Sponsor Discretion

The UBS Multi Asset Portfolio T10 Total Return Index confers on the calculation agent and the sponsor of the UBS Multi Asset Portfolio T10 Total Return Index, as applicable, discretion in making certain determinations, calculations and corrections from time to time. Although any such determinations, calculations and corrections must be made by the sponsor and/or calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index, as applicable, in good faith, the exercise of such discretion in the making of calculations and determinations may adversely affect the performance of the Index. Any such determination by the sponsor and/or the calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index, as applicable, will be, in the absence of manifest error, final, conclusive and binding. The calculation agent and the sponsor of the UBS Multi Asset Portfolio T10 Total Return Index shall determine whether any such correction shall apply retrospectively or from the relevant date forward.

The role played by UBS, as calculation agent and sponsor of the UBS Multi Asset Portfolio T10 Total Return Index and the exercise of the kinds of discretion described above and could present it with significant conflicts of interest in light of the fact that UBS, of which the calculation agent and sponsor of the UBS Multi Asset Portfolio T10 Total Return Index are a division, is the issuer of products linked to the UBS Multi Asset Portfolio T10 Total Return Index. The calculation agent or sponsor of the UBS Multi Asset Portfolio T10 Total Return Index has no obligation to take the needs of any buyer, seller or holder of Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component into consideration at any time.

Change of Index Sponsor and Index Calculation Agent

The sponsor of the UBS Multi Asset Portfolio T10 Total Return Index may without the consent of investors in Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component replace the calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index at its discretion, and furthermore, may also designate a successor index sponsor at its discretion – in case of such replacement, any reference to the "calculation agent" and/or the "index sponsor" shall be construed as a reference to the successor calculation Agent and the successor sponsor of the UBS Multi Asset Portfolio T10 Total Return Index, respectively.

Fees and Costs

The level of the UBS Multi Asset Portfolio T10 Total Return Index will be reduced by the accumulated management fees of 0.5% per annum and may be reduced by the borrowing cost for borrowed amounts. There will be a rebalancing cost of 0.08% on each rebalancing date. Prospective investors should understand that such fees and costs may have a material effect on the level of the UBS Multi Asset Portfolio T10 Total Return Index.

Simulated history

As limited historical performance data exist with respect to the Index, any Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component which is linked to the UBS Multi Asset Portfolio T10 Total Return Index may involve greater risk than an exposure linked to indices or strategies with a proven track record. The UBS Multi Asset

Portfolio T10 Total Return Index will be first calculated on or around the commencement date of the UBS Multi Asset Portfolio T10 Total Return Index and therefore lacks historical performance. All such retrospective closing levels are simulated and must be considered hypothetical and illustrative only.

The actual performance of the UBS Multi Asset Portfolio T10 Total Return Index may be materially different from the results presented in any simulated history relating to the UBS Multi Asset Portfolio T10 Total Return Index. Past performance should not be considered indicative of future performance.

In case of a **not exchange traded fund unit as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

potential investors should consider the following risks **specifically related to not exchange traded fund units as Underlying or a Basket Component**, as the case may be:

Similar risks to a direct investment in fund units

The level of the Redemption Amount, if any is determined by reference to the price of the fund units used as the Underlying or, as the case may be, a Basket Component. Consequently, any investment in the Securities is, to a certain extent, subject to market risks similar to direct investment in the Fund Units. **Potential investors should seek respective advice and familiarise themselves with the specific risk profile of the fund and the category of assets, in which the fund invests, and seek the advice of a professional, if necessary.**

Market risk

Given that reduced market prices or losses in value incurred by the securities or other investments held by the fund used as the Underlying or, as the case may be, a Basket Component, will be reflected in the price of individual fund units, there is a principal risk of a decrease in the unit prices. Even a broad variation and diversification of the fund's investments cannot avoid the risk that a decreasing overall development at certain markets or stock exchanges results in a decrease of fund unit prices.

Illiquid investments

The fund may invest in assets that are illiquid or subject to a minimum holding period. It may therefore be difficult for the fund to sell these assets at a reasonable price or at all if it is forced to do so in order to generate liquidity. The fund may suffer considerable losses if it needs to sell illiquid assets in order to redeem units and selling the illiquid assets is only possible at a very low price. This may negatively affect the value of the fund and thus of the Securities.

Investments in illiquid assets may also result in difficulties when calculating the net asset value of the fund and thus delay distributions in connection with the Securities.

Delayed publication of the net asset value

It may be possible in certain situations that the publication of the net asset value by a fund is delayed. This may result in a delay of the redemption of the Securities and have a disadvantageous effect on the value of the securities, for instance, in case of a negative market development. In addition, Securityholders face the risk that in case of a delayed redemption of the Securities they will be able to reinvest the relevant return only at a later point in time and, maybe at less favourable terms.

Liquidation of a fund

There is the risk that a fund is liquidated during the term of the Securities. In such case, the issuer shall be entitled to modify the relevant Conditions of the Securities accordingly. Such modifications may, in particular, consist of one fund being replaced by another fund. In addition, there is also the possibility of a premature termination of the Securities by the Issuer.

Concentration risks

The fund used as the Underlying or, as the case may be, a Basket Component may in accordance with its fund rules concentrate its assets with a focus on certain countries, regions or industry sectors. This can result in the fund being subject to a higher volatility as compared to funds with a broader diversification as regards countries, regions or industry sectors. The value of investments in certain sectors, countries or regions may be subject to strong volatility within short periods of time. This also applies to funds focusing their investments on certain asset classes such as commodities. Funds investing their assets in less regulated, small and exotic markets, are subject to certain further risks. Such risks may include the risk of government interventions resulting in a total or partial loss of assets

or of the ability to acquire or sell them at the fund's discretion. Such markets may not be regulated in a manner typically expected from more developed markets. If a fund concentrates its assets in emerging markets, this may involve a higher degree of risk as exchanges and markets in these emerging market countries or certain Asian countries such as Indonesia may be subject to stronger volatility than exchanges and markets in more developed countries. Political changes, foreign currency exchange restrictions, foreign exchange controls, taxes, restrictions on foreign investments and repatriation of invested capital can have a negative impact on the investment result and therefore the value of the Fund Units in the fund.

Currency risks

In case of the investments of the fund used as the Underlying or, as the case may be, a Basket Component being denominated in different currencies or in case of the investment and the Fund Units being denominated in a currency other than the currency in which the net asset value is calculated, certain additional correlation risks may apply. These correlation risks depend on the degree of dependency of currency fluctuations of the relevant foreign currency to the currency in which the net asset value is calculated. Hedging transactions, if any, of the fund may not exclude these risks.

Markets with limited legal certainty

The fund used as the Underlying or, as the case may be, a Basket Component may invest in markets with a low legal certainty and will then be subject to additional risks, such as the risk of reliable governmental measures, which may entail a loss in the fund's value.

Dependence on investment manager

The performance of the fund used as the Underlying or, as the case may be, a Basket Component depends on the performance of the investments chosen by the investment manager in order to implement the applicable investment strategy. In practice, the fund's performance strongly depends on the expertise of the investment manager responsible for making the investment decisions. If such investment manager leaves the fund or is replaced, this may result in losses and/or a liquidation of the fund concerned.

The investment strategies, the investment restrictions and investment objectives of a fund may allow for considerable room for an investment manager's discretionary decision when investing the relevant assets and no warranty can be given that the investment manager's investment decisions will result in profits or that these constitute an effective hedging against market or other risks. No warranty can be given that the fund will be able to successfully implement its investment strategy as outlined in its documentation. It is therefore possible that, despite funds with a similar investment strategy experiencing a positive performance, the performance of the fund underlying the Securities (and thus the Securities) undergo a negative development.

Conflicts of interest

In the operation of the fund used as the Underlying or, as the case may be, a Basket Component certain conflicts of interest may arise that can have negative impact on the fund's performance. For persons involved in the fund management or advisory activities in relation to the fund conflicts of interest can arise from retrocessions or other inducements. In addition, persons involved in the fund management or advisory activities to the fund or their employees may provide services such as management, trading or advisory services for third parties at the same time. Although they will usually aim to distribute the investment opportunities equally to their clients, the fund portfolio and portfolios of other clients may differ even if their investment objectives are similar. Any of these persons might be induced to allocate lucrative assets first to a portfolio involving the highest fees. Persons providing management, trading or advisory services to the fund may make recommendations or enter into transactions which are different to those of the fund or may even compete with the fund.

Fees on different levels

Fees charged by the fund used as the Underlying or, as the case may be, a Basket may have a significant negative impact on the value of the Fund Units and the net asset value of the fund. Fees charged in relation to a fund can be incurred on different levels. Usually fees, e.g. management fees, are incurred at fund level. In addition, expenses and cost may be incurred when the services of third parties are commissioned in connection with the fund administration. With respect to investments made by the fund, such as investments in other funds or other collective investment vehicles, further charges might be incurred. This may have a negative impact on these investments and, consequently, in the fund's performance.

Performance fees may be agreed upon on the level of the fund. Such fee arrangements can create an inducement to invest assets in a more risk oriented or speculative manner than would be the case if no performance fee arrangement existed. Performance fees may even be incurred where the overall fund performance is negative. Consequently performance fees can be incurred on the level of the fund even if an investment in the Securities results in a loss to the investor.

Limited Supervision

Funds may not be regulated or may invest in investment vehicles that are not subject to supervision. If unregulated funds become subject to supervision, this may negatively impact the value of the Fund, and, consequently, of the Securities.

In case of an **exchange traded fund unit as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

potential investors should consider the following risks **specifically related to exchange traded fund units in an exchange traded fund as Underlying or a Basket Component**, as the case may be:

Similar risks to a direct investment in fund units

The level of the Redemption Amount, if any is determined by reference to the price of so-called exchange traded funds used as the Underlying or, as the case may be, a Basket Component. Consequently, any investment in the Securities is, to a certain extent, subject to market risks similar to direct investment in the Fund Units. **Potential investors should seek respective advice and familiarise themselves with the specific risk profile of the fund and the category of assets, in which the fund invests, and seek the advice of a professional, if necessary.**

Concept of an Exchange Traded Fund; Listing

An exchange traded fund ("ETF" or the "Fund") is a fund managed by a domestic or non-domestic management company or, as the case may be, an estate organised as a corporate fund, whose fund units ("Fund Units") are listed on a securities exchange. There is the risk that such admission or listing will not be maintained during the whole life of the Securities. In addition, a listing does not imply that the Fund Units are liquid at any time and, hence, may be sold via the securities exchange at any time, since trading in the securities exchange may be suspended in accordance with the relevant trading rules.

Pricing Factors; Use of Estimates

The price of the ETF used as the Underlying or, as the case may be, a Basket Component mainly depends in the price per unit of the ETF and, consequently, on the aggregate value of assets held by the ETF less any liabilities, so-called net asset value. Any negative performance or losses of the securities or other investments made by the Fund for the purposes of replicating the performance of a benchmark (*cf.* below "Replication of the performance of a benchmark; tracking error") will result in a loss of the Fund and a decline in the value of the Fund Units. Even a broad spread of its investments and a strong diversification of the Fund's investments cannot exclude the risk that any negative development on certain markets or exchanges will lead to a decline in the price per unit of the ETF.

As ETFs generally calculate their net asset value on a daily basis only, the price of the ETF as continuously published by the securities exchange is usually based on the estimated net asset values. These estimates may differ from the final net asset value as subsequently published by the Funds. Therefore, the general risks during trading hours exists that the performance of the ETF and of its actual Net Asset Value may deviate.

Replication of the performance of a benchmark; tracking error

ETFs are designed to replicate as closely as possible the performance of an index, basket or specific single assets (each a "Benchmark"). However, the ETF conditions can allow a Benchmark to be substituted. Therefore, an ETF might not always replicate the original Benchmark.

For the purpose of tracking a Benchmark, ETFs can use full replication and invest directly in all components comprised in the Benchmark, synthetic replication using for example a swap, or other tracking techniques such as sampling. The value of the ETFs is therefore in particular based on the performance of the holdings used to replicate the Benchmark. There is the risk that the performance of the ETF differs from the performance of the Benchmark (tracking error).

Unlike other collective investment schemes, ETFs are usually not actively managed by the management company of the ETF. In fact, investment decisions are determined by the relevant Benchmark and its components. In case that the underlying Benchmark shows a negative performance, ETFs are subject to an unlimited performance risk in particular when they are using full replication or synthetic replication techniques. This can have a negative impact on the performance of the Securities.

Tracking a Benchmark typically entails further risks:

- An ETF using a full replication technique for tracking the performance of the Benchmark may not be able to acquire all components of that Benchmark or sell them at reasonable prices. This can affect the ETF's ability to replicate the Benchmark and may have a negative effect on the ETF's overall performance.
- ETFs using swaps for synthetic replication of the Benchmark may be exposed to the risk of a default of their swap counterparties. ETFs might retain substituting contractual rights in case of default of the swap counterparty. However, there is the risk that the ETF does not receive or not receive the full amount due to it if the Swap counterparty were not in default.
- ETFs replicating the Benchmark using sampling techniques (i.e. not using full replication and without using swaps) may create portfolios of assets which are not Benchmark components at all or do only comprise some components of the Benchmark. Therefore, the risk profile of such ETF is not necessarily consistent with the risk profile of the Benchmark.
- If ETFs use derivatives to replicate or to hedge its positions, this may result in losses which are significantly higher than any losses of the Benchmark (leverage effect).

Concentration risks

An ETF used as the Underlying or, as the case may be, a Basket Component may in accordance with its fund rules concentrate its assets with a focus on certain countries, regions or industry sectors while replicating the Benchmark. This can result in the ETFs being subject to a higher volatility as compared to funds with a broader diversification as regards countries, regions or industry sectors. The value of investments in certain sectors, countries or regions may be subject to strong volatility within short periods of time. This also applies to ETFs focusing their investments on certain asset classes such as commodities. ETFs investing their assets in less regulated, small and exotic markets, are subject to certain further risks. Such risks may include the risk of government interventions resulting in a total or partial loss of assets or of the ability to acquire or sell them at the fund's discretion. Such markets may not be regulated in a manner typically expected from more developed markets. If an ETF concentrates its assets in emerging markets, this may involve a higher degree of risk as exchanges and markets in these emerging market countries or certain Asian countries such as Indonesia may be subject to stronger volatility than exchanges and markets in more developed countries. Political changes, foreign currency exchange restrictions, foreign exchange controls, taxes, restrictions on foreign investments and repatriation of invested capital can have a negative impact on the investment result and therefore the value of the Fund Units in the ETF.

Currency risks

In case of the investments of the ETF fund used as the Underlying or, as the case may be, a Basket Component being denominated in different currencies or in case of the investment and the Fund Units being denominated in a currency other than the currency in which the net asset value is calculated, certain additional correlation risks may apply. These correlation risks depend on the degree of dependency of currency fluctuations of the relevant foreign currency to the currency in which the net asset value is calculated. Hedging transactions, if any, of the ETF may not exclude these risks. Furthermore, it should be noted that the Benchmark may not be denominated in the fund's base currency. If the Benchmark is converted into the ETF currency in particular for determining fees and costs, currency exchange rate fluctuations may have a negative impact on the value of the Fund Units in the ETF.

Fees on different levels

Fees charged by the ETF may have a significant negative impact on the value of the Fund Units and the net asset value of the ETF. Fees charged in relation to an ETF can be incurred on different levels. Usually fees, e.g. management fees, are incurred at fund level. In addition, expenses and cost may be incurred when the services of third parties are commissioned in connection with the fund

administration. With respect to investments made by the ETF, such as investments in other funds or other collective investment vehicles, further charges might be incurred. This may have a negative impact on these investments and, consequently, in the ETF's performance.

Performance fees may be agreed upon on the level of the ETF. Such fee arrangements can create an inducement to invest assets in a more risk oriented or speculative manner than would be the case if no performance fee arrangement existed. Performance fees may even be incurred where the ETF underperforms the Benchmark. Even if the ETF outperforms its Benchmark, performance fees might be triggered even though the overall fund performance is negative (for example where the Benchmark's performance is negative). Consequently performance fees can be incurred on the level of the ETF even if an investment in the Securities results in a loss to the investor.

Limited Supervision

Funds may not be regulated or may invest in investment vehicles that are not subject to supervision. If unregulated funds become subject to supervision, this may negatively impact the value of the Fund, and, consequently, of the Securities.

In case of a **futures contract as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

potential investors should consider the following risks **specifically related to futures contracts as Underlying or a Basket Component**, as the case may be:

Similar risks to a direct investment in futures contracts

The level of the Redemption Amount, if any is determined by reference to the price of the futures contract used as the Underlying or, as the case may be, a Basket Component. Consequently, any investment in the Securities is, to a certain extent, subject to market risks similar to direct investment in the futures contract.

Futures contracts are standardised transactions

Futures contracts used as the Underlying or, as the case may be, a Basket Component are standardised transactions relating to financial instruments (e.g. shares, indices, interest rates, currencies) - so-called financial futures- or to commodities and precious metals (e.g. oil, wheat, sugar, gold, silver) - so-called commodities futures.

A futures contract represents a contractual obligation to buy or sell a fixed amount of the underlying commodities, precious metals or financial instruments on a fixed date at an agreed price. Futures contracts are traded on futures exchanges and are standardised with respect to contract amount, type, and quality of the underlying, as well as to delivery locations and dates (where applicable). Futures, however, are normally traded at a discount or premium to the spot prices of their underlying.

Securities with rolling futures contracts as Underlying or, as the case may be, as Basket Component

For the purpose of trading on an exchange, futures contracts are standardised with respect to their term (e.g. 3, 6, 9 months). Futures contracts used as the Underlying or, as the case may be, a Basket Component may have an expiration date different from the term of the Securities. In such a case, the Issuer will replace the underlying futures contract by a futures contract which - except for its expiration date, which will occur on a later date - has the same contract specifications as the initial underlying (the "Roll-over"). Such a Roll-over can be repeated several times.

Contango and backwardation

The prices of the longer-term and the shorter-term futures contract used as the Underlying or, as the case may be, a Basket Component can differ even if all other contract specifications are the same. If the prices of longer-term futures contracts are higher than the price of the shorter-term futures contract to be exchanged (so-called contango), the number of futures contracts held is reduced with the Roll-over. Conversely, if the prices of short-term futures are higher (so-called backwardation), the number of futures contracts held is increased with the Roll-over (without taking into account roll-over expenses). In addition, expenses for the roll-over itself are incurred. This may result in a negative effect for the value of the Securities and the redemption.

Replacement or termination

If it is impossible to replace an expiring futures contract with a futures contract with identical features (except for the term to maturity), the Final Terms may provide for replacement with another, potentially less advantageous, futures contract or termination by the Issuer. Therefore, Securityholder

cannot rely on participating in the performance of the original futures contract throughout the entire term of the Securities.

No parallel development of spot price and futures price

Futures prices can differ substantially from the spot price of the underlying financial instrument (e.g. shares, indices, interest rates, currencies) or underlying commodity and precious metal (e.g. oil, wheat, sugar, gold, silver). Moreover, the investor in Securities linked to the futures price of a certain underlying (e.g. financial instrument, commodity or precious metal) must be aware of the fact that the futures price and, accordingly, the value of the Securities does not always move in the same direction or at the same rate as the spot price of such underlying. Therefore, the value of the Securities can fall substantially even if the spot price of the relevant underlying of the futures contract remains stable or rises.

In case of an **interest rate and a reference rate as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

potential investors should consider the following risks **specifically related to interest rates and reference rates as Underlying or a Basket Component**, as the case may be:

Similar risks to a direct investment in interest rates or, as the case may be, reference rates

The level of the Redemption Amount, if any is determined by reference to the price of the interest rate or, as the case may be, reference rate used as the Underlying or, as the case may be, a Basket Component. Consequently, any investment in the Securities is, to a certain extent, subject to market risks similar to direct investment in an interest rate or, as the case may be, a reference rate.

Interest rates and reference rates used as the Underlying or, as the case may be, a Basket Component are determined by offer and demand on the international money and capital markets, which in turn are influenced by economic factors, speculation and interventions by central banks and governments as well as other political factors. The interest rate level on the money and capital markets is often highly volatile. Securityholders are subject to the risk of changing interest rates, because an investment in the Securities linked to an interest rate as the Underlying or, as the case may be, a Basket Component may bear similar market risks to a direct investment in an interest rate.

In case of an **currency exchange rate as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

potential investors should consider the following risks **specifically related to currency exchange rates as Underlying or a Basket Component**, as the case may be:

Securities with currency exchange rates used as the Underlying or, as the case may be, a Basket Component refer to a specific currency or specific currencies. Payments depend on the performance of the underlying currency(ies) and may be substantially less than the amount originally invested by the Securityholder. An investment in Securities linked to currency exchange rates as the Underlying or, as the case may be, a Basket Component may bear similar market risks to a direct investment in the relevant underlying currency(ies). In particular, this will apply if the relevant underlying currency is the currency of an emerging market jurisdiction. Therefore, potential investors should be familiar with foreign exchange rates as an asset class. Furthermore, legal restrictions on the free exchangeability may adversely affect the value of the Securities.

In cases of currency exchange rates used as the Underlying or, as the case may be, a Basket Component, it should be noted that the values are traded 24 hours a day through the time zones of Australia, Asia, Europe and America. **Potential investors of the Securities should, therefore, be aware that a relevant limit or, as the case may be, threshold, if applicable, described in the Conditions of the Securities, may be reached, exceeded or fallen short at any time and even outside of local or the business hours of the Issuer, the Calculation Agent or the Manager.**

G. CONDITIONS OF THE SECURITIES

The Securities will be issued either (i) under the Conditions of the Securities as contained on pages 157 to 241 of the Base Prospectus dated 23 June 2014 of UBS AG as filed with SFSA and incorporated by reference in this Base Prospectus, (ii) under the Conditions of the Securities as contained on pages 212 to 318 of the Base Prospectus dated 17 April 2015 of UBS AG as filed with SFSA and incorporated by reference in this Base Prospectus or (iii) under the Conditions of the Securities as contained in this Base Prospectus.

1. Structure of the Conditions of the Securities

Securities will be issued (i) on the General Conditions of the Securities as set out under "General Conditions" in the Base Prospectus, (ii) as completed by the Security specific Product Terms for the relevant series of Securities as set out under "Product Terms" in the Base Prospectus.

The Product Terms shall in the relevant Final Terms amend and put in concrete terms the General Conditions of the Securities for the purposes of the relevant Securities.

The Product Terms and the General Conditions together constitute the "Conditions" of the relevant Securities. Full information on the Conditions is only available on the basis of the combination of the Final Terms and the Base Prospectus.

Summarised Contents of the Conditions

	Product Terms	Page
Part 1:	<i>Key Terms and Definitions of the Securities</i>	[•]
Part 2: § 1 - 3	<i>Special Conditions of the Securities</i>	[•]
	General Conditions	
§ 4	<i>Form of Securities; Title and Transfer; Status</i>	[•]
§ 5	<i>Settlement</i>	[•]
§ 6 (a) - (m)	<i>Adjustments for Securities on Baskets; Adjustments in connection with Shares, Certificates representing Shares, Non-Equity Securities, Commodities, Precious Metals, Indices, exchange traded Fund Units, not exchange traded Fund Units, Futures Contracts, Interest Rates, Currency Exchange Rates and Reference Rates</i>	[•]
§ 7	<i>Adjustments due to the European Economic and Monetary Union</i>	[•]
§ 8	<i>Extraordinary Termination Right of the Issuer</i>	[•]
§ 9	<i>Termination Right of the Securityholders</i>	[•]
§ 10	<i>Taxes</i>	[•]
§ 11	<i>Market Disruptions</i>	[•]
§ 12	<i>Security Agents</i>	[•]
§ 13	<i>Substitution of the Issuer</i>	[•]
§ 14	<i>Publications</i>	[•]
§ 15	<i>Issue of further Securities; Purchase of Securities; Cancellation</i>	[•]

§ 16	<i>Governing Law; Jurisdiction</i>	[•]
§ 17	<i>Corrections; Severability</i>	[•]

2. Product Terms

The following “**Product Terms**” of the Securities shall, for the relevant Securities, amend and put in concrete terms the General Conditions for the purposes of such Securities. A version of these Product Terms as amended and completed for the specific issue will be contained in the applicable Final Terms and must be read in conjunction with the General Conditions.

The Product Terms are composed of

Part 1: Key Terms and Definitions of the Securities and

Part 2: Special Conditions of the Securities (for the individual types of Securities)

Product Terms and General Conditions together constitute the “**Conditions**” of the relevant Securities.

In the event of any inconsistency between these Product Terms and the General Conditions, these Product Terms shall prevail for the purposes of the Securities.

Part 1: Product Terms: Key Terms and Definitions of the Securities

The Securities use the following definitions and have, subject to an adjustment according to the Conditions of the Securities, the following key terms, both as described below in alphabetical order. The following does not represent a comprehensive description of the Securities, and is subject to and should be read in conjunction with the Conditions of the Securities. The following use of the symbol “” in the Key Terms and Definitions of the Securities indicates that the relevant determination will be made by the Calculation Agent or the Issuer, as the case may be, and will be published without undue delay thereafter in accordance with the applicable legal requirements of the relevant jurisdiction.*

A.

[Accumulated Borrowing Fee_(t):

The Accumulated Borrowing Fee_(t) [means [•]] [(i) on any [Fund Business Day] [•]’t’ which is not immediately following a Borrowing Rebalancing Date, (A) the sum of the Borrowing Fees calculated in respect of each [Fund Business Day] [•] in the period from but excluding the immediately preceding Borrowing Rebalancing Date or, if none, the [Fixing Date] [•] to but excluding the relevant [Fund Business Day] [•] ‘t’ plus (B) the Borrowing Fee in respect of [Fund Business Day] [•] ‘t’; and (ii) on any [Fund Business Day] [•] ‘t’ which is immediately following a Borrowing Rebalancing Date, the Borrowing Fee in respect of [Fund Business Day] [•] ‘t’.

The Accumulated Borrowing Fee and the Rate shall be reset on each [quarterly] [monthly] [•] Borrowing Rebalancing Date.]]

[Additional Termination Event:

Additional Termination Event [means [•]] [, in relation to a currency exchange rate used as [the Underlying] [the Basket Component] means any of the following events:

- (i) The determination and/or publication of the price of a currency used in relation to the currency exchange rate is discontinued permanently, or the Issuer or the Calculation Agent obtains knowledge about the intention to do so.
- (iii) The currency used in connection with the currency exchange rate is, in its function as legal tender, in the country or jurisdiction, or countries or jurisdictions, maintaining the authority, institution or other body which issues such currency, replaced by another currency, or merged with another currency to become a common currency, or the Issuer or the Calculation Agent obtains knowledge about the intention to do so.
- (iv) A Relevant Country (aa) imposes any controls or announces its intention to impose any controls or (bb) (i) implements or announces its intention to implement or (ii) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer’s and/or any of its affiliates’ ability to acquire, hold, transfer or realise the currency used in connection with the currency exchange rate or otherwise to effect transactions in relation to such currency.
- (v) The occurrence at any time of an event, which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer and/or any of its affiliates from:
 - (aa) converting the currency used in connection with the

currency exchange rate into the Redemption Currency or into another currency through customary legal channels or transferring within or from any Relevant Country any of these currencies, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;

- (bb) converting the currency used in connection with the currency exchange rate into the Redemption Currency or into another currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
- (cc) delivering the currency used in connection with the currency exchange rate from accounts inside any Relevant Country to accounts outside such Relevant Country; or
- (dd) transferring the currency used in connection with the currency exchange rate between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country.]

[and] [, in relation to a share used as [the Underlying] [the Basket Component] means any of the following events:

- (i) The Issuer obtains knowledge about the intention to discontinue permanently the quotation of the shares of the Company [in the Relevant Trading System] [or] [on the Relevant Exchange] [, as the case may be,] due to a merger or a new company formation, due to a transformation of the Company into a legal form without shares, or due to any other comparable reason, in particular as a result of a delisting of the Company.
- (ii) An insolvency proceeding or any other similar proceeding under the jurisdiction applicable to and governing the Company is initiated with respect to the assets of the Company.
- (iii) Take-over of the shares of the Company, which in the Issuer's opinion, results in a significant impact on the liquidity of such shares in the market.
- (iv) Offer to the shareholders of the Company pursuant to the German Stock Corporation Act (*Aktiengesetz*), the German Law regulating the Transformation of Companies (*Umwandlungsgesetz*) or any other similar proceeding under the jurisdiction applicable to and governing the Company to convert existing shares of the Company to cash settlement, to Securities other than shares or rights, which are not quoted on a stock exchange and/or in a trading system.]

[and] [, in relation to a certificate representing shares used as [the Underlying] [the Basket Component] means any of the following events:

- (i) The Issuer obtains knowledge about the intention to discontinue permanently the quotation of the certificate representing shares on the Relevant Exchange.
- (ii) An insolvency proceeding or any other similar proceeding under the jurisdiction applicable to and governing the company, which

has issued the Underlying Shares is initiated with respect to the assets of such company.]

[Aggregate Nominal Amount: The Aggregate Nominal Amount equals [●]. [Indicative. The Aggregate Nominal Amount will be fixed on [the Fixing Date [at Fixing Time]] [the end of the Subscription Period depending on the demand for the Securities during the Subscription Period].*]]

[American Depositary Receipt: American Depositary Receipt means a negotiable instrument issued by a United States commercial bank acting as a depository that represents a specified number of Underlying Shares issued by an entity organised outside the United States held in a safekeeping account with the depository's custodian.]

B.

Banking Day:

The Banking Day means [●] [each day on which the banks in [Frankfurt am Main, Federal Republic of Germany,] [and] [[●]] are open for business[, the Trans-European Automated Real-time Gross settlement Express Transfer System ("TARGET2") is open] and the Clearing System settles securities dealings.]

[Barrier:

The Barrier

[equals [●].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [●] ("Barrier_(i=1)"), [●] and

the Barrier in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [●] ("Barrier_(i=n)").]

[indicative. The Barrier [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].*]

[The term "Barrier" shall also refer to all Barriers_(i=1) to _(i=n).]

[Basket Component:

The Basket Component_(i=1) equals [, subject to a Roll Over in accordance with § 6 (j) of the Conditions of the Securities,] [*Description of [the share or of the American Depositary Receipt, the Global Depositary Receipt or other depository receipt on the share] [the Index] [the currency exchange rate] [the precious metal] [the commodity] [the interest rate] [the non-equity security] [the exchange traded fund unit] [the not exchange traded fund unit] [the futures contract (if applicable, including determination of the relevant expiration months)] [the reference rate]. [●]*] [*in the case of an Index as the Basket Component insert, if appropriate, the following text: (the "Index_(i=1)"), [as maintained, calculated and published by [●] (the "Index Sponsor_(i=1)")]*] [as maintained by [●] (the "Index Sponsor_(i=1)") and calculated and published by [●] (the "Index Calculator_(i=1)")]] [*in the case of a fund unit as the Basket Component insert, if appropriate, the following text: (the "Fund Unit_(i=1)") in the [●] (the "Fund_(i=1)")*] [*in the case of a certificate representing shares as the Underlying insert, if appropriate, the following text: [(also "ADR_(i=1)") [(also "GDR_(i=1)") [(also "DR_(i=1)")]*] (In such context, the Share_(i=1) underlying [the ADR_(i=1)] [the GDR_(i=1)] [the DR_(i=1)] is also referred to as the "Underlying Share_(i=1)"); [●] and

the Basket Component_(i=n) equals [, subject to a Roll Over in accordance with § 6 (j) of the Conditions of the Securities,] [*Description of [the share or of the American Depositary Receipt, the Global Depositary Receipt or other depository receipt on the share] [the Index] [the currency exchange rate] [the precious metal] [the commodity] [the*

interest rate] [the non-equity security] [the exchange traded fund unit] [the not exchange traded fund unit] [the futures contract (if applicable, including determination of the relevant expiration months)] [the reference rate]. [●] [in the case of an Index as the Basket Component insert, if appropriate, the following text: (the "Index_(i=n)"), [as maintained, calculated and published by [●] (the "Index Sponsor_(i=n)") [as maintained by [●] (the "Index Sponsor_(i=n)") and calculated and published by [●] (the "Index Calculator_(i=n)")]] [in the case of a fund unit as the Basket Component insert, if appropriate, the following text: (the "Fund Unit_(i=n)") in the [●] (the "Fund_(i=n)") [in the case of a certificate representing shares as the Underlying insert, if appropriate, the following text: [(also "ADR_(i=n)") [also "GDR_(i=n)") [(also "DR_(i=n)")]] (In such context, the Share_(i=n) underlying [the ADR_(i=n)] [the GDR_(i=n)] [the DR_(i=n)] is also referred to as the "Underlying Share_(i=n)").]

[The Basket Components are [expressed in] [converted into] [related to] [the Underlying Currency] [●].]

[In this context, the individual underlying values or components of a Basket Component are referred to as a "Component" or, as the case may be, the "Components".]

The term "Basket Component" [or "Index", "Index Calculator"] and "Index Sponsor", as the case may be, [or "Fund Unit" and "Fund", as the case may be] [●] shall also refer to all Basket Components_(i=1) to _(i=n) [and to all Indices_(i=1) to _(i=n) [all Index Calculators_(i=1) to _(i=n)] and all Index Sponsors_(i=1) to _(i=n), as the case may be] [and to all Fund Units_(i=1) to _(i=n) and all Funds_(i=1) to _(i=n), as the case may be] [●].]

[Basket Component Calculation Date:

The Basket Component Calculation Date means

[●]

[each day, on which [the Relevant Trading System] [,] [and] [the Relevant Exchange] [,] [and] [the Relevant Exchange Market] [and] [the Relevant Reference Market] [is] [are] open for trading [and] [the Price of the Basket Component is determined in accordance with the relevant rules]]

[in the case of an Index as the Basket Component insert, if applicable, the following text: [(or, as the case may be,) in relation to the Index] each day, on which [(i) [the Index Sponsor] [the Index Calculator] determines, calculates and publishes the official price of the Index, [and (ii) the Components, which are comprised in the Index are [, to the extent of at least [●] [80 %] [90 %] of the market capitalisation of all Components, which are comprised in the Index, or of the overall value of the Index,] available for trading and quotation [in the Relevant Trading System] [or] [on the Relevant Exchange]]]

[in the case of a fund unit as the Basket Component insert, if applicable, the following text: [(or, as the case may be,) in relation to a Fund Unit] each day on which the [respective] administrator of the Fund publishes the Net Asset Value for such Fund in accordance with the relevant Fund's prospectus and constitutional documents]

[in the case of a reference rate as the Basket Component insert, if applicable, the following text: [(or, as the case may be,) in relation to a reference rate] each day on which the [respective] Relevant Reference Agent determines the Price of the Basket Component in accordance with the relevant rules]].]

[Basket Performance:	The Basket Performance equals [•]
[Bonus Level:	<p>The Bonus Level</p> <p>[equals [•].]</p> <p>[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] (“Bonus Level_(i=1)”), [•] and</p> <p>the Barrier in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] (“Bonus Level_(i=n)”)].]</p> <p>[indicative. The Bonus Level [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].*]</p> <p>[The term “Bonus Level” shall also refer to all Bonus Levels_(i=1) to _(i=n)].]</p>
[Borrowing Fee:	The Borrowing Fee [means [•]] [Day Count Fraction x Rate x [%][•]]]
[Borrowing Rebalancing Date:	The Borrowing Rebalancing Date [means [•]] [[•] in each year commencing on [•] to and including [•], or if any such day is not a [Fund Business Day] [•], the immediately following [Fund Business Day][•]]]
[Business Day:	The Business Day means [•] [each day on which the banks in [Frankfurt am Main, Federal Republic of Germany,] [and] [[•]] are open for business.]]
C.	
[Calculation Agent:	The Calculation Agent means [•] [UBS Deutschland AG, Bockenheimer Landstrasse 2 - 4, 60306 Frankfurt am Main, Federal Republic of Germany] [UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland [, acting through its [London Branch, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom] [Jersey Branch, 24 Union Street, Saint Helier, Jersey JE4 8UJ]].]
[Cap:	<p>The Cap</p> <p>[equals [•].]</p> <p>[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] (“Cap_(i=1)”), [•] and</p> <p>the Cap in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] (“Cap_(i=n)”)].]</p> <p>[indicative. The Cap [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].*]</p> <p>[The term “Cap” shall also refer to all Caps_(i=1) to _(i=n)].]</p>
[Cap Level:	<p>The Cap Level</p> <p>[equals [•].]</p> <p>[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] (“Cap Level_(i=1)”), [•] and</p> <p>the Cap in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals</p>

[•] (“Cap Level_(i=n)”).]

[indicative. The Cap Level [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].*]

[The term “Cap Level” shall also refer to all Cap Levels_(i=1) to _(i=n).]

CA Rules:

CA Rules means [[•]

[the Swedish Financial Instruments Accounts Act (*lag (1998:1479) om kontoföring av finansiella instrument*)]

[the Finnish Act on the Book-Entry System and Clearing Operations (749/2012) (*laki arvoosuusjärjestelmästä ja selvitystoiminnasta*) the Finnish Act on Book-Entry Accounts (827/1991) (*laki arvo-osuustileistä*)]

[the Norway Securities Register Act (*Lov av 5. Juli 2002 nr. 64 om registrering av finansielle instrumenter*)]

[the Danish Securities Trading Act etc. (*Lov om værdipapirhandel m.v.*) as amended from time to time and the Executive Order on Book Entry, etc. of dematerialised Securities in a Central Securities Depository (*Bekendtgørelse om registrering m.v. af fondsaktiver i en værdipapircentral*) as amended from time to time issued pursuant thereto]

as well as] any regulation and operating procedure applicable to and/or issued by the Clearing System.

[Certificate Value_(t):

The Certificate Value_(t) equals [•] [on [Fund Business Day]] [•] ‘t’, and Certificate Value(0) is equal to [100%][•].]

[CIBOR:

CIBOR means [•]

Clearing System:

Clearing System means

[•]

[UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland (For the avoidance of doubt: The Securities can only be held in a securities account with UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland)]

[Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Federal Republic of Germany]

[Clearstream Banking S.A., Luxembourg (42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg)]

[Euroclear Bank S.A./ N.V., Brussels, as operator of the Euroclear System (1 Boulevard du Roi Albert II, B - 1210 Brussels, Belgium)]

[Euroclear Sweden AB, Klarabergsviadukten 63, S-111 64 Stockholm, Sweden, in its capacity as central securities depository under the Swedish Financial Instruments Accounts Act (*Sw. lag (1998:1479) om kontoföring av finansiella instrument*)]

[Euroclear Finland Ltd., Urho Kekkosen katu 5 C, FI-00101 Helsinki, Finland, in its capacity as central securities depository under the Finnish Act on the Book-Entry System and Clearing Operations (749/2012) (*laki*

arvo-osuusjärjestelmästä ja selvitystoiminnasta) and the Finnish Act on Book-Entry Accounts (827/1991) (*laki arvo-osuustileistä*)

[Verdipapirsentralen ASA, P.O. Box 4, 0051 Oslo, Norway, in its capacity as central securities depository under the Norway Securities Register Act (*Lov av 5. Juli 2002 nr. 64 om registrering av finansielle instrumenter*)]

[VP Securities A/S, Weidekampsgade 14, P.O. Box 4040, 2300 Koebenhavn S, Denmark, in its capacity as central securities depository under the Danish Securities Trading Act (*Lov om værdipapirhandel m.v.*), as amended from time to time]

or any successor in this capacity. [The term “Clearing System” shall refer to all Clearing Systems.]

[Coupon:

[The Coupon equals [•] [the Nominal Amount multiplied by the Coupon Factor (as defined below), afterwards commercially rounded to [two] [•] decimal places]]

[The Coupon_(i=1) in relation to the Observation Date_(i=1) equals [•] [converted into the Redemption Currency] [commercially rounded to [two] [•] decimal places]. [indicative. The Coupon_(i=1) in relation to the Observation Date_(i=1) will be fixed on the Fixing Date [at the Fixing Time]*; [•] and

the Coupon_(i=n) in relation to the Observation Date_(i=n) equals [•] [converted into the Redemption Currency] [commercially rounded to [two] [•] decimal places]. [indicative. The Coupon_(i=n) in relation to the Observation Date_(i=n) will be fixed on the Fixing Date [at the Fixing Time]*.]

The term “Coupon” shall also refer to all Coupons_(i=1) to _(i=n).]]

[Coupon Barrier:

The Coupon Barrier

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] (“**Coupon Barrier_(i=1)**”), [•] and

the Coupon Barrier in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] (“**Coupon Barrier_(i=n)**”).]

[indicative. The Coupon Barrier [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time]*.]

[The term “Coupon Barrier” shall also refer to all Coupon Barriers_(i=1) to _(i=n).]]

[Coupon Day Count Fraction:

The Coupon Day Count Fraction, in respect of the calculation of an amount for any period of time (the “**Coupon Calculation Period**”) means [•] [the actual number of days in the Coupon Calculation Period divided by 360].]

[Coupon Determination Date:

The Coupon Determination Date means [•] [the [•] [Banking Day] [Fund Business Day] [[Underlying] [Basket Component] Calculation Date] before the start of the relevant Coupon Period].]

[Coupon Factor:

The Coupon Factor equals [•].]

[Coupon Payment Date:

The Coupon Payment Date means [•] [the [•] Banking Day after the

[relevant] Observation Date].]

[If any Coupon Payment Date would fall on a day which is not a [Banking Day] [•], the payment date shall be:

[if Modified Following Business Day Convention insert: postponed to the next day which is a [Banking Day] [•] unless it would thereby fall into the next calendar month, in which event the Coupon Payment Date shall be the immediately preceding [Banking Day] [•]]

[if Following Business Day Convention insert: postponed to the next day which is a [Banking Day] [•]]

[if Preceding Business Day Convention insert: the immediately preceding [Banking Day] [•]]

(the "**Business Day Convention**").]

[Coupon Period:

[The Coupon Period means [•] [the period, commencing on the [Issue Date] [Fixing Date] [•] [at [•] hrs local time [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland] [•]] and ending [at [•] hrs local time [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], [•]] on the [Expiration Date] [Valuation Date] [Final Valuation Date] [or] [latest of the Valuation Averaging Dates].]

[The Coupon Period_(i=1) means the period commencing at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [•] and ending at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland] on [•] [Observation Date_(i=1)] (including) [•] and the Coupon Period_(i=n) means the period commencing at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [•] [Observation Date_(i=n-1)] (excluding) and ending at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [•] [Observation Date_(i=n)] (including).]

D.
[Day Count Fraction:

The Day Count Fraction, in respect of the calculation of an amount for any period of time (the "**Calculation Period**") means:

[in the case of "Actual/Actual (ICMA)":

- (a) where the Calculation Period is equal to or shorter than the Interest Calculation Period during which it falls, the actual number of days in the Calculation Period divided by the product of (i) the actual number of days in such Interest Calculation Period and (ii) the number of Interest Calculation Periods in any calendar year; and
- (b) where the Calculation Period is longer than one Interest Calculation Period, the sum of: (i) the actual number of days in such Calculation Period falling in the Interest Calculation Period in which it begins divided by the product of (x) the actual number of days in such Interest Calculation Period and (y) the number of Interest Calculation Periods in any year; and (ii) the actual number of days in such Calculation Period falling in the next Interest Calculation Period divided by the product of (x) the

actual number of days in such Interest Calculation Period and (y) the number of Interest Calculation Periods in any year.]

[in the case of "30/360":

the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)).]

[in the case of "30E/360" or "Eurobond Basis":

the number of days in the Calculation Period divided by 360 (unless, in the case of the final Calculation Period, [the Expiration Date] [the Valuation Date] [the Final Valuation Date] [if applicable, insert other relevant date: [•]] is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).]

[in the case of "Actual/365" or "Actual/Actual (ISDA)":

the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365).]

[in the case of "Actual/365 (Fixed)":

the actual number of days in the Calculation Period divided by 365.]

[in the case of "Actual/360":

the actual number of days in the Calculation Period divided by 360.]

[Delivery Date:

The Delivery Date means [•][Front Month]

[[•] [in respect of the Price of the Underlying the First Nearby Month, provided that if the Expiration Date or the Kick-In Observation Date is the same as or subsequent to the Last Trading Date or the First Notice Date in respect of the Underlying then the delivery date applicable to the Underlying shall be the Second Nearby Month.]

[In this context, "First Nearby Month" means the first following contract months (as specified in relation to the Underlying in the definition "Underlying") and the "Second Nearby Month" means the second following contract months (as specified in the definition "Underlying").]

[Delivery Disruption Amount:

The Delivery Disruption Amount equals [the Reference Price] [the Settlement Price] of [the Underlying] [if appropriate, insert different point of reference to an Underlying comprised in the Base Prospectus: [•]] [multiplied by [the Participation Factor] [the Leverage Factor] [the Multiplier] [, expressed as a decimal number,]] [and] commercially rounded to [two] [•] decimal places.]

[Depository Receipt:	Depository Receipt means [•] [a negotiable instrument issued by [a commercial bank] [•] acting as a depository that represents a specified number of Underlying Shares issued by an entity organised outside [•] held in a safekeeping account with the depository's custodian].]
E.	
[EURIBOR:	EURIBOR means [•]
[Exchange Business Day:	The Exchange Business Day means [•] [each day, on which the Relevant Exchange is open for trading and the Price of the Underlying is determined in accordance with the relevant rules].
[Exercise Date:	The Exercise Date means [•].]
[Exercise Period:	The Exercise Period [•] [starts on [•] and ends on [•] [at the Exercise Time]].]
[Exercise Time:	The Exercise Time equals [•] [hrs. (local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland])] [•]
[Expiration Date:	The Expiration Date means [•]. [If this day is not [a Fund Business Day] [[an Underlying] [a Basket Component] Calculation Date], the immediately [preceding] [succeeding] [Fund Business Day] [[Underlying] [Basket Component] Calculation Date] is the Expiration Date.]]
[Express Level:	<p>The Express Level</p> <p>[equals [•].]</p> <p>[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] ("Express Level_(i=1)"), [•] and</p> <p>the Express Level in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] ("Express Level_(i=n)").]</p> <p>[indicative. The Express Level [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].*]</p> <p>[The term "Express Level" shall also refer to all Express Levels_(i=1) to _(i=n).]</p>
F.	
[Fee Determination Date:	The Fee Determination Date means [•] [the date which is [two (2)] [0] [Banking Days] [Business Days] [Fund Business Days] [[Underlying] [Basket Component] Calculation Dates]] prior to the first [Banking Day] [Business Day] [Fund Business Day] [[Underlying] [Basket Component] Calculation Date]] of the respective Roll Period].]
[Final Valuation Date:	<p>[The Final Valuation Date means [the Expiration Date] [•].]</p> <p>[The Final Valuation Date means [[the Expiration Date] [•]] [(i) in the case of an exercise by the Securityholder in accordance with § [•] of the Conditions of the Securities, subject to an effective exercise procedure, [the relevant Exercise Date] [the day immediately succeeding the relevant Exercise Date] [•]] [and] [(ii) in the case of an Automatic Exercise in accordance with § [•] of the Conditions of the Securities [the Automatic Exercise Date] [the day immediately succeeding the Automatic Exercise Date] [•]].]</p>

[Fixing Date:	<p>If this day is not [a Fund Business Day] [[an Underlying] [a Basket Component] Calculation Date] in relation to [the Underlying] [an Underlying_(i)] [a Basket Component_(i)], [•] [the immediately [preceding] [succeeding] [Fund Business Day] [[Underlying] [Basket Component] Calculation Date] is the relevant Final Valuation Date in relation to [the Underlying] [the affected [Underlying_(i)] [Basket Component_(i)] [the aggregate [Underlyings] [Basket Components]]].]</p> <p>The Fixing Date means [•].</p> <p>[the date which is [two (2)] [•] [Banking Days] [Business Days] [Fund Business Days] [[Underlying] [Basket Component] Calculation Dates]] [•] prior to [the start] [the first [Banking Day] [Business Day] [Fund Business Day] [[Underlying] [Basket Component] Calculation Date]] [•]] of the respective [Roll Period] [Interest Calculation Period].]</p> <p>[If this day is not [a Fund Business Day] [[an Underlying] [a Basket Component] Calculation Date] in relation to [the Underlying] [an Underlying_(i)] [a Basket Component_(i)], [•] [the immediately [preceding] [succeeding] [Fund Business Day] [[Underlying] [Basket Component] Calculation Date] is the relevant Fixing Date in relation to [the Underlying] [the affected [Underlying_(i)] [Basket Component_(i)] [the aggregate [Underlyings] [Basket Components]]].]</p> <p>[In the case of abbreviation or extension of the Subscription Period the Fixing Date may be changed accordingly.]</p>
[Fixing Time:	<p>The Fixing Time equals [•]</p> <p>[[•] hrs [(local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland]).]</p> <p>[[the time of the official determination of the [Price] [[•] price] of the [Underlying] [respective Underlying_(i)] [by the Index Sponsor] [or the Index Calculator, as the case may be] [by the Relevant Reference Agent].] [•]]</p> <p><i>[in the case of a Basket as the Underlying insert, if appropriate, the following text: [[•], relevant local time for each Basket Component_(i)] [the time of the official determination of the [Price] [[•] price] of each Basket Component_(i)] [by the Index Sponsor] [by the Relevant Reference Agent].] [•]]]</i></p>
[Fund Business Day:	<p>The Fund Business Day means any day in respect of which (i) the administrator of the Fund calculates and publishes the Fund's NAV in accordance with the relevant prospectus and constitutional documents of the Fund and (ii) a Notional Investor in the Fund Units of the Fund could subscribe and redeem the Fund Units.]</p>
[Fund Value_(t):	<p>The Fund Value_(t) means [•] [the product of (A) the Number of Fund Units with respect to the immediately preceding [Fund Business Day][•] 't-1' or, if none, the [Fixing Date][•] and (B) the NAV on [Fund Business Day][•] 't' divided by the Initial NAV.]]</p>
[Futures Contract with the next Expiration Date:	<p>Futures Contract with the next Expiration Date means [•] [the futures contract with the Expiration Date, which falls in the chronologically next of the Relevant Expiration Months.]]</p>
[FX Factor:	<p>The FX Factor equals [•] [the quotient of the [•] ("[•]") currency</p>

exchange rate on the Observation Date_(i=n) ("FX_{End}"), divided by the [•] currency exchange rate on the Fixing Date ("FX_{Start}").

[The currency exchange rate is expressed in units [•] per 1 unit [•].]

["FX_{Start}" and "FX_{End}" will be determined, commercially rounded to [•][4] decimal places, by the Calculation Agent at its reasonable discretion pursuant to § 317 of the German Civil Code ("BGB"), targeting the [•] currency exchange rate resulting as the quotient of 1 divided by the [•] ("[•] ") currency exchange rate as published as daily fixing at or about •hrs [•] [CET] on Reuters page "•" (or a substitute page thereof).]

[If a currency exchange rate is not determined or quoted in the manner described above or in case of, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB), a FX Market Disruption (as defined below), the Calculation Agent shall be entitled to identify a currency exchange rate, determined on the basis of the then prevailing market customs.]

[A "FX Market Disruption" means a limitation, suspension or disruption of or a restriction imposed on trading, the latter of which the Issuer and the Calculation Agent consider significant, on the foreign exchange market(s) in which the rates for the determination of the FX Factor are determined.]]

G.

[Global Depository Receipt:

Global Depository Receipt means a negotiable instrument issued by a commercial bank acting as a depository that represents a specified number of Underlying Shares issued by an entity and held in a safekeeping account with the depository's custodian.]

Governing Law:

German law governed Securities. Any reference to reasonable discretion in the Conditions shall be construed as references to reasonable discretion in accordance with § 315 BGB or §§ 315, 317 BGB, as the case may be.

I.

[Initial Strike:

The Initial Strike

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] ("Initial Strike_(i=1)"), [•] and

the Initial Strike in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] ("Initial Strike_(i=n)").]

[indicative. The Initial Strike [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].*]

[The term "Initial Strike" shall also refer to all Initial Strikes_(i=1) to _(i=n).]]

[Initial Payment Date:

The Initial Payment Date means [•]. [In the case of abbreviation or extension of the Subscription Period, the Initial Payment Date may be changed accordingly.]]

[Interest Amount:

The Interest Amount [means [•]] [is calculated by applying the Interest Rate and the Day Count Fraction to the Nominal Amount per Security, if applicable, commercially rounded to [two] [•] decimal places.]]

[Interest Amount Fixing Date:

The Interest Amount Fixing Date means [•].]

- [Interest Amount Fixing Time:** The Interest Amount Fixing Time means [•] [[•] hrs [(local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom]).]]
- [Interest Calculation Period:** The Interest Calculation Period means the period from [(including)] [(excluding)] one [Interest Payment Date] [•] to [(including)] [(excluding)] the next succeeding [Interest Payment Date] [•]. The initial Interest Calculation Period will be the period from the [Issue Date] [Initial Payment Date] [•] [(including)] [(excluding)] to the first [Interest Payment Date] [•] [(including)] [(excluding)].]
- [Interest Payment Date:** The Interest Payment Date means [•] [[•] of each calendar year [beginning on [•]]. The last Interest Payment Date equals the Maturity Date.]
- [If any Interest Payment Date would fall on a day which is not a [Banking Day] [•], the payment date shall be:
- [in case of Modified Following Business Day Convention insert:* postponed to the next day which is a [Banking Day] [•] unless it would thereby fall into the next calendar month, in which event the Interest Payment Date shall be the immediately preceding Banking Day] [•]]
- [in case of Following Business Day Convention insert:* postponed to the next day which is a [Banking Day] [•]]
- [in case of Preceding Business Day Convention insert:* the immediately preceding [Banking Day] [•]]
- (the "**Business Day Convention**").]
- [Interest Rate:** The Interest Rate equals [•]
- [in case of fixed rate securities insert, if applicable:*
- [•] % [per annum]]
- [in case of step-up or step-down securities insert, if applicable:*
- in relation to the Interest Calculation Period_(i=1) [•] % [per annum],
- in relation to the Interest Calculation Period_(i=2) [•] % [per annum], [•]
- in relation to the Interest Calculation Period_(i=n) [•] % [per annum]
- [, as determined by the Calculation Agent by referring to the Relevant Screen Page (or a substitute page thereof) at or around the Fixing Time on the relevant Fixing Date]. [The Interest Rate is subject to a minimum of [•] [%] [per annum].]
- [If the Relevant Screen Page at or around the Fixing Time is not available or if [the relevant interest rate] [•] is not displayed, [•] [[the relevant interest rate] [•] shall be the [[•] rate] [•] [(expressed as a percentage p.a.)] as displayed on the corresponding page of another financial information service. If [the relevant interest rate] [•] is no longer displayed in one of the above forms, the Issuer is entitled to specify at its reasonable discretion a Interest Rate [(expressed as a percentage p.a.)] calculated on the basis of the standard market practices applicable at that time. [In this case the Issuer is entitled but not obliged

to request from reference banks selected at its reasonable discretion their respective quotes for [the relevant interest rate] [•] [(expressed as a percentage rate p.a.)] at or around the Fixing Time. If at least [two] [•] of the reference banks have provided a corresponding quote to the Issuer, the Calculation Agent is entitled but not obliged to determine the Interest Rate by using the [arithmetical] average calculated by it (if necessary rounded to the nearest one thousandth of a percent) of the quotes specified by these reference banks.]]]

[Issue Date: The Issue Date means [•]. [In the case of abbreviation or extension of the Subscription Period the Issue Date may be changed accordingly.]

Issuer: The Issuer means UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland [, acting through its [London Branch, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom] [Jersey Branch, 24 Union Street, Saint Helier, Jersey JE4 8UJ]].

[Issuing Agent: The Issuing Agent means [SEB Merchant Banking, Asset Servicing, SE-106 40 Stockholm, Sweden,] [Nordea Bank Finland Plc, 2590 Issuer Services, Aleksis Kiven katu 3 – 5, FI-00500 Helsinki, Finland,] [Nordea Bank AB, Issuer Services, Middelthunsgate 17, P.O. Box 1166 Sentrum, NO-0107 Oslo, Norway,] [Nordea Bank Danmark A/S, Issuer Services, Securities Services, P.O. Box 850, DK-0900 Copenhagen C, Denmark,] [•] or any successor in this capacity. As long as any Security is outstanding, there will at all times be an Issuing Agent duly authorised as such under the CA Rules with regard to the Securities.]

K.

[Kick In Level: The Kick In Level
[equals [•].]
[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] (“Kick In Level_(i=1)”), [•] and
the Kick In Level in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] (“Kick In Level_(i=n)”).]
[indicative. The Kick In Level [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].^{*}]
[The term “Kick In Level” shall also refer to all Kick In Levels_(i=1) to _(i=n).]]]

[Kick In Strike: The Kick In Strike
[equals [•].]
[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] (“Kick In Strike_(i=1)”), [•] and
the Kick In Strike in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] (“Kick In Strike_(i=n)”).]
[indicative. The Kick In Strike [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].^{*}]
[The term “Kick In Strike” shall also refer to all Kick In Strikes_(i=1) to _(i=n).]]]

[Kick In Threshold: The Kick In Threshold

	[equals [•].]
	[in relation to the [Underlying _(i=1)] [Basket Component _(i=1)] equals [•] (“ Kick In Threshold_(i=1) ”), [•] and
	the Kick In Threshold in relation to the [Underlying _(i=n)] [Basket Component _(i=n)] equals [•] (“ Kick In Threshold_(i=n) ”).]
	[indicative. The Kick In Threshold [in relation to each [Underlying _(i)] [Basket Component _(i)] will be fixed on the Fixing Date [at the Fixing Time]. *]
	[The term “Kick In Threshold” shall also refer to all Kick In Thresholds _(i=1) to _(i=n) .]]
[Kick Out Level:	The Kick Out Level
	[equals [•].]
	[in relation to the [Underlying _(i=1)] [Basket Component _(i=1)] equals [•] (“ Kick Out Level_(i=1) ”), [•] and
	the Kick Out Level in relation to the [Underlying _(i=n)] [Basket Component _(i=n)] equals [•] (“ Kick Out Level_(i=n) ”).]
	[indicative. The Kick Out Level [in relation to each [Underlying _(i)] [Basket Component _(i)] will be fixed on the Fixing Date [at the Fixing Time]. *]
	[The term “Kick Out Level” shall also refer to all Kick Out Levels _(i=1) to _(i=n) .]]
L.	
[Last Trading Date:	The Last Trading Date means [•] [in respect of the Price of the Underlying, the last date on which the Underlying may be traded in accordance with the regulations and procedures of the Relevant Reference Market. The Last Trading Date shall be the date commonly understood in the market as applying to the Underlying and, in the event of any dispute, shall be the date specified and determined by the Calculation Agent.]]
[Leverage Factor:	[The Leverage Factor equals [•] [indicative. The Leverage Factor will be fixed on the Fixing Date [at Fixing Time].]
	[The Leverage Factor represents the amount which will be invested into the Fund. The Leverage Factor will be set at [•%]. *]]
[Leverage Value_(t):	The Leverage Value _(t) [means [•] [represents a notional borrowing by the Issuer to facilitate the allocation to Fund Units over [100%][•] of the Certificate Value(t). On any [Fund Business Day][•] 't' this is equal to 200% (which is the Leverage Factor on Fund Business Day 't' minus [100%][•]).]]
[LIBOR:	LIBOR means [•]]
[Lock-In Level:	The Lock-In Level
	[equals [•].]
	[in relation to the [Underlying _(i=1)] [Basket Component _(i=1)] equals [•] (“ Lock-In Level_(i=1) ”), [•] and
	the Lock-In Level in relation to the [Underlying _(i=n)] [Basket

Component_(i=n) equals [•] (“**Lock-In Level**_(i=n)”).]

[indicative. The Lock-In Level [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].^{*}]

[The term “Lock-In Level” shall also refer to all Lock-In Levels_(i=1) to _(i=n).]

[Look-Back Level:

The Look-Back Level of [the Underlying] [an Underlying_(i)] [a Basket Component_(i)] equals [•] [the lowest of the [closing prices] [•] of [the Underlying] [an Underlying_(i)] [a Basket Component_(i)] on each of the Look-Back Dates within the Look-Back Period as determined by the Calculation Agent on the last Look-Back Date.]

For these purposes a “**Look-Back Date**” means each [Banking Day] [[Underlying] [Basket Component] Calculation Date] [Exchange Business Day] [•] within the Look-Back Period.]

[Look Back Period:

The Look-Back Period means [•] [the period, commencing on the [Issue Date] [Fixing Date] [•] [at [•] hrs local time [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland] [•]] and ending [at [•] hrs local time [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], [•]] on the [Expiration Date] [Valuation Date] [Final Valuation Date] [or] [latest of the Valuation Averaging Dates].]

[Loss Threshold:

The Loss Threshold

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] (“**Loss Threshold**_(i=1)”), [•] and

the Loss Threshold in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] (“**Loss Threshold**_(i=n)”).]

[indicative. The Loss Threshold [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].^{*}]

[The term “Loss Threshold” shall also refer to all Loss Thresholds_(i=1) to _(i=n).]

M.

[Management Fee:

The Management Fee (“**MF**”) [is determined as follows: [•]] [Equals [•] [%] per [calendar day] [calendar month] [calendar quarter] [calendar year] [•], which is [calculated and] deducted [monthly] [quarterly] [semi-annually] [annually] [•] [in arrears].]

[The Management Fee will be published on each Fee Determination Date on [•] [UBS Quotes (<http://www.ubs.com/quotes>)]. The applicable Management Fee of [up to] [•][%] [per annum] will be charged and deducted on [•] [a daily basis (Act/360)] on the Redemption Amount per Security as of the respective previous Fee Determination Date, as determined by the Calculation Agent.]

[The [initial] Management Fee [“(MF”)”] equals [•] [[•] % p.a., which is [calculated and] deducted [per calendar day] [•] [in arrears].] [This includes a Recurring Commission of [•] [[•] % p.a.]

[The Management Fee [("MF")] can be adjusted annually on and is effective as of the MF Adjustment Date.]

[The Management Fee [("MF")] will be fixed [•] [annually on the MF Fixing Date becoming effective on the MF Adjustment Date with a maximum of [•] [[•]% p.a.]]]

[The current Management Fee will be published on [•] [www.ubs.com/keyinvest].]

Maturity Date:

The Maturity Date means [•] [the [•] Banking Day (i) after the [relevant Valuation Date] [latest of the Valuation Averaging Dates] [, (ii) in the case of an early expiration in accordance with § [•] of the Conditions of the Securities, after the Early Expiration Date,] [(ii)][(iii)] in the case of the occurrence of an automatic termination event in accordance with § [•] of the Conditions of the Securities, after [the Stop Loss Expiration Date] [the Knock Out Expiration Date] [•];] and ([•]) in the case of a termination by the Issuer in accordance with § 8 [•] of the Conditions of the Securities, after the Termination Date.]

[Maximum Amount:

The Maximum Amount equals [•] [converted into the Redemption Currency] [and] [commercially rounded to [two] [•] decimal places] [indicative. The Maximum Amount will be fixed [at the Fixing Time] on the Fixing Date.*]]

[MF Adjustment Date:

The MF Adjustment Date means [•].

[If this day is not [a Fund Business Day] [[an Underlying] [a Basket Component] Calculation Date] [•] in relation to [the Underlying] [an Underlying_(i)] [a Basket Component_(i)], [•] [the immediately [preceding] [succeeding] [Fund Business Day] [[Underlying] [Basket Component] Calculation Date] [•] is the relevant MF Adjustment Date in relation to [the Underlying] [the affected [Underlying_(i)] [Basket Component_(i)] [the aggregate [Underlyings] [Basket Components]]].]

[MF Fixing Date:

The MF Fixing Date means [•].

[If this day is not [a Fund Business Day] [[an Underlying] [a Basket Component] Calculation Date] [•] in relation to [the Underlying] [an Underlying_(i)] [a Basket Component_(i)], [•] [the immediately [preceding] [succeeding] [Fund Business Day] [[Underlying] [Basket Component] Calculation Date] [•] is the relevant MF Fixing Date in relation to [the Underlying] [the affected [Underlying_(i)] [Basket Component_(i)] [the aggregate [Underlyings] [Basket Components]]].]

[In the case of abbreviation or extension of the Subscription Period the MF Fixing Date may be changed accordingly.]

[Minimum Amount:

The capital protected Minimum Amount equals [•] [converted into the Redemption Currency] [commercially rounded to [two] [four] [•] decimal places] [indicative. The Minimum Amount will be fixed [at the Fixing Time] on the Fixing Date.*]]

[Minimum Exercise Size:

The Minimum Exercise Size equals [•].]

[Minimum Settlement Amount:

The Minimum Settlement Amount equals [0.001] [•] in the Redemption Currency per Security.]

[Minimum Trading Size:		The Minimum Trading Size equals [•].]
[Minimum Transferable Size:		The Minimum Transferable Size equals [•] [Security] [Securities].]
[Multiplication Factor:		The Multiplication Factor equals the factor [•] [indicative. The Multiplication Factor will be fixed on the Fixing Date [at Fixing Time].*]]
[Multiplier:		The Multiplier equals [•] [[•], or expressed as a decimal number [•], i.e. [•] [Security relates] [Securities relate] to 1 Underlying [, respectively, 1 Security relates to [•] Underlying[s], as the case may be.]] [indicative. The Multiplier will be fixed [at the Fixing Time] on the Fixing Date.*]]
N.		
[Net Asset Value:		The Net Asset Value (“NAV”) means [the Fund's net asset value as calculated and published by the Fund's administrator in accordance with the relevant Fund's prospectus and constitutional documents by adding the value of all the assets of the Fund and deducting the total liabilities (including, in particular but not limited to, any fees (including an advisory fee and an incentive fee) payable to the Fund's advisor, the administrator, the bank and the custodian of the Fund, all borrowings, brokerage fees, provisions for taxes (if any), allowances for contingent liabilities and any other costs and expenses reasonably and properly incurred to the bank or the custodian of the Fund in effecting the acquisition or disposal of securities or in administering the Fund) of the Fund.] [•].]
[NIBOR:		NIBOR means [•].]
[Nominal [(Denomination)]:	Amount	The Nominal Amount [(Denomination)] per Security equals [•].]
[Notional Investor:		The Notional Investor means a hypothetical investor (in the same position as the Issuer) investing in the Fund Units of the Fund.]
[Number of Fund Units:		The Number of Fund Units equals [•] [The initial number of Fund Units will correspond to the Leverage Factor. This decreases on a Borrowing Rebalancing Date on the basis that on the [Fund Business Day][•] immediately following a Borrowing Rebalancing Date the Number of Fund Units is reduced by a number of Fund Units equivalent to the Accumulated Borrowing Fee with respect to such immediately preceding Borrowing Rebalancing Date. On any other day the number of Fund Units equals the number of Fund Units on the preceding [Fund Business Day][•].]]
O.		
[Observation Date:		The Observation Date means [•]. If this day is not [a Fund Business Day] [[an Underlying] [a Basket Component] Calculation Date in relation to [the Underlying] [an Underlying _(i)] [a Basket Component _(i)], [•] [the immediately [preceding] [succeeding] [Fund Business Day] [[Underlying] [Basket Component] Calculation Date] is the relevant Observation Date in relation to [the Underlying] [the affected [Underlying _(i)] [Basket Component _(i)] [the aggregate [Underlyings] [Basket Components]]]].
[Observation Period:		[The Observation Period means [•] [the period, commencing on the [Issue Date] [Fixing Date] [•] [at [•] hrs local time [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland]] [•]] and ending [at [•] hrs local time [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], [•]] on the [Expiration Date] [Valuation Date] [Final

Valuation Date] [or] [latest of the Valuation Averaging Dates].]

[The Observation Period_(i=1) means the period commencing at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [•] and ending at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland] on [•] [Observation Date_(i=1)] (including) [•] and the Observation Period_(i=n) means the period commencing at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [•] [Observation Date_(i=n-1)] (excluding) and ending at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [•] [Observation Date_(i=n)] (including).]]

[Option Style: The Option Style is [European][American].]

P.
[Participation Factor: The Participation Factor equals [•] [The Participation Factor will be fixed on the Fixing Date [at Fixing Time].*]]

Paying Agent: The Paying Agent means [•] [UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland [, acting through its [London Branch, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom] [Jersey Branch, 24 Union Street, Saint Helier, Jersey JE4 8UJ]]] [UBS Limited c/o UBS Deutschland AG, Bockenheimer Landstrasse 2 - 4, 60306 Frankfurt am Main, Federal Republic of Germany] [, as well as the paying agents specified for the purposes in the applicable Final Terms under the heading "Part D – Country Specific Information"]. [The term "Paying Agent" shall also refer to all Paying Agents [including the Principal Paying Agent].]

[Payout Factor: The Payout Factor equals [•]
[in relation to the Observation Date_(i=n)] equals (indicative)
[The term "Payout Factor" shall also refer to all Payout Factors_(i=n) to _(i=n)]
[The Payout Factor will be fixed on the Fixing Date.*]]

[Percentage Weighting: The Percentage Weighting
[equals [•].]
[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] ("Percentage Weighting_(i=1)"), [•] and
the Percentage Weighting in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] ("Percentage Weighting_(i=n)").]]

[Physical Underlying: The Physical Underlying means
[in the case of shares as the Physical Underlying insert, if appropriate, the following text: the shares of [•] with the ISIN [•]]
[in the case of an Index as the Physical Underlying insert, if appropriate, the following text: index securities linked to the performance of the Index with the ISIN [•]]

[in the case of a fund unit as the Physical Underlying insert, if appropriate, the following text: Fund Unit in the Fund with the ISIN [•]]

[in the case of precious metals or commodities as the Physical Underlying insert the following text: securities linked to the performance of the relevant Underlying with the ISIN [•]]

[•]

[in a number that considers [the Participation Factor] [the Leverage Factor] [the Multiplier], expressed as a decimal number] [•].]

[Price of the Basket Component:

The Price of the Basket Component means

[•]

[the [•] price(s) of the respective Basket Component(s) as [continuously] determined [by the Relevant Trading System] [or] [on the Relevant Exchange]] [or]

[in the case of an Index as the Basket Component insert, if applicable, the following text: the [•] price(s) of the [relevant] Basket Component(s) as calculated and published by [the Index Sponsor] [the Index Calculator]] [or]

[in the case of a currency exchange rate as the Basket Component insert, if applicable, the following text: [•] [the [•] [bid] [mean] [ask] [•] price(s) of the [relevant] Basket Component(s) as [[continuously] determined on the Relevant Exchange Market] [and] [published on [[Reuters] [Bloomberg] on page ["EUROFX/1"] [•]] [the Relevant Screen Page], or a substitute page thereof.] [or]

[in the case of an interest rate as the Basket Component insert, if applicable, the following text: [•] [the [•] price(s) of the [relevant] Basket Component(s) as [[continuously] determined on the Relevant Reference Market] [and] [published on the Relevant Screen Page or a substitute page thereof]] [or]

[in the case of a fund unit as the Basket Component insert, if applicable, the following text: [•] [the Net Asset Value of the [relevant] Fund in relation to the Fund Unit, as calculated [and published] by [•] [the [relevant] administrator of the Fund] [or]

[in the case of a futures contract as the Basket Component insert, if applicable, the following text: [•] [the [•] price(s) of the [relevant] Basket Component(s) as [[continuously] determined on the Relevant Reference Market] [and] [published on the Relevant Screen Page or a substitute page thereof]]] [or]

[in the case of a reference rate as the Basket Component insert, if applicable, the following text: [•] [the [•] price(s) of the [relevant] Basket Component(s) as [[continuously] determined [on the Relevant Reference Market] [by the Relevant Reference Agent]] [and] [published on the Relevant Screen Page or a substitute page thereof.]] [or]

[The Price of each Basket Component is [expressed in] [converted into] [related to] [the Underlying Currency] [•].]

[in the case of a currency exchange rate, interest rate, futures contract

or a reference rate as Basket Component, as the case may be, insert, if applicable, the following text: [•] [If the [respective] Relevant Screen Page at the [respective] [Fixing Time] [or, as the case may be,] [Valuation Time] is not available or if the Price for the [respective] Basket Component is not displayed, the relevant Price shall be the [[•]rate] [[•]price] [•] [(expressed as a percentage p.a.)] as displayed on the corresponding page of another financial information service. If the Price of the [respective] Basket Component is no longer displayed in one of the above forms, the Issuer is entitled to specify at its reasonable discretion a [[•]rate] [[•]price] [•] [(expressed as a percentage p.a.)] calculated on the basis of the standard market practices applicable at that time as the relevant price. In this case the Issuer is entitled but not obliged to request from reference banks selected at its reasonable discretion their respective quotes for the [[•]rate] [[•]price] [•] corresponding to the [respective] Basket Component [(expressed as a percentage rate p.a.)] at the [respective] [Fixing Time] [or, as the case may be,] [Valuation Time] on the relevant [Valuation Date] [Final Valuation Date] [Valuation Averaging Date] [•]. If at least [two] [•] of the reference banks have provided a corresponding quote to the Issuer, the Calculation Agent is entitled but not obliged to determine the relevant price by using the [arithmetical] average calculated by it (if necessary rounded to the nearest one thousandth of a percent) of the quotes specified by these reference banks.]]]

[Price of the Underlying:

The Price of the Underlying means

[•]

[[the [•] price of the Underlying as [continuously] determined [in the Relevant Trading System] [or] [on the Relevant Exchange].]

[in the case of an Index as the Underlying insert, if applicable, the following text: the [•] price of the Underlying as calculated and published by [the Index Sponsor] [the Index Calculator].]

[in the case of a currency exchange rate as the Underlying insert, if applicable, the following text: [•] [the [•] [bid] [mean] [ask] [•] price of the Underlying as [[continuously] determined on the Relevant Exchange Market] [and] [published on [[Reuters] [Bloomberg] on page ["EUROFX/1"] [•]] [the Relevant Screen Page], or a substitute page thereof.]

[in the case of an interest rate as the Underlying insert, if applicable, the following text: [•] [the [•] price of the Underlying as [[continuously] determined on the Relevant Reference Market] [and] [published on the Relevant Screen Page or a substitute page thereof].]]]

[in the case of a fund unit as the Underlying insert, if appropriate, the following text: [•] [the Net Asset Value of the Fund in relation to the Fund Unit, as calculated [and published] by the administrator of the Fund.]]]

[in the case of a futures contract as the Underlying insert, if applicable, the following text: [•] [the [•] price of the Underlying as [[continuously] determined on the Relevant Reference Market] [and] [published on the Relevant Screen Page or a substitute page thereof].]]]

[in the case of a reference rate as the Underlying insert, if applicable, the following text: [•] [the [•] price of the Underlying as [[continuously] determined [on the Relevant Reference Market] [by the Relevant Reference Agent]] [and] [published on the Relevant Screen Page or a

substitute page thereof].])

[in the case of a Basket as the Underlying insert, if applicable, the following text: [•] [the sum of the respective Prices of the Basket Components [each multiplied by the [Percentage] Weighting of the respective Basket Component within the Basket.]]

[in the case of a portfolio of Underlyings insert, if applicable, the following text: [•] [the sum of the respective Prices of the Underlyings [each multiplied by the [Percentage] Weighting of the respective Underlying within the portfolio] [, related to the Underlying Currency].]]

[The Price of the [respective] Underlying is [expressed in] [converted into] [related to] [the Underlying Currency] [•].]

[in the case of a currency exchange rate, interest rate, futures contract or a reference rate as the Underlying, as the case may be, add, if applicable, the following text: [•] [If the [respective] Relevant Screen Page at the [respective] [Fixing Time] [or, as the case may be,] [Valuation Time] is not available or if the Price for the [respective] Underlying is not displayed, the relevant Price shall be the [[•]rate] [[•]price] [•] [(expressed as a percentage p.a.)] as displayed on the corresponding page of another financial information service. If the Price of the [respective] Underlying is no longer displayed in one of the above forms, the Issuer is entitled to specify at its reasonable discretion a [[•]rate] [[•]price] [•] [(expressed as a percentage p.a.)] calculated on the basis of the standard market practices applicable at that time as the relevant price. In this case the Issuer is entitled but not obliged to request from reference banks selected at its reasonable discretion their respective quotes for the [[•]rate] [[•]price] [•] corresponding to the [respective] Underlying [(expressed as a percentage rate p.a.)] at the [respective] [Fixing Time] [or, as the case may be,] [Valuation Time] on the relevant [Valuation Date] [Final Valuation Date] [Valuation Averaging Date] [•]. If at least [two] [•] of the reference banks have provided a corresponding quote to the Issuer, the Calculation Agent is entitled but not obliged to determine the relevant price by using the [arithmetical] average calculated by it (if necessary rounded to the nearest one thousandth of a percent) of the quotes specified by these reference banks.]]

Principal Paying Agent:

The Principal Paying Agent means [•] [UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland [, acting through its [London Branch, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom] [Jersey Branch, 24 Union Street, Saint Helier, Jersey JE4 8UJ]]].

R.

[Rate:

The Rate equals [•] [[•] + [•] [per annum]]]

[Record Date:

The Record Date means [•].]

Redemption Currency:

The Redemption Currency means [•]. [The product feature “**Currency Conversion**” applies.]

[Reference Banks:

The Reference Banks mean [•] [[four] [•] major commercial banks, which for the relevant time offering EURIBOR, STIBOR, LIBOR, NIBOR or CIBOR and are selected by the Issuer at its reasonable discretion.]]

[Reference Level:

The Reference Level [of the Underlying] *[in the case of a portfolio of Underlyings insert, if appropriate, the following text: in relation to the relevant Underlying_(i) equals*

[•]

[[the Price of the Underlying [at the Fixing Time] on the Fixing Date] [•]. [indicative. The Reference Level of the Underlying will be fixed [at the Fixing Time] on the Fixing Date.] *]

[in the case of a portfolio of Underlyings insert, if appropriate, the following text: [the Price of [the relevant Underlying_(i)] [the Relevant Underlying] [at the Fixing Time] on the Fixing Date] [•]. [indicative. The Reference Level of the Underlying_(i) will be fixed [at the Fixing Time] on the Fixing Date.] *]

[in the case of a Basket as the Underlying insert, if appropriate, the following text: the sum of the respective Reference Levels of the Basket Components [each multiplied by the [Percentage] Weighting of the respective Basket Component within the Basket] [, related to the Underlying Currency].])

[Reference Price:

The Reference Price [of the Underlying] *[in the case of a portfolio of Underlyings insert, if appropriate, the following text:* in relation to the relevant Underlying_(i)] equals

[•]

[the Price of the Underlying on [the Valuation Date] [the Final Valuation Date] [at the Valuation Time].]

[the [arithmetical] average of the Prices of the Underlying on each of the Valuation Averaging Dates [at the Valuation Time] as determined by the Calculation Agent.]

[in the case of a portfolio of Underlyings insert, if appropriate, the following text: the Price of [the relevant Underlying_(i)] [the Relevant Underlying] on [the Valuation Date] [the Final Valuation Date] [at the Valuation Time].]

[in the case of a portfolio of Underlyings insert, if appropriate, the following text: the [arithmetical] average of the Prices of [the relevant Underlying_(i)] [the Relevant Underlying] on each of the Valuation Averaging Dates [at the Valuation Time] as determined by the Calculation Agent.]

[If on the Valuation Date, in the opinion of the Calculation Agent at its reasonable discretion, there is not sufficient liquidity in relation to [the Underlying] [one or more of the Underlyings] [one or more of the Basket Components] or if the unwinding of any hedging transaction, due to such illiquidity or any other reason, has an inadequate impact on the Price of [the Underlying] [one or more of the Underlyings] [one or more of the Basket Components], the Calculation Agent shall determine the Reference Price based on the [arithmetical] [volume weighted] average of the [•] prices of the Underlying, as indicated by the unwinding of the related hedging transactions in [the Underlying] [the relevant Underlyings] [the relevant Basket Component], on [the Valuation Date] [the Final Valuation Date] [each of the Valuation Averaging Dates]. [The Calculation Agent shall determine [the closing dates on the Fixing Date and] the unwinding dates of the hedging transactions at its reasonable discretion.]]

[Reference Denomination: Share(s) per Reference Share(s) per Denomination means [•] share(s) per Security.]]

[Relevant Conversion Rate: The Relevant Conversion Rate means the relevant [bid] [mean] [ask] rate

as published on [•]

[(i) [the Valuation Date] [the Final Valuation Date] [the latest of the Valuation Averaging Dates] or (ii) in the case of a termination by the Issuer, on the [Termination Date] [day, on which the Termination Event occurs], [or (iii) in the case of a termination by the Securityholders, on [•] [the day, on which the Event of Default occurs]],

[the Banking Day immediately succeeding (i) [the Valuation Date] [the Final Valuation Date] [the latest of the Valuation Averaging Dates] or (ii) in the case of termination by the Issuer, the [Termination Date] [day, on which the Termination Event occurs] [or (iii) in the case of a termination by the Securityholders, on [•] [the day, on which the Event of Default occurs]],

[[Reuters] [•] on page ["EUROFX/1" ["ECB37" [•], or a substitute page thereof.]

If the Relevant Conversion Rate is not determined or quoted in the manner described above or if controversial [bid] [mean] [ask] rates are quoted, the Issuer shall be entitled to identify a Relevant Conversion Rate, determined on the basis of the then prevailing market customs.]

[Relevant Country:

The Relevant Country means with respect to the [Underlying] [Basket Component], each of (i) any country (or any political or regulatory authority thereof) in which the currency used as [the Underlying] [the Basket Component] is the legal tender or currency; and (ii) any country (or any political or regulatory authority thereof) with which the currency used as [the Underlying] [the Basket Component] has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to such factors as it may deem appropriate at its reasonable discretion.]

[Relevant Exchange:

The Relevant Exchange means

[•]

[in the case of an Index as the Underlying or Basket Component, as the case may be, insert, if appropriate, the following text: the stock exchange(s) on which the Components comprised in the Index are traded, as determined by [the Index Sponsor] [or] [the Index Calculator, as the case may be].]

[[•] in relation to the [Underlying_(i=1)] [Basket Component_(i=1)], [•] and [•] in relation to the [Underlying_(i=n)] [Basket Component_(i=n)]. The term "Relevant Exchange" shall also refer to all Relevant Exchanges_(i=1) to _(i=n).]]

[Relevant Exchange Market:

The Relevant Exchange Market means

[•]

[the foreign exchange market[s], on which the [[Underlying[s]] [Basket Component[s]] [is] [are] primarily traded.]

[[•] in relation to the [Underlying_(i=1)] [Basket Component_(i=1)], [•] and [•] in relation to the [Underlying_(i=n)] [Basket Component_(i=n)]. The term "Relevant Exchange Market" shall also refer to all Relevant Exchange Markets_(i=1) to _(i=n).]]

[Relevant Futures and Options

The Relevant Futures and Options Exchange means

Exchange:	<p>[•]</p> <p>[[•] in relation to the [Underlying_(i=1)] [Basket Component_(i=1)], [•] and [•] in relation to the [Underlying_(i=n)] [Basket Component_(i=n)].]</p> <p>[The futures and options exchange[s], on which futures and option contracts on the [[Underlying[s]] [Basket Component[s]] are primarily traded]. [The term “Relevant Futures and Options Exchange” shall also refer to all Relevant Futures and Options Exchanges_(i=1) to _(i=n).].]</p>
[Relevant Reference Agent:	<p>The Relevant Reference Agent means</p> <p>[•]</p> <p>[[•] in relation to the [Underlying_(i=1)] [Basket Component_(i=1)], [•] and [•] in relation to the [Underlying_(i=n)] [Basket Component_(i=n)]. The term “Relevant Reference Agent” shall also refer to all Relevant Reference Agents_(i=1) to _(i=n).]]</p>
[Relevant Reference Market:	<p>The Relevant Reference Market means</p> <p>[•]</p> <p>[[•] in relation to the [Underlying_(i=1)] [Basket Component_(i=1)], [•] and [•] in relation to the [Underlying_(i=n)] [Basket Component_(i=n)]. The term “Relevant Reference Market” shall also refer to all Relevant Reference Markets_(i=1) to _(i=n).]]</p>
[Relevant Reference Rate:	<p>The Relevant Reference Rate equals [<i>insert description of the reference rate</i>: [•].]</p>
[Relevant Screen Page:	<p>The Relevant Screen Page means</p> <p>[•]</p> <p>[[•] in relation to the [Underlying_(i=1)] [Basket Component_(i=1)], [•] and [•] in relation to the [Underlying_(i=n)] [Basket Component_(i=n)]. The term “Relevant Screen Page” shall also refer to all Relevant Screen Pages_(i=1) to _(i=n).]]</p>
[Relevant Trading System:	<p>The Relevant Trading System means</p> <p>[•]</p> <p>[<i>in the case of an Index as the Underlying or Basket Component, as the case may be, insert, if appropriate, the following text</i>: The trading system(s) in which the Components comprised in the Index are traded, as determined by the [Index Sponsor] [or] [the Index Calculator, as the case may be].]</p> <p>[<i>in the case of a Fund Unit as the Underlying or Basket Component, as the case may be, insert, if appropriate, the following text</i>: [the Fund] [•].]</p> <p>[[•] in relation to the [Underlying_(i=1)] [Basket Component_(i=1)], [•] and [•] in relation to the [Underlying_(i=n)] [Basket Component_(i=n)]. The term “Relevant Trading System” shall also refer to all Relevant Trading Systems_(i=1) to _(i=n).]]</p>
[Relevant Underlying:	<p>The Relevant Underlying means</p>

[•]

[the Underlying_(i), which has had, in relation to the other Underlyings, the **worst** performance during the Term of the Securities]

[the Underlying_(i), which has had, in relation to the other Underlyings, the **best** performance during the Term of the Securities].]

[Reverse Level:

The Reverse Level

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] (“**Reverse Level_(i=1)**”), [•] and

the Reverse Level in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] (“**Reverse Level_(i=n)**”).]

[indicative. The Reverse Level [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].*]

[The term “Reverse Level” shall also refer to all Reverse Levels_{(i=1) to (i=n)}.]

[Roll Over Date:

Roll Over Date means [the last trading date] [the first trading date after the last trading date] [•] of the futures contracts in the Relevant Reference Market. If, at that date, the Issuer determines at its reasonable discretion that there is insufficient liquidity in the futures contract used as [the Underlying] [the Basket Component] in the Relevant Reference Market or that a comparable extraordinarily market situation prevails, the Issuer shall be entitled to determine at its reasonable discretion another day as Roll Over Date.]

**S.
Securities:**

Securities means the [*specify designation of the Securities*: [•]] issued by the Issuer in [the Issue Size] [the Aggregate Nominal Amount] and with the denomination of the Nominal Amount per Security] with the following product feature:

Participation Factor:	[Applicable] [Not Applicable]
Leverage Factor:	[Applicable] [Not Applicable]
Multiplier:	[Applicable] [Not Applicable]
Multiplication Factor:	[Applicable] [Not Applicable]
Reverse Structure:	[Applicable] [Not Applicable]
Express Structure:	[Applicable] [Not Applicable]
Thresholds, Barriers or Levels:	[Applicable] [Not Applicable]
Maximum Amount:	[Applicable] [Not Applicable]
Relevant Underlying:	[Applicable] [Not Applicable]
Physical Delivery:	[Applicable] [Not Applicable]
Final Lock-In:	[Applicable] [Not Applicable]
Automatic Termination:	[Applicable] [Not Applicable]
Currency Conversion:	[Applicable] [Not Applicable]
Capital Protection:	[Applicable] [Not Applicable] [Capital Protected Securities] [Partly Capital Protected Securities]
No predefined term:	[Applicable] [Not Applicable]
Time-lagged Valuation:	[Applicable] [Not Applicable]
Minimum Exercise Size:	[Applicable] [Not Applicable]
Securityholder’s Termination	[Applicable] [Not Applicable]

Right:		
Quanto:	[Applicable] [Not Applicable]	
Consideration of Components:	[Applicable] [Not Applicable]	
Individual Determination:	[Applicable] [Not Applicable]	
Collective Determination:	[Applicable] [Not Applicable]	

The Securities are being [issued] [formed as] [in bearer form [as securities within the meaning of § 793 German Civil Code] [and will be represented on issue by [one or more permanent global bearer security/ies (each a "Global Security")] [a temporary global bearer security (each a "Temporary Global Security") exchangeable upon certification of non-U.S. beneficial ownership for a permanent global bearer security (each a "Permanent Global Security", and together with the Temporary Global Security, a "Global Security")]] [in uncertificated and dematerialised form to be registered in book-entry form at the Clearing System [(also the "Swedish Securities")] [(also the "Finnish Securities")] [(also the "Norwegian Securities")] [(also the "Danish Securities")] and will not be represented by definitive securities [as defined in article 965 CO].

[Security Agent:

The Security Agent means [UBS Deutschland AG, Bockenheimer Landstrasse 2 - 4, 60306 Frankfurt am Main, Federal Republic of Germany.] [•] [The term "Security Agent" shall also refer to all Security Agents.]

[Securityholder Amount:

Termination

The Securityholder Termination Amount equals [•] [an amount in the Redemption Currency, which is determined by the Calculation Agent at its reasonable discretion and considering [the then prevailing Price of the Underlying] [*if appropriate, insert different point of reference to an Underlying comprised in the Base Prospectus.*] [•]], as the fair market price of a Security at the occurrence of the termination of the Securities [and which is, in any case, at least equal to the Minimum Amount].]

[Settlement Amount:

The Settlement Amount equals [insert amount: [•]].]

[Settlement Cycle:

The Settlement Cycle means [•] [the number of [Banking Days] [[Underlying] [Basket Component] Calculation Dates] following a trade in the [Underlying] [Basket Component] [in the Relevant Trading System] [or] [on the Relevant Exchange] in which settlement will customarily occur according to the rules of [the Relevant Trading System] [or] [the Relevant Exchange].]

[Settlement Price:

The Settlement Price [of the Underlying] [*in the case of a portfolio of Underlyings insert, if appropriate, the following text:* in relation to the relevant Underlying_(i)] equals

[•]

[the Price of the Underlying on [the Valuation Date] [the Final Valuation Date] [at the Valuation Time].]

[the [arithmetical] average of the Prices of the Underlying on each of the Valuation Averaging Dates [at the Valuation Time] as determined by the Calculation Agent.]

[*in the case of a portfolio of Underlyings insert, if appropriate, the following text:* the Price of [the relevant Underlying_(i)] [the Relevant Underlying] on [the Valuation Date] [the Final Valuation Date] [at the Valuation Time].]

[*in the case of a portfolio of Underlyings insert, if appropriate, the*

following text: the [arithmetical] average of the Prices of [the relevant Underlying_(i)] [the Relevant Underlying] on each of the Valuation Averaging Dates [at the Valuation Time] as determined by the Calculation Agent.]

[If on the Valuation Date, in the opinion of the Calculation Agent at its reasonable discretion, there is not sufficient liquidity in relation to [the Underlying] [one or more of the Underlyings] [one or more of the Basket Components] or if the unwinding of any hedging transaction, due to such illiquidity or any other reason, has an inadequate impact on the Price of [the Underlying] [one or more of the Underlyings] [one or more of the Basket Components], the Calculation Agent shall determine the Settlement Price based on the [arithmetical] [volume weighted] average of the [•] prices of the Underlying, as indicated by the unwinding of the related hedging transactions in [the Underlying] [the relevant Underlyings] [the relevant Basket Component], on [the Valuation Date] [the Final Valuation Date] [each of the Valuation Averaging Dates]. [The Calculation Agent shall determine [the closing dates on the Fixing Date and] the unwinding dates of the hedging transactions at its reasonable discretion.]]

[Sprint Factor:	The Sprint Factor equals [the Price of the Underlying of] [•]. [indicative. The Sprint Factor will be fixed on the Fixing Date [at Fixing Time]. [†]]]
[STIBOR:	STIBOR means [•]]
[Stop Loss Level:	<p>The Stop Loss Level</p> <p>[equals [•].]</p> <p>[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] (“Stop Loss Level_(i=1)”), [•] and</p> <p>the Stop Loss Level in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] (“Stop Loss Level_(i=n)”).]</p> <p>[indicative. The Stop Loss Level [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].[†]]</p> <p>[The term “Stop Loss Level” shall also refer to all Stop Loss Levels_{(i=1) to (i=n)}.]]</p>
[Stop Loss Event:	The Stop Loss Event means [•] [if on any [Fund Business Day][•] ‘t’, the Certificate Value(t) is at or below the Stop Loss Level, the Certificates will expire on the next [Fund Business Day][•] on which a Notional Investor would have been able to redeem the Fund, if that investor had, by giving the appropriate notice, requested redemption (the “ Stop Loss Expiration Date ”).]]
[Stop Loss Early Redemption Amount:	<p>The Stop Loss Early Redemption Amount means [•] [an amount in [SEK][EUR][•] as solely determined by the Calculation Agent to take into account any fees and charges and costs incurred by the Issuer (or any of its affiliates) of unwinding any underlying related hedging arrangement(s) or transaction(s).</p> <p>For avoidance of doubt, the Stop Loss Early Redemption Amount may not be equal to the Stop Loss Level.]]</p>
[Stop Loss Early Redemption Payment Date:	The Stop Loss Early Redemption Payment Date means [•] [the Maturity Date] [[•] Business Days following the Stop Loss Expiration Date, subject to postponement in the event of a delay in the receipt by a Notional

Investor of the full liquidation proceeds for the Fund, as determined by the Issuer in its reasonable discretion.]]

[Strike:

The Strike [of the Underlying] [in the case of a portfolio of Underlyings insert, if appropriate, the following text: in relation to the relevant Underlying_(i)] equals

[•]

[[the Price of the Underlying [at the Fixing Time] on the Fixing Date] [•]. [indicative. The Strike of the Underlying will be fixed [at the Fixing Time] on the Fixing Date.]*]

[in the case of a portfolio of Underlyings insert, if appropriate, the following text: [the Price of [the relevant Underlying_(i)] [the Relevant Underlying] [at the Fixing Time] on the Fixing Date] [•]. [indicative. The Strike of the Underlying_(i) will be fixed [at the Fixing Time] on the Fixing Date.]]*

[in the case of a Basket as the Underlying insert, if appropriate, the following text: the sum of the respective Strikes of the Basket Components [each multiplied by the [Percentage] Weighting of the respective Basket Component within the Basket] [, related to the Underlying Currency].]]

[Strike of the Basket Component:

The Strike of the Basket Component_(i=1) equals [the Price of the Basket Component_(i=1) [at the Fixing Time] on the Fixing Date] [•]. [indicative. The Strike of the Basket Component_(i=1) will be fixed [at the Fixing Time] on the Fixing Date.*] [•]

The Strike of the Basket Component_(i=n) equals [the Price of the Basket Component_(i=n) [at the Fixing Time] on the Fixing Date] [•]. [indicative. The Strike of the Basket Component_(i=n) will be fixed [at the Fixing Time] on the Fixing Date.*]]

T.**Termination Amount:**

The Termination Amount equals [•] [an amount in the Redemption Currency, which is determined by the Calculation Agent in its reasonable discretion and considering [the then prevailing Price of the Underlying] [if appropriate, insert different point of reference to an Underlying comprised in the Base Prospectus: [•]], as the fair market price of a Security at the occurrence of the termination of the Securities [and which is, in any case, at least equal to the Minimum Amount].]

[Term of the Securities:

The Term of the Securities means [•] [the period, commencing on the [Issue Date] [Fixing Date] [•] [at [•] hrs local time [Frankfurt am Main, Federal Republic of Germany,] [London, United Kingdom,] [Zurich, Switzerland,] [•]] and ending [at [•] hrs local time [Frankfurt am Main, Federal Republic of Germany,] [London, United Kingdom,] [Zurich, Switzerland,] [•]] [with the determination of [the Reference Price] [the Settlement Price]] on [the Maturity Date] [the Expiration Date] [the Valuation Date] [the Final Valuation Date] [the latest of the Valuation Averaging Dates] [•].]]

U.**[Underlying[s]:**

[The Underlying means [, subject to a Roll Over in accordance with § 6 (j) of the Conditions of the Securities,] *[insert description of [the share or of the American Depositary Receipt, the Global Depositary Receipt or other depositary receipt on the share] [the Index] [the currency exchange rate] [the precious metal] [the commodity] [the interest rate] [the non-equity security] [the exchange traded fund unit] [the not exchange traded fund unit] [the futures contract (if applicable, including determination of the relevant expiration months)] [the*

reference rate] [the Basket] [the portfolio]: [•]]

[in the case of an Index as the Underlying add the following text: (the "Index"), [as maintained, calculated and published by [•] (the "Index Sponsor")]] [as maintained by [•] (the "Index Sponsor") and calculated and published by [•] (the "Index Calculator").]

[in the case of a certificate representing shares as the Underlying insert, if appropriate, the following text: [also "ADR")] [(also "GDR")] [(also "DR")]. In such context, the share underlying [the ADR] [the GDR] [the DR] is also referred to as the "Underlying Share".]

[in the case of a fund unit as the Underlying insert, if appropriate, the following text: (the "Fund Unit") in the [•] (the "Fund").]

[in the case of a Basket as the Underlying add the following text: (the "Basket"), comprising the Basket Components, as calculated and published by [•] [the Calculation Agent].]

[in the case of a portfolio of Underlyings insert, if appropriate, the following text: The Underlying_(i=1) equals [, subject to a Roll Over in accordance with § 6 (j) of the Conditions,] [insert description of [the share or of the American Depositary Receipt, the Global Depositary Receipt or other depositary receipt on the share] [the Index] [the currency exchange rate] [the precious metal] [the commodity] [the interest rate] [the non-equity security] [the exchange traded fund unit] [the not exchange traded fund unit] [the futures contract (if applicable, including determination of the relevant expiration months)] [the reference rate]: [•]] [in the case of an Index as the Underlying insert, if appropriate, the following text: (the "Index_(i=1)"), [as maintained, calculated and published by [•] (the "Index Sponsor_(i=1)")]] [as maintained by [•] (the "Index Sponsor_(i=1)") and calculated and published by [•] (the "Index Calculator_(i=1)")]] [in the case of a fund unit as the Underlying insert, if appropriate, the following text: (the "Fund Unit_(i=1)") in the [•] (the "Fund_(i=1)")]] [in the case of a certificate representing shares as the Underlying insert, if appropriate, the following text: [(also "ADR_(i=1)")]] [(also "GDR_(i=1)")]] [(also "DR_(i=1)")]] (In such context, the share_(i=1) underlying [the ADR_(i=1)] [the GDR_(i=1)] [the DR_(i=1)] is also referred to as the "Underlying Share_(i=1)"); [•] and the Underlying_(i=n) equals [, subject to a Roll Over in accordance with § 6 (i) of the Conditions of the Securities,] [insert description of [the share or of the American Depositary Receipt, the Global Depositary Receipt or other depositary receipt on the share] [the Index] [the currency exchange rate] [the precious metal] [the commodity] [the interest rate] [the non-equity security] [the exchange traded fund unit] [the not exchange traded fund unit] [the futures contract (if applicable, including determination of the relevant expiration months)] [the reference rate]: [•]] [in the case of an Index as the Underlying insert, if appropriate, the following text: (the "Index_(i=n)"), [as maintained, calculated and published by [•] (the "Index Sponsor_(i=n)")]] [as maintained by [•] (the "Index Sponsor_(i=n)") and calculated and published by [•] (the "Index Calculator_(i=n)")]] [in the case of a fund unit as the Underlying insert, if appropriate, the following text: (the "Fund Unit_(i=n)") in the [•] (the "Fund_(i=n)")]] [in the case of a certificate representing shares as the Underlying insert, if appropriate, the following text: [(also "ADR_(i=n)")]] [(also "GDR_(i=n)")]] [(also "DR_(i=n)")]]. (In such context, the share_(i=n) underlying [the ADR_(i=n)] [the GDR_(i=n)] [the DR_(i=n)] is also referred to as the "Underlying Share_(i=n)").]

The term "Underlying" [or "Index" [, "Index Calculator"] and "Index

Sponsor”, as the case may be,] [or “Fund Unit” and “Fund”, as the case may be] [•] shall also refer to all Underlyings_(i=1) to _(i=n) [and to all Indices_(i=1) to _(i=n)], to all Index Calculators_(i=1) to _(i=n) and all Index Sponsors_(i=1) to _(i=n), as the case may be [and to all Fund Units_(i=1) to _(i=n) and all Funds_(i=1) to _(i=n), as the case may be] [•].]

[[The Underlying is] [The Underlyings are] [expressed in] [converted into] [related to] [the Underlying Currency] [•].]

[In this context, the individual underlying values or components of [the] [an] Underlying are referred to as a “Component” or, as the case may be, the “Components” .]

[Underlying Calculation Date:

The Underlying Calculation Date means

[•]

[each day, on which [the Relevant Trading System] [,] [and] [the Relevant Exchange] [,] [and] [the Relevant Exchange Market] [and] [the Relevant Reference Market] [is] [are] open for trading [and] [the Price of the Underlying is determined in accordance with the relevant rules]]

[in the case of an Index as the Underlying insert, if applicable, the following text: [[or, as the case may be,] in relation to the Index] each day, on which [(i) [the Index Sponsor] [the Index Calculator] determines, calculates and publishes the official price of the Index, [and (ii) the Components, which are comprised in the Index are [, to the extent of at least [•] [80 %] [90 %] of the market capitalisation of all Components, which are comprised in the Index, or of the overall value of the Index,] available for trading and quotation [in the Relevant Trading System] [or] [on the Relevant Exchange]]

[in the case of a fund unit as the Underlying insert, if applicable, the following text: [[or, as the case may be,] in relation to a Fund Unit] each day on which the [respective] administrator of the Fund publishes the Net Asset Value for such Fund in accordance with the relevant Fund’s prospectus and constitutional documents]

[in the case of a reference rate as the Underlying insert, if applicable, the following text: [[or, as the case may be,] in relation to a reference rate] each day on which the [respective] Relevant Reference Agent determines the Price of the Underlying in accordance with the relevant rules]].]

[Underlying Currency:

The Underlying Currency means [•].]

V.

[Valuation Averaging Date:

[The Valuation Averaging Date means [•].]

[The Valuation Averaging Date_(i=1) means the [•]; and

the Valuation Averaging Date_(i=n) means [the [•]] [(i) in the case of an exercise by the Securityholder in accordance with § [•] of the Conditions of the Securities, subject to an effective exercise procedure, [the relevant Exercise Date] [the day immediately succeeding the relevant Exercise Date] [•]] [and] [(ii) in the case of an Automatic Exercise in accordance with § [•] of the Conditions of the Securities [the Automatic Exercise Date] [the day immediately succeeding the Automatic Exercise Date] [•].]

The term "Valuation Averaging Date" shall also refer to all Valuation Averaging Dates_(i=1) to _(i=n).

If one of these days is not [an Underlying] [a Basket Component] Calculation Date in relation to [the Underlying] [an Underlying_(i)] [a Basket Component_(i)], [•] [the immediately [preceding] [succeeding] [Underlying] [Basket Component] Calculation Date is deemed to be the relevant Valuation Averaging Date in relation to [the Underlying] [the affected [Underlying_(i)] [Basket Component_(i)] [the aggregate [Underlyings] [Basket Components]]].]

[Valuation Date:

[The Valuation Date means [•].]

[The Valuation Date means [the [•]] [(i) in the case of an exercise by the Securityholder in accordance with § [•] of the Conditions of the Securities, subject to an effective exercise procedure, [the relevant Exercise Date] [the day immediately succeeding the relevant Exercise Date] [•]] [and] [(ii) in the case of an Automatic Exercise in accordance with § [•] of the Conditions of the Securities [the Automatic Exercise Date] [the day immediately succeeding the Automatic Exercise Date] [•]].]

If this day is not [a Fund Business Day] [[an Underlying] [a Basket Component] Calculation Date] in relation to [the Underlying] [an Underlying_(i)] [a Basket Component_(i)], [•] [the immediately [preceding] [succeeding] [Fund Business Day] [[Underlying] [Basket Component] Calculation Date] is the relevant Valuation Date in relation to [the Underlying] [the affected [Underlying_(i)] [Basket Component_(i)] [the aggregate [Underlyings] [Basket Components]]].]

[Valuation Period:

[The Valuation Period means [•] [the period, commencing on the [Issue Date] [Fixing Date] [•] [at [•] hrs local time [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland]] [•]] and ending [at [•] hrs local time [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], [•]] on the [Expiration Date] [Valuation Date] [Final Valuation Date] [or] [latest of the Valuation Averaging Dates].]

[The Valuation Period_(i=1) means the period commencing at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [•] and ending at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland] on [•] [Observation Date_(i=1)] (including) [•] and the Valuation Period_(i=n) means the period commencing at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [•] [Observation Date_(i=n-1)] (excluding) and ending at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [•] [Observation Date_(i=n)] (including).]

[Valuation Time:

The Valuation Time equals [•]

[[•] hrs [(local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland]).]

[[the time of the official determination of the [Price] [[•] price] of the [Underlying] [respective Underlying_(i)] [by the Index Sponsor] [or the

Index Calculator, as the case may be] [by the Relevant Reference Agent].] [•]]

[in the case of a Basket as the Underlying insert, if appropriate, the following text: [•], relevant local time for each Basket Component_(i) [the time of the official determination of the [Price] [•]] price of each Basket Component_(i) [by the Index Sponsor] [by the Relevant Reference Agent].] [•]]]

W.

[Warrant Agent:

The Warrant Agent means [UBS Deutschland AG, Bockenheimer Landstrasse 2 - 4, 60306 Frankfurt am Main, Federal Republic of Germany.] [•] [The term "Warrant Agent" shall also refer to all Warrant Agents.]]

[Weighting:

The Weighting

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] ("Weighting_(i=1)"), [•] and

the Weighting in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] ("Weighting_(i=n)").]

[if applicable, insert further Key Terms and Definitions of the Securities]

Part 2: Product Terms: Special Conditions of the Securities

The Special Conditions of the Securities (for the individual types of Securities) consist of Section 1 – 3. The Special Conditions for the specific issue will be contained in the applicable Final Terms and must be read in conjunction with the General Conditions.

§ 1 See applicable Final Terms

§ 2 See applicable Final Terms

§ 3 See applicable Final Terms

3. General Conditions of the Securities

The following ("**General Conditions**") of the Securities must be read in their entirety together with the section "Product Terms" of the relevant Final Terms (the "**Product Terms**" for the relevant Securities. The Product Terms shall amend and put in concrete terms the following General Conditions for the purposes of such Securities.

The Product Terms and the General Conditions together constitute the "**Conditions**" of the relevant Securities.

Terms not otherwise defined in these General Conditions shall have the meaning given in the applicable Product Terms.

The Conditions are subject to adjustment in accordance with § 6 (a) – (m) of the Conditions.

§ 4
Form of Securities; Title and Transfer;
Status

(1) Form of Securities

6. (a) In case the Securities (i) are as of the Issue Date represented by a **Global Security** as specified in the applicable Product Terms in the definition "**Securities**", and (ii) do not constitute Swedish Securities, Finnish Securities, Norwegian Securities, Danish Securities, the following applies:

The bearer Securities issued by the Issuer are represented by one or more permanent global bearer security/securities (the "**Global Security**") without coupons which shall be signed manually by two authorised signatories of the Issuer. No definitive securities will be issued. The right to request the delivery of definitive securities is excluded.

The Global Security is deposited with the Clearing System or, if specified in the applicable Product Terms in the definition "**Clearing System**", a common depository on behalf of the Clearing System in accordance with the applicable rules and regulations.

7. (b) In case the Securities (i) are initially represented by a **Temporary Global Security**, as specified in the applicable Product Terms in the definition "**Securities**", and (ii) do not constitute Swedish Securities, Finnish Securities, Norwegian Securities, Danish Securities, the following applies:

(i) The bearer Securities issued by the Issuer are initially represented by a temporary global bearer security (the "**Temporary Global Security**") without coupons which will be exchangeable for a permanent global bearer security (the "**Permanent Global Security**" and, together with the Temporary Global Security, each a "**Global Security**") without coupons. Each Global Security shall be signed manually by two authorised signatories of the Issuer. No definitive securities will be issued. The right to request the delivery of definitive securities is excluded.

(ii) The Temporary Global Security shall be exchanged for the Permanent Global Security on a date (the "**Exchange Date**") not earlier than 40 days after the Issue Date. Such exchange and any payment of interest on Securities represented by a Temporary Global Security shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Securities represented by the Temporary Global Security is not a U.S. person as defined by the U.S. Securities Act of 1933. Any such certification received by the Principal Paying Agent on or after the 40th day after the Issue Date will be treated as a request to exchange such Temporary Global Security as described above. Any securities delivered in exchange for the Temporary Global Security shall be delivered only outside of the United States.

Each Global Security is deposited with the Clearing System or, if specified in the applicable Product Terms in the definition "**Clearing System**", a common depository on behalf of the Clearing System in accordance with the applicable rules and regulations.

8. (c) In case the Securities are specified in the applicable Product Terms in the definition of "**Securities**" to be **Swedish Securities, Finnish Securities, Norwegian Securities and Danish Securities**, the following applies:

The Securities are issued in uncertificated and dematerialised book-entry form, and registered at the Clearing System in accordance with the relevant CA Rules. No physical securities, such as global temporary or permanent securities or definitive securities will be issued in respect of the Securities. The Issuer shall be entitled to obtain from the respective Clearing System information based on the Clearing System's register regarding the Securities for the purpose of performing its obligations pursuant to these Conditions.

(2) Securityholder; Title and Transfer

9. (a) In case the Securities are not specified in the applicable Product Terms in the definition of "Securities" to be **Swedish Securities, Finnish Securities, Norwegian Securities or Danish Securities**, the following applies:

"**Securityholder**" means any holder of a proportionate co-ownership interest or right in the Permanent Global Security, acknowledged by German law as legal owner of the Securities. The Securityholder shall, for all purposes, be treated by the Issuer and the Security Agents (§ 12 (1)) as the person entitled to such Securities and the person entitled to receive the benefits of the rights represented by such Securities.

The Securities are transferable as co-ownership interests in the Permanent Global Security in accordance with applicable law and the relevant CA Rules and may be transferred within the collective securities settlement procedure in the Minimum Trading Size or an integral multiple thereof only. Such transfer becomes effective upon registration of the transfer in the records of the relevant Clearing System.

10. (b) In case the Securities are specified in the applicable Product Terms in the definition of "Securities" to be **Swedish Securities**, the following applies:

"**Securityholder**" means the person in whose name a Security is registered with the Clearing System (including a person duly authorised to act as a nominee and who is registered as such for the relevant Security) or any other person acknowledged as the holder of the Security pursuant to the CA Rules and, accordingly, where the relevant Securities are held through a duly authorised nominee, the nominee shall be the Securityholder. The Securityholder shall, for all purposes, be treated by the Issuer, if in the applicable Product Terms an "**Issuing Agent**" is specified, the Issuing Agent and the Security Agents (§ 12 (1)) as the person entitled to such Securities and the person entitled to receive the benefits of the rights represented by such Securities.

Title to the Securities will pass by transfer between accountholders at the Clearing System perfected in accordance with the relevant CA Rules.

The Issuer shall be entitled to obtain from the Clearing System information based on the Clearing System's register regarding the Securities for the purpose of performing its obligations pursuant to these Conditions.

11. (c) In case the Securities are specified in the applicable Product Terms in the definition of "Securities" to be **Finnish Securities**, the following applies:

"**Securityholder**" means the person in whose name a Security is registered with the Clearing System (including a person duly authorised to act as a nominee and who is registered as such for the relevant Security) or any other person acknowledged as the holder of the Security pursuant to the CA Rules and, accordingly, where the relevant Securities are held through a duly authorised nominee, the nominee shall be the Securityholder. The Securityholder shall, for all purposes, be treated by the Issuer, if in the applicable Product Terms an "**Issuing Agent**" is specified, the Issuing Agent and the Security Agents (§ 12 (1)) as the person entitled to such Securities and the person entitled to receive the benefits of the rights represented by such Securities.

Title to the Securities will pass by transfer between accountholders at the Clearing System perfected in accordance with the relevant CA Rules.

The Issuer and the Issuing Agent in Finland shall be entitled to obtain from Euroclear Finland information based on Euroclear Finland's register regarding the Securities and the Securityholders for the purpose of performing its obligations pursuant to these Conditions.

12. (d) In case the Securities are specified in the applicable Product Terms in the definition of "Securities" to be **Norwegian Securities**, the following applies:

"**Securityholder**" means the person in whose name a Security is registered with the Clearing System (including a person duly authorised to act as a nominee and who is registered as such for the relevant

Security) or any other person acknowledged as the holder of the Security pursuant to the CA Rules and, accordingly, where the relevant Securities are held through a duly authorised nominee, the nominee shall be the Securityholder. The Securityholder shall, for all purposes, be treated by the Issuer, if in the applicable Product Terms an "**Issuing Agent**" is specified, the Issuing Agent and the Security Agents (§ 12 (1)) as the person entitled to such Securities and the person entitled to receive the benefits of the rights represented by such Securities.

By purchasing Securities registered in the Clearing System, each Securityholder is deemed to consent that the Clearing System may provide the Issuer, the Issuing Agent or the Security Agents upon request, information registered with the Clearing System relating to the Securities and the Securityholder. Such information shall include, but not be limited to, the identity of the registered Securityholder, the residency of the registered Securityholder, the number of Securities registered with the relevant Securityholder, the address of the relevant Securityholder, the account operator in respect of the relevant VPS account (*Kontofører utsteder*) and whether or not the Securities are registered in the name of a nominee and the identity of any such nominee. The relevant agents and/or the Issuer will only make use of and store such information to the extent this is required or deemed appropriate to fulfil their obligations in relation to the Securities.

Title to the Securities will pass by transfer between accountholders at the Clearing System perfected in accordance with the relevant CA Rules.

13. (e) In case the Securities are specified in the applicable Product Terms in the definition of "Securities" to be **Danish Securities**, the following applies:

"**Securityholder**" means the person in whose name a Security is registered with the Clearing System (including a person duly authorised to act as a nominee and who is registered as such for the relevant Security) or any other person acknowledged as the holder of the Security pursuant to the CA Rules and, accordingly, where the relevant Securities are held through a duly authorised nominee, the nominee shall be the Securityholder. The Securityholder shall, for all purposes, be treated by the Issuer, if in the applicable Product Terms an "**Issuing Agent**" is specified, the Issuing Agent and the Security Agents (§ 12 (1)) as the person entitled to such Securities and the person entitled to receive the benefits of the rights represented by such Securities.

Title to the Securities will pass by transfer between accountholders at the Clearing System perfected in accordance with the relevant CA Rules.

(3) Status of the Securities

The Securities constitute direct, unsecured and unsubordinated obligations of the Issuer, ranking *pari passu* among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer, other than obligations preferred by mandatory provisions of law.

§ 5

Settlement; Conversion Rate; Impracticability of physical settlement;
Period of Presentation; Prescription

(1) Settlement of the Securities

14. (a) In case the Securities are not specified in the applicable Product Terms in the definition of "Securities" to be **Swedish Securities, Finnish Securities, Norwegian Securities or Danish Securities**, the following applies:

The Securities will, subject to a Market Disruption (§ 11), be redeemed on the relevant Maturity Date by payment of the Redemption Amount, of the Termination Amount or, if in the applicable Product Terms in the definition of "Securities" the product feature "**Securityholder's Termination Right**" is specified to be applicable, of the Securityholder Termination Amount, or of any other amount payable under the Conditions in relation to the relevant Maturity Date in the Redemption Currency or, if in §§ 1 – 3 of these Conditions a "**Physical Delivery**" applies, by delivery of the Physical Underlying in the appropriate number.

The Issuer shall, in all cases subject to any applicable fiscal or other laws and regulations in the place of payment or delivery, as the case may be, or other laws and regulations to which the Issuer agree to be subject, provide any performance due under these Conditions to the relevant Clearing System or the relevant intermediary or to its order for credit to the accounts of the relevant account holders of the Clearing System or the relevant intermediary.

The period of presentation as established in § 801 section 1 sentence 1 of the German Civil Code ("**BGB**") is reduced to ten years.

15. (b) In case the Securities are specified in the applicable Product Terms in the definition of "Securities" to be **Swedish Securities, Finnish Securities, or Danish Securities**, the following applies:

The Issuer will, subject to a Market Disruption (§ 11), procure that the payment of the Redemption Amount, of the Termination Amount or, if in the applicable Product Terms in the definition of "Securities" the product feature "**Securityholder's Termination Right**" is specified to be applicable, of the Securityholder Termination Amount, or of any other amount payable under the Conditions in relation to the relevant Maturity Date in the Redemption Currency or, if in §§ 1 – 3 of these Conditions a "**Physical Delivery**" applies, by delivery of the Physical Underlying in the appropriate number occurs on the relevant Maturity Date in accordance with the relevant CA Rules.

Payments and delivery of the Physical Underlying in the appropriate number, as the case may be, shall, in all cases subject to any applicable fiscal or other laws and regulations in the place of payment or delivery, as the case may be, or other laws and regulations to which the Issuer agree to be subject, be made in accordance with the relevant CA Rules to the relevant Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System.

The prescription period for claims of a Securityholders against the Issuer for the payment of principal shall be ten (10) years from the due date for such payment.

16. (c) In case the Securities are specified in the applicable Product Terms in the definition of "Securities" to be **Norwegian Securities**, the following applies:

The Issuer will, subject to a Market Disruption (§ 11), procure that the payment of the Redemption Amount, of the Termination Amount or, if in the applicable Product Terms in the definition of "Securities" the product feature "**Securityholder's Termination Right**" is specified to be applicable, of the Securityholder Termination Amount, or of any other amount payable under the Conditions in relation to the relevant Maturity Date in the Redemption Currency or, if in §§ 1 – 3 of these Conditions a "**Physical Delivery**" applies, by delivery of the Physical Underlying in the appropriate number occurs on the relevant Maturity Date in accordance with the relevant CA Rules.

Payments and delivery of the Physical Underlying in the appropriate number, as the case may be, shall, in all cases subject to any applicable fiscal or other laws and regulations in the place of payment

or delivery, as the case may be, or other laws and regulations to which the Issuer agree to be subject,, be made on the due date for such payment or delivery to the Securityholders registered as such on the tenth business day (as defined in the relevant CA Rules prior to the due date), or on such other business day falling closer to the due date as then may be stipulated in the relevant CA Rules.

The prescription period for claims of a Securityholders against the Issuer for the payment of principal shall be ten (10) years from the due date for such payment.

(2) Conversion into the Redemption Currency

If in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, any conversion of amounts payable under these Conditions into the Redemption Currency is made by the Calculation Agent using the Relevant Conversion Rate.

(3) Settlement Disruption

If in §§ 1 – 3 of these Conditions a "Physical Delivery" applies, the delivery of the Physical Underlying is effected with the characteristics and in the form that allows delivery via an exchange. Such transfer becomes effective upon registration of the transfer in the records of the relevant Clearing System pursuant to its applicable rules and regulations. No definitive securities will be issued. The right to request the delivery of definitive Securities is excluded.

If the Participation Factor, the Multiplier or the Leverage Factor, as specified in the applicable Product Terms, is not an integral number, as caused, for example, by an adjustment pursuant to §§ 6 (a) – (m) of these Conditions, cash consideration will be paid for each Security upon physical settlement with respect to any fractions per Physical Underlying. A consolidation of such fractions for all Securities of the Securityholder for the delivery of the Physical Underlying shall not take place. The provisions of these Conditions relating to the Redemption Amount shall apply *mutatis mutandis* to such payment.

Should the delivery of the Physical Underlying be impracticable for economic or factual reasons, the Issuer is entitled to pay to each Securityholder with respect to each Security it holds, the Delivery Disruption Amount as specified to be applicable in the relevant Product Terms instead of the delivery of the Physical Underlying. The provisions of these Conditions relating to the Redemption Amount shall apply *mutatis mutandis* to such payment.

(4) Discharging effect

The Issuer shall be discharged from its redemption obligations or any other payment or delivery obligations under these Conditions of the Securities by delivery to the Clearing System in the manner described above.

(5) Taxes, charges and/or expenses

All taxes, charges and/or expenses, if any, incurred in connection with the redemption of the Securities or any other payment or delivery obligations under these Conditions of the Securities shall be borne and paid by the relevant Securityholder. The Issuer and the Paying Agent, as the case may be, are entitled, but not obliged, to withhold from any required performance under these Conditions such taxes, charges and/or expenses as be paid by the Securityholder in accordance with the preceding sentence.

17. Only if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the following § 6 (a) of these Conditions applies:

§ 6 (a)

Adjustments for Securities on Baskets; Successor Basket Component

If in relation to a Basket Component an adjustment (as described in these Conditions) is necessary, the Issuer shall (in addition to the adjustments pursuant to these Conditions in relation to each Basket Component) be entitled, but not obliged, either

- (i) to remove at its reasonable discretion the respective Basket Component without replacement from the Basket (if applicable by adjusting the weighting of the remaining Basket Components), or
- (ii) to replace at its reasonable discretion the Basket Component in whole or in part by a new Basket Component (if applicable by adjusting the weighting of the Basket Components then present) (the "**Successor Basket Component**").

In such case, the Successor Basket Component will be deemed to be the Basket Component and each reference in these Conditions to the Basket Component shall be deemed to refer to the Successor Basket Component.

18. Only in case of a share as the Underlying or a Basket Component, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the following § 6 (b) of these Conditions applies:

§ 6 (b)

Adjustments in connection with a Share

(1) Consequences of the occurrence of a Potential Adjustment Event

In the case of the occurrence of a Potential Adjustment Event (§ 6 (b) (2)), the Issuer shall be entitled to effect adjustments to these Conditions in a manner and relation corresponding to the relevant adjustments made with regard to option and futures contracts on the share used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component traded on the Relevant Futures and Options Exchange (the "**Option Contracts**") provided that the Adjustment Record Date (as defined below) is prior to or on the Valuation Date, the Final Valuation Date or a Valuation Averaging Date, as the case may be, and as specified in the applicable Product Terms.

If no such Option Contracts are being traded on the Relevant Futures and Options Exchange, the adjustments may be effected by the Issuer in a manner as relevant adjustments would be made by the Relevant Futures and Options Exchange if those Option Contracts were traded on the Relevant Futures and Options Exchange.

The "**Adjustment Record Date**" will be the first trading day on the Relevant Futures and Options Exchange on which the adjusted Option Contracts on the Underlying are traded on the Relevant Futures and Options Exchange or would be traded if those Option Contracts were traded on the Relevant Futures and Options Exchange.

(2) Occurrence of a Potential Adjustment Event

"**Potential Adjustment Event**" means any measure in relation to the share, which gives reason, or would give reason, if the Option Contracts were traded on the Relevant Futures and Options Exchange, as the case may be, to the Relevant Futures and Options Exchange for an adjustment to the strike, the contract volume of the underlying, the ratio of the underlying or to the quotation of the stock exchange, relevant for the calculation and determination of the price of the underlying.

Adjustment Events are, *in particular*, but not limited to, the following measures, whereas, however, subject to § 6 (b) (3), the *de facto* or hypothetical decision of the Relevant Futures and Options Exchange is decisive:

- (i) The stock corporation, the share(s) of which is/are used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component (the "**Company**") increases its share capital against deposits/contributions granting a direct or indirect subscription right to its shareholders, capital increase out of the Company's own funds, through the issuance of new shares, directly or indirectly granting a right to its shareholders to subscribe for bonds or other securities with option or conversion rights to shares.
- (ii) The Company decreases its share capital through cancellation or combination of shares of the Company. No Adjustment Event shall occur, if the capital decrease is effected by way of reduction of the nominal amount of the shares of the Company.
- (iii) The Company grants exceptionally high dividends, bonuses or other cash or non-cash distributions ("**Special Distributions**") to its shareholders. The distributions of regular dividends, which do not constitute Special Distributions, do not create any Adjustment Event. With regard to the differentiation between regular dividends and Special Distributions, the differentiation made by the Relevant Futures and Options Exchange shall prevail.
- (iv) In the case of a stock split (reduction of the nominal amount and corresponding increase in the number of shares without a change in the share capital) or a similar measure.
- (v) Offer to the shareholders of the Company pursuant to the German Stock Corporation Act (*Aktiengesetz*), the German Law regulating the Transformation of Companies (*Umwandlungsgesetz*)

or any other similar proceeding under the jurisdiction applicable to and governing the Company to convert existing shares of the Company to new shares or to shares of another stock corporation.

- (vi) Take-over of shares of the Company by a shareholder in the course of a tender offer in accordance with the German Securities Acquisition and Take-over Act or with any other similar provision under the jurisdiction applicable to and governing the Company.
- (vii) The Company spins off any part of the Company so that a new independent enterprise is created or any part of the Company is absorbed by a third company, the Company's shareholders are granted shares in the new company or the absorbing company free of charge or at a price below the market price and therefore a market price or price quotation may be determined for the shares granted to the shareholders.
- (viii) The quotation of or trading in the shares of the Company on the Relevant Exchange is permanently discontinued due to a merger or a new company formation, or for any other comparable reason, in particular as a result of a delisting of the Company. The Issuer's right of termination in accordance with § 8 of these Conditions remains unaffected.

The provisions set out above shall apply *mutatis mutandis* to events other than those mentioned above, if the Issuer and the Calculation Agent, upon exercise of their reasonable discretion, determine that the economic effects of these events are comparable and may have an impact on the calculation value of the shares.

(3) Deviations by the Issuer from the Relevant Futures and Options Exchange

The Issuer shall be entitled to deviate from the adjustments made by the Relevant Futures and Options Exchange, should the Issuer consider it necessary in order to account for existing differences between the Securities and the Option Contracts traded on the Relevant Futures and Options Exchange. Irrespective of, whether or how adjustments are *de facto* effected by the Relevant Futures and Options Exchange, the Issuer is entitled to effect adjustments for the purpose to reconstitute to the extent possible the Securityholders' economic status prior to the measures in terms of § 6 (b) (2).

(4) Termination or replacement of the Share

In the event that the share is terminated and/or replaced by another underlying, the Issuer and the Calculation Agent shall, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions, determine at their reasonable discretion, after having made appropriate adjustments according to the paragraph above, which underlying, economically equal to the underlying concept of the share used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component shall be applicable in the future (the "Successor Underlying" or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the "Successor Basket Component"). The Successor Underlying or, as the case may be, the Successor Basket Component and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

Any reference in these Conditions to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, to the Basket Component shall, to the extent appropriate, be deemed to refer to the Successor Underlying or, as the case may be, the Successor Basket Component.

(5) Determination of a Substitute Exchange

If the quotation of or trading in the share on the Relevant Exchange is permanently discontinued while concurrently a quotation or trading is started up or maintained on another stock exchange, the Issuer shall be entitled to stipulate such other stock exchange as new Relevant Exchange (the "Substitute Exchange") through publication in accordance with § 14 of these Conditions, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions. In the case of such a substitution, any reference in these Conditions to the Relevant Exchange thereafter shall be deemed to refer to the Substitute Exchange. The adjustment described above shall be published in accordance with § 14 of these Conditions upon the expiry of one month following the permanent discontinuation of the quotation of or trading in the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Basket Component on the Relevant Exchange, at the latest.

(6) Corrected Price

In the event that the price of the share used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component as determined and published by the Relevant Exchange is subsequently corrected and the correction (the "**Corrected Price**") is published by the Relevant Exchange after the original publication, but still within one Settlement Cycle, the Issuer and the Calculation Agent shall be entitled to effect, under consideration of the Corrected Price, adjustments to these Conditions at their reasonable discretion, to account for the correction. The adjustment and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

(7) Making of Adjustments and Determinations; Publication

Adjustments and determinations pursuant to the paragraphs above shall be effected by the Issuer or, as the case may be, by the Calculation Agent, at its reasonable discretion, under consideration of the market conditions then prevailing and preserving the value of the previous economic development of the Securities. The Issuer reserves the right to determine at its reasonable discretion in cases of doubt (i) the applicability of the adjustment rules of the Relevant Futures and Options Exchange and (ii) the required adjustment. Any adjustment or determination shall be published by the Issuer in accordance with § 14 of these Conditions and shall be final, conclusive and binding on all parties, except where there is a manifest error.

(8) Effectiveness of Adjustments and Determinations

Any adjustment and determination will become effective as of the time at which the relevant adjustments become effective on the Relevant Futures and Options Exchange or would become effective, if the Option Contracts were traded on the Relevant Futures and Options Exchange, as the case may be.

Only in case of a **certificate representing shares as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the following § 6 (c) of these Conditions applies:

§ 6 (c)

Adjustments in connection with a Certificate representing Shares

(1) Consequences of the occurrence of a Potential Adjustment Event

In the case of the occurrence of a Potential Adjustment Event (§ 6 (c) (2)) in relation to the certificate representing shares used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, as the Basket Component, the Issuer shall be entitled to effect adjustments to these Conditions to account for such Potential Adjustment Event.

(2) Occurrence of a Potential Adjustment Event

"**Potential Adjustment Event**" means any following events or measures in relation to the certificate representing shares used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, as the Basket Component, provided that such event or measure is, at the reasonable discretion the Issuer and the Calculation Agent, material and adversely affects the Underlying or, as the case may be, the Basket Component or the calculation of the Price of the Underlying or, as the case may be, the Basket Component:

(a) In the opinion of the Calculation Agent at its reasonable discretion, a material change

(i) has occurred in relation to the Relevant Exchange relevant for the calculation and determination of the price of the certificate representing shares used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, as the Basket Component, or

(ii) has occurred in relation to the relevant terms of either the certificate representing shares used as the Underlying or, as the case may be, the Basket Component or of the Underlying Shares.

(b) Any measure in relation to the certificate representing shares, which gives reason, or would give reason, if option and futures contracts on the certificate representing shares used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, as the Basket Component traded on the Relevant Futures and Options Exchange (the "**Option Contracts**") were traded on the Relevant Futures and Options Exchange, as the case may be, to the Relevant Futures and Options Exchange for an adjustment to the strike, the contract volume of the underlying, the ratio of the underlying or to the quotation of the trading system, relevant for the calculation and determination of the price of the underlying.

(3) Termination or replacement of the certificate representing shares

In the event that the certificate representing shares is terminated and/or replaced by another underlying, the Issuer and the Calculation Agent shall, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions, determine at their reasonable discretion, after having made appropriate adjustments according to the paragraph above, which underlying, economically equal to the underlying concept of the certificate representing shares used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, as the Basket Component shall be applicable in the future (the "**Successor Underlying**" or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, the "**Successor Basket Component**"). The Successor Underlying or, as the case may be, the Successor Basket Component and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

Any reference in these Conditions to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, to the Basket Component shall, to the extent appropriate, be deemed to refer to the Successor Underlying or, as the case may be, the Successor Basket Component.

(4) Determination of a Substitute Exchange

If the quotation of or trading in the certificate representing shares on the Relevant Exchange is permanently discontinued while concurrently a quotation or trading is started up or maintained on another stock exchange, the Issuer shall be entitled to stipulate such other stock exchange as new Relevant Exchange (the "**Substitute Exchange**") through publication in accordance with § 14 of these Conditions, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions. In the case of such a substitution, any reference in these Conditions to the Relevant Exchange thereafter shall be deemed to refer to the Substitute Exchange. The adjustment described above shall be published in accordance with § 14 of these Conditions upon the expiry of one month following the permanent discontinuation of the quotation of or trading in the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, the Basket Component on the Relevant Exchange, at the latest.

(5) Corrected Price

In the event that the price of the certificate representing shares used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, as the Basket Component as determined and published by the Relevant Exchange is subsequently corrected and the correction (the "**Corrected Price**") is published by the Relevant Exchange after the original publication, but still within one Settlement Cycle, the Issuer and the Calculation Agent shall be entitled to effect, under consideration of the Corrected Price, adjustments to these Conditions at their reasonable discretion, to account for the correction. The adjustment and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

(6) Making of Adjustments and Determinations; Publication

Adjustments and determinations pursuant to the paragraphs above shall be effected by the Issuer or, as the case may be, by the Calculation Agent, at its reasonable discretion, under consideration of the market conditions then prevailing and preserving the value of the previous economic development of the Securities. The Issuer reserves the right to determine at its reasonable discretion in cases of doubt the required adjustment. Any adjustment or determination shall be published by the Issuer in accordance with § 14 of these Conditions and shall be final, conclusive and binding on all parties, except where there is a manifest error.

19. Only in case of a **non-equity security as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the following § 6 (d) of these Conditions applies:

§ 6 (d)

Adjustments in connection with a Non-Equity Security

(1) Consequences of the occurrence of a Potential Adjustment Event

If, in the opinion of the Calculation Agent at its reasonable discretion, a material change in the market conditions occurred in relation to the Relevant Trading System relevant for the calculation and determination of the price of the non-equity security used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component (a "**Potential Adjustment Event**"), the Issuer shall be entitled to effect adjustments to these Conditions to account for these changed market conditions.

(2) Changes in the calculation; Making of Adjustments

Any changes in the calculation (including corrections) of the non-equity security, shall not lead to an adjustment unless the Issuer and the Calculation Agent, upon exercise of their reasonable discretion determine that the underlying concept and the calculation (including corrections) of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component are no longer comparable to the underlying concept or calculation of the Underlying or, as the case may be, the Basket Component applicable prior to such change. Adjustments may also be made as a result of the termination of the Underlying or of the Basket Component and/or its substitution by another underlying.

For the purpose of making any adjustment, the Calculation Agent shall at its reasonable discretion determine an adjusted value per unit of the non-equity security as the basis of the determination of the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component, which in its result corresponds with the economic result prior to this change, and shall, taking into account the time the change occurred, determine the day, on which the adjusted value per unit of the non-equity security shall apply for the first time. The adjusted value per unit of the Underlying or, as the case may be, the Basket Component as well as the date of its first application shall be published without undue delay pursuant to § 14 of these Conditions.

(3) Termination or replacement of the Non-Equity Security

In the event that the non-equity security is terminated and/or replaced by another underlying, the Issuer and the Calculation Agent shall, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions, determine at the reasonable discretion of the Issuer or, as the case may be, of the Calculation Agent, after having made appropriate adjustments according to the paragraph above, which underlying, economically equal to the underlying concept of the non-equity security used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component shall be applicable in the future (the "**Successor Underlying**" or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the "**Successor Basket Component**"). The Successor Underlying or, as the case may be, the Successor Basket Component and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

Any reference in these Conditions to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, to the Basket Component shall, to the extent appropriate, be deemed to refer to the Successor Underlying or, as the case may be, to the Successor Basket Component.

(4) Determination of a Substitute Trading System

If the quotation of or trading in the non-equity security in the Relevant Trading System is permanently discontinued while concurrently a quotation or trading is started up or maintained on another trading system, the Issuer shall be entitled to stipulate such other trading system as the new relevant trading system (the "**Substitute Trading System**") through publication in accordance with § 14 of these Conditions, provided that the Issuer has not terminated the Securities in accordance with § 8 of these

Conditions. In the case of such a substitution any reference in these Conditions to the Relevant Trading System thereafter shall be deemed to refer to the Substitute Trading System. The adjustment described above shall be published in accordance with § 14 of these Conditions upon the expiry of one month following the permanent discontinuation of the quotation of or trading in the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Component in the Relevant Trading System at the latest.

(5) Corrected Price

In the event that the price of the non-equity security used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component as determined and published by the Relevant Trading System is subsequently corrected and the correction (the "**Corrected Price**") is published by the Relevant Trading System, after the original publication, but still within one Settlement Cycle, the Issuer and the Calculation Agent shall be entitled to effect, under consideration of the Corrected Price, adjustments to these Conditions at their reasonable discretion, to account for the correction. The adjustment and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

(6) Making of Adjustments and Determinations; Publication

Adjustments and determinations pursuant to the paragraphs above shall be effected by the Issuer or, as the case may be, by the Calculation Agent, at its reasonable discretion, under consideration of the market conditions then prevailing and preserving the value of the previous economic development of the Securities. The Issuer reserves the right to determine at its reasonable discretion in cases of doubt the required adjustment. Any adjustment or determination shall be published by the Issuer in accordance with § 14 of these Conditions and shall be final, conclusive and binding on all parties, except where there is a manifest error.

20. Only in case of a commodity as the Underlying or a Basket Component, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the following § 6 (e) of these Conditions applies:

§ 6 (e)

Adjustments in connection with a Commodity

(1) Consequences of the occurrence of a Potential Adjustment Event

In the case of the occurrence of a Potential Adjustment Event (§ 6 (e) (2)), the Issuer shall be entitled to effect adjustments to these Conditions in a manner and relation corresponding to the relevant adjustments made with regard to option and futures contracts on the commodity used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component traded on the Relevant Futures and Options Exchange (the "Option Contracts") provided that the Adjustment Record Date (as defined below) is prior to or on the Valuation Date, the Final Valuation Date or a Valuation Averaging Date, as the case may be, and as specified in the applicable Product Terms.

If no such Option Contracts are being traded on the Relevant Futures and Options Exchange, the adjustments may be effected by the Issuer in a manner as relevant adjustments would be made by the Relevant Futures and Options Exchange if those Option Contracts were traded on the Relevant Futures and Options Exchange.

The "Adjustment Record Date" will be the first trading day on the Relevant Futures and Options Exchange on which the adjusted Option Contracts on the Underlying are traded on the Relevant Futures and Options Exchange or would be traded if those Option Contracts were traded on the Relevant Futures and Options Exchange.

(2) Occurrence of a Potential Adjustment Event

"Potential Adjustment Event" means any measure in relation to the commodity, which gives reason, or would give reason, if the Option Contracts were traded on the Relevant Futures and Options Exchange, as the case may be, to the Relevant Futures and Options Exchange for an adjustment to the strike, the contract volume of the underlying, the ratio of the underlying or to the quotation of the trading system, relevant for the calculation and determination of the price of the underlying.

Adjustment Events are, *in particular*, but not limited to, the following measures, whereas, however, subject to § 6 (e) (3), the *de facto* or hypothetical decision of the Relevant Futures and Options Exchange is decisive:

- (i) The commodity is traded in the Relevant Trading System relevant for the calculation and determination of the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component in a different quality, in a different consistency (*e.g.* with a different degree of purity or a different point of origin) or in a different standard measuring unit.
- (ii) The occurrence of another event or action, due to which the commodity, as traded in the Relevant Trading System]relevant for the calculation and determination of the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component, is materially modified.

The provisions set out above shall apply *mutatis mutandis* to events other than those mentioned above, if the Issuer and the Calculation Agent, upon exercise of their reasonable discretion, determine that the economic effects of these events are comparable and may have an impact on the value of the commodity.

(3) Deviations by the Issuer from the Relevant Futures and Options Exchange

The Issuer shall be entitled to deviate from the adjustments made by the Relevant Futures and Options Exchange, should the Issuer consider it necessary in order to account for existing differences between the Securities and the Option Contracts traded on the Relevant Futures and Options Exchange. Irrespective of, whether or how adjustments are *de facto* effected by the Relevant Futures and Options Exchange, the Issuer is entitled to effect adjustments for the purpose to reconstitute to the extent possible the Security-

holders' economic status prior to the measures in terms of § 6 (e) (2).

(4) Termination or replacement of the Commodity

In the event that the commodity is terminated and/or replaced by another underlying, the Issuer and the Calculation Agent shall, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions, determine at their reasonable discretion, after having made appropriate adjustments according to the paragraph above, which underlying, economically equal to the underlying concept of the commodity used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Basket Component shall be applicable in the future (the "Successor Underlying" or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the "Successor Basket Component"). The Successor Underlying or, as the case may be, the Successor Basket Component and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

Any reference in these Conditions to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Basket Component shall, to the extent appropriate, be deemed to refer to the Successor Underlying or, as the case may be, the Successor Basket Component.

(5) Determination of a Substitute Trading System

If the quotation of or trading in the commodity in the Relevant Trading System is permanently discontinued while concurrently a quotation or trading is started up or maintained on another trading system, the Issuer shall be entitled to stipulate such other trading system as the new relevant trading system (the "Substitute Trading System") through publication in accordance with § 14 of these Conditions, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions. In the case of such a substitution, any reference in these Conditions to the Relevant Trading System thereafter shall be deemed to refer to the Substitute Trading System. The adjustment described above shall be published in accordance with § 14 of these Conditions upon the expiry of one month following the permanent discontinuation of the quotation of or trading in the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Component in the Relevant Trading System, at the latest.

(6) Corrected Price

In the event that the price of the commodity used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component as determined and published by the Relevant Trading System is subsequently corrected and the correction (the "Corrected Price") is published by the Relevant Trading System after the original publication, but still within one Settlement Cycle, the Issuer and the Calculation Agent shall be entitled to effect, under consideration of the Corrected Price, adjustments to these Conditions at their reasonable discretion, to account for the correction. The adjustment and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

(7) Making of Adjustments and Determinations; Publication

Adjustments and determinations pursuant to the paragraphs above shall be effected by the Issuer or, as the case may be, by the Calculation Agent, at its reasonable discretion, under consideration of the market conditions then prevailing and preserving the value of the previous economic development of the Securities. The Issuer reserves the right to determine at its reasonable discretion in cases of doubt (i) the applicability of the adjustment rules of the Relevant Futures and Options Exchange and (ii) the required adjustment. Any adjustment or determination shall be published by the Issuer in accordance with § 14 of these Conditions and shall be final, conclusive and binding on all parties, except where there is a manifest error.

(8) Effectiveness of Adjustments and Determinations

Any adjustment and determination will become effective as of the time at which the relevant adjustments become effective on the Relevant Futures and Options Exchange or would become effective, if the Option Contracts were traded on the Relevant Futures and Options Exchange, as the case may be.

21. Only in case of a **precious metal as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the following § 6 (f) of these Conditions applies:

§ 6 (f)

Adjustments in connection with a Precious Metal

(1) Consequences of the occurrence of a Potential Adjustment Event

In the case of the occurrence of a Potential Adjustment Event (§ 6 (f) (2)), the Issuer shall be entitled to effect adjustments to these Conditions in a manner and relation corresponding to the relevant adjustments made with regard to option and futures contracts on the precious metal used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component traded on the Relevant Futures and Options Exchange (the "**Option Contracts**") provided that the Adjustment Record Date (as defined below) is prior to or on the Valuation Date, the Final Valuation Date or a Valuation Averaging Date, as the case may be, and as specified in the applicable Product Terms.

If no such Option Contracts are being traded on the Relevant Futures and Options Exchange, the adjustments may be effected by the Issuer in a manner as relevant adjustments would be made by the Relevant Futures and Options Exchange if those Option Contracts were traded on the Relevant Futures and Options Exchange.

The "**Adjustment Record Date**" will be the first trading day on the Relevant Futures and Options Exchange on which the adjusted Option Contracts on the Underlying are traded on the Relevant Futures and Options Exchange or would be traded if those Option Contracts were traded on the Relevant Futures and Options Exchange.

(2) Occurrence of a Potential Adjustment Event

"**Potential Adjustment Event**" means any measure in relation to the precious metal, which gives reason, or would give reason, if the Option Contracts were traded on the Relevant Futures and Options Exchange, as the case may be, to the Relevant Futures and Options Exchange for an adjustment to the strike, the contract volume of the underlying, the ratio of the underlying or to the quotation of the stock exchange, relevant for the calculation and determination of the price of the underlying.

Adjustment Events are, *in particular*, but not limited to, the following measures, whereas, however, subject to § 6 (f) (3), the *de facto* or hypothetical decision of the Relevant Futures and Options Exchange is decisive:

- (i) The precious metal is traded on the Relevant Exchange relevant for the calculation and determination of the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component in a different quality, in a different consistency (*e.g.* with a different degree of purity or a different point of origin) or in a different standard measuring unit.
- (ii) The occurrence of another event or action, due to which the precious metal, as traded on the Relevant Exchange relevant for the calculation and determination of the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Basket Component, is materially modified.

The provisions set out above shall apply *mutatis mutandis* to any other event or circumstance, which may have an impact on the value of the precious metal and which causes the terms of the Securities to no longer reflect the original commercial terms agreed by the Issuer and the Securityholders or adversely affects the economic basis on which the Issuer issued the Securities.

(3) Deviations by the Issuer from the Relevant Futures and Options Exchange

The Issuer shall be entitled to deviate from the adjustments made by the Relevant Futures and Options Exchange, should the Issuer consider it necessary in order to account for existing differences between the Securities and the Option Contracts traded on the Relevant Futures and Options Exchange. Irrespective of,

whether or how adjustments are *de facto* effected by the Relevant Futures and Options Exchange, the Issuer is entitled to effect adjustments for the purpose to reconstitute to the extent possible the Securityholders' economic status prior to the measures in terms of § 6 (f) (2).

(4) Termination or replacement of the Precious Metal

In the event that the precious metal is terminated and/or replaced by another underlying, the Issuer and the Calculation Agent shall, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions, determine at their reasonable discretion, after having made appropriate adjustments according to the paragraph above, which underlying, economically equal to the underlying concept of the precious metal used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Basket Component shall be applicable in the future (the "**Successor Underlying**" or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the "**Successor Basket Component**"). The Successor Underlying or, as the case may be, the Successor Basket Component and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

Any reference in these Conditions to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, to the Basket Component shall, to the extent appropriate, be deemed to refer to the Successor Underlying or, as the case may be, to the Successor Basket Component.

(5) Determination of a Substitute Exchange

If the quotation of or trading in the precious metal on the Relevant Exchange is permanently discontinued while concurrently a quotation or trading is started up or maintained on another exchange, the Issuer shall be entitled to stipulate such other exchange as the new relevant exchange (the "**Substitute Exchange**") through publication in accordance with § 14 of these Conditions, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions. In the case of such a substitution, any reference in these Conditions to the Relevant Exchange thereafter shall be deemed to refer to the Substitute Exchange. The adjustment described above shall be published in accordance with § 14 of these Conditions upon the expiry of one month following the permanent discontinuation of the quotation of or trading in the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Component on the Relevant Exchange, at the latest.

(6) Corrected Price

In the event that the price of the precious metal used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component as determined and published by the Relevant Exchange is subsequently corrected and the correction (the "**Corrected Price**") is published by the Relevant Exchange after the original publication, but still within one Settlement Cycle, the Issuer and the Calculation Agent shall be entitled to effect, under consideration of the Corrected Price, adjustments to these Conditions at their reasonable discretion, to account for the correction. The adjustment and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

(7) Making of Adjustments and Determinations; Publication

Adjustments and determinations pursuant to the paragraphs above shall be effected by the Issuer or, as the case may be, by the Calculation Agent, at its reasonable discretion, under consideration of the market conditions then prevailing and preserving the value of the previous economic development of the Securities. The Issuer reserves the right to determine at its reasonable discretion in cases of doubt (i) the applicability of the adjustment rules of the Relevant Futures and Options Exchange and (ii) the required adjustment. Any adjustment or determination shall be published by the Issuer in accordance with § 14 of these Conditions and shall be final, conclusive and binding on all parties, except where there is a manifest error.

(8) Effectiveness of Adjustments and Determinations

Any adjustment and determination will become effective as of the time at which the relevant adjustments become effective on the Relevant Futures and Options Exchange or would become effective, if the Option Contracts were traded on the Relevant Futures and Options Exchange, as the case may be.

22. Only in case of an index as the Underlying or a Basket Component, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the following § 6 (g) of these Conditions applies:

§ 6 (g)

Adjustments in connection with an Index

(1) Consequences of the cessation of the Index

If the Index used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component is ultimately not maintained by the Index Sponsor and not calculated and published by the Index Sponsor or, if in the applicable Product Terms in the definition of "Underlying" a "Index Calculator" is specified to be applicable, by the Index Calculator any longer, the Issuer shall be entitled to replace the Index Sponsor or, as the case may be, the Index Calculator by a person, company or institution, which is acceptable to the Calculation Agent and the Issuer at their reasonable discretion (the "**Successor Index Sponsor**" or, if in the applicable Product Terms in the definition of "Underlying" a "Index Calculator" is specified to be applicable, the "**Successor Index Calculator**").

In such case, the Successor Index Sponsor or, if in the applicable Product Terms in the definition of "Underlying" a "Index Calculator" is specified to be applicable, the Successor Index Calculator will be deemed to be the Index Sponsor or, as the case may be, the Index Calculator and each reference in these Conditions to the Index Sponsor or, as the case may be, the Index Calculator shall be deemed to refer to the Successor Index Sponsor or, as the case may be, the Successor Index Calculator.

(2) Changes in the calculation; Making of Adjustments

Any changes in the calculation (including corrections) of the Index or of the composition or of the weighting of the Index components, on which the calculation of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component is based, shall not lead to an adjustment unless the Issuer and the Calculation Agent, upon exercise of their reasonable discretion, determine that the underlying concept and the calculation (including corrections) of the Underlying or of the Basket Component are no longer comparable to the underlying concept or calculation of the Index applicable prior to such change. This applies especially, if due to any change the Index value changes considerably, although the prices and weightings of the components included in the Index remain unchanged. Adjustments may also be made as a result of the termination of the Index and/or its substitution by another underlying.

For the purpose of making any adjustments, the Calculation Agent shall at its reasonable discretion determine an adjusted value per unit of the Index as the basis of the determination of the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component, which in its result corresponds with the economic result prior to this change, and shall, taking into account the time the change occurred, determine the day, on which the adjusted value per unit of the Index shall apply for the first time. The adjusted value per unit of the Underlying or the Basket Component as well as the date of its first application shall be published without undue delay pursuant to § 14 of these Conditions.

(3) Termination or replacement of the Index

In the event that the authorisation of the Issuer or of the Calculation Agent] to use the Index used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Basket Component for the purposes of the Securities is terminated or that the Index is terminated and/or replaced by another index, the Issuer and the Calculation Agent shall determine at their reasonable discretion, after having made appropriate adjustments according to the paragraph above, which index shall be applicable in the future (the "**Successor Underlying**" or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the "**Successor Basket Component**"). The Successor Underlying or, as the case may be, the Successor Basket Component and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

Any reference in these Conditions to the Underlying or, if in the applicable Product Terms in the definition

of "Underlying" a "Basket" is specified to be applicable, to the Basket Component shall, to the extent appropriate, be deemed to refer to the Successor Underlying or, as the case may be, to the Successor Basket Component.

(4) Corrected Price

In the event that the price of the Index used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component as determined and published by the respective Index Sponsor is subsequently corrected and the correction (the "**Corrected Price**") is published by the Index Sponsor after the original publication, but still within one Settlement Cycle, the Issuer and the Calculation Agent shall be entitled to effect, under consideration of the Corrected Price, adjustments to these Conditions at their reasonable discretion, to account for the correction. The adjustment and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

(5) Making of Adjustments and Determinations; Publication

Adjustments and determinations pursuant to the paragraphs above shall be effected by the Issuer or, as the case may be, by the Calculation Agent, at its reasonable discretion, under consideration of the market conditions then prevailing and preserving the value of the previous economic development of the Securities. The Issuer reserves the right to determine at its reasonable discretion in cases of doubt the required adjustment. Any adjustment or determination shall be published by the Issuer in accordance with § 14 of these Conditions and shall be final, conclusive and binding on all parties, except where there is a manifest error.

23. Only in case of an exchange traded Fund Unit as the Underlying or a Basket Component, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the following § 6 (h) of these Conditions applies:

§ 6 (h)

Adjustments in connection with an exchange traded Fund Unit

(1) Consequences of the occurrence of a Potential Adjustment Event

In the case of the occurrence of a Potential Adjustment Event (§ 6 (h) (2)) in respect to the exchange traded Fund Unit used as Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component, the Issuer shall be entitled to make any adjustments to any calculation methods, values or terms in respect of the Securities that they determine at their reasonable discretion to be necessary to account for the Potential Adjustment Event.

(2) Occurrence of a Potential Adjustment Event

"Potential Adjustment Event" means any following measure in relation to the Fund Unit:

- (a) Conversion, subdivision, consolidation or reclassification of the Fund Units;
- (b) Payment of distributions, which contradict the standard distribution policy of the Investment Fund in relation to the Fund Units, or
- (c) any other event that may, in the Issuer's and the Calculation Agent's reasonable discretion, have a diluting or concentrative effect on the Fund Units.

(3) Adjustments made by the Relevant Futures and Options Exchange

The Issuer shall be entitled to in particular effect adjustments to these Conditions in a manner and relation corresponding to the relevant adjustments made with regard to option and futures contracts on the Fund Unit used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component, traded on the Relevant Futures and Options Exchange (the "Option Contracts") provided that the Adjustment Record Date (as defined below) is prior to or on the Valuation Date, the Final Valuation Date or a Valuation Averaging Date, as the case may be, and as specified in the applicable Product Terms.

If no such Option Contracts are being traded on the Relevant Futures and Options Exchange, the adjustments may be effected by the Issuer in a manner as relevant adjustments would be made by the Relevant Futures and Options Exchange if those Option Contracts were traded on the Relevant Futures and Options Exchange.

The "Adjustment Record Date" will be the first trading day on the Relevant Futures and Options Exchange on which the adjusted Option Contracts on the Underlying are traded on the Relevant Futures and Options Exchange or would be traded if those Option Contracts were traded on the Relevant Futures and Options Exchange.

(4) Deviations by the Issuer from the Relevant Futures and Options Exchange

The Issuer shall be entitled to deviate from the adjustments made by the Relevant Futures and Options Exchange, should the Issuer consider it necessary in order to account for existing differences between the Securities and the Option Contracts traded on the Relevant Futures and Options Exchange. Irrespective of, whether or how adjustments are *de facto* effected by the Relevant Futures and Options Exchange, the Issuer is entitled to effect adjustments for the purpose to reconstitute to the extent possible the Security-holders' economic status prior to the measures in terms of § 6 (h) (2).

(5) Consequences of the occurrence of a Replacement Event

If a Replacement Event (§ 6 (h) (6)) in respect of the Fund Unit used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component occurs or is likely to occur, the Issuer and the Calculation Agent may, if they

determine at their reasonable discretion, that such event is material and adversely affects the Fund Unit,

- (i) select an alternative investment fund, which the Issuer and the Calculation Agent determine at their reasonable discretion to have a similar strategy and liquidity (also the "**Successor Underlying**") and/or
- (ii) make any adjustments to any calculation methods, values or terms in respect of the Securities that they determine at their reasonable discretion to be necessary to account for such Replacement Event.

(6) Occurrence of a Replacement Event

"**Replacement Event**" means any of the following:

- (a) The investment strategy or investment objective of an Investment Fund (the "**Strategy**") differs substantially from the Strategy at the Issue Date or the date on which the Underlying was adjusted in accordance with these Conditions, as the case may be, or from the Strategy outlined in the prospectus or other documents prepared in connection with the marketing of the Investment Fund (together the "**Documents**") or from the rules in relation to the Investment Fund.
- (b) The Investment Fund introduces or increases charges or fees payable out of the assets of the Investment Fund or charges a subscription fee or redemption fee.
- (c) The operation or organisation of the Investment Fund (in particular structure, procedures or policies) or the application of such procedures or policies has changed from that at the Issue Date or the date on which the Underlying was adjusted in accordance with these Conditions, as the case may be.
- (d) The Investment Fund or its investment manager is or becomes subject to liquidation, dissolution, discontinuance or execution, or the investment manager indicates that the Strategy will not be met or proposes, recommends or initiates the liquidation, dissolution or discontinuance of the Investment Fund.
- (e) The Investment Fund or its investment manager or any of their employees are placed under review or investigation by any regulatory or other authority or are subject to any charges or prosecution.
- (f) The Investment Fund or its investment manager becomes party to any litigation or dispute.
- (g) Resignation, termination, loss of registration or any other change in respect of the investment manager of the Investment Fund or any change in the personnel of the investment manager or in the service providers to the Investment Fund.

The provisions set out above shall apply *mutatis mutandis* to events other than those mentioned above, if the Issuer and the Calculation Agent, upon exercise of their reasonable discretion, determine that the economic effects of these events are comparable and may have an impact on the calculational value of the Fund Unit.

Any reference in these Conditions to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, as the Basket Component shall, to the extent appropriate, be deemed to refer to the Successor Underlying.

(7) Determination of a Substitute Exchange

If the quotation of or trading in the Fund Unit used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, as the Basket Component on the Relevant Exchange is permanently discontinued while concurrently a quotation or trading is started up or maintained on another stock exchange, the Issuer shall be entitled to stipulate such other stock exchange as new Relevant Exchange (the "**Substitute Exchange**") through publication in accordance with § 14 of these Conditions, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions. In the case of such a substitution, any reference in these Conditions to the Relevant Exchange thereafter shall be deemed to refer to the Substitute Exchange. The adjustment described above shall be published in accordance with § 14 of these Conditions upon the expiry of one month following the permanent discontinuation of the quotation of or trading in the Fund Unit used as the Underlying on the Relevant Exchange.

(8) Corrected Price

In the event that the price of the Fund Unit used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, as the Basket Component as determined and published by the Relevant Exchange is subsequently corrected and the correction (the "**Corrected Price**") is published by the Relevant Exchange after the original publication, but until the Maturity Date (exclusive), the Issuer and the Calculation Agent shall be entitled to effect, under consideration of the Corrected Price, adjustments to these Conditions at their reasonable discretion, to account for the correction. The adjustment and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

(9) Making of Adjustments and Determinations, Publication

Adjustments and determinations pursuant to the paragraphs above shall be effected by the Issuer or, as the case may be, by the Calculation Agent, at its reasonable discretion, under consideration of the market conditions then prevailing and preserving the value of the previous economic development of the Securities. The Issuer reserves the right to determine at its reasonable discretion in cases of doubt the required adjustment. Any adjustment or determination shall be published by the Issuer in accordance with § 14 of these Conditions and shall be final, conclusive and binding on all parties, except where there is a manifest error.

(10) Effectiveness of Adjustments and Determinations

Any adjustment and determination will become effective as of the time at which the relevant adjustments become effective on the Relevant Futures and Options Exchange or would become effective, if the Option Contracts were traded on the Relevant Futures and Options Exchange, as the case may be.

Only in case of a **not exchange traded Fund Unit as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the following § 6 (i) of these Conditions applies:

§ 6 (i)

Adjustments in connection with a Fund Unit

(1) Consequences of the occurrence of a Potential Adjustment Event

If a Potential Adjustment Event (§ 6 (i) (2)) in respect of the Fund Unit used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, as the Basket Component occurs or is likely to occur, the Issuer and the Calculation Agent may, if they determine at their reasonable discretion, that such event is material and adversely affects the Underlying or, as the case may be, the Basket Component or the calculation of the NAV of the Fund Unit,

- (a) make any adjustments to any calculation methods, values or terms in respect of the Securities that they determine at their reasonable discretion to be necessary to account for such Potential Adjustment Event, and/or
- (b) select, by using reasonable efforts for a period of no longer than five (5) Business Days, one or more suitable alternative funds with reasonably similar investment mandates – subject to the following suitability criteria – (each a "**Replacement Fund** ") and replace the Fund by such fund(s).

The replacement of the Fund by one or more alternative Replacement Funds is only possible provided that all of the following suitability criteria are met:

- (i) The relevant fund management company/ies and fund manager(s) are willing to allow the Replacement Fund to be referenced in the Securities.
- (ii) the Issuer can trade at net asset value or at bid price in the Replacement Fund with no direct or indirect fee, levy or other charge whatsoever, including subscription of redemption penalties applicable, or potentially applicable, to any such trading or any interest so acquired.
- (iii) The fund is constituted as an open-ended investment company incorporated in an OECD country.
- (iv) The Replacement Fund (or a relevant manager) publishes the Replacement Fund's net asset value or bid price on a daily basis.
- (v) The Replacement Fund shall comply with the European directives relating to undertakings for collective investment in transferable securities (UCITS).
- (vi) The Replacement Fund has similar historical volatility as the Fund, as determined by the Calculation Agent at its reasonable discretion.
- (vii) The Issuer is able to fully hedge its position with respect to the Replacement Fund as at the Replacement Fund(s) Selection Date.

In such context, the day the Calculation Agent selects the Replacement Fund(s) is the "**Replacement Fund(s) Selection Date**".

(2) Occurrence of a Potential Adjustment Event

"**Potential Adjustment Event**" means any of the following:

- (a) A violation or change of any material terms of the offer documents or other documents prepared in connection with the marketing of the Fund or each of its constitutional documents, which, in the opinion of the Calculation Agent at its reasonable discretion, is material.
- (b) The main investment objective of the Fund changes.
- (c) The currency denomination in which the NAV of the Fund or of the Fund Unit is published (the "**Currency Denomination**") is changed and now differs from the Currency Denomination at the

Fixing Date.

- (d) The NAV, as calculated by or on behalf of the Fund, not being calculated or announced for any scheduled Fund Business Day within the time period when the Calculation Agent would ordinarily expect such NAV to be available.
- (e) Any restriction or limitation or suspension or deferral of, redemptions of or subscription for Fund Units in the Fund affecting the Issuer's Hedging Activities (lit. (k)) (including, but not limited to, the introduction or increase of any associated fee, cost or expense, the introduction or use of restrictions on redemptions, so-called gatings, or the separation of illiquid investments of the Fund, so-called side pockets, or any restructure, reorganisation or action that has a similar impact to a gating or side pocket), or any mandatory redemption of Fund Units of the Fund.
- (f) The regulatory or tax treatment applicable with respect to the Issuer, the Fund, its manager, investment manager or to any of its investment advisors (each a "**Manager**") is changed.
- (g) Any review or investigation of the activities of the Fund or its Managers, by a relevant regulator, in connection with suspected or alleged wrongdoing or breach of any rule or regulation, or other similar reason, or any disciplinary action taken by such regulator in consequence thereof.
- (h) The Issuer is the beneficial owner of 25 % or more of the Fund Units of the Fund or a relevant class of the Fund.
- (i) Any winding-up, liquidation of, or any termination or any loss of regulatory approval, license or registration of, a Manager, or any merger, de-merger, winding-up or liquidation of or affecting the Fund.
- (j) Any arrangement between the Issuer and the Fund and/or a Manager, including arrangements relating to subscriptions in and redemptions of Fund Units, being changed or terminated.
- (k) The occurrence of any event that, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion, prevents, hinders or materially impairs the Issuer's ability to conduct its hedging activities in relation to its exposure under the Securities (the "**Issuer's Hedging Activities**").

The provisions set out above shall apply *mutatis mutandis* to any other event or circumstance, which causes the terms of the Securities to no longer reflect the original commercial terms agreed by the Issuer and the Securityholders or adversely affects the economic basis on which the Issuer issued the Securities.

Any reference in these Conditions to the Fund as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, as the Basket Component shall, to the extent appropriate, be deemed to refer to the Replacement Fund.

(3) Corrected Price

In the event that the price of the Fund Unit used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, as the Basket Component as determined and published by the Administrator otherwise on behalf the Fund is subsequently corrected and the correction (the "**Corrected Price**" is published by the Administrator or otherwise on behalf the Fund after the original publication, but still within one Settlement Cycle, the Issuer and the Calculation Agent shall be entitled to effect, under consideration of the Corrected Price, adjustments to these Conditions at their reasonable discretion, to account for the correction. The adjustment and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

(4) Making of Adjustments and Determinations; Publication

Adjustments and determinations pursuant to the paragraphs above shall be effected by the Issuer or, as the case may be, by the Calculation Agent, at its reasonable discretion, under consideration of the market conditions then prevailing and preserving the value of the previous economic development of the Securities. The Issuer reserves the right to determine at its reasonable discretion in cases of doubt the required adjustment. Any adjustment or determination shall be published by the Issuer in accordance with § 14 of these Conditions and shall be final, conclusive and binding on all parties, except where there is a

manifest error.

24. Only in case of a futures contract as the Underlying or a Basket Component, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the following § 6 (j) of these Conditions applies:

§ 6 (j)

Adjustments in connection with a Futures Contract

(1) Expiration of the Futures Contract

Upon expiration of the futures contract used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component, during the Term of the Securities, the futures contract will be replaced on the Roll Over Date by the futures contract with the next Expiration Date as relevant new Underlying or, as the case may be, Basket Component (the "**Current Underlying**" or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the "**Current Basket Component**"), (the "**Roll Over**"). If, at that time, the Issuer determines that there is no futures contract with the next Expiration Date, the terms or contractual characteristics of which match those of the futures contract used as the Underlying or, as the case may be, as the Basket Component to be replaced, paragraph (4) shall apply accordingly.

The Issuer shall be entitled to effect at its reasonable discretion and considering the prices determined for the purpose of the Roll Over on the basis of the price of the futures contract used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component and of the Current Underlying or, as the case may be, the Current Basket Component on the Roll Over Date, adjustments to these Conditions to account for the Roll Over, to the extent as the Issuer considers such adjustment necessary when replacing the expiring future contract by the Current Underlying or, as the case may be, the Current Basket Component. At this, adjustments will be effected so that the economic value of the Securities is affected as less as possible by the Roll Over. The adjustments in the context of a Roll Over pursuant to the paragraphs above shall be effected by the Issuer at its reasonable discretion and shall be published on the website of the Issuer at www.ubs.com/keyinvest or a successor address. Any adjustment and determination shall be final, conclusive and binding on all parties, except where there is a manifest error.

(2) Material change in the market conditions

If, in the opinion of the Calculation Agent at its reasonable discretion, a material change in the market conditions occurred in relation to the Relevant Reference Market relevant for the calculation and determination of the price of the futures contract used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component, the Issuer shall be entitled to effect adjustments to these Conditions to account for these changed market conditions.

(3) Changes in the calculation; Making of Adjustments

Any changes in the calculation (including corrections) of the futures contract, shall not lead to an adjustment unless the Issuer and the Calculation Agent, upon exercise of their reasonable discretion determine that the underlying concept and the calculation (including corrections) of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component are no longer comparable to the underlying concept or calculation of the Underlying or, as the case may be, the Basket Component applicable prior to such change. Adjustments may also be made as a result of the termination of the Underlying or the Basket Component and/or its substitution by another underlying.

For the purpose of making any adjustment, the Calculation Agent shall at its reasonable discretion determine an adjusted value per unit of the futures contract as the basis of the determination of the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component, which in its result corresponds with the economic result prior to this change, and shall, taking into account the time the change occurred, determine the day, on which the adjusted value per unit of the futures contract shall apply for the first time. The adjusted value per unit of the Underlying or, as the case may be, the Basket Component as well as the date of its first application shall be published without undue delay pursuant to § 14 of these Conditions.

(4) Termination or replacement of the Futures Contract

In the event that the futures contract is terminated and/or replaced by another underlying, the Issuer and the Calculation Agent shall, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions, determine at the reasonable discretion of the Issuer or, as the case may be, of the Calculation Agent, after having made appropriate adjustments according to the paragraph above, which underlying, economically equal to the underlying concept of the futures contract used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component shall be applicable in the future (the "**Successor Underlying**" or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the "**Successor Basket Component**"). The Successor Underlying or, as the case may be, the Successor Basket Component and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

Any reference in these Conditions to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, to the Basket Component shall, to the extent appropriate, be deemed to refer to the Successor Underlying or, as the case may be, the Successor Basket Component.

(5) Determination of a Substitute Reference Market

If the quotation of or trading in the futures contract in the Relevant Reference Market is permanently discontinued while concurrently a quotation or trading is started up or maintained on another reference market, the Issuer shall be entitled to stipulate such other reference market as the new relevant reference market (the "**Substitute Reference Market**") through publication in accordance with § 14 of these Conditions, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions. In the case of such a substitution any reference in these Conditions to the Relevant Reference Market thereafter shall be deemed to refer to the Substitute Reference Market. The adjustment described above shall be published in accordance with § 14 of these Conditions upon the expiry of one month following the permanent discontinuation of the quotation of or trading in the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Component in the Relevant Reference Market at the latest.

(6) Making of Adjustments and Determinations; Publication

Adjustments and determinations pursuant to the paragraphs above shall be effected by the Issuer or, as the case may be, by the Calculation Agent, at its reasonable discretion, under consideration of the market conditions then prevailing and preserving the value of the previous economic development of the Securities. The Issuer reserves the right to determine at its reasonable discretion in cases of doubt the required adjustment. Any adjustment or determination shall be published by the Issuer in accordance with § 14 of these Conditions and shall be final, conclusive and binding on all parties, except where there is a manifest error.

25. Only in case of an **interest rate as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the following § 6 (k) of these Conditions applies:

§ 6 (k)

Adjustments in connection with the Interest Rate

(1) Material change in the market conditions

If, in the opinion of the Calculation Agent at its reasonable discretion, a material change in the market conditions occurred in relation to the Relevant Reference Market relevant for the calculation and determination of the price of the interest rate used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component, the Issuer shall be entitled to effect adjustments to these Conditions to account for these changed market conditions.

(2) Changes in the calculation; Making of Adjustments

Any changes in the calculation (including corrections) of the interest rate, shall not lead to an adjustment unless the Issuer and the Calculation Agent, upon exercise of their reasonable discretion determine that the underlying concept and the calculation (including corrections) of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component are no longer comparable to the underlying concept or calculation of the Underlying or, as the case may be, the Basket Component applicable prior to such change. Adjustments may also be made as a result of the termination of the Underlying or the Basket Component and/or its substitution by another underlying.

For the purpose of making any adjustment, the Calculation Agent shall at its reasonable discretion determine an adjusted value per unit of the interest rate as the basis of the determination of the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component, which in its result corresponds with the economic result prior to this change, and shall, taking into account the time the change occurred, determine the day, on which the adjusted value per unit of the interest rate shall apply for the first time. The adjusted value per unit of the Underlying **or, as the case may be**, the Basket Component as well as the date of its first application shall be published without undue delay pursuant to § 14 of these Conditions.

(3) Determination of a Substitute Reference Market

If the calculation or publication of the interest rate in the Relevant Reference Market is permanently discontinued while concurrently a calculation and publication is started up or maintained on another reference market, the Issuer shall be entitled to stipulate such other reference market as the new relevant reference market (the "**Substitute Reference Market**") through publication in accordance with § 14 of these Conditions, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions. In the case of such a substitution any reference in these Conditions to the Relevant Reference Market thereafter shall be deemed to refer to the Substitute Reference Market. The adjustment described above shall be published in accordance with § 14 of these Conditions upon the expiry of one month following the permanent discontinuation of the calculation and publication of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component in the Relevant Reference Market at the latest.

(4) Making of Adjustments and Determinations; Publication

Adjustments and determinations pursuant to the paragraphs above shall be effected by the Issuer or, as the case may be, by the Calculation Agent, at its reasonable discretion, under consideration of the market conditions then prevailing and preserving the value of the previous economic development of the Securities. The Issuer reserves the right to determine at its reasonable discretion in cases of doubt the required adjustment. Any adjustment or determination shall be published by the Issuer in accordance with § 14 of these Conditions and shall be final, conclusive and binding on all parties, except where there is a manifest error.

26. Only in case of a **currency exchange rate as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the following § 6 (l) of these Conditions applies:

§ 6 (l)

Adjustments in connection with a Currency Exchange Rate

(1) Material change in the market conditions

If, in the opinion of the Calculation Agent at its reasonable discretion, a material change in the market conditions occurred in relation to the Relevant Exchange Market relevant for the calculation and determination of the price of the currency exchange rate used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component, the Issuer shall be entitled to effect adjustments to these Conditions to count for these changed market conditions.

(2) Changes in the calculation; Making of Adjustments

Any changes in the calculation (including corrections) of the currency exchange rate or of the composition or of the weighting of the prices or other reference assets, which form the basis of the calculation of the currency exchange rate, shall not lead to an adjustment unless the Issuer and the Calculation Agent, upon exercise of their reasonable discretion, determine that the underlying concept and the calculation (including corrections) of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component are no longer comparable to the underlying concept or calculation of the Underlying or the Basket Component applicable prior to such change. Adjustments may also be made as a result of the termination of the Underlying or the Basket Component and/or its substitution by another underlying.

For the purpose of making any adjustments, the Calculation Agent shall at its reasonable discretion determine an adjusted value per unit of the currency exchange rate as the basis of the determination of the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component, which in its result corresponds with the economic result prior to this change, and shall, taking into account the time the change occurred, determine the day, on which the adjusted value per unit of the currency exchange rate shall apply for the first time. The adjusted value per unit of the Underlying or, as the case may be, the Basket Component as well as the date of its first application shall be published without undue delay pursuant to § 14 of these Conditions.

(3) Replacement or Merger

In the event that a currency used in relation to the currency exchange rate is, in its function as legal tender, in the country or jurisdiction, or countries or jurisdictions, maintaining the authority, institution or other body which issues such currency, replaced by another currency, or merged with another currency to become a common currency, the currency used in connection with the currency exchange rate used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component is, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions, for the purposes of these Conditions replaced, if applicable, after having made appropriate adjustments according to the paragraph above, by such replacing or merged currency ([also] the "**Successor Underlying**" or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, **the "Successor Basket Component"**). The Successor Underlying or, as the case may be, the Successor Basket Component and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

Any reference in these Conditions to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, **to** the Basket Component shall, to the extent appropriate, be deemed to refer to the Successor Underlying or, as the case may be, the Successor Basket Component.

(5) Determination of a Substitute Exchange Market

If the quotation of or trading in the currency used in connection with the currency exchange rate on the Relevant Exchange Market is permanently discontinued while concurrently a quotation or trading is started

up or maintained on another international foreign exchange market, the Issuer shall be entitled to stipulate such other international foreign exchange market as the new relevant international foreign exchange market (the "**Substitute Exchange Market**") through publication in accordance with § 14 of these Conditions, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions. In the case of such a substitution, any reference in these Conditions to the Relevant Exchange Market thereafter shall be deemed to refer to the Substitute Exchange Market. The adjustment described above shall be published in accordance with § 14 of these Conditions upon the expiry of one month following the permanent discontinuation of the quotation of or trading in the currency used in connection with the currency exchange rate used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Component on the Relevant Exchange Market, at the latest.

(6) Making of Adjustments and Determinations; Publication

Adjustments and determinations pursuant to the paragraphs above shall be effected by the Issuer or, as the case may be, by the Calculation Agent, at its reasonable discretion, under consideration of the market conditions then prevailing and preserving the value of the previous economic development of the Securities. The Issuer reserves the right to determine at its reasonable discretion in cases of doubt the required adjustment. Any adjustment or determination shall be published by the Issuer in accordance with § 14 of these Conditions and shall be final, conclusive and binding on all parties, except where there is a manifest error.

27. Only in case of a **reference rate as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the following § 6 (m) of these Conditions applies:

§ 6 (m)

Adjustments in connection with a Reference Rate

(1) Material change in the market conditions

If, in the opinion of the Calculation Agent at its reasonable discretion, a material change in the market conditions occurred in relation to the Relevant Reference Market relevant for the calculation and determination of the price of the reference rate used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component, the Issuer shall be entitled to effect adjustments to these Conditions to account for these changed market conditions.

(2) Changes in the calculation; Making of Adjustments

Any changes in the calculation (including corrections) of the reference rate, shall not lead to an adjustment unless the Issuer and the Calculation Agent, upon exercise of their reasonable discretion determine that the underlying concept and the calculation (including corrections) of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Basket Component are no longer comparable to the underlying concept or calculation of the Underlying or, as the case may be, the Basket Component applicable prior to such change. Adjustments may also be made as a result of the termination of the Underlying or the Basket Component and/or its substitution by another underlying.

For the purpose of making any adjustment, the Calculation Agent shall at its reasonable discretion determine an adjusted value per unit of the reference rate as the basis of the determination of the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component, which in its result corresponds with the economic result prior to this change, and shall, taking into account the time the change occurred, determine the day, on which the adjusted value per unit of the reference rate shall apply for the first time. The adjusted value per unit of the Underlying or, as the case may be, the Basket Component as well as the date of its first application shall be published without undue delay pursuant to § 14 of these Conditions.

(3) Determination of a Substitute Reference Market

If the calculation or publication of the reference rate in the Relevant Reference Market or, as the case may be, and as specified in the applicable Product Terms, by the Relevant Reference Agent is permanently discontinued while concurrently a calculation and publication is started up or maintained on another reference market or, as the case may be, by another reference agent, the Issuer shall be entitled to stipulate such other reference market or reference agent as the new relevant reference market (the "**Substitute Reference Market**") or the new relevant reference agent (the "**Substitute Reference Agent**"), as the case may be, through publication in accordance with § 14 of these Conditions, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions. In the case of such a substitution any reference in these Conditions to the Relevant Reference Market or, as the case may be, the Relevant Reference Agent thereafter shall be deemed to refer to the Substitute Reference Market or the Substitute Reference Agent, as the case may be. The adjustment described above shall be published in accordance with § 14 of these Conditions upon the expiry of one month following the permanent discontinuation of the calculation and publication of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component in the Relevant Reference Market or, as the case may be, by the Relevant Reference Agent at the latest.

(4) Making of Adjustments and Determinations; Publication

Adjustments and determinations pursuant to the paragraphs above shall be effected by the Issuer or, as the case may be, by the Calculation Agent, at its reasonable discretion, under consideration of the market conditions then prevailing and preserving the value of the previous economic development of the Securities. The Issuer reserves the right to determine at its reasonable discretion in cases of doubt the required adjustment. Any adjustment or determination shall be published by the Issuer in accordance with § 14 of these Conditions and shall be final, conclusive and binding on all parties, except where there is a

manifest error.

§ 7
**Adjustments due to the European Economic
and Monetary Union**

(1) Redenomination

Where a country participates in the third stage of the European Economic and Monetary Union, whether as from 1999 or after such date, the Issuer and the Calculation Agent at their reasonable discretion, shall be entitled to effect the following adjustments to these Conditions:

- (i) Where the Redemption Currency under these Conditions is the national currency unit other than Euro of a country which is participating in the third stage of the European Economic and Monetary Union, whether as from 1999 or after such date, such Redemption Currency shall be deemed to be an amount of Euro converted from the original Redemption Currency into Euro at the statutory applicable exchange rate and subject to such statutory applicable rounding provisions.

After the adjustment, all payments in respect of the Securities will be made solely in Euro as though references in the Securities to the Redemption Currency were to Euro.

- (ii) Where these Conditions contain a currency conversion rate or any of these Conditions are expressed in a currency of a country which is participating in the third stage of the European Economic and Monetary Union, whether as from 1999 or after such date, such currency conversion rate and/or any other terms of these Conditions shall be deemed to be expressed in or, in the case of a currency conversion rate, converted for or, as the case may be, into, Euro at the statutory applicable exchange rate.
- (iii) The Issuer and the Calculation Agent are entitled to effect adjustments to these Conditions as they may decide to conform them to conventions then applicable to instruments expressed in Euro.
- (iv) The Issuer and the Calculation Agent at their reasonable discretion shall be entitled to effect such adjustments to these Conditions as they may determine to be appropriate to account for the effect of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community on these Conditions.

(2) No liability of the by the Issuer and the Security Agents

The Issuer and the Security Agents (§ 12) shall not be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to, or resulting from the transfer of Euro or any currency conversion or rounding effected in connection therewith.

(3) Publication

The adjustments and determinations of the Issuer pursuant to the paragraphs above shall be effected by the Issuer at its reasonable discretion or, as the case may be, by the Calculation Agent and shall be published by the Issuer in accordance with § 14 of these Conditions. Any adjustment and determination shall be final, conclusive and binding on all parties, except where there is a manifest error.

§ 8

Extraordinary Termination Right of the Issuer

(1) Termination by the Issuer

The Issuer shall in the case of the occurrence of one of the following Termination Events, be entitled to terminate and redeem all but not some of the Securities by giving notice to the Securityholders in accordance with § 14 of these Conditions. Such termination shall become effective at the time of the notice in accordance with § 14 or at the time indicated in the notice (the "**Termination Date**").

(2) Occurrence of a Termination Event

A "**Termination Event**" means any of the following events:

- (a) The determination and/or publication of the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of a Basket Component is discontinued permanently, or the Issuer or the Calculation Agent obtains knowledge about the intention to do so.
- (b) Adjustments pursuant to § 6 (a) – (m) of these Conditions are not possible or not justifiable with regard to the Issuer and/or the Securityholders.
- (c) In the opinion of the Calculation Agent at its reasonable discretion, another material change in the market conditions occurred in relation to the Relevant Exchange, the Relevant Trading System, the Relevant Exchange Market, the Relevant Reference Market or, as the case may be, in relation to the Relevant Reference Agent, as specified to be applicable in the relevant Product Terms.
- (d) The occurrence of any Additional Termination Event as specified to be applicable in the relevant Security Product.
- (e) The occurrence of a Change in Law and/or a Hedging Disruption and/or an Increased Cost of Hedging.

In this context:

"**Change in Law**" means that due to

- (i) the coming into effect of changes in laws or regulations (including but not limited to tax laws) or
- (ii) a change in relevant case law or administrative practice (including but not limited to the administrative practice of the tax authorities),

at the reasonable discretion of the Issuer

- (i) the holding, acquisition or sale of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of a Basket Component is or becomes wholly or partially illegal or
- (ii) the costs associated with the obligations under the Securities have increased substantially (including but not limited to an increase in tax obligations, the reduction of tax benefits or negative consequences with regard to tax treatment),

if such changes become effective on or after the Issue Date of the Securities.

"**Hedging Disruption**" means that the Issuer is not able to

- (i) close, continue or carry out transactions or acquire, exchange, hold or sell assets (respectively) which at the reasonable discretion of the Issuer are needed by the Issuer in order to provide protection against price risk or other risks with regard to obligations under the Securities, or
- (ii) realise, reclaim or pass on proceeds from such transactions or assets (respectively)

under conditions which are economically substantially equal to those on the Issue Date of the Securities.

"Increased Cost of Hedging" means that the Issuer has to pay a substantially higher amount of taxes, duties, expenditures and fees (with the exception of broker fees) compared to the Issue Date in order to

- (i) close, continue or carry out transactions or acquire, exchange, hold or sell assets (respectively) which at the reasonable discretion of the Issuer are needed in order to provide protection against price risk or other risks with regard to obligations under the Securities, or
- (ii) realise, reclaim or pass on proceeds from such transactions or assets, respectively,

with increased costs due to a deterioration of the creditworthiness of the Issuer not to be considered Increased Cost of Hedging.

(3) Payment of the Termination Amount

In the case of termination by the Issuer the Issuer shall pay to each Securityholder with respect to each Security it holds, the Termination Amount as specified to be applicable in the relevant Product Terms.

28. Only in the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Securityholder's Termination Right**" is specified to be applicable, the following § 9 of these Conditions applies:

§ 9

Termination Right of the Securityholder

If any of the following events (each an "**Event of Default**") occurs, any Securityholder may by written notice to the Issuer at the specified office of the Principal Paying Agent declare the Securities held by it to be forthwith due and payable, whereupon the Securityholder Termination Amount as specified in the relevant Product Terms together with accrued interest to the date of payment, if any, shall become immediately due and payable, unless such Event of Default shall have been remedied prior to the receipt of such notice by the Issuer:

- (a) there is a default for more than 30 days in the payment of any principal or interest due in respect of the Security; or
- (b) there is a default in the performance by the Issuer of any other obligation under the Securities which is incapable of remedy or which, being a default capable of remedy, continues for 60 days after written notice of such default has been given by any Securityholder to the Issuer; or
- (c) any order shall be made by any competent court or other authority in any jurisdiction or any resolution passed by the Issuer for (a) the dissolution or winding-up of the Issuer, or (b) for the appointment of a liquidator, receiver or administrator of the Issuer or of all or a substantial part of the Issuer's assets, or (c) with analogous effect for the Issuer, it is understood that anything in connection with a solvent reorganisation, reconstruction, amalgamation or merger shall not constitute an event of default; or
- (d) the Issuer shall stop payment or shall be unable to, or shall admit to creditors generally its inability to, pay its debts as they fall due, or shall be adjudicated or found bankrupt or insolvent, or shall enter into any composition or other arrangements with its creditors generally.

§ 10
Taxes

Payments or, if in §§ 1 – 3 of these Conditions a “**Physical Delivery**” applies, delivery of the Physical Underlying in respect of the Securities shall in all cases only be made after deduction and withholding of current or future taxes, levies or governmental charges, regardless of their nature, which are imposed, levied or collected (the “**Taxes**”) under any applicable system of law or in any country which claims fiscal jurisdiction by or for the account of any political subdivision thereof or government agency therein authorised to levy Taxes, to the extent that such deduction or withholding is required by law or administrative practice. The Issuer shall account for the deducted or withheld Taxes with the competent government agencies.

29. Only in the case that the Securities are linked to an Underlying, the following § 11 of these Conditions applies:

§ 11 Market Disruptions

(1) Consequences of a Market Disruption

30. (a) Provided that the Underlying or a Basket Component, as the case may be, is not an index comprising commodities or precious metals as Components, where a "Consideration of Components" is specified to be applicable, as specified in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms, the following applies:

If, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion, a Market Disruption (§ 11) prevails on the Fixing Date or any day in respect of which the Issuer or the Calculation Agent, as the case may be, is in accordance with these Conditions required to determine the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Price of the Basket Component (such date is referred to as the "Scheduled Determination Date"), the Scheduled Determination Date,

31. if in the applicable Product Terms in the definition of "Securities" a "Individual Determination" is specified to be applicable,

in relation to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, to the affected Basket Component only or, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, to the affected Component only,

32. if in the applicable Product Terms in the definition of "Securities" a "Collective Determination" is specified to be applicable,

in relation to all Underlyings or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, to all Basket Components or, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, to all Components,

shall be postponed to the next succeeding Underlying Calculation Date or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, to the next succeeding Basket Component Calculation Date, on which no Market Disruption prevails. The Issuer shall endeavour to notify the parties pursuant to § 14 of these Conditions without delay of the occurrence of a Market Disruption. However, there is no notification obligation.

33. (b) Only in case of an index comprising commodities or precious metals as Components, where a "Consideration of Components" is specified to be applicable, as the Underlying or a Basket Component, as the case may be, as specified in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms, the following applies:

If, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion, a Market Disruption (§ 11) prevails on the Fixing Date or any day in respect of which the Issuer or the Calculation Agent, as the case may be, is in accordance with these Conditions required to determine the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Price of the Basket Component (such date is referred to as the "Scheduled Determination Date"), the Scheduled Determination Date,

34. if in the applicable Product Terms in the definition of "Securities" a "Individual Determination" is specified to be applicable,

in relation to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, to the affected Basket Component only,

35. if in the applicable Product Terms in the definition of "Securities" a "**Collective Determination**" is specified to be applicable,

in relation to all Underlyings or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, to all Basket Components,

shall be postponed to the next succeeding Underlying Calculation Date or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, to the next succeeding Basket Component Calculation Date, on which no Market Disruption prevails. The Issuer shall endeavour to notify the parties pursuant to § 14 of these Conditions without delay of the occurrence of a Market Disruption. However, there is no notification obligation.

With respect to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, to the Basket Component or, as the case may be, the affected Component such prevailing Market Disruption causes that the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Price of the Basket Component shall not be determined by reference to the official closing price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, to the official closing price of the Basket Component, if any, on the relevant Scheduled Determination Date but shall instead be determined by the Calculation Agent as follows:

- (i) with respect to each Component which is not affected by the Market Disruption, the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Price of the Basket Component will be based on the settlement price of such Component on the relevant Scheduled Determination Date;
- (ii) with respect to each Component which is affected by the Market Disruption the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Price of the Basket Component will be based on the settlement price of each such Component on the first succeeding Underlying Calculation Date or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, to the next succeeding Basket Component Calculation Date on which no Market Disruption prevails.

(2) Continuance of a Market Disruption

36. (a) Provided that **the Underlying or a Basket Component, as the case may be, is not an index comprising commodities or precious metals as Components**, where a "**Consideration of Components**" is specified to be applicable, as specified in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms, the following applies:

If the Scheduled Determination Date has been postponed, due to the provisions of § 11 (1), by eight Underlying Calculation Dates or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, by eight Basket Component Calculation Dates, and if the Market Disruption continues to prevail on this day, this day shall be the relevant day in respect of which the Issuer or the Calculation Agent, as the case may be, shall make its determination in accordance with these Conditions

37. if in the applicable Product Terms in the definition of "Securities" a "**Individual Determination**" is specified to be applicable,

in relation to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, to the affected Basket Component or, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, to the affected Component.

38. if in the applicable Product Terms in the definition of "Securities" a "**Collective Determination**" is specified to be applicable,

in relation to all Underlyings or, if in the applicable Product Terms in the definition of "Securities" a

"Basket" is specified to be applicable, to all Basket Components or, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, to all Components.

No further postponement shall take place.

The Calculation Agent will then, at its reasonable discretion and taking into account (i) the market conditions then prevailing and (ii) such other conditions or factors as the Issuer and the Calculation Agent reasonably consider to be relevant, estimate the relevant Price of the Underlying or, if in the applicable Product Terms in the definition of "Securities" a "Basket" is specified to be applicable, the relevant Price of the (affected) Basket Component or, if in the applicable Product Terms in the definition of "Underlying" a "Consideration of Components" is specified to be applicable, the relevant price of the affected Component in relation to the postponed Scheduled Determination Date (which for the avoidance of doubt could be zero (0)) on the basis of the latest Prices of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, Prices of the Basket Component or, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, prices of the affected Component available to the Issuer or the Calculation Agent, taking into account the economic position of the Securityholders.

If, in the opinion of the Calculation Agent at its reasonable discretion, an estimate in accordance with the preceding sub-paragraph is, for whatsoever reason, not possible, the Issuer and the Calculation Agent will, at their reasonable discretion and taking into account (i) the market conditions then prevailing, (ii) such other conditions or factors as the Issuer and the Calculation Agent reasonably consider to be relevant, (iii) the expenses of the Issuer, if any, caused by the Market Disruption and (iv) taking into account the economic position of the Securityholders, determine whether and in which amount, if applicable, the Issuer will make payment of a redemption amount in the Redemption Currency or, if in §§ 1 – 3 of these Conditions a "Physical Delivery" applies, whether and in which number, if any, the Issuer will deliver the Physical Underlying. The provisions of these Conditions relating to the Redemption Amount shall apply *mutatis mutandis* to such payment.

39. (b) Only in case of an index comprising commodities or precious metals as Components, where a "Consideration of Components" is specified to be applicable, as the Underlying or a Basket Component, as the case may be, as specified in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms, the following applies:

If the Scheduled Determination Date has been postponed, due to the provisions of § 11 (1), by eight Underlying Calculation Dates or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, by eight Basket Component Calculation Dates, and if the Market Disruption continues to prevail on this day, this day shall be the relevant day in respect of which the Issuer or the Calculation Agent, as the case may be, shall make its determination in accordance with these Conditions

40. if in the applicable Product Terms in the definition of "Securities" a "Individual Determination" is specified to be applicable,

in relation to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, to the affected Basket Component.

41. if in the applicable Product Terms in the definition of "Securities" a "Collective Determination" is specified to be applicable,

in relation to all Underlyings or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, to all Basket Components.

No further postponement shall take place.

With respect to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, to the affected Basket Component the Calculation Agent will then, at its reasonable discretion, determine the price of the relevant Component (which for the avoidance of doubt could be zero (0)).

The Calculation Agent will determine the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Price of the (affected) Basket Component with respect to the relevant Scheduled Determination Date by using the prices of the Components determined pursuant to the aforementioned provisions relating to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the (affected) Basket Component in accordance with the formula for and method of calculating the Index applied by the Index Sponsor prior to the occurrence of the Market Disruption.

(3) Occurrence of Market Disruption

A "Market Disruption" shall mean

42. (A) in case of a share as the Underlying or a Basket Component, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the share

- (a) a suspension or a failure of the announcement of the price of the share on any day relevant for determining any amounts under these Conditions or
- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
 - (i) on the Relevant Exchange in general (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange), or
 - (ii) on the Relevant Exchange in the share provided that a major number or a major part in terms of market capitalisation is affected (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange),
 - (iii) on the Relevant Futures and Options Exchange, if Option Contracts on the share are traded there, or
 - (iv) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (v) due to a directive of an authority or of the Relevant Exchange (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Exchange is located, or due to any other reasons whatsoever.
- (c) The relevant price is a "limit price", which means that the price for the share for a day has increased or decreased from the immediately preceding day's relevant price by the maximum amount permitted under applicable rules of the Relevant Exchange.
- (d) The occurrence of any other event that, in the opinion of the Calculation Agent at its reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the share.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours on the Relevant Exchange announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours on the Relevant Exchange or (ii) the submission deadline for orders entered into the Relevant Exchange for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

(B) in case of a **Certificate representing shares as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the certificate representing shares:

- (a) a suspension or a failure of the announcement of the price of the certificate representing shares on any day relevant for determining any amounts under these Conditions or
- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
 - (i) on the Relevant Exchange in general (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange), or
 - (ii) on the Relevant Exchange in the certificate representing shares provided that a major number or a major part in terms of market capitalisation is affected (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange),
 - (iii) on the Relevant Futures and Options Exchange, if Option Contracts on the certificate representing shares are traded there, or
 - (iv) if in the applicable Product Terms in the definition of "Redemption Currency" a "**Currency Conversion**" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (v) due to a directive of an authority or of the Relevant Exchange (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Exchange is located, or due to any other reasons whatsoever.
- (c) The relevant price is a "limit price", which means that the price for the certificate representing shares for a day has increased or decreased from the immediately preceding day's relevant price by the maximum amount permitted under applicable rules of the Relevant Exchange.
- (d) The occurrence of any other event that, in the opinion of the Calculation Agent at its reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the certificate representing shares.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours on the Relevant Exchange announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours on the Relevant Exchange or (ii) the submission deadline for orders entered into the Relevant Exchange for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

43. (C) in case of a **non-equity security as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the non-equity security

- (a) a suspension or a failure of the announcement of the price of the non-equity security on any day relevant for determining any amounts under these Conditions or
- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
 - (i) in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, in general (e.g. due to movements in price exceeding

limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms) or

- (ii) in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, in the non-equity security, provided that a major number or a major part is affected (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms), or
 - (iii) on the Relevant Futures and Options Exchange, if Option Contracts on the non-equity security are traded there, or
 - (iv) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (v) due to a directive of an authority or of the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms, (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Exchange or the Relevant Trading System is located, or due to any other reasons whatsoever.
- (c) The relevant price is a "limit price", which means that the price for the non-equity security for a day has increased or decreased from the immediately preceding day's relevant price by the maximum amount permitted under applicable rules of the Relevant Trading System or the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms.
- (d) The occurrence of any other event that, in the opinion of the Calculation Agent at its reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the non-equity security.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, or (ii) the submission deadline for orders entered into the Relevant Trading System or into the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

44. (D) in case of a commodity as the Underlying or a Basket Component, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the commodity

- (a) a suspension or a failure of the announcement of the price of the commodity on any day relevant for determining any amounts under these Conditions or
- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
 - (i) in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, in general (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms) or
 - (ii) in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as

specified in the applicable Product Terms, in the commodity, provided that a major number or a major part is affected (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms), or

- (iii) on the Relevant Futures and Options Exchange, if Option Contracts on the commodity are traded there, or
 - (iv) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (v) due to a directive of an authority or of the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms, (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Exchange or the Relevant Trading System is located, or due to any other reasons whatsoever.
- (c) The relevant price is a "limit price", which means that the price for the commodity for a day has increased or decreased from the immediately preceding day's relevant price by the maximum amount permitted under applicable rules of the Relevant Trading System or the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms.
- (d) The occurrence of any other event that, in the opinion of the Calculation Agent at its reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the commodity.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, or (ii) the submission deadline for orders entered into the Relevant Trading System or into the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

45. (E) in case of a precious metal as the Underlying or a Basket Component, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the precious metal

- (a) a suspension or a failure of the announcement of the price of the precious metal on any day relevant for determining any amounts under these Conditions or
- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
 - (i) in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, in general (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms) or
 - (ii) in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, in the precious metal, provided that a major number or a major part is affected (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms), or

- (iii) on the Relevant Futures and Options Exchange, if Option Contracts on the precious metal are traded there, or
 - (iv) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (v) due to a directive of an authority or of the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms, (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Exchange or the Relevant Trading System is located, or due to any other reasons whatsoever.
- (c) The relevant price is a "limit price", which means that the price for the precious metal for a day has increased or decreased from the immediately preceding day's relevant price by the maximum amount permitted under applicable rules of the Relevant Trading System or the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms.
- (d) The occurrence of any other event that, in the opinion of the Calculation Agent at its reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the precious metal.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, or (ii) the submission deadline for orders entered into the Relevant Trading System or into the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

46. (F) in case of an index as the Underlying or a Basket Component, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the Index or, as the case may be, and if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, to each of its Components

- (a) a suspension or a failure of the announcement of the price of the Index or, as the case may be, and if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, of the price a Component on any day relevant for determining any amounts under these Conditions or
- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
 - (i) in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, or, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, on the stock exchange(s) or in the market(s) on/in which the Components are quoted or traded, in general (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms or, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, by the stock exchange(s) or the market(s) on/in which the Components are quoted or traded), or
 - (ii) in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as

specified in the applicable Product Terms, or, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, on the stock exchange(s) or in the market(s) on/in which the Components are quoted or traded, in the Index or, as the case may be, in the Components of the Index in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, or, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, in the market(s) on/in which the Components are quoted or traded, provided that a major number or a major part in terms of market capitalisation is affected (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, or by the stock exchange(s) or the market(s) on/in which the Components are quoted or traded), or

- (iii) on the Relevant Futures and Options Exchange, if Option Contracts on the Index or, as the case may be, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, on the Components are traded there, or
 - (iv) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (v) due to a directive of an authority or of the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms, or, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, of the stock exchange(s) or of the market(s) on/in which the Components are quoted or traded, (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, or by the stock exchange(s) or the market(s) on/in which the Components are quoted or traded) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Exchange or the Relevant Trading System is located, or due to any other reasons whatsoever.
- (c) The relevant price is a "limit price", which means that the price for the Index or, as the case may be, and if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, the affected Component for a day has increased or decreased from the immediately preceding day's relevant price by the maximum amount permitted under applicable rules of the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms, or, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, the stock exchange(s) or the market(s) on/in which the Components are quoted or traded.
- (d) The occurrence of any other event that, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the Underlying or, as the case may be, and if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, all Components.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, or (ii) the submission deadline for orders entered into the Relevant Trading System or into the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

47. (G) in case of an index comprising commodities or precious metals as Components, where a "Consideration of Components" is specified to be applicable, as the Underlying or a Basket Component, as the case may be, as specified in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the Index comprising commodities or precious metals as Components or to each of its Components:

- (a) a suspension or a failure of the announcement of the price of the Index or, as the case may be, of the price a Component on any day relevant for determining any amounts under these Conditions or
 - (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
 - (i) on the Relevant Exchange or on the stock exchange(s) or in the market(s) on/in which the Components are quoted or traded, in general (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the stock exchange(s) or the market(s) on/in which the Components are quoted or traded), or
 - (ii) on the Relevant Exchange or on the stock exchange(s) or in the market(s) on/in which the Components are quoted or traded, in the Index or, as the case may be, in the Components of the Index, provided that a major number or a major part is concerned, (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the stock exchange(s) or the market(s) on/in which the Components are quoted or traded), or
 - (iii) on the Relevant Futures and Options Exchange, if Option Contracts on the Index or on the Components are traded there, or
 - (iv) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (v) due to a directive of an authority or of the Relevant Exchange (whether by movements in price exceeding limits permitted by the Relevant Exchange or otherwise) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Exchange is located, or due to any other reasons whatsoever.
 - (c) The relevant price is a "limit price", which means that the price for a Component has, at any point during the last fifteen minutes of trading on the Relevant Exchange, increased or decreased from the previous day's closing price by the maximum amount permitted under the applicable rules of the Relevant Exchange or the stock exchange(s) or the market(s) on/in which the Components are quoted or traded.
 - (d) The occurrence of any other event that, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the Underlying or, as the case may be, the affected Component.
- (4) Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours on the Relevant Exchange announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours on the Relevant Exchange or (ii) the submission deadline for orders entered into the Relevant Exchange for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

48. (H) in case of an exchange traded fund unit as the Underlying or a Basket Component, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the **exchange traded** Fund Unit

- (a) a suspension or a failure of the announcement of the price of the Fund Unit on any day relevant for determining any amounts under these Conditions or
- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed

on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,

- (i) on the Relevant Exchange in general (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange), or
 - (ii) on the Relevant Exchange in the Funds Unit, provided that a major number or a major part is affected (e.g. due to movements in price exceeding limits permitted by the Relevant Trading System), or
 - (iii) on the Relevant Futures and Options Exchange, if Option Contracts on the Fund Unit are traded there, or
 - (iv) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (v) due to a directive of an authority or of the Relevant Exchange (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Exchange is located, or due to any other reasons whatsoever.
- (c) The relevant price is a "limit price", which means that the price for the Fund Unit for a day has increased or decreased from the immediately preceding day's relevant price by the maximum amount permitted under applicable rules of the Relevant Exchange.
- (d) The occurrence of any other event that, in the opinion of the Calculation Agent at its reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the Fund Unit.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours on the Relevant Exchange announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours on the Relevant Exchange or (ii) the submission deadline for orders entered into the Relevant Exchange for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

49. (I) in case of a not exchange traded fund unit as the Underlying or a Basket Component, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the **not exchange traded** Fund Unit

- (a) a suspension or a failure of the announcement of the price of the Fund Unit on any day relevant for determining any amounts under these Conditions or
- (b) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
- (c) The occurrence of any other event that, in the opinion of the Calculation Agent at its reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the Fund Unit.

50. (J) in case of a futures contract as the Underlying or a Basket Component, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the futures contract:

- (a) a suspension or a failure of the announcement of the price of the futures contract on any day

relevant for determining any amounts under these conditions or

- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
 - (i) on the Relevant Reference Market or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, in general (e.g. due to movements in price exceeding limits permitted by the Relevant Reference Market), or
 - (ii) on the Relevant Reference Market or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, in the futures contract, provided that a major number or a major part is affected (e.g. due to movements in price exceeding limits permitted by the Relevant Reference Market or the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms), or
 - (iii) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (iv) due to a directive of an authority or of the Relevant Reference Market or the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, (e.g. due to movements in price exceeding limits permitted by the Relevant Reference Market or the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Reference Market or the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, is located, or due to any other reasons whatsoever.
- (c) a significant change in the method of price determination or in the trading conditions relating to the futures contract on the Relevant Reference Market or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, (e.g. in terms of the composition, the quantity or the dealing currency).
- (d) The occurrence of any other event that, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the futures contract.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading on the Relevant Reference Market announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours on the Relevant Reference Market or (ii) the submission deadline for orders entered into the Relevant Reference Market for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

51. (K) in case of an interest rate as the Underlying or a Basket Component, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the interest rate:

- (a) a suspension or a failure of the announcement of the price of the interest rate on any day relevant for determining any amounts under these Conditions or
- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
 - (i) on the Relevant Reference Market in general (e.g. due to movements in price exceeding limits permitted by the Relevant Reference Market), or
 - (ii) on the Relevant Reference Market in relation to the interest rate, provided that a major number or a major part is affected (e.g. due to movements in price exceeding limits permitted by the

Relevant Reference Market), or

- (iii) on a futures and options exchange, if option and futures contracts on the interest rate are traded there, or
 - (iv) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (v) due to a directive of an authority or of the Relevant Reference Market (e.g. due to movements in price exceeding limits permitted by the Relevant Reference Market) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Reference Market is located, or due to any other reasons whatsoever.
- (c) a significant change in the trading conditions relating to the interest rate on the Relevant Reference Market (e.g. in terms of the composition, the quantity or the dealing currency).
 - (d) The occurrence of any other event that, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the interest rate.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading on the Relevant Reference Market announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours on the Relevant Reference Market or (ii) the submission deadline for orders entered into the Relevant Reference Market for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

52. (L) in case of a currency exchange rate as the Underlying or a Basket Component, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the currency exchange rate:

- (a) a suspension or a failure of the announcement of the price of the currency exchange rate on any day relevant for determining any amounts under these Conditions or
- (b) a Relevant Country (aa) imposes any controls or announces its intention to impose any controls or (bb) (i) implements or announces its intention to implement or (ii) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer's and/or any of its affiliates' ability to acquire, hold, transfer or realise the currency used in connection with the currency exchange rate or otherwise to effect transactions in relation to such currency, or
- (c) the occurrence at any time of an event, which the Issuer and the Calculation Agent determine at their reasonable discretion would have the effect of preventing, restricting or delaying the Issuer and/or any of its affiliates from:
 - (i) converting the currency used in connection with the currency exchange rate into the Redemption Currency or into another currency through customary legal channels or transferring within or from any Relevant Country any of these currencies, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
 - (ii) converting the currency used in connection with the currency exchange rate into the Redemption Currency or into another currency at a rate at least as favourable as the rate for domestic financial institutions located in any Relevant Country;
 - (iii) delivering the currency used in connection with the currency exchange rate from accounts inside any Relevant Country to accounts outside such Relevant Country; or

- (iv) transferring the currency used in connection with the currency exchange rate used between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country.
- (d) a limitation, suspension or disruption or a restriction imposed on trading, the latter of which is in the Issuer's and Calculation Agent's opinion significant,
 - (i) in the currency used in connection with the currency exchange rate on the Relevant Exchange Market in general, or
 - (ii) on the Relevant Futures and Options Exchange, if Option Contracts on the currency used in connection with the currency exchange rate are traded there, or
 - (iii) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (iv) due to a directive of an authority or of the Relevant Exchange Market or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Exchange Market is located, or due to any other reasons whatsoever.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours on the Relevant Exchange Market announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours in the Relevant Exchange Market or (ii) the submission deadline for orders entered into the Relevant Exchange for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

53. (M) in case of a reference rate as the Underlying or a Basket Component, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the reference rate:

- (a) a suspension or a failure of the announcement of the price of the reference rate on any day relevant for determining any amounts under these Conditions or
- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
 - (i) on the Relevant Reference Market or the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms, in general (e.g. due to movements in price exceeding limits permitted by the Relevant Reference Market or the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms), or
 - (ii) on the Relevant Reference Market or the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms, in relation to the reference rate, provided that a major number or a major part is concerned (e.g. due to movements in price exceeding limits permitted by the Relevant Reference Market or the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms), or
 - (iii) on a futures and options exchange, if option and futures contracts on the reference rate are traded there, or
 - (iv) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (v) due to a directive of an authority or of the Relevant Reference Market or the Relevant Reference

Agent, as the case may be, and as specified in the applicable Product Terms, (e.g. due to movements in price exceeding limits permitted by the Relevant Reference Market or the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Reference Market or the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms, is located, or due to any other reasons whatsoever.

- (c) a significant change in the method of price determination or in the trading conditions relating to the reference rate on the Relevant Reference Market or the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms.
- (d) The occurrence of any other event that, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the reference rate.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours on the Relevant Reference Market or at the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms, announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours on the Relevant Reference Market or at the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms, or (ii) the submission deadline for orders entered into the Relevant Reference Market or at the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms, for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

§ 12 Security Agents

(1) General

The Calculation Agent, the Security Agent, the Paying Agent and, if applicable, the Warrant Agent, each as specified in the applicable Product Terms, (the "**Security Agents**") shall assume the role as Security Agent in accordance with these Conditions.

(2) Vicarious Agent

Each of the Security Agents acts exclusively as vicarious agent of the Issuer and has no obligations to the Securityholder.

Each of the Security Agents is exempt from the restrictions under § 181 of the BGB.

(3) Replacement, Appointment and Revocation

The Issuer is entitled at any time to replace any or all of the Security Agents by another company, to appoint one or several additional Security Agents, and to revoke their appointments. Such replacement, appointment and revocation shall be notified in accordance with § 14 of these Conditions.

(4) Resignation of Security Agents

Each of the Security Agents is entitled to resign at any time from its function upon prior written notice to the Issuer. Such resignation shall only become effective if another company is appointed by the Issuer as Calculation Agent, the Security Agent or as Paying Agent, as the case may be. Resignation and appointment are notified in accordance with § 14 of these Conditions.

§ 13 Substitution of the Issuer

(1) Substitution of the Issuer

Provided that the Issuer is not in default with its obligations under the Securities, the Issuer is at any time entitled, without the consent of the Securityholders, to substitute another company within the UBS Group as issuer (the "**Substitute Issuer**") with respect to all obligations under or in connection with the Securities, if

- (i) the Substitute Issuer assumes all obligations of the Issuer under or in connection with the Securities,
- (ii) (A) the Issuer and the Substitute Issuer have obtained all necessary authorisations as well as consents

In case the Securities constitute, as specified in the applicable Product Terms in the definition "Securities", **Swedish Securities, Finnish Securities, Norwegian Securities or Danish Securities,**

in particular, where necessary, of the Clearing System,

and (B) may transfer to the Principal Paying Agent in the Redemption Currency and without being obligated to deduct or withhold taxes or other duties of whatever nature levied by the country, in which the Substitute Issuer or the Issuer has its domicile or tax residence, all amounts required for the fulfilment of the payment obligations arising under the Securities;

- (iii) the Substitute Issuer has agreed to indemnify and hold harmless each Securityholder against any tax, duty or other governmental charge imposed on such Securityholder in respect of such substitution
- (iv) the Issuer unconditionally and irrevocably guarantees the obligations of the Substitute Issuer.

(2) References

In the event of any such substitution, any reference in these Conditions to the Issuer shall from then on be deemed to refer to the Substitute Issuer. Furthermore, any reference to the country, in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substitute Issuer.

(3) Publication

The substitution of the Issuer shall be final, binding and conclusive on the Securityholders and will be published to the Securityholders without undue delay in accordance with § 14 of these Conditions.

§ 14 Publications

(1) General

To the extent these Conditions provide for a notice pursuant to this § 14 of these Conditions, these will be published on the website of the Issuer at www.ubs.com/keyinvest and/or the website specified for the purposes in the applicable Final Terms under the heading "Part D – Country Specific Information" and become effective vis-à-vis the Securityholders through such publication unless the notice provides for a later effective date.

If and to the extent that binding provisions of effective law or stock exchange provisions provide for other forms of publication, such publications must be made in addition and as provided for.

Any such notice shall be effective as of the publishing date (or, in the case of several publications as of the date of the first such publication).

(2) Notification to the Clearing System

The Issuer shall, to the extent legally possible, be entitled to effect publications by way of notification to the Clearing System for the purpose of notifying the Securityholders (as set forth in the applicable rules and regulations of the Clearing System), provided that in cases, in which the Securities are listed on a Security Exchange, the regulations of such Security Exchange permit this type of notice. Any such notice shall be deemed as having been effect as of the seventh day after the date of the notification to the Clearing System.

If and so long the Securities are **listed at the SIX**, as specified in the applicable Final Terms under the heading "Listing and Trading",

and so long as the applicable rules so require, all notices concerning the Securities which are subject to reporting obligations of the Issuer towards SIX pursuant to the applicable rules, directives and regulations of SIX shall be submitted to SIX for their further distribution by SIX in accordance with its applicable rules, directives and regulations. The Issuer may publish information which shall be published either in print medias or through Internet Based Listing ("IBL") pursuant to the relevant rules, directives and circulars of SIX in connection with reporting obligations regarding the maintenance of a listing at SIX through IBL on SIX's websites.

§ 15**Issue of further Securities; Purchase of Securities, Cancellation****(1) Issue of further Securities**

The Issuer is entitled at any time to issue, without the consent of the Securityholders, further securities having the same terms and conditions as the Securities so that the same shall be consolidated and form a single series with such Securities, and references to "Security" shall be construed accordingly.

(2) Purchase of Securities

The Issuer and any of its subsidiaries is entitled at any time to purchase, without the consent of the Securityholders, Securities at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Securityholders alike. Such Securities may be held, reissued, resold or cancelled, all at the option of the Issuer.

(3) Cancellation of Securities

All Securities redeemed in full shall be cancelled forthwith and may not be reissued or resold.

§ 16 Governing Law; Jurisdiction

(1) Governing Law

The form and content of the Securities as well as all rights and duties arising from the matters provided for in these Conditions shall, subject to § 16 (2) of these Conditions in every respect be governed by, and shall be construed in accordance with, the laws of the Federal Republic of Germany.

54. In case the Securities are issued as **Swedish Securities, Finnish Securities, Norwegian Securities or Danish Securities**, as specified in the applicable Product Terms under the heading "**Form of the Securities**", the following applies

The legal effects of the registration of the Securities with the Clearing System will be governed by applicable CA Rules and the laws of the jurisdiction, where the Clearing System has its registered seat.

(2) Jurisdiction

The District Court (*Landgericht*) of Frankfurt am Main shall have jurisdiction to settle any proceedings that may arise out of or in connection with any Securities and accordingly any proceedings may be brought in such court. The Issuer irrevocably submits to the jurisdiction of the District Court (*Landgericht*) of Frankfurt am Main and waives any objection to proceedings in such court on the ground of venue or on the ground that the proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of Securityholder and shall not affect the right of any Securityholders to take proceedings in any other court of competent jurisdiction nor shall the taking of proceedings in one or more jurisdictions preclude the taking of proceedings in any other jurisdiction (whether concurrently or not).

The Issuer hereby appoints UBS Deutschland AG, Bockenheimer Landstrasse 2 - 4, 60306 Frankfurt am Main, Federal Republic of Germany, as its agent in the Federal Republic of Germany to receive service of process in any proceedings under or in connection with the Securities in the Federal Republic of Germany (the "**Agent of Process**"). If, for any reason, such Agent of Process ceases to act as such or no longer has an address in the Federal Republic of Germany, the issuer agrees to appoint a substitute agent of process in the Federal Republic of Germany. Nothing herein shall affect the right to serve the process in any other manner permitted by law.

§ 17 Corrections; Severability

(1) Issuer's right for a Rescission

Obvious spelling and calculation errors as well as similar obvious inaccuracies in the Conditions, including those where the information provided clearly cannot be reconciled with the Issue Price or value-determining factors of the Security, entitle the Issuer for a rescission. Immediate notice of such rescission shall be given in accordance with § 14 of these Conditions as soon as the Issuer has become aware of the relevant error. The publication shall make reference to § 17 of these Conditions and indicate the information in the Conditions affected by the error. The term of the Securities ends with immediate effect as a result of the rescission.

(2) Corrections; Securityholder's Right for Termination

If the Issuer does not make use of its right of rescission, it may correct obvious spelling and calculation errors as well as similar obvious inaccuracies by correcting the Conditions. A correction of the Conditions is to be notified immediately in accordance with § 14 of these Conditions and with reference to this § 17 of these Conditions as soon as the Issuer becomes aware of the error concerned.

In this case, however, each Securityholder is entitled to terminate the Securities held by it prior to the correction of these Conditions taking effect. Such a termination must be made by notifying the Principal Paying Agent in writing within four weeks of the publication of the correction. The termination shall take effect upon receipt by the Issuer of the notice of redemption.

The Issuer determines the content of the correction on the basis of the information that would have been provided if the error had not occurred. The correction must be reasonable for the Securityholders taking into account the economic purpose of the Securities. This is only the case if, as a result of the correction, the economic value of the Securities is adjusted to their Issue Price at the time of issue. The correction takes effect four weeks after the day of notification and the publication must make reference to this four-week deadline and the Securityholders' redemption right.

(3) Compensation

In the event of a challenge by the Issuer in accordance with § 17 (1) of these Conditions or a termination by Securityholders in accordance with § 17 (2) of these Conditions, the affected Securityholders will receive an amount in the Redemption Currency equal to the market price of the Securities on the day, when the rescission or redemption becomes effective; the resulting payment is due on the fifth Business Day after this date.

If a Securityholder proves that the market price is lower than the amount he/she paid to acquire the Securities, less any payments already made by the Issuer, he/she will be entitled to the corresponding amount.

This does not affect the Securityholder's right to claim damages for any loss incurred as a result of negative interest (*Vertrauensschaden*) in accordance with § 122 (1) BGB.

For Securities listed in the regulated market or unregulated market segment at a stock exchange (referred to in the following as "**Listing**") the market price shall be the closing price published by the stock exchange on the relevant date. In the case of multiple stock exchanges this shall be the closing price at the stock exchange where the largest turnover of the Securities took place at last. If a closing price was not published on this date or if a Market Disruption occurred, the provisions of § 11 (2) of these Conditions shall apply *mutatis mutandis*.

In the case of Securities without a Listing, the market price shall be determined by the Calculation Agent in its reasonable discretion (in accordance with § 317 BGB) and in consultation with an independent expert named by the Calculation Agent.

(4) Abuse of Rights

If the obvious spelling and calculation errors as well as similar obvious inaccuracies in the Conditions, and its correct content, are clearly apparent to an expert investor for the relevant Security, and if the difference

between the erroneous and correct content gives rise to a market price of the Security, based on the erroneous content, which is more than 30 % higher at the time of the initial issue of the Securities, the correct content shall apply in place of the erroneous content.

The Issuer may also invoke the unlawful application of an erroneous term against individual Securityholders where this is appropriate to the circumstances of individual cases.

(5) Invalidity in whole or in part

If any of the provisions of these Conditions is or becomes invalid in whole or in part, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision, which, to the extent legally possible, serves the economic purposes of the invalid provision. The same applies to gaps, if any, in these Conditions.

LUXEMBOURG TAXATION

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*), a temporary tax to balance the State budget (*impôt d'équilibrage budgétaire temporaire*) as well as personal income tax (*impôt sur le revenu*) generally. Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge and the temporary tax to balance the State budget. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Taxation of the Issuer

A fixed registration duty (*droit d'enregistrement fixe*) of EUR75 is payable upon amendment of the articles of association of the Issuer. The transfer or sale of Notes of the Issuer will not be subject to a Luxembourg registration or stamp duty.

The Issuer will be considered, from a Luxembourg perspective, as a tax resident of Luxembourg both for purposes of Luxembourg domestic tax law and for purposes of the tax treaties entered into by Luxembourg and should therefore be able to obtain a residence certificate from the Luxembourg tax authorities.

The Issuer is liable to Luxembourg corporation taxes. The standard applicable rate, including corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*) and the solidarity surcharge, is 29.22% in the municipality of Luxembourg for the fiscal year ending on 31 December 2016. Liability to such corporation taxes extends to the Issuer's world wide profits including capital gains, subject to the provisions of any relevant double taxation treaty. The taxable income of the Issuer is computed by application of all rules of the Luxembourg income tax law of 4 December 1967, as amended (*loi concernant l'impôt sur le revenu*), as commented and currently applied by the Luxembourg tax authorities. In accordance with the Securitisation Act 2004, payments made or accrued by the Issuer to investors and firm commitments by the Issuer to distribute its net profits to investors are deemed tax deductible expenses in relation to the year in which they are incurred, regardless whether the investors hold equity or debt notes of the Issuer.

As of 1 January 2016, the Issuer is subject to an annual minimum net wealth tax (*impôt sur la fortune*) of EUR 3,210. However, the issuer is exempt from paying a net wealth tax based on its unitary value computed each year on 1 January.

Taxation of the Noteholders

Withholding Tax

Non-resident holders of Notes

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the “**Relibi Law**”), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Relibi Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg or to a residual entity (within the meaning of the laws of 21 June 2005 implementing the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the “**Territories**”), as amended) established in an EU Member State (other than Luxembourg) or one of the Territories and securing such payments for the benefit of such individual beneficial owner will be subject to a withholding tax of 10%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payment of interest under the Notes coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 10%.

SWEDISH TAXATION

The following summary outlines certain Swedish tax consequences relating to holders of Notes that are considered to be Swedish residents for Swedish tax purposes. The summary is based on the laws of Sweden as currently in effect and is intended to provide general information only. The summary does not address inter alia situations where Notes are held in an investment savings account (Sw. investeringssparkonto) or the rules regarding reporting obligations for, among others, payers of interest. Further, the summary does not address credit of foreign taxes. Investors should consult their professional tax advisors regarding the Swedish tax and other tax consequences (including the applicability and effect of tax treaties for the avoidance of double taxation) of acquiring, owning and disposing of Notes in their particular circumstances.

Swedish tax residents

In general, for Swedish corporations and private individuals (and estates of deceased individuals) with residence in Sweden for Swedish tax purposes, all capital income (for example, income that is considered to be interest for Swedish tax purposes and capital gains on Notes) will be taxable. Specific tax consequences may be applicable to certain categories of corporations, for example life insurance companies. Moreover, specific tax consequences may be applicable if, and to the extent that, a holder of Notes realises a capital loss on the Notes.

If amounts that are deemed as interest for Swedish tax purposes are paid by Euroclear Sweden AB or by another legal entity domiciled in Sweden, including a Swedish branch, to a private individual (or an estate of a deceased individual) with residence in Sweden for Swedish tax purposes, Swedish preliminary taxes are normally withheld by Euroclear Sweden AB or the legal entity on such payments. Swedish preliminary taxes should normally also be withheld on other returns on securities and receivables (but not capital gains), if the return is paid out together with such a payment of interest referred to above. Swedish preliminary taxes are withheld at 30 per cent less any foreign withholding tax.

IRISH TAXATION

The following is a summary of the principal Irish tax consequences of ownership of the Notes for individuals who are resident or ordinarily resident in Ireland for tax purposes and for companies that are resident in Ireland for tax purposes. It is based on the laws and practice of the Revenue Commissioners currently in force in Ireland as at the start of the Offer Period and may be subject to change. The statements in this summary are based on the understanding that the Notes will be treated as debt for Irish tax purposes. It deals with Noteholders who beneficially own their Notes as an investment. Particular rules not discussed below may apply to certain classes of taxpayers holding Notes, including dealers in Notes and trusts. The summary does not constitute tax or legal advice and the comments below are of a general nature only and it does not discuss all aspects of Irish taxation that may be relevant to any particular holder of Notes. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of payments thereon under any laws applicable to them.

TAXATION OF THE HOLDERS OF SECURITIES

(a) **Withholding Tax**

Tax at the standard rate of income tax (currently 20 per cent.) is required to be withheld from payments of Irish source interest. The Issuer will not be obliged to withhold Irish income tax from payments of interest on the Notes so long as such payments do not constitute Irish source income. Interest paid on the Notes should not be treated as having an Irish source unless:

- (i) the Issuer is resident in Ireland for tax purposes; or
- (ii) the Issuer has a branch or permanent establishment in Ireland, the assets or income of which is used to fund the payments on the Notes; or
- (iii) the Issuer is not resident in Ireland for tax purposes but the register for the Notes is maintained in Ireland or (if the Notes are in bearer form) the Notes are physically held in Ireland.

It is anticipated that, (i) the Issuer is not and will not be resident in Ireland for tax purposes; (ii) the Issuer will not have a branch or permanent establishment in Ireland; (iii) that bearer Notes will not be physically located in Ireland; and (iv) the Issuer will not maintain a register of any registered Notes in Ireland.

(b) **Taxation of Receipts**

Notwithstanding that a Noteholder may receive payments of interest, premium or discount on the Notes free of Irish withholding tax, the Noteholder may still be liable to pay Irish income tax (currently up to 41 per cent.) (and in the case of individuals, the Universal Social Charge) or corporation tax (generally at the rate of 25 per cent.) on such interest and/or any payment in the nature of interest if (i) such interest has an Irish source, (ii) the Noteholder is resident or (in the case of a person other than a body corporate) ordinarily resident in Ireland for tax purposes (in which case there would also be a social insurance (PRSI) liability for an individual in receipt of interest on the Notes), or (iii) the Notes are attributed to a branch or agency in Ireland.

Ireland operates a self-assessment system in respect of income and corporation tax, and each person must assess its own liability to Irish tax.

Relief from Irish tax may also be available under the specific provisions of a double taxation agreement between Ireland and the country of residence of the recipient.

(c) **Encashment Tax**

In certain circumstances, Irish tax will be required to be withheld at the standard rate of income tax (currently 20 per cent.) from any interest paid on Notes issued by a company not resident in Ireland, where such interest is collected or realised by a bank or encashment agent in Ireland on behalf of any Noteholder who is Irish resident. Encashment tax does not apply where the Noteholder is not resident in Ireland and has made a declaration in the prescribed form to the encashment agent or bank.

(d) **Capital Gains Tax**

A Noteholder will be subject to Irish tax on capital gains on a disposal of Notes unless such holder is neither resident nor ordinarily resident in Ireland and does not carry on a trade or business in Ireland through a permanent establishment, branch or agency in respect of which the Notes are or were held.

(e) **Capital Acquisitions Tax**

A gift or inheritance comprising of Notes will be within the charge to capital acquisitions tax (which, subject to available exemptions and reliefs, is currently levied at 33 per cent.) if either (i) the disponent or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland; or (ii) the Notes are regarded as property situate in Ireland. Bearer Notes are generally regarded as situated where they are physically located. Notes in registered form are situated in Ireland if the register is in Ireland. A foreign domiciled individual will not be regarded as being resident or ordinarily resident in Ireland at the date of the gift or inheritance unless that individual (i) has been resident in Ireland for the five consecutive tax years preceding that date, and (ii) is either resident or ordinarily resident in Ireland on that date.

Bearer securities are generally regarded as situated where they are physically located at any particular time. Notes in registered form are regarded as property situate in Ireland if the register of the securities is in Ireland. The Notes may, however, be regarded as situated in Ireland regardless of their physical location if they secure a debt due by an Irish resident debtor and/or are secured over Irish property. Accordingly, if Irish situate Notes are comprised in a gift or inheritance, the gift or inheritance may be within the charge to tax regardless of the residence status of the disponent or the donee/successor.

(f) **Stamp Duty on Transfer of Notes**

As the Issuer is not registered in Ireland, stamp duty will not arise on a document effecting a transfer of the Notes so long as the instrument of transfer of the Notes does not relate to:

- (i) any immovable property situated in Ireland or any right over or interest in such property; or
- (ii) any stocks or marketable securities of a company which is registered in Ireland (other than a company which is (a) an investment undertaking within the meaning of section 739B of the Taxes Consolidation Act, 1997 (“TCA”) or (b) a qualifying company within the meaning of section 110 of the TCA).

TAXATION

The Foreign Account Tax Compliance Act

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, and US Treasury regulations promulgated thereunder, as amended from time to time (together "**FATCA**") impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "**foreign financial institution**", or "**FFI**" (as defined by FATCA)) that does not become a "Participating FFI" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether such investor is a U.S. person or should otherwise be treated as holding a "United States Account" (as defined under FATCA) of the Issuer (a "**Recalcitrant Holder**").

FATCA implementation is being phased in from for payments from sources within the United States and is currently proposed to apply to "foreign passthru payments" (a term not yet defined) made by an FFI to a non-participating FFI or Recalcitrant Holder no earlier than 01 January 2019. This withholding on foreign passthru payments would potentially apply to payments in respect of (i) any Notes issued or materially modified on or after the "grandfathering date", which is the date that is six months after the date on which final U.S. Treasury regulations defining the term 'foreign passthru payment' are filed with the Federal Register; and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued on or before the grandfathering date, and additional Notes of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have entered into or announced their intention to enter into intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). In some cases such IGAs have been signed; in other cases, negotiations are still ongoing. Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, most FFIs in an IGA signatory country should be treated as a "Reporting Financial Institution" or "Reporting FI" (as defined by the IGA) that would generally not be subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA or agreement with the IRS relating to FATCA) (any such withholding being a "**FATCA Withholding**") from payments it makes (unless, in certain circumstances, it has agreed to do so under the U.S. "qualified intermediary," "withholding foreign partnership," or "withholding foreign trust" regimes or, in certain limited circumstances, where the payments are made to a Recalcitrant Holder). The Model 2 IGA requires Reporting FIs to apply FATCA Withholding to U.S. source payments in certain circumstances and leaves open the possibility that a Reporting FI might in the future be required to make FATCA Withholdings on foreign passthru payments. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders to its home government or to the IRS unless it is treated as exempt from having "financial accounts" for FATCA purposes. The United States and Luxembourg have entered into an agreement (the "**US-Luxembourg IGA**") based largely on the Model 1 IGA. The Issuer has registered with the IRS as a "reporting Model 1 IGA FFI".

The Issuer is currently not expected to be required to make any FATCA Withholdings before 01 January 2019 (at the earliest) from the payments it makes. There can be no assurance, however, that the Issuer would not in the future be required to deduct FATCA Withholding from future payments. Accordingly, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder (a “**Noteholder FATCA Withholding**”).

If a FATCA Withholding were to apply to a be made from principal or other payments in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay any additional amounts as a result of the FATCA Withholding. As a result, investors may receive less interest or principal than expected.

Whilst the Notes are in global form and held within a clearing system, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer or any paying agent and the common depository for such clearing system, given that each of the entities in the payment chain between the Issuer and the participating clearing system is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that, in certain specific circumstances, the Notes may convert into definitive form and therefore cease to be held through a clearing system. If this were to happen then, depending on the circumstances, payments to a non-FATCA compliant holder could be subject to FATCA Withholding. However, a conversion into definitive notes is only anticipated to occur in remote circumstances.

However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA Withholding. It may also affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA Withholding. Investors should choose the custodians or intermediaries with care (to ensure that each is compliant with FATCA or other laws or agreements related to FATCA including any legislation implementing IGAs relating to FATCA, if applicable) and, provide each custodian or intermediary with any information, forms and/or other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA Withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer’s obligations under the Notes are discharged once it has paid the common depository for the clearing system (as legal owner of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the hands of the clearing systems and custodians or intermediaries.

THE FATCA PROVISIONS ARE PARTICULARLY COMPLEX AND THEIR APPLICATION TO THE ISSUER AND THE NOTES IS UNCERTAIN AT THIS TIME. THE ABOVE DESCRIPTION IS BASED IN PART ON REGULATIONS, OFFICIAL GUIDANCE AND MODEL IGAS AND THE IGA BETWEEN LUXEMBOURG AND THE UNITED STATES, ALL OF WHICH ARE SUBJECT TO CHANGE OR MAY BE IMPLEMENTED IN A MATERIALLY DIFFERENT FORM. NOTHING IN THIS SECTION CONSTITUTES OR PURPORTS TO CONSTITUTE TAX ADVICE AND NOTEHOLDERS ARE NOT ENTITLED TO RELY ON ANY PROVISION SET OUT IN THIS SECTION FOR THE PURPOSES OF MAKING ANY INVESTMENT DECISION, TAX DECISION OR OTHERWISE. EACH INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF THE FATCA PROVISIONS AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT IT IN ITS PARTICULAR CIRCUMSTANCE.

EU Directive on the Taxation of Savings Income and other EU information exchange arrangements

Under European Directive 2003/48/EC on taxation of savings income (the “**Savings Directive**”), Member States are required to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person within its jurisdiction to an individual resident in another Member State, except that for a transitional period Austria instead operates a withholding system unless during that period it elects otherwise (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries and territories). The rate of withholding tax in Austria is 35%. Certain other jurisdictions, including Switzerland, have enacted equivalent legislation which imposes a withholding tax in substantially the same circumstances as envisaged by the Savings Directive.

On 24 March 2014, the Council of the European Union adopted an EU Council Directive amending and broadening the scope of the requirements described above. In particular, the changes expand the range of payments covered by the Savings Directive to include certain additional types of income, and widen the range of recipients payments to whom are covered by the Savings Directive, to include certain other types of entity and legal arrangement. Member States are required to implement national legislation giving effect to these changes by 1 January 2016 (which national legislation must apply from 1 January 2017).

On 9 December 2014, the Council of the European Union adopted a further Directive (EU Council Directive 2014/107/EU amending EU Council Directive 2011/16/EU) on the mandatory automatic exchange of information, to implement the OECD measures known as the “**Common Reporting Standard**”. Member States are required to implement this Directive in respect of taxable periods from 1 January 2016 and to begin exchanging information pursuant to such Directive no later than 30 September 2017 (subject to deferral under transitional rules in the case of Austria). The Common Reporting Standard is generally broader than the Savings Directive, although it does not impose withholding taxes.

On 10 November 2015, the Council of the European Union adopted EU Council Directive 2015/2060/EU repealing the Savings Directive with effect from 1 January 2016 (or 1 January 2017 in the case of Austria), subject to ongoing requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates. The repeal of the Savings Directive is intended to prevent overlap between the Savings Directive and the Common Reporting Standard.

Holders of the Notes should note that should any payment in respect of the Notes be subject to withholding imposed as a consequence of the Savings Directive or under equivalent legislation, no additional amounts would be payable by the Issuer.

The Issuer is required to maintain a Paying Agent with a specified office in an EU Member State that is not obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000, which may mitigate an element of this risk if the Noteholder is able to arrange for payment through such a Paying Agent. However, investors should choose their custodians and intermediaries with care, and provide each custodian and intermediary with any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the Savings Directive, as amended.

Investors who are in any doubt as to their position should consult their professional advisers.

SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") and in the Dealer Agreement, the Dealer will represent and agree that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than the offers contemplated in the Prospectus in the Kingdom of Sweden from the time the Prospectus has been approved by the Central Bank of Ireland, being the competent authority in Ireland, and published and notified to the relevant competent authority in accordance with the Prospectus Directive as implemented in the Kingdom of Sweden until 31 March 2016, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or the Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended by Directive 2010/73/EU) and includes any relevant implementing measure in each Relevant Member State.

Ireland

Each of UBS Limited as Dealer and Garantum Fondkommission AB as Distributor has represented, warranted and agreed that:

- (a) it will not underwrite the issue of, or place the Notes, otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended), including, without limitation, Regulations 7 and 152 thereof or any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998;
- (b) it will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Companies Acts 1963 – 2012 (as amended) of Ireland (as amended), the Central Bank Acts 1942 - 2011 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989; and

- (c) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) and any rules issued under Section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank of Ireland.

Sweden

Each of the Issuer, UBS Limited as Dealer and Garantum Fondkommission AB as Distributor and any authorised offeror has represented and agreed that the Notes have not been offered or sold and will not be offered, sold or delivered directly or indirectly in the Kingdom of Sweden by way of public offering, unless in compliance with the Swedish Financial Instruments Trading Act (*Sw. lag (1991:980) om handel med finansiella instrument*), as amended from time to time.

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