

---

## BASE PROSPECTUS

dated 23 June 2014

for the issue of

## SECURITIES

of

**UBS AG**

*(a corporation limited by shares established under the laws of Switzerland)*

which may also be acting through its Jersey branch:

**UBS AG, Jersey Branch**

*(the Jersey branch of UBS AG)*

or through its London branch:

**UBS AG, London Branch**

*(the London branch of UBS AG)*



---

This document - including all information incorporated by reference herein and any and all supplements approved by the SFSA in respect hereof and published by UBS AG - constitutes a base prospectus (the "**Base Prospectus**" or the "**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 Base Prospectus contains information relating to the securities (the "**Securities**", and each a "**Security**") to be issued. Under the Base Prospectus UBS AG (the "**Issuer**" or "**UBS AG**"), which may also be acting through its Jersey branch ("**UBS AG, Jersey Branch**") or its London branch ("**UBS AG, London Branch**"), may, from time to time, issue structured Securities governed by German law.

The Securities issued under the Base Prospectus may be based on the performance of a share (including a certificate representing shares), an index, a currency exchange rate, a precious metal, a commodity, an interest rate, a non-equity security, a fund unit, a futures contract, or, as the case may be, and as specified in the relevant Final Terms, a reference rate (including, but not limited to, interest rate swap (IRS) rates, currency swap rates or, as the case may be, credit default swap levels), as well as a basket or portfolio comprising the aforementioned assets.

In this Base Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**EUR**" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended and references to "**U.S. dollars**" are to United States dollars.

**THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION IN THE UNITED STATES NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR THE ADEQUACY OF THE BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.**

**THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY INCLUDE SECURITIES IN BEARER FORM THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. TRADING IN THE SECURITIES HAS NOT BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION UNDER THE U.S. COMMODITY EXCHANGE ACT OF 1936, AS AMENDED (THE "COMMODITY EXCHANGE ACT") OR BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION. SUBJECT TO CERTAIN EXCEPTIONS, THE SECURITIES MAY NOT BE OFFERED, SOLD OR, IN THE CASE OF BEARER SECURITIES, DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT ("REGULATION S")). SEE "*SUBSCRIPTION AND SALE*".**

Potential investors in the Securities are explicitly reminded that an investment in Securities entails financial risks. Holders of Securities run the risk of losing all or part of the amount invested by them in the Securities. All potential investors in Securities are, therefore, advised to study the full contents of the Base Prospectus, including all information incorporated by reference and the relevant Final Terms, in particular the risk factors.

## TABLE OF CONTENTS

Page:

I. SUMMARY OF THE BASE PROSPECTUS .....	5
A. SUMMARY OF THE BASE PROSPECTUS (IN THE ENGLISH LANGUAGE) .....	5
B. SUMMARY OF THE BASE PROSPECTUS (IN THE SWEDISH LANGUAGE) .....	32
C. SUMMARY OF THE BASE PROSPECTUS (IN THE DANISH LANGUAGE) .....	61
II. RISK FACTORS .....	96
A. RISK FACTORS .....	96
1. Issuer specific Risks .....	96
2. Security specific Risks .....	111
3. Underlying specific Risks .....	124
B. GENERAL INFORMATION ON THE BASE PROSPECTUS .....	140
1. Important Notice .....	140
2. Responsibility Statement .....	140
3. Consent to use the Prospectus .....	141
C. GENERAL INFORMATION ON THE SECURITIES .....	143
1. Types of Securities .....	143
2. Law governing the Securities .....	143
3. Status of the Securities .....	143
4. Form of the Securities .....	143
5. Clearing and Settlement of the Securities .....	144
6. Further Information relating to the Securities .....	147
7. Listing or Trading of the Securities .....	147
8. Offering of the Securities .....	148
9. Rating of the Securities .....	148
10. Maturity of the Securities .....	148
11. Termination Rights of the Issuer and the Securityholders .....	148
12. Dependency on the Underlying in general .....	149
13. Functioning of the Securities .....	151
D. CONDITIONS OF THE SECURITIES .....	157
1. Structure and Language of the Conditions of the Securities .....	157
2. Product Terms .....	159
3. General Conditions of the Securities .....	192
E. FORM OF FINAL TERMS .....	242
F. INFORMATION ABOUT THE UNDERLYING .....	256
G. INFORMATION ABOUT UBS AG .....	257
1. Business Overview .....	259
2. Organisational Structure of the Issuer .....	265
3. Trend Information .....	265
4. Administrative, Management and Supervisory Bodies of UBS AG .....	266
5. Major Shareholders .....	270
6. Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses .....	271
7. Legal and Arbitration Proceedings .....	272
I. Significant Changes in the Financial or Trading Position; Material Adverse Change in Prospects .....	285
II. Material Contracts .....	285

III.	Statutory Auditors .....	285
H.	SUBSCRIPTION AND SALE .....	286
1.	Issue and Sale .....	286
2.	Selling Restrictions.....	286
I.	TAXATION.....	289
1.	EU Savings Tax Directive .....	289
2.	Taxation in Sweden.....	289
3.	Taxation in Denmark.....	293
4.	Taxation in Finland.....	296
5.	Taxation in Norway .....	298
J.	GENERAL INFORMATION .....	300
1.	Form of Document.....	300
2.	Publication .....	300
3.	Authorisation .....	300
4.	Approval of the Base Prospectus and Notification .....	300
5.	Use of Proceeds.....	301
6.	Availability of the Base Prospectus and other documents.....	301
7.	Documents incorporated by Reference.....	301
K.	SIGNATORIES.....	<b>Error! Bookmark not defined.</b>

## I. SUMMARY OF THE BASE PROSPECTUS

### A. SUMMARY OF THE BASE PROSPECTUS (IN THE ENGLISH LANGUAGE)

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". Certain provisions of this Summary are in brackets. Such information will be completed or, where not relevant, deleted, in relation to a particular issue of Securities, and the completed Summary in relation to such issue of Securities shall be appended to the relevant Final Terms.

Element	Section A – Introduction and warnings	
A.1	Warning.	<p><b>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.</b></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>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 "<b>Public Offer</b>") by [UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom] [and] [<i>specify further financial intermediaries: [●]</i>] [each] in its role as manager in relation to the Securities (each a "<b>Manager</b>" or, as the case may be, an "<b>Authorised Offeror</b>") on the following basis:]</p> <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 "<b>Public Offer</b>") by any financial intermediary (each an "<b>Authorised Offeror</b>") which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) on the following basis:]</p>

		<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 [<i>specify financial intermediaries</i>: [•]] (each an "Authorised Offeror") on the following basis:]</p> <p>(a) the relevant Public Offer must occur during [<i>specify Offer Period</i>: [•]] (the "Offer Period");</p> <p>(b) the relevant Public Offer may only be made in [Sweden], [Norway], [Finland] [and] [Denmark] (each a "Public Offer Jurisdiction");</p> <p>(c) the relevant Authorised Offeror must be authorised to make such offers in the relevant Public Offer Jurisdiction under the Markets in 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) the relevant Authorised Offeror must satisfy [<i>if applicable, specify further clear and objective conditions</i>: [•]] and</p> <p>[(d)[e] 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><b>[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.]</b></p> <p>[Not applicable, no public offer of the Securities is being made. The Final Terms have been prepared solely for the purposes of [listing] [inclusion] [admission] of the Securities [to trading].]</p>
--	--	--

Element	Section B – Issuer	
<b>B.1</b>	Legal and commercial name of the issuer.	The legal and commercial name of the Issuer is UBS AG ("Issuer" or "UBS AG"; together with its subsidiaries, "UBS", "UBS Group" or the "Group").
<b>B.2</b>	Domicile, legal form, legislation and country of incorporation of the issuer.	UBS AG's two registered offices and principal places of business are: Bahnhofstrasse 45, CH-8001 Zurich, Switzerland; and Aeschenvorstadt 1, CH-4051 Basel, Switzerland. UBS AG is entered in the Commercial Registers of Canton Zurich and Canton Basel-City under the registration number CHE-101.329.561. UBS AG is incorporated in Switzerland and operates under the Swiss Code of Obligations and Swiss Federal Banking Law as an <i>Aktiengesellschaft</i> .
<b>B.4b</b>	A description of any known trends affecting the issuer or the industries in which it operates.	<p><b>Trend Information</b></p> <p>As stated in UBS AG's first quarter 2014 report issued on 6 May 2014 (including UBS Group unaudited consolidated financial statements), at the start of the second quarter of 2014, many of the underlying challenges and geopolitical issues that UBS has previously highlighted remain. The continued absence of sustained and credible improvements to unresolved issues in Europe, continuing US fiscal and monetary policy issues, geopolitical instability and the mixed outlook for global growth would make</p>

		improvements in prevailing market conditions unlikely. Despite these challenges, UBS will continue to execute on its strategy in order to ensure the firm's long-term success and to deliver sustainable returns for shareholders.
<b>B.5</b>	Description of the group and the issuer's position within the group.	<p>UBS AG is the parent company of the Group. Neither the business divisions of UBS nor the Corporate Center are separate legal entities. Currently, they primarily operate out of UBS AG, through its branches worldwide. Businesses also operate through local subsidiaries where necessary or desirable.</p> <p>UBS has announced that it intends to establish a group holding company through a share for share exchange offer, which will commence later this year, subject to regulatory approvals. UBS has also announced that it intends to establish a banking subsidiary in Switzerland in mid-2015. The scope of this future subsidiary's business is expected to include the Retail &amp; Corporate business and the Swiss-booked Wealth Management business.</p> <p>In the UK, and in consultation with the UK and Swiss regulators, UBS expects to commence the implementation of a revised business and operating model for UBS Limited in the second quarter of 2014. This will result in UBS Limited bearing and retaining a greater degree of the risk and reward of its business activities. UBS AG expects to increase the capitalization of UBS Limited accordingly.</p> <p>In the US, UBS will comply with new rules for banks under the Dodd-Frank Wall Street Reform and Consumer Protection Act that will require an intermediate holding company to own all of its operations other than US branches of UBS AG by 1 July 2016. As a result, UBS will designate an intermediate holding company to hold all US subsidiaries of UBS.</p>
<b>B.9</b>	Profit forecast or estimates.	Not applicable; no profit forecast or estimate is included in this Prospectus.
<b>B.10</b>	Qualifications in the audit report.	Not applicable. The auditor's reports on the audited historical financial information are unqualified.
<b>B.12</b>	Selected historical key financial information.	UBS AG derived the following selected consolidated financial data from (i) its annual report 2013, containing the audited consolidated financial statements of UBS Group, as well as additional unaudited consolidated financial data for the year ended 31 December 2013 (including comparative figures for the years ended 31 December 2012 and 2011) and (ii) its report for the first quarter 2014, containing the unaudited consolidated financial statements of UBS Group, as well as additional unaudited consolidated financial data as of or for the quarter ended 31 March 2014 (from which comparative figures as of or for the quarter ended 31 March 2013 have been derived). 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).

CHF million, except where indicated	As of or for the quarter ended		As of or for the year ended		
	31.3.14	31.3.13	31.12.13	31.12.12	31.12.11
	unaudited		audited, except where indicated		
<b>Group results</b>					
Operating income	7,256	7,775	27,732	25,423	27,788
Operating expenses	5,865	6,327	24,461	27,216	22,482
Operating profit / (loss) before tax	1,393	1,447	3,272	(1,794)	5,307
Net profit / (loss) attributable to UBS shareholders	1,054	988	3,172	(2,480)	4,138
Diluted earnings per share (CHF)	0.27	0.26	0.83	(0.66)	1.08
<b>Key performance indicators</b>					
<b>Profitability</b>					
Return on equity (RoE) (%) <sup>1</sup>	8.7	8.5	6.7*	(5.1)*	9.1*
Return on assets, gross (%) <sup>2</sup>	2.9	2.5	2.5*	1.9*	2.1*
Cost / income ratio (%) <sup>3</sup>	81.1	81.2	88.0*	106.6*	80.7*
<b>Growth</b>					
Net profit growth (%) <sup>4</sup>	14.9				(44.5)*
Net new money growth for combined wealth management businesses (%) <sup>5</sup>	2.9	5.9	3.4*	3.2*	2.4*
<b>Resources</b>					
Common equity tier 1 capital ratio (fully applied, %) <sup>6,7</sup>	13.2	10.1	12.8*	9.8*	
Swiss SFB leverage ratio (phase-in, %) <sup>8</sup>	5.0	3.8	4.7*	3.6*	
<b>Additional information</b>					
<b>Profitability</b>					
Return on tangible equity (%) <sup>9</sup>	10.2	10.1	8.0*	1.6*	11.9*
Return on risk-weighted assets, gross (%) <sup>10</sup>	12.6	11.9	11.4*	12.0*	13.7*
<b>Resources</b>					
Total assets	982,530	1,213,844	1,018,374* <sup>11</sup>	1,259,797	1,416,962
Equity attributable to UBS shareholders	49,023	47,239	48,002	45,949	48,530
Common equity tier 1 capital (fully applied) <sup>7</sup>	29,937	26,176	28,908	25,182*	
Common equity tier 1 capital (phase-in) <sup>7</sup>	41,187	40,235	42,179	40,032*	
Risk-weighted assets (fully applied) <sup>7</sup>	226,805	258,701	225,153	258,113*	
Risk-weighted assets (phase-in) <sup>7</sup>	229,879	262,454	228,557	261,800*	
Common equity tier 1 capital ratio (phase-in, %) <sup>6,7</sup>	17.9	15.3	18.5*	15.3*	
Total capital ratio (fully applied, %) <sup>7</sup>	16.8	11.8	15.4*	11.4*	
Total capital ratio (phase-in, %) <sup>7</sup>	22.7	18.9	22.2*	18.9*	
<b>Other</b>					
Invested assets (CHF billion) <sup>12</sup>	2,424	2,373	2,390	2,230	2,088
Personnel (full-time equivalents)	60,326	61,782	60,205*	62,628*	64,820*
Market capitalization	70,180	55,827	65,007*	54,729*	42,843*
Total book value per share (CHF)	13.07	12.57	12.74*	12.26*	12.95*
Tangible book value per share (CHF)	11.41	10.79	11.07*	10.54*	10.36*

\* unaudited

<sup>1</sup> Net profit / loss attributable to UBS shareholders (annualized as applicable) / average equity attributable to UBS shareholders. <sup>2</sup> Operating income before credit loss (expense) or recovery (annualized as applicable) / average total assets. <sup>3</sup> Operating expenses / operating income before credit loss (expense) or recovery. <sup>4</sup> Change in net profit attributable to UBS shareholders from continuing operations between current and comparison periods / net profit attributable to UBS 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. <sup>5</sup> Combined Wealth Management's and Wealth Management Americas' net new money for the period (annualized as

	<p>Material adverse change statement.</p> <p>Significant changes statement.</p>	<p>applicable) / invested assets at the beginning of the period.<sup>6</sup> Common equity tier 1 capital / risk-weighted assets.<sup>7</sup> 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 on a pro-forma basis.<sup>8</sup> Swiss SRB Basel III common equity tier 1 capital and loss-absorbing capital / total adjusted exposure (leverage ratio denominator). The Swiss SRB leverage ratio came into force on 1 January 2013. Numbers for 31 December 2012 are on a pro-forma basis.<sup>9</sup> Net profit / loss attributable to UBS shareholders before amortization and impairment of goodwill and intangible assets (annualized as applicable) / average equity attributable to UBS shareholders less average goodwill and intangible assets.<sup>10</sup> Operating income before credit loss (expense) or recovery (annualized as applicable) / average risk-weighted assets. Based on Basel III risk-weighted assets (phase-in) for 2014 and 2013, on Basel 2.5 risk-weighted assets for 2012 and on Basel II risk-weighted assets for 2011.<sup>11</sup> On 1 January 2014, UBS Group adopted Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32, Financial Instruments: Presentation). The prior period balance sheet as of 31 December 2013 was restated to reflect the effects of adopting these amendments to IAS 32.<sup>12</sup> Group invested assets includes invested assets for Retail &amp; Corporate.</p> <p>There has been no material adverse change in the prospects of UBS AG or UBS Group since 31 December 2013.</p> <p>There has been no significant change in the financial position or trading position of UBS Group or UBS AG since 31 March 2014.</p>
<b>B.13</b>	Recent events.	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>B.14</b>	Dependence upon other entities within the group.	UBS AG is the parent company of the UBS Group. As such, to a certain extent, it is dependent on certain of its subsidiaries.
<b>B.15</b>	Issuer's principal activities.	<p>UBS AG with its subsidiaries draws on its 150-year heritage to serve private, institutional and corporate clients worldwide, as well as retail clients in Switzerland. UBS' business strategy is centered on its (in UBS' opinion) pre-eminent global wealth management businesses and its (in UBS' opinion) leading universal bank in Switzerland, completed by its Global Asset Management business complemented and its Investment Bank, with a focus on capital efficiency and businesses that offer (in UBS' opinion) a superior structural growth and profitability outlook. Headquartered in Zurich and Basel, Switzerland, UBS has offices in more than 50 countries, including all major financial centers.</p> <p>According to Article 2 of the Articles of Association of UBS AG, dated 7 May 2014 ("<b>Articles of Association</b>"), 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.</p>
<b>B.16</b>	Direct or indirect shareholdings or control agreements of the issuer.	<p>The following are the most recent notifications of holdings in UBS AG's share capital filed in accordance with the Swiss Federal Act on Stock Exchanges and Securities Trading of 24 March 1995, as amended, based on UBS AG's registered share capital at the time of the disclosure: (i) 18 September 2013, Government of Singapore Investment Corp disclosed a change of its corporate name to GIC Private Limited and a holding of 6.40%; (ii) 30 September 2011, Norges Bank (the Central Bank of Norway), 3.04%; (iii) 17 December 2009, BlackRock Inc., New York, USA, 3.45%.</p> <p>As of 31 March 2014, the following shareholders (acting in their own name or</p>

		in their capacity as nominees for other investors or beneficial owners) were registered in the share register with 3% or more of the total share capital of UBS AG: Chase Nominees Ltd., London (11.98%); GIC Private Limited, Singapore (6.39%); the US securities clearing organization DTC (Cede & Co.) New York, "The Depository Trust Company" (6.28%); and Nortrust Nominees Ltd., London (3.51%).
[The following Element B.17 is only to be inserted in case of Securities where the Issuer has an obligation arising on issue to pay to the investor 100% of the nominal value:		
<b>B.17</b>	Credit ratings assigned to the issuer or its debt securities.	<p>The rating agencies Standard &amp; Poor's Credit Market Services Europe Limited ("<b>Standard &amp; Poor's</b>"), Fitch Ratings Limited ("<b>Fitch Ratings</b>") and Moody's Investors Service, Inc., ("<b>Moody's</b>") have published credit ratings reflecting their assessment of the creditworthiness of UBS AG, i.e. its ability to fulfil in a timely manner payment obligations, such as principal or interest payments on long-term loans, also known as debt servicing. The ratings from Fitch Ratings and Standard &amp; Poor's may be attributed a plus or minus sign, and those from Moody's a number. These supplementary attributes indicate the relative position within the respective rating class.</p> <p>As of the date of this Summary, UBS AG has long-term senior debt ratings of A (negative outlook) from Standard &amp; Poor's, A2 (stable outlook) from Moody's and A (stable outlook) from Fitch Ratings.</p> <p>Standard &amp; Poor's and Fitch Ratings are registered as credit rating agencies under Regulation (EC) No 1060/2009 as amended by Regulation (EU) No 513/2011 (the "<b>CRA Regulation</b>"). Moody's is not established in the EEA and is not certified under the CRA Regulation, but the rating it has issued is endorsed by Moody's Investors Service Ltd., a credit rating agency established in the EEA and registered under the CRA Regulation.]</p>

Element	Section C – Securities	
<b>C.1</b>	Type and the class of the securities, security identification number.	<p><b>Type and Form of Securities</b></p> <p>The Securities are certificates, notes or warrants.</p> <p>Securities may be issued in series (each a "Series") and Securities of each Series will all be subject to identical terms (except, inter alia, for Issue Price, Issue Date, Issue Size and interest commencement date, which may or may not be identical) whether as to currency, denomination, interest maturity or otherwise.</p> <p><i>[in case of German law governed Securities represented by a Global Security, insert: The Securities will be issued 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 "<b>Global Security</b>") [a temporary global bearer security (each a "<b>Temporary Global Security</b>") exchangeable upon certification of non-U.S. beneficial ownership for a permanent global bearer security (each a "<b>Permanent Global Security</b>", and together with the Temporary Global Security, a "<b>Global Security</b>"]. No bearer Securities will be issued in or exchangeable into bearer definitive form, whether pursuant to the request of any Securityholder or otherwise.</i></p>

		<p>[Each] [[The] Global Security is deposited with [Clearstream Banking AG ("Clearstream, Germany")] [Clearstream Banking S.A. ("Clearstream, Luxembourg")] [and/or] [Euroclear Bank S.A./ N.V. ("Euroclear").]</p> <p>[The Securities are issued in uncertificated and dematerialised book-entry form, and are registered for clearing through Euroclear Sweden AB ("Euroclear Sweden"), Euroclear Finland Oy ("Euroclear Finland"), VPS ASA ("VPS") and VP Securities A/S ("VP"), or any other Clearing System, as described in Final Terms.]</p> <p>The Securities will be cleared through [ ]. The Securities have the following ISIN: [ ].</p>
C.2	Currency of the securities.	The currency for each Series of Securities is [•] (the " <b>Redemption Currency</b> ")
C.5	Restrictions on the free transferability of the securities.	Each Security of a Series of Securities is transferable in accordance with applicable law and any rules and procedures for the time being of any Clearing System through whose books such Security is transferred.
C.8	Rights attached to the securities, including ranking and limitations to those rights.	<p><b>Governing law of the Securities</b></p> <p>The Securities will be governed by German law ("<b>German law governed Securities</b>").</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><b>Rights attached to the Securities</b></p> <p>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 and/or delivery of the Physical Underlying in the relevant number.</p> <p>[In addition, Securityholders are during the term of the Securities entitled, subject to the Conditions of the Securities, to receive payment of [a Coupon] [an Interest Amount].]</p> <p><b>Limitation of the rights attached to the Securities</b></p> <p>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><b>Status of the Securities</b></p> <p>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.10	Derivative	[The following Element C.10 is only to be inserted in case of Securities where the

	component in the interest payment.	<p><i>Issuer has an obligation arising on issue to pay to the investor 100% of the nominal value (in addition to which there may be also an interest payment):</i></p> <p><i>[to be inserted for each Security, as required:]</i></p> <p>[Interest Calculation Period] [•]</p> <p>[Coupon] [•]</p> <p>[Interest Payment Date] [•]</p> <p>[Coupon Payment Date] [•]</p> <p>[Observation Date] [•]</p> <p>[Observation Period] [•]</p> <p>[Reference Price] [•]</p> <p>[Settlement Price] [•]</p> <p>[Term of the Securities] [•]</p> <p>[Underlying] [•]</p> <p>[Valuation Date] [•]</p> <p>[Floating Interest] [•]</p> <p>[insert further definitions, as required] [•]</p>
C.11	Admission to trading on a regulated market or other equivalent markets.	<p>[The Issuer] [The [Relevant] Manager] intends to apply for [listing] [inclusion] [admission] of the Securities [to trading] on [the Regulated Market of the [Frankfurt Stock Exchange] [Stuttgart Stock Exchange] [•]] [the Official List of the [Regulated Market of the Luxembourg Stock Exchange] [•]] [[the unofficial regulated market of] [Frankfurt Stock Exchange] [Stuttgart Stock Exchange] [•]] [the Official List of Borsa Italiana S.p.A.] [the EuroTLX managed by TLX S.p.A.][NASDAQ OMX Stockholm][NASDAQ OMX Helsinki][Nordic Growth Market NGM AB – NDX (Nordic Derivatives Exchange)] [specify alternative exchange(s) or trading system(s): [•]]. [Provided that the Securities have not been terminated by the Issuer [and provided that the Securities have not expired early] prior to the Expiration Date, trading of the Securities shall cease [[two] [•] trading day[s] prior to] [on] [the Valuation Date] [the Final Valuation Date] [the Expiration Date] [the Maturity Date] [•] (such day, the “<b>Last Exchange Trading Day</b>”). [As of the Last Exchange Trading Day trading may only take place off exchange with [the Manager] [•].]]</p> <p>[Application for the Securities to be approved for listing and trading on [ ] as of [ ].]</p> <p>[Not applicable; the Issuer does not intend to apply for [listing] [inclusion] [admission] of the Securities [to trading].]</p>
C.15	Influence of the underlying on the	The value of the Securities during their term depends on the performance of [the Underlying] [the Basket Components] [relative to the performance of

value of the securities.	<p>another Underlying(s)]. In case the price of [the Underlying] [the Basket Components] [increases] [decreases], also the value of the Securities (disregarding any special features of the Securities) is likely to [increase] [decrease].</p> <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 Underlying] [the Basket Components].</p> <p>The following features are examples describing the dependency of the value of the Securities from the Underlying:</p> <p><b>[UBS Autocallable / Express Securities]</b></p> <p>UBS Autocallable/Express Securities is suitable for Securityholders expecting the price of the Underlying(s) to reach certain level(s), as specified in the applicable Product Terms so that the product can early redeem.</p> <p>In case the price of the Underlying(s) reach certain level(s) on specific Observation Dates, as specified in the applicable Product Terms, the Securities will be early redeemed prior to the Maturity Date.</p> <p>If the UBS Autocallable/Express Securities did not expire early on any of the previous Observation Dates, the UBS Autocallable /Express Securities will be redeemed at the Maturity Date, as specified in the applicable Product Terms. The Redemption Amount in the Redemption Currency, depends on the individual product structure, 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>Payment of Coupon or other proceeds linked to the Underlying(s)</p> <p>In addition, and as specified in the relevant Product Terms, the Securityholder may during the term of the UBS Autocallable/Express Securities be entitled to receive payment of an Coupon or other proceeds, if applicable, as specified in the applicable Product Terms. Such payment may, as specified in the applicable Product Terms, be unconditional or conditional upon a specific performance of the Underlying(s) described in the applicable Product Terms.]</p> <p><b>[UBS Gearing Securities]</b></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>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</p>
--------------------------	--

	<p>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><b>[UBS Warrants</b></p> <p>UBS Call Warrants allow Securityholders to participate disproportionately (with leverage) in the positive development of the Underlying. Conversely, Securityholders in UBS Call Warrants also participate disproportionately (with leverage) in the negative development of the Underlying. Securityholders bear the risk of the UBS Call Warrants expiring worthless if the Reference Price or the Settlement Price of the Underlying, as specified in the relevant Product Terms of the UBS Call Warrants, is equal to or below the Strike.</p> <p>UBS Put Warrants allow Securityholders to positively participate disproportionately (with leverage) in the negative development of the Underlying(s). Conversely, Securityholders in UBS Put Warrants also participate disproportionately (with leverage) in the positive development of the Underlying(s). Securityholders bear the risk of the UBS Put Warrants expiring worthless if the Reference Price or the Settlement Price of the Underlying(s), as specified in the relevant Product Terms of the UBS Put Warrants, is equal to or above the Strike.</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><b>[UBS Capital Protection Securities / Partially Capital Protection Securities</b></p> <p>UBS Capital Protected Securities, or CPS, have capital protection at maturity and at the same time offer the earning potential that can arise from the capital markets (potentially only up to a predefined cap). To this end, CPS (at least partly) participate in the price movements of selected Underlying(s). The structure offers participation in the performance of the selected Underlying(s). The pre-determined participation rate can vary, as specified in the relevant Product Terms. Depending on the product features, it can be proportional (either negative or positive) to the performance of the Underlying(s).</p> <p>With a capital protection of less than 100 per cent, the nominal amount at maturity is not fully secured. A price increase of the Underlying(s) by maturity is needed to bridge the difference between the level of capital protection and 100 per cent of the nominal amount and avoid losses at maturity.</p> <p>Irrespective of the product structure the issuer risk of UBS AG must be taken into consideration.</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 issue price of CPS can be above 100 per cent.]</p> <p><b>[UBS Sprint Securities</b></p> <p>UBS Sprint Securities allow Securityholders to participate in the positive development of the Underlying within a pre-determined range, i.e. between the Strike and the Cap multiplied by a participation, as specified in the relevant Product Terms. In return, Securityholders only participate in the positive development of the Underlying (potentially only up to a Cap). Conversely, Securityholders in UBS Sprint Securities may also participate in part of, or the whole, negative development of the Underlying. UBS Sprint Securities also exist without Cap.</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><b>[UBS Bonus Securities</b></p> <p>UBS Bonus Securities allow Securityholders to participate in the positive development of the Underlying. Conversely, Securityholders in UBS Bonus Securities may also participate in the negative development of the Underlying. Depending on the occurrence of a Kick Out/Kick in Event during the term of the Securities or any period or day during the term of the Securities, as specified in the applicable Product Terms, the Securityholder is entitled to receive at the Maturity Date the Redemption Amount in the Redemption Currency 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><b>[UBS Outperformance Securities</b></p> <p>UBS Outperformance Securities allow Securityholders to participate in the positive development of the Underlying relative to another Underlying. Conversely, Securityholders in UBS Outperformance Securities may also participate in the negative development of the Underlying relative to another Underlying. Depending, if the Reference Price or the Settlement Price of the Underlying, as specified in the relevant Product Terms, is higher than or equal to or lower than the Strike, the Securityholder is entitled to receive on the Maturity Date the Redemption Amount in the Redemption Currency, 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><b>[UBS Reverse Convertible Securities / UBS GOAL</b></p> <p>Disregarding the performance of the Underlying, the Securityholder is entitled to receive on each Coupon Payment Date the payment of a coupon. Depending, if the Reference Price or the Settlement Price of the Underlying, as specified in the relevant Product Terms, is lower than or equal to the Strike or higher than the Strike the Securityholder either receives the nominal</p>
--	--	--

	<p>amount or the performance of the Underlying(s). The coupon can also be conditional.</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><b>[UBS Kick-In GOAL / Barrier Reverse Convertible</b></p> <p>The UBS Kick-In GOAL offers a safety buffer that aims to provide protection from the Underlying(s) reaching certain pre-defined or variable levels. If the Underlying(s) do not breach a pre-defined barrier, as specified in the relevant Product Terms, Securityholders are entitled to receive on the Maturity Date the Redemption Amount in the Redemption Currency equal to the Nominal Amount.</p> <p>If the barrier is breached, the repayment at maturity is aligned to the level of the Underlying(s), as specified in the relevant Product Terms. If the Underlying(s) close(s) above a pre-defined level on a certain day as specified in the relevant Product Terms, Securityholders are entitled to receive on the Maturity Date the Redemption Amount in the Redemption Currency equal to the Nominal Amount. If the price of the Underlying(s), however, closes at or below a pre-defined level on a certain day as specified in the relevant Product Terms, Securityholders are entitled to receive on the Maturity Date, depending on the structure of the product, either the Physical Underlying in the appropriate number either expressed by the Multiplication Factor or, as the case may be, and as specified in the relevant Product Terms, equal to the number of Reference Shares per Denomination or a cash payment of the then current value of the Underlying(s) (adjusted by the respective ratio). The barrier can be observed either continuously or on pre-defined dates, as specified in the relevant 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><b>[UBS PERLES / Delta One Securities</b></p> <p>Securityholders may use UBS PERLES to participate, in the upside or downside potential of one or more Underlying(s), easily, conveniently and with only one transaction.</p> <p>UBS PERLES / Delta One Securities can be issued as open end securities or with a pre-defined Maturity Date, as specified in the relevant 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><b>[UBS PERLES / Leveraged Securities</b></p> <p>With UBS Leveraged PERLES (Performance Linked Equity Securities), also known as outperformance securities, Securityholders can apply leverage, since UBS Leveraged PERLES offer Securityholders the chance to participate disproportionately and without restriction in rising prices of the Underlying(s) (e.g. an equity, an index or a currency pair). This means that as of a pre-</p>
--	---

	<p>defined price level, as specified in the relevant Product Terms, participation in a potentially rising price performance is higher than 100%. The exact performance rate varies depending on the product features and is fixed per issue, as specified in the relevant Product Terms,</p> <p>If the purchase price of a UBS Leveraged PERLES is at the price level of the Underlying(s), the effect of the leverage effect does not come to fruition yet. In this case, the disproportionate chance of a gain is counteracted by a loss risk that is equivalent to a direct investment and Securityholders participate in potential negative price developments to an equal extent as normal PERLES. In the described case (without agio) there is thus no disproportionate participation in potential losses.</p> <p>To minimize the loss risk, UBS Leveraged PERLES Plus has conditional partial protection. As long as an additionally included safety threshold, as specified in the relevant Product Terms, is not reached during the</p> <p>term, Securityholders recoup at least the capital invested on the due date. The partial protection only ceases to apply if a threshold is breached and the product behaves like a normal UBS Leveraged PERLES as of the due date.</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><b>The following descriptions of several performance structures might be used for the Securities described in the section above</b></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 volatility of the Underlying(s).</p> <p><u>Performances</u></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 pre-defined 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 pre-defined 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 conditions are met.</p> <p>Barriers can either be 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 example coupons, participations or Underlying(s).</p> <p><u>Stop Loss / Knock Out Feature</u></p> <p>If the relevant Product Terms specify that Stop Loss / Knock Out Event applies, then the Securities may be terminated and redeemed early upon the occurrence of a Stop Loss / Knock Out Event.</p> <p><u>Investment Strategies</u></p> <p>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></p> <p>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></p> <p>The payoff can either be in the currency of the Underlying(s) or a different payoff currency. The currency exchange rate to be used to determine the final</p>
--	--	---

		<p>payoff can either be pre-defined (quanto feature) or variable.</p> <p><u>Coupons / Other Proceeds</u></p> <p>If the relevant Product Terms specify unconditional Coupon or other proceeds to apply, the Securityholder is entitled to receive payment of the relevant Coupon or other proceeds.</p> <p>If the relevant Product Terms specify conditional Coupon or other proceeds to apply, the Securityholder entitled to receive in a payment of the relevant Coupon or other proceeds provided that relevant conditions are met. If in case of a conditional Coupon or other proceeds these requirements are not met, no Coupon or other proceeds are paid.</p> <p>During their term products can therefore generate regular income. Most products however do not generate unconditional income e.g. dividends or interest.</p> <p><u>Capital Protection</u></p> <p>Only if the product feature "Capital Protection" is specified to be applicable in the relevant Product Terms, the Settlement Amount is, in any case, at least equal to the capital protected Minimum Amount.</p> <p><u>Physical or Cash Settlement</u></p> <p>Only if the product feature "Physical Settlement" is specified to be applicable in the relevant Product Terms, the Product is possibly settled physically. Otherwise the settlement occurs in cash payment. The settlement can depend on the performance of the Underlying(s).</p> <p><u>Issuers Call Right</u></p> <p>If the product features Issuer's Call Right is specified to be applicable in the relevant Product Terms, the Issuer has a right to call the Securities for early redemption by giving notice to that effect on certain pre-defined dates. The redemption value can either be pre-defined or dependent on the Underlying(s) level, certain dates or other parameters.</p> <p><u>Investor's Put Right</u></p> <p>If the product features Investors Put Right is specified to be applicable in the relevant Product Terms, the Securityholder has the right to put the Securities for early redemption. The redemption value can either be predefined or dependent on the Underlying(s) level, certain dates or other parameters.</p>
C.16	Expiration or maturity date, the exercise date or final reference date.	<p>[Maturity Date: [•]]</p> <p>[Expiration Date: [•]]</p> <p>[[Exercise Date[s]][Exercise Period]: [•]]</p> <p>[[Final] Valuation Date: [•]]</p> <p>[Valuation Averaging Dates: [•]]</p>

C.17	Settlement procedure of the derivative securities.	<p>Payments [and/or 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 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] [and/or] [delivery of the Physical Underlying in the appropriate number, as the case may be].
C.19	Exercise price or final reference price of the underlying.	<p>[Settlement Price:                    [•]]</p> <p>[Reference Price:                    [•]]</p>
C.20	Type of the underlying and where the information on the underlying can be found.	<p><b>Type of Underlying:</b></p> <p>The underlying may consist of shares (including a certificate representing shares), an Index, a currency exchange rate, a precious metal, a commodity, an interest rate, a non-equity security, a fund unit, a futures contract (if applicable, including determination of the Relevant Expiration Months), a reference rate, a basket comprising the aforementioned assets, and a portfolio comprising the aforementioned assets.</p> <p>[Type of Underlying is [•]]</p> <p><b>Information</b> about the past and the further performance of the Underlyings and their volatility can be obtained [•].</p>

Element	Section D – Risks	
D.2	Key information on the key risks that is specific and individual to the issuer.	<p>The Securities entails 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><b>General insolvency risk</b></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</p>

		<p>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. <b>In the event of insolvency of the Issuer, investors may thus experience a total loss of their investment in the Securities.</b></p> <p>UBS as Issuer is subject to various risks within its business activities. Such risks comprise in particular the following types of risks, where all of these risks might have adverse effects on the value of the Securities:</p> <ul style="list-style-type: none"> <li>• Effect of downgrading of the Issuer's rating - 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.</li> <li>• Regulatory and legislative 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' 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' ability to compete with other financial institutions. They are likely to be costly to implement and could also have a negative impact on UBS' legal structure or business model, potentially generating capital inefficiencies and resulting in an impact on UBS' profitability.</li> <li>• UBS' 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' capital ratios. Additionally, UBS is subject to a minimum leverage ratio requirement for Swiss SRB, which under certain circumstances could constrain UBS' business activities even if UBS is able to satisfy other risk-based capital requirements.</li> <li>• UBS may not be successful in completing the execution of its announced strategic plans, or its plans may be delayed 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.</li> <li>• 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 could be material and could substantially exceed the level of provisions that UBS has established for litigation, regulatory and similar matters.</li> <li>• Operational risks, including those arising from process error, failed execution, unauthorized trading, fraud, system failures, cyber-attacks, breaches of information security and failure of security and physical protection, may affect UBS's business. If UBS' internal controls fail or prove ineffective in identifying and remedying such risks UBS could suffer operational failures that might result in material losses.</li> </ul>
--	--	--

		<ul style="list-style-type: none"> <li>• UBS's reputation is critical to the success of its business. Reputational damage could have a material adverse effect on UBS's operational results and financial conditions and on UBS' ability to achieve its strategic goals and financial targets.</li> <li>• 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.</li> <li>• UBS holds legacy and other risk positions, including positions related to real estate in various countries, that may be adversely affected by conditions in the financial markets; 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.</li> <li>• UBS's global presence subjects it to risk from currency fluctuations which have an effect on UBS' reported income and expenses, and other reported figures such as other comprehensive income, invested assets, balance sheet assets, risk-weighted assets and tier 1 capital.</li> <li>• 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.</li> <li>• 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' financial results.</li> <li>• Liquidity and funding management are critical to UBS's ongoing performance. The volume of UBS' funding sources or the availability of types of funding required could change due to, among other things, general market disruptions, widening credit spreads, changes in capital and liquidity requirements or reductions in UBS' credit ratings, which could also influence the cost of funding.</li> <li>• 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.</li> <li>• 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. Such changes may also affect UBS's regulatory capital and ratios.</li> </ul>
--	--	--

		<ul style="list-style-type: none"> <li>• 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.</li> <li>• The effect of taxes on UBS's financial results is significantly influenced by reassessments of its deferred tax assets. UBS' full year effective tax rate could change significantly on the basis of such reassessments.</li> </ul>
D.3	Key information on the risks that are specific and individual to the securities.	<p>The purchase of Securities is associated with certain risks. <b>The Issuer expressly points out that the description of the risks associated with an investment in the Securities describes only the key risks which were known to the Issuer at the date of the Base Prospectus.</b></p> <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 amounts [or, as the case may be, 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] [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>There are risks associated with the Securities offered in the Base Prospectus which potential investors should consider carefully and be aware of before making a decision to invest in the Securities, including but not limited to the following:</p> <p><i>The complexity of the Securities</i> – The redemption structure for the Securities is sometimes complex and may contain mathematical formulas or relations that, for an investors, may be difficult to understand and compare with other investment options. It should be noted that the relationship between risk and return can be difficult to evaluate.</p> <p><i>Securities where the nominal amount isn't protected</i> – The nominal amount for some of the Securities is not capital protected, as specified in the Final Terms. For those Securities there is no product feature that guarantees that the redemption amount will be equal to or exceed the nominal amount.</p> <p><i>Pricing of structured Securities</i> - The pricing of structured Securities is usually determined by the Issuer, and not on negotiated terms.</p> <p><i>Shares as underlying (s)</i> – Securities with shares as underlying (s) is not sponsored or promoted by the issuer of such shares. The issuer of such shares has no obligation to consider the interest for the security holders why measures taken by an issuer of such shares could adversely affect the market value of the Securities. A Security holder is not entitled to receive payments or dividends to the same extent as a holder of the underlying shares.</p>

	<p><i>Index as underlying (s)</i> – Securities based on indices as underlying (s) may result in a less redemption amount compared to an investment directly in the underlying(s). The investor of an index may add, remove, or replace components or make methodological changes that may affect the level of such index and in that way also have influence on the return payable to investors in the Securities.</p> <p><i>Commodity as the underlying (s)</i> – Trading with commodities is speculative and can be extremely volatile as commodity prices are affected by factors that are unpredictable, such as changes in the relationship between supply and demand, weather patterns and government policies. Commodity contracts may be traded directly between market participants "over-the-counter" in trade centers that are subject to minimal or no substantive regulation. This increases the risks associated with liquidity and historical price of the relevant contracts. Securities that are linked to future contracts for commodities may provide a different return than Securities that are linked to the relevant physical commodity, as the price of a future contract for a commodity generally includes a premium or a discount to the current price of the underlying commodity.</p> <p><i>Exposure to basket of underlying (s)</i> - Securities where the underlying (s) is composed of a basket of underlying (s), investors bear the risk of change in value for each component in the basket. Where there is a high level of interdependence between the individual underlying (s) in the basket, a change in the value development of the components in the basket may exaggerate the value development of the Securities. Additionally, a small basket or a basket composed of differently weighted components makes the whole basket vulnerable to changes in the value of any of the underlying basket components. Any calculation or value related to a basket composed of a mixture of "best of" or "worst of" components may give results that to a large extent differ from results where all the components in the basket is taken into account.</p> <p><i>Automatic early redemption</i> - Some types of Securities may be automatically redeemed prior to its Maturity Date if certain conditions are met. In some cases this may result in a total or partial loss of the investment.</p> <p><i>Warrants</i> - The price of the underlying (s) has an impact on the price of the warrants and may lead to a greater profit or loss on the investment compared to if the investment had been made directly in the underlying (s). Warrants have a leverage effect compared to an investment directly in the underlying (s), i.e. a change of the value of the underlying (s) may result in an increased change in the value of the Warrant. This means that the risk of investing in Warrants is larger than investing directly in the underlying (s). Warrants may expire worthless. Certain Warrants may include more complicated performance structures than customary Warrants and equals those applicable for Certificates; hence the risks applicable for Certificates may also be applicable for those Warrants.</p> <p><i>Risks associated with Certificates</i> - If the underlying (s) becomes worthless (for example, if the company that provides the underlying (s) is bankrupt), the Certificate also becomes worthless. The value of a Certificate may also be affected by exchange rate fluctuations - if the underlying (s) is denominated in a currency other than the currency of the denomination certificate. An investor should note that the entire amount invested in a Security may be lost. In case the Certificate is designed to provide a return in a declining market (sell or short) an increase in value of the underlying (s) results in a reduction of value in</p>
--	--

	<p>the certificate. During the term of the Certificate the value is affected by changes in volatility, price and dividends, the underlying (s) and the market interest rate changes. If the Certificate contains a Barrier level, this may mean that the redemption amount is less than the nominal amount or loss of the right of specific return.</p> <p>Other risks associated with the Securities may be, inter alia, changes in interest rates, currency fluctuations, if the Issuer has a right to redeem the Securities in advance, the complexity of the Securities, fluctuations in the relevant index, other underlying (s), the financial market and if the redemption amount is dependent on conditions other than the Issuer's credit rating.</p> <p>There are also certain risks related to Securities in general, such as modifications, exceptions and changes of law.</p> <p>Some of the risks are attributable to circumstances beyond the Issuers' control, such as the existence of an efficient secondary market, the stability of the relevant clearing systems and winding up systems, and the economic situation and development in the world.</p> <p>This summary of certain risks is only a short summary of certain significant risks and it is not a comprehensive description of all risk factors that are attributable to the Securities. Investors should carefully review and consider the risks as well as other information described in the Base Prospectus. An investment in relatively complex Securities is consistent with a higher risk than investing in less complex Securities. Especially, in some cases, Investors may lose their entire investment or part thereof.</p> <p><b><i>Potential conflicts of interest</i></b></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] [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.</p> <p><i>Growth of the value of the underlying(s)</i> - With structured Securities the investors' right to return and sometimes repayment of the nominal amount depends on the current yield structure and the underlying assets and their growth of value. The value of Securities is affected by the value of the underlying assets at certain times during the term of the Securities, the fluctuations of the prices on the underlying assets, the expectations about future volatility, market interest rates and expected dividends on the underlying assets.</p> <p><i>Fluctuations of currency</i> - When the underlying (s) is denominated in a currency other than the currency of the Security, currency fluctuations may affect the return on the instruments. The exchange rates for foreign currencies may be</p>
--	---

		<p>affected by complex political and economic factors, including the relative inflation rates, balance of payments between countries, the size of the government budget surplus or deficit and monetary, fiscal and or trade policy that is followed by the relevant currencies governments. Currency fluctuations may affect the value or level of the underlying assets in complex ways. In case of currency fluctuations the value or level of the underlying assets will vary and the value or level of the Securities may decrease. If the value or level of one or more underlying (s) is issued in a currency other than the currency in which the Securities are issued, investors may be exposed to an increased risk attributable to exchange rates for foreign currencies. Former exchange rates for foreign currencies are not necessarily indications of future exchange rates for foreign currencies.</p> <p><b><u>General risks related to the Securities</u></b></p> <p><b><i>Termination and Early Redemption at the option of the Issuer</i></b>  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] [the Basket Components] 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.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.</p> <p><b><i>Adverse impact of adjustments of the Security Right</i></b>  It cannot be excluded that certain events occur or certain measures are taken (by parties other than the Issuer) in relation to the [Underlying] [Basket Components], which potentially lead to changes to the [Underlying] [Basket Components] or result in the underlying concept of the [Underlying] [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.</p> <p><b><i>Trading in the Securities / Illiquidity</i></b>  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>[Applications will be or have been made to the Security Exchange(s) specified</p>
--	--	--

	<p>for admission or listing of the Securities. If the Securities are admitted or listed, any such admission or listing may be terminated by the Security Exchange(s) or the Issuer before the scheduled Maturity Date for the relevant Securities. 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 may be adversely affected. The liquidity of the Securities 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, it cannot be excluded that the number of Securities actually issued and purchased by investors is less than the intended [Issue Size] [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.</p> <p>The Manager intends, under normal market conditions, to provide bid and offer prices for the Securities of an issue on a regular basis. However, the Manager makes 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><b><i>Borrowed funds</i></b></p> <p>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.</p> <p><b><i>Taxation in relation to the Securities</i></b></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 adviser'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><b><i>Payments under the Securities may be subject to U.S. withholdings</i></b></p> <p>Investors in the Securities should be aware that payments under the Securities may under certain circumstances be subject to a U.S. withholding:</p> <p><b><i>I. Payments under the Securities may be subject to U.S. withholding under the</i></b></p>
--	--

	<p><b>US Tax Code</b></p> <p>Section 871(m) of the US 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 proposed U.S. Treasury Department regulations (if finalised in their current form), certain payments or deemed payments with respect to certain equity-linked instruments ("<b>specified ELIs</b>") that reference U.S. stocks may be treated as dividend equivalents ("<b>dividend equivalents</b>") which are subject to U.S. withholding tax at a rate of 30% (or lower treaty rate). Under these proposed 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.</p> <p>If adopted in their current form, the proposed regulations may impose a withholding tax on payments or deemed payments made on the Securities on or after 1 January 2016 that are treated as dividend equivalents for Securities acquired on or after 5 March 2014. However, under a recent notice of the U.S. Internal Revenue Service ("<b>IRS</b>") announced that it and the Treasury Department intend that final Treasury regulations will provide that "specified ELIs" will exclude equity-linked instruments issued prior to 90 days after the date such final Treasury regulations are published. Accordingly, the Issuer generally expects that Securityholders (other than US Securityholders) should not be subject to tax under Section 871(m). However, it is possible that such withholding tax could apply to the Securities under these proposed rules if, for example, a Securityholder (other than a U.S. securityholder) enters into certain subsequent transactions in respect of the Underlying or, as the case may be, a Basket Component. 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><b>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.</b></p> <p><b><i>II. Payments under the Securities may be subject to U.S. withholding under FATCA</i></b></p> <p>The Foreign Account Tax Compliance Act ("<b>FATCA</b>") imposes a 30% U.S. withholding tax on payments of U.S. source interest, dividends and certain other passive income beginning 1 July 2014, 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 2017, made to certain foreign financial institutions (including most foreign hedge funds, private equity funds and other investment vehicles) unless the payee foreign financial institution 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</p>
--	---

		<p>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.</p> <p>Accordingly, the Issuer and other foreign financial institutions 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 Intergovernmental Agreement 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 to holders who (i) fail to provide the relevant information, or (ii) foreign financial institutions who fail to comply with FATCA.</p> <p><b>Securityholders holding their Securities through a foreign financial institution or other foreign entity should be aware that a portion of any payments under the Securities made after 30 June 2014 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.</b></p> <p><b><i>Changes in Taxation in relation to the Securities</i></b> 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, a different tax treatment by the fiscal authorities and tax courts cannot be excluded. 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>
<b>D.6</b>	Risk warning to the effect that investors may lose the value of their entire investment or part of it.	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, 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 <b>total loss</b> 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 <b>risk of loss</b> connected with the Securities.

Element	Section E – Offer	
<b>E.2b</b>	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.
<b>E.3</b>	Terms and conditions of the offer.	[Not applicable]

		<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] [specify Issue Price: [•]] (the "<b>Issue Price</b>") under terms subject to change in the Public Offer Jurisdictions [during [the Subscription Period] [the Offer Period] (as defined below)]. [The Issue Price [will be] [was] fixed [at the Start of the public offer of the Securities (as defined below)] [on [specify Fixing Date: [•]] (the "<b>Fixing Date</b>")], [based on the prevailing market situation and the price of the Underlying [, and [will [then] be made] [is] available at [•].] [After closing of the Subscription Period (as defined below)] [As of the Start of the public offer of the Securities (as defined below)] [As of the Fixing Date] [Thereafter,] the selling price [will [then] be] [was] adjusted on a continual basis to reflect the prevailing market situation.]</p> <p>[in the case of a Subscription Period insert the following text: The Securities may be subscribed from the Manager [and] [if appropriate, insert alternative or further financial intermediaries placing or subsequently reselling the Securities: [•]] during normal banking hours during [specify Subscription Period: [•]] (the "<b>Subscription Period</b>"). [The Securities may only be subscribed in the minimum investment amount of [specify Minimum Investment Amount: [•]] (the "<b>Minimum Investment Amount</b>").] The Issue Price per Security is payable on [specify Initial Payment Date: [•]] (the "<b>Initial Payment Date</b>").</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> <p>[in case that no Subscription Period is intended insert the following text: [As of [specify Start of the public offer of the Securities: [•]] (the "<b>Start of the public offer of the Securities</b>"), the] [The Securities may be purchased from the Manager [and] [if appropriate, insert alternative or further financial intermediaries placing or subsequently reselling the Securities: [•]] during normal banking hours [during the Offer Period]. [Such offer of the Securities is made on a continuous basis.] [The Securities may only be purchased in the minimum investment amount of [specify Minimum Investment Amount: [•]] (the "<b>Minimum Investment Amount</b>").] There will be no subscription period. The Issue Price per Security is payable on [specify Initial Payment Date: [•]] (the "<b>Initial Payment Date</b>").]</p> <p>[The Issuer reserves the right [to earlier close] [or] [to extend] the Offer 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.]]</p>
E.4	Interest that is material to the	Save for the [relevant] Manager regarding its fees, as far as the Issuer is aware, no person involved in the issue of the Securities has an interest

	issue/offer incl. conflicting interests.	material to the offer.
<b>E.7</b>	Estimated expenses charged to the investor by the issuer or the offeror.	<p>[Not applicable]</p> <p>[[Neither the relevant Issuer [nor the Manager] charges the investors in the Securities any expenses in connection with the issue of the Securities.] /</p> <p>[In connection with the issue of the Securities [the relevant Issuer [[and] the Manager will charge the investors expenses in the amount of [•] [SEK/NOK/DKK/EUR/Other currency] [respectively [•] [SEK/NOK/DKK/EUR/Other Currency].]</p>

## B. SUMMARY OF THE BASE PROSPECTUS (IN THE SWEDISH LANGUAGE)

### SAMMANFATTNING

Sammanfattningar består av informationskrav vilka redogörs för i ett antal 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".

Vissa skrivningar i sammanfattningen står mellan hakparenteser. Sådan information kommer att kompletteras eller, när det inte är relevant, strykas, avseende en viss emission av Värdepapper och den kompletterade sammanfattningen avseende sådan emission av Värdepapper ska bifogas till de Slutliga Villkoren.

Avsnitt	Avsnitt A– Inledning och varningar	
A.1	Varning.	<p><b>Denna sammanfattning skall läsas som en inledning till Grundprospektet och varje beslut att investera i Värdepapperen ska baseras på en bedömning av Grundprospektet i dess helhet.</b></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>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 innehåller, 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 "<b>Erbjudande till Allmänheten</b>") av [UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, Storbritannien] [och] [<i>ange finansiella mellanhänder: [•]</i>] [var och en] i sin roll som manager i förhållande till Värdepapperen (var och en benämnd "<b>Manager</b>" eller, i förekommande fall, en "<b>Auktoriserad Erbjudare</b>") på följande villkor:]</p> <p>[Emittenten samtycker till att Grundprospektet används tillsammans med relevanta Slutliga Villkor i samband med ett erbjudande till allmänheten av Värdepapperen (ett "<b>Erbjudande till Allmänheten</b>") av någon finansiell mellanhand (en "<b>Auktoriserad Erbjudare</b>") som är auktoriserad att göra sådana erbjudanden enligt Direktivet om Marknader för Finansiella Instrument (Direktiv 2004/39/EG) på följande villkor:]</p>

		<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 [ange finansiella mellanhänder: [•]] (en "Auktoriserad Erbjudare") på följande villkor:]</p> <p>(a) det aktuella Erbjudandet till Allmänheten måste ske under [ange giltighetstid för erbjudandet: [•]]("Erbjudandeperioden");</p> <p>(b) det aktuella Erbjudandet till Allmänheten får endast ske i [Sverige], [Norge], [Finland] [och] [Danmark] (var och en benämnd "Jurisdiktion 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) den aktuella Auktoriserade Erbjudaren måste uppfylla [om tillämpligt, ange ytterligare tydliga och objektiva villkor: [•]] och</p> <p>[(d)[e] varje Auktoriserade Erbjudaren som inte är en Manager måste iaktta de begränsningar som anges i avsnittet "Subscription and Sale" som om de vore en Manager.</p> <p><b>[Auktoriserade Erbjudare ska underrätta investerare om anbuds villkoren för Värdepapperen i samband med att Erbjudandet till Allmänheten lämnas av den Auktoriserade Erbjudaren till investeraren.]</b></p> <p>[Ej tillämpligt, inget erbjudande till allmänheten avseende Värdepapperen lämnas. De Slutliga Villkoren har endast upprättats för [inregistrering] [inkluderande] [upptagande] av Värdepapperen [till handel].]</p>
--	--	---

Avsnitt	Avsnitt B – Emittent	
<b>B.1</b>	Emittentens registrerade firma och handelsbeteckning.	Emittentens registrerade firma och handelsbeteckning är UBS AG ("Emittent", "UBS" eller "Banken"; tillsammans med dess dotterföretag, "UBS", "UBS-Koncernen" eller "Koncernen").
<b>B.2</b>	Emittentens säte, bolagsform, lag under vilken Emittenten bedriver sin verksamhet, och land för bildande.	UBS AG:s två registrerade huvudkontor och huvudsakliga verksamhetsställen är: Bahnhofstrasse 45, CH-8001 Zürich, Schweiz; och Aeschenvorstadt 1, CH-4051 Basel, Schweiz. UBS AG är införd i handelsregistren i kantonen Zürich och kantonen Basel-City under registreringsnummer CHE-101.329.561. UBS AG är bildat i Schweiz och bedriver sin verksamhet under schweizisk rätt ( <i>Swiss Code of Obligations</i> och <i>Swiss Federal Banking Law</i> ) som ett aktiebolag.
<b>B.4b</b>	En beskrivning av varje känd trend som påverkar	<b>Information om trender</b>

	emittenten eller de branscher där emittenten är verksam.	Som beskrivs i UBS AG:s rapport för det första kvartalet 2014, utfärdad den 6 maj 2014 (inklusive UBS-Koncernens konsoliderade finansiella räkenskaper), vid starten av det andra kvartalet 2014, kvarstår många av de underliggande utmaningar och geopolitiska frågor som UBS tidigare har lyft fram. Den fortsatta frånvaron av ihållande och trovärdiga förbättringar av olösta frågor i Europa, fortsatta frågor om USA:s skatte- och monetära aspekter, geopolitisk instabilitet och de blandade utsikterna för global tillväxt, gör det osannolikt att förbättrade marknadsförhållanden skulle inträffa. Trots dessa utmaningar kommer UBS att fortsätta att verkställa sin strategi för att säkerställa företagets långsiktiga framgång och att leverera uthålliga avkastningsnivåer för aktieägare.
<b>B.5</b>	Beskrivning av koncernen och emittentens plats inom koncernen.	<p>UBS AG är moderbolag i Koncernen. Varken verksamhetsgrenarna inom UBS eller dess Corporate Center är separata juridiska personer. För närvarande är de främst verksamma genom UBS AG, genom dess filialer världen över. Verksamheter bedrivs också genom lokala dotterföretag där detta är nödvändigt eller önskvärt.</p> <p>UBS AG har tillkännagivit att banken avser att etablera ett nytt bankdotterföretag genom ett aktie-för-aktie-utbyteserbjudande, vilket kommer att påbörjas senare detta år, med förbehåll för regulatoriska godkännanden. UBS AB har också tillkännagivit att banken avser att etablera ett bankdotterföretag i Schweiz under mitten av år 2015. Omfattningen av denna framtida verksamhet hos dotterföretaget förväntas omfatta verksamhetsgrenen Privatkunds- &amp; Företagsverksamhet (<i>Retail &amp; Corporate</i>) och sannolikt den del av verksamhetsgrenen Förmögenhetsförvaltning (<i>Wealth Management</i>) som bokförs i Schweiz.</p> <p>I Storbritannien och, i samråd med de brittiska och schweiziska tillsynsmyndigheterna, förväntar sig UBS att påbörja implementeringen av en förändrad affärsmodell och operationell modell för UBS Limited under det andra kvartalet 2014. Detta kommer att resultera i att UBS Limited får bära och behålla en större grad av riskerna i och avkastningen från dess affärsverksamheter. UBS AG förväntar sig att öka UBS Limited kapitalisering i motsvarande mån.</p> <p>I USA kommer UBS att efterleva de nya reglerna för banker enligt amerikansk lagstiftning (<i>Dodd-Frank Wall Street Reform and Consumer Protection Act</i>) som kommer att kräva ett mellanliggande holdingbolag för att äga alla sina verksamheter, förutom UBS AG:s filialer, till den 1 juli 2016. Som ett resultat kommer UBS att utse ett mellanliggande holdingbolag för att äga alla amerikanska dotterföretag till UBS.</p>
<b>B.9</b>	Resultatprognos eller förväntat resultat.	Ej tillämpligt; ingen resultatprognos eller förväntat resultat inkluderas i detta Grundprospekt.
<b>B.10</b>	Anmärkningar i revisionsberättelsen.	Ej tillämpligt. Det finns inte några anmärkningar i revisionsberättelserna avseende den historiska finansiella informationen.
<b>B.12</b>	Utvald historisk finansiell nyckelinformation.	UBS AG har hämtat följande utvalda konsoliderade finansiella uppgifter från (i) dess årsredovisning 2013, som innehåller de reviderade konsoliderade finansiella räkenskaperna för UBS-Koncernen, liksom ytterligare oreviderade

	<p>konsoliderade finansiella uppgifter för året som slutade den 31 december 2013 (inklusive jämförande siffror för åren som slutade 31 december 2012 och 2011) och (ii) dess rapport för det första kvartalet 2014, som innehåller de oreviderade finansiella räkenskaperna för UBS-Koncernen, liksom ytterligare oreviderade konsoliderade finansiella uppgifter per eller för kvartalet som slutade den 31 mars 2014 (från vilken jämförande siffror per eller för kvartalet som slutade den 31 mars 2013 har hämtats). De konsoliderade finansiella räkenskaperna har tagits fram i enlighet med International Financial Reporting Standards ("IFRS") som utfärdats av International Accounting Standards Board ("IASB") och anges i schweiziska franc (CHF).</p>					
		Per och för kvartalet som slutade		Per och för året som slutade		
	<i>CHF miljoner, förutom där annat anges</i>	31.3.14	31.3.13	31.12.13	31.12.12	31.12.11
		<i>Oreviderat</i>		<i>Reviderat, förutom där så indikeras</i>		
	<b>Koncernresultat</b>					
	Rörelseintäkter	7 258	7 775	27 732	25 423	27 788
	Rörelsekostnader	5 865	6 327	24 461	27 216	22 482
	Rörelsevinst / (förlust) före skatt	1 393	1 447	3 272	(1 794)	5 307
	Nettovinst / (förlust) hänförlig till UBS aktieägare	1 054	988	3 172	(2 480)	4 138
	Utspätt resultat per aktie (CHF)	0,27	0,26	0,83	(0,66)	1,08
	<b>Viktiga lönsamhetsindikatorer</b>					
	<b>Lönsamhet</b>					
	Avkastning på eget kapital (RoE) (%) <sup>1</sup>	8,7	8,5	6,7*	(5,1)*	9,1*
	Avkastning på tillgångar, brutto (%) <sup>2</sup>	2,9	2,5	2,5*	1,9*	2,1*
	Kostnads / intäktsrelation (%) <sup>3</sup>	81,1	81,2	88.0*	106.6*	80.7*
	<b>Tillväxt</b>					
	Nettovinsttillväxt (%) <sup>4</sup>	14,9				(44,5)*
	Nettotillväxt nya medel för kombinerade verksamheter inom förmögenhetsförvaltning (%) <sup>5</sup>	2,9	5,9	3,4*	3,2*	2,4*
	<b>Resurser</b>					
	Primärkapitalrelation ( <i>common equity tier 1 capital ratio</i> ) (fullt	13,2	10,1	12,8*	9,8*	

tillämpad, %) <sup>6,7</sup>					
Schweizisk SRB hävstångsrelation (infasing, %) <sup>8</sup>	5,0	3,8	4,7*	3,6*	
<b>Ytterligare information</b>					
<b>Lösamhet</b>					
Avkastning på synligt kapital (%) <sup>9</sup>	10,2	10,1	8,0*	1,6*	11,9*
Avkastning på riskvägda tillgångar, brutto (%) <sup>10</sup>	12,6	11,9	11,4*	12,0*	13,7*
<b>Resurser</b>					
Totala tillgångar	982 530	1 213 844	4* <sup>11</sup>	1 259 797	1 416 962
Eget kapital hänförligt till UBS aktieägare	49 023	47 239	48 002	45 949	48 530
Primärkapital ( <i>common equity tier 1 capital</i> ) (fullt tillämpad) <sup>7</sup>	29 937	26 176	28 908	25 182*	
Primärkapital ( <i>common equity tier 1 capital</i> ) (infasing) <sup>7</sup>	41 187	40 235	42 179	40 032*	
Riskvägda tillgångar (fullt tillämpad) <sup>7</sup>	226 805	258 701	225 153	258 113*	
Riskvägda tillgångar (infasing) <sup>7</sup>	229 879	262 454	228 557	261 800*	
Primärkapitalrelation ( <i>common equity tier 1 capital</i> ) (infasing, %) <sup>6,7</sup>	17,9	15,3	1,5*	15,3*	
Totalkapitalrelation (fullt tillämpad, %) <sup>7</sup>	16,8	11,8	15,4*	11,4*	
Totalkapitalrelation (infasing, %) <sup>7</sup>	22,7	18,9	22,2*	18,9*	
<b>Övrigt</b>					
Investerade tillgångar (CHF miljarder) <sup>12</sup>	2 424	2 373	2 390	2,230	2 088
Anställda (motsvarande heltidstjänster)	60 326	61 782	60 205*	62 628*	64 820*
Marknadsvärde	70 180	55 827	65 007*	54 729*	42 843*
Totalt bokfört värde per aktie (CHF)	13,07	12,57	12,74*	12,26*	12,95*
Synligt bokfört värde per aktie (CHF)	11,41	10,79	11,7*	10,54*	10,36*
* Oreviderat.					

		<p>1. Nettovinst / förlust hänförligt till UBS aktieägare (på årsbasis där tillämpligt) / genomsnittligt eget kapital hänförligt till UBS aktieägare. 2. Rörelseintäkter före kreditförluster (utgift) eller återvinning (på årsbasis där tillämpligt) / genomsnitt totala tillgångar. 3. Rörelseutgifter / rörelseintäkter före kreditförluster (utgift) eller återvinning. 4. Förändring i nettovinst hänförligt till UBS aktieägare från fortsatt bedrivna verksamheter mellan nuvarande och jämförelseperioder / nettovinst hänförligt till UBS aktieägare från fortsatt bedrivna verksamheter från jämförelseperiod. Inte meningsfullt och inte inkluderat om antingen rapporteringsperioden eller jämförelseperioden är en förlustperiod. 5. Kombinerat för Wealth Management och Wealth Management Americas netto nya medel för perioden (på årsbasis där tillämpligt) / investerade tillgångar vid början av perioden. 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 2014. Informationen som återges på fullt tillämplig basis återspeglar fullt ut effekterna av de nya kapitalavdragen och utfasningen av icke kvalificerande kapitalinstrument. Informationen som återges på infasad basis återspeglar gradvis dessa effekter under övergångsperioden. Siffror för 31 december 2012 är på pro forma-basis. 8. Schweiziska SRB Basel III primärkapital och förlustabsorberande kapital / total justerad exponering (hävstångsrelation nämnare). Den schweiziska SRB hävstångsrelationen trädde i kraft den 1 januari 2013. Siffror för 31 december 2012 är på pro forma-basis. 9. Nettovinst / förlust hänförligt till UBS aktieägare före nedskrivning och försämrade goodwill och immateriella tillgångar (på årsbasis där tillämpligt) / genomsnitt eget kapital hänförligt till UBS aktieägare minskat med genomsnitt goodwill och immateriella tillgångar. 10. Rörelseintäkter före kreditförluster (utgift) eller återvinning (på årsbasis där tillämpligt) / genomsnitt riskvägda tillgångar. Baserat på Basel III riskvägda tillgångar (infasad) för 2014 och 2013, på Basel 2.5 riskvägda tillgångar för 2012 och på Basel II riskvägda tillgångar för 2011. 11. Den 1 januari 2014 införde UBS-Koncernen Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32, Financial Instruments: Presentation). Balansräkningen för den föregående perioden per 31 december 2013 räknades om för att återspegla effekterna för att införa dessa förändringar av IAS 32.12. Koncernens investerade tillgångar för Retail &amp; Corporate.</p>
	Uttalande om väsentliga negativa förändringar.	Det har inte inträffat någon väsentlig negativ förändring i framtidsutsikterna för UBS AG eller UBS-Koncernen sedan den 31 december 2013.
	Uttalande om väsentliga förändringar.	Det har inte inträffat någon väsentlig förändring i den finansiella positionen eller handelspositionen för UBS-Koncernen eller UBS AG sedan den 31 mars 2014.
B.13	Nyligen inträffade händelser.	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	Beroende av andra företag inom koncernen.	UBS AG är moderbolaget för UBS-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 utnyttjar sitt 150-åriga arv för att betjäna privatpersons-, institutionella och företagskunder världen över, liksom privatpersonskunder i Schweiz. UBS affärsstrategi är centrerad kring (enligt UBS uppfattning) överlägsna verksamheter inom förmögenhetsförvaltning och dess (enligt UBS uppfattning) ledande universalbank i Schweiz, kompletterat av dess verksamhet för global tillgångsförvaltning och dess investmentbank, med ett fokus på kapitaleffektivitet och verksamheter som erbjuder (enligt UBS uppfattning) en överlägsna utsikter för strukturell tillväxt och lönsamhet. Med högkvarter i Zürich och Basel, Schweiz har UBS kontor i fler än 50 länder, inklusive alla större finansiella centra.</p> <p>Enligt Artikel 2 i Bolagsordningen för UBS AG, daterad den 7 maj 2014 ("<b>Bolagsordningen</b>") 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.</p>
B.16	Direkt eller indirekt aktieäggande eller kontrollöverens-kommelser avseende emittenten.	Nedan följer de senaste anmälningarna som gjorts beträffande innehav i UBS AG:s aktiekapital som har ingivits i enlighet med den schweiziska federala lagen om börs och värdepappershandel ( <i>Swiss Federal Act on Stock Exchange and Securities Trading</i> ), baserat på UBS AG:s

		<p>registrerade aktiekapital vid tidpunkten för informationsgivningen: (i) 18 september 2013, Government of Singapore Investment Corp informerade om en ändring av sitt företagsnamn till GIC Private Limited och ett innehav om 6,40%; (ii) 30 september 2011, Norges Bank (Norges centralbank), 3,04%; (iii) 17 december 2009, BlackRock Inc., New York, USA, 3,45%.</p> <p>Per den 31 mars 2014 var följande aktieägare (genom agerande i eget namn eller som förvaltare för andra investerare eller faktiska ägare) registrerade i aktieboken med ett aktieinnehav om 3% eller mer av det totala aktiekapitalet i UBS AG: Chase Nominees Ltd., London (11,98%); GIC Private Limited, Singapore (6,39%); den amerikanska värdepappersclearingorganisationen DTC (Cede &amp; Co.) New York, "The Depository Trust Company" (6,28%); och Nortrust Nominees Ltd., London (3,51%).</p>
<p><i>[Den följande Punkten B.17 ska endast infogas beträffande Värdepapper där Emittenten har en förpliktelse som uppkommer vid emissionstillfället att betala till investeraren 100% av det nominella värdet:</i></p>		
<b>B.17</b>	<p>Kreditvärdighetsbetyg som tilldelats emittenten eller dess skuldvärdepapper.</p>	<p>Kreditvärderingsinstitutet Standard &amp; Poor's Credit Market Services Europe Limited ("<b>Standard &amp; Poor's</b>"), Fitch Ratings Limited ("<b>Fitch Ratings</b>") och Moody's Investors Service, Inc. ("<b>Moody's</b>") har publicerat kreditvärdighetsbetyg som återspeglar deras bedömning av UBS AG:s kreditvärdighet, dvs. UBS förmåga att i tid fullgöra sina betalningsförpliktelser, så som amorteringar och räntebetalning på långfristiga lån. Betygen från Fitch Ratings och Standard &amp; Poor's kan tillskrivas en plus- eller minusbeteckning, och de från Moody's en siffra. Dessa supplementära beteckningar indikerar den relativa positionen inom respektive ratingklass.</p> <p>Per dagen för denna Sammanfattning har UBS AG, för långfristiga lån betyget A (negativa utsikter) från Standard &amp; Poor's, A2 (stabila utsikter) från Moody's och A (stabila utsikter) från Fitch Ratings.</p> <p>Standard &amp; Poor's och Fitch Ratings är registrerade som kreditvärderingsinstitut under Förordning (EG) nr 1060/2009 som ändrades genom Förordning (EG) Nr 513/2011 ("<b>KVI-Förordningen</b>"). Moody's är inte etablerat inom ESS och som inte är certifierat enligt KVI-Förordningen, men betyget som Moody's givit ut stöds av Moody's Investors Service Ltd., ett kreditvärderingsinstitut som är etablerat inom EES och registrerat under KVI-Förordningen.]</p>

Avsnitt	Avsnitt C – Värdepapper	
<b>C.1</b>	<p>Beskrivning av Värdepapperens typ och klass.</p>	<p><b>Typ och klass av Värdepapper</b></p> <p>Värdepapperen är certifikat, obligationer eller warranter.</p> <p>Värdepapperen utföras i serier (var och en benämnd "Serie") och Värdepapperen i varje Serie kommer att få identiska villkor (utom, bland annat, pris, utgivningsdatum, utgivningsstorlek och räntestartsdatum, som kan men inte behöver vara identiska) vad gäller valuta, valörer, ränta, förfallodag eller annat.</p>

		<p>[med avseende på Värdepapper som är reglerade av tysk rätt och representeras av ett Globalt Värdepapper, infoga: Värdepapperen kommer utfärdas utställda till innehavaren som värdepapper enligt vad som avses i § 793 i den tyska Civillagstiftningen (BGB) och kommer vid utfärdandet att representeras av [ett eller flera permanenta, globala, till innehavaren ställda värdepapper (ett "<b>Globalt Värdepapper</b>") [ett tillfälligt, globalt, till innehavaren utställt värdepapper (ett "<b>Tillfälligt Globalt Värdepapper</b>") är utbytbar vid intygande om icke-amerikanskt faktiskt ägande till ett permanent, globalt, till innehavaren utställt värdepapper (ett "<b>Permanent Globalt Värdepapper</b>", och tillsammans med det Tillfälliga Globala Värdepapperet, ett "<b>Globalt Värdepapper</b>"). Inga Värdepapper utställda till innehavaren kommer att utfärdas eller bytas ut till enskilda fysiska innehavarevärdepapper, varken på begäran av Värdepappersinnehavaren eller i annat fall.</p> <p>[Varje Globalt Värdepapper är deponerat hos [Clearstream Banking AG ("<b>Clearstream, Germany</b>") [Clearstream Banking S.A. ("<b>Clearstream, Luxembourg</b>") [och/eller] [Euroclear Bank S.A./N.V. ("<b>Euroclear</b>")].]</p> <p>Värdepapperen ges ut i icke-certifierad och dematerialiserad kontobaserad form, och registreras för clearing hos Euroclear Sweden AB ("<b>Euroclear Sweden</b>"), Euroclear Finland Oy ("<b>Euroclear Finland</b>"), VPS ASA ("<b>VPS</b>") och VP Securities A/S ("<b>VP</b>"), eller hos något annat clearing system, såsom närmare anges i Slutliga Villkor.</p> <p>[Värdepapperen kommer att clearas via [ ]. Värdepapperen har tilldelats följande ISIN: [ ].]</p>
C.2	Valuta för värdepapperen	[Valutan för varje serie av Värdepapper är [•] (" <b>Inlösenvalutan</b> ")]
C.5	Inskränkningar i rätten till överlåtelse av Värdepapperen.	Varje Värdepapper i en Serie av Värdepapper är överlåtbar i enlighet med tillämplig lag samt regler och förfaranden som vid tiden för överlåtelsen gäller för det Clearingsystem genom vilket Värdepappret överförs.
C.8	Rättigheter förknippade med Värdepapperen inkl. rangordning och begränsningar av sådana rättigheter.	<p><b>Tillämplig rätt på Värdepapperen</b></p> <p>På Värdepapperen är tysk rätt tillämplig ("<b>Värdepapper underkastade tysk rätt</b>").</p> <p>Rättsverkningarna av att Värdepapperen registreras hos det relevanta Clearingsystemet styrs av lagarna i Clearingsystemets jurisdiktion.</p> <p><b>Rättigheter förknippade med Värdepapperen</b></p> <p>Med förbehåll för Villkoren för Värdepapperen, innebär Värdepapperen att Värdepappersinnehavaren på förfallodag eller vid utövandet, ett betalningsanspråk att erhålla Inlösenbeloppet i Inlösenvalutan och/eller leverans av den Fysiskt Underliggande i relevant antal.</p> <p>[Dessutom är Värdepappersinnehavaren, med förbehåll för Villkoren</p>

		<p>för Värdepapperen, berättigad att under innehavstiden erhålla betalning av [en Kupong] [ett Räntebelopp].]</p> <p><b>Begränsningar av rättigheter förknippade med Värdepapperen</b></p> <p>Under de förutsättningar som uppställs i Villkoren, är Emittenten berättigad att avsluta Värdepapperen samt göra vissa justeringar i Villkoren.</p> <p><b>Värdepapperens status</b></p> <p>Värdepapperen kommer att utgöra direkta, icke-säkerställda och icke-eftersäkrade förpliktelser för Emittenten och rangordnas lika utan något företräde sinsemellan och med alla andra nuvarande och framtida icke-säkerställda och icke-eftersäkrade förpliktelser för Emittenten, med undantag för de förpliktelser som har förmånsrätt enligt tvingande lagregler.</p>
<b>C. 10</b>	Derivatkomponenter vid räntebetalning.	<i>[Det följande Avsnittet C.10 ska endast infogas i fall av Värdepapper där Emittenten har en skyldighet som härrör från emissionen att till investerare betala 100 % av det nominella värdet (utöver detta kan det också ske en räntebetalning):</i>
		<p>[Ränteberäkningsperiod] [•]</p> <p>[Kupong] [•]</p> <p>[Räntebetalningsdag] [•]</p> <p>[Kupongsbetalningsdag] [•]</p> <p>[Observationsdag] [•]</p> <p>[Observationsperiod] [•]</p> <p>[Referenskurs] [•]</p> <p>[Avvecklingskurs] [•]</p> <p>[Värdepapperens Löptid] [•]</p> <p>[Underliggande] [•]</p> <p>[Värderingsdag] [•]</p> <p>[Rörlig Ränta] [•]</p> <p>[infoga ytterligare definitioner som erfordras] [•]</p>
<b>C.11</b>	Upptagande till handel på en reglerad marknad eller annan jämförbar marknad.	[Emittenten] [Den [relevanta] Managern] har för avsikt att ansöka om [inregistrering] [inkluderande] [upptagande] av Värdepapperen [till handel] på [den Reglerade Marknaden hos [Frankfurt Stock Exchange] [Stuttgart Stock Exchange] [•]] [den Officiella Listan på [Reglerade Marknaden hos Luxembourg Stock Exchange] [•]] [[den inofficiella reglerade marknaden hos [Frankfurt Stock Exchange] [Stuttgart Stock Exchange] [•]] [den Officiella Listan hos Borsa Italiana S.p.A.] [EuroTLX

		<p>som drivs av TLX S.p.A.][NASDAQ OMX Stockholm][NASDAQ OMX Helsinki][Nordic Growth Market NGM AB – NDX (Nordic Derivatives Exchange)] [ange alternativ börs eller marknad: [•]]. [Förutsatt att Värdepapperen inte har avslutats av Emittenten [och förutsatt att Värdepapperen inte har löpt ut i förtid] före Utlöpandedagen, ska handeln med Värdepapperen upphöra [[två] [•] handelsdag[ar] före] [på] [Värderingsdagen] [den Slutliga Värderingsdagen] [Utlöpandedagen] [Förfallodagen] [•] (sådan dag, den "Sista Dagen för Börshandel"). [Från den Sista Dagen för Börshandel får handel endast ske utanför marknaden direkt med [Managern] [•].]]</p> <p>[Ansökan kommer att göras för att Värdepapperen ska godkännas för inregistrering och handel på [ ] med början från [ ].]</p> <p>[E] tillämpligt; Emittenten har inte för avsikt att ansöka om [inregistrering] [inkluderande] [upptagande] av Värdepapperen [till handel].]</p>
C.15	Inverkan av den underliggande värdet på Värdepapperen.	<p>Värdet på Värdepapperen under dessas löptid är beroende av utvecklingen av [den Underliggande] [Korgens Komponenter] [i förhållande till utvecklingen för [en annan] [andra] Underliggande]. Om kursen för [den Underliggande] [Korgkomponenterna] [stiger] [sjunker], kommer även värdet på Värdepapperen (oavsett andra särskilda egenskaper hos Värdepapperen) sannolikt att [stiga] [sjunka].</p> <p>I synnerhet kommer Inlösenbeloppet, om något, som Värdepappersinnehavaren ska erhålla vid utövandet av Värdepapperen, vara beroende av utvecklingen av [den Underliggande] [Korgkomponenterna].</p> <p>Följande funktioner är exempel på hur värdet på Värdepapperen är beroende av den Underliggande:</p> <p><b>[UBS Värdepapper med Automatisk Inlösen/ Expressinlösen]</b>          UBS Värdepapper med Automatisk Inlösen / Expressinlösen är lämpliga för Värdepappersinnehavare som förväntar sig att kursen för de(n) Underliggande kommer nå viss(a) nivå(er), enligt vad som anges i de tillämpliga Produktvillkoren, så att Värdepapperet kan lösas in i förtid.</p> <p>I de fall där de(n) Underliggande når viss(a) nivå(er) på specifika Observationsdagar, enligt vad som anges i de tillämpliga Produktvillkoren, kommer Värdepapperen att lösas in före Förfallodagen.</p> <p>Om UBS Värdepapper med Automatisk Inlösen / Expressinlösen inte löpte ut i förtid på någon av de tidigare Observationsdagarna, kommer UBS Värdepapper med Automatisk Inlösen / Expressinlösen att lösas in på Förfallodagen enligt vad som anges i Produktvillkoren. Inlösenbeloppet i Inlösenvalutan beror på den individuella produktstrukturen enligt vad som anges i de tillämpliga Produktvillkoren.</p> <p>Inlösenbeloppet kan fastställas genom hänvisning till utvecklingen för en eller flera Underliggande, enligt vad som anges i de relevanta Produktvillkoren.</p>

		<p>Betalning av Kupong eller andra likvider kopplade till de(n) Underliggande.</p> <p>Dessutom och enligt vad som anges i Produktvillkoren kan Värdepappersinnehavare ha rätt att under löptiden av UBS med Automatisk Inlösen /Expressinlösen erhålla betalning av en Kupong eller andra likvider, om tillämpligt, enligt vad som anges i de tillämpliga Produktvillkoren. Sådan betalning kan, enligt vad som anges i de tillämpliga Produktvillkoren, vara ovillkorad eller villkorad av en specifik utveckling för de(n) Underliggande beskriven i de tillämpliga Produktvillkoren.]</p> <p><b>[UBS Värdepapper med Utväxling</b></p> <p>UBS Värdepapper med Utväxling ger Värdepappersinnehavare möjlighet att delta i den positiva utvecklingen för de(n) Underliggande. Omvänt kan Värdepappersinnehavare av UBS Värdepapper med Utväxling även delta i den negativa utvecklingen för de(n) Underliggande eftersom UBS Värdepapper med Utväxling kan ge potential i nedsidesrisk, enligt vad som anges i Produktvillkoren. UBS Värdepapper med Utväxling kan också ge Värdepappersinnehavaren möjlighet att delta i den positiva utvecklingen för den Underliggande i förhållande till en annan Underliggande. Omvänt kan Värdepappersinnehavare av UBS Värdepapper med Utväxling delta i den negativa utvecklingen för den Underliggande i förhållande till en annan Underliggande.</p> <p>Värdepappersinnehavare erhåller på Förfalldagen ett Inlösenbelopp i Inlösenvalutan, vars storlek är beroende av Referenskursen eller Avvecklingskursen för de(n) Underliggande, enligt vad som anges i Produktvillkoren. Inlösenbeloppet beräknas, typiskt sett, genom att multiplicera det Nominella Beloppet eller sådant annat belopp enligt vad som anges i Produktvillkoren, med den relevanta utvecklingen hos de(n) Underliggande och därefter multiplicera med Deltagandefaktor, Hävstångsfaktorn eller Multiplikatorn, men kan även ta andra faktorer i beaktande, enligt vad som anges i Produktvillkoren.</p> <p>Inlösenbeloppet kan fastställas genom hänvisning till utvecklingen för en eller flera Underliggande, enligt vad som anges i de relevanta Produktvillkoren.]</p> <p><b>[UBS Warranter</b></p> <p>UBS Köpwarranter tillåter Värdepappersinnehavaren att delta oproportionerligt (med hävstångseffekt) i den positiva utvecklingen för de[n] Underliggande. Omvänt, så deltar Värdepappersinnehavare av UBS Köpwarranter också oproportionerligt (med hävstångseffekt) i den negativa utvecklingen för de(n) Underliggande. Värdepappersinnehavaren bär risken för att UBS Köpwarranter löper ut värdelösa om Referenskursen eller Avvecklingskursen för de(n) Underliggande, enligt vad som anges i Produktvillkoren för UBS Köpwarranter, är lika med eller lägre än Lösenkursen.</p> <p>UBS Säljwarranter tillåter Värdepappersinnehavaren att delta oproportionerligt (med hävstångseffekt) i den negativa utvecklingen</p>
--	--	---

	<p>för de(n) Underliggande. Omvänt, så deltar Värdepappersinnehavare av UBS Köpwarranter också oproportionerligt (med hävstångseffekt) i den positiva utvecklingen för de(n) Underliggande. Värdepappersinnehavaren bär risken för att UBS Köpwarranter löper ut värdelösa om Referenskursen eller Avvecklingskursen för de(n) Underliggande, enligt vad som anges i Produktvillkoren för UBS Köpwarranter, är lika med eller högre än Lösenkursen.</p> <p>Inlösenbeloppet kan fastställas genom hänvisning till utvecklingen för en eller flera Underliggande, enligt vad som anges i de relevanta Produktvillkoren.]</p> <p><b>[UBS Kapitalskyddade Värdepapper/UBS delvis Kapitalskyddade Värdepapper</b></p> <p>UBS Kapitalskyddade Värdepapper, eller CPS, har kapitalskydd vid förfall och kan samtidigt erbjuda den avkastningspotential som kan uppstå från kapitalmarknaderna (potentiellt endast upp till en förutbestämd nivå). För detta ändamål, deltar CPS (åtminstone delvis) i kursrörelser för utvald[a] Underliggande. Strukturen erbjuder deltagande i utvecklingen för de(n) valda Underliggande. Den förutbestämda deltagandegraden kan variera, enligt vad som anges i Produktvillkoren. Beroende på produktens egenskaper kan den vara proportionerlig (antingen negativt eller positivt) till utvecklingen för de(n) Underliggande.</p> <p>Med ett kapitalskydd på mindre än 100 procent är det nominella beloppet inte helt säkrat vid förfall. En kursökning för de(n) Underliggande till förfall behövs för att överbrygga skillnaden mellan nivån på kapitalskyddet och 100 procent av det nominella beloppet och för att undvika förluster vid förfall.</p> <p>Oberoende av produktens struktur måste emittentriskerna för UBS AG beaktas.</p> <p>Inlösenbeloppet kan fastställas genom hänvisning till utvecklingen för en eller flera Underliggande, enligt vad som anges i de relevanta Produktvillkoren.</p> <p>Emissionskursen för CPS kan vara över 100 procent.]</p> <p><b>[UBS Sprintvärdepapper</b></p> <p>UBS Sprintvärdepapper ger Värdepappersinnehavaren möjlighet att delta i den positiva utvecklingen av den Underliggande inom ett förutbestämt intervall, dvs. mellan Lösenkursen och Taket multiplicerat med en deltagandegrad, enligt vad som anges i Produktvillkoren. I gengäld deltar Värdepappersinnehavaren endast i den positiva utvecklingen för den Underliggande (potentiellt endast upp till ett Tak). Omvänt kan Värdepappersinnehavaren av UBS Sprint Värdepapper även delta i en del av, eller hela, den negativa utvecklingen av den Underliggande. UBS Sprintvärdepapper finns också utan Tak.</p> <p>Inlösenbeloppet kan fastställas genom hänvisning till utvecklingen för en eller flera Underliggande, enligt vad som anges i de relevanta Produktvillkoren.]</p>
--	---

	<p><b>[UBS Bonusvärdepapper</b>  UBS Bonusvärdepapper ger Värdepappersinnehavaren möjlighet att delta i den positiva utvecklingen för den Underliggande. Omvänt kan Värdepappersinnehavaren av UBS Bonusvärdepapper även delta i den negativa utvecklingen för den Underliggande. Beroende av om det inträffar en Kick Out / Kick in-Händelse under Värdepapperens löptid eller någon period eller dag under löptiden för Värdepapperen, enligt vad som anges i Produktvillkoren, är Värdepappersinnehavaren berättigad att på Förfallodagen erhålla Inlösenbeloppet i Inlösenvalutan enligt vad som anges i de tillämpliga Produktvillkoren.</p> <p>Inlösenbeloppet kan fastställas genom hänvisning till utvecklingen för en eller flera Underliggande, enligt vad som anges i de relevanta Produktvillkoren.]</p> <p><b>[UBS Överutvecklingsvärdepapper</b>  UBS Överutvecklingsvärdepapper ger Värdepappersinnehavaren möjlighet att delta i den positiva utvecklingen av den Underliggande i förhållande till en annan Underliggande. Omvänt kan Värdepappersinnehavaren av UBS Överutvecklingsvärdepapper även delta i den negativa utvecklingen av den Underliggande i förhållande till en annan Underliggande. Beroende på om Referenskursen eller Avvecklingskursen för den Underliggande, enligt vad som anges i de relevanta Produktvillkoren, är högre än eller lika med eller lägre än Lösenkursen är Värdepappersinnehavaren berättigad att på Förfallodagen erhålla Inlösenbeloppet i Inlösenvalutan, enligt vad som anges i de tillämpliga Produktvillkoren.</p> <p>Inlösenbeloppet kan fastställas genom hänvisning till utvecklingen för en eller flera Underliggande, enligt vad som anges i de relevanta Produktvillkoren.]</p> <p><b>[UBS Omvända Konvertibelvärdepapper / UBS GOAL</b>  Med bortseende från utvecklingen för den Underliggande så är Värdepappersinnehavaren berättigad att på varje Kupongbetalningsdag erhålla betalning av en kupong. Beroende på om Referenskursen eller Avvecklingskursen för den Underliggande, enligt vad som anges i Produktvillkoren, är lägre än eller lika med Lösenkursen eller högre än Lösenkursen, erhåller Värdepappersinnehavaren antingen det nominella beloppet eller utvecklingen för de(n) Underliggande. Kupongen kan också vara villkorad.</p> <p>Inlösenbeloppet kan fastställas genom hänvisning till utvecklingen för en eller flera Underliggande, enligt vad som anges i de relevanta Produktvillkoren.]</p> <p><b>[UBS Kick-In GOAL / Omvänd Konvertibel med Barriär</b>  UBS Kick-In GOAL erbjuder en säkerhetsbuffert som syftar till att ge skydd mot att de(n) Underliggande når vissa förutbestämda eller variabla nivåer. Om de(n) Underliggande inte bryter en förutbestämd barriär, enligt vad som anges i Produktvillkoren, är Värdepappersinnehavarna berättigade att på Förfallodagen erhålla Inlösenbeloppet i Inlösenvalutan motsvarande det Nominella Beloppet.</p>
--	--

	<p>Om barriären bryts är återbetalningen vid förfall anpassad till nivån på de(n) Underliggande, enligt vad som anges i Produktvillkoren. Om de(n) Underliggande stänger över en förutbestämd nivå på en viss dag enligt vad som anges i Produktvillkoren är Värdepappersinnehavarna berättigade att på Förfalldagen erhålla Inlösenbeloppet i Inlösenvaluta motsvarande det Nominella Beloppet. Om kursen för de(n) Underliggande stänger på eller under en förutbestämd nivå på en viss dag enligt vad som anges i Produktvillkoren, är Värdepappersinnehavarna berättigade att på Förfalldagen erhålla, beroende på produktens struktur, antingen Den Fysiska Underliggande i lämpligt antal antingen uttryckt i Multipliceringsfaktorn eller, som fallet kan vara, och enligt vad som anges i Produktvillkoren, motsvarande antalet Referensaktier per Valör eller en kontant betalning av det då aktuella värdet för de(n) Underliggande Tillgången (justerat för respektive relation). Barriären kan observeras antingen kontinuerligt eller på förutbestämda dagar, enligt vad som anges i Produktvillkoren.</p> <p>Inlösenbeloppet kan fastställas genom hänvisning till utvecklingen för en eller flera Underliggande, enligt vad som anges i de relevanta Produktvillkoren.]</p> <p><b>[UBS PERLES / Delta One Värdepapper</b> Värdepappersinnehavare kan, enkelt, bekvämt och genom en enda transaktion, använda UBS PERLES för att delta i en eller flera Underliggande positiva eller negativa utveckling.</p> <p>UBS PERLES / Delta One Värdepapper kan emitteras som Värdepapper utan förutbestämd förfalldag eller med en förutbestämd Förfalldag, enligt vad som anges i Produktvillkoren.</p> <p>Inlösenbeloppet kan fastställas genom hänvisning till utvecklingen för en eller flera Underliggande, enligt vad som anges i de relevanta Produktvillkoren.]</p> <p><b>[UBS PERLES / Hävstångsvärdepapper</b> Med UBS Leveraged PERLES (Värdepapper relaterade till Aktieutveckling), även kallade överavkastningsvärdepapper kan Värdepappersinnehavare applicera hävstång eftersom UBS Leveraged PERLES ger Värdepappersinnehavare chansen att delta oproportionerligt och utan begränsning i stigande kurser för de(n) Underliggande (exempelvis en aktie, ett index eller ett valutapar). Det innebär att från en förutbestämd kursnivå, enligt vad som anges i relevanta Produktvillkor, är deltagandegraden i en potentiellt stigande kursutveckling är högre än 100 %. Den exakta utvecklingstakten varierar beroende på produkttegenskaperna och är fast per emission, enligt vad som anges i Produktvillkoren.</p> <p>Om köpkursen för en UBS Leveraged PERLES är i nivå med kursen för de(n) Underliggande har hävstångseffekten ännu inte inträtt. I det fallet är den oproportionerliga möjligheten till en vinst motverkad av en förlustrisk som motsvarar en direktinvestering och Värdepappersinnehavarna deltar i den potentiella negativa kursutvecklingen på motsvarande sätt som gäller för en normal PERLES. I det beskrivna fallet (utan agio) finns det således inget</p>
--	---

	<p>oproportionerligt deltagande i potentiella förluster.</p> <p>För att minimera förlustrisken har UBS Leveraged PERLES Plus ett villkorat partiellt skydd. Så länge som ett tillkommande säkerhetströskel, enligt vad som anges i relevanta Produktvillkor, inte nås under löptiden får Värdepappersinnehavare på förfallodagen tillbaka i vart fall det investerade kapitalet. Det partiella skyddet upphör endast att gälla om en tröskel bryts och Värdepapperet betes som en normal UBS Leveraged PERLES på förfallodagen.</p> <p>Inlösenbeloppet kan fastställas genom hänvisning till utvecklingen för en eller flera Underliggande, enligt vad som anges i de relevanta Produktvillkoren.]</p> <p><b>De följande beskrivningarna av flera utvecklingsstrukturer kan komma att användas för Värdepapperen som beskrivs i avsnittet ovan</b></p> <p><u>Underliggande</u> Värdepapper kan antingen vara beroende av en enskild Underliggande, en korg av Underliggande, de(n) bäst presterande Underliggande, de(n) sämst presterande 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 Värdepapperets löptid beroende på vissa villkor. Vikten kan till exempel bero på den relativa utvecklingen för de Underliggande eller realiserad volatilitet i de(n) Underliggande.</p> <p><u>Utvecklingar</u> Utvecklingen eller nivåer för de(n) Underliggande kan mätas på 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 observerade 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>Utvecklingen kan också ha ett förutbestämt eller ett rörlig och/eller ett villkorat tak. Det innebär att Värdepappersinnehavare accepterar en begränsning av avkastningspotentialen ("Tak") och kan endast delta i eventuella kursökningar (eller minskningar) för de Underliggande till dess att en viss nivå har nåtts och inte mer. Dessutom kan utvecklingen också ha ett förutbestämt eller ett rörligt och/eller villkorat golv. Detta innebär att Värdepappersinnehavare kommer att ha ett minimum för avkastningspotentialen ("Golv") och kommer endast negativt att delta i eventuella kursnedgångar (eller ökning) i de(n) Underliggande till</p>
--	--

	<p>dess att en viss nivå har nåtts och inte mer.</p> <p><u>Barriärer</u> Värdepapper 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 observeras antingen kontinuerligt eller vid vissa dagar.</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>Stop Loss / Knock Out Egenskaper</u> Om de relevanta Produktvillkoren anger att Stop Loss / Knock Out Händelse är tillämpligt, då kan Värdepapperen avslutas och lösas in i förtid vid inträffandet av en Stop Loss / Knock Out Händelse.</p> <p><u>Investeringsstrategier</u> Utveckling kan definieras som den hypotetiska utvecklingen för en förutbestämd investeringsstrategi. Det kan till exempel vara en strategi som investerar i de(n) Underliggande endast på vissa förutbestämda dagar. Ett annat exempel skulle kunna vara en strategi som investerar i de(n) Underliggande beroende på realiserad volatilitet, utveckling, rörelse eller annat mått på de(n) Underliggandes nivå under produktens löptid.</p> <p><u>Nedgångsinriktad/Uppgångsinriktad/Variabel Deltagandegrad</u> Deltagandegraden är vanligen proportionerligt med en viss kurs (vilken i sig kan vara beroende av vissa förutsättningar som exempelvis utvecklingen för en eller flera Underliggande) och kan vara antingen negativ eller positiv.</p> <p><u>Valutakonvertering</u> Avkastningsberäkningen kan antingen vara i valutan för de(n) Underliggande eller annan valuta för avkastningsberäkningen. Valutakurserna som ska användas för att bestämma den slutliga avkastningsberäkningen kan antingen vara förutbestämd eller (quanto-funktion) eller variabel.</p> <p><u>Kuponger/Andra likvider</u> Om de relevanta Produktvillkoren anger att ovillkorade Kuponger eller andra likvider är tillämpliga, är Värdepappersinnehavaren berättigad att erhålla betalning av den relevanta Kupongen eller andra likvider.</p> <p>Om de relevanta Produktvillkoren anger att villkorade Kuponger eller andra likvider är tillämpliga, är Värdepappersinnehavaren berättigad att erhålla betalning av den relevanta Kupongen eller andra likvider, förutsatt att relevanta villkor är uppfyllda. Om kraven för en villkorad Kupong eller likvider inte är uppfyllda betalas inte någon Kupong eller annan likvid.</p> <p>Under dessas löptid kan dessa följaktligen generera regelbundna intäkter. De flesta Värdepapper genererar dock inte ovillkorade intäkter, t.ex. 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>Fysisk eller Kontantavveckling</u> Endast om produkttegenskapen "Fysisk Avveckling" anges som tillämplig i de relevanta Produktvillkoren, är produkten eventuellt fysisk avvecklad. Annars sker avveckling genom kontant betalning. Avvecklingen kan bero på utvecklingen för de(n) Underliggande.</p> <p><u>Emittentens Förtida Inlösoption</u> Om produkttegenskapen "Emittentens Förtida Inlösoption" anges som tillämplig i de relevanta Produktvillkoren, har Emittenten rätt att begära Värdepapperen inlösta i förtid genom att meddela detta på vissa förutbestämda dagar. Inlösenvärdet kan antingen vara förutbestämt eller beroende av de(n) Underliggandes nivå, vissa dagar eller andra parametrar.</p> <p><u>Investerares Förtida Inlösoption</u> Om produkttegenskapen "Investerares Förtida Inlösoption" anges som tillämplig i de relevanta Produktvillkoren, har Värdepappersinnehavaren rätt att begära Värdepapperen inlösta i förtid. Inlösenvärdet kan antingen vara förutbestämt eller beroende av de(n) Underliggandes nivå, vissa dagar eller andra parametrar.</p>
C.16	Utlöpande- eller förfallodag, utövandedag eller slutlig referensdag.	<p>[Förfallodag: [•]]</p> <p>[Utlöpandedag: [•]]</p> <p>[[Utövandedag[ar]][Utövandeperiod]: [•]]</p> <p>[[Slutlig] Värderingsdag: [•]]</p> <p>[Genomsnittliga Värderingsdagar: [•]]</p>
C.17	Förfarandet för avveckling av derivatvärdepapperen.	<p>Betalningar [och/eller, som fallet kan vara, leverans av den Fysiska Underliggande i lämpligt antal] ska, i samtliga fall med förbehåll för skatteregler eller andra lagar och förordningar som gäller på platsen för betalningen [eller i förekommande fall, leveransen] eller andra lagar och förordningar vilka Emittenten åtagit sig att följa, göras i enlighet med tillämpliga CA Regler hos det relevanta Clearingsystemet eller den relevanta mellanhanden eller i enlighet med dennes instruktion för kreditering på konton hos relevanta kontoinnehavare hos Clearingsystemet eller den relevanta mellanhanden.</p> <p>Emittenten ska ha fullgjort inlösenförpliktelser eller varje annan betalnings- eller leveransförpliktelse enligt Villkoren för Värdepapperen genom betalning och/eller leverans till Clearingsystemet på det ovan beskrivna sättet.</p>

C.18	Beskrivning av hur avkastning på derivat-värdepapperen sker.	Värdepappersinnehavare kommer på den aktuella Förfallodagen att erhålla [betalning av Inlösenbeloppet] [och/eller] [i förekommande fall, leverans av den Fysiska Underliggande i lämpligt antal].
C.19	Utövandekurs eller slutlig referenskurs för den underliggande.	[Avvecklingskurs: [•]] [Referenskurs: [•]]
C.20	Typ av underliggande och var information om den underliggande kan erhållas.	<b>Typ av Underliggande:</b>  Underliggande kan utgöras av aktier (inklusive certifikat som representerar aktier), ett index, en valutakurs, en ädelmetaller, en råvara, en ränta, ett icke-aktierelaterat värdepapper, en fond, ett terminskontrakt (om tillämpligt, inklusive fastställande av den relevanta utlöpandemånaden), en referensränta, en korg bestående av de nämnda tillgångarna och en portfölj bestående av de nämnda tillgångarna.  [Typ av Underliggande är [•].]  <b>Information</b> om den tidigare och kommande utvecklingen på de Underliggande och dessas volatilitet kan erhållas [•].

Avsnitt	Avsnitt D – Risker	
D.2	Nyckelinformation om väsentliga risker som är specifika och individuella för Emittenten.	<p>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 avseende Värdepapperen.</p> <p><b>Generell risk för insolvens</b> Varje Värdepappersinnehavare bär den generella risken att den finansiella 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. <b>Om Emittenten blir insolvent kan följaktligen Värdepappersinnehavare lida en total förlust av sina investeringar i Värdepapperen.</b></p> <p>UBS är som Emittent utsatt för olika riskfaktorer i sin affärsverksamhet. Sådana risker består i synnerhet av följande typer av risker, där alla av dessa risker kan ha en negativ inverkan på värdet för Värdepapperen:</p> <ul style="list-style-type: none"> <li>• Effekt av nedgradering av Emittentens kreditvärdighetsbetyg. De allmänna utvärderingen av Emittentens kreditvärdighet kan påverka värdet för Värdepapperen. Som en följd kan varje nedgradering av Emittentens kreditvärdighetsbetyg av ett kreditvärderingsinstitut ha en negativ inverkan på värdet för Värdepapperen.</li> <li>• Förändringar i regulatoriska föreskrifter och lagstiftning kan ha negativ påverkan på UBS verksamhet och förmåga att implementera dess</li> </ul>

		<p>strategiska plan. De planerade och potentiella regulatoriska och lagstiftningsmässiga utvecklingarna i Schweiz och i andra jurisdiktioner där UBS har verksamheter kan ha en betydande negativ inverkan på UBS förmåga att implementera dess strategiska plan, på lönsamheten eller bärkraften hos vissa affärslinjer globalt eller på vissa platser, och i vissa fall på UBS förmåga att konkurrera med andra finansiella institutioner. Dessa kommer sannolikt att vara kostsamma att implementera och kan ha en negativ inverkan på UBS juridiska struktur eller affärsmodell, potentiellt skapar dessa ineffektiv kapitalanvändning och resulterar i en inverkan på UBS lönsamhet.</p> <ul style="list-style-type: none"> <li>• UBS kapitalstyrka är viktigt för att stödja dess strategi, kundrelaterade verksamhet och konkurrensmässiga position. En ökning av riskviktade tillgångar eller minskning av kvalificerat kapital skulle väsentligen kunna sänka UBS kapitalrelationer. Dessutom är UBS underkastat ett minimikrav för hävstångsrelation som schweizisk SRB, vilket under vissa omständigheter kan begränsa UBS affärsverksamheter även om UBS klarar att uppfylla övriga riskbaserade kapitalkrav.</li> <li>• UBS kan komma att misslyckas i att slutföra genomförandet av dess tillkännagivna strategiska planer eller dess planer kan bli försenade eller effekterna av dess planer kan bli andra än de som var avsedda. UBS är också exponerat mot möjliga utflöden av klienttillgångar inom dess tillgångssamlade verksamheter och mot ändringar som påverkar lönsamheten inom dess förmögenhetsförvaltningsdivision och kanske inte är framgångsrik i att implementera förändringar inom dess verksamheter för att möta ändrade marknads-, regulatoriska eller andra förhållanden.</li> <li>• Väsentliga juridiska och rättsliga risker uppstår vid bedrivandet av UBS affärsverksamhet. UBS är föremål för ett stort antal krav, tvister, juridiska förfaranden och statliga undersökningar och förväntar sig dess pågående affärsverksamhet kommer att fortsätta att ge upphov till sådana ärenden i framtiden. Omfattningen av UBS exponering mot dessa och andra ärenden kan vara väsentlig och kan i betydande mån överstiga nivåerna för reserveringar som UBS har gjort för rättegångar, regulatoriska och andra liknande förhållanden.</li> <li>• Operationella risker, inklusive de som härrör från processfel, misslyckade utföranden, obehörig handel, bedrägeri, systemfel, cyber-attacker, överträdelse av informationsäkerhet och kan påverka UBS verksamhet – Även om UBS kontinuerligt anpassas sin förmåga att upptäcka och möta de operationella risker, om dess interna kontroller misslyckas eller visar sig vara ineffektiva i att identifiera och mildra dessa, kan UBS drabbas av operationella misslyckanden som kan resultera i betydande förluster.</li> <li>• UBS anseende är avgörande för framgången för dess verksamhet. Skada på anseendet kan ha betydande negativ inverkan på UBS operationella resultat och finansiella förhållanden och på UBS förmåga att uppnå sina strategiska mål och finansiella målsättningar.</li> <li>• Utvecklingen av den finansiella tjänsteindustrin påverkas av rådande marknadssituation och det makroekonomiska klimatet. En ekonomisk nedgång, fortsatta låga räntor eller svag eller stagnerande ekonomisk tillväxt i UBS kärnmarknader eller en allvarlig finansiell kris kan negativt påverka UBS intäkter och ytterst dess kapitalbas.</li> </ul>
--	--	--

		<ul style="list-style-type: none"> <li>• UBS innehar äldre och andra riskpositioner, inklusive positioner relaterade till fast egendom i olika länder, som kan påverkas negativt av villkoren på finansmarknaderna; äldre riskpositioner kan vara svåra att likvidera eftersom den fortsatta illikviditeten och komplexiteten hos många av dessa, kan göra det svårt att sälja eller på annat sätt lämna dessa positioner.</li> <li>• UBS globala närvaro utsätter banken för risk för valutafluktuationer vilka har en effekt på UBS rapporterade intäkter och kostnader, och andra rapporterade siffror såsom andra inkomster, investerade tillgångar, balansräkningstillgångar, riskviktade tillgångar och primärkapital.</li> <li>• UBS är beroende av dess riskhantering och kontrollprocesser för att undvika eller begränsa potentiella förluster i dess motpartskreditrisk och tradingverksamheter och kan drabbas av förluster om, till exempel, den inte till fullo identifierar riskerna i sin portfölj eller om dess bedömning av riskerna som identifierats eller dess svar gentemot negativa trender visar sig vara felaktigt timade, olämpliga, otillräckliga eller felaktiga.</li> <li>• Värderingen av vissa positioner bygger på modeller; modeller har inneboende begränsningar och kan bygga på ingångsvärden som inte har någon kontrollerbar källa; olika antaganden och ingångsvärden skulle generera olika resultat och dessa skillnader skulle ha en väsentlig inverkan på UBS finansiella resultat.</li> <li>• UBS likviditets- och finansieringsverksamhet är avgörande för UBS fortsatta prestationer; Volymen hos UBS finansieringskällor eller tillgängligheten av olika typer av finansiering som erfordras kan förändras på grund av, bland annat, allmänna marknadsavbrott, ökade kreditspreadar, förändringar i kapital- och likviditetskrav eller sänkning av UBS kreditvärdighetsbetyg, vilket också kan påverka kostnaden för finansiering.</li> <li>• UBS kan vara oförmöget att identifiera eller erhålla intäkter eller konkurrensfördelar, eller behålla och attrahera kvalificerade arbetstagare. UBS konkurrensmässiga styrka och marknadsposition kan urholkas om UBS är oförmögen att identifiera marknadstrender och utvecklingar, inte svarar upp mot dessa genom att konstruera och implementera adekvata affärsstrategier, adekvat utveckla eller uppdatera teknologi, särskilt inom handelsverksamheten, eller är oförmögen att attrahera eller behålla de kvalificerade personer som krävs för att hantera detta.</li> <li>• UBS finansiella resultat kan påverkas negativt av förändringar i redovisningsstandarder. Förändringar i IFRS eller tolkningar därav kan föranleda att UBS framtida rapporterade resultat och finansiella position skiljer sig från nuvarande förväntningar. Sådana förändringar kan också påverka UBS regulatoriska kapital och relationstal.</li> <li>• UBS finansiella resultat kan påverkas negativt av förändringar beträffande antaganden som stödjer värdet på dess goodwill. Om antaganden om framtida perioder skiljer sig från den nuvarande prognosen, kan värdet för UBS goodwill försämrans i framtiden, vilket resulterar i förluster över resultaträkningen.</li> </ul>
--	--	---

		<ul style="list-style-type: none"> <li>Skatteeffekten på UBS finansiella resultat påverkas i hög grad av omvärderingar avseende dess uppskjutna skattetillgångar. UBS effektiva skatteskostnad för året kan förändras väsentligt på basis av sådana omvärderingar.</li> </ul>
D.3	Nyckelinformation om risker som är specifika och individuella för Värdepapperen.	<p>En investering i Värdepapperen är förknippad med vissa risker. <b>Emittenten erinrar uttryckligen om att beskrivningen av de risker som är förknippade med en investering i Värdepapperen endast beskriver nyckelriskerna som Emittenten känner till vid tidpunkten för Grundprospektet.</b></p> <p>Potentiella investerare i Värdepapperen ska vara medvetna om att Värdepapperen utgör en riskinvestering som kan leda till en total förlust av deras investering i Värdepapperen. Värdepappersinnehavare kommer att vidkännas en förlust, om de belopp [eller, i förekommande fall, den Fysisk Underliggande] som erhålls i enlighet med Villkoren för Värdepapperen är lägre än förvävspriset (inklusive transaktionskostnader). [Även när Värdepapperen är kapitalskyddade vid förfall till Minimibeloppet och risken för en förlust därför är inledningsvis begränsad till Minimibeloppet,] bär samtliga investerare risken för att Emittentens finansiella situation försämras och potentiellt medför oförmåga för Emittenten att betala enligt sina förpliktelser under Värdepapperen. Potentiella investerare måste därför vara förberedda och i stånd med 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>Det finns risker med de Värdepapper som erbjuds under Grundprospektet, vilka potentiella investerare noga skall beakta så att de är införstådda i dessa risker innan ett investeringsbeslut fattas med avseende på Värdepapperen, bland annat följande:</p> <p><i>Värdepapperens komplexitet</i> – Inlösenstrukturen för Värdepapper är ibland komplex och kan innehålla matematiska formler eller samband som, för en investerare, kan vara svåra att förstå och jämföra med andra investeringsalternativ. Det bör noteras att relationen mellan avkastning och risk kan vara svår att utvärdera.</p> <p><i>Värdepapper vilkas kapitalbelopp inte är skyddat</i> – Kapitalbeloppet för vissa av Värdepapperen är inte skyddat, enligt vad som anges i de tillämpliga Slutliga Villkoren. För dessa Värdepapper finns det inte någon produkttegenskap som garanterar att inlösenbeloppet kommer att motsvara eller överstiga det nominella beloppet.</p> <p><i>Prissättning av strukturerade Värdepapper</i> – Prissättningen av strukturerade Värdepapper bestäms vanligen av Emittenten, och inte utifrån förhandlade villkor.</p> <p><i>Aktier som underliggande</i> – Värdepapper med aktier som underliggande är inte sponsrade eller främjade av emittenten av aktierna. Emittenten av aktierna har därför inte någon skyldighet att beakta intresset för värdepappersinnehavare</p>

	<p>varför åtgärder tagna av en sådan emittent av aktier skulle kunna negativt påverka Värdepapperens marknadsvärde. En Värdepappersinnehavare är inte berättigad att erhålla några utbetalningar eller andra utdelningar i samma utsträckning som en innehavare av de underliggande aktierna.</p> <p><i>Index som underliggande</i> – Värdepapper som baserar sig på index som underliggande kan resultera i ett lägre inlösenbelopp jämfört med en direktinvestering i de(n) underliggande. Indexsponsorn kan lägga till, ta bort eller ersätta komponenter eller göra metodologiförändringar som kan påverka nivån på sådant index och därmed den avkastning som skall betalas till investerare i Värdepapperen.</p> <p><i>Råvaror som underliggande</i> – Att handla i råvaror är spekulativt och kan vara extremt volatilt eftersom råvarupriser påverkas av faktorer som är oförutsägbara, såsom ändringar i relationerna mellan tillgång och efterfrågan, vädermönster och regeringars politik. Råvarukontrakt kan även handlas direkt mellan marknadsaktörer "over-the-counter" på handelsplatser som är föremål för minimal eller ingen materiell reglering. Detta ökar riskerna som sammanhänger med likviditets- och prishistorik för de relevanta kontrakten. Värdepapper som är relaterade till terminskontrakt för råvaror kan ge en annan avkastning än Värdepapper som är relaterade till den relevanta fysiska råvaran, eftersom priset på ett terminskontrakt för en råvara allmänt innefattar en premie eller en rabatt jämfört med dagspriset för den underliggande råvaran.</p> <p><i>Exponering mot korg av underliggande</i> – För Värdepapper där underliggande består av en korg av underliggande, bär investerarna risken för förändringar i värdet för varje komponent i korgen. Där det är en hög nivå av ömsesidigt beroende mellan de individuella underliggande i korgen kan en ändring i värdeutvecklingen hos korgkomponenterna förstärka värdeutvecklingen för Värdepapperen. Dessutom kan en liten korg eller en korg med olika viktning göra hela korgen sårbar för ändringar i värdet hos vilken som helst av de underliggande korgkomponenterna. Varje beräkning eller värde relaterat till en korg bestående av en blandning av "bästa av" eller "sämsta av"-komponenter kan ge resultat som i hög grad skiljer sig från resultat där alla komponenterna i korgen tas i beaktande.</p> <p><i>Automatisk förtida inlösen</i> – Vissa typer av Värdepapper kan lösas in automatiskt före dessas Förfallodag om vissa villkor är uppfyllda. I vissa fall kan detta resultera i en förlust av en del av eller hela investeringen.</p> <p><i>Warranter</i> – Kursen för de(n) underliggande har inverkan på kursen för warranter och kan leda till större vinst eller förlust på investeringen jämfört med om investeringen hade gjorts direkt i de(n) underliggande. Warranter har en hävstångseffekt jämfört med en investering direkt i underliggande, dvs. en förändring i värdet för de(n) underliggande kan resultera i en ökad förändring värdet för Warranten. Detta medför att risken att investera i Warranter är större än att investera direkt i underliggande. Warranter kan löpa ut värdelösa. Vissa Warranter kan även innehålla mer komplicerade utvecklingsstrukturer än sedvanliga Warranter och som motsvarar de som anges vara tillämpliga avseende Certifikat; följaktligen de risker som är relevanta för Certifikat enligt nedan kan således även vara tillämpliga på dessa Warranter.</p> <p><i>Risker förenade med Certifikat</i> – Om de(n) underliggande blir värdelös (exempelvis för att bolaget som tillhandahåller den underliggande går i konkurs) blir Certifikatet också värdelöst. Värdet på ett Certifikat kan också påverkas av</p>
--	---

	<p>valutakursförändringar – om de(n) underliggande är denominerad i en annan valuta än Certifikatets valuta. En investerare i ett Certifikat bör notera att hela beloppet investerat i ett Värdepapper kan gå förlorat. För det fall Certifikatet är konstruerat för att ge avkastning i en nedåtgående marknad (sälj eller kort) ger en ökning av värdet i de(n) underliggande en värdeminskning i Certifikatet. Under Certifikatets löptid påverkas värdet av förändringar i volatilitet, prisutveckling och utdelningar i de(n) underliggande samt marknadsränteförändringar. Om Certifikatet innehåller en Barriärnivå kan detta innebära att inlösenbeloppet är lägre än det nominella beloppet eller förlusten av berättigandet till en specifik avkastning.</p> <p>Andra risker förenade med Värdepapperen kan vara, bland annat, ränteförändringar, valutakursförändringar, om Emittenten har rätt att lösa in Värdepapperen i förtid, komplexiteten i Värdepapperen, fluktuationer i relevant index, annan(andra) underliggande, den finansiella marknaden och om inlösenbeloppet är beroende av villkor utöver Emittentens kreditvärdighetsbetyg.</p> <p>Det finns också vissa risker rörande Värdepapperen i allmänhet, såsom modifikationer, undantag och lagändringar.</p> <p>Vissa av de förekommande riskerna är hänförliga till omständigheter utanför Emittentens kontroll såsom förekomsten av en effektiv sekundärmarknad, stabiliteten i det aktuella systemet för clearing och avveckling samt den ekonomiska situationen och utvecklingen i omvärlden.</p> <p>Denna sammanfattning av vissa risker är endast en kortfattad sammanfattning av vissa viktiga risker och utgör inte en fullständig redogörelse för riskfaktorer som är hänförliga till Värdepapperen. Investeraren bör noggrant granska och överväga de risker liksom övrig information som beskrivs i Grundprospektet. En investering i relativt komplexa Värdepapper för med sig en högre risk än att investera i mindre komplexa Värdepapper. Särskilt gäller att, i en del fall, investerare kan förlora hela sin investering eller delar därav.</p> <p><b>Potentiella Intressekonflikter</b></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] [Korgkomponenterna], 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 beräkningsombud, betalningsombud och administrativt ombud och/eller indexsponsor.</p> <p><i>Värdetillväxten för de(n) underliggande</i> – Med strukturerade Värdepapper är innehavarnas rätt till avkastning och ibland återbetalningen av det nominella beloppet, beroende av den aktuella avkastningsstrukturen och den underliggande tillgången och dessas värdetillväxt. Värdet på Värdepapperen påverkas av värdet på de underliggande tillgångarna vid vissa tidpunkter under</p>
--	--

	<p>Värdepapperens löptid, fluktuationerna för kurserna för de underliggande tillgångarna, förväntningarna angående den framtida volatiliteten, marknadsräntorna och förväntade utdelningar på de underliggande tillgångarna.</p> <p><i>Valutakursfluktuationer</i> – I de fall den underliggande tillgången denomineras i annan valuta än Värdepapperets, kan valutakursförändringar påverka avkastningen på Värdepapperet. Växelkurserna för utländska valutor kan påverkas av komplexa politiska och ekonomiska faktorer, inklusive relativa inflationstakter, betalningsbalansen mellan länder, storleken på regeringars budgetöverskott eller budgetunderskott och den monetära, skatte- och/eller handelspolitiska policy som följs av de relevanta valutornas regeringar. Valutafluktuationer kan påverka värdet eller nivån för de underliggande tillgångarna på komplexa sätt. Om sådana valutakursfluktuationer får värdet eller nivån hos de underliggande tillgångarna att variera, så kan värdet eller nivån på Värdepapperen falla. Om värdet eller nivån hos en eller flera underliggande är utfärdad(e) i en valuta som är annan än valutan i vilken Värdepapperet är emitterat, så kan investerarna vara utsatta för en ökad risk som kommer från växelkurser för utländska valutor. Tidigare växelkurser för utländska valutor är inte nödvändigtvis indikationer beträffande framtida växelkurser för utländska valutor.</p> <p><b><u>Risker avseende Värdepapperen generellt</u></b></p> <p><b>Avslutande och Förtida Inlösen efter Emittentens val</b></p> <p>Potentiella investerare i Värdepapperen ska vidare vara medvetna om att Emittenten är, enligt Villkoren för Värdepapperen, berättigad att avsluta och lösa in Värdepapperen i dess 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 Avslutande Beloppet, 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] [Korgkomponenterna], 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 det Avslutande Beloppet, 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><b>Negativ inverkan av justering av Värdepapperens rättigheter</b></p> <p>Det kan inte uteslutas att vissa omständigheter inträffar eller särskilda åtgärder vidtas (av annan part än Emittenten) i förhållande till [Underliggande] [Korgkomponenterna], vilket potentiellt kan medföra förändringar av [Underliggande] [Korgkomponenterna], eller resultera i att det underliggande</p>
--	---

	<p>konceptet för [Underliggande][Korgkomponenterna] 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><b>Handel med Värdepapperen/ Illikviditet</b></p> <p>Det är inte möjligt att förutse om och till 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>[Ansökningar kommer att lämnas in eller har lämnats in till Värdepappersbörs(er) angivna för upptagande eller inregistrering av Värdepapperen. Om Värdepapperen är upptagna eller inregistrerade, kan sådant upptagande eller inregistrering komma att avslutas av Värdepappersbörsen(erna) eller Emittenten. Det faktum att Värdepapperen är upptagna till handel eller inregistrerade, betecknar inte nödvändigtvis högre likviditet än om så inte är fallet. Om Värdepapperen inte är inregistrerade eller upptagna till handel på någon börs, kan prisinformation om Värdepapperen vara svårare att erhålla och Värdepapperens likviditet kan påverkas negativt. Värdepapperens likviditet kan också påverkas av restriktioner för köp och försäljning av Värdepapperen i varje jurisdiktion.] 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 kan det inte uteslutas att antalet Värdepapper som faktiskt emitteras och förvärvas av investerare är färre än den avsedda [Emissionsstorleken] [Sammanlagda Nominella Beloppet] 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 tidpunkt eller till något särskilt pris.</p> <p><b>Lånefinansiering</b></p> <p>Om köp av Värdepapper lånefinansieras och om investerarens förväntningar inte uppfylls kommer sådan investerare inte enbart lida förlust under Värdepapperen utan även vara tvungen att erlägga ränta samt återbetala lånet. Detta skapar en betydligt högre risk för investerare. Investerare i Värdepapperen ska aldrig förlita sig till att kunna återbetala lån och erlägga ränta för lån genom intäkter från en Värdepapperstransaktion. Snarare ska innan lånefinansiering av Värdepapperen företas investerarens finansiella situation utvärderas utifrån dennes förmåga att erlägga ränta för lånet och omedelbart lösa in lånet även om investeraren lider förlust istället för</p>
--	---

		<p>förväntade vinster.</p> <p><b>Beskattning avseende Värdepapperen</b>  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 detta Grundprospekt och/eller de Slutliga Villkoren 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><b>Betalningar avseende Värdepapperen kan bli föremål för amerikansk källskatt</b>  Investerade i Värdepapperen bör vara medvetna om att betalningar avseende Värdepapperen kan bli underkastade amerikansk innehållande av källskatt:</p> <p><b>I. Betalningar avseende Värdepapperen kan bli föremål för amerikansk källskatt enligt amerikansk skattelagstiftning (US Tax Code)</b>  Section 871(m) i US Tax Code kräver innehållande av (upp till 30%, beroende på om ett skatteavtal är tillämpligt) på vissa finansiella instrument (såsom t.ex. Värdepapperen) i den utsträckning som betalningarna eller ansedda betalningar är villkorade av eller fastställda med hänvisning till utdelningen med ursprung i USA. Under föreslagna regler från U.S. Treasury Department (om de färdigställs enligt dessas nuvarande innehåll), vissa betalningar eller ansedda betalningar avseende vissa aktierelaterade instrument ("<b>angivna ARI</b>") som hänvisar till amerikanska aktier kan behandlas som utdelningsmotsvarigheter ("<b>utdelningsmotsvarigheter</b>") som är underkastade amerikansk källskatt om 30% (eller lägre skatteavtalsats). Under de föreslagna reglerna kan innehållande krävas även i avsaknad av varje faktisk utdelningsrelaterad betalning eller justering gjord enligt Villkoren för Värdepapperen. När det gäller, t.ex. (men inte begränsat till) en Underliggande eller, som fallet kan vara, en Korgkomponent, som ger utdelning från ursprung inom USA, är det möjligt att dessa regler kan vara tillämpliga på Värdepapperen.</p> <p>Om dessa antas med dessas nuvarande innehåll, kan de föreslagna reglerna kräva innehållande av källskatt på betalningar eller ansedda betalningar avseende Värdepapperen som görs på eller efter den 1 januari 2016 som behandlas som utdelningsmotsvarigheter för Värdepapper förvärvade på eller efter den 5 mars 2014. Men enligt ett nytt meddelande från U.S. Internal Revenue Service ("<b>IRS</b>") tillkännagavs att det och Treasury Department avsåg att de slutliga reglerna från Treasury kommer att ange att "<b>angivna ARI</b>" kommer att exkludera aktierelaterade instrument som emitterats tidigare än 90 dagar efter dagen då sådana slutliga regler från Treasury publiceras. Följaktligen förväntar sig Emittenten generellt sett att Värdepappersinnehavare (förutom amerikanska Värdepappersinnehavare) inte ska bli underkastade skatt enligt Section 871(m). Men det är möjligt att sådant innehållande av källskatt kan bli tillämpligt på Värdepapperen under de föreslagna reglerna om, till exempel, en Värdepappersinnehavare (förutom en amerikansk Värdepappersinnehavare) ingår vissa efterföljande transaktioner avseende den Underliggande eller, som fallet kan vara, en Korgkomponent. Om ett belopp</p>
--	--	--

	<p>avseende sådan amerikansk källskatt skulle dras av eller innehållas från betalningar avseende Värdepapperen, skulle ingen av Emittenten, något betalningsombud eller någon annan person enligt Villkoren för Värdepapperen vara skyldig att betala ytterligare belopp som en följd av avdraget eller innehållandet av sådan skatt.</p> <p><b>Värdepappersinnehavare bör följaktligen vara medvetna om att betalningar avseende Värdepapperen under vissa omständigheter kan bli föremål för amerikansk källskatt och bör konsultera med sina skatterådgivare beträffande tillämpningen av Section 871(m) i US Tax Code och reglerna därunder med avseende på deras förvärv och ägande av Värdepapperen.</b></p> <p><b>II. Betalningar avseende Värdepapperen kan bli föremål för amerikansk källskatt enligt amerikansk skattelagstiftning (FATCA)</b></p> <p>Amerikansk skattelagstiftning (<i>Foreign Account Tax Compliance Act</i>) ("FATCA") inför amerikansk källskatt om 30% på ränta, utdelningar och vissa andra passiva inkomster med ursprung i USA med början den 1 juli 2014 och på bruttolikviderna från försäljningen eller annan disposition av vissa tillgångar och på vissa "genompasserande betalningar" hänförliga till sådana inkomster eller likvider med början den 1 januari 2017, gjorda till vissa utländska finansiella institutioner (inklusive de flesta utländska hedgefonder, private equity-fonder och andra investeringsföretag) såvida inte den betalningsmottagande utländska finansiella institutionerna accepterar att avslöja identiteten för varje amerikansk individ och vissa amerikanska företag som direkt eller indirekt håller ett konto hos eller innehar skuld- eller aktieintressen i, sådan institution (eller den relevanta närstående) och för att årligen rapportera viss information om sådana konton eller ränta direkt eller indirekt till IRS. FATCA kräver också att innehållandeombud som gör vissa betalningar till vissa icke-finansiella utländska företag som underlåter att avslöja namnet, adressen och skattebetalaridentifikationsnummer av varje betydande direkt eller indirekt amerikansk ägare av sådant företag, ska innehålla en skatt om 30% tax på sådana betalningar.</p> <p>Följaktligen Emittenten och andra utländska finansiella institutioner kan vara tvungna under FATCA att rapportera viss kontoinformation direkt till IRS (eller till en icke-amerikansk statlig myndighet enligt ett relevant mellanstatligt avtal ingånget mellan USA och sådant icke-amerikanskt land, som kommer att vidarebefordra information till IRS) avseende innehavarna av Värdepapperen. Vidare, Emittenten kan vara tvungen att innehålla en del av betalningar som görs avseende Värdepapperen till innehavare som (i) underlåter att tillhandahålla relevant information eller (ii) utländska finansiella institutioner som underlåter att efterleva FATCA.</p> <p><b>Värdepappersinnehavare som innehar deras Värdepapper genom en utländsk finansiell institution bör vara medvetna om att en del av varje betalning avseende Värdepapperen som görs efter den 30 juni 2014, kan bli föremål för innehållande av 30% källskatt under FATCA. Om ett belopp avseende sådant innehållande av källskatt under FATCA skulle dras av eller innehållas från betalningar avseende Värdepapperen, skulle ingen av Emittenten, något betalningsombud eller någon annan person enligt Villkoren för Värdepapperen vara skyldig att betala ytterligare belopp som en följd av avdraget eller innehållandet av sådan skatt. Värdepappersinnehavare bör följaktligen vara medvetna om att betalningar avseende Värdepapperen under vissa omständigheter kan bli föremål för</b></p>
--	---

		<p>amerikansk källskatt under FATCA och bör konsultera sina skatterådgivare beträffande tillämpningen av källskatt under FATCA med avseende på deras förvärv och ägande av Värdepapperen.</p> <p><b>Förändrad Beskattning av Värdepapperen</b></p> <p>Bedömning gällande Beskattning av Värdepapperen i detta Grundprospekt återspeglar Emittentens uppfattning på basis av den juridiska situationen vid dagen för Grundprospektet. Dock kan inte en annan skattebehandling av skattemyndigheter eller skattedomstolar uteslutas. 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>
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 <b>total förlust</b> 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 <b>risken för förlust</b> förknippad med Värdepapperen.

Avsnitt	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>[Ej tillämpligt.]</p> <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] [ange Emissionskurs: [•]] ("Emissionskursen")] på villkor som kan komma att ändras i Jurisdiktionen för Erbjudande till Allmänheten [under [Teckningsperioden] [Erbjudandeperioden] (enligt definition nedan)]]]. [Emissionskursen [kommer att bli] [var] fastställt [vid Starten för erbjudandet till allmänheten avseende Värdepapperen (såsom definieras nedan)] [den [ange Fastställandedag: [•]] ("Fastställandedagen")], [baserad på den rådande marknadssituationen och värdet på den Underliggande [, och [kommer [sedan] att göras] [är] tillgänglig på [•].] [Efter Teckningsperioden (såsom definieras nedan) avslutas] [Från Starten för erbjudandet till allmänheten avseende Värdepapperen (såsom definieras nedan)] [Från Fastställandedagen] [Därefter,] [kommer] [var] försäljningskursen [justeras] [justerat] kontinuerligt för att reflektera den rådande marknadssituationen.]</p> <p>[i det fall Teckningsperiod är avsedd infoga följande text: Värdepapperen ska kunna tecknas från Managern [och] [i förekommande fall, ange alternativa eller ytterligare finansiella mellanhänder som placerar eller senare återförsäljer Värdepapperen:[•]] under normala öppethållandetider för banker under [ange Teckningsperiod:[•]] ("Teckningsperioden"). [Värdepapperen kan</p>

		<p>endast köpas med minst ett lägsta investeringsbelopp på [ange <i>Lägsta Investeringsbelopp</i>: [•]] ("<b>Lägsta Investeringsbeloppet</b>").] Emissionskursen för varje Värdepapper ska betalas den [ange <i>Initial Betalningsdag</i>: [•]] ("<b>Initial Betalningsdag</b>").]</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> <p>[i det fall ingen Teckningsperiod är avsedd infoga följande text: [Från [ange <i>start för det offentliga erbjudandet för Värdepapperen</i>: [•]] ("<b>Starten för erbjudandet till allmänheten av Värdepapperen</b>"),] [kan Värdepapperen köpas från Managern [och] [i förekommande fall, ange alternativa eller ytterligare finansiella mellanhänder som placerar eller senare återförsäljer Värdepapperen:[•]] under normala öppethållandetider för banker [under Erbjudandeperioden]. [Sådant erbjudande av Värdepapperen görs kontinuerligt.] [Värdepapperen kan endast köpas med minst ett lägsta investeringsbelopp på [ange <i>Lägsta Investeringsbelopp</i>: [•]] ("<b>Lägsta Investeringsbeloppet</b>").] Det kommer inte vara någon Teckningsperiod. Emissionskursen för varje Värdepapper ska betalas den [ange <i>Initial Betalningsdag</i>: [•]] ("<b>Initiala Betalningsdagen</b>").]</p> <p>[Emittenten förbehåller sig rätten att tidigare avsluta eller förlänga Erbjudandeperioden om marknadsförhållandena kräver det.]</p> <p>Efter den Initiala Betalningsdagen ska respektive investerares Värdepapper krediteras dennes konto i enlighet med bestämmelserna för motsvarande Clearingsystem.]]</p>
E.4	Intressen som är väsentliga för emissionen/erbjudandet inkl. intressekonflikter.	Förutom den ersättning som betalas till eventuella finansiella mellanhänder så känner Banken inte till att någon inblandad person har något intresse av som är väsentligt för erbjudandet.
E.7	Förväntade kostnader som debiteras investeraren av emittenten eller erbjudaren.	<p>[Ej tillämpligt]</p> <p>[[Varken den relevanta Emittenten [eller någon finansiell mellanhand] debiterar någon investerare i Värdepapperen några avgifter i samband med emissionen.]/</p> <p>[I samband med emissionen kommer [den relevanta Emittenten [[och] finansiella mellanhänder att debitera investerarna avgifter om [•] [SEK/NOK/DKK/EUR/Annan valuta] [respektive [•] [SEK/NOK/DKK/EUR/Annan valuta].]</p>

## I. RESUMÉ AF BASISPROSPEKT

### C. SUMMARY OF THE BASE PROSPECTUS (IN THE DANISH LANGUAGE)

Resuméer består af oplysningskrav, også kaldet "Elementer". Disse elementer er nummereret som Afsnit A – E (A.1 – E.7).

Dette Resumé omfatter alle de Elementer, der skal være indeholdt i et resumé for disse typer af værdipapirer og Udsteder. Da der er nogle Elementer, som ikke kræves adresseret, kan der være huller i Elementernes nummereringsrækkefølge.

Selvom der kan være krav om, at et Element på grund af den pågældende type af værdipapirer og Udsteder skal være indeholdt i resuméet, er det ikke sikkert, at der kan gives relevante oplysninger om Elementet. I så fald vil resuméet indeholde en kort beskrivelse af Elementet sammen med angivelsen 'ikke relevant'. Visse bestemmelser i dette Resumé står anført i skarpe parenteser. Sådanne oplysninger vil blive udfyldt eller, hvor de ikke er relevante, slettet i relation til et specifikt forhold vedrørende Værdipapirerne, og det endelige Resumé i relation til sådant udbud af Værdipapirer vedhæftes de relevante Endelige Vilkår.

Element	Afsnit A – Indledning og advarsler	
A.1	Advarsel.	<p><b>Dette Resumé bør læses som en indledning til Basisprospektet. Investorer bør træffe enhver beslutning om at investere i Værdipapirerne på baggrund af Basisprospektet som helhed.</b></p> <p>Potentielle investorer skal være opmærksomme på, at hvis en sag vedrørende de oplysninger, der er indeholdt i Basisprospektet, indbringes for en domstol, kan den sagsøgende investor være forpligtet til i henhold til national lovgivning i medlemsstaterne at betale omkostningerne i forbindelse med oversættelse af Basisprospektet, inden sagen indledes.</p> <p>USB AG kan i sin egenskab af Udsteder, som er ansvarlig for resuméet, herunder oversættelsen heraf, ifalde erstatningsansvar, men kun hvis resuméet er misvisende, ukorrekt eller uoverensstemmende, når det læses sammen med de andre dele af Basisprospektet, eller hvis det ikke, når det læses sammen med de andre dele af Basisprospektet, giver alle nødvendige centrale oplysninger.</p>
A.2	Samtykke til brug af Prospektet.	<p>[[Udstederen giver sit samtykke til brug af Basisprospektet og de Endelige Vilkår i forbindelse med et offentligt udbud af Værdipapirerne (et "<b>Offentligt Udbud</b>") gennem [UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, England] [og] [<i>anfør yderligere finansielle formidlere: [•]</i>] [hver for sig] i sin</p>

		<p>egenskab af formidler i relation til Værdipapirerne (hver for sig en "Formidler" eller, alt efter omstændighederne, en "Autoriseret Udbyder") på følgende grundlag:]</p> <p>[Udstederen giver sit samtykke til brug af Basisprospektet og de Endelige Vilkår i forbindelse med et offentligt udbud af Værdipapirerne (et "Offentligt Udbud") gennem enhver finansiel formidler (hver for sig en "Autoriseret Udbyder"), som er godkendt til at forestå sådanne udbud i henhold til MiFID-direktivet (Direktiv 2004/39/EF) på følgende grundlag:]</p> <p>[Udstederen giver sit samtykke til brug af Basisprospektet og de Endelige Vilkår i forbindelse med et offentligt udbud af Værdipapirerne (et "Offentligt Udbud") gennem [anfør finansielle formidlere: [•]] (hver for sig en "Autoriseret Udbyder") på følgende grundlag:]</p> <p>(a) det relevante Offentlige Udbud skal foregå i perioden [anfør Udbudsperiode: [•]] ("Udbudsperioden"),</p> <p>(b) det relevante Offentlige Udbud må alene foretages i [Sverige], [Norge], [Finland] [og] [Danmark] (hver for sig en "Jurisdiktion for Udbuddet til Offentligheden"),</p> <p>(c) den relevante Autoriserede Udbyder skal være godkendt til at foretage sådanne udbud i den relevante Jurisdiktion for Udbuddet til Offentligheden i henhold til MiFID-direktivet (Direktiv 2004/39/EF), og hvis en Autoriseret Udbyder ophører med at være autoriseret, bortfalder Udsteders ovenfor anførte samtykke,</p> <p>[(d) den relevante Autoriserede Udbyder skal opfylde [hvis relevant, anfør andre entydige og objektive betingelser: [•]] og</p> <p>[(d][e)] enhver Autoriseret Udbyder, som ikke er en Formidler, skal iagttage de begrænsninger, der er anført under "Tegning og Salg" (<i>Subscription and Sale</i>), som om denne var en Formidler.</p> <p><b>[Den Autoriserede Udbyder skal underrette investor om udbudsvilkårene for de relevante Værdipapirer på tidspunktet for den Autoriserede Udbyders Offentlige Udbud til investoren.]]</b></p> <p>[Ikke relevant. Værdipapirerne udbydes ikke til offentligheden. De Endelige Vilkår er alene udarbejdet med henblik på optagelse af Værdipapirerne til [notering] [handel].]</p>
--	--	---

Element	Afsnit B – Udsteder	
B.1	Udsteders juridiske	Udsteders juridiske navn og forretningsnavn er UBS AG ("Udsteder" eller

	navn og forretningsnavn.	"UBS AG", sammen med sine datterselskaber benævnt "UBS", "UBS-koncernen" eller "Koncernen").
B.2	Udsteders hjemsted, selskabsform, lovgivning i henhold til hvilken Udstederen driver virksomhed og Udsteders stiftelsesland.	UBS AG's to hjemstedsadresser og hovedkontorer er beliggende på adresserne: Bahnhofstrasse 45, CH-8001 Zürich, Schweiz og Aeschenvorstadt 1, CH-4051 Basel, Schweiz. UBS AG er optaget i Handelsregisteret i henholdsvis kantonen Zürich og kantonen Basel-City under registreringsnummer CHE-101.329.561. UBS AG er stiftet i Schweiz og driver som aktieselskab ( <i>aktiengesellschaft</i> ) virksomhed i henhold til den schweiziske obligationsret ( <i>Swiss Code of Obligations</i> ) og den schweiziske banklovgivning ( <i>Federal Banking Law</i> ).
B.4b	Kendte tendenser, der påvirker Udsteder, og brancher inden for hvilke, Udstederen driver virksomhed.	<b>Oplysninger om tendenser</b>  Som beskrevet i UBS AG's 1. kvartalsrapport 2014, som blev offentliggjort den 6. maj 2014 (herunder UBS-koncernens reviderede koncernregnskab), er mange af de underliggende udfordringer og geografiske problemstillinger, som UBS tidligere har fremhævet, stadig aktuelle i begyndelsen af andet kvartal. Det fortsatte fravær af vedvarende og troværdige forbedringer af uløste spørgsmål i Europa, de fortsatte problemstillinger vedrørende USA's skattemæssige og monetære forhold, den geopolitiske ustabilitet og de blandede udsigter for global vækst gør det usandsynligt, at der skulle indtræffe forbedringer i de aktuelle markedsforhold. Til trods for disse udfordringer agter UBS fortsat at iværksætte sin strategi for at sikre bankens langsigtede succes og for at levere holdbare afkast til aktionærerne.
B.5	Beskrivelse af koncernen og Udstederens position inden for koncernen.	UBS AG er moderselskab i Koncernen. Hverken UBS' forretningsdivisioner eller Koncerncentret ( <i>Corporate Center</i> ) er selvstændige juridiske enheder. På nuværende tidspunkt driver de primært virksomhed ud fra UBS AG gennem filialer verden over. Forretningsdivisionerne driver ligeledes virksomhed gennem lokale datterselskaber, hvor dette er nødvendigt eller hensigtsmæssigt.  UBS har tilkendegivet, at banken agter at etablere et koncernholdingselskab gennem et aktie-for-aktie ombytningsudbud, som, med forbehold for opnåelse af myndighedsgodkendelser, vil blive igangsat senere i år. UBS har ligeledes tilkendegivet, at banken agter at etablere et bankdatterselskab i Schweiz medio 2015. Dette potentielle datterselskabs aktiviteter forventes at komme til at omfatte forretningsdivisionen Privatkunder & Virksomheder ( <i>Retail &amp; Corporate</i> ) og forretningsdivisionen Formueforvaltning ( <i>Wealth Management</i> ), som bogføres i Schweiz.  I Storbritannien, og i samråd med tilsynsmyndighederne i Storbritannien og

		<p>Schweiz, forventer UBS at påbegynde implementeringen af en revideret forretnings- og driftsmodel for UBS Limited i 2. kvartal 2014. UBS Limited vil som følge deraf bære og beholde en større del af de risici henholdsvis det afkast, der er forbundet med bankens forretningsaktiviteter. UBS AG forventer at forøge kapitaliseringen af UBS Limited tilsvarende.</p> <p>I USA vil UBS efterleve de nye regler for banker i henhold til den amerikanske lov '<i>the Dodd-Frank Wall Street Reform and Consumer Protection Act</i>', som vil kræve, at et mellemliggende holdingselskab (<i>intermediate holding company</i>) senest den 1. juli 2016 skal eje alle sine virksomheder ud over UBS AG's amerikanske filialer. Som følge deraf vil UBS udpege et mellemliggende holdingselskab til at eje UBS' amerikanske datterselskaber.</p>
<b>B.9</b>	Resultatforventninger eller -prognoser.	Ikke relevant. Prospektet indeholder ikke oplysninger om resultatforventninger eller -prognoser.
<b>B.10</b>	Revisorpåtegning med forbehold.	Ikke relevant. Revisorpåtegningen i forhold til de historiske finansielle oplysninger indeholder ikke sådanne forbehold.
<b>B.12</b>	Udvalgte historiske finansielle nøgleoplysninger.	<p>USB AG har hentet følgende udvalgte konsoliderede økonomiske data fra (i) sin årsrapport for 2013, som indeholder UBS-koncernens reviderede koncernregnskab, samt yderligere reviderede konsoliderede økonomiske data for året, som sluttede den 31. december 2013 (herunder sammenligningstal for årene, som sluttede henholdsvis 31. december 2012 og 31. december 2011) og (ii) sin 1. kvartalsrapport for 2014, som indeholder UBS-koncernens ureviderede koncernregnskab, samt yderligere ureviderede konsoliderede økonomiske data pr. eller for kvartalet, som sluttede den 31. marts 2014 (hvoraf sammenligningstal pr. eller for kvartalet, som sluttede den 31. marts 2013 er hentet). Koncernregnskaberne er udarbejdet i overensstemmelse med de internationale regnskabsstandarder (<i>International Financial Reporting Standards ("IFRS")</i>), som er udstedt af the International Accounting Standards Board ("<i>IASB</i>") og angivet i schweizerfranc (CHF).</p>

	Pr. eller for kvartalet, der sluttede		Pr. eller for året, der sluttede		
<i>CHF mio., medmindre andet fremgår</i>	31.3.14	31.3.13	31.12.13	31.12.12	31.12.11
	<i>urevideret</i>		<i>revideret, medmindre andet fremgår</i>		
<b>Koncernresultat</b>					
Driftsindtægter	7.258	7.775	27.732	25.423	27.788
Driftsudgifter	5.865	6.327	24.461	27.216	22.482
Driftsoverskud (driftstab) før skat	1.393	1.447	3.272	(1.794)	5.307
Nettooverskud (nettotab) henførbart til UBS-aktionærer	1.054	988	3.172	(2.480)	4.138
Udvandet indtjening pr. aktie (CHF)	0,27	0,26	0,83	(0,66)	1,08
<b>Nøgleindikatorer</b>					
<b>Rentabilitet</b>					
Egenkapitalforrentning (RoE) (%) <sup>1</sup>	8,7	8,5	6,7*	(5,1)*	9,1*
Afkastningsgrad, brutto (%) <sup>2</sup>	2,9	2,5	2,5*	1,9*	2,1*
Omkostninger i forhold til indtægter (%) <sup>3</sup>	81,1	81,2	88,0*	106,6*	80,7*
<b>Vækst</b>					
Nettovækst i overskud (%) <sup>4</sup>	14,9				(44,5)*
Nettovækst nye midler for kombinerede formueforvaltningsvirksomheder (%) <sup>5</sup>	2,9	5,9	3,4*	3,2*	2,4*
<b>Ressourcer</b>					
Egentlig kernekapitaldækning (fuldt anvendt, %) <sup>6,7</sup>	13,2	10,1	12,8*	9,8*	
Schweizisk SRB	5,0	3,8	4,7*	3,6*	

gearingsforhold (indfaset, %) <sup>8</sup>					
<b>Yderligere oplysninger</b>					
<b>Rentabilitet</b>					
Afkast på synlig kapital (%) <sup>9</sup>	10,2	10,1	8,0*	1,6*	11,9*
Afkast på risikovægtede aktiver, brutto (%) <sup>10</sup>	12,6	11,9	11,4*	12,0*	13,7*
<b>Ressourcer</b>					
Aktiver i alt	982.530	1.213.844	1.018.374*	1.259.797	1.416.962
Egenkapital henførbart til UBS-aktionærer	49.023	47.239	48.002	45.949	48.530
Egentlig kernekapital (fuldt anvendt) <sup>7</sup>	29.937	26.176	28.908	25.182*	
Egentlig kernekapital (indfaset) <sup>7</sup>	41.187	40.235	42.179	40.032*	
Risikovægtede aktiver (fuldt anvendt) <sup>7</sup>	226.805	258.701	225.153	258.113*	
Risikovægtede aktiver (indfaset) <sup>7</sup>	229.879	262.454	228.557	261.800*	
Egentlig kernekapitaldækning (indfaset, %) <sup>6,7</sup>	17,9	15,3	18,5*	15,3*	
Kapitaldækning i alt (fuldt anvendt, %) <sup>7</sup>	16,8	11,8	15,4*	11,4*	
Kapitaldækning i alt (indfaset, %) <sup>7</sup>	22,7	18,9	22,2*	18,9*	
<b>Andet</b>					
Investerede aktiver (CHF mia.) <sup>12</sup>	2.424	2.373	2.390	2.230	2.088
Medarbejdere (årsværk)	60.326	61.782	60.205*	62.628*	64.820*
Børsværdi	70.180	55.827	65.007*	54.729*	42.843*
Indre værdi pr. aktie i alt (CHF)	13,07	12,57	12,74*	12,26*	12,95*
Synlig indre værdi pr. aktie	11,41	10,79	11,07*	10,54*	10,36*

		(CHF)					
		<p>* urevideret</p> <p><sup>1</sup> Nettooverskud / nettotab, som kan henføres til UBS-aktionærer (på årsbasis, hvor relevant) / gennemsnitlig egenkapital, der kan henføres til UBS-aktionærer. <sup>2</sup> Driftsindtægter før kredittab (udgift) eller genindvinding (på årsbasis, hvor relevant) / gennemsnitlig aktivsum i alt. <sup>3</sup> Driftsudgifter / driftsindtægter før kredittab (udgift) eller genindvinding. <sup>4</sup> Ændring i nettooverskud, som kan henføres til UBS-aktionærer fra fortsættende aktiviteter mellem nuværende og jævnførelsesperioder / nettooverskud, som kan henføres til UBS-aktionærer fra fortsættende aktiviteter fra jævnførelsesperiode. Ikke meningsfuldt og ikke inkluderet, hvis enten rapporteringsperioden eller jævnførelsesperioden er en tabsperiode. <sup>5</sup> Sammenlagt for Wealth Management og Wealth Management Americas' netto nye midler for perioden (på årsbasis, hvor relevant) / investerede aktiver ved periodens begyndelse. <sup>6</sup> Egentlig kernekapital / risikovægtede aktiver. <sup>7</sup> Baseret på Basel III-regelsættet således som dette gælder for schweiziske systemisk vigtige banker (SIB), som trådte i kraft i Schweiz den 1. januar 2013. Oplysningerne, som er angivet på fuldt anvendt basis, afspejler fuldt ud virkningerne af de nye kapitalfradrag og afviklingen af ikke-kvalificerende kapitalinstrumenter. De oplysninger, der er angivet på indfaset basis, afspejler gradvist disse virkninger i overgangsperioden. Tal for 31. december 2012 er proformatal. <sup>8</sup> Schweizisk SRB Basel III egentlig kernekapital og tabsabsorberende kapital / reguleret eksponering i alt (gearingsforholdets nævner). Det schweiziske SRB gearingsforhold trådte i kraft den 1. januar 2013. Tal for 31. december 2012 er proformatal. <sup>9</sup> Nettooverskud / nettotab, der kan henføres til UBS-aktionærer før amortisering og værdiforringelse af goodwill og immaterielle anlægsaktiver (på årsbasis, hvor relevant) / gennemsnitlig egenkapital, som kan henføres til UBS-aktionærer minus gennemsnitlig goodwill og immaterielle anlægsaktiver. <sup>10</sup> Driftsindtægter før kredittab (udgift) eller genindvinding (på årsbasis, hvor relevant) / gennemsnitlig risikovægtede aktiver. Baseret på Basel III risikovægtede aktiver (indfaset) for 2014 og 2013, på Basel 2.5 risikovægtede aktiver for 2012 og på Basel II risikovægtede aktiver for 2011. <sup>11</sup> Den 1. januar 2014 indførte UBS-koncernen Modregning af Finansielle Aktiver og Finansielle Forpligtelser (Ændringer til IAS 32, Finansielle Instrumenter: Præsentation). Balancen for den foregående periode pr. 31. december 2013 blev tilpasset for at afspejle virkningerne af indførelsen af disse ændringer til IAS 32. <sup>12</sup> Koncernens investerede aktiver inkluderer investerede aktiver for Retail &amp; Corporate.</p>					
	Erklæring vedrørende væsentlige negative ændringer.	Der er ikke siden den 31. december 2013 indtrådt nogen væsentlig negativ ændring i fremtidsudsigterne for UBS AG eller UBS-koncernen.					

	Erklæring vedrørende væsentlige ændringer.	Der er ikke siden den 31. marts 2014 indtrådt nogen væsentlig ændring i den finansielle stilling eller handelsmæssige stilling for UBS-koncernen eller UBS AG.
<b>B.13</b>	Begivenheder, der er indtruffet for nylig.	Ikke relevant. Der er ikke for nylig indtruffet begivenheder, som er særlige for UBS AG, og som er væsentlige ved bedømmelsen af UBS AG's solvens.
<b>B.14</b>	Afhængighed af andre enheder i koncernen.	UBS AG er moderselskab i UBS-koncernen og er som sådan i en vis udstrækning afhængig af visse af sine datterselskaber.
<b>B.15</b>	Udstederens hovedaktiviteter.	<p>Sammen med sine datterselskaber trækker UBS AG på 150 års erfaring med at betjene private, institutionelle og erhvervs-kunder over hele verden samt detailkunder i Schweiz. UBS' forretningsstrategi er centreret omkring (efter UBS' opfattelse) bankens overlegne aktiviteter inden for global formueforvaltning og dets (efter UBS' opfattelse) førende universalbankaktiviteter i Schweiz, kompletteret af dets aktiviteter inden for Global Asset Management og dets Investment Bank, med fokus på kapitaleffektivitet og -aktiviteter, der (efter UBS' opfattelse) tilbyder overlegne udsigter for strukturel vækst og rentabilitet. Med hovedkvarter i Zürich og Basel, Schweiz, har UBS kontorer i mere end 50 lande, herunder alle større finanscentre.</p> <p>I henhold til pkt. 2 i UBS AG's vedtægter dateret 7. maj 2014 ("<b>Vedtægter</b>") er UBS AG's formål at drive bankvirksomhed. Bankens virksomhedsformål strækker sig over alle typer af banktjenester, finansielle tjenester, rådgivningstjenester samt handels- og serviceydelser i Schweiz og udlandet.</p>
<b>B.16</b>	Beskrivelse af, om Udstederen er direkte eller indirekte ejet eller kontrolleret.	<p>Nedenfor følger de seneste anmeldelser vedrørende besiddelser i UBS AG's aktiekapital foretaget i overensstemmelse med den schweiziske føderale børs- og værdipapirhandelslov (<i>Federal Act on Stock Exchanges and Securities Trading</i>) af 24. marts 1995, som senere ændret, baseret på UBS AG's registrerede aktiekapital på tidspunktet for anmeldelsen: (i) 18. september 2013, Government of Singapore Investment Corp anmeldte ændring af sit selskabsnavn til GIC Private Limited og en besiddelse på 6,40 %, (ii) 30. september 2011, Norges Bank (Norges centralbank), 3,04 %, (iii) 17. december 2009, BlackRock Inc., New York, USA, 3,45 %.</p> <p>Pr. 31. marts 2014 blev følgende aktionærer (i eget navn eller som nominelle ejere for andre investorer eller egentlige ejere) registeret i ejerbogen med beholdninger på 3 % eller mere af den samlede aktiekapital i UBS AG: Chase Nominees Ltd., London (11,98 %), GIC Private Limited, Singapore (6,39 %), den amerikanske værdipapirclearingvirksomhed DTC (Cede &amp; Co.) New York, "The Depository Trust Company" (6,28 %) og Nortrust Nominees Ltd., London</p>

		(3,51 %).
<p><i>[Nedenstående Element B.17 skal alene indsættes ved Værdipapirer, hvor Udstederen er forpligtet til ved udstedelse at betale investor 100 % af den nominelle værdi:</i></p>		
<b>B.17</b>	Den kreditvurdering, som Udstederen eller dens gældsværdipapirer har opnået.	<p>Kreditvurderingsbureauet Standard &amp; Poor's Credit Market Services Europé Limited ("<b>Standard &amp; Poor's</b>"), Fitch Ratings Limited ("<b>Fitch Ratings</b>") og Moody's Investors Service, Inc. ("<b>Moody's</b>") har offentliggjort kreditvurderinger, som afspejler deres vurdering af UBS AG's kreditværdighed, dvs. UBS' evne til at indfri sine forpligtelser i takt med at disse forfalder, så som hovedstols- eller rentebetalinger på langfristede lån. De kreditvurderinger, som UBS opnår fra Fitch Ratings og Standard &amp; Poor's, kan have et foranstillet plus- eller minustegn, og kreditvurderingerne fra Moody's et tal. Disse supplerende betegnelser indikerer den relative placering inden for den pågældende kreditvurderingsklasse.</p> <p>På datoen for dette Resumé har UBS AG's langfristede foranstående gæld opnået en kreditvurdering på A (negative fremtidsudsigter) fra Standard &amp; Poor's, A<sub>2</sub> (stabile fremtidsudsigter) fra Moody's og A (stabile fremtidsudsigter) fra Fitch Ratings.</p> <p>Standard &amp; Poor's og Fitch Ratings er registreret som kreditvurderingsbureauer i henhold til Forordning (EF) Nr. 1060/2009 som ændret ved Forordning (EU) No. 513/2011 (the "<b>CRA-forordningen</b>"). Moody's er ikke etableret i et EØS-land og er ikke autoriseret i henhold til CRA-forordningen, men den kreditvurdering, som Moody's har givet, er godkendt af Moody's Investors Service Ltd., et kreditvurderingsbureau etableret i EØS og registreret i henhold til CRA-forordningen.]</p>

Element	Afsnit C – Værdipapirer	
<b>C.1</b>	Beskrivelse af den type og klasse Værdipapirer, der udbydes, samt fondskode.	<p><b>Værdipapirstype og -form</b></p> <p>Værdipapirerne er certifikater, obligationer eller warrants.</p> <p>Værdipapirerne kan udstedes i serier (hver for sig en "Serie"), og Værdipapirerne i hver Serie vil være underlagt de samme betingelser (dog undtaget blandt andet for så vidt angår Udstedelseskurs, Udstedelsesdato, Udstedelsesstørrelse og rentestartsdato, som kan være, men ikke nødvendigvis er identiske) for så vidt angår valuta, stykstørrelse, rentetermin eller i øvrigt.</p> <p><i>[for så vidt angår Værdipapirer reguleret af tysk lovgivning og som er repræsenteret ved et Globalt Værdipapir, indsæt: Værdipapirerne udstedes i ihændehaverform som defineret i § 793 i den tyske retsplejelov (German Civil Code) og vil ved udstedelse være repræsenteret ved [et eller flere permanente</i></p>

		<p>globale ihændeleværdipapir(er) (hver for sig et "<b>Globalt Værdipapir</b>") [et midlertidigt globalt ihændeleværdipapir (hver for sig et "<b>Midlertidigt Globalt Værdipapir</b>"), som ved dokumentation for ikke-amerikansk egentlig ejerskab kan ombyttes til et permanent globalt ihændeleværdipapir (hver for sig et "<b>Permanent Globalt Værdipapir</b>" og tilsammen med det Midlertidige Globale Værdipapir benævnt et "<b>Globalt Værdipapir</b>"). Ingen Værdipapirer i ihændeleværdipapir vil blive udstedt eller kunne ombyttes til fysiske ihændeleværdipapirer, hverken på begæring af nogen Værdipapirindehaver eller i øvrigt.</p> <p>[Hvert enkelt] [[Det] Globale Værdipapir deponeres hos [Clearstream Banking AG ("<b>Clearstream, Tyskland</b>") [Clearstream Banking S.A. ("<b>Clearstream, Luxembourg</b>")]] [og/eller] [Euroclear Bank S.A./ N.V. ("<b>Euroclear</b>").]</p> <p>[Værdipapirerne udstedes i dematerialiseret, elektronisk form og er registreret til clearing gennem Euroclear Sweden AB ("<b>Euroclear Sverige</b>"), Euroclear Finland Oy ("<b>Euroclear Finland</b>"), VPS ASA ("<b>VPS</b>") og VP Securities A/S ("<b>VP</b>") eller ethvert andet Clearingsystem, som beskrevet i de Endelige Vilkår.]</p> <p>Værdipapirerne vil blive clearet via [ ]. Værdipapirerne er tildelt følgende ISIN: [ ].</p>
<b>C.2</b>	Valuta.	Valutaen for hver Serie af Værdipapirer er [•] (" <b>Indløsningsvalutaen</b> ").
<b>C.5</b>	Beskrivelse af indskrænkninger i Værdipapirernes frie omsættelighed.	Hvert enkelt Værdipapir i en Serie af Værdipapirer kan overdrages i overensstemmelse med gældende lovgivning samt eventuelle til enhver tid gældende regler og retningslinjer for det Clearingsystem, som Værdipapiret overføres igennem.
<b>C.8</b>	Beskrivelse af rettigheder, der er knyttet til Værdipapirerne, herunder af Værdipapirernes rangorden og begrænsninger i rettighederne.	<p><b>Gældende ret for Værdipapirerne</b></p> <p>Værdipapirerne vil være reguleret af tysk ret ("<b>Værdipapirer reguleret af tysk ret</b>").</p> <p>Retsvirkningerne af registreringen af Værdipapirerne hos det relevante Clearingsystem er reguleret af lovgivningen i Clearingsystemets jurisdiktion.</p> <p><b>Rettigheder tilknyttet Værdipapirerne</b></p> <p>Med forbehold for Betingelserne for Værdipapirerne følger der med Værdipapirerne en ret for Værdipapirindehavere til på forfaldsdagen eller ved udnyttelse at kræve udbetaling af Indløsningsbeløbet i Indløsningsvalutaen og/eller levering af det Fysiske Underliggende Aktiv i relevant antal.</p> <p>[Værdipapirindehavere er desuden i Værdipapirernes løbetid berettiget til, med forbehold for Betingelserne for Værdipapirerne, at modtage betaling af</p>

		<p>[en Kuponrente] [et Rentebeløb].]</p> <p><b>Begrænsning i de rettigheder, der er knyttet til Værdipapirerne</b></p> <p>Udsteder er berettiget til under iagttagelse af de betingelser, der er anført i Betingelserne, at afslutte Værdipapirerne og at foretage visse ændringer til Betingelserne.</p> <p><b>Værdipapirernes status</b></p> <p>Værdipapirer vil udgøre direkte, usikrede og ikke-efterstillede forpligtelser på Udstederen og vil være sideordnet med hinanden og med alle øvrige eksisterende og fremtidige usikrede og ikke-efterstillede forpligtelser på Udstederen, med undtagelse af de forpligtelser, som Udstederen er underlagt i henhold til ufravigelige lovregler.</p>
<b>C.10</b>	Derivat-komponent i rentebetalingen.	<p><i>[Følgende Element C.10 skal alene indsættes i tilfælde af Værdipapirer, hvor Udstederen har en forpligtelse til ved udstedelse til at betale investoren 100 % af den nominelle værdi (ud over dette kan der også være en rentebetaling):</i></p> <p><i>[indsættes for hvert enkelt Værdipapir, hvor relevant:]</i></p> <p>[Renteberegningsperiode] [•]</p> <p>[Kuponrente] [•]</p> <p>[Rentebetalingsdato] [•]</p> <p>[Betalingsdato for Kuponrente] [•]</p> <p>[Observationsdato] [•]</p> <p>[Observationsperiode] [•]</p> <p>[Referencekurs] [•]</p> <p>[Afrekningskurs] [•]</p> <p>[Værdipapirernes Løbetid] [•]</p> <p>[Underliggende Aktiv] [•]</p> <p>[Værdiansættelsesdato] [•]</p> <p>[Variabel Rente] [•]</p> <p>[indsæt yderligere definitioner, hvor relevant] [•]</p>
<b>C.11</b>	Optagelse til handel på et	<p>[Udstederen] [[Den relevante] Forvalter[en]] forventer at indlevere en anmodning om optagelse af Værdipapirerne til [notering] [optagelse af</p>

	<p>reguleret marked eller andre tilsvarende markeder.</p>	<p>Værdipapirerne til [handel] på [det regulerede marked på [Frankfurt Stock Exchange] [Stuttgart Stock Exchange] [•]] [den officielle liste på [det regulerede marked på Luxembourg Stock Exchange] [•]] [[det uofficielle regulerede marked på] [Frankfurt Stock Exchange] [Stuttgart Stock Exchange] [•]] [den officielle liste på Borsa Italiana S.p.A.] [EuroTLX, som drives af TLX S.p.A.][NASDAQ OMX Stockholm][NASDAQ OMX Helsinki][Nordic Growth Market NGM AB – NDX (Nordic Derivatives Exchange)] [angiv alternativ(e) børs(er) eller handelssystem(er): [•]]. [Forudsat at Udstederen ikke har afsluttet Værdipapirerne[, og forudsat at Værdipapirerne ikke er udløbet førtidigt] før Udløbsdatoen, skal handel med Værdipapirerne ophøre [[to] [•] handelsdag[e] før] [på] [Værdiansættelsesdatoen] [den Endelige Værdiansættelsesdato] [Udløbsdatoen] [Forfaldsdatoen] [•] (idet sådan dag betegnes den "Sidste Dag for Børshandel"). [Med virkning fra den Sidste Dag for Børshandel kan handel alene finde sted uden for markedet direkte med [Formidleren] [•].]]]</p> <p>[Anmodning om godkendelse af Værdipapirerne til optagelse til notering og handel på [ ] pr. [ ].]</p> <p>[Ikke relevant. Det er ikke Udstederens hensigt at ansøge om optagelse af Værdipapirerne til [notering] [handel].]</p>
<p><b>C.15</b></p>	<p>Beskrivelse af, hvordan værdien af værdipapirerne påvirkes af de underliggende instrumenter.</p>	<p>Værdien af Værdipapirerne i deres løbetid afhænger af udviklingen i [det Underliggende Aktiv] [Puljekomponenterne] [i forhold til udviklingen i [et andet][andre] Underliggende Aktiv[er]]. Hvis kursen på [det Underliggende Aktiv] [Puljekomponenterne] [stiger] [falder], vil værdien på Værdipapirerne (uden hensyn til eventuelle særlige egenskaber ved Værdipapirerne) sandsynligvis også [stige] [falde].</p> <p>Særligt det evt. Indløsningsbeløb, der skal udbetales til Værdipapirindehaveren ved udnyttelse af Værdipapirerne, afhænger af udviklingen i [det Underliggende Aktiv] [Puljekomponenterne].</p> <p>Følgende egenskaber er eksempler på, hvordan værdien på Værdipapirerne afhænger af det Underliggende Aktiv:</p> <p><b>[UBS Værdipapirer med Automatisk Indløsning / Ekspresindløsning (UBS Autocallable /Express Securities)</b></p> <p>UBS Værdipapirer med Automatisk Indløsning / Ekspresindløsning er egnede til Værdipapirindehavere, som forventer, at kursen på det Underliggende Aktiv når [et] bestemt[e] niveau[e], som er nærmere anført i de gældende Produktvilkår, således at produktet kan indløses førtidigt.</p> <p>Hvis kursen på de(t) Underliggende Aktiv(er) når [et] bestemt[e] niveau[er] på specifikke Observationsdatoer, som nærmere anført i de gældende Produktvilkår, vil der ske førtidig indløsning af Værdipapirerne før</p>

	<p>Forfaldsdatoen.</p> <p>Hvis de pågældende UBS Værdipapirer med Automatisk Indløsning / Ekspresindløsning ikke udløb førtidigt på nogen af de forudgående Observationsdatoer, vil der ske indløsning af de pågældende UBS Værdipapirer med Automatisk Indløsning / Ekspresindløsning på Forfaldsdatoen som nærmere anført i de gældende Produktvilkår. Indløsningsbeløbet i Indløsningsvalutaen afhænger af den individuelle produktstruktur som nærmere angivet i de gældende Produktvilkår.</p> <p>Indløsningsbeløbet kan fastsættes med udgangspunkt i udviklingen i et eller flere Underliggende Aktiv(er) som nærmere angivet i de gældende Produktvilkår.</p> <p>Betaling af kuponrente eller andet provenu knyttet til de(t) Underliggende Aktiv(er)</p> <p>I tillæg til og som nærmere angivet i de relevante Produktvilkår kan Værdipapirindehaveren i løbetiden for UBS Værdipapirer med Automatisk Indløsning / Ekspresindløsning være berettiget til at modtage betaling af en Kuponrente eller evt. andet udbytte som nærmere angivet i de gældende Produktvilkår. Sådant betaling kan som nærmere angivet i de gældende Produktvilkår være ubetinget eller betinget af en specifik udvikling i de(t) Underliggende Aktiv(er) som beskrevet i de gældende Produktvilkår.]</p> <p><b>[UBS Gearingværdipapirer (UBS Gearing Securities)</b></p> <p>UBS Gearingværdipapirer giver Værdipapirindehavere mulighed for at deltage i den positive udvikling i de(t) Underliggende Aktiv(er). Omvendt kan Værdipapirindehavere af UBS Gearingværdipapirer ligeledes deltage i den negative udvikling i de(t) Underliggende Aktiv(er), idet de pågældende UBS Gearingværdipapirer kan medføre en potentiel tabsrisiko som nærmere anført i de gældende Produktvilkår. UBS Gearingværdipapirer kan ligeledes give Værdipapirindehaveren mulighed for at deltage i den positive udvikling i det Underliggende Aktiv i forhold til et andet Underliggende Aktiv. Omvendt kan Værdipapirindehavere af UBS Gearingværdipapirer deltage den negative udvikling i det Underliggende Aktiv i forhold til et andet Underliggende Aktiv.</p> <p>Værdipapirindehavere modtager på Forfaldsdatoen et Indløsningsbeløb i Indløsningsvalutaen, hvor størrelsen af beløbet afhænger af Referencekursen eller Afregningskursen på de(t) Underliggende Aktiv(er) som nærmere anført i de relevante Produktvilkår. Indløsningsbeløbet beregnes typisk ved at gange det Nominelle Beløb eller sådant andet beløb, som er nærmere anført i de gældende endelige Produktvilkår, med den relevante udvikling i de(t) Underliggende Aktiv(er), og derefter gange resultatet med Deltagelsesfaktoren, Gearingfaktoren eller Multiplikatoren, men kan ligeledes medregne andre faktorer som nærmere anført i de gældende Produktvilkår.</p>
--	--

		<p>Indløsningsbeløbet kan fastsættes med udgangspunkt i udviklingen i et eller flere Underliggende Aktiv(er) som nærmere angivet i de gældende Produktvilkår.]</p> <p><b>[UBS Warrants</b></p> <p>UBS Købswarrants (<i>UBS Call Warrants</i>) giver Værdipapirindehavere mulighed for at deltage uforholdsmæssigt (med gearing) i den positive udvikling i det Underliggende Aktiv. Omvendt kan Værdipapirindehavere af UBS Købswarrants ligeledes deltage uforholdsmæssigt (med gearing) i den negative udvikling i det Underliggende Aktiv. Værdipapirindehavere bærer risikoen for, at de pågældende UBS Købswarrants er værdiløse ved udløb, hvis Referencekursen eller Afregningskursen på det Underliggende Aktiv som nærmere anført i de relevante Produktvilkår for UBS Købswarrants er lig med eller under Aftalekursen.</p> <p>UBS Salgswarrants (<i>UBS Put Warrants</i>) giver Værdipapirindehavere mulighed for positivt at deltage uforholdsmæssigt (med gearing) i den negative udvikling i de(t) Underliggende Aktiv(er). Omvendt kan Værdipapirindehavere af UBS Salgswarrants ligeledes deltage uforholdsmæssigt (med gearing) i den positive udvikling i de(t) Underliggende Aktiv(er). Værdipapirindehavere bærer risikoen for, at de pågældende UBS Salgswarrants er værdiløse ved udløb, hvis Referencekursen eller Afregningskursen på de(t) Underliggende Aktiv(er) som nærmere anført i de relevante Produktvilkår for UBS Salgswarrants er lig med eller over Aftalekursen.</p> <p>Indløsningsbeløbet kan fastsættes med udgangspunkt i udviklingen i et eller flere Underliggende Aktiv(er) som nærmere angivet i de gældende Produktvilkår.]</p> <p><b>[UBS Kapitalbeskyttede Værdipapirer (<i>Capital Protection Securities</i>) / Delvist Kapitalbeskyttede Værdipapirer (<i>Partially Capital Protection Securities</i>)</b></p> <p>UBS Kapitalbeskyttede Værdipapirer, eller CPS, er kapitalbeskyttede ved forfald og giver samtidig mulighed for det afkastpotentiale, der kan opstå fra kapitalmarkederne (potentielt kun op til et fastlagt maksimum). CPS deltager (i hvert fald delvist) med dette formål i kursbevægelserne for de(t) udvalgte Underliggende Aktiv(er). Denne struktur giver mulighed for deltagelse i udviklingen for de(t) udvalgte Underliggende Aktiv(er). Den fastlagte deltagelsesgrad kan variere som nærmere anført i de relevante Produktvilkår. Den kan, afhængigt af produkttegenskaberne, være proportionel (enten negativ eller positiv) i forhold til udviklingen i de(t) Underliggende Aktiv(er).</p> <p>Ved en kapitalbeskyttelse på under 100 % er det nominelle beløb ved forfald ikke fuldt sikret. En kursstigning for de(t) Underliggende Aktiv(er) ved forfald</p>
--	--	--

	<p>er nødvendig for at bygge bro over forskellen mellem niveauet for kapitalbeskyttelsen og 100 % af det nominelle beløb og for at undgå tab ved forfald.</p> <p>Uanset produktets struktur skal UBS AG's udstederrisiko tages i betragtning.</p> <p>Indløsningsbeløbet kan fastsættes med udgangspunkt i udviklingen i et eller flere Underliggende Aktiv(er) som nærmere angivet i de gældende Produktvilkår.</p> <p>Udstedelseskursen for CPS'er kan være over 100.]</p> <p><b>[UBS Sprintværdipapirer (<i>UBS Sprint Securities</i>)</b></p> <p>UBS Sprintværdipapirer giver Værdipapirindehavere mulighed for at deltage i den positive udvikling i det Underliggende Aktiv inden for et fastlagt interval, dvs. mellem Aftalekursen og Maksimummet ganget med en deltagelsesgrad som nærmere angivet i de relevante Produktvilkår. Til gengæld deltager Værdipapirindehavere alene i den positive udvikling i det Underliggende Aktiv (potentielt kun op til et Maksimum). Omvendt kan Værdipapirindehavere af UBS Sprintværdipapirer ligeledes deltage i en del af, eller hele, den negative udvikling i det Underliggende Aktiv. UBS Sprintværdipapirer findes også uden Maksimum.</p> <p>Indløsningsbeløbet kan fastsættes med udgangspunkt i udviklingen i et eller flere Underliggende Aktiv(er) som nærmere angivet i de gældende Produktvilkår.]</p> <p><b>[UBS Bonusværdipapirer (<i>UBS Bonus Securities</i>)</b></p> <p>UBS Bonusværdipapirer giver Værdipapirindehavere mulighed for at deltage i den positive udvikling i det Underliggende Aktiv. Omvendt kan Værdipapirindehavere af UBS Bonusværdipapirer ligeledes deltage i den negative udvikling i det Underliggende Aktiv. Afhængigt af, om der indtræder en Kick Out-/Kick in-begivenhed i Værdipapirernes løbetid eller i nogen periode eller på nogen dag i Værdipapirernes løbetid som nærmere anført i de gældende Produktvilkår, er Værdipapirindehaveren berettiget til at på Forfaldsdatoen at modtage Indløsningsbeløbet i Indløsningsvalutaen som nærmere anført i de gældende Produktvilkår.</p> <p>Indløsningsbeløbet kan fastsættes med udgangspunkt i udviklingen i et eller flere Underliggende Aktiv(er) som nærmere angivet i de gældende Produktvilkår.]</p> <p><b>[UBS Outperformance-værdipapirer (<i>UBS Outperformance Securities</i>)</b></p> <p>UBS Outperformance-værdipapirer giver Værdipapirindehavere mulighed for at deltage i den positive udvikling i det Underliggende Aktiv i forhold til et</p>
--	--

	<p>andet Underliggende Aktiv. Omvendt kan Værdipapirindehavere af UBS Outperformance-værdipapirer ligeledes deltage i den negative udvikling i det Underliggende Aktiv i forhold til et andet Underliggende Aktiv. Afhængigt af, om Referencekursen eller Afregningskursen for det Underliggende Aktiv som nærmere anført i de relevante Produktvilkår er højere end eller lig med eller lavere end Aftalekursen, er Værdipapirindehaveren berettiget til på Forfaldsdatoen at modtage Indløsningsbeløbet i Indløsningsvalutaen som nærmere anført i de gældende Produktvilkår.</p> <p>Indløsningsbeløbet kan fastsættes med udgangspunkt i udviklingen i et eller flere Underliggende Aktiv(er) som nærmere angivet i de gældende Produktvilkår.]</p> <p><b>[UBS Omvendt Konvertible Værdipapirer / UBS GOAL (UBS Reverse Convertible Securities / UBS GOAL)</b></p> <p>Uanset udviklingen i det Underliggende Aktiv er Værdipapirindehaveren på hver Betalingsdato for Kuponrente berettiget til at modtage betaling af en kuponrente. Alt efter om Referencekursen eller Afregningskursen for det Underliggende Aktiv som nærmere anført i de relevante Produktvilkår er lavere end eller lig med Aftalekursen eller højere end Aftalekursen, modtager Værdipapirindehaveren enten det nominelle beløb eller udviklingen i de(t) Underliggende Aktiv(er). Kuponrenten kan også være betinget.</p> <p>Indløsningsbeløbet kan fastsættes med udgangspunkt i udviklingen i et eller flere Underliggende Aktiv(er) som nærmere angivet i de gældende Produktvilkår.]</p> <p><b>[UBS Kick-In GOAL / Omvendt Konvertibel med Grænse (UBS Kick-In GOAL / Barrier Reverse Convertible)</b></p> <p>UBS Kick-In GOAL giver mulighed for en sikkerhedsbuffer, som har til formål at beskytte mod, at de(t) Underliggende Aktiv(er) når visse forudbestemte eller variable niveauer. Hvis de(t) Underliggende Aktiv(er) ikke når en fastsat grænse som nærmere anført i de relevante Produktvilkår, er Værdipapirindehavere berettiget til på Forfaldsdatoen at modtage et Indløsningsbeløb i Indløsningskursen svarende til det Nominelle Beløb.</p> <p>Hvis grænsen er overskredet, tilpasses tilbagebetalingen ved forfald til niveauet for de(t) Underliggende Aktiv(er) som nærmere anført i de relevante Produktvilkår. Hvis de(t) Underliggende Aktiv(er) lukker over et fastsat niveau på en bestemt dag som nærmere anført i de relevante Produktvilkår, er Værdipapirindehavere berettiget til på Forfaldsdatoen at modtage et Indløsningsbeløb i Indløsningskursen svarende til det Nominelle Beløb. Hvis kursen for de(t) Underliggende Aktiv(er) derimod lukker på eller under et fastsat niveau på en bestemt dag som nærmere anført i de relevante Produktvilkår, er Værdipapirindehavere berettiget til på Forfaldsdagen,</p>
--	--

	<p>afhængigt af produktets struktur, enten at modtage det Fysiske Underliggende Aktiv i det relevante antal enten udtrykt ved Multiplikationsfaktoren eller, alt efter omstændighederne og som nærmere anført i de relevante Produktvilkår, svarende til antallet af Referenceaktier pr. Værdienhed eller kontant betaling af et beløb svarende til værdien af de(t) Underliggende Aktiv(er) på det pågældende tidspunkt (justeret for det respektive forhold). Grænsen kan observeres enten kontinuerligt eller på fastsatte datoer som nærmere anført i de relevante Produktvilkår.</p> <p>Indløsningsbeløbet kan fastsættes med udgangspunkt i udviklingen i et eller flere Underliggende Aktiv(er) som nærmere angivet i de gældende Produktvilkår.]</p> <p><b>[UBS PERLES / Delta One-værdipapirer (UBS PERLES / Delta One Securities)</b></p> <p>Værdipapirindehavere kan enkelt, bekvemt og gennem en enkelt transaktion anvende UBS PERLES til at deltage den positive eller negative udvikling i et eller flere Underliggende Aktiv(er).</p> <p>UBS PERLES / Delta One-værdipapirer kan være udstedt uden en forudbestemt Forfaldsdato eller med en forudbestemt Forfaldsdato som nærmere anført i de relevante Produktvilkår.</p> <p>Indløsningsbeløbet kan fastsættes med udgangspunkt i udviklingen i et eller flere Underliggende Aktiv(er) som nærmere angivet i de gældende Produktvilkår.]</p> <p><b>[UBS PERLES / Gearede Værdipapirer (UBS PERLES / Leveraged Securities)</b></p> <p>Med UBS Gearede PERLES (Værdipapirer knyttet til udviklingen i egenkapitalinstrumenter), også kaldet outperformance-værdipapirer, kan Værdipapirindehavere anvende gearing, eftersom UBS Gearede PERLES giver Værdipapirindehavere mulighed for at deltage uforholdsmæssigt og uden begrænsning i stigende kurser for de(t) Underliggende Aktiv(er) (fx en aktie, et indeks eller et valutapar). Det betyder, at deltagelsesgraden fra et forudbestemt kursniveau som nærmere anført i de relevante Produktvilkår i en potentielt stigende kursudvikling er højere end 100 %. Den præcise udviklingssats varierer afhængigt af produkttegenskaberne og er fast pr. udstedelse som nærmere anført i de relevante Produktvilkår.</p> <p>Hvis købskursen for en UBS Gearet PERLES ligger på niveau med kursen for de(t) Underliggende Aktiv(er), er gearingeffekten endnu ikke indtrådt. I det tilfælde modvirkes den uforholdsmæssige chance for en gevinst af en tabsrisiko, som svarer til en direkte investering, og Værdipapirindehavere deltager i den potentielt negative kursudvikling i tilsvarende grad som for normale PERLES. I det beskrevne eksempel (uden agio) er der således ingen</p>
--	---

	<p>uforholdsmæssig deltagelse i potentielle tab.</p> <p>For at minimere tabsrisikoen har UBS Gearede PERLES Plus betinget delvis beskyttelse. Så længe en supplerende sikkerhedstærskel som nærmere anført i de relevante Produktvilkår ikke nås i Værdipapirernes løbetid, genvinder Værdipapirindehaverne som minimum den investerede kapital på forfaldsdagen.</p> <p>Den delvise beskyttelses ophører alene, hvis en tærskel overskrides, og produktet opfører sig som en normal UBS Gearet PERLES på forfaldsdagen.</p> <p>Indløsningsbeløbet kan fastsættes med udgangspunkt i udviklingen i et eller flere Underliggende Aktiv(er) som nærmere angivet i de gældende Produktvilkår.]</p> <p><b>Følgende beskrivelser på flere udviklingsstrukturer kan evt. blive anvendt i forbindelse med Værdipapirerne beskrevet i afsnittet ovenfor</b></p> <p><u>Underliggende Aktiver</u></p> <p>Værdipapirer kan være knyttet til et enkelt Underliggende Aktiv, en pulje af Underliggende Aktiver, et eller flere Underliggende Aktiv(er) med den bedste udvikling, et eller flere Underliggende Aktiv(er) med den dårligste udvikling eller en kombination af disse. Puljeudviklingen beregnes som det vægtede gennemsnit af udviklingen i de(t) enkelte Underliggende Aktiv(er).</p> <p>Vægtningen kan afhængigt af bestemte betingelser enten være fastsat på forhånd eller blive defineret i produktets løbetid. Vægtningen kan fx afhænge af den relative udvikling i de Underliggende Aktiver eller af den realiserede volatilitet i de(t) Underliggende Aktiv(er).</p> <p><u>Udvikling</u></p> <p>Udviklingen eller niveauet for de(t) Underliggende Aktiv(er) kan måles på forskellige måder.</p> <p>Udviklingen måles normalt som slutniveauet for de(t) Underliggende Aktiv(er) som en procentdel af startniveauet for de(t) Underliggende Aktiv(er). Slutniveauet og/eller startniveauet kan dog også enten defineres som det gennemsnitlige / maksimale / minimale niveau for de(t) Underliggende Aktiv(er), således som dette er observeret i en bestemt periode. Startniveauet behøver ikke nødvendigvis observeres på startdagen for produktet, men kan også observeres i produktets løbetid.</p> <p>Udviklingen kan også måles som den relative udvikling for et eller flere Underliggende Aktiv(er) i forhold til udviklingen for et eller flere andre Underliggende Aktiv(er).</p>
--	--

	<p>Udviklingen kan også have et fastsat eller et variabelt og/eller betinget maksimum. Det betyder, at Værdipapirindehavere accepterer en begrænsning af afkastpotentialet ("<b>Maksimum</b>") og kan kun deltage i eventuelle kursstigninger (eller fald) for de(t) Underliggende Aktiv(er), indtil et bestemt niveau er nået og ikke længere. Desuden kan udviklingen også have et fastsat eller et variabelt og/eller betinget minimum. Det betyder, at Værdipapirindehavere har et minimum for afkastpotentiale ("<b>Minimum</b>") og negativt kun kan deltage i eventuelle kursfald (eller stigninger) for de(t) Underliggende Aktiv(er), indtil et bestemt niveau er nået og ikke længere.</p> <p><u>Grænser</u></p> <p>Produkter kan have grænser, der aktiveres så snart bestemte betingelser er opfyldt. Disse grænser repræsenterer sædvanligvis visse niveauer, der skal nås af de(t) Underliggende Aktiv(er) på bestemte observationsdatoer.</p> <p>Grænser kan enten udløses af de(t) Underliggende Aktiv(er), udviklingen eller andre mål, som når bestemte forudbestemte niveauer. Nogle grænser udløses kun, hvis mere end en betingelse er opfyldt.</p> <p>Grænser kan være fastsat til enten at skulle observeres på bestemte datoer eller kontinuerligt.</p> <p>Grænser kan føre til at bestemte egenskaber ved Værdipapirerne enten fjernes (Kick-Out) eller tilføjes (Kick-In). Som egenskaber, der tilføjes eller fjernes, kan fx nævnes kuponrenter, deltagelsesgrader eller Underliggende Aktiv(er).</p> <p><u>Stop Loss- / Knock Out-egenskaber (Stop Loss / Knock Out Feature)</u></p> <p>Hvis det af de relevante Produktvilkår fremgår, at Stop Loss- / Knock Out-begivenhed finder anvendelse, kan Værdipapirerne afsluttes og indløses førtidigt, såfremt en Stop Loss- / Knock Out-begivenhed indtræder.</p> <p><u>Investeringsstrategier</u></p> <p>Udvikling kan defineres som den hypotetiske udvikling for en forudbestemt investeringsstrategi. Det kan fx være en strategi, hvor der kun investeres i de(t) Underliggende Aktiv(er) på bestemte fastlagte datoer. Et andet eksempel er en strategi, hvor der investeres i de(t) Underliggende Aktiv(er) alt afhængigt af den realiserede volatilitet, udvikling, fremdrift eller andet mål for de(t) Underliggende Aktiv(er)s niveau i produktets løbetid.</p> <p><u>Baissepræget/ Haussepræget / Variabel Deltagelsesgrad (Bearish / Bullish / Variable Participation Rate)</u></p> <p>Deltagelse er normalt proportional med en bestemt kurs (som selv kan</p>
--	---

	<p>afhænge af bestemte forudsætninger, fx udviklingen i et eller flere Underliggende Aktiv(er), og som kan være enten negative eller positive.</p> <p><u>Valutaomregning</u></p> <p>Afkastberegningen kan enten være i valutaen for de(t) Underliggende Aktiv(er) eller i en anden valuta for afkastberegningen. Den valutakurs, der skal anvendes til den endelige afkastberegning, kan enten være forudbestemt (quanto-funktion) eller variabel.</p> <p><u>Kuponrente / Øvrigt Provenu</u></p> <p>Hvis det af de relevante Produktvilkår fremgår, at ubetinget Kuponrente eller andet provenu finder anvendelse, er Værdipapirindehaveren berettiget til at modtage betaling af den relevante Kuponrente eller øvrigt provenu.</p> <p>Hvis det af de relevante Produktvilkår fremgår, at betinget Kuponrente eller andet provenu finder anvendelse, er Værdipapirindehaveren berettiget til at modtage betaling af den relevante Kuponrente eller øvrigt provenu, forudsat at relevante betingelser er opfyldt. Hvis disse krav ikke er opfyldt i relation til en betinget Kuponrente eller øvrigt provenu, udbetales der ingen Kuponrente eller øvrigt provenu.</p> <p>Værdipapirer kan således i deres løbetid generere løbende indtægter. De fleste Værdipapirer genererer dog ikke ubetingede indtægter, fx udbytte eller rente.</p> <p><u>Kapitalbeskyttelse</u></p> <p>Kun når det af de relevante Produktvilkår fremgår, at produktegenskaben "Kapitalbeskyttelse" finder anvendelse, modsvarer Afregningsbeløbet under alle omstændigheder som minimum det kapitalbeskyttede Minimumsbeløb.</p> <p><u>Fysisk eller Kontant Afvikling</u></p> <p>Kun når det af de relevante Produktvilkår fremgår, at produktegenskaben "Fysisk Afvikling" finder anvendelse, afvikles Produktet eventuelt fysisk. Ellers sker afvikling ved kontant betaling. Afviklingsformen kan afhænge af udviklingen i de(t) Underliggende Aktiv(er).</p> <p><u>Udsteders Førtdige Indløsningsret</u></p> <p>Hvis det af de relevante Produktvilkår fremgår, at produktegenskaben "Udsteders Førtdige Indløsningsret" finder anvendelse, har Udsteder ret til at indløse Værdipapirerne førtdigt ved meddelelse herom på visse forudbestemte datoer. Indløsningsværdien kan enten være forudbestemt eller afhænge af niveauet for de(t) Underliggende Aktiv(er), bestemte datoer eller andre parametre.</p>
--	---

		<p><u>Investors Førtidige Indløsningsret</u></p> <p>Hvis det af de relevante Produktvilkår fremgår, at produkttegenskaben "Investors Førtidige Indløsningsret" finder anvendelse, har Investoren ret til at indløse Værdipapirerne førtidigt. Indløsningsværdien kan enten være forudbestemt eller afhænge af niveauet for de(t) Underliggende Aktiv(er), bestemte datoer eller andre parametre.</p>
C.16	Udløbs- eller forfaldsdato, udnyttelsesdato eller endelig referencedato.	<p>[Forfaldsdato: [•]]</p> <p>[Udløbsdato: [•]]</p> <p>[[Udnyttelsesdato[er]][Udnyttelsesperiode]: [•]]</p> <p>[[Endelig] Værdiansættelsesdato: [•]]</p> <p>[Gennemsnitlige Værdiansættelsesdatoer: [•]]</p>
C.17	Afregningsprocedurer for derivaterne.	<p>Betalinger [og/eller levering af det Fysiske Underliggende Aktiv i det relevante antal] skal, i alle tilfælde med forbehold for alle gældende skattemæssige eller øvrige love eller regler, som måtte gælde i betalingslandet [eller levering] eller øvrige love og regler, som Udsteder erklærer at være underlagt, ske i overensstemmelse med de relevante CA-regler til det relevante Clearingsystem eller dets relevante formidler, eller ordre, med henblik på kreditering på den relevante kontohavers konto hos Clearingsystemet eller den relevante formidler.</p> <p>Udsteder skal ved betaling og/eller levering til Clearingsystemet på den ovenfor beskrevne måde frigøres fra sine indløsningsforpligtelser eller evt. øvrige betalings- eller leveringsforpligtelser i henhold til Betingelserne for Værdipapirerne.</p>
C.18	Beskrivelse af, hvordan udbyttet fra derivaterne udbetales.	Værdipapirindehavere vil på den relevant Forfaldsdato modtage [betaling af Indløsningsbeløbet] [og/eller] [levering af det Fysiske Underliggende Aktiv i det relevante antal].
C.19	Endelig referencekurs for de underliggende aktiver.	<p>[Afregningskurs: [•]]</p> <p>[Referencekurs: [•]]</p>
C.20	Typen af det underliggende aktiv, og hvor oplysninger om det underliggende	<p><b>Typen af Underliggende Aktiv:</b></p> <p>Det underliggende aktiv kan bestå af aktier (herunder et certifikat, som repræsenterer aktier), et indeks, en valutakurs, et ædelmetal, en råvare, en rentesats, et værdipapir med begrænsede rettigheder, et investeringsbevis, en</p>

	aktiv kan findes.	<p>futureskontrakt (hvis relevant, herunder fastsættelse af de Relevante Udløbsmåneder), en referencerente, en pulje bestående af ovennævnte aktiver samt en portefølje bestående af ovennævnte aktiver.</p> <p>[Typen af det Underliggende Aktiv er [•]]</p> <p><b>Oplysninger</b> om de Underliggende Aktivers hidtidige og fremtidige udvikling og deres volatilitet kan rekvireres [•].</p>
--	-------------------	---

Element	Afsnit D – Risici	
D.2	<p>Nøgleoplysninger om de vigtigste risici, der er specifikke for Udstederen.</p>	<p>Værdipapirerne indebærer en udstederrisiko, også kaldet en debitorrisiko eller kreditrisiko for potentielle investorer. En udstederrisiko er den risiko, at UBS AG midlertidigt eller varigt bliver ude af stand til at opfylde sine forpligtelser i henhold til Værdipapirerne.</p> <p><b>Generel solvensrisiko</b></p> <p>Den enkelte investor bærer den generelle risiko for, at Udsteders finansielle situation kan forværres. Værdipapirerne vil udgøre direkte, usikrede og ikke-efterstillede forpligtelser på Udstederen, som særligt i tilfælde af Udstederens insolvens vil være sideordnet med hinanden og med alle øvrige nuværende og fremtidige usikrede og ikke-efterstillede forpligtelser på Udstederen, bortset fra de forpligtelser som har fortrinsret i henhold til ufravigelige lovregler. Udstederens forpligtelser i henhold til Værdipapirerne er ikke beskyttet af obligatoriske eller frivillige indskudsgarantisystemer eller kompensationsordninger. <b>I tilfælde af Udstederens insolvens risikerer investorer således at miste hele deres investering i Værdipapirerne.</b></p> <p>UBS er som Udsteder eksponeret for forskellige brancherelaterede risici. Disse risici omfatter særligt følgende typer af risici, som alle kan have en negativ indvirkning på værdien af Værdipapirerne:</p> <ul style="list-style-type: none"> <li>• Effekten af en nedgradering af Udstederens kreditvurdering – den generelle vurdering af Udstederens kreditværdighed kan påvirke Værdipapirernes værdi. Et kreditvurderingsbureaus eventuelle nedgradering af Udstederens kreditvurdering kan således have en negativ indvirkning på Værdipapirernes værdi.</li> <li>• Ændringer i love og forskrifter kan have en negativ indvirkning på UBS' virksomhed og evne til at udføre sine virksomhedsstrategier. Planlagte og potentielle ændringer i love og forskrifter i Schweiz og andre lande, hvor UBS driver virksomhed, kan have en væsentlig negativ indvirkning på UBS' evne til at udføre sine virksomhedsstrategier, på visse forretningsdivisioners lønsomhed eller rentabilitet globalt set eller visse specifikke steder og i visse tilfælde på UBS' konkurrenceevne i forhold til andre finansielle institutioner. Det kan indebære store</li> </ul>

		<p>omkostninger at udføre disse og kan ligeledes have en negativ indvirkning på UBS' juridiske organisationsform eller forretningsmodel, som potentielt set kan medføre manglende kapitaleffektivitet med deraf følgende påvirkning af UBS' rentabilitet</p> <ul style="list-style-type: none"> <li>• UBS' konsolidering er et vigtigt bærende element i forhold til UBS' strategi, kundeførelse og konkurrencesituation. Enhver stigning i risikovægtede aktiver eller reduktion af kapitalgrundlaget kan reducere UBS' soliditetsprocent væsentligt. UBS er desuden underlagt et mindstekrav i forhold til det schweiziske SRB gearingsforhold, som under visse omstændigheder kan begrænse UBS' forretningsaktiviteter, selvom UBS kan opfylde andre risikobaserede kapitalkrav</li> <li>• UBS kan mislykkes med at gennemføre sine udmeldte strategiske planer, eller bankens planer kan blive forsinket eller effekten af bankens planer kan afvige fra, hvad der var tilsigtet. UBS er ligeledes udsat for mulig udgående strøm af kundeaktiver i sine formueforvaltningsaktiviteter og ændringer, der påvirker rentabiliteten af bankens forretningsdivision for formueforvaltning (<i>Wealth Management</i>), ligesom UBS kan mislykkes med at gennemføre ændringer i sine aktiviteter for at opfylde ændrede markedsmæssige, lovgivningsmæssige og andre betingelser</li> <li>• Der opstår væsentlige juridiske og lovgivningsmæssige risici i udførelsen af UBS' aktiviteter. UBS er udsat for risikoen for en lang række krav, tvister, søgsmål og offentlige undersøgelser og forventer, at bankens løbende forretningsaktiviteter fortsat vil give anledning til sådanne risici også i fremtiden. Udstrækningen af UBS' finansielle eksponering over for disse og andre forhold kan være væsentlig og i væsentligt grad overstige det hensættelsesniveau, som UBS har etableret til retssager, lovgivningsmæssige og lignende forhold</li> <li>• Operationelle risici, herunder risici som følge af procesfejl, afviklingsfejl, uautoriseret handel, svig, systemfejl, cyberangreb, brud på datasikkerheden samt sikkerhedssvig og manglende fysisk beskyttelse, kan indvirke på UBS' aktiviteter. Hvis UBS' interne kontrolsystemer svigter eller viser sig at være mangelfulde i forhold til at identificere og imødegå sådanne risici, kan UBS blive udsat for driftsforstyrrelser, der kan medføre væsentlige tab</li> <li>• UBS' omdømme er væsentlig for fremgangen i bankens aktiviteter. En negativ påvirkning af UBS' omdømme kan have en væsentlig negativ indvirkning på UBS' driftsresultater og finansielle stilling samt på UBS' evne til at opnå sine strategiske og finansielle målsætninger</li> <li>• Udviklingen i branchen for finansielle serviceydelser påvirkes af markedsforskel og det makroøkonomiske klima. Økonomisk nedgang, et fortsat lavt renteniveau eller en svag eller stagnerende økonomisk vækst på UBS' kernemarkeder eller en alvorlig finansiell krise kan have en negativ indvirkning på UBS' indtjening og i yderste konsekvens UBS'</li> </ul>
--	--	--

		<p>ansvarlige kapital</p> <ul style="list-style-type: none"> <li>• UBS har ældre og andre risikopositioner, herunder positioner, der er forbundet med fast ejendom i forskellige lande, som kan påvirkes negativt af forhold på de finansielle markeder; ældre risikopositioner kan være vanskelige at afvikle, idet en fortsat illikviditet og kompleksiteten i mange af dem kan gøre det vanskeligt at sælge eller på anden måde at afslutte disse positioner</li> <li>• UBS' globale tilstedeværelse udsætter virksomheden for risiko for valutaudsving, som indvirker på UBS' rapporterede indtægter og omkostninger samt andre regnskabstal så som anden totalindkomst, investerede aktiver, balanceaktiver, risikovægtede aktiver og kernekapital</li> <li>• UBS er afhængig af sine risikostyrings- og kontrolprocesser for at undgå eller begrænse potentielle tab på sin modpartskreditgivnings- og handelsaktiviteter og kan lide tab, hvis banken fx ikke i fuld udstrækning identificerer risiciene i sin portefølje, eller hvis bankens vurdering af de identificerede risici eller reaktion på negative tendenser viser sig at forkert timet, være utilstrækkelig, mangelfuld eller forkert</li> <li>• Værdiansættelsen af visse positioner er baseret på modeller; modeller har indbyggede begrænsninger og kan være baseret på input, som ikke har en kontrollerbar kilde; forskellige forudsætninger og input genererer forskellige resultater, og disse forskelle kan have en væsentlig indvirkning på UBS' regnskabsresultat</li> <li>• Likviditet og finansieringsstyring er kritisk for UBS' fortsatte resultater. Omfanget af UBS' finansieringskilder eller tilgængeligheden af de nødvendige finansieringstyper kan ændre sig bl.a. som følge af generelle markedsforstyrrelser, stigende kreditspænd, ændringer i kapital- og likviditetsbehov eller en negradering af UBS' kreditvurderinger, som også kan indvirke på finansieringsomkostningerne</li> <li>• Det er ikke nødvendigvis muligt for UBS at identificere eller udnytte indtjenings- eller konkurrencemuligheder eller fastholde eller tiltrække kvalificerede medarbejdere. UBS' konkurrencekraft og markedsposition kan svækkes, hvis UBS ikke er i stand til at identificere konjunkturer og udviklingslinjer, ikke imødegår dem ved at udarbejde og implementere passende forretningsstrategier, ikke i tilstrækkelig grad udvikler og opdaterer teknologier, særligt inden for handelsaktiviteter, eller ikke er i stand til at tiltrække eller fastholde de kvalificerede medarbejdere, der er nødvendige for at udføre dem</li> <li>• UBS' økonomiske resultater kan blive påvirket negativt af en ændring i regnskabsstandarder. Ændringer til IFRS eller fortolkninger deraf kan bevirke, at UBS' fremtidige regnskabsresultater og finansielle stilling afviger fra de aktuelle forventninger. Sådanne ændringer kan ligeledes indvirke på UBS' lovpligtige kapital og nøgletal</li> </ul>
--	--	--

		<ul style="list-style-type: none"> <li>• UBS' økonomiske resultater kan blive påvirket negativt af en ændring i forudsætninger, der har betydning for værdien af bankens goodwill. Hvis forudsætninger i fremtidige perioder afviger fra de aktuelle forventninger til fremtiden, kan værdien af UBS' goodwill blive forringet i fremtiden, hvilket kan give anledning til tab i resultatopgørelsen</li> <li>• Virkningen af skatter på UBS' økonomiske resultater påvirkes væsentligt af ændringer i UBS' udskudte skatteaktiver. UBS' effektive skattesats for hele året kan ændre sig væsentligt på baggrund af sådanne ændringer</li> </ul>
D.3	Nøgleoplysninger om de vigtigste risici, der er specifikke for Værdipapirerne.	<p>Køb af Værdipapirer er forbundet med visse risici. <b>Udstederen gør udtrykkeligt opmærksom på, at beskrivelsen af de risici, der er forbundet med en investering i Værdipapirerne, alene beskriver de væsentligste risici, som Udstederen havde kendskab til på datoen for Basisprospektet.</b></p> <p>Potentielle investorer i Værdipapirerne bør erkende, at Værdipapirerne udgør en risikoinvestering, som kan medføre, at de mister hele deres investering i Værdipapirerne. Værdipapirindehaverne vil pådrage sig et tab, hvis de beløb [henholdsvis den værdi af det Fysiske Underliggende Aktiv], der modtages i overensstemmelse med Betingelserne for Værdipapirerne, er lavere end den købspris, der er betalt for Værdipapirerne (inklusive transaktionsomkostninger). [Selv hvor Værdipapirerne er kapitalbeskyttet ved forfaldsdatoen med Minimumsbeløbet, og risikoen for tab således er begrænset til Minimumsbeløbet i begyndelsen, bærer hver enkelt investor i Værdipapirerne] [Hver enkelt investor i Værdipapirerne bærer] risikoen for, at Udstederens økonomiske situation forværres, og at Udstederen eventuelt efterfølgende ikke længere er i stand til at betale sine forpligtelser i henhold til Værdipapirerne. Potentielle investorer skal således være parate til og kunne klare at miste den investerede kapital helt eller delvist. Eventuelle investorer, som måtte være interesseret i at købe Værdipapirerne, bør foretage en vurdering af deres økonomiske stilling for at sikre sig, at de kan bære den risiko for tab, der er forbundet med Værdipapirerne.</p> <p>Der er risici forbundet med de Værdipapirer, der udbydes i Basisprospektet, som potentielle investorer bør overveje nøje og være opmærksomme på, før de beslutter sig for at investere i Værdipapirerne, herunder men ikke begrænset til følgende:</p> <p><i>Værdipapirernes kompleksitet</i> – Værdipapirernes indløsningsstruktur er nogle gange kompleks og kan indebære matematiske formler eller sammenhænge, som kan være vanskelige for en investor at forstå og sammenligne med andre investeringsmuligheder. Det bemærkes, at forholdet mellem risiko og afkast kan være vanskeligt at vurdere.</p> <p><i>Værdipapirer, hvor det nominelle beløb ikke er beskyttet</i> – Som anført i de</p>

	<p>Endelige Vilkår er det nominelle beløb for nogle af Værdipapirerne ikke kapitalbeskyttet. For sådanne Værdipapirer er der ikke nogen produktgenskab, der garanterer, at indløsningsbeløbet vil svare til eller overstige det nominelle beløb.</p> <p><i>Kursen på strukturerede Værdipapirer</i> – Kursen på strukturerede Værdipapirer fastsættes normalt af Udstederen og ikke efter forhandling.</p> <p><i>Aktier som underliggende aktiv(er)</i> – Værdipapirer med aktier som underliggende aktiv(er) er ikke sponsoreret eller promoveret af udstederen af sådanne aktier. Udstederen af sådanne aktier er ikke forpligtet til at tage hensyn til værdipapirindehavernes interesser, hvorfor foranstaltninger taget af en udsteder af sådanne aktier kan påvirke Værdipapirernes kurs negativt. En Værdipapirindehaver har ikke ret til at modtage udbetalinger eller udbytte i samme omfang som en indehaver af de underliggende aktier.</p> <p><i>Indeks som underliggende aktiv(er)</i> – Værdipapirer baseret på indeks som underliggende aktiv(er) kan medføre et lavere indløsningsbeløb sammenholdt med en investering direkte i de(t) underliggende aktiv(er). Investoren i et indeks kan tilføje, fjerne eller udskifte komponenter eller foretage metodemæssige ændringer, som kan påvirke det pågældende indeks' niveau og således også det afkast, der skal betales til investorer i Værdipapirerne.</p> <p><i>Råvarer som underliggende aktiv(er)</i> – Handel med råvarer er spekulationspræget og kan være ekstremt volatil, da råvarepriser påvirkes af forhold, som er umulige at forudsige såsom ændringer i forholdet mellem udbud og efterspørgsel, vejrmonstre og regeringers politik. Råvarekontrakter kan handles direkte mellem markedsdeltagere som unoterede værdipapirer i handelscentre, som alene er genstand for minimal eller slet ingen reel regulering. Dette forøger de risici, der er forbundet med likviditet og historiske kurser på de pågældende kontrakter. Værdipapirer, som er koblet sammen med futureskontrakter på råvarer, kan give et andet afkast end Værdipapirer, som er koblet sammen med den pågældende fysiske råvare, da kursen på en futureskontrakt for en råvare generelt set indeholder et tillæg eller et fradrag i forhold til den gældende pris for den underliggende råvare.</p> <p><i>Eksponering mod pulje af underliggende aktiv(er)</i> – Værdipapirer, hvor de(t) underliggende aktiv(er) er sammensat af en pulje af underliggende aktiv(er); investorer bærer risikoen for en ændring i værdien af hver enkelt komponent i puljen. Hvor der er stor indbyrdes afhængighed mellem de forskellige underliggende aktiver i puljen, kan en ændring i puljekomponenternes værdiudvikling overdrive Værdipapirernes værdiudvikling. Desuden betyder en lille pulje eller en pulje bestående af forskelligt vægtede komponenter, at hele puljen bliver sårbar over for ændringer i de underliggende puljekomponenters værdi. En beregning eller værdi vedrørende en pulje sammensat af en blanding af komponenter af typen "bedste af" eller "værste af" kan give resultater, som i vid udstrækning er forskellige fra de resultater, der opnås, hvis alle</p>
--	---

	<p>komponenterne i puljen er taget i betragtning.</p> <p><i>Automatisk førtidig indløsning</i> – Der kan for nogle typer Værdipapirers vedkommende ske automatisk indløsning før Forfaldsdatoen, hvis visse betingelser er opfyldt. I nogle tilfælde kan dette betyde, at investeringen fortabes helt eller delvist.</p> <p><i>Warrants</i> – Kursen på de(t) underliggende aktiv(er) har betydning for kursen på warrants og kan betyde en større fortjeneste eller et større tab på investeringen i forhold til, hvis der var tale om en investering direkte i de(t) underliggende aktiv(er). Warrants har en gearingseffekt sammenlignet med en investering direkte i de(t) underliggende aktiv(er), dvs. at en ændring i de(t) underliggende aktiv(er)s værdi kan medføre en større ændring i Warrantens værdi. Det betyder, at risikoen ved at investere i Warrants er større end ved at investere direkte i de(t) underliggende aktiv(er). Warrants kan være uden værdi, når de udløber. Visse Warrants kan indeholde mere komplicerede resultatstrukturer end sædvanlige Warrants and svarer til dem, der gælder for Certifikater; de risici, der gælder for Certifikater, kan derfor også gælde for sådanne Warrants.</p> <p><i>Risici forbundet med Certifikater</i> – Hvis de(t) underliggende aktiv(er) mister værdien helt (fx hvis det selskab, der leverer de(t) underliggende aktiv(er), går konkurs), mister Certifikaterne også deres værdi. Værdien af et Certifikat kan desuden blive påvirket af udsving i valutakurser – hvis de(t) underliggende aktiv(er) er udstedt i en anden valuta end den, der fremgår af certifikatbeviset. Investorer bør være opmærksomme på, at man kan miste det fulde beløb, der investeres i et Værdipapir. Hvis Certifikatet er designet til at give et afkast på et vigende marked (salg eller baisseforretninger), vil en stigning i de(t) underliggende aktiv(er)s værdi medføre et fald i certifikatets værdi. I Certifikatets løbetid påvirkes værdien af ændringer i volatilitet, kurs og udbytte, de(t) underliggende aktiv(er) og ændringer i markedrenten. Hvis Certifikatet indeholder en Grænse repræsenterende et niveau, kan dette betyde, at indløsningsbeløbet vil være mindre end det pålydende beløb, eller at retten til et bestemt afkast fortabes.</p> <p>Andre risici, der er forbundet med Værdipapirerne, omfatter blandt andet renteændringer, valutaudsving, hvis Udstederen har ret til at indløse Værdipapirerne forlods, Værdipapirernes kompleksitet, udsving i det relevante indeks, andet underliggende aktiv eller andre underliggende aktiver, det finansielle marked, samt hvis indløsningsbeløbet afhænger af andet end Udstederens kreditvurdering.</p> <p>Der er også visse risici forbundet med Værdipapirerne mere generelt såsom ændringer, undtagelser og lovændringer.</p> <p>Visse af risiciene kan henføres til forhold, som ligger uden for Udstederens kontrol, såsom eksistensen af et effektivt sekundært marked, de pågældende clearing- og afregningssystemers stabilitet samt den økonomiske situation og</p>
--	--

		<p>udvikling på verdensplan.</p> <p>Dette resumé af visse risici er alene et kort resumé af visse væsentlige risici, og det er ikke en udførlig beskrivelse af alle risikofaktorer i forbindelse med Værdipapirerne. Investorer bør nøje gennemgå og overveje risiciene samt andre oplysninger, der er beskrevet i Basisprospektet. En investering i relativt komplekse Værdipapirer er ensbetydende med en højere risiko end ved en investering i mindre komplekse Værdipapirer. I særdeleshed gøres der opmærksom på, at investorer i nogle tilfælde kan miste deres investering helt eller delvist.</p> <p><b>Potentielle interessekonflikter</b></p> <p>Udstederen og dennes koncernforbundne selskaber kan for deres egen eller en klients regning deltage i transaktioner, som på en eller anden måde vedrører Værdipapirerne. Sådanne transaktioner må ikke tilgodese Værdipapirindehaverne og kan have en positiv eller negativ indvirkning på [det Underliggende Aktivs] [Puljekomponenternes] værdi og dermed også på Værdipapirernes værdi. Endvidere kan Udstederens koncernforbundne selskaber indgå som modparter i kurssikringstransaktioner vedrørende Udstederens forpligtelser, som stammer fra Værdipapirerne. Som følge heraf kan der opstå interessekonflikter mellem Udstederens koncernforbundne selskaber samt mellem disse selskaber og investorer i relation til forpligtelser vedrørende beregningen af Værdipapirernes kurs og andre hermed forbundne fastsættelser. Herudover kan Udstederen og dennes koncernforbundne selskaber handle i andre roller for så vidt angår Værdipapirerne, fx som beregningsagent, betalingsagent og administrationsagent og/eller indekseringssponsor.</p> <p><i>Værditilvækst i de(t) underliggende aktiv(er)</i> – Ved strukturerede Værdipapirer afhænger investorernes ret til afkast og nogle gange tilbagebetaling af den nominelle værdi af den nuværende udbyttestruktur samt de underliggende aktiver og værditilvæksten heraf. Værdipapirernes værdi påvirkes af de underliggende aktivers værdi på visse tidspunkter i Værdipapirernes løbetid, udsving i kursen på de underliggende aktiver, forventningerne til fremtidig volatilitet, markedsrenten og forventet udbytte på de underliggende aktiver.</p> <p><i>Valutaudsving</i> – Når de(t) underliggende aktiv(er) er udstedt i en anden valuta end Værdipapirets, kan valutaudsving påvirke afkastet på instrumenterne. Kursen på udenlandsk valuta kan påvirkes af komplekse politiske og økonomiske forhold, herunder de relative inflationsrater, betalingsbalancen mellem lande, størrelsen på statsbudgettets overskud eller underskud samt den penge-, skatte- og/eller handelspolitik, der forfølges af de pågældende valutaers regeringer. Valutaudsving kan påvirke de underliggende aktivers værdi eller niveau på komplekse måder. For så vidt angår valutaudsving vil de underliggende aktivers værdi eller niveau variere, og Værdipapirernes værdi eller niveau kan falde. Hvis et eller flere underliggende aktivers værdi eller</p>
--	--	--

		<p>niveau er udstedt i en anden valuta end Værdipapirernes, kan investorer blive udsat for en forhøjet risiko, som kan henføres til kursen på udenlandsk valuta. Tidligere kurser på udenlandsk valuta er ikke nødvendigvis en indikator for valutaens fremtidige valutakurser.</p> <p><b><u>Generelle risici vedrørende Værdipapirerne</u></b></p> <p><b><i>Afslutning og Førtidig Indløsning efter Udstederens valg</i></b></p> <p>Potentielle investorer i Værdipapirerne bør desuden være opmærksomme på, at Udstederen i henhold til Betingelserne for Værdipapirerne under visse omstændigheder har ret til at afslutte og indløse Værdipapirerne samlet set forud for den planlagte Forfaldsdato. I så fald har Værdipapirindehaveren i overensstemmelse med Betingelserne for Værdipapirerne ret til at opkræve et beløb for sådan førtidig indløsning. Værdipapirindehaveren har dog ikke ret til at anmode om betaling af yderligere beløb på Værdipapirerne efter den relevante afslutningsdato. Endvidere kan et eventuelt Afslutningsgebyr, der måtte skulle betales ved Udstederens førtidige indløsning af Værdipapirerne, være væsentligt lavere end det beløb, som ellers skulle være betalt på det tidspunkt, hvor Værdipapirernes løbetid var planlagt til at slutte.</p> <p>Værdipapirindehaveren bærer således risikoen for ikke at deltage i opfyldelsen af [det Underliggende Aktiv] [Puljekomponenterne] i det forventede omfang og i den forventede periode.</p> <p>I tilfælde af, at Udstederen afslutter Værdipapirerne, bærer Værdipapirindehaveren risikoen for reinvestering, dvs. investoren bærer risikoen for at skulle reinvestere et eventuelt Afslutningsgebyr, som Udstederen måtte udbetale ved en afslutning på markedsvilkår, som er mindre gunstige end dem, der gjorde sig gældende på tidspunktet for Værdipapirernes erhvervelse.</p> <p><b><i>Negativ indvirkning af tilpasninger af Værdipapirernes Rettigheder</i></b></p> <p>Det kan ikke udelukkes, at der kan finde begivenheder sted eller blive taget foranstaltninger (af andre end Udstederen) i relation til [det Underliggende Aktiv] [Puljekomponenterne], som potentielt kan medføre ændringer i [det Underliggende Aktiv] [Puljekomponenterne] eller indebære en ændring af det underliggende koncept for [det Underliggende Aktiv] [Puljekomponenterne], såkaldte Potentielle Tilpasningsbegivenheder. Hvis en Potentiel Tilpasningsbegivenhed finder sted, har Udstederen ret til at foretage tilpasninger i overensstemmelse med Betingelserne for Værdipapirerne med henblik på at tage højde for sådanne begivenheder eller foranstaltninger. Sådanne tilpasninger kan have en negativ indvirkning på Værdipapirernes værdi.</p> <p><b><i>Handel med Værdipapirerne / Illikviditet</i></b></p> <p>Det er ikke muligt at forudsige, om og i hvilket omfang der vil udvikle sig et</p>
--	--	--

	<p>sekundært marked for Værdipapirerne, eller til hvilken kurs Værdipapirerne vil blive handlet på det sekundære marked, eller om et sådant marked vil være likvidt eller illikvidt.</p> <p>[Der er eller vil blive indsendt ansøgninger til de(n) anførte Børs(er) om optagelse eller notering af Værdipapirerne. Hvis der sker optagelse eller notering af Værdipapirerne, kan sådan optagelse eller notering bringes til ophør af den eller de pågældende Børs(er) eller Udstederen forud for den planlagte Forfaldsdato for de pågældende Værdipapirer. At Værdipapirerne er optaget til handel eller notering, betyder ikke nødvendigvis, at de har en større likviditet, end hvis dette ikke var tilfældet. Hvis Værdipapirerne ikke er noteret eller ikke handles på en børs, kan det være vanskeligere at få oplysninger om Værdipapirernes kursdannelse, og det kan have en negativ indvirkning på Værdipapirernes likviditet. Værdipapirernes likviditet kan også blive påvirket af begrænsninger for køb og salg af Værdipapirerne i visse jurisdiktioner.] Herudover har Udstederen til enhver tid ret (men ikke pligt) til at købe Værdipapirer til en hvilken som helst kurs på det åbne marked eller ved bud eller privat aftale. Alle Værdipapirer, der købes på denne måde, kan beholdes eller sælges videre eller afleveres til annullering.</p> <p>Det kan heller ikke udelukkes, at det antal Værdipapirer, der faktisk udstedes og købes af investorer, er mindre end Værdipapirernes påtænkte [Udstedelsesstørrelse] [Samlede Nominelle Beløb]. Der er således en risiko for, at Værdipapirernes likviditet som følge af det lave antal faktisk udstedte Værdipapirer er mindre, end hvis alle Værdipapirerne var blevet udstedt og købt af investorer.</p> <p>Formidleren har til hensigt ved normale markedsforhold løbende at oplyse købs- og salgskurser på Værdipapirerne i en emission. Formidleren giver dog ingen fast garanti over for Udstederen om at ville give likviditet ved hjælp af købs- og salgskurser for Værdipapirerne og påtager sig ingen juridisk forpligtelse til at oplyse sådanne kurser eller deres niveau eller fastsættelse. Potentielle investorer bør således ikke lægge til grund, at de kan sælge Værdipapirerne på et bestemt tidspunkt eller til en bestemt kurs.</p> <p><b>Lånefinansiering</b></p> <p>Hvis købet af Værdipapirer finansieres med lånte midler og investorernes forventninger ikke opfyldes, vil de ikke alene lide et tab på Værdipapirerne, men de vil også skulle betale renter på lånet og tilbagebetale dette. Herved sker der en væsentlig forøgelse af investorernes risiko for tab. Investorer i Værdipapirer bør aldrig lægge til grund, at de vil kunne tilbagebetale lånet og betale renter på dette ved brug af deres fortjeneste på en transaktion med Værdipapirer. I stedet skal de, førend de finansierer købet af et Værdipapir med lånte midler, vurdere deres egen økonomiske situation for så vidt angår deres evne til at betale renter på lånet eller straks at tilbagebetale dette, hvis de lider et tab i stedet for at realisere den forventede fortjeneste.</p>
--	--

		<p><b>Beskatning i relation til Værdipapirerne</b></p> <p>Potentielle investorer bør være opmærksomme på, at de kan være pligtige at betale skat eller andre dokumentationsafgifter eller -gebyrer i overensstemmelse med lovgivningen og sædvaner i det land, hvor Værdipapirerne overdrages, eller andre jurisdiktioner. I nogle jurisdiktioner er der muligvis ingen officielle tilkendegivelser fra skattemyndighedernes side eller domstolsafgørelser vedrørende innovative finansielle instrumenter såsom Værdipapirerne. Potentielle investorer anbefales ikke at basere sig på skatteresuméet i Basisprospektet alene, men at rådføre sig med deres egen skatterådgiver om deres individuelle skatteforhold i forbindelse med erhvervelse, salg og indløsning af Værdipapirerne. Kun disse rådgivere er i stand til at tage den potentielle investors konkrete forhold i behørig betragtning.</p> <p><b>Udbetalinger i henhold til Værdipapirerne kan være underlagt amerikansk kildeskat</b></p> <p>Investorer i Værdipapirerne bør være opmærksomme på, at der under visse omstændigheder skal svares amerikansk kildeskat af udbetalinger i henhold til Værdipapirerne:</p> <p><b>I. Udbetalinger i henhold til Værdipapirerne kan være underlagt amerikansk kildeskat i henhold til den amerikanske skattelov (US Tax Code)</b></p> <p>Ifølge § 871, litra m, i den amerikanske skattelov (US Tax Code) skal der ske indeholdelse af skat (med op til 30 % alt efter, om der er en traktat, der finder anvendelse) for visse finansielle instrumenter (såsom fx Værdipapirerne), i det omfang udbetalingerne eller de skønnede udbetalinger vedrørende de finansielle instrumenter er betinget af eller fastsat på baggrund af udbytte med oprindelse i USA. I henhold til foreslåede regler fra U.S. Treasury Department (hvis disse gennemføres i deres nuværende form) kan visse udbetalinger eller skønnede udbetalinger vedrørende visse aktiebaserede instrumenter ("<b>angivne ABI'er</b>"), som er baseret på amerikanske aktier, behandles som udbytteækvivalenter ("<b>udbytteækvivalenter</b>"), som er underlagt en amerikansk kildeskat på 30 % (eller en eventuel lavere procentsats i henhold til en gældende traktat). I henhold til de foreslåede regler kan der være indeholdelsespligt, selv hvis der ikke er sket en faktisk udbytterelateret udbetaling eller tilpasning i henhold til Betingelserne for Værdipapirerne. Hvis der eksempelvis (men ikke begrænset til) er et Underliggende Aktiv henholdsvis en Puljekomponent, der giver udbytte fra kilder i USA, gælder disse regler muligvis for Værdipapirerne.</p> <p>Hvis de foreslåede regler vedtages i deres nuværende form, kan de indebære en kildeskat på udbetalinger eller skønnede udbetalinger på Værdipapirerne, som foretages fra og med 1. januar 2016, og som behandles som udbytteækvivalenter for så vidt angår Værdipapirer, der er erhvervet den 5. marts 2014 eller senere. U.S. Internal Revenue Service ("<b>IRS</b>") har imidlertid i en</p>
--	--	---

		<p>ny udtalelse tilkendegivet, at IRS og Treasury Department påtænker at sørge for, at det af de endelige regler fra Treasury Department fremgår, at "angivne ABI'er" ikke omfatter aktiebaserede instrumenter, som er udstedt mindre end 90 dage efter datoen for offentliggørelsen af de endelige regler fra Treasury Department. Udstederen forventer således generelt, at Værdipapirindehaverne (bortset fra amerikanske Værdipapirindehavere) ikke vil være skattepligtige i henhold til § 871, litra m. Det er dog muligt, at der kan være pligt til at betale sådan kildeskat af Værdipapirerne i henhold til de foreslåede regler, hvis fx en Værdipapirindehaver (bortset fra en amerikansk Værdipapirindehaver) indgår visse efterfølgende transaktioner vedrørende det Underliggende Aktiv henholdsvis en Puljekomponent. Hvis sådan amerikansk kildeskat skulle have været fratrukket eller indeholdt i udbetalinger på Værdipapirerne, ville hverken Udstederen, en eventuel betalingsagent eller nogen anden person i henhold til Betingelserne for Værdipapirerne være pligtig at betale yderligere beløb som følge af, at sådan skat er blevet fratrukket eller indeholdt.</p> <p><b>Værdipapirindehavere bør således være opmærksomme på, at der under visse omstændigheder kan være pligt til at betale amerikansk kildeskat af udbetalinger i henhold til Værdipapirerne, og bør rådføre sig med deres skatterådgiver vedrørende anvendelsen af § 871, litra m, i den amerikanske skattelov (U.S. Tax Code) og regler udstedt i medfør heraf vedrørende deres erhvervelse og ejerskab af Værdipapirerne.</b></p> <p><b><i>II. Udbetalinger i henhold til Værdipapirerne kan være underlagt amerikansk kildeskat i henhold til FATCA</i></b></p> <p>I medfør af den amerikanske Foreign Account Tax Compliance Act ("FATCA") skal der med virkning fra 1. juli 2014 betales 30 % i amerikansk kildeskat af udbetalinger af renter, udbytte og visse andre passive indkomstbeløb med oprindelse i USA – og med virkning fra 1. januar 2017 af bruttofortjeneste på salg eller anden afhændelse af visse aktiver samt af visse "gennempasserende udbetalinger" (<i>pass-thru payments</i>), som kan henføres til sådan indkomst eller fortjeneste – og som foretages til visse udenlandske finansielle institutioner (herunder de fleste udenlandske hedgefonde, private kapitalfonde og andre investeringselskaber), medmindre den udenlandske finansielle institution, som modtager udbetalingen, accepterer at oplyse identiteten på alle amerikanske personer og visse amerikanske virksomheder, som direkte eller indirekte har konto hos, har et tilgodehavende hos eller ejer kapitalandele i sådan institution (eller den pågældende koncernforbundne virksomhed) samt årligt at indberette visse oplysninger om sådan konto eller kapitalandel direkte eller indirekte til IRS. I henhold til FATCA skal indeholdelsesagenter, som foretager visse udbetalinger til visse ikke-finansielle udenlandske virksomheder, som ikke oplyser navn, adresse og skatteyder-ID på alle væsentlige direkte eller indirekte amerikanske ejere af sådan virksomhed, tillige indeholde en skat på 30 % af sådanne udbetalinger.</p> <p>Udstederen og andre udenlandske finansielle institutioner kan således i henhold</p>
--	--	---

		<p>til FATCA være pligtige at indberette visse kontooplysninger direkte til IRS (eller til en ikke-amerikansk statslig myndighed i henhold til en relevant Mellemstatslig Aftale indgået mellem USA og sådant ikke-amerikansk land, som videregiver oplysninger til IRS) vedrørende indehaverne af Værdipapirerne. Udstederen kan tillige være forpligtet til at indeholde skat af en del af de udbetalinger, der foretages på Værdipapirerne til indehavere, som (i) ikke fremkommer med de pågældende oplysninger, eller (ii) udenlandske finansielle institutioner, som ikke overholder FATCA.</p> <p>Værdipapirindehavere, der ejer deres Værdipapirer gennem en udenlandsk finansiell institution eller anden udenlandsk virksomhed, bør være opmærksomme på, at der i medfør af FATCA eventuelt skal betales en kildeskat på 30 % af en del af alle udbetalinger i henhold til Værdipapirerne, som foretages efter 30. juni 2014. Hvis sådan kildeskat i henhold til FATCA skulle have været fratrukket eller indeholdt i udbetalinger på Værdipapirerne, ville hverken Udstederen, en eventuel betalingsagent eller nogen anden person i henhold til Betingelserne for Værdipapirerne være pligtig at betale yderligere beløb som følge af, at sådan skat er blevet fratrukket eller indeholdt. Værdipapirindehavere bør således være opmærksomme på, at udbetalinger i henhold til Værdipapirerne under visse omstændigheder kan være underlagt amerikansk kildeskat i henhold til FATCA, og bør rådføre sig med deres skatterådgiver vedrørende kildebeskatning i henhold til FATCA vedrørende deres erhvervelse og ejerskab af Værdipapirerne.</p> <p><i>Ændringer i Beskatning i relation til Værdipapirerne</i></p> <p>Det i Basisprospektet anførte omkring beskatning af Værdipapirerne udtrykker Udstederens opfattelse på baggrund af den juridiske situation, der kan identificeres pr. dags dato. Det kan dog ikke udelukkes, at der kan finde en anden skattemæssig behandling sted fra skattemyndighedernes og skattedomstolenes side. Hver enkelt investor bør søge rådgivning hos sin personlige skatterådgiver forud for beslutningen om at erhverve Værdipapirerne.</p> <p>Hverken Udstederen eller Formidleren påtager sig noget ansvar over for Værdipapirindehaverne for de skattemæssige konsekvenser af en investering i Værdipapirerne.</p>
D.6	Advarsel om, at investorerne helt eller delvist kan miste det investerede beløb.	<p>Selv når Værdipapirerne er kapitalbeskyttet ved forfaldsdatoen med Minimumsbeløbet, og risikoen for tab således er begrænset i begyndelsen, bærer hver enkelt investor i Værdipapirerne risikoen for, at Udstederens økonomiske situation forværres. Potentielle investorer skal således være parate til og kunne klare at <b>miste hele deres investering</b> helt eller delvist. Eventuelle investorer, som måtte være interesseret i at købe Værdipapirerne, bør foretage en vurdering af deres økonomiske stilling for at sikre sig, at de kan bære den <b>risiko for tab</b>, der er forbundet med Værdipapirerne.</p>

Element	Afsnit E – Udbud	
E.2b	Årsag til udbud og anvendelsen af provenuet.	Ikke relevant. Årsagen til udbuddet og anvendelsen af provenuet er ikke forskellig fra det at skabe en fortjeneste og/eller foretage afdækning af visse risici.
E.3	Beskrivelse af udbuddets vilkår og betingelser.	<p>[Ikke relevant]</p> <p>[[Det er aftalt, at Formidleren kan købe Værdipapirer på Værdipapirernes respektive Udstedelsesdatoer eller senere, og at Formidleren skal udbyde Værdipapirerne til salg [til [Udstedelseskursen] [angiv Udstedelseskurs: [●]] ("Udstedelseskursen") i henhold til vilkår, som kan ændres, i det Offentlige Udbuds Jurisdiktioner [i [Tegningsperioden] [Udbudsperioden] (som defineret nedenfor)]]]. [Udstedelseskursen [vil blive] [er] fastsat [ved Starten på det offentlige udbud af Værdipapirerne (som defineret nedenfor)] [på [angiv Fastsættelsesdatoen: [●]] ("Fastsættelsesdatoen")] [baseret på de gældende markedsforhold og kursen på det Underliggende Aktiv [og [vil [derefter] blive gjort] [være] tilgængelig på [●].] [Efter udløbet af Tegningsperioden (som defineret nedenfor)] [Med virkning fra Starten på det offentlige udbud af Værdipapirerne (som defineret nedenfor)] [Med virkning fra Fastsættelsesdatoen] [Herefter] [vil salgskursen [herefter] blive] [er salgskursen blevet] løbende tilpasset, således at den afspejler de gældende markedsforhold.]</p> <p>[ved tilvalg af Tegningsperiode indsættes følgende tekst: Værdipapirerne kan tegnes hos Formidleren [og] [indsæt eventuelt alternative eller yderligere finansielle mellemænd, der placerer Værdipapirerne til salg eller efterfølgende videresælger Værdipapirerne: [●]] inden for normal bankåbningstid i [angiv Tegningsperiode: [●]] ("Tegningsperiode"). [Der kan kun tegnes Værdipapirer for et minimumsinvesteringsbeløb på [angiv Minimumsinvesteringsbeløb: [●]] ("Minimumsinvesteringsbeløb").] Udstedelseskursen pr. Værdipapir skal betales den [angiv Første Betalingsdato: [●]] ("Første Betalingsdato").</p> <p>[Udstederen forbeholder sig ret [til at afbryde] [eller] [forlænge] Tegningsperioden, hvis markedsforholdene tilsiger dette.]</p> <p>Efter den Første Betalingsdato skal investorens konto krediteres med det rette antal Værdipapirer i overensstemmelse med det pågældende Clearingsystems regler. Hvis Tegningsperioden forkortes eller forlænges, kan den Første Betalingsdato fremrykkes eller udskydes tilsvarende.]</p> <p>[ved fravalg af Tegningsperiode indsættes følgende tekst: [Værdipapirerne kan [med virkning fra [angiv Starten på det offentlige udbud af Værdipapirerne: [●]] ("Starten på det offentlige udbud af Værdipapirerne")]</p>

		<p>købes hos Formidleren [og] [indsæt eventuelt alternative eller yderligere finansielle mellemmænd, der placerer Værdipapirerne til salg eller efterfølgende videresælger Værdipapirerne: [•]] inden for normal bankåbningstid [i Udbudsperioden]. [Sådant udbud af Værdipapirerne foretages løbende.] [Der kan kun købes Værdipapirer for et minimumsinvesteringsbeløb på [angiv Minimumsinvesteringsbeløb: [•]] ("<b>Minimumsinvesteringsbeløb</b>").] Der er ingen tegningsperiode. Udstedelseskursen pr. Værdipapir skal betales den [angiv Første Betalingsdato: [•]] ("<b>Første Betalingsdato</b>").]</p> <p>[Udstederen forbeholder sig ret [til at afbryde] [eller] [forlænge] Udbudsperioden, hvis markedsforholdene tilsiger dette.]</p> <p>[Efter den Første Betalingsdato skal investorens konto krediteres med det rette antal Værdipapirer i overensstemmelse med det pågældende Clearingsystems regler.]</p>
E.4	Beskrivelse af eventuelle interesser, der er væsentlige for udstedelsen/udbuddet, herunder interessekonflikter.	Bortset fra den [relevante] Formidler for så vidt angår dennes honorar er der Udstederen bekendt ingen person, der er involveret i udstedelsen af Værdipapirerne, som har en væsentlig interesse i udbuddet.
E.7	Anslåede udgifter, som investor pålægges af udbyder/udsteder.	<p>[Ikke relevant]</p> <p>[[Hverken den pågældende Udsteder [eller Formidleren] vil opkræve betaling fra investorerne i Værdipapirerne for udgifter i forbindelse med udstedelsen af Værdipapirerne.]/</p> <p>[I forbindelse med udstedelsen af Værdipapirerne [vil den pågældende Udsteder [[og] Formidleren opkræve betaling fra investorerne for udgifter på [•] [SEK/NOK/DKK/EUR/Anden valuta] [og [•] [SEK/NOK/DKK/EUR/Anden Valuta].]</p>

## II. RISK FACTORS

### A. 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 or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Components. 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 with its subsidiaries (together "UBS Group", "Group" or "UBS") 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 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. The sequence in which the risk factors are presented below is not indicative of their likelihood of 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.

#### **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 and Moody's Investors Service, Inc. 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.

**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 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 risk-weighted assets ("RWA");
- the introduction of a more demanding leverage ratio;
- new or significantly enhanced liquidity 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 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 governance structures at a local jurisdiction level.

Many of these measures have been adopted and their implementation 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 its 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 the strictest among the major financial centers. 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*

In September 2011, the Swiss Parliament adopted the "too-big- to-fail" ("TBTF") law to address the issues posed by large banks. The law became effective on 1 March 2012. Accordingly, Swiss regulatory changes have generally proceeded more quickly than those in other major jurisdictions, and the Swiss Financial Market Supervisory Authority ("FINMA"), the Swiss National Bank ("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 centers.

**Capital regulation:** The provisions of the 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 UBS's total exposure (a metric that is based on UBS's balance sheet size) and market share in Switzerland. In addition, the Swiss governmental authorities have the authority to impose an additional countercyclical buffer capital requirement of up to 2.5% of RWA. This authority has been exercised to impose an additional capital charge of 1% in respect of RWA arising from Swiss residential mortgage loans (increasing to 2% effective from the end of June 2014). In addition, UBS and FINMA have mutually agreed to an incremental operational capital requirement to be held against litigation, regulatory and similar matters and other contingent liabilities, which added CHF 22.5 billion to UBS's RWA at 31 December 2013. There can be no assurance that UBS will not in the future be subject to increases in capital requirements 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:** 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") intended to ensure that UBS is not overly reliant on short-term funding and that it has sufficient long-term funding for illiquid assets. UBS currently calculates these ratios under supervisory guidance from FINMA, as neither the international nor Swiss standards for the calculation of these requirements have been fully implemented. These requirements, together with liquidity requirements imposed by other jurisdictions in which UBS operates, will likely require UBS to maintain substantially higher levels of overall liquidity. 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 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 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 systemically important banks, 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 Swiss TBTF law provides for the possibility of a limited reduction of capital requirements for systemically important institutions that adopt measures to reduce resolvability risk beyond what is legally required. Such actions would likely include an alteration of 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. In view of these

factors, UBS intends to establish a group holding company through a share for share exchange offer, which will commence later this year, subject to regulatory approvals. UBS also intends to establish a banking subsidiary in Switzerland in mid-2015. The scope of this future subsidiary's business is expected to include UBS's Retail & Corporate business and the Swiss-booked Wealth Management business. These structural changes have been discussed with FINMA and other regulatory authorities. The dialogue with regulators will continue and the changes remain subject to some uncertainties that may affect their feasibility, scope or timing. UBS may consider further changes to the legal structure of the Group in response to regulatory requirements in Switzerland or in other countries in which it operates, including to improve the resolvability of the UBS Group, to respond to Swiss and other capital requirements (including seeking potential reduction in the progressive buffer requirement as applied to UBS) and to respond to regulatory required changes in legal structure. 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, 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.

In September 2013, the Swiss National Council approved two motions for the mandatory structural reform of banks in Switzerland that would, if also adopted by the Council of States, result in the submission to Parliament of a law requiring the separation of certain investment banking activities from systemically relevant activities, such as retail and commercial banking. No date has been set for the debate. It is unclear whether, when and in what form such a law will be adopted.

Market regulation: The Swiss government is working on fundamentally reviewing the rules on market infrastructure and on the relationship between UBS and its clients. These laws may, if enacted, have a material impact on the market infrastructure that UBS uses, available platforms, collateral management and the way UBS 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 UBS 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 UBS AG affiliates, expose UBS's businesses to higher local capital requirements, and potentially give rise to client and counterparty concerns about the credit quality of individual subsidiaries. Such changes could also negatively impact 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 center for many types of products. UBS is being required by the UK Prudential Regulatory Authority and by FINMA to increase very substantially the capitalization of its UK bank subsidiary, UBS Limited, and expects to be required to change its booking practices to reduce or even eliminate its utilization of UBS AG London branch as a global booking center 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 measures proposed include the ring-fencing of retail banking activities in the UK (which UBS does not expect to impact UBS directly), additional common equity tier 1 capital requirements of up to 3% of RWA for retail banks, and the issuance by UK banks of debt subject to "bail-in" provisions. Furthermore, the European Commission's recent proposals in light of the Liikanen report also advocate a Volcker-style prohibition on proprietary trading together with a separation of trading from banking activities. The applicability and implications of such changes to branches and subsidiaries of foreign banks are not yet entirely clear, but they could have a material effect on UBS's businesses located or booked in the UK.

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 Wall Street Reform and Consumer Protection 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. UBS will have until 1 July 2016 to establish an IHC and meet many of the new requirements. UBS must submit an implementation plan by 1 January 2015 and the IHC will not need to comply with the US leverage ratio until 1 January 2018.

US regulators published final regulations implementing the Volcker Rule in December 2013 and generally extended until 2015 the time to conform to this rule and the related regulations. 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 solely outside the US and certain other conditions are met. One impact will be the need to establish an extensive global compliance framework designed to ensure compliance with the Volcker Rule and the terms of the available exemptions. Moreover, the Volcker Rule could have an impact on the way in which UBS organizes and conducts certain business lines. UBS continues to evaluate the final rule and its impact on its activities. The Volcker Rule could 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 Wall Street Reform and Consumer Protection Act in the US and corresponding legislation in the European Union, Switzerland and other jurisdictions, and will have a significant impact 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, they are likely to reduce the revenue potential of certain lines of business for market participants generally, and UBS may be adversely affected.

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 swaps business with US persons. UBS also expects that UBS AG will be required to register as a securities-based swap dealer with the US Securities and Exchange Commission (“SEC”). Regulations issued by the CFTC 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, are expected to apply to UBS AG globally. In July 2013, the CFTC approved final cross-border guidance that defines the extraterritorial application of its swaps regulations. This guidance may allow non-US swap dealers, such as UBS AG, to operate on the basis of “substituted compliance,” under which they may comply with home country requirements instead of the corresponding CFTC requirements if the CFTC determines the home country requirements to be “comprehensive and comparable.” In December 2013, the CFTC issued comparability determinations for Switzerland (as well as the home countries of certain other non-US swap dealers) that will allow UBS to comply with relevant Swiss regulations instead of CFTC requirements for many, but not all, of the CFTC regulations for which substituted compliance is available. While the CFTC deferred a comparability determination on swap data reporting requirements as UBS continues to review the issue, it granted reporting no-action relief that allows UBS AG (and other non-US swap dealers) to delay reporting transactions with non-US persons for several months. The CFTC's regulations will apply to swaps between non-US persons and non-US swap dealers when US personnel are involved, but in January 2014, the CFTC delayed the applicability of US regulations in this context until 15 September 2014, giving additional time for foreign swap dealers to comply with US requirements regarding transactions with non-US persons conducted from the US. Application of these requirements to UBS's 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 of the US and may place UBS at a competitive disadvantage to firms that are not CFTC-registered swap dealers.

Regulation of cross-border provision of financial services: In many instances, UBS provides services on a cross-border basis and 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, equivalence determination). While the issuance of such determinations in particular jurisdictions may ensure market access for UBS to 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, 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. 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.

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 effectuate a so-called "bail-in." Some jurisdictions are also considering adopting requirements that regulated firms maintain specified amounts of unsecured debt that could increase loss-absorbing capacity. 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. Depending upon the outcome, bail-in authority may have a significant effect on UBS's funding costs.

#### *Possible consequences of regulatory and legislative developments*

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, potentially generating capital inefficiencies and resulting in an impact on 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 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 its exposures, as well as regulatory requirements. For instance, substantial market volatility, a widening of credit spreads (the major driver of UBS's value-at-risk), adverse currency movements, increased counterparty risk, a deterioration in the economic environment, or increased operational risk could result in a rise in RWA. Eligible capital would be reduced if UBS experiences 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 UBS 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 recognized in other comprehensive income. 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 will be 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 31 December 2013 was CHF 22.5 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 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 UBS's capital ratios. UBS has achieved substantial reductions in RWA, in part to mitigate the effects of increased capital requirements. However, there is a risk that UBS will not be successful in pursuing its plans to further reduce RWA, either because UBS 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 systemically relevant banks. The leverage ratio operates separately from the risk-based capital requirements, and, accordingly, under certain circumstances could constrain UBS's business activities even if UBS is able to satisfy other risk-based capital requirements. UBS has achieved substantial reductions in its balance sheet size and anticipates further reductions as it winds down its Non-core and Legacy Portfolio positions. These reductions would improve UBS's leverage ratio and contribute to its ability to comply with the more stringent leverage ratio requirements scheduled to become effective in future years. There can be no assurance that these plans will be executed successfully. There is also a risk that the minimum leverage ratio requirement will be increased significantly beyond the levels currently scheduled to come into effect, making it more difficult for UBS to satisfy the requirements without adversely affecting certain of its businesses.

Changes in the Swiss requirements for risk-based capital or leverage ratios, whether pertaining to the minimum levels required for large Swiss banks or to the calculation thereof, could have a material adverse effect on UBS's business and could affect UBS's competitive position internationally compared with institutions that are 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 UBS's Investment Bank to focus it on its traditional strengths, very significantly reducing Basel III RWA and further strengthening UBS's capital position, and significantly reducing costs and improving efficiency across the Group. UBS has made significant progress in implementing the strategy and as of the end of 2013 is ahead of the majority of its performance targets. There continues to be a risk that UBS will not be successful in completing the execution of its plans, or that its plans may be delayed or that the effects of its plans may differ from those intended.

Although UBS has substantially reduced the RWA and balance sheet usage associated with its Non-core and Legacy Portfolio positions, there can be no assurance that UBS will be able to exit them 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 the 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. At the same time, UBS's strategy rests heavily on its ability to reduce those RWA and balance sheet usage in order to meet its future capital targets and requirements without incurring unacceptable losses.

As part of its strategy, UBS has underway a program to achieve significant incremental cost reductions. The success of UBS's strategy and its ability to reach certain of the targets it has announced depends heavily on the effectiveness of the cost reduction and efficiency measures UBS is able to carry out. As is often the case with major cost reduction and efficiency programs, UBS's plans involve significant risks. Included among these are the risks that restructuring costs may be higher and may be recognized sooner than UBS has projected and that UBS may not be able to identify feasible cost reduction opportunities at the level of its objective that are also consistent with its business goals. In addition, when UBS implements its cost reduction and efficiency programs it may experience unintended consequences such as the loss or degradation of capabilities that UBS 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 UBS 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 UBS's substantial losses, the damage to UBS's reputation, the loss of client advisors, difficulty in recruiting qualified client advisors and tax, legal and regulatory developments concerning UBS's 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.

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 may affect the ability or the willingness of UBS's clients to do business with UBS or the viability of UBS's strategies and business model. In 2012 and 2013, UBS experienced net withdrawals in its Swiss booking center from clients domiciled elsewhere in Europe, in many cases related to the negotiation of tax treaties between Switzerland and other countries, including the treaty with Germany that was ultimately not ratified by Germany.

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 UBS's return on invested assets and adversely affect the profitability of its Wealth Management business division. UBS has implemented changes in its product offerings and service improvements, and will continue its efforts to adjust to client trends and market dynamics as necessary, in an effort to overcome the effects of these changes in the business mix on its profitability, but there can be no assurance that UBS will be able to counteract those effects. In addition, UBS has made changes to its business offerings and pricing practices in line with the Swiss Supreme Court case concerning "retrocessions" and other industry developments. These changes may adversely affect UBS's 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 trends and developments.

Global Asset Management experienced net outflows of client assets in 2012 and 2013. Further net outflows of client assets could adversely affect the results of this business division.

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

The nature of its business subjects UBS to significant regulatory oversight and liability risk. As a global financial services firm operating in more than 50 countries, UBS is subject to many different legal, tax and regulatory regimes. UBS is involved in a variety of claims, disputes, legal proceedings and government investigations in jurisdictions where it is active. These proceedings expose UBS 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.

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 could be material and could substantially exceed the level of provisions that UBS has established for litigation, regulatory and similar matters.

In December 2012, UBS announced settlements totaling 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 AG entered into a non-prosecution agreement with the US Department of Justice and UBS Securities Japan Co. Ltd. also pled guilty to one count of wire fraud relating to the manipulation of certain benchmark interest rates. 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 for 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.

These settlements 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 plea of a UBS subsidiary was required, in spite of UBS's full cooperation with the authorities in the investigations relating to LIBOR and other benchmark interest rates, and in spite of 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 to have 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 UBS not received full immunity for disclosing to the EC the existence of infringements relating to YIRD.

Under the non-prosecution agreement UBS entered into in connection with the LIBOR matter, UBS has agreed, among other things, that, for two years from 18 December 2012 it will not commit any US crime, and it will advise the Department of Justice of all potentially criminal conduct by UBS or any of its employees relating to violations of US laws concerning fraud or securities and commodities markets. UBS is also obligated to continue to cooperate fully with the Department of Justice. Failure to comply with these obligations could result in termination of the non-prosecution agreement and potential criminal prosecution in relation to the matters covered by the non-prosecution agreement. As a result of this history and UBS's ongoing obligations under the non-prosecution agreement, UBS's level of risk with respect to regulatory enforcement may be greater than that of some of its peer institutions.

Considering UBS's overall exposures and the current regulatory and political climate affecting financial institutions, UBS expects charges associated with legal, regulatory and similar matters to remain at elevated levels through 2014.

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 UBS 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 and the LIBOR-related settlements of 2012, the 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 informed UBS that it would not be permitted to undertake acquisitions in its Investment Bank unit (unless FINMA granted an exception), and that material new business

initiatives in that unit would be subject to FINMA oversight. 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 effects desired. Although the special restrictions mentioned above have recently been withdrawn by FINMA, this example illustrates that difficulties associated with UBS's relationships with regulatory authorities have the potential to adversely affect the execution of its business strategy.

**Operational risks may affect UBS's business**

All of UBS's businesses are dependent on UBS's 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 UBS 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, unauthorized trading, fraud, system failures, cyber-attacks, breaches of information security and failure of security and physical protection, are appropriately controlled.

For example, cyber-crime is a fast growing threat to large organizations that rely on technology to support their business, like UBS. Cyber-crime 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.

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 and its subsidiaries 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 their clients. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could have serious consequences, both in legal terms and in terms of UBS's reputation.

Although UBS is continuously adapting its capability to detect and respond to the risks described above, if its internal controls fail or prove ineffective in identifying and remedying them UBS 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.

Certain types of operational control weaknesses and failures could also adversely affect UBS's ability to prepare and publish accurate and timely financial reports. UBS identified control deficiencies following the unauthorized trading incident announced in September 2011, and 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 has not affected the reliability of UBS's 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 UBS 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 UBS conducts business.

**UBS's reputation is critical to the success of UBS's business**

UBS's reputation is critical to the success of UBS's strategic plans. Damage to its reputation can have fundamental negative effects on UBS's 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 and other events seriously damaged UBS's reputation. Reputational damage was an important factor in UBS's loss of clients and client assets across UBS's 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 also adversely affected UBS's reputation. Any further reputational damage could have a material adverse effect on UBS's operational results and financial condition and on UBS's 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 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 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, UBS's 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 UBS's 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, 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;
- 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 trading and investment positions, and losses may be exacerbated by declines in the value of collateral UBS 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 of 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 UBS's business units and of UBS as a whole, and ultimately its financial condition. As discussed below, there is also a somewhat related risk that the carrying value of goodwill of a business unit might suffer impairments and deferred tax assets levels may need to be adjusted.

**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 very 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. 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 very 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 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, UBS's business in Switzerland in general and, in particular, UBS's 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 UBS 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 UBS's non-Swiss franc revenues) have an effect on UBS's reported income and expenses, and on other reported figures such as other comprehensive income, invested assets, balance sheet assets, RWA and tier 1 capital. For example, in 2011 the strengthening of the Swiss franc, especially against the US dollar and euro, had an adverse effect on UBS's revenues and invested assets. Because exchange rates are subject to constant change, sometimes for completely unpredictable reasons, UBS's results are subject to risks associated with changes in the relative values of currencies.

**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 UBS's non-core activities 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 UBS's 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 aggregates risk to identify potentially highly correlated exposures proved to be inadequate. Notwithstanding the steps UBS has taken to strengthen its risk management and control framework, UBS could suffer further losses in the future if, for example:

- UBS does not fully identify the risks in its portfolio, in particular risk concentrations and correlated risks;
- UBS's 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 resultant environment is, therefore, affected;
- third parties to whom UBS has credit exposure or whose securities UBS holds for its own account are severely affected by events not anticipated by UBS's models, and accordingly UBS suffers defaults and impairments beyond the level implied by its risk assessment; or
- collateral or other security provided by UBS's 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 UBS holds for its clients in these activities could be harmed 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 holdings made as a 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, fair values of a financial instrument or non-financial asset or liability are 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 have a material impact on 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 upon the availability of funding sources, and UBS's success depends upon its ability to obtain funding at times, in amounts, for tenors and at rates that enable UBS 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 UBS's 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 UBS's 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 downgrading of UBS's long-term rating in June 2012, ratings downgrades can require UBS to post additional collateral or make additional cash payments under master trading agreements relating to UBS's 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 Basel III capital and liquidity 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 an insolvency or other resolution of UBS, or a subsidiary, may increase UBS's funding costs or limit the availability of funding of the types required.

**UBS might 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 UBS 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 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 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 are affected not only by UBS's 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 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 accepted an initiative to give shareholders of Swiss listed companies more influence over board and management compensation (the Minder Initiative). In November 2013, the Swiss Federal Council issued the final transitional ordinance implementing the constitutional amendments resulting from this initiative, which came into force on 1 January 2014. The ordinance requires public companies to specify in their articles of association ("AoA") a mechanism to permit a "say-on-pay" vote, setting out three requirements: (i) the vote on compensation must be held annually, (ii) the vote on compensation must be binding rather than advisory and (iii) the vote on compensation must be held separately for the board of directors and members of the executive board. In addition, shareholders will need to determine the details of the "say-on-pay" vote in the AoA, in particular the nature of the vote, timing aspects and the consequences of a "no" vote. Each company affected by the Minder Initiative must undertake a first binding vote on management compensation and remuneration of the board of directors 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 International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Changes to IFRS or interpretations thereof may cause UBS's future reported results and financial position to differ from current expectations. Such changes may also affect UBS's regulatory capital and ratios. UBS monitors potential accounting changes and when these are finalized by the IASB, UBS 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 UBS's goodwill**

The goodwill 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 2013 indicated that the value of UBS's 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. In the third quarter of 2012, for example, the recognition by the Investment Bank of a full impairment of goodwill and of an impairment of other non-financial assets resulted in a charge of almost CHF 3.1 billion against UBS's operating profit before tax.

**The effect of taxes on UBS's financial results is significantly influenced by reassessments of its deferred tax assets**

The deferred tax assets UBS has recognized on its balance sheet as of 31 December 2013 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 and to the accuracy of new business plan forecasts. UBS's results in recent periods have demonstrated that changes in the recognition of deferred tax assets can have a very significant effect on UBS's reported results. If the Group's performance is expected to improve, particularly in the US, 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 the Group's 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, UBS 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 the Group's effective tax rate in the year in which any write-downs are taken.

In 2014, notwithstanding the effects of any potential reassessment of the level of deferred tax assets, UBS expects its effective tax rate to be in the range of 20% to 25%. Consistent with past practice, UBS expects to revalue its overall level of deferred tax assets in the second half of 2014 based on a reassessment of future profitability taking into account updated business plan forecasts. The full year effective tax rate could change significantly on the basis of this reassessment. It could also change if aggregate tax expenses for locations other than Switzerland, the US and 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.

This is a potential risk particularly as UBS considers reorganizations of its legal entity structures in the US, UK and Switzerland in response to regulatory changes. 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 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.

In 2011, the UK government introduced a balance sheet based levy payable by banks operating or resident in the UK. A net charge of CHF 124 million was recognized in operating expenses (within operating profit before tax) in 2013. The Group's bank levy expense for future years will depend on both the rate of the levy and the Group's taxable UK liabilities at each year-end; changes to either factor could increase the cost. This expense will likely increase if, for example, UBS changes its booking practices so as to book more liabilities into its UK bank subsidiary, UBS Limited. 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.

## 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 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. No assurance can be given with regard to the effect that any combination of risk factors may have 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. 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, 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 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",

potential investors should be aware that the amount of the Interest Amount, if specified to be applicable, 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" the product feature "**Participation Factor**", "**Leverage Factor**" or, as the case may be, "**Multiplier**" is specified to be applicable,

potential investors should be aware that the application of the Participation Factor, Leverage Factor or of the Multiplier, as specified to be applicable, as well as of any other proportion factor 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, 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 or of the Multiplier. There are risks associated with the Securities offered in the Base Prospectus which potential investors should consider carefully and be aware of before making a decision to invest in the Securities, including but not limited to the following:

In the case that in the definition of "Securities" contained in the section "Product 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. 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" the product feature "**Express**" 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, 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, 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" 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, 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, level or rating as specified, 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 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, pre-determined in the Conditions of the Securities as Redemption Amount. 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" 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, 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" 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, 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 pre-determined 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, 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 "**Stop Loss**" / "**Knock Out**" is specified to be applicable,

potential investors should consider that the Securities may terminate early and potentially during extraordinarily adverse market conditions and that the Stop Loss feature / Knock Out feature is a feature which trigger the early termination and subsequent early redemption of the Securities and it does not necessarily mean that the amount repaid corresponds to the amount originally invested. Given the time delay between the triggering event and the time as of which the redemption amount is determined the amount repaid may be less and even zero.

In the case that in the definition of "Securities" contained in the section "Product 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, potential investors in the Securities should consider that 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, 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" 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.

**Pricing of structured Securities** - The pricing of structured Securities is usually determined by the Issuer, and not on negotiated terms.

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" 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 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 disregarding the actual performance of the Underlying or, as the case may be, the Basket Components, in any case the Minimum Amount. 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. The cash amount to be or, as the case may be, 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.

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. 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" the product feature "**No pre-defined term**" is specified to be applicable,

potential investors should consider that the Securities have - in contrast to securities with a fixed term - no pre-determined 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" the product feature "**Minimum Exercise Size**" is specified to be applicable,

potential investors should consider that any Securityholder of the Securities, 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" 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, 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" 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.

Other risks associated with the Securities may be, inter alia, changes in interest rates, currency fluctuations, if the banks have a right to redeem the instruments in advance, the complexity of the Securities, fluctuations in the relevant index, other underlying (s), the financial market and if the redemption amount is dependent on conditions other than banks' credit rating.

There are also certain risks related to Securities in general, such as modifications, exceptions and changes of law.

Some of the risks are attributable to circumstances beyond the Issuer's control, such as the existence of an efficient secondary market, the stability of the relevant clearing systems and winding up systems, and the economic situation and development in the world.

This summary of certain risks is only a short summary of certain significant risks and it is not a comprehensive description of all risk factors that are attributable to the Securities. Investors should carefully review and consider the risks as well as other information described in the Base Prospectus. An investment in relatively complex Securities, such as instruments, is consistent with a higher risk than investing in less complex Securities. Especially, in some cases, Investors may lose their entire investment or part thereof.

2. **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.**

3. **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", the Issuer is pursuant to the Conditions of the Securities also entitled for 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. 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, it cannot be excluded 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.

4. **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.

5. **Adverse impact of adjustments of the Security Right**

It cannot be excluded 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.

6. **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.

7. **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. No assurance can be given with regard to the effect that any combination of risk factors may have 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.

8. **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.

9. **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.

10. **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, 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, no assurance is given that any such admission or listing will 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 may be adversely affected. The liquidity of the Securities 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, it cannot be excluded 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 intends, under normal market conditions, to provide bid and offer prices for the Securities of an issue on a regular basis. However, the Manager makes 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.**

11. **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, 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.

**12. 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.

**13. 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 actual price of the Securities at the time of their sale.

**14. 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.

**15. 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, it cannot be excluded 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.

**16. 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 adviser'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.

17. **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:

***I. Payments under the Securities may be subject to U.S. withholding under the US Tax Code***

Section 871(m) of the US 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 proposed U.S. Treasury Department regulations (if finalised in their current form), certain payments or deemed payments with respect to certain equity-linked instruments (“specified ELIs”) that reference U.S. stocks 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 proposed 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.

If adopted in their current form, the proposed regulations may impose a withholding tax on payments or deemed payments made on the Securities on or after 1 January 2016 that are treated as dividend equivalents for Securities acquired on or after 5 March 2014. However, under a recent notice of the U.S. Internal Revenue Service (“IRS”) announced that it and the Treasury Department intend that final Treasury regulations will provide that “specified ELIs” will exclude equity-linked instruments issued prior to 90 days after the date such final Treasury regulations are published. Accordingly, the Issuer generally expects that Securityholders (other than US Securityholders) should not be subject to tax under Section 871(m). However, it is possible that such withholding tax could apply to the Securities under these proposed rules if, for example, a Securityholder (other than a U.S. securityholder) enters into certain subsequent transactions in respect of the Underlying or, as the case may be, a Basket Component. 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.

***II. 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 beginning 1 July 2014, 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 2017, made to certain foreign financial institutions (including most foreign hedge funds, private equity funds and other investment vehicles) unless the payee foreign financial institution 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.

Accordingly, the Issuer and other foreign financial institutions 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

Intergovernmental Agreement 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 to holders who (i) fail to provide the relevant information, or (ii) foreign financial institutions who fail to comply with FATCA.

Securityholders holding their Securities through a foreign financial institution or other foreign entity should be aware that a portion of any payments under the Securities made after 30 June 2014 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.

**18. The proposed Financial Transactions Tax**

The European Commission recently published a proposal for a Directive for a common financial transaction tax ("FTT") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia. The tax would be applicable from 1 January 2014.

The proposed FTT has very broad, potentially extraterritorial scope. It would apply to financial transactions where at least one party is a financial institution, and (a) one party is established in a participating member state of the European Economic Area (a "**Member State**") or (b) the financial instrument which is subject to the transaction is issued in a participating Member State. A financial institution may be, or be deemed to be, "established" in a Member State in a broad range of circumstances.

In relation to many secondary market transactions in the Securities, the FTT would be charged at a minimum rate of 0.1% on each financial institution which is party to the transaction. The issuance and subscription of the Securities should, however, be exempt. There are no broad exemptions for financial intermediaries or market makers. Therefore, the effective cumulative rate applicable to some dealings in the Securities (for instance, cleared transactions) could be greatly in excess of 0.1%.

A person transacting with a financial institution which fails to account for FTT would be jointly and severally liable for that tax.

The FTT proposal remains subject to negotiation between the Member States, and may therefore be altered. Additional Member States may decide to participate. Prospective holders of the Securities are strongly advised to seek their own professional advice in relation to the FTT.

**19. 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, a different tax treatment by the fiscal authorities and tax courts cannot be excluded. 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.

20. **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, a 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 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 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", 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, Underlying 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.

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, fund units, futures contracts or reference rates (each a "Basket"), the Issuer may have the right, in certain circumstances as specified, 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.

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",

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 who 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 **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 overindebted 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",

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 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",

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.

#### **Depending 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**

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. 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.

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 do generally not participate in any dividends or other distributions paid out or made on components contained in the index.

**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 if such indices are compared the price index will in general bear a structural disadvantage since dividends or other distributions on the index components are not taken into account for the performance or total return indices since dividends or other distributions are not taken into account.

**The basis of calculating the price of the Underlying 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 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. Indices which reflect certain markets or industry sectors use 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 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.

In case of a **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",

potential investors should consider the following risks **specifically related to 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.**

**Notional Investor concept; Postponement of the Payment of the Redemption Amount**

Whether and in what amount payments are made on the Securities depends on the future performance of the fund used as Underlying or, as the case may be, a Basket Component. Payment of the Redemption Amount will be made on the relevant Maturity Date (or, if this day is not a Business Day, on the immediately following Business Day), provided that until this day a Notional Investor would have received full liquidation proceeds for the shares in the fund used as Underlying or, as the case may be, a Basket Component, if that Notional Investor had, by giving the appropriate prior notice, requested redemption as at the relevant Valuation Date. If, however, there is a delay in the receipt of the liquidation proceeds for the shares in the fund used as Underlying or, as the case may be, a Basket Component by the Notional Investor, such payment will be postponed accordingly.

**The Securityholders do not have any legal and economic rights in the fund**

Securityholders' protection against the economic impact on the value of the Securities of certain actions by the fund used as Underlying or, as the case may be, a Basket Component and their ability to seek legal redress would not be the same as that of a direct investor in the fund used as Underlying or, as the case may be, a Basket Component with respect to their shares in such fund. In particular, Securityholders do not have any direct legal relationship with the relevant fund management company and the fund and, as a result, no legal claim against the fund used as Underlying or, as the case may be, a Basket Component. Securityholders are not entitled to receive the relevant fund company's communications to its unitholders.

**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 share 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**

It cannot be ruled out 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 addition 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 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 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 a **fund unit in an exchange traded fund 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",

potential investors should consider the following risks **specifically related to 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, a fund in corporate fund, whose fund units ("**Fund Units**") are listed on a securities exchange. No assurance is given that such admission or listing will 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; 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") 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. It cannot be excluded 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, it cannot be excluded 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 for determining fees and costs, currency exchange rate fluctuations may have a negative impact on the value of the Fund Units in the ETF.

#### **Conflicts of interest**

In the operation of the ETF certain conflicts of interest may arise that can have negative impact on the ETF's performance. For persons involved in the fund management or advisory activities in relation to the ETF conflicts of interest can arise from retrocessions or other inducements. In addition, persons involved in the fund management or advisory activities to the ETF 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 assets first to a portfolio involving the highest fees. Persons providing management, trading or advisory services to the ETF may make recommendations or enter into transactions which are different to those of the ETF or may even compete with 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 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",

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. Consequently, any investment in the Securities is, to a certain extent, subject to market risks similar to a direct investment in the relevant 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**

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 Instrument.

**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",

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. Consequently, any investment in the Securities is, to a certain extent, subject to market risks similar to a direct investment in the relevant interest rate or, as the case may be, 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",**

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 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 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.**

## **B. GENERAL INFORMATION ON THE BASE PROSPECTUS**

### **1. Important Notice**

The Base Prospectus should be read and construed in conjunction with any supplement thereto and with any other documents incorporated by reference the Base Prospectus and must be interpreted accordingly.

No person has been authorised to give any information or to make any representation not contained in or not consistent with the Base Prospectus or any other document entered into in relation to the Base Prospectus or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Manager.

Neither the delivery of the Base Prospectus or any Final Terms nor the offering, sale or delivery of any Security shall, in any circumstances, create any implication that the information contained in the Base Prospectus is true subsequent to the date hereof or the date upon which the Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which the Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Base Prospectus is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The contents of the Base Prospectus will be updated in accordance with the provisions of the Prospectus Directive and the Financial Instruments Trading Act (SFS 1991:980).

Neither the Base Prospectus nor any Final Terms constitute an offer or a solicitation of an offer to purchase any Securities and should not be considered as a recommendation by the Issuer or the Managers that any recipient of the Base Prospectus or any Final Terms should subscribe for or purchase any Securities.

### **2. Responsibility Statement**

UBS AG, having its registered offices at Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland as Issuer accepts responsibility for the content of the Base Prospectus and declares that the information contained in the Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Where the Base Prospectus contains information obtained from third parties, such information was reproduced accurately, and to the best knowledge of the Issuer - as far as it is able to ascertain from information provided or published by such third party - no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Issuer is liable for the Summary including any translation thereof, 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.

The Issuer notes that following the date of publication of the Base Prospectus, events and changes may occur, which render the information contained in the Base Prospectus incorrect or incomplete. Supplemental information will only be published as required by and in a manner stipulated in Chapter 2, section 34 of the Swedish Financial Instruments Trading Act (SFS 1991:980).

### 3. Consent to use the Prospectus

In the context of any offer of Securities that is not made within an exemption from the requirement to publish a prospectus under the Prospectus Directive (a "**Public Offer**"), the Issuer has requested the Swedish Financial Supervisory Authority (*Finansinspektionen*) – "**SFSA**" to provide a certificate of approval in accordance with Article 18 of the Prospectus Directive (a "**EEA Passport**") in relation to the passporting of the Base Prospectus to the competent authorities of Norway, Finland and Denmark (the "**Host Member States**"). Even though the Issuer has elected to passport the Base Prospectus into the Host Member States, it does not mean that they will choose to make any Public Offer in the Host Member States. Investors should refer to the Final Terms for any issue of Securities to see whether the Issuer has elected to make a public offer of the Securities in either Sweden or a Host Member State (each a "**Public Offer Jurisdiction**").

The Issuer accepts responsibility in the Public Offer Jurisdictions for which it has given consent referred to herein for the content of the Base Prospectus together with the relevant Final Terms in relation to any person (an "**Investor**") in a Public Offer Jurisdiction to whom an offer of any Securities is made by any financial intermediary to whom the Issuer has given its consent to use the Base Prospectus together with the relevant Final Terms (an "**Authorised Offeror**"), where the offer is made during the period for which that consent is given and is in compliance with all other conditions attached to the giving of the consent, all as mentioned in this Base Prospectus. However, neither the Issuer nor any Manager 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.

If so specified in the applicable Final Terms in respect of any Series of Securities, the Issuer consents to the use of the Base Prospectus together with the relevant Final Terms in connection with a Public Offer of any relevant Securities by either (1) any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) or (2) the financial intermediaries specified in the relevant Final Terms, in either case on the following basis:

- (a) the relevant Public Offer must occur during the Offer Period specified in the relevant Final Terms (the "**Offer Period**");
- (b) the relevant Public Offer may only be made in a Public Offer Jurisdiction specified in the relevant Final Terms;
- (c) the relevant Authorised Offeror must be authorised to make such offers in the relevant Public Offer Jurisdiction under the Markets in 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;
- (d) the relevant Authorised Offeror must satisfy the conditions (if any) specified in the relevant Final Terms; and
- (e) 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.

The Issuer reserves the right to withdraw its consent to the use of the Base Prospectus together with the relevant Final Terms in relation to certain dealers and/or each financial intermediaries. The Issuer may give consent to additional financial intermediaries after the date of the relevant Final Terms and, if they do so, the Issuer will publish the above information in relation to them on the website [www.ubs.com/keyinvest](http://www.ubs.com/keyinvest) or a successor address thereto.

The consent referred to above relates to Public Offers occurring as long as the Base Prospectus is valid in accordance with chapter 2 section 24 of the Swedish Financial Instruments Trading Act (*Lag (1991:980) om handel med finansiella instrument*).

**Any Authorised Offeror who wishes to use the Base Prospectus in connection with a Public Offer as set out in (1) above is required, for the duration of the relevant Offer Period, to publish on its website that it is using the Base Prospectus for such Public Offer in accordance with the consent of the Issuer and the conditions attached thereto.**

To the extent specified in the relevant Final Terms, an offer may be made during the relevant Offer Period by any of the Issuer, the Manager or any relevant Authorised Offeror in any relevant Member State and subject to any relevant conditions, in each case all as specified in the relevant Final Terms.

Neither the Issuer nor any of the Manager has authorised the making of any Public Offer of any Securities by any person in any circumstances and such person is not permitted to use the Base Prospectus in connection with its offer of any Securities unless (1) the offer is made by an Authorised Offeror as described above or (2) the offer is otherwise made in circumstances falling within an exemption from the requirement to publish a prospectus under the Prospectus Directive. Any such unauthorised offers are not made by or on behalf of the Issuer, any Manager or any Authorised Offeror and none of the Issuer, any Manager or any Authorised Offeror has any responsibility or liability for the actions of any person making such offers.

**An Investor intending to acquire or acquiring any Securities from an Authorised Offeror will do so, and offers and sales of the Securities to an Investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocation, settlement arrangements and any expenses or taxes to be charged to the Investor (the "Terms and Conditions of the Public Offer"). The Issuer will not be a party to any such arrangements with Investors (other than the Managers) in connection with the offer or sale of the Securities and, accordingly, the Base Prospectus and any Final Terms will not contain such information. The Terms and Conditions of the Public Offer shall be provided to Investors by that Authorised Offeror at the relevant time. None of the Issuer, any of the Managers or other Authorised Offerors has any responsibility or liability for such information.**

## C. GENERAL INFORMATION ON THE SECURITIES

### 1. Types of Securities

The following Securities are described in the Base Prospectus:

- principal protected securities which (i) either provide for interest payments and a repayment at maturity of at least 100 per cent. of their specified denomination or their nominal amount per Security or (ii) provide for derivative and structured payment components, but are at maturity subject to a (re-)payment of at least 100 per cent. of their specified denomination or their nominal amount per Security (the "**Capital Protected Securities**"), and
- derivative securities, including securities without a denomination which provide for derivative and structured payment component and which are only partly (the "**Partly Capital Protected Securities**") or not capital protected (the "**Not Capital Protected Securities**").

The Securities may, as specified in the relevant Final Terms, be based on the performance of a share (including a certificate representing shares), an index, a currency exchange rate, a precious metal, a commodity, an interest rate, a non-equity security, a fund unit, a futures contract, or, as the case may be, and as specified in the relevant Final Terms, a reference rate (including, but not limited to, interest rate swap (IRS) rates, currency swap rates or, as the case may be, credit default swap levels), as well as a basket or portfolio comprising the aforementioned assets.

Securities may be issued in series (each a "**Series**") and Securities of each Series will all be subject to identical terms (except, inter alia, for Issue Price, Issue Date, Issue Size and interest commencement date, which may or may not be identical) whether as to currency, denomination, interest or maturity or otherwise.

### 2. Law governing the Securities

The Securities issued by the Issuer are, as specified in the relevant Final Terms and save for the legal effects of the registration of the Securities with the relevant Clearing System as described below, governed by German law ("**German law governed Securities**").

In case of Swedish Securities, Finnish Securities, Norwegian Securities and Danish Securities, the legal effects of the registration of the Securities with the relevant Clearing System will be governed by the laws of the Kingdom of Sweden, Finland, the Kingdom of Norway and the Kingdom of Denmark respectively.

### 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.

### 4. Form of the Securities

The Securities may, as the case may be, and as specified in the relevant Final Terms, be issued as bearer securities or in dematerialised book-entry form:

#### ***German law governed Securities represented by a Global Security***

German law governed Securities issued in bearer form will be represented on issue by either one or more permanent global bearer security/ies (each a "**Global Security**") or, as specified in the relevant Final Terms, by 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"**). No bearer Securities will be issued in or exchangeable into bearer definitive form, whether pursuant to the request of any Securityholder or otherwise.

Global Securities are deposited with Clearstream Banking AG (**"Clearstream, Germany"**), Clearstream Banking S.A. (**"Clearstream, Luxembourg"**), and/or Euroclear Bank S.A./ N.V. (**"Euroclear"**), as specified as Clearing System in the relevant Final Terms, or a depository for such Clearing System. The depository on behalf of Euroclear and Clearstream Luxembourg, shall be a common depository.

#### **Securities cleared through Euroclear Sweden AB**

Securities cleared through Euroclear Sweden AB (**"Euroclear Sweden"**) as the relevant Clearing System (also the **"Swedish Securities"**) are issued in uncertificated and dematerialised book-entry form, and registered at Euroclear Sweden AB in accordance with the *Swedish Financial Instruments Accounts Act (lag (1998:1479) om kontoföring av finansiella instrument)*. No physical securities, such as global temporary or permanent securities or definitive securities will be issued in respect of Swedish Securities.

Swedish Securities are, as specified in the relevant Final Terms, governed by German law, except for the legal effects of the registration of Swedish Securities with Euroclear Sweden.

#### **Securities cleared through Euroclear Finland Oy**

Securities cleared through Euroclear Finland Oy (**"Euroclear Finland"**) as the relevant Clearing System (also the **"Finnish Securities"**) are issued in uncertificated and dematerialised book-entry form, and registered at Euroclear Finland Ltd in accordance with the Finnish Act on the Book-Entry System and Clearing Operations (749/2012) (*laki arvo-osuusjärjestelmästä ja selvitystoiminnasta*) the Finnish Act on Book-Entry Accounts (827/1991) (*laki arvo-osuustileistä*) and the rules and regulations issued by Euroclear Finland from time to time. No physical securities, such as global temporary or permanent securities or definitive securities will be issued in respect of Finnish Securities.

Finnish Securities are, as specified in the relevant Final Terms, governed by German law, except for the legal effects of the registration of the Finnish Securities with the Euroclear Finland.

#### **Securities cleared through VPS ASA**

Securities cleared through VPS ASA (**"VPS"**) as the relevant Clearing System (also the **"Norwegian Securities"**) are issued in uncertificated and dematerialised book-entry form, and registered at VPS in accordance with the Norway Securities Register Act (*Lov av 5. juli 2002 nr. 64 om registrering av finansielle instrumenter*). No physical securities, such as global temporary or permanent securities or definitive securities will be issued in respect of Norwegian Securities.

Norwegian Securities are, as specified in the relevant Final Terms, governed by German law, except for the legal effects of the registration of Norwegian Securities with VPS.

#### **Securities cleared through VP Securities A/S**

Securities cleared through VP Securities A/S (**"VP"**) as the relevant Clearing System (also the **"Danish Securities"**) are issued in uncertificated and dematerialised book-entry form, and registered at VP in accordance with 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. No physical securities, such as global temporary or permanent securities or definitive securities will be issued in respect of the Danish Securities.

Danish Securities are, as specified in the relevant Final Terms, governed by German law, except for the legal effects of the registration of Danish Securities with VP.

## **5. Clearing and Settlement of the Securities**

*The information set out below is subject to changes in or reinterpretation of the rules, regulations and procedures of UBS AG, Clearstream Banking AG, Clearstream Banking S.A., Euroclear Bank S.A./ N.V., Euroclear Sweden AB, Euroclear Finland Oy, VPS ASA and VP Securities A/S, or other Clearing System as specified as "Clearing System" in the applicable Product Terms in the relevant Final Terms from time to time. Investors wishing to use the facilities of any Clearing System must check the rules, regulations and procedures of the relevant Clearing System which are in effect at the relevant time.*

### **General**

The Securities will be cleared through UBS AG, Clearstream, Germany, Clearstream, Luxembourg, and/or Euroclear, or other Clearing System specified in relevant Final Terms, or, in the case of Swedish Securities, Euroclear Sweden or, in the case of Finnish Securities, Euroclear Finland, or, in the case of Norwegian Securities, VPS or, in the case of Danish Securities, VP, each as defined below.

The Common Code, the International Securities Identification Number (ISIN) and/or identification number for any other clearing system, as the case may be, will be specified in the relevant Final Terms.

### **UBS AG**

UBS AG may in relation to Intermediated Securities act as FISA Depository. In such case, the relevant Securities can only be held in a securities account with UBS AG.

The address of UBS AG is Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland.

### **Clearstream Banking AG**

Clearstream Banking AG ("**Clearstream, Germany**"), is a wholly owned subsidiary of Clearstream International S.A., Luxembourg and is established and incorporated in Germany as a stock corporation. Clearstream, Germany is a licensed central securities depository in accordance with the provisions of the Securities Deposit Act (*Depotgesetz*) and is supervised by the Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin"*).

Clearstream, Germany, holds securities for its customers and facilitates the clearance and settlement of securities transactions by book entry transfers between their accounts. Clearstream, Germany provides various services, including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Indirect access to Clearstream, Germany, is available to other institutions which clear through or maintain a custodial relationship with an account holder of Clearstream, Germany.

The address of Clearstream, Germany, is Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Federal Republic of Germany.

### **Clearstream Banking S.A., Luxembourg**

Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), located at 42 Avenue JF Kennedy, L-1855 Luxembourg was incorporated in 1970 as a limited company under Luxembourg law. It is registered as a bank in Luxembourg, and as such is subject to regulation by the CSSF, which supervises Luxembourg banks.

Clearstream, Luxembourg, holds securities for its customers and facilitates the clearance and settlement of securities transactions by book entry transfers between their accounts. Clearstream, Luxembourg provides various services, including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg also deals with domestic securities markets in several countries through established depository and custodial relationships. Over 300,000 domestic and internationally traded bonds, equities and investment funds are currently deposited with Clearstream. Currently, Clearstream, Luxembourg has approximately 2,500 customers in over 110 countries. Indirect access to Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an account holder of Clearstream, Luxembourg.

The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

**Euroclear Bank S.A./N.V., Brussels**

The Euroclear System was created in 1968 to hold securities for participants in Euroclear ("**Euroclear Participants**") and to effect transactions between Euroclear Participants through simultaneous book entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfer of securities and cash. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

The Euroclear group reshaped its corporate structure in 2000 and 2001, transforming the Belgian company Euroclear Clearance System (*Société Coopérative*) into Euroclear Bank SA/NV, which now operates the Euroclear System. In 2005, a new Belgian holding company, Euroclear SA/NV ("**Euroclear**") was created as the owner of all the shared technology and services supplied to each of the Euroclear CSDs and the ICSD. Euroclear SA/NV is owned by Euroclear plc, a company organised under the laws of England and Wales, which is owned by market participants using Euroclear services as members.

As an ICSD, Euroclear provides settlement and related securities services for cross-border transactions involving domestic and international bonds, equities, derivatives and investment funds, and offers clients a single access point to post-trade services in over 40 markets.

Distributions with respect to interests in Bearer Global Securities held through Euroclear will be credited to the Euroclear cash accounts of Euroclear Participants to the extent received by Euroclear's depository, in accordance with the Euroclear terms and conditions. Euroclear will take any other action permitted to be taken by a holder of any such Bearer Global Securities on behalf of a Euroclear Participant only in accordance with the Euroclear terms and conditions.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels.

**Euroclear Sweden AB**

Euroclear Sweden AB ("**Euroclear Sweden**") is a Swedish private company which operates under the supervision of the Swedish Financial Supervisory Authority and is authorised as a central securities depository and clearinghouse.

Settlement of sale and purchase transactions in respect of the Securities in Euroclear Sweden (also the "**Swedish Securities**") will take place three Stockholm business days after the date of the relevant transaction. Swedish Securities may be transferred between accountholders at Euroclear Sweden in accordance with the procedures and regulations, for the time being, of Euroclear Sweden. A transfer of Swedish Securities which are held in Euroclear Sweden through Clearstream, Germany, Euroclear or Clearstream, Luxembourg, is only possible by using an account operator linked to Euroclear Sweden.

The address of Euroclear Sweden is Swedish Central Securities Depository, Euroclear Sweden AB, Klarabergsviadukten 63, S-111 64 Stockholm, Sweden.

**Euroclear Finland Oy**

Euroclear Finland Oy ("**Euroclear Finland**") is a Finnish private company which operates under the supervision of the Finnish Financial Supervisory Authority and is authorised as a central securities depository and clearinghouse.

Settlement of sale and purchase transactions in respect of the Securities in Euroclear Finland (also the "**Finnish Securities**") will take place three Helsinki business days after the date of the relevant transaction. Finnish Securities may be transferred between accountholders at Euroclear Finland in accordance with the procedures and regulations, for the time being, of Euroclear Finland. A transfer of Finnish Securities which are held in Euroclear Finland through Clearstream, Germany, Euroclear or Clearstream, Luxembourg, is only possible by using an account operator linked to Euroclear Finland.

The address of Euroclear Finland is Euroclear Finland Oy, Urho Kekkosen katu 5 C, FI-00100 Helsinki, Finland.

**VPS ASA**

VPS ASA ("**VPS**") is a Norwegian public limited company authorised to register rights to financial instruments subject to the legal effects laid down in the Securities Register Act. VPS clears and settles trades in the Norwegian securities market, and provides services relating to stock issues, distribution of dividends and other corporate actions for companies registered in VPS.

Provided that the securities are listed on the Oslo Stock Exchange and/or sale and purchase transactions in respect of Securities in the VPS (also the "**Norwegian Securities**") are effected through brokers who are participants in the securities settlement system VPO which is operated by VPS, settlement of the transactions will take place three Oslo business days after the date of the relevant transaction. (As of 6 October 2014 settlement will take place two Oslo business days after the date of the relevant transaction). Norwegian Securities may be transferred between accountholders at the VPS in accordance with the procedures and regulations, for the time being, of the VPS. A transfer of Norwegian Securities which are held in the VPS through Clearstream, Germany, Euroclear or Clearstream, Luxembourg is only possible by using an account operator linked to the VPS.

The address of VPS is Norwegian Central Securities Depository, VPS ASA, P.O. 4, 0051 Oslo, Norway.

**VP Securities A/S**

VP Securities A/S ("**VP**") is a Danish limited liability company licensed as a clearing centre and a central securities depository pursuant to the Danish Securities Trading Act etc. (*Lov om værdipapirhandel m.v.*), as amended from time to time, and subject to the supervision of the Danish Financial Supervisory Authority. VP is the central organisation for registering, clearing and settlement of securities in Denmark.

Settlement of sale and purchase transactions in respect of Securities in the VP (also the "**Danish Securities**") will take place on a registration-against-payment basis three Copenhagen business days (two Danish business days as of 6 October 2014) after the date of the relevant transaction. Transfers of interests in Danish Securities will take place in accordance with the VP Rules. Secondary market clearance and settlement through Euroclear, Clearstream, Germany and Clearstream, Luxembourg is possible through depository links established between the VP and Euroclear, Clearstream, Germany and Clearstream, Luxembourg.

The address of VP is VP Securities A/S, Weidekampsgade 14, P.O. Box 4040, 2300 København 5, Denmark.

**6. Further Information relating to the Securities**

The details regarding a specific issue of Securities, in particular the relevant issue date, calculations regarding the redemption amount, the redemption currency, minimum trading size, securities identification codes with regard to each issue of Securities under the Base Prospectus will be set out in the applicable Final Terms.

**7. Listing or Trading of the Securities**

[The Issuer] [The [Relevant] Manager] intends to apply for [listing] [inclusion] [admission] of the Securities [to trading] on [the Regulated Market of the [Frankfurt Stock Exchange] [Stuttgart Stock Exchange] [•]] [the Official List of the [Regulated Market of the Luxembourg Stock Exchange] [•]] [[the unofficial regulated market of] [Frankfurt Stock Exchange] [Stuttgart Stock Exchange] [•]] [the Official List of Borsa Italiana S.p.A.] [the EuroTLX managed by TLX S.p.A.][NASDAQ OMX Stockholm][NASDAQ OMX Helsinki][Nordic Growth Market NGM AB – NDX (Nordic Derivatives Exchange)] [specify alternative exchange(s) or trading system(s): [•]]. [Provided that the Securities have not been terminated by the Issuer [and provided that the Securities have not expired early] prior to the Expiration Date, trading of the Securities shall cease [[two] [•] trading day[s] prior to] [on] [the Valuation Date] [the Final Valuation Date] [the Expiration Date] [the Maturity Date] [•] (such day, the "Last Exchange Trading Day"). [As of the Last Exchange Trading Day trading may only take place off exchange with [the Manager] [•].]]

The applicable Final Terms will state whether or not the relevant Securities are to be admitted to trading and/or listed and, if so, on which stock exchange(s) and/or multilateral trading facility(ies) and/or markets. Where applicable, the applicable Final Terms will also state all the regulated markets or equivalent markets on which, to

the knowledge of the Issuer, securities of the same class of the Securities to be offered or admitted to trading are already admitted to trading.

## 8. Offering of the Securities

The details of the offer and sale of the Securities, in particular the relevant initial payment date, the relevant issue size or aggregate nominal amount, as the case may be, the relevant issue price, the relevant subscription period, if any, the relevant minimum investment amount, if any, information with regard to the manner and date, in which the result of the offer are to be made public, if required, the relevant name and address of the co-ordinator(s) of the offer, and the relevant conditions, if any, to which the offer of the Securities is subject, with regard to each issue of Securities under the Base Prospectus will be set out in the applicable Final Terms.

## 9. Rating of the Securities

Securities to be issued under the Base Prospectus may be rated or unrated. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. The applicable Final Terms will state whether the Securities are rated or not and, if rated, specify the rating.

## 10. Maturity of the Securities

Unless the applicable Product Terms of the Securities in the definition of "Securities" specify the product feature "**No pre-defined term**" to be applicable, the Securities expire – provided that the Securities are not terminated or expired early in accordance with the Conditions of the Securities – on the Maturity Date or, as the case may be, and as specified in the relevant Final Terms on the Expiration Date.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**No pre-defined term**" is specified to be applicable, the Securities have - in contrast to securities with a fixed term - no pre-determined maturity 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.

## 11. Termination Rights of the Issuer and the Securityholders

The following termination rights are, in accordance with the Conditions of the Securities, attached to the Securities:

### Termination and Early Redemption at the option of the Issuer

The Issuer is in accordance with 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, 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 (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, 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, entitled to terminate and redeem the Securities in total prior to the Maturity Date. In such case, each Securityholder is 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.

### Termination Right of the Securityholders

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, Securityholders do not have a termination right and the Securities may, hence, not be terminated by the Securityholders during their term.

Otherwise, any Securityholder may, if any of the following events (each an "**Event of Default**") occurs, by written notice to the Issuer declare such Security to be forthwith due and payable, whereupon the Securityholder Termination Amount as specified to be applicable 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.

### No General Early Redemption Right

Neither the Issuer nor the Securityholders have a general early redemption right in relation to the Securities prior to the Maturity Date.

## 12. Dependency on the Underlying in general

The following features describe the dependency of the value of the Securities from the Underlying:

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**" or, as the case may be, "**Multiplier**", "**Multiplication Factors**" is specified to be applicable,

potential investors should be aware that the application of the Participation Factor, Leverage Factor, Multiplier or of the Multiplication Factors, as specified to be applicable in the Final Terms, as well as of any other proportion factor within the determination of the Security Right results in the Securities being in economic terms similar to a direct investment 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, 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 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, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Components, increases. 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**" 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, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of 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 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, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Components equals, and/or falls below respectively exceeds a certain threshold, barrier, level or rating 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 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 Securityholder receives an amount, pre-determined in the Conditions of the Securities as Redemption Amount. 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, if in the applicable Product Terms in the

definition of "Underlying" a "Basket" is specified to be applicable, in 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 pre-determined 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 "**Stop Loss**" / "**Knock Out**" is specified to be applicable,

potential investors should consider that the Securities may terminate early and potentially during extraordinarily adverse market conditions and that the Stop Loss feature / Knock Out feature is a feature which trigger the early termination and subsequent early redemption of the Securities and it does not necessarily mean that the amount repaid corresponds to the amount originally invested. Given the time delay between the triggering event and the time as of which the redemption amount is determined the amount repaid may be less and even zero.

### 13. Functioning of the Securities

The following description of the Securities includes a description of the entitlement and further features of the Securities, as provided for in the Conditions of the Securities, and terms and expressions defined in other parts of the Base Prospectus and not otherwise defined in this "General information on the Securities" shall have the same meanings in this part of the Base Prospectus.

For the purposes the following, it should be noted that any reference to "Underlying" shall not only refer to single assets (e.g. a share, an index, a non-equity security or a fund unit), but also to baskets or portfolios of assets. In the context of baskets and portfolios, and as specified in the applicable Product Terms, reference may be made to the Relevant Underlying only, i.e. to the Underlying, showing a certain pre-determined performance, e.g. the worst performance during an observation period.

In the case of fixed and/or floating rate Securities, the Final Terms will specify the yield and include a description of the method for calculating the yield.

All payments relating to the Securities are made in the Redemption Currency specified in the relevant Final Terms.

The value of the Securities during their term depends on the performance of [the Underlying] [the Basket Components] [relative to the performance of another Underlying(s)]. In case the price of [the Underlying] [the Basket Components] [increases] [decreases], also the value of the Securities (disregarding any special features of the Securities) is likely to [increase] [decrease].

In particular, the Redemption Amount, if any, to be received by the Securityholder upon exercise of the Securities depends on the performance of [the Underlying] [the Basket Components].

The following features are examples describing the dependency of the value of the Securities from the Underlying:

#### **UBS Autocallable / Express Securities**

UBS Autocallable/Express Securities is suitable for Securityholders expecting the price of the Underlying(s) to reach certain level(s), as specified in the applicable Product Terms so that the product can early redeem.

In case the price of the Underlying(s) reach certain level(s) on specific Observation Dates, as specified in the applicable Product Terms, the Securities will be early redeemed prior to the Maturity Date.

If the UBS Autocallable/Express Securities did not expire early on any of the previous Observation Dates, the UBS Autocallable /Express Securities will be redeemed at the Maturity Date, as specified in the applicable Product Terms. The Redemption Amount in the Redemption Currency, depends on the individual product structure, 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.

Payment of Coupon or other proceeds linked to the Underlying(s)

In addition, and as specified in the relevant Product Terms, the Securityholder may during the term of the UBS Autocallable/Express Securities be entitled to receive payment of an Coupon or other proceeds, if applicable, as specified in the applicable Product Terms. Such payment may, as specified in the applicable Product Terms, be unconditional or conditional upon a specific performance of the Underlying(s) described in the applicable Product Terms.

#### **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.

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.

#### **UBS Warrants**

UBS Call Warrants allow Securityholders to participate disproportionately (with leverage) in the positive development of the Underlying. Conversely, Securityholders in UBS Call Warrants also participate disproportionately (with leverage) in the negative development of the Underlying. Securityholders bear the risk of the UBS Call Warrants expiring worthless if the Reference Price or the Settlement Price of the Underlying, as specified in the relevant Product Terms of the UBS Call Warrants, is equal to or below the Strike.

UBS Put Warrants allow Securityholders to positively participate disproportionately (with leverage) in the negative development of the Underlying(s). Conversely, Securityholders in UBS Put Warrants also participate disproportionately (with leverage) in the positive development of the Underlying(s). Securityholders bear the risk of

the UBS Put Warrants expiring worthless if the Reference Price or the Settlement Price of the Underlying(s), as specified in the relevant Product Terms of the UBS Put Warrants, is equal to or above the Strike.

The Redemption Amount may be determined by reference to the performance of one or more Underlying(s), as specified in the relevant Product Terms.

#### **UBS Capital Protection Securities / Partially Capital Protection Securities**

UBS Capital Protected Securities, or CPS, have capital protection at maturity and at the same time offer the earning potential that can arise from the capital markets (potentially only up to a predefined cap). To this end, CPS (at least partly) participate in the price movements of selected Underlying(s). The structure offers participation in the performance of the selected Underlying(s). The pre-determined participation rate can vary, as specified in the relevant Product Terms. Depending on the product features, it can be proportional (either negative or positive) to the performance of the Underlying(s).

With a capital protection of less than 100 per cent, the nominal amount at maturity is not fully secured. A price increase of the Underlying asset by maturity is needed to bridge the difference between the level of capital protection and 100 per cent of the nominal amount and avoid losses at maturity.

Irrespective of the product structure the issuer risk of UBS AG must be taken into consideration.

The Redemption Amount may be determined by reference to the performance of one or more Underlying(s), as specified in the relevant Product Terms.

The issue price of CPS can be above 100 per cent.

#### **UBS Sprint Securities**

UBS Sprint Securities allow Securityholders to participate in the positive development of the Underlying within a pre-determined range, i.e. between the Strike and the Cap multiplied by a participation, as specified in the relevant Product Terms. In return, Securityholders only participate in the positive development of the Underlying (potentially only up to a Cap). Conversely, Securityholders in UBS Sprint Securities may also participate in part of, or the whole, negative development of the Underlying. UBS Sprint Securities also exist without Cap.

The Redemption Amount may be determined by reference to the performance of one or more Underlying(s), as specified in the relevant Product Terms.

#### **UBS Bonus Securities**

UBS Bonus Securities allow Securityholders to participate in the positive development of the Underlying. Conversely, Securityholders in UBS Bonus Securities may also participate in the negative development of the Underlying. Depending on the occurrence of a Kick Out/Kick in Event during the term of the Securities or any period or day during the term of the Securities, as specified in the applicable Product Terms, the Securityholder is entitled to receive at the Maturity Date the Redemption Amount in the Redemption Currency 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.

#### **UBS Outperformance Securities**

UBS Outperformance Securities allow Securityholders to participate in the positive development of the Underlying relative to another Underlying. Conversely, Securityholders in UBS Outperformance Securities may also participate in the negative development of the Underlying relative to another Underlying. Depending, if the Reference Price or the Settlement Price of the Underlying, as specified in the relevant Product Terms, is higher than or equal to or lower than the Strike, the Securityholder is entitled to receive on the Maturity Date the Redemption Amount in the Redemption Currency, 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.

**UBS Reverse Convertible Securities / UBS GOAL**

Disregarding the performance of the Underlying, the Securityholder is entitled to receive on each Coupon Payment Date the payment of a coupon. Depending, if the Reference Price or the Settlement Price of the Underlying, as specified in the relevant Product Terms, is lower than or equal to the Strike or higher than the Strike the Securityholder either receives the nominal amount or the performance of the Underlying(s). The coupon can also be conditional.

The Redemption Amount may be determined by reference to the performance of one or more Underlying(s), as specified in the relevant Product Terms.

**UBS Kick-In GOAL / Barrier Reverse Convertible**

The UBS Kick-In GOAL offers a safety buffer that aims to provide protection from the Underlying(s) reaching certain pre-defined or variable levels. If the Underlying(s) do not breach a pre-defined barrier, as specified in the relevant Product Terms, Securityholders are entitled to receive on the Maturity Date the Redemption Amount in the Redemption Currency equal to the Nominal Amount.

If the barrier is breached, the repayment at maturity is aligned to the level of the Underlying(s), as specified in the relevant Product Terms. If the Underlying(s) close(s) above a pre-defined level on a certain day as specified in the relevant Product Terms, Securityholders are entitled to receive on the Maturity Date the Redemption Amount in the Redemption Currency equal to the Nominal Amount. If the price of the Underlying(s), however, closes at or below a pre-defined level on a certain day as specified in the relevant Product Terms, Securityholders are entitled to receive on the Maturity Date, depending on the structure of the product, either the Physical Underlying in the appropriate number either expressed by the Multiplication Factor or, as the case may be, and as specified in the relevant Product Terms, equal to the number of Reference Shares per Denomination or a cash payment of the then current value of the Underlying(s) (adjusted by the respective ratio). The barrier can be observed either continuously or on pre-defined dates, as specified in the relevant 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.

**UBS PERLES / Delta One Securities**

Securityholders may use UBS PERLES to participate, in the upside or downside potential of one or more Underlying(s), easily, conveniently and with only one transaction.

UBS PERLES / Delta One Securities can be issued as open end securities or with a pre-defined Maturity Date, as specified in the relevant 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.

**UBS PERLES / Leveraged Securities**

With UBS Leveraged PERLES (Performance Linked Equity Securities), also known as outperformance securities, Securityholders can apply leverage, since UBS Leveraged PERLES offer Securityholders the chance to participate disproportionately and without restriction in rising prices of the Underlying(s) (e.g. an equity, an index or a currency pair). This means that as of a pre-defined price level, as specified in the relevant Product Terms, participation in a potentially rising price performance is higher than 100%. The exact performance rate varies depending on the product features and is fixed per issue, as specified in the relevant Product Terms, If the purchase price of a UBS Leveraged PERLES is at the price level of the Underlying(s), the effect of the leverage effect does not come to fruition yet. In this case, the disproportionate chance of a gain is counteracted by a loss risk that is equivalent to a direct investment and Securityholders participate in potential negative price developments to an equal extent as normal PERLES. In the described case (without agio) there is thus no disproportionate participation in potential losses.

To minimize the loss risk, UBS Leveraged PERLES Plus has conditional partial protection. As long as an additionally included safety threshold, as specified in the relevant Product Terms, is not reached during the term, Securityholders recoup at least the capital invested on the due date. The partial protection only ceases to apply if a threshold is breached and the product behaves like a normal PERLES as of the due date.

The Redemption Amount may be determined by reference to the performance of one or more Underlying(s), as specified in the relevant Product Terms.

**The following descriptions of several performance structures might be used for the Securities described in the section above**

Underlyings

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).

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 volatility of the Underlying(s).

Performances

The performance or levels of the Underlying(s) can be measured in various ways.

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.

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).

Performances can also have a pre-defined 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 pre-defined 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.

Barriers

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.

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 conditions are met.

Barriers can be either be defined to be observed only on certain dates or continuously.

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 example coupons, participations or Underlying(s).

Stop Loss Feature / Knock Out Feature

If the relevant Product Terms specify that Stop Loss / Knock Out Event applies, then the Securities may be terminated and redeemed early upon the occurrence of a Stop Loss / Knock Out Event.

### Investment Strategies

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.

### Bearish / Bullish / Variable Participation Rate

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.

### Currency Conversion

The payoff can either be in the currency of the Underlying(s) or a different payoff currency. The currency exchange rate to be used to determine the final payoff can either be pre-defined (quanto feature) or variable.

### Coupons / Other Proceeds

If the relevant Product Terms specify unconditional Coupon or other proceeds to apply, the Securityholder is entitled to receive payment of the relevant Coupon or other proceeds.

If the relevant Product Terms specify conditional Coupon or other proceeds to apply, the Securityholder entitled to receive in a payment of the relevant Coupon or other proceeds provided that relevant conditions are met. If in case of a conditional Coupon or other proceeds these requirements are not met, no Coupon or other proceeds are paid.

During their term products can therefore generate regular income. Most products however do not generate unconditional income e.g. dividends or interest.

### Capital Protection

Only if the product feature "Capital Protection" is specified to be applicable in the relevant Product Terms, the Settlement Amount is, in any case, at least equal to the capital protected Minimum Amount.

### Physical or Cash Settlement

Only if the product feature "Physical Settlement" is specified to be applicable in the relevant Product Terms, the Product is possibly settled physically. Otherwise the settlement occurs in cash payment. The settlement can depend on the performance of the Underlying(s).

### Issuers Call Right

If the product features Issuer's Call Right is specified to be applicable in the relevant Product Terms, the Issuer has a right to call the Securities for early redemption by giving notice to that effect on certain pre-defined dates. The redemption value can either be pre-defined or dependent on the Underlying(s) level, certain dates or other parameters.

### Investor's Put Right

If the product features Investors Put Right is specified to be applicable in the relevant Product Terms, the Securityholder has the right to put the Securities for early redemption. The redemption value can either be predefined or dependent on the Underlying(s) level, certain dates or other parameters.

**D. CONDITIONS OF THE SECURITIES****1. Structure and Language 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**

	<b>Page</b>
<b>Product Terms</b>	
<b>Part 1:</b> <i>Key Terms and Definitions of the Securities</i>	[•]
<b>Part 2: § 1 - 3</b> <i>Special Conditions of the Securities</i>	[•]
<b>General Conditions</b>	
<b>§ 4</b> <i>Form of Securities; Title and Transfer; Status</i>	[•]
<b>§ 5</b> <i>Settlement</i>	[•]
<b>§ 6 (a) - (k)</b> <i>Adjustments for Securities on Baskets; adjustments in connection with Shares, Non-Equity Securities, Commodities, Precious Metals, Indices, Fund Units, Futures Contracts, Interest Rates, Currency Exchange Rates and Reference Rates</i>	[•]
<b>§ 7</b> <i>Adjustments due to the European Economic and Monetary Union</i>	[•]
<b>§ 8</b> <i>Extraordinary Termination Right of the Issuer</i>	[•]
<b>§ 9</b> <i>Termination Right of the Securityholders</i>	[•]
<b>§ 10</b> <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):** (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.]

[, 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.]

**[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 depositary pursuant to a Depositary Agreement that represents a specified number of Underlying Shares issued by an entity organised outside the United States held in a safekeeping account with the depositary's custodian.]

**B.**

**Banking Day:**

The Banking Day means [●] [each day on which the banks in [Frankfurt am Main, Federal Republic of Germany,] [and] [in [●]] 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 [the Price of the Underlying of] [●]. [indicative. The Barrier will be fixed on the Fixing Date [at Fixing Time].\*\* ]]

**[Basket Component:**

The Basket Component<sub>(i=1)</sub> equals [, subject to a Roll Over in accordance with § 6 (h) of the Conditions of the Securities,] [Description of [the share or of the American Depositary Receipt or the Global Depositary Receipt on the share] [the Index] [the currency exchange rate] [the precious metal] [the commodity] [the interest rate] [the non-equity security] [the 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<sub>(i=1)</sub>"), [as maintained, calculated and published by [•] (the "Index Sponsor<sub>(i=1)</sub>") [as maintained by [•] (the "Index Sponsor<sub>(i=1)</sub>") and calculated and published by [•] (the "Index Calculator<sub>(i=1)</sub>")]] [in the case of a fund unit as the Basket Component insert, if appropriate, the following text: (the "Fund Unit<sub>(i=1)</sub>") in the [•] (the "Fund<sub>(i=1)</sub>") [in the case of a certificate representing shares as the Underlying insert, if appropriate, the following text: [(also "ADR<sub>(i=1)</sub>") [(also "GDR<sub>(i=1)</sub>")]] (In such context, the Share<sub>(i=1)</sub> underlying [the ADR<sub>(i=1)</sub>] [the GDR<sub>(i=1)</sub>] is also referred to as the "Underlying Share<sub>(i=1)</sub>" and the Underlying Share<sub>(i=1)</sub> together with [the ADR<sub>(i=1)</sub>] [the GDR<sub>(i=1)</sub>] as the "Share<sub>(i=1)</sub>"); [•] and

the Basket Component<sub>(i=n)</sub> equals [, subject to a Roll Over in accordance with § 6 (h) of the Conditions of the Securities,] [Description of [the share or of the American Depositary Receipt or the Global Depositary Receipt on the share] [the Index] [the currency exchange rate] [the precious metal] [the commodity] [the interest rate] [the non-equity security] [the 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<sub>(i=n)</sub>"), [as maintained, calculated and published by [•] (the "Index Sponsor<sub>(i=n)</sub>") [as maintained by [•] (the "Index Sponsor<sub>(i=n)</sub>") and calculated and published by [•] (the "Index Calculator<sub>(i=n)</sub>")]] [in the case of a fund unit as the Basket Component insert, if appropriate, the following text: (the "Fund Unit<sub>(i=n)</sub>") in the [•] (the "Fund<sub>(i=n)</sub>") [in the case of a certificate representing shares as the Underlying insert, if appropriate, the following text: [(also "ADR<sub>(i=n)</sub>") [(also "GDR<sub>(i=n)</sub>")]] (In such context, the Share<sub>(i=n)</sub> underlying [the ADR<sub>(i=n)</sub>] [the GDR<sub>(i=n)</sub>] is also referred to as the "Underlying Share<sub>(i=n)</sub>" and the Underlying Share<sub>(i=n)</sub> together with [the ADR<sub>(i=n)</sub>] [the GDR<sub>(i=n)</sub>] as the "Share<sub>(i=n)</sub>"))].

[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<sub>(i=1)</sub> to <sub>(i=n)</sub> [and to all Indices<sub>(i=1)</sub> to <sub>(i=n)</sub>], all Index Calculators<sub>(i=1)</sub> to <sub>(i=n)</sub> and all Index Sponsors<sub>(i=1)</sub> to <sub>(i=n)</sub>, as the case may be] [and to all Fund Units<sub>(i=1)</sub> to <sub>(i=n)</sub> and all Funds<sub>(i=1)</sub> to <sub>(i=n)</sub>, as the case may be] [•]. ]

**[[Basket Component]  
Calculation Date:**

The [Underlying] [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 [Underlying] [Basket Component] is determined in accordance with the relevant rules]]*

*[in the case of an Index as the Underlying or Basket Component, as the case may be, 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 or Basket Component, as the case may be, 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 or Basket Component, as the case may be, 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] [Basket Component] in accordance with the relevant rules]].]*

**[Basket Performance:**

The Basket Performance equals [•]

**[Bonus Level:**

The Bonus Level equals [•]. [indicative. The Bonus Level will be fixed on the Fixing Date [at the Fixing Time. \*\* ]]

**[Borrowing Fee:**

Day Count Fraction x Rate x [•%][•]

**[Borrowing Rebalancing Date:**

[•] 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] [in [•]] 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:**

The Cap

[equals [•].]

[in relation to the [Underlying<sub>(i=1)</sub>] [Basket Component<sub>(i=1)</sub>] equals [•] ("Cap<sub>(i=1)</sub>"), [•] and

the Cap in relation to the [Underlying<sub>(i=n)</sub>] [Basket Component<sub>(i=n)</sub>] equals [•]

("Cap<sub>(i=n)</sub>").]

[indicative. The Cap [in relation to each [Underlying<sub>(i)</sub>] [Basket Component<sub>(i)</sub>] will be fixed on the Fixing Date [at the Fixing Time].\*\* ]]

**[Cap Level:**

The Cap Level equals [•]. [indicative. The Cap Level will be fixed on the Fixing Date [at the Fixing Time.\*\* ]]

**CA Rules:**

CA Rules means (i) [[•]

[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 (ii) any regulation and operating procedure applicable to and/or issued by the Clearing System.

**[Certificate Value(t):**

[The Certificate Value on [Fund Business Day][•] 't', and Certificate Value(o) is equal to [100%][•].]

**CIBOR**

The interest rate at (i) 11:00 CET relevant date published at Reuters side "DKNA13" (or through such other system or such other side that replaces aforementioned system or side) or, in absence of such publication, (ii) aforementioned time which equals (a) the average of Reference Banks interest rates offered to leading commercial banks in Denmark for deposits in DKK for relevant period at the interbank market in Copenhagen or, if only one or no such offer is made – (b) the interest rate leading commercial banks in Copenhagen offers for lending of DKK for relevant period at the interbank market in Copenhagen.

**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 Oy, Urho Kekkosen katu 5 C, FI-00100 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)]*

*[VPS 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 5, 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 or any other Clearing System referred to in the Final Terms. [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<sub>(i=1)</sub> in relation to the Observation Date<sub>(i=1)</sub> equals [●] [converted into the Redemption Currency] [commercially rounded to [two] [●] decimal places]. [indicative. The Coupon<sub>(i=1)</sub> in relation to the Observation Date<sub>(i=1)</sub> will be fixed on the Fixing Date [at the Fixing Time]\*\* ; [●] and*

*the Coupon<sub>(i=n)</sub> in relation to the Observation Date<sub>(i=n)</sub> equals [●] [converted into the Redemption Currency] [commercially rounded to [two] [●] decimal places]. [indicative. The Coupon<sub>(i=n)</sub> in relation to the Observation Date<sub>(i=n)</sub> will be fixed on the Fixing Date [at the Fixing Time]\*\*.]*

*The term "Coupon" shall also refer to all Coupons<sub>(i=1)</sub> to <sub>(i=n)</sub>.]*

**[Coupon Barrier]:**

*[The Coupon Barrier means [●].]*

**[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].]*

**[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<sub>(i=1)</sub> 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<sub>(i=1)</sub>] (including) [●] and the Coupon Period<sub>(i=n)</sub> means the period commencing at [●] hrs local time [●] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [●] [Observation Date<sub>(i=n-1)</sub>] (excluding)] and ending at [●] hrs local time [●] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [●] [Observation Date<sub>(i=n)</sub>] (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:**

**[•][Front Month]**

*[The delivery date means [•] [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.]*

**[Depositary Agreement:**

*Depositary Agreement means the agreement(s) or other instrument(s) constituting [the American Depositary Receipts] [or, as the case may be,][the Global Depositary Receipts], as from time to time amended in accordance with its/their terms.]*

**E.**

**[EURIBOR**

The interest rate at (i) 11:00 CET relevant date published at Telerates side "248" (or through such other system or such other side that replaces aforementioned system or side) or - in absence of such publication - (ii) aforementioned time in accordance with notice from the Bank which equals (a) the average of European Reference Banks interest rates offered to leading commercial banks in Europe for deposits of EUR 10 000 000 for relevant or, if only one or no such offer is made – (b) the interest rate leading commercial banks in Europe, according to the Banks assessment, offers for lending of EUR 10 000 000 for relevant period at the interbank market in Europe.]

**[European Reference Banks**

Four major commercial banks , that for the relevant time offering EURIBOR, STIBOR, LIBOR, NIBOR or CIBOR and are nominated by the Bank. ]

<b>[Exchange Business Day</b>	<i>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].</i>
<b>[Exercise Date:</b>	<i>The Exercise Date means [●].]</i>
<b>[Exercise Period:</b>	<i>The Exercise Period [●] [starts on [●] and ends on [●] [at the Exercise Time]].]</i>
<b>[Exercise Time:</b>	<i>The Exercise Time equals [●] [hrs. (local time [●] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland])] [●] ]</i>
<b>Expiration Date:</b>	<i>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.]</i>
<b>[Express Level:</b>	<i>The Express Level equals [●]. [indicative. The Express Level will be fixed on the Fixing Date [at the Fixing Time. **]]</i>
<b>F.</b>	
<b>[Fee Determination Date</b>	<i>The Fee Determination Date means [●] [the date which is [two (2)] [●] [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.]]</i>
<b>[Final Valuation Date:</b>	<i>[The Final Valuation Date means [the Expiration Date] [●].]</i>  <i>[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] [●]].]</i>  <i>If this day is not [a Fund Business Day] [[an Underlying] [a Basket Component] Calculation Date] in relation to [the Underlying] [an Underlying<sub>(i)</sub>] [a Basket Component<sub>(i)</sub>], [●] [the immediately [preceding] [succeeding] [Fund Business Day] [[Underlying] [Basket Component] Calculation Date] is the relevant Final Valuation Date in relation to</i> <i>[the Underlying]</i> <i>[the affected [Underlying<sub>(i)</sub>] [Basket Component<sub>(i)</sub>]]</i> <i>[the aggregate [Underlyings] [Basket Components]] ]. ]</i>
<b>[Fixing Date:</b>	<i>The Fixing Date means [●].</i>  <i>If this day is not [a Fund Business Day] [[an Underlying] [a Basket Component] Calculation Date] in relation to [the Underlying] [an Underlying<sub>(i)</sub>] [a Basket Component<sub>(i)</sub>], [●] [the immediately [preceding] [succeeding] [Fund Business Day] [[Underlying] [Basket Component] Calculation Date] is the relevant Fixing Date in relation to</i> <i>[the Underlying]</i> <i>[the affected [Underlying<sub>(i)</sub>] [Basket Component<sub>(i)</sub>]]</i>

*[the aggregate [Underlyings] [Basket Components]] ]*.

*[In the case of abbreviation or extension of the Subscription Period the Fixing Date may be changed accordingly.] ]*

**[Fixing Time:**

*The Fixing 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<sub>(i)</sub>] [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<sub>(i)</sub>] [the time of the official determination of the [Price] [[•] price] of each Basket Component<sub>(i)</sub>] [by the Index Sponsor] [by the Relevant Reference Agent].] [•]]]*

**[Fund Business Day:**

*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. ]*

**[Fund Value(t):**

*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.]*

**[Futures Contract with the next Expiration Date:**

*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.]]*

- [FX Factor:** The FX Factor equals [•] [the quotient of the • (“•”) currency exchange rate on the Observation Date<sub>(i=n)</sub> (“FX<sub>End</sub>”), divided by the • currency exchange rate on the Fixing Date (“FX<sub>Start</sub>”).
- [The currency exchange rate is expressed in units • per 1 unit •.]
- [“FX<sub>Start</sub>” and “FX<sub>End</sub>” 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 pursuant to a Depository Agreement 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 [•]. [indicative. The Initial Strike will be fixed on the Fixing Date [at Fixing Time]. \*]]*
- [Interest Amount Fixing Date:** *The Interest Amount Fixing Date means [•].]*
- [Interest Amount Fixing Time:** *The Interest Amount Fixing Time equals [•]*
- [[•] 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.]*

- [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<sub>(i=1)</sub> [.] % [per annum],*
- in relation to the Interest Calculation Period<sub>(i=2)</sub> [.] % [per annum], [.]*
- in relation to the Interest Calculation Period<sub>(i=n)</sub> [.] % [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 per cent) 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]].*
- [Issuer Termination Date** *The Issuer Termination 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 relevant Issuer Termination Date.]]*
- [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,] [Jyske Bank A/S, Vestergade 8 – 16,*

DK-8600 Silkeborg, 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 [●]. [indicative. The Kick In Level will be fixed [at the Fixing Time]]

[Kick In Strike:

The Kick In Strike

[equals [●].]

[in relation to the [Underlying<sub>(i=1)</sub>] [Basket Component<sub>(i=1)</sub>] equals [●] ("Kick In Strike<sub>(i=1)</sub>"), [●] and

the Kick In Strike in relation to the [Underlying<sub>(i=n)</sub>] [Basket Component<sub>(i=n)</sub>] equals [●] ("Kick In Strike<sub>(i=n)</sub>").]

[indicative. The Kick In Strike [in relation to each [Underlying<sub>(i)</sub>] [Basket Component<sub>(i)</sub>] will be fixed on the Fixing Date [at the Fixing Time]. \*\* ]]

[Kick In Threshold:

The Kick In Threshold

[equals [●].]

[in relation to the [Underlying<sub>(i=1)</sub>] [Basket Component<sub>(i=1)</sub>] equals [●] ("Kick In Threshold<sub>(i=1)</sub>"), [●] and

the Kick In Threshold in relation to the [Underlying<sub>(i=n)</sub>] [Basket Component<sub>(i=n)</sub>] equals [●] ("Kick In Threshold<sub>(i=n)</sub>").]

[indicative. The Kick In Threshold [in relation to each [Underlying<sub>(i)</sub>] [Basket Component<sub>(i)</sub>] will be fixed on the Fixing Date [at the Fixing Time]. \*\* ]]

[Kick Out Level:

The Kick Out Level equals [●]. [indicative. The Kick Out Level r will be fixed [at the Fixing Time] on the Fixing Date. \* ]]

L.

[Last Trading Date:

The Last Trading Date means [●]

[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) 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**

The interest rate at (i) 11:00 or around 11:00 GMT on the relevant date published at the relevant Reuters side (or through such other system or such other side that replaces aforementioned system or side) or, in absence of such publication, the interest rate at (ii) aforementioned time which equals (a) the average value of the interest rates for deposits in the relevant currency for the relevant period at London's interbank market offered by the Reference banks or, if only one or no such offer is made – (b) the interest rate, according to the Banks assessment, offered by commercial banks in London for lending in the relevant currency for relevant period at the interbank market in London.]

**[Look-Back Level:**

*The Look-Back Level of [the Underlying] [an Underlying<sub>(i)</sub>] [a Basket Component<sub>(i)</sub>] equals [•] [the lowest of the [closing prices] [•] of [the Underlying] [an Underlying<sub>(i)</sub>] [a Basket Component<sub>(i)</sub>] 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 [•]

[The term "Loss Threshold" shall also refer to all Loss Thresholds<sub>(i=n)</sub> to <sub>(i=n-1)</sub>.]

[The Loss Threshold will be fixed at the Fixing Time on the Fixing Date.\*]]

**M.****[Management Fee:**

*The Management Fee ("MF") [is determined as follows: [•]] [equals [•] [%] per [calendar day] [calendar month] [calendar quarter] [calendar year] [•], which is deducted [monthly] [quarterly] [semi-annually] [annually] [•] [in arrears]].]*

*[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")] will be fixed [annually] [•] [on the MF Fixing Date becoming effective on the MF Adjustment Date with a maximum of [•] % p.a. The currently applicable Management Fee will be published on [•]] [www.ubs.com/keyinvest].]*

**[Manager:**

*The Manager 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, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom.]

[The term "Manager" shall also refer to all Managers<sub>(i=1)</sub> to <sub>(i=n)</sub>.]

**Maturity Date:**

The Maturity Date means [●] [the [●] Banking Day after (i) the [relevant Valuation Date] [latest of the Valuation Averaging Dates] [, (ii) in the case of the occurrence of a [Stop Loss Event] [Kick Out Event] in accordance with § [●] of the Conditions of the Securities, after [the Stop Loss Expiration Date] [the Kick Out Expiration Date];] and ([ii] [iii]) 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<sub>(i)</sub>] [a Basket Component<sub>(i)</sub>], [●] [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<sub>(i)</sub>] [Basket Component<sub>(i)</sub>]]

[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<sub>(i)</sub>] [a Basket Component<sub>(i)</sub>], [●] [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<sub>(i)</sub>] [Basket Component<sub>(i)</sub>]]

[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 Minimum Amount equals [●] [converted into the Redemption Currency] [commercially rounded to [two] [●] 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** *The interest rate at (i) 12:00 or around 12:00 CET on the relevant date published at Reuters side "NIBR" for the relevant period (or through such other system or such other side that replaces aforementioned system or side) or, in absence of such publication, the interest rate at (ii) the aforementioned time which equals (a) the average value of the interest rates for deposits in NOK for the relevant period at Oslo's interbank market offered by the Reference banks or, if only one or no such offer is made – (b) the interest rate, according to the Banks assessment, offered by local commercial banks for lending in NOK for the relevant period at Oslo's interbank market. ]*
- [Nominal Amount:** *The Nominal Amount 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 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<sub>(i)</sub>] [a Basket Component<sub>(i)</sub>], [●] [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<sub>(i)</sub>] [Basket Component<sub>(i)</sub>]]*
- [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<sub>(i=1)</sub> 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<sub>(i=1)</sub>] (including) [●] and the Observation Period<sub>(i=n)</sub> means the period commencing at [●] hrs local time [●] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [●] [Observation Date<sub>(i=n-1)</sub>] (excluding)] and ending at [●] hrs local time [●] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [●] [Observation Date<sub>(i=n)</sub>] (including).]*

**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<sub>(i=n)</sub> equals (indicative)]*

*[The term "Payout Factor" shall also refer to all Payout Factors<sub>(i=n)</sub> to <sub>(i=n)</sub>]*

*[The Payout Factor<sub>1</sub> will be fixed on the Fixing Date.\*]]*

**[Percentage Weighting:**

*The Percentage Weighting*

*[equals [●].]*

*[in relation to the [Underlying<sub>(i=1)</sub>] [Basket Component<sub>(i=1)</sub>] equals [●] ("Percentage Weighting<sub>(i=1)</sub>"), [●] and*

*the Percentage Weighting in relation to the [Underlying<sub>(i=n)] [Basket Component<sub>(i=n)</sub>] equals [●] ("Percentage Weighting<sub>(i=n)</sub>").]</sub>*

**[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 [arithmetic] average calculated by it (if necessary rounded to the nearest one thousandth of a per cent) 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 per cent) 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]]] [Dexia Banque Internationale à Luxembourg, 69, route d'Esch, L-2953 Luxembourg].*

**R.**

**[Rate:**

*[●] + [●] per [annum]]*

**Redemption Currency:**

*The Redemption Currency means [●]. [The product feature "Currency Conversion" applies.]*

**[Reference Banks**

*Four major commercial banks , that for the relevant time offering EURIBOR, STIBOR, LIBOR, NIBOR or CIBOR and are nominated by the Bank. ]*

**[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<sub>(i)</sub>] 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.]<sup>\*)</sup>]*

*[in the case of a portfolio of Underlyings insert, if appropriate, the following text: [the Price of the relevant Underlying<sub>(i)</sub> [at the Fixing Time] on the Fixing Date] [•]. [indicative. The Reference Level of the Underlying<sub>(i)</sub> will be fixed [at the Fixing Time] on the Fixing Date.]<sup>\*)</sup>]*

*[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<sub>(i)</sub>] 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.]*

*[the [arithmetical] average of the Spreads 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<sub>(i)</sub> 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<sub>(i)</sub> 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 Share(s) per Denomination:** 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]],

on [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<sub>(i=1)</sub>] [Basket Component<sub>(i=1)</sub>], [•] and [•] in relation to the [Underlying<sub>(i=n)</sub>] [Basket Component<sub>(i=n)</sub>]. The term "Relevant Exchange" shall also refer to all Relevant Exchanges<sub>(i=1)</sub> to <sub>(i=n)</sub>.]

**[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<sub>(i=1)</sub>] [Basket Component<sub>(i=1)</sub>], [•] and [•] in relation to the [Underlying<sub>(i=n)</sub>] [Basket Component<sub>(i=n)</sub>]. The term "Relevant Exchange Market" shall also refer to all Relevant Exchange Markets<sub>(i=1)</sub> to <sub>(i=n)</sub>.]*

**[Relevant Futures and Options Exchange:**

*The Relevant Futures and Options Exchange means*

[•]

*[[•] in relation to the [Underlying<sub>(i=1)</sub>] [Basket Component<sub>(i=1)</sub>], [•] and [•] in relation to the [Underlying<sub>(i=n)</sub>] [Basket Component<sub>(i=n)</sub>].]*

*[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<sub>(i=1)</sub> to <sub>(i=n)</sub>.]*

**[Relevant Manager:**

*The Relevant Manager means*

[•]

*[The term "Relevant Manager" shall also refer to all Relevant Managers<sub>(i=1)</sub> to <sub>(i=n)</sub>.]*

**[Relevant Reference Agent:**

*The Relevant Reference Agent means*

[•]

*[[•] in relation to the [Underlying<sub>(i=1)</sub>] [Basket Component<sub>(i=1)</sub>], [•] and [•] in relation to the [Underlying<sub>(i=n)</sub>] [Basket Component<sub>(i=n)</sub>]. The term "Relevant Reference Agent" shall also refer to all Relevant Reference Agents<sub>(i=1)</sub> to <sub>(i=n)</sub>.]*

**[Relevant Reference Market:**

*The Relevant Reference Market means*

[•]

*[[•] in relation to the [Underlying<sub>(i=1)</sub>] [Basket Component<sub>(i=1)</sub>], [•] and [•] in relation to the [Underlying<sub>(i=n)</sub>] [Basket Component<sub>(i=n)</sub>]. The term "Relevant Reference Market" shall also refer to all Relevant Reference Markets<sub>(i=1)</sub> to <sub>(i=n)</sub>.]*

**[Relevant Reference Rate:**

*The Relevant Reference Rate equals [insert description of the reference rate: [•].]*

**[Relevant Screen Page:**

*The Relevant Screen Page means*

[•]

*[[•] in relation to the [Underlying<sub>(i=1)</sub>] [Basket Component<sub>(i=1)</sub>], [•] and [•] in relation to the [Underlying<sub>(i=n)</sub>] [Basket Component<sub>(i=n)</sub>]. The term "Relevant Screen Page" shall also refer to all Relevant Screen Pages<sub>(i=1)</sub> to <sub>(i=n)</sub>.]*

**[Relevant Trading System:**

*The Relevant Trading System 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 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].]*

*[in the case of a Fund Unit as the Underlying or Basket Component, as the case may be, insert, if appropriate, the following text: [the Fund] [•].]*

*[[•] in relation to the [Underlying<sub>(i=1)</sub>] [Basket Component<sub>(i=1)</sub>], [•] and [•] in relation to the [Underlying<sub>(i=n)</sub>] [Basket Component<sub>(i=n)</sub>]. The term "Relevant Trading System" shall also refer to all Relevant Trading Systems<sub>(i=1)</sub> to <sub>(i=n)</sub>.]*

**[Relevant Underlying:**

*The Relevant Underlying means*

[•]

*[the Underlying<sub>(i)</sub>, which has had, in relation to the other Underlyings, the **worst** performance during the Term of the Securities]*

*[the Underlying<sub>(i)</sub>, which has had, in relation to the other Underlyings, the **best** performance during the Term of the Securities]. ]*

**[Reverse Level:**

*The Reverse Level equals [•]. [indicative. The Reverse Level will be fixed on the Fixing Date [at the Fixing Time. \*\*]]*

**[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:*

<i>Participation Factor:</i>	<i>[Applicable] [Not Applicable]</i>
<i>Leverage Factor:</i>	<i>[Applicable] [Not Applicable]</i>
<i>Multiplier:</i>	<i>[Applicable] [Not Applicable]</i>
<i>Multiplication Factor:</i>	<i>[Applicable] [Not Applicable]</i>
<i>Reverse Structure:</i>	<i>[Applicable] [Not Applicable]</i>
<i>Express Structure:</i>	<i>[Applicable] [Not Applicable]</i>
<i>Thresholds / Limits:</i>	<i>[Applicable] [Not Applicable]</i>
<i>Maximum Amount:</i>	<i>[Applicable] [Not Applicable]</i>
<i>Relevant Underlying:</i>	<i>[Applicable] [Not Applicable]</i>
<i>Physical Delivery:</i>	<i>[Applicable] [Not Applicable]</i>
<i>Stop Loss / Knock Out:</i>	<i>[Applicable] [Not Applicable]</i>
<i>Currency Conversion:</i>	<i>[Applicable] [Not Applicable]</i>
<i>Capital Protection:</i>	<i>[Applicable] [Not Applicable] [Capital Protected Securities]</i>

	<i>[Partly Capital Protected Securities]</i>
No pre-defined term:	<i>[Applicable] [Not Applicable]</i>
Minimum Exercise Size:	<i>[Applicable] [Not Applicable]</i>
Securityholder's Termination Right:	<i>[Applicable] [Not Applicable]</i>
Quanto:	<i>[Applicable] [Not Applicable]</i>
Consideration of Components:	<i>[Applicable] [Not Applicable]</i>
Individual Determination:	<i>[Applicable] [Not Applicable]</i>
Collective Determination:	<i>[Applicable] [Not Applicable]</i>
Issuer's Call Right	<i>[Applicable] [Not Applicable]</i>
Investor's Put Right	<i>[Applicable] [Not Applicable]</i>

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.]*

**[Security Termination Date**

The Securityholder Termination 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 relevant Securityholder Termination Date.]]]*

**[Securityholder Termination Amount:**

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<sub>(i)</sub> equals*

[•]

*[the Price of the Underlying on [the Valuation Date] [the Final Valuation Date] [at the Valuation Time].]*

*[the [arithmetic] average of the Prices of the Underlying on each of the Valuation Averaging Dates [at the Valuation Time] as determined by the Calculation Agent.]*

*[the [arithmetic] average of the Spreads 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<sub>(i)</sub> 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 [arithmetic] average of the Prices of the relevant Underlying<sub>(i)</sub> 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 [arithmetic] [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].\*\* ]]*

**[Start of the public offer of the Securities:**

[•]

*[if applicable, insert Start of the public offer of the Securities per country where the offer is being made: [•]]*

**[STIBOR**

*The interest rate at (i) 12:00 or around 12:00 CET on the relevant date published at Reuters side "NIBR" for the relevant period (or through such other system or such other side that replaces aforementioned system or side) or, in absence of such publication, the interest rate at (ii) the aforementioned time which equals (a) the average value of the interest rates for deposits in SEK for the relevant period at Stockholm's interbank market offered by the Reference banks or, if only one or no such offer is made – (b) the interest rate, according to the Banks assessment, offered by local commercial banks for lending in SEK for the relevant period at Stockholm's interbank market. ]*

**[Stop Loss Level:**

[•] [•% of •]]

<b>[Stop Loss Event:</b>	<i>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").</i>
<b>[Stop Loss Early Redemption Amount:</b>	<i>The Stop Loss Early Redemption Amount is 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).</i>  <i>For avoidance of doubt, the Stop Loss Early Redemption Amount may not be equal to the Stop Loss Level.]</i>
<b>[Stop Loss Early Redemption Payment Date:</b>	<i>[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. ]</i>
<b>[Strike:</b>	<i>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<sub>(i)</sub>] equals</i>  <i>[•]</i>  <i>[[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.]*]</i>  <i>[in the case of a portfolio of Underlyings insert, if appropriate, the following text: [the Price of the relevant Underlying<sub>(i)</sub> [at the Fixing Time] on the Fixing Date] [•]. [indicative. The Strike of the Underlying<sub>(i)</sub> will be fixed [at the Fixing Time] on the Fixing Date.]*]</i>  <i>[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].]]</i>
<b>[Strike of the Basket Component:</b>	<i>The Strike of the Basket Component<sub>(i=1)</sub> equals [the Price of the Basket Component<sub>(i=1)</sub> [at the Fixing Time] on the Fixing Date] [•]. [indicative. The Strike of the Basket Component<sub>(i=1)</sub> will be fixed [at the Fixing Time] on the Fixing Date.*]</i> <i>[•]</i>  <i>The Strike of the Basket Component<sub>(i=n)</sub> equals [the Price of the Basket Component<sub>(i=n)</sub> [at the Fixing Time] on the Fixing Date] [•]. [indicative. The Strike of the Basket Component<sub>(i=n)</sub> will be fixed [at the Fixing Time] on the Fixing Date.*]]]</i>
<b>T. [Tax Redemption Amount:</b>	<i>If the Issuer is required to pay additional amounts as a result of a change in applicable tax law the Issuer may redeem the Certificates at the Tax Redemption Amount at any time upon notice to the Certificateholder(s) (the "Tax Termination Date"). The Tax Redemption Amount shall be the fair market value of the Certificates on the Tax Termination Date less any costs incurred by the Issuer (or any of its affiliates) of unwinding any underlying related hedging arrangement(s)</i>

or transaction(s), all as determined by the Calculation Agent in its absolute discretion.

The Tax Redemption Amount shall be payable on the [tenth][•] Business Day after the day on which a Notional Investor would have received full liquidation proceeds for the Fund, if that investor had, by giving the appropriate notice, requested redemption as at the Tax Termination Date (the "**Tax Redemption Date**"). However, if there is a delay in the receipt of the liquidation proceeds for the Fund, as determined by the Issuer in its reasonable discretion, the Tax Redemption Date will be postponed.]

**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] [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 (h) of the Conditions of the Securities,] [insert description of [the share or of the American Depositary Receipt or the Global Depositary Receipt on the share] [the Index] [the currency exchange rate] [the precious metal] [the commodity] [the interest rate] [the non-equity security] [the 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**")]. In such context, the Share underlying [the ADR] [the GDR] is also referred to as the "**Underlying Share**" and the "**Underlying Share**" together with [the ADR] [the GDR] as the "**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<sub>(i=1)</sub> equals [, subject to a Roll Over in accordance with § 6 (h) of the

Conditions,] [insert description of [the share or of the American Depositary Receipt or the Global Depositary Receipt on the share] [the Index] [the currency exchange rate] [the precious metal] [the commodity] [the interest rate] [the non-equity security] [the 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<sub>(i=1)</sub>"), [as maintained, calculated and published by [•] (the "Index Sponsor<sub>(i=1)</sub>") [as maintained by [•] (the "Index Sponsor<sub>(i=1)</sub>") and calculated and published by [•] (the "Index Calculator<sub>(i=1)</sub>")]] [in the case of a fund unit as the Underlying insert, if appropriate, the following text: (the "Fund Unit<sub>(i=1)</sub>") in the [•] (the "Fund<sub>(i=1)</sub>") [in the case of a certificate representing shares as the Underlying insert, if appropriate, the following text: [(also "ADR<sub>(i=1)</sub>") [(also "GDR<sub>(i=1)</sub>")]] (In such context, the Share<sub>(i=1)</sub> underlying [the ADR<sub>(i=1)</sub>] [the GDR<sub>(i=1)</sub>] is also referred to as the "Underlying Share<sub>(i=1)</sub>" and the Underlying Share<sub>(i=1)</sub> together with [the ADR<sub>(i=1)</sub>] [the GDR<sub>(i=1)</sub>] as the "Share<sub>(i=1)</sub>"); [•] and the Underlying<sub>(i=1)</sub> equals [ , subject to a Roll Over in accordance with § 6 (h) of the Conditions of the Securities,] [insert description of [the share or of the American Depositary Receipt or the Global Depositary Receipt on the share] [the Index] [the currency exchange rate] [the precious metal] [the commodity] [the interest rate] [the non-equity security] [the 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<sub>(i=n)</sub>"), [as maintained, calculated and published by [•] (the "Index Sponsor<sub>(i=n)</sub>") [as maintained by [•] (the "Index Sponsor<sub>(i=n)</sub>") and calculated and published by [•] (the "Index Calculator<sub>(i=n)</sub>")]] [in the case of a fund unit as the Underlying insert, if appropriate, the following text: (the "Fund Unit<sub>(i=n)</sub>") in the [•] (the "Fund<sub>(i=n)</sub>") [in the case of a certificate representing shares as the Underlying insert, if appropriate, the following text: [(also "ADR<sub>(i=n)</sub>") [(also "GDR<sub>(i=n)</sub>")]] (In such context, the Share<sub>(i=n)</sub> underlying [the ADR<sub>(i=n)</sub>] [the GDR<sub>(i=n)</sub>] is also referred to as the "Underlying Share<sub>(i=n)</sub>" and the Underlying Share<sub>(i=n)</sub> together with [the ADR<sub>(i=n)</sub>] [the GDR<sub>(i=n)</sub>] as the "Share<sub>(i=n)</sub>").]

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<sub>(i=1)</sub> to <sub>(i=n)</sub> [and to all Indices<sub>(i=1)</sub> to <sub>(i=n)</sub> [ , to all Index Calculators<sub>(i=1)</sub> to <sub>(i=n)</sub>] and all Index Sponsors<sub>(i=1)</sub> to <sub>(i=n)</sub>, as the case may be] [and to all Fund Units<sub>(i=1)</sub> to <sub>(i=n)</sub> and all Funds<sub>(i=1)</sub> to <sub>(i=n)</sub>, 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<sub>(i=1)</sub> means the [●]; and*

*the Valuation Averaging Date<sub>(i=n)</sub> 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<sub>(i=1)</sub> to <sub>(i=n)</sub>.*

*If one of these days is not [an Underlying] [a Basket Component] Calculation Date in relation to [the Underlying] [an Underlying<sub>(i)</sub>] [a Basket Component<sub>(i)</sub>], [●] [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<sub>(i)</sub>] [Basket Component<sub>(i)</sub>]*

*[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<sub>(i)</sub>] [a Basket Component<sub>(i)</sub>], [•] [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<sub>(i)</sub>] [Basket Component<sub>(i)</sub>]]  
[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<sub>(i=1)</sub> 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<sub>(i=1)</sub>] (including) [•] and the Valuation Period<sub>(i=n)</sub> means the period commencing at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [•] [Observation Date<sub>(i=n-1)</sub>] (excluding) and ending at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [•] [Observation Date<sub>(i=n)</sub>] (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<sub>(i)</sub>] [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<sub>(i)</sub>] [the time of the official determination of the [Price] [[•]] price of each Basket Component<sub>(i)</sub>] [by the Index Sponsor] [by the Relevant Reference Agent].] [•]]

**W.**

**[Weighting:**

The Weighting

[equals [•].]

[in relation to the [Underlying<sub>(i=1)</sub>] [Basket Component<sub>(i=1)</sub>] equals [•] ("Weighting<sub>(i=1)</sub>"), [•] and

the Weighting in relation to the [Underlying<sub>(i=n)</sub>] [Basket Component<sub>(i=n)</sub>] equals [•] ("Weighting<sub>(i=n)</sub>").]

[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 that 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) – (l) of the Conditions.

§ 4  
Form of Securities; Title and Transfer;  
Status

(1) Form of Securities

(a) In case the Securities are issued as **German law governed Securities**, as specified in the applicable Product Terms in the definition "**Governing Law**", which (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.

(b) In case the Securities are issued as **German law governed Securities**, as specified in the applicable Product Terms in the definition "**Governing Law**", which (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.

(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**

- (a) In case the Securities are issued as **German law governed Securities**, as specified in the applicable Product Terms in the definition "**Governing Law**", which do not constitute 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.

- (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 Clearing System information based on the Clearing System's register regarding the Securities for the purpose of performing its obligations pursuant to the these Conditions.

- (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 Issuing Agent in Finland shall be entitled to obtain from Euroclear Finland information based on Euroclear Finland's register regarding the Securities for the purpose of performing its obligations pursuant to the these Conditions.

- (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.

(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**

(a) In case the Securities are issued as **German law governed Securities**, as specified in the applicable Product Terms in the definition "**Governing Law**", which do not constitute Swedish Securities, Finnish Securities, Norwegian Securities, 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.

(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.

(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) – (k) 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.

**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.

**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 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 "**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.

**Only** in case of a **certificate representing shares as 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 paragraphs (ix) and (x) of these Conditions applies:

- (ix) Any amendment or supplement, as the case may be, of the Depositary Agreement.
- (x) If the Depositary Agreement is terminated, then on or after the date of such termination, references to ADRs or, if specified in the applicable Final Terms, GDRs, as the case may be, shall be deemed to be replaced by references to the relevant Underlying Share of the relevant Company. The Issuer and the Calculation Agent, upon exercise of their reasonable discretion, will make such adjustments they determine appropriate and will determine the Record Date of such replacement/adjustment.

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 Security-holders’ 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 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 (c) of these Conditions applies:

### § 6 (c)

#### 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, 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, as 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.

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 (d) of these Conditions applies:

**§ 6 (d)**

**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 d (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 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 "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 d (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 Securityholders' economic status prior to the measures in terms of § 6 d (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.

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 (e) of these Conditions applies:

**§ 6 (e)****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 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 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 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 "**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 e (3), the *de facto* or hypothetical decision of the Relevant Futures and Options Exchange is decisive:

- (i) The Precious Metal is traded in 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 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 in 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 e (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 in 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.

**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 (f) of these Conditions applies:

**§ 6 (f)**  
**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.

**Only in case of a 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 (g) of these Conditions applies:**

## § 6 (g)

**Adjustments in connection with a Fund Unit****(1) Consequences of the occurrence of a Potential Adjustment Event**

If a Potential Adjustment Event (§ 6 g (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 Replacement 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 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 fund to be referenced in the Securities.
- (ii) the Issuer can trade at net asset value or at bid price in the 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 fund (or a relevant manager) publishes the fund's net asset value or bid price on a daily basis.
- (v) 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 Share 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 gates or side pockets, or any restructure, reorganisation or action that has a similar impact to a gate 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.

**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 (h) of these Conditions applies:**

### § 6 (h)

#### 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 a 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](http://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.

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 (i) of these Conditions applies:

#### § 6 (i)

#### 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.

**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 (j) of these Conditions applies:**

### § 6 (j)

#### 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.

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 (k) of these Conditions applies:

**§ 6 (k)****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.

**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 (l) of these Conditions applies:

**§ 6 (l)**

**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 (l) (2)) in respect of the exchange traded 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, 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**

- (i) Conversion, subdivision, consolidation or reclassification of the Fund Units;
- (ii) Payment of distributions, which contradict the standard distribution policy of the Investment Fund in relation to the Fund Units, or
- (iii) 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 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.

The "**Record Date**" will be the first trading day on the Relevant Futures and Options Exchange on which the adjusted Option Contracts 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 Securityholders' economic status prior to the measures in terms of § 6 (l) (2).

**(5) Consequences of the occurrence of a Replacement Event**

If a Replacement Event (§ 6 (l) (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 of 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 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 those events are comparable and may have an impact on the calculation 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 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.

**(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 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.

**(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.

**§ 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) – (l) 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.

**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.

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**

(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,

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,

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.

(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,

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,

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) Continuation of a Market Disruption

- (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

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.

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 (o)) 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.

(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

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.

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 (o)).

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

(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), or provided that a major number or a major part in terms of market capitalisation is concerned
  - (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 **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.

(C) 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.

(D) 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.

(E) 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.

(F) 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.

(G) 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.

(H) 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.

(I) 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.

(J) 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.

(K) 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.

(L) 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 and the Paying 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.

In case the Securities are issued as **German law governed Securities**, as specified in the applicable Product Terms in the definition "**Governing Law**",

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 "**New Issuer**") with respect to all obligations under or in connection with the Securities, if

- (i) the New Issuer assumes all obligations of the Issuer under or in connection with the Securities,
- (ii) (A) the Issuer and the New Issuer have obtained all necessary authorisations as well as consents 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 New 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 New 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 New 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 New 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 New 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](http://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.

## § 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.

In case the Securities are issued as **German law governed Securities** as specified in the applicable Product Terms in the definition "**Governing Law**", such Securities may be held, reissued, resold or cancelled, all at the option of the Issuer.

**(3) Cancellation of Securities**

In case the Securities are issued as **German law governed Securities** as specified in the applicable Product Terms in the definition "**Governing Law**", all Securities redeemed in full shall be cancelled forthwith and may not be reissued or resold.

## § 16

## Governing Law; Jurisdiction

## (1) Governing Law

In case the Securities are issued as **German law governed Securities**, as specified in the applicable Product Terms in the definition "**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.

In case the German law governed 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 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

In case the Securities are issued as **German law governed Securities**, as specified in the applicable Product Terms in the definition "**Governing Law**",

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

In case the Securities are issued as **German law governed Securities**, as specified in the applicable Product Terms in the definition "**Governing Law**", the following applies:

#### (a) 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.

#### (b) 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.

#### (c) Compensation

In the event of a challenge by the Issuer in accordance with § 17 (1) (a) of these Conditions or a termination by Securityholders in accordance with § 17 (1) (b) 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.

**(d) 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.

**(e) 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.

**E. FORM OF FINAL TERMS****FINAL TERMS**[No. *[insert]*]

dated [•]

in connection with the Base Prospectus dated 23 June 2014  
(as supplemented from time to time)

of

**[UBS AG***(a corporation limited by shares established under the laws of Switzerland)]***[UBS AG, Jersey Branch***(the Jersey branch of UBS AG)]***[UBS AG, London Branch***(the London branch of UBS AG)]*

for the issue of

[*insert Issue Size / Aggregate Nominal Amount: •*] [*insert marketing designation of the Securities: •*]

ISIN [•]

linked to [*insert Underlying: •*]

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 23 June 2014, 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](http://www.ubs.com/keyinvest) or a successor address. Copies may be obtained during normal business hours at the registered offices of the Issuer.]/[•]

[*in case of an increase of Securities having been offered under the Base Prospectus insert the following text: The Securities will be consolidated and form a single series with the previously issued Securities with ISIN: [•] [WKN: [•]] [Common Code:[•]]*]



**TABLE OF CONTENTS**

	PAGE:
<b>OVERVIEW ON THE SECURITY STRUCTURE</b>	[•]
<b>PART A – PRODUCT TERMS</b>	[•]
<b>PART B – OFFERING AND SALE</b>	[•]
I. Offering for Sale and Issue Price	[•]
II. Subscription, Purchase and Delivery of the Securities	[•]
<b>PART C – OTHER INFORMATION</b>	[•]
I. Listing and Trading	[•]
II. Commissions paid by the Issuer	[•]
III. Rating	[•]
IV. Consent to Use of Prospectus	[•]
V. Indication of Yield	[•]
VI. Other information about the Securities	[•]
<b>PART D – COUNTRY SPECIFIC INFORMATION</b>	[•]
<b>PART E – INFORMATION ABOUT THE UNDERLYING</b>	[•]

**OVERVIEW ON THE SECURITY STRUCTURE**

*[Insert description of the relevant Securities from the section "General information on the Securities – 13. Functioning of the Securities", leaving out terms not relevant for the Security, and/or replacing them with their defined content, as appropriate. For these purposes, information or product types not already described in the Base Prospectus may not be included.]*

**PART A – PRODUCT TERMS**

*[Insert security specific Product Terms comprising "Part 1: Key Terms and Definitions of the Securities" and "Part 2: Special Conditions of the Securities" as amended and completed for the specific issue of Securities: [●]. (If the Product Terms relates to more than one series (each a "Series") of Securities, to the extent that any term differs for one or more Series, insert for the relevant item in table.)*

## PART B – OFFERING AND SALE

## I. Offering for Sale and Issue Price /

## Offering for Sale and Issue Price

[Not applicable, these Final Terms have been prepared for the purposes of admission to trading of the Securities only and no offer to the public is being made pursuant to these Final Terms.]

[[The [*specify designation of the Securities*: [•] (the “**Securities**”, and each a “**Security**”) are issued by the Issuer in [the Issue Size] [the Aggregate Nominal Amount and with the denomination of the Nominal Amount per Security].

[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) [during [the Subscription Period] [the Offer Period] (as defined in “II. Subscription, Purchase and Delivery of the Securities” below)].]

[The Issue Price [will be] [was] fixed [at the Start of the public offer of the Securities (as defined in “II. Subscription, Purchase and Delivery of the Securities” below)] [on the Fixing Date], [based on the prevailing market situation and the price of [the Underlying] [*if appropriate, insert different point of reference to an Underlying comprised in the Base Prospectus*: [•]]] [, and [will [then] be made] [is] available at the [Relevant] Manager].] [After closing of the Subscription Period (as defined in “II. Subscription, Purchase and Delivery of the Securities” below)] [As of the Start of the public offer of the Securities] [As of the Fixing Date] [Thereafter,] the selling price [will [then] be] [was] adjusted on a continual basis to reflect the prevailing market situation.]

[The [Relevant] Manager shall be responsible for coordinating the entire Securities offering.]

[The total commission due for the respective underwriting and/or placement service relating to the underwriting of the Securities is: [•].]]

## [Issue Size:

The Issue Size means [•] [Securities]. [indicative. The Issue Size will be fixed [on the Fixing Date [at the Fixing Time] [the end of [the Subscription Period] [the Offer Period] depending on the demand for the Securities during [the Subscription Period] [the Offer Period]].\*\*]]

## [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] [the Offer Period] depending on the demand for the Securities during [the Subscription Period] [the Offer Period]].\*\*]]

## [Aggregate Amount of the Issue:

[Issue Price [(without consideration of the offering premium)] x Issue Size] [•]. [indicative. The Aggregate Amount of the Issue will be fixed on the Fixing Date [at the Fixing Time].\*\*]]

<b>Issue Date:</b>	The Issue Date means [●]. [In the case of abbreviation or extension of [the Subscription Period] [the Offer Period] the Issue Date may be changed accordingly.]
<b>Issue Price:</b>	The Issue Price equals [●] [plus an offering premium amounting to [●] per Security]. [indicative. The Issue Price will be fixed on the Fixing Date [at the Fixing Time].]
<b>Fees</b>	[ ]
<b>[Offer Period:</b>	[specify Offer Period: [●]]
<b>Manager:</b>	<p>The Manager 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].]</p> <p>[UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom.]</p> <p>[The term "Manager" shall also refer to all Managers<sub>(i=1)</sub> to <sub>(i=n)</sub>.]</p>
<b>[Relevant Manager:</b>	The Relevant Manager means [●] [The term "Relevant Manager" shall also refer to all Relevant Managers <sub>(i=1)</sub> to <sub>(i=n)</sub> .]
<b>[Reasons for the offer and use of proceeds</b>	[Not Applicable] [if applicable, <i>specify reasons and use</i> ]
<b>Type and form of the Securities</b>	[Specify Security:[Certificates] [Notes] or [Warrants]]
<b>Clearing system</b>	<p>[Euroclear Sweden AB, Box 7822, SE-103 97 Stockholm, Sweden]</p> <p>[Euroclear Finland Oy, PB 1110, FI-00101 Helsinki, Finland]</p> <p>[VPS ASA, Postboks 4, NO-0051 Oslo, Norway]</p> <p>[VP Securities A/S, P.O. Box 4040 K-2300 Copenhagen, Denmark]</p> <p>[or any other Clearing System and applicable address.]</p>
<b>ISIN-code</b>	The Securities have the following ISIN: [ ]
<b>Currency</b>	The currency for each Series of Securities is [ ]
<b>Conflicting Interests</b>	[Save for the [relevant] Manager regarding its fees, as far as the Issuer is aware, no person involved in the issue of the Securities has an interest material to the offer.]

## II. Subscription, Purchase and Delivery of the Securities

**Subscription, Purchase and Delivery of the Securities**

[Not applicable, these Final Terms have been prepared only for the purposes of [listing] [inclusion] [admission] of the Securities [to trading] and no offer to the public is being made pursuant to these Final Terms.]

*[in the case of a Subscription Period insert the following text:* The Securities may be subscribed from [the Manager] [and] *[if appropriate, insert alternative or further financial intermediaries placing or subsequently reselling the Securities: [●]]* during normal banking hours during the Subscription Period. [The Securities may only be subscribed in the Minimum Investment Amount.] 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.]

*[in case that no Subscription Period is intended insert the following text:* [As of the Start of the public offer of the Securities, the] [The Securities may be purchased from [the Manager] [and] *[if appropriate, insert alternative or further financial intermediaries placing or subsequently reselling the Securities: [●]]* during normal banking hours [during the Offer Period]. [Such offer of the Securities is made on a continuous basis.] [The Securities may only be purchased in the Minimum Investment Amount. ]] There will be no 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 Offer 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.]

**[Subscription Period:**

*[specify Subscription Period: [●]]* [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.] [The notice relating to the earlier close (if any) or, as the case may be, extension of the Subscription Period (if any) shall be published *[specify public source: [●]].]*]

**[Start of the public offer of the Securities:**

*[specify start of the public offer of the Securities per country where the offer is being made: [●]]*

**[Offer Period:**

*[specify Offer Period: [●]]* [The Issuer reserves the right to earlier close or to extend the Offer Period [by giving notice to the investors] if market conditions so require.] [The notice relating to the earlier close (if any) or, as the case may be, extension of the Offer Period (if any) shall be published *[specify public source: [●]].]*]

**[Minimum Investment Amount:**

The Minimum Investment Amount equals [●].]

**[Maximum Investment Amount:** [Not Applicable] *[if applicable, specify Maximum Investment Amount: [•]]*

**[Information with regard to the manner and date of the offer:** *[give details with regard to the manner and date in which results of the offer are to be made public: [•].]*

**Initial Payment Date:** The Initial Payment Date means [•]. [In the case of abbreviation or extension of [the Subscription Period] [the Offer Period] the Initial Payment Date may be changed accordingly.]

**PART C – OTHER INFORMATION**

**I. Listing and Trading**

**Listing and Trading** [The Issuer] [The [Relevant] Manager] intends to apply for [listing] [inclusion] [admission] of the Securities [to trading] on [the Regulated Market of the [Frankfurt Stock Exchange] [Stuttgart Stock Exchange] [•]] [the Official List of the [Regulated Market of the Luxembourg Stock Exchange] [•]] [[the unofficial regulated market of] [Frankfurt Stock Exchange] [Stuttgart Stock Exchange] [•]] [the Official List of Borsa Italiana S.p.A.] [the EuroTLX managed by TLX S.p.A.][NASDAQ OMX Stockholm][NASDAQ OMX Helsinki][Nordic Growth Market NGM AB – NDX (Nordic Derivatives Exchange)] [specify alternative exchange(s) and trading system(s): [•]].

[Provided that the Securities have not been terminated by the Issuer [and provided that the Securities have not expired early] prior to the Expiration Date, trading of the Securities shall cease [[two] [•] trading day[s] prior to] [on] [the Valuation Date] [the Final Valuation Date] [the Expiration Date] [the Maturity Date] [•] (such day, the “**Last Exchange Trading Day**”). [As of the Last Exchange Trading Day trading may only take place off exchange with [the Manager] [•].] ]

[The Securities already issued are admitted to trading on *[specify securities exchange: [•]].]*

*[In the case that neither the Issuer nor a Manager intends to apply for a listing of the Securities, insert the following text: It is not intended to apply for inclusion of the Securities to trading on a securities exchange.]*

**[Last Exchange Trading Day:** The Last Exchange Trading Day means *[specify last exchange trading day: [•]].]*

**[Last Exchange Trading Time:** The Last Exchange Trading Time means *[specify last exchange trading time: [•]].]*

**[Maturity Date:** [ ]

**[Financial intermediaries secondary market** [Not Applicable], *[if applicable, specify Financial intermediaries secondary market]*

**II. Commissions paid by the Issuer**

**Comissions paid by the Issuer** The Issuer may grant sales and recurring commissions to distributors

related to the amount/number of placed or sold Securities as indicated in (i) to (iv). Sales commissions are paid out of the issue proceeds as a one-off payment; alternatively the Issuer may grant an agio on the issue price (excl. the offering premium) to the distributor. Recurring commissions are paid regularly depending on the respective securities volume. If UBS acts as Issuer and distributor the relevant commissions are internally booked in favour of the distributing organisational unit.

- (i) **Underwriting and/or placing fee:** [Not Applicable] *[if applicable, specify underwriting and/or placing fee: [•]]*
- (ii) **Selling commission:** [Not Applicable] *[if applicable, specify selling commission: [•]]*
- (iii) **Listing Commission:** [Not Applicable] *[if applicable, specify listing commission: [•]]*
- (iv) **Other:** [Not Applicable] *[if applicable, specify other: [•]]*

### III. Rating

**Ratings:** [The Securities have not been rated.] [The Securities [have been][are expected to be] rated as follows *[specify rating including brief explanation: [•]].*]

[This credit rating has / These credit ratings have] been issued by *[insert full name of legal entity which has given the rating]* which [is not established in the European Union but a European Union affiliate has applied for registration under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, amended by Regulation (EC) No. 513/2011 of the European Parliament and of the Council of 11 March 2011, indicating an intention to endorse its ratings, although notification of the corresponding registration decision (including its ability to endorse [•] ratings) has not yet been provided by the relevant competent authority.] [is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, amended by Regulation (EC) No. 513/2011 of the European Parliament and of the Council of 11 March 2011, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.] [[is][is not] established in the European Union and [is][is not] registered [(pursuant to the list of registered and certified credit rating agencies published on the website of the European Securities and Markets Authority (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>))] under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, amended by Regulation (EC) No. 513/2011 of the European Parliament and of the Council of 11 March 2011.]]

### IV. Consent to Use of Prospectus

[Not applicable.]

[[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 [UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, United

Kingdom] [and] *[specify further financial intermediaries: [●]]* in its role as manager in relation to the Securities (each a “**Manager**” or, as the case may be, an “**Authorised Offeror**”) on the following basis:]

[The Issuer consents to the use of the Base Prospectus together with the relevant Final Terms in connection with a Public Offer of any relevant Securities by any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) (each an “**Authorised Offeror**”) on the following basis:]

[The Issuer consents to the use of the Base Prospectus together with the relevant Final Terms in connection with a Public Offer of any relevant Securities by the financial intermediaries specified below (each an “**Authorised Offeror**”) on the following basis:]

- (a) the relevant Public Offer must occur during the Offer Period specified below;
- (b) the relevant Public Offer may only be made in a Public Offer Jurisdiction specified below;
- (c) the relevant Authorised Offeror must be authorised to make such offers in the relevant Public Offer Jurisdiction under the Markets in 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;
- [[d) the relevant Authorised Offeror must satisfy the conditions (if any) specified below;] and
- [[d][e)] 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.

**Offer Period:** *[specify Offer Period: [●]]* [The Issuer reserves the right to earlier close or to extend the Offer Period [by giving notice to the investors] if market conditions so require.] [The notice relating to the earlier close (if any) or, as the case may be, extension of the Offer Period (if any) shall be published *[specify public source: [●]].*]

**Public Offer Jurisdiction:** [Sweden], [Norway], [Finland],[and] [Denmark]

**[Financial Intermediaries:]** *[specify financial intermediaries: [●]]*

**[Further conditions attached to the Consent:]** *[if applicable, specify further clear and objective conditions: [●]]*

## V. Indication of Yield

**Yield:** [Not Applicable] *[if applicable, specify yield: [●]]* [The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

**[Method of calculating the yield:]** ICMA method (The ICMA method determines the effective interest rate on Securities by taking into account accrued interest on a daily basis.)

**[Interest Amount Fixing Date:]** [ ]

**[Interest Amount Fixing Time:]** [ ]

**[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: [ ]

[Interest Rate: [ ]

[Limitation of time: [ ]

## VI. 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** [Not Applicable] *[if applicable, specify: [•]]*

**Disturbing events that affects the Underlying** [Not Applicable] *[if applicable, specify: [•]]*

**Adjustment rules for taking into account events that affects the Underlying** [Not Applicable] *[if applicable, specify: [•]]*

**Explanation of how the Underlying affects the Securities** [Not Applicable] *[if applicable, specify: [•]]*

**[Amortization** [Not Applicable] *[if applicable, specify: [•]]*

**[Preferential rights** [Not Applicable]

**[Subscription rights** [Not Applicable]

**[Tranche reserved for offer in a specific country** [Not Applicable] *[if applicable, specify: [•]]*

**[Arranger** [Specify name of arranger and address of organizer in every applicable country]

**Paying Agent** [Not Applicable] *[if applicable, specify: [•]]*

**[Deposit Agent** [Not Applicable] *[if applicable, specify: [•]]*

**Guarantor /s/** [Not Applicable] *[if applicable, specify: [•]]*  
[If a guarantor exists the date of the applicable contract of guarantee shall be stated or the expected date for entering such contract]

**Calculation Agent** [Not Applicable] *[if applicable, specify names and addresses: [•]]*

**[The role of advisor /s/** [Not Applicable] *[if applicable, specify: [•]]*

**Information from third parties** [Not Applicable] *[if applicable, where the Base Prospectus contains information obtained from third parties, such information was reproduced accurately, and to the best knowledge of the Issuer - as far as it is able to ascertain from information provided or published by such third party - no facts have been omitted which would render the reproduced information*

*inaccurate or misleading.]*

**Information after the Issue Date** [The Issuer does not intend to give information about the Securities after the Issue Date] / [Specify which information about the Securities that will be given and where the information will be available]

#### **PART D – COUNTRY SPECIFIC INFORMATION**

**Additional Paying Agent(s) (if any):** [Not Applicable] [*if applicable, specify names and addresses: [●]*]

**[Additional websites for the purposes of § 14 of the Conditions:** [*specify website(s): [●]*]

#### **PART E – INFORMATION ABOUT THE UNDERLYING /**

[*The following information describes [the Underlying] [the Underlyings]: [●]*]

[*If applicable, indication of source(s) of information given in this section: [●]*]

[*Indication where information about the past and the further performance of [the Underlying] [the Underlyings] and [its] [their] volatility can be obtained: [●]*]

[*If applicable, insert a description of the share / the certificate representing shares [with ISIN and name of the relevant company]: [●]*]

[*If applicable, insert a description of the Index [with ISIN, if available, and name of the relevant index sponsor]: [●]*]

[*If applicable, insert a description of the currency exchange rate [with ISIN, if available]: [●]*]

[*If applicable, insert a description of the precious metal [with ISIN, if available]: [●]*]

[*If applicable, insert a description of the commodity [with ISIN, if available]: [●]*]

[*If applicable, insert a description of the interest rate [with ISIN, if available]: [●]*]

[*If applicable, insert a description of the non-equity security [with ISIN, if available, and name of the relevant issuer]: [●]*]

[*If applicable, insert a description of the fund unit [with ISIN, if available, and name of the relevant fund company]: [●]*]

[*If applicable, insert a description of the futures contract [(if applicable, including determination of the Relevant Expiration Months)]: [●]*]

[*If applicable, insert a description of the reference rate [with ISIN, if available,]: [●]*]

[*If applicable, insert a description of the Basket comprising the aforementioned assets [with ISIN, if available, and the weighting of the Basket components]: [●]*]

[*If applicable, insert a description of the portfolio comprising the aforementioned assets [with ISIN, if available, and the weighting of the portfolio components]: [●]*]

**ANNEX TO THE FINAL TERMS: ISSUE SPECIFIC SUMMARY**

*[Insert completed summary by amending and completing the summary of the base prospectus as appropriate to the terms of the specific issue].*

**F. INFORMATION ABOUT THE UNDERLYING**

The Securities may be based on the performance of a share (including a certificate representing shares), an index, a currency exchange rate, a precious metal, a commodity, an interest rate, a non-equity security, a fund unit, a futures contract, or, as the case may be, and as specified in the relevant Final Terms, a reference rate (including, but not limited to, interest rate swap (IRS) rates, currency swap rates or, as the case may be, credit default swap levels), as well as a basket or portfolio comprising the aforementioned assets.

The applicable Final Terms will specify the relevant Underlying and state where information on the relevant Underlying, in particular on its past and future performance and on its volatility, can be found and whether or not the Issuer intends to provide further information on the Underlying

## G. INFORMATION ABOUT UBS AG

UBS AG ("**Issuer**") with its subsidiaries (together "**UBS Group**", "**Group**" or "**UBS**") draws on its 150-year heritage to serve private, institutional and corporate clients worldwide, as well as retail clients in Switzerland. UBS's business strategy is centered on its (in its own opinion) pre-eminent global wealth management businesses and its (in its own opinion) leading universal bank in Switzerland, complemented by its Global Asset Management business and its Investment Bank, with a focus on capital efficiency and businesses that offer a superior structural growth and profitability outlook. Headquartered in Zurich and Basel, Switzerland, UBS has offices in more than 50 countries, including all major financial centers.

On 31 March 2014 UBS's common equity tier 1 capital ratio<sup>1</sup> was 13.2% on a fully applied basis and 17.9% on a phase-in basis, invested assets stood at CHF 2,424 billion, equity attributable to UBS shareholders was CHF 49,023 million and market capitalization was CHF 70,180 million. On the same date, UBS employed 60,326 people<sup>2</sup>.

The rating agencies Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**"), Fitch Ratings Limited ("**Fitch Ratings**") and Moody's Investors Service, Inc., ("**Moody's**") have published credit ratings reflecting their assessment of the creditworthiness of UBS AG, i.e. its ability to fulfill in a timely manner payment obligations, such as principal or interest payments on long-term loans, also known as debt servicing. The ratings from Fitch Ratings and Standard & Poor's may be attributed a plus or minus sign, and those from Moody's a number. These supplementary attributes indicate the relative position within the respective rating class. UBS AG has long-term senior debt ratings of A (negative outlook) from Standard & Poor's, A2 (stable outlook) from Moody's and A (stable outlook) from Fitch Ratings.

The following table gives an overview of the rating classes as used by the three major rating agencies and their respective meaning. UBS's rating is indicated by the red box.

---

<sup>1</sup> Based on the Basel III framework, as applicable to Swiss systemically relevant banks. The common equity tier 1 capital ratio is the ratio of common equity tier 1 capital to risk-weighted assets. 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. For information as to how common equity tier 1 capital is calculated, refer to the "Capital management" section of UBS AG's first quarter 2014 report.

<sup>2</sup> Full-time equivalents.

Standard & Poor's			Moody's		Fitch Ratings	
Long-term issuer credit rating			Long-term rating		Long-term Issuer Default Rating	
AAA	Extremely strong capacity to meet financial commitments		Aaa	Highest quality	AAA	Highest credit quality
AA+	Very strong capacity to meet financial commitments		Aa1	High quality	AA+	Very high credit quality
AA			Aa2			
AA-			Aa3			
A+	Strong capacity to meet its financial commitments		A1	Upper-medium grade	A+	High credit quality
A			A2			
A-			A3			
BBB+	Adequate capacity to meet its financial commitments		Baa1	Medium grade	BBB+	Good credit quality
BBB			Baa2			
BBB-			Baa3			
BB+	Significant speculative characteristics	Less vulnerable in the near term than other lower-rated obligors	Ba1	Speculative, subject to substantial credit risk	BB+	Speculative
BB			Ba2			
BB-			Ba3			
B+		More vulnerable than the obligors rated 'BB'	B1	Speculative, subject to high credit risk	B+	Highly speculative
B			B2			
B-			B3			
CCC+	Currently vulnerable	Caa1	Speculative, of poor standing and subject to very high credit risk	CCC	Substantial credit risk	
CCC		Caa2				
CCC-		Caa3				
CC	Currently highly vulnerable	Ca	Highly speculative, likely in, or very near, default with some prospect of recovery of principal and interest	RD	Restricted default	
R	Under regulatory supervision		C	Typically in default, with little prospects for recovery of principal or interest	D	Default
SD	Selective default					
D	Default					

Standard & Poor's and Fitch Ratings are registered as credit rating agencies under Regulation (EC) No 1060/2009 as amended by Regulation (EU) No 513/2011 (the "CRA Regulation"). Moody's is not established in the EEA and is not certified under the CRA Regulation, but the rating it has issued is endorsed by Moody's Investors Service Ltd., a credit rating agency established in the EEA and registered under the CRA Regulation.

### Corporate Information

The legal and commercial name of the Issuer is UBS AG.

The company 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 and Swiss Federal Banking Law as an Aktiengesellschaft, a corporation that has issued shares of common stock to investors.

According to article 2 of the 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 shares are listed on the SIX Swiss Exchange and the New York Stock Exchange.

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.

## 1. Business Overview

### Business Divisions and Corporate Center

UBS operates as a group with five business divisions (Wealth Management, Wealth Management Americas, Retail & Corporate, Global Asset Management and the Investment Bank) and a Corporate Center. Each of the business divisions and the Corporate Center are described below. A description of the Group's strategy can be found in the annual report 2013 of UBS AG as of 31 December 2013 in the English language (the "**Annual Report 2013**", which is incorporated by reference into this Base Prospectus, on pages 26-29 (inclusive); a description of the businesses, strategies, clients, organizational structures, products and services of the business divisions and the Corporate Center can be found in the Annual Report 2013, on pages 33-49 (inclusive).

### Wealth Management

Wealth Management provides comprehensive financial services to wealthy private clients around the world - except those served by Wealth Management Americas. Its clients benefit from the entire spectrum of UBS resources, ranging from investment management to estate planning and corporate finance advice, in addition to specific wealth management products and services.

### Wealth Management Americas

Wealth Management Americas provides advice-based solutions and banking services through financial advisors who deliver a fully integrated set of products and services specifically designed to address the needs of ultra high net worth and high net worth individuals and families. It includes the domestic US business, the domestic Canadian business and international business booked in the US.

### Retail & Corporate

Retail & Corporate maintains, in its own opinion, a leading position across retail, corporate and institutional client segments in Switzerland and constitutes a central building block of UBS Switzerland's pre-eminent (in its own opinion) universal bank model. It provides comprehensive financial products and services embedded in a true multi-channel experience, offering clients convenient access. It continues to enhance the range of life-cycle products and services offered to clients, while pursuing additional growth in advisory and execution services.

### Global Asset Management

Global Asset Management is, in its own opinion, a large-scale asset manager with diversified businesses across investment capabilities, regions and distribution channels. It offers investment capabilities and styles across all major traditional and alternative asset classes including equities, fixed income, currencies, hedge funds, real estate, infrastructure and private equity that can also be combined into multi-asset strategies. The fund services unit provides professional services including fund set-up, accounting and reporting for both traditional investment funds and alternative funds.

### Investment Bank

The Investment Bank provides corporate, institutional and wealth management clients with expert advice, innovative financial solutions, outstanding execution and comprehensive access to the world's capital markets. It offers financial advisory and capital markets, research, equities, foreign exchange, precious metals and tailored fixed income services in rates and credit through its two business units, Corporate Client Solutions and Investor Client Services. The Investment Bank is an active participant in capital markets flow activities, including sales, trading and market-making across a range of securities.

### Corporate Center

The Corporate Center comprises Corporate Center – Core Functions and Corporate Center – Non-core and Legacy Portfolio. Corporate Center – Core Functions provides Group-wide control functions including finance, risk control (including compliance) and legal. In addition, it provides all logistics and support functions including operations,

information technology, human resources, corporate development, regulatory relations and strategic initiatives, communications and branding, corporate real estate and administrative services, procurement, physical security, information security, offshoring and treasury services such as funding, balance sheet and capital management. Corporate Center – Core Functions allocates most of its treasury income, operating expenses and personnel associated with the abovementioned activities to the businesses. Corporate Center – Non-core and Legacy Portfolio comprises the non-core businesses and legacy positions previously part of the Investment Bank.

### Competition

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 UBS 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.

### Recent Developments:

*UBS's results as of and for the quarter ended 31 March 2014, as presented in UBS AG's first quarter 2014 report in the English language (including unaudited consolidated financial statements of UBS Group) (the "**First Quarterly Report at 31 March 2014**", which is incorporated by reference into this Base Prospectus)*

UBS Group: Net profit attributable to UBS shareholders for the first quarter of 2014 was CHF 1,054 million compared with CHF 917 million in the fourth quarter of 2013. Operating profit before tax was CHF 1,393 million compared with CHF 449 million in the prior quarter. Operating income increased by CHF 951 million, mainly due to an increase in net interest and trading income as well as due to higher other income. Operating expenses were virtually unchanged. On an adjusted<sup>1</sup> basis, profit before tax was CHF 1,486 million compared with CHF 755 million in the prior quarter. Adjusted operating income increased by CHF 732 million to CHF 7,147 million, reflecting an increase of CHF 597 million in adjusted net interest and trading income as well as CHF 77 million higher adjusted other income. Adjusted operating expenses were virtually unchanged at CHF 5,661 million, reflecting an increase of CHF 214 million in personnel expenses and CHF 114 million higher charges for provisions for litigation, regulatory and similar matters, offset by a reduction of CHF 328 million in other non-personnel expenses. UBS recorded a net tax expense of CHF 339 million compared with a net tax benefit of CHF 470 million.

Wealth Management: Profit before tax was CHF 619 million in the first quarter of 2014, an increase of CHF 148 million compared with the fourth quarter of 2013. Adjusted<sup>3</sup> for restructuring charges, profit before tax increased by CHF 147 million to CHF 659 million. This reflects CHF 84 million higher operating income, largely as a result of higher transaction-based income, and a CHF 63 million decline in adjusted operating expenses, mainly as CHF 86 million higher charges for provisions for litigation, regulatory and similar matters were more than offset by lower other general and administrative expenses and lower variable compensation expenses. The gross margin on invested assets increased 2 basis points to 87 basis points. Net new money was CHF 10.9 billion compared with CHF 5.8 billion in the prior quarter.

Wealth Management Americas: Profit before tax was USD 272 million in the first quarter of 2014 compared with USD 254 million in the fourth quarter of 2013. Adjusted<sup>3</sup> for restructuring charges, profit before tax increased slightly to USD 284 million. Total operating income increased to USD 1,865 million from USD 1,851 million, as continued growth in managed account fees was partly offset by lower net interest income and lower other income as the prior quarter included a USD 15 million insurance reimbursement. The first quarter included credit loss recoveries of USD 19 million compared with credit loss expenses of USD 9 million in the prior quarter. Total operating expenses decreased by USD 2 million to USD 1,594 million. The first quarter included USD 12 million of restructuring charges compared with USD 29 million in the prior quarter. Net new money inflows decreased to USD 2.1 billion from USD 4.9 billion in the prior quarter.

<sup>1</sup> Unless otherwise indicated, first-quarter 2014 "adjusted" figures exclude each of the following items, to the extent applicable, on a Group and business division level: own credit gain of CHF 88 million, gains on sales of real estate of CHF 23 million and net restructuring charges of CHF 204 million. For the fourth quarter of 2013, the items excluded were an own credit loss of CHF 94 million, gains on sales of real estate of CHF 61 million, a loss related to the buyback of debt in a public tender offer of CHF 75 million and net restructuring charges of CHF 198 million.

Retail & Corporate: Profit before tax was CHF 386 million in the first quarter of 2014 compared with CHF 332 million in the fourth quarter of 2013. Adjusted<sup>3</sup> for restructuring charges, profit before tax increased by CHF 57 million to CHF 401 million, mainly as adjusted operating expenses decreased by CHF 55 million, primarily as a result of lower charges for provisions for litigation, regulatory and similar matters. Operating income was virtually unchanged. The annualized net new business volume growth rate for the retail business was 4.3% compared with negative 0.3% in the prior quarter.

Global Asset Management: Profit before tax was CHF 122 million in the first quarter of 2014 compared with CHF 130 million in the fourth quarter of 2013. Adjusted<sup>3</sup> for restructuring charges, profit before tax was CHF 126 million compared with CHF 143 million due to lower operating income partly offset by lower operating expenses. Excluding money market flows, net new money inflows were CHF 13.0 billion compared with net outflows of CHF 4.6 billion in the prior quarter.

Investment Bank: Profit before tax was CHF 425 million in the first quarter of 2014 compared with CHF 297 million in the fourth quarter of 2013. Adjusted<sup>3</sup> for restructuring charges, profit before tax was CHF 549 million compared with CHF 386 million. This increase was mainly due to higher revenues in both Investor Client Services and Corporate Client Solutions, partly offset by an increase in operating expenses. Fully applied risk-weighted assets were unchanged at CHF 62 billion.

Corporate Center – Core Functions recorded a loss before tax of CHF 176 million in the first quarter of 2014 compared with a loss of CHF 565 million in the prior quarter. The first quarter included operating expenses remaining in Corporate Center – Core Functions, after service allocations, of CHF 227 million and treasury income remaining in Corporate Center – Core Functions of negative CHF 46 million, partly offset by an own credit gain of CHF 88 million.

Corporate Center – Non-core and Legacy Portfolio recorded a loss before tax of CHF 225 million in the first quarter of 2014 compared with a loss of CHF 446 million in the prior quarter, mainly due to an improvement of CHF 49 million in debit valuation adjustments, revaluation gains in UBS's credit business and lower losses from unwind and novation activities. Furthermore, the fourth quarter of 2013 included a charge of CHF 68 million for the annual UK bank levy. The first quarter included total operating expenses of CHF 254 million compared with CHF 317 million in the prior quarter. Fully applied risk-weighted assets decreased by CHF 3 billion to CHF 60 billion.

Balance sheet: As of 31 March 2014, UBS's balance sheet assets stood at CHF 983 billion, a decrease of CHF 36 billion from 31 December 2013, primarily due to a continued reduction in positive replacement values in both Corporate Center – Non-core and Legacy Portfolio and the Investment Bank. Funded assets, which represent total assets excluding positive replacement values and collateral delivered against over-the-counter derivatives, increased by CHF 3 billion to CHF 742 billion. This increase mainly reflected client-driven increases in trading portfolio assets in the Investment Bank and lending activity in Wealth Management, partly offset by reduced collateral trading assets in Corporate Center – Core Functions. Excluding currency effects, funded assets increased by approximately CHF 6 billion.

Capital management: UBS's fully applied common equity tier 1 ("CET1") capital ratio improved 0.4 percentage points to 13.2% as of 31 March 2014. Fully applied CET1 capital increased by CHF 1.0 billion to CHF 29.9 billion, mainly due to the first quarter net profit. On a phase-in basis, CET1 capital ratio declined 0.6 percentage points to 17.9%, mainly due to the CHF 1.0 billion decrease in phase-in CET1 capital to CHF 41.2 billion, mostly arising from the effect of capital deductions related to transitional effects applicable from 1 January 2014, partly offset by the first quarter net profit. Risk-weighted assets increased by CHF 2 billion to CHF 227 billion on a fully applied basis and by CHF 1 billion to CHF 230 billion on a phase-in basis. UBS's Swiss SRB leverage ratio improved 0.3 percentage points to 5.0% on a phase-in basis due to the reduction of the leverage ratio denominator as well as through the issuance of low-trigger, loss-absorbing, Basel III-compliant subordinated notes.

#### *UBS announces further plans to modify legal structure*

As stated by means of a news release issued on 6 May 2014, UBS has already announced a series of measures to improve the resolvability of the Group. As a substantial step on this path, UBS intends to establish a group holding company through a share for share exchange offer, which will commence later this year, subject to regulatory approvals. UBS anticipates that the measures to improve resolvability will allow the firm to qualify for a capital

rebate under the Swiss "too-big-to-fail" requirements. This rebate would result in lower overall capital requirements for UBS.

Following completion of the transaction, UBS expects to propose a supplementary capital return of at least CHF 0.25 per share to shareholders of the new group holding company.

As reported in 2013, UBS also intends to establish a banking subsidiary in Switzerland in mid-2015. The scope of this future subsidiary's business is expected to include the Retail & Corporate business and the Swiss-booked Wealth Management business.

In the UK, and in consultation with the UK and Swiss regulators, UBS expects to commence the implementation of a revised business and operating model for UBS Limited in the second quarter of 2014. This will result in UBS Limited bearing and retaining a greater degree of the risk and reward of its business activities. UBS AG expects to increase the capitalization of UBS Limited accordingly.

In the US, UBS will comply with new rules for foreign banks under the Dodd-Frank Wall Street Reform and Consumer Protection Act that will require an intermediate holding company to own all of its operations other than US branches of UBS AG by 1 July 2016. As a result, UBS will designate an intermediate holding company to hold all US subsidiaries of UBS.

The announced plans do not require UBS to raise additional equity capital, and are not expected to materially affect the firm's capital-generating capability.

These structural changes have been discussed with FINMA and other regulatory authorities. The dialogue with regulators will continue and the changes remain subject to some uncertainties that may affect their feasibility, scope or timing.

#### *UBS's Investor Update*

This section discusses targets developed for UBS Group, and each of its business divisions and its Corporate Center, by UBS's management. These targets represent goals and do not represent forecasts or estimates. While these targets represent UBS's judgments concerning the matters described, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS's targets. For a discussion of these risks, see the "Risk Factors" section above.

On 6 May 2014, UBS provided an update on the execution of its strategy and steps to further unlock the bank's potential.

UBS aims to sustain its position as the world's pre-eminent (in UBS's own opinion) wealth manager by providing clients with a broad scope of products and services, cutting-edge capabilities and superior investment and wealth management advice. Its wealth management businesses will strive to achieve growth of 10-15% in their combined adjusted annual pre-tax profit by investing for growth and delivering the entire bank to clients.

UBS seeks to maintain its position as the leading (in UBS's own opinion) universal bank in Switzerland and sustain its strong momentum in its home market. Retail & Corporate is a leading innovator in online and mobile banking services and differentiates itself through the high degree of integration it has with the other UBS businesses.

Global Asset Management seeks to strengthen its role as a trusted partner for its clients and, drawing on the full breadth of the firm's capabilities, deliver high-quality solutions. Through a combination of favorable industry fundamentals and strategic initiatives, it targets an adjusted annual pre-tax profit of CHF 1 billion in the medium term.

The Investment Bank aims to strengthen its position in the target segments advisory, research, equities, foreign exchange and precious metals, and to continue to deliver focused, high-quality rates and credit capabilities. Operating within its limits including CHF 70 billion in Basel III fully applied risk-weighted assets ("RWA") and CHF 200 billion in funded assets, the Investment Bank will continue to target an adjusted annual pre-tax return on attributed equity of greater than 15%.

Having achieved its 2014 fully applied CET1 ratio target of 13%, UBS is committed to also achieving its post-stress fully applied CET1 ratio target of 10% this year. On achievement of these goals, UBS intends to pay out at least 50% of net profits in capital returns to shareholders while still investing for growth.

UBS aims to further increase cost efficiency and has strengthened cost management and transparency. Compared with 2013, the bank is targeting a CHF 1.4 billion reduction in Corporate Center operating expenses by year-end 2015. After that, UBS expects further cost reductions of CHF 0.7 billion in Non-Core and Legacy Portfolio as it fully exits the portfolio. The cost/income ratio target ranges for Wealth Management, Wealth Management Americas and the Investment Bank have been adjusted to reflect the intent to reduce Corporate Center allocated costs and enhance front-office efficiency. This will allow for continued investments in profitable growth while maximizing cost efficiency. The Group's adjusted cost/income ratio target from 2015 remains unchanged at 60–70%.

UBS is targeting a Swiss SRB leverage ratio denominator of CHF 900 billion by 2016 (based on the rules applicable today). UBS achieved its 13% fully applied CET1 ratio target in the first quarter of 2014, and will maintain this ratio as the core measure of its capital strength – the foundation of its overall strategy. Capital and balance sheet will continue to be managed in a three-pronged approach which balances CET1, CET1 post-stress and the Swiss SRB leverage ratio.

UBS continues to make strong progress in the reduction of its Non-core and Legacy Portfolio. RWA excluding operational risk have been reduced by nearly 60% over the last 5 quarters, well ahead of plan. While this process will incur some costs during the run-down, and does consume capital, its risks are well understood. The 2015 Basel III RWA target for Non-core and Legacy Portfolio has been reduced to ~CHF 40 billion from ~CHF 55 billion, reflecting progress to date and expected future reductions.

#### Annual performance targets

Complete list of UBS Group and business division annual external performance targets, which supersedes previous targets. Performance targets assume constant FX rates.

The following are targets developed for UBS Group, and each of its business divisions and its Corporate Center, by UBS's management. These targets represent goals and do not represent forecasts or estimates. While these targets represent UBS's judgments concerning the matters described, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS's targets. For a discussion of these risks, see the section "Risk Factors" above.

#### Group:

- Basel III fully applied CET1 ratio: 13%
- Basel III RWA: <CHF 215 billion by 31.12.15 (previously <CHF 225 billion)
- Basel III RWA: <CHF 200 billion by 31.12.17
- Swiss SRB leverage ratio denominator of CHF 900 billion by 2016 (based on the rules applicable today) (new target)
- Adjusted cost/income ratio: 60–70% from 2015
- Adjusted return on equity: >15% from 2015 (while UBS continues to target a Group return on equity of greater than 15% in 2015, given elevated operational risk RWA, it may not achieve that until 2016.)

#### Wealth Management:

- Net new money growth rate: 3–5%
- Gross margin: 95–105 bps
- Adjusted cost/income ratio: 55–65% from 2015 (remains 60–70% for 2014)

#### Wealth Management Americas:

- Net new money growth rate: 2–4%
- Gross margin: 75–85 bps

- Adjusted cost/income ratio: 75–85% from 2015 (remains 80–90% for 2014)

#### Retail & Corporate:

- Net new business volume growth for retail business: 1–4%
- Net interest margin: 140–180 bps
- Adjusted cost/income ratio: 50–60%

#### Global Asset Management:

- Net new money growth rate: 3–5% excluding money market (previously including money market)
- Gross margin: 32–38 bps
- Adjusted cost/income ratio: 60–70%
- Adjusted annual profit before tax: CHF 1 billion in the medium term (new target)

#### Investment Bank:

- Adjusted annual pre-tax return on attributed equity: >15%
- Adjusted cost/income ratio: 70–80% from 2015 (remains 65–85% for 2014)
- Basel III RWA limit of CHF 70 billion
- Funded assets limit of CHF 200 billion

#### Corporate Center – Core Functions:

- CHF 1.0 billion annual net cost reduction by year-end 2015 (measured by 2015 year-end exit rate versus FY13 adjusted operating expenses, net of changes in charges for provisions for litigation, regulatory and similar matters; measured net of FX movements and changes in regulatory demand of temporary nature.)

#### Corporate Center – Non-core and Legacy Portfolio:

- Basel III RWA: ~CHF 40 billion by 31.12.15 (previously ~CHF 55 billion)
- Basel III RWA: ~CHF 25 billion by 31.12.17
- CHF 0.4 billion annual net cost reduction by year-end 2015 (measured by 2015 year-end exit rate versus FY13 adjusted operating expenses, net of changes in charges for provisions for litigation, regulatory and similar matters.)
- CHF 0.7 billion additional annual net cost reduction after 2015 (reduction in annual adjusted operating expenses versus FY13.)

#### *Results of the Annual General Meeting of UBS AG*

At the Annual General Meeting held on 7 May 2014 UBS AG shareholders approved the Annual Report and Consolidated Financial Statements for 2013 and confirmed Ernst & Young AG, Basel, as auditors and the Independent Proxy (ADB Altorfer Duss & Beilstein AG, Zurich). They also approved the distribution of a dividend of CHF 0.25 per share from capital contribution reserves.

#### Compensation Report approved

In an advisory vote, a majority of shareholders (85.93%) approved the Compensation Report for 2013.

#### Discharge approved

Shareholders approved the discharge of the members of the Board of Directors and the Group Executive Board for the 2013 financial year (87.30%).

#### Amended Articles of Association approved

Shareholders approved the amended Articles of Association of UBS AG to implement the new Ordinance Against Excessive Compensation in Listed Stock Corporations (73.38%).

#### EU Capital Requirements Directive of 2013 (CRD IV) approved

In an advisory vote, a majority of shareholders (98.34%) approved the EU Capital Requirements Directive of 2013 (CRD IV).

Elections to the Board of Directors

The Annual General Meeting confirmed in office the Chairman of the Board of Directors, Axel A. Weber (96.09%) and fellow Board members Michel Demaré (98.13%), David Sidwell (98.04%), Reto Francioni (98.87%), Ann F. Godbehere (97.81%), Axel P. Lehmann (98.31%), Helmut Panke (97.91%), William G. Parrett (94.24%), Isabelle Romy (98.69%), Beatrice Weder di Mauro (98.70%) and Joseph Yam (98.26%). Detailed CVs of all the members of the Board of Directors are available at [www.ubs.com/bod](http://www.ubs.com/bod).

Elections to the Human Resources and Compensation Committee

Shareholders elected Ann F. Godbehere (97.35%), Michel Demaré (97.45%), Helmut Panke (97.40%), and Reto Francioni (98.54%) to the Human Resources and Compensation Committee.

1,666 shareholders attended the Annual General Meeting, representing 1,994,794,917 votes.

**2. Organisational Structure of the Issuer**

UBS AG is the parent company of the UBS Group. UBS Group legal entity structure is designed to support its businesses with an efficient legal, tax and funding framework considering regulatory restrictions in the countries where UBS operates. UBS operates as a group with five business divisions and a Corporate Center. Neither the business divisions nor the Corporate Center are separate legal entities. Currently, they primarily operate out of UBS AG, through its branches worldwide. Businesses also operate through local subsidiaries where necessary or desirable.

UBS has announced that it intends to establish a group holding company through a share for share exchange offer, which will commence later this year, subject to regulatory approvals. UBS has also announced that it intends to establish a banking subsidiary in Switzerland in mid-2015. The scope of this future subsidiary's business is expected to include the Retail & Corporate business and the Swiss-booked Wealth Management business.

In the UK, and in consultation with the UK and Swiss regulators, UBS expects to commence the implementation of a revised business and operating model for UBS Limited in the second quarter of 2014. This will result in UBS Limited bearing and retaining a greater degree of the risk and reward of its business activities. UBS AG expects to increase the capitalization of UBS Limited accordingly.

In the US, UBS will comply with new rules for banks under the Dodd-Frank Wall Street Reform and Consumer Protection Act that will require an intermediate holding company to own all of its operations other than US branches of UBS AG by 1 July 2016. As a result, UBS will designate an intermediate holding company to hold all US subsidiaries of UBS.

These structural changes have been discussed with the Swiss Financial Market Supervisory Authority FINMA and other regulatory authorities. The dialogue with regulators will continue and the changes remain subject to some uncertainties that may affect their feasibility, scope or timing.

UBS AG's significant subsidiaries as of 31 December 2013 are listed in the Annual Report 2013, on pages 481-482 (inclusive) of the English version.

**3. Trend Information****Outlook**

As stated in the outlook statement presented in UBS AG's first quarter 2014 report, including unaudited consolidated financial statements of UBS Group and issued on 6 May 2014, at the start of the second quarter of 2014, many of the underlying challenges and geopolitical issues that UBS has previously highlighted remain. The continued absence of sustained and credible improvements to unresolved issues in Europe, continuing US fiscal and monetary policy issues, geopolitical instability and the mixed outlook for global growth would make improvements

in prevailing market conditions unlikely. Despite these challenges, UBS will continue to execute on its strategy in order to ensure the firm's long-term success and to deliver sustainable returns for shareholders.

#### 4. Administrative, Management and Supervisory Bodies of UBS AG

UBS AG is subject to, and acts in compliance with, all relevant Swiss legal and regulatory requirements regarding corporate governance. In addition, as a foreign company with shares listed on the New York Stock Exchange ("NYSE"), UBS AG is in compliance with all relevant corporate governance standards applicable to foreign listed companies.

UBS AG operates under a strict dual board structure, as mandated by Swiss banking law. The Board of Directors ("BoD") decides on the strategy of the Group upon the recommendation of the Group Chief Executive Officer ("Group CEO"), and supervises and monitors the business, whereas the Group Executive Board ("GEB"), headed by the 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 the Group, for which responsibility is delegated to the GEB under the leadership of the Group CEO.

No member of one board may 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.

##### Board of Directors

The BoD is the most senior body of UBS AG. The BoD consists of at least six and a maximum of twelve members. All the members of the BoD are elected individually by the Annual General Meeting of Shareholders ("AGM") for a term of office of one year. The BoD's proposal for election must be such that three-quarters of the BoD members will be independent. Independence is determined in accordance with the Swiss Financial Market Supervisory Authority ("FINMA") circular 08/24, the NYSE rules and the rules and regulations of other securities exchanges on which UBS shares are listed, if any, applying the strictest standard. The Chairman is not required to be independent.

The BoD has ultimate responsibility for the success of the UBS Group and for delivering sustainable shareholder value within a framework of prudent and effective controls. It decides on UBS Group's strategic aims and the necessary financial and human resources upon recommendation of the Group CEO and sets the UBS Group's values and standards to ensure that its obligations to its shareholders and others are met.

The BoD meets as often as business requires, and at least six times a year.

##### Members of the Board of Directors

Members and business addresses	Title	Term of office	Current principal positions outside UBS AG
Axel A. Weber  UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Chairman	2015	Member of the board of the Institute of International Finance and the International Monetary Conference; member of the European Banking Group, the European Financial Services Roundtable and the Group of Thirty, Washington, D.C.; research fellow at the Center for Economic Policy Research, London, and the Center for Financial Research, Cologne; senior research fellow at the Center for Financial Studies, Frankfurt/Main; member of the Monetary Economics and International Economics Councils of the leading association of German-speaking economists, the <i>Verein für Socialpolitik</i> ; member of the Advisory Board of the German Market Economy Foundation and of the Advisory Board of the Department of Economics at the University of Zurich; member of the IMD Foundation, Lausanne and of the International Advisory Panel of the Monetary Authority of

			Singapore
Michel Demaré  Syngenta International AG, Schwarzwaldallee 215, CH-4058 Basel	Independent Vice Chairman	2015	Chairman of the board of Syngenta, a member of the IMD Supervisory Board, Lausanne, and Chairman of SwissHoldings, Berne. Chairman of the Syngenta Foundation for Sustainable Agriculture. Member of the advisory board of the Department of Banking and Finance, University of Zurich. Member of the board of Louis-Dreyfus Commodities Holdings BV
David Sidwell  UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Senior Independent Director	2015	Director and Chairperson of the Risk Policy and Capital Committee of Fannie Mae, Washington D.C.; Senior Advisor at Oliver Wyman, New York; Chairman of the board of Village Care, New York; Director of the National Council on Aging, Washington D.C.
Reto Francioni  Deutsche Börse AG, D-60485 Frankfurt am Main	Member	2015	CEO of Deutsche Börse AG and holding various mandates on the boards of Deutsche Börse Group subsidiaries; professor at the University of Basel. Member of the Shanghai International Financial Advisory Committee, the Advisory Board of Moscow International Financial Center, the International Advisory Board of Instituto de Empresa, the Board of Trustees of the Goethe Business School; the Steering Committee of the Project "Role of Financial Services in Society", World Economic Forum, the Franco-German Roundtable, the Strategic Advisory Group of VHV Insurance
Ann F. Godbehere  UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2015	Board member and Chairperson of the Audit Committee of Prudential plc, Rio Tinto plc, Rio Tinto Limited, London. Member of the board of Arden Holdings Ltd., Bermuda, and British American Tobacco plc.
Axel P. Lehmann  Zurich Insurance Group, Mythenquai 2, CH-8002 Zurich	Member	2015	Member of the Group Executive Committee, Group Chief Risk Officer and Regional Chairman Europe of Zurich Insurance Group, Zurich; Chairman of the board of Farmers Group, Inc.; Chairman of the board of the Institute of Insurance Economics at the University of St. Gallen; former Chairman and member of the Chief Risk Officer Forum; member of the board of Economiesuisse; member of the board of Zurich Insurance plc., Dublin; member of the supervisory board of Zurich Beteiligungs AG, Frankfurt a.M.
Helmut Panke  UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2015	Member of the board and Chairperson of the Regulatory and Public Policy Committee of Microsoft Corporation; member of the board and Chairperson of the Safety & Risk Committee of Singapore Airlines Ltd.; member of the Supervisory Board of Bayer AG
William G. Parrett  UBS AG, Bahnhofstrasse 45, CH-8098, Zurich	Member	2015	Member of the board and Chairperson of the Audit Committee of the Eastman Kodak Company, the Blackstone Group LP and Thermo Fisher Scientific Inc.; member of the board of iGATE. Past Chairman of the board of the United States Council for International Business and of United Way Worldwide; member of the Carnegie Hall Board of Trustees; member of the Committee on Capital Markets Regulation.
Isabelle Romy  Froriep Renggli, Bellerivestrasse 201, CH-8034 Zurich	Member	2015	Partner at Froriep Renggli, Zurich; associate professor at the University of Fribourg and at the Federal Institute of Technology, Lausanne; member and Vice Chairman of the Sanction Commission of the SIX Swiss Exchange.
Beatrice Weder di Mauro  Johannes Gutenberg-University Mainz, Jakob Welder-Weg 4,	Member	2015	Professor at the Johannes Gutenberg University, Mainz; research fellow at the Center for Economic Policy Research, London; member of the board of Roche Holding Ltd., Basel, and Robert Bosch GmbH, Stuttgart. Member of the Corporate Governance Commission of the German Government; member

D-55099 Mainz			of the Committee on International Economic Policy Reform, Washington; member of the senate of Max Planck Gesellschaft; Vice-Chair Global Agenda Council "Fiscal Issues" of the World Economic Forum
Joseph Yam  UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Member	2015	Executive Vice President of the China Society for Finance and Banking. Distinguished research fellow of the Institute of Global Economics and Finance; member of the board of Community Chest of Hong Kong; member of the International Advisory Council of China Investment Corporation. Member of the board of Johnson Electric Holdings Limited and of UnionPay International Co., Ltd.

### **Organizational principles and structure**

Following each AGM, the BoD meets to appoint its Chairman, Vice Chairman, Senior Independent Director, the BoD committees members and their respective Chairpersons. At the same meeting, the BoD appoints a Company Secretary, who acts as secretary to the BoD and its committees.

The BoD committees comprise the Audit Committee, the Corporate Responsibility Committee, the Governance and Nominating Committee, the Human Resources and Compensation Committee and the Risk Committee. The BoD has also established an ad-hoc committee on strategy and an ad-hoc special committee.

### **Audit Committee**

The Audit Committee ("**AC**") is comprised of five BoD members, with all members having been determined by the BoD to be fully independent and financially literate.

The AC does not itself perform audits, but monitors the work of the external auditors who in turn are responsible for auditing UBS AG's and the Group's annual financial statements and for reviewing the quarterly financial statements.

The function of the AC is to serve as an independent and objective body with oversight of the following: (i) UBS AG's and UBS Group's accounting policies, financial reporting and disclosure controls and procedures, (ii) the quality, adequacy and scope of external audit, (iii) UBS AG's and UBS Group's compliance with financial reporting requirements, (iv) the senior management's approach to internal controls with respect to the production and integrity of the financial statements and disclosure of the financial performance, and (v) the performance of UBS's Group Internal Audit in conjunction with the Chairman of the BoD and the Risk Committee.

The AC reviews the annual and quarterly financial statements of UBS AG and the Group as proposed by management, with the external auditors and Group Internal Audit in order to recommend their approval, (including any adjustments the AC considers appropriate), to the BoD.

Periodically, and at least annually, the AC assesses the qualifications, expertise, effectiveness, independence and performance of the external auditors and their lead audit partner, in order to support the BoD in reaching a decision in relation to the appointment or dismissal of the external auditors and the rotation of the lead audit partner. The BoD then submits these proposals for approval to the AGM.

The members of the AC are William G. Parrett (Chairperson), Michel Demaré, Ann F. Godbehere, Isabelle Romy and Beatrice Weder di Mauro.

### **Group Executive Board**

Under the leadership of the Group CEO, the GEB has executive management responsibility for the UBS Group and its business. It assumes overall responsibility for the development of the UBS Group and business division strategies and the implementation of approved strategies. All GEB members (with the exception of the Group CEO) are proposed by the Group CEO. The appointments are made by the BoD.

## Members of the Group Executive Board

Member and business address	Function
Sergio P. Ermotti UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Group Chief Executive Officer
Markus U. Diethelm UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Group General Counsel
Lukas Gähwiler UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Chief Executive Officer UBS Switzerland, Chief Executive Officer Retail & Corporate
Ulrich Körner UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Chief Executive Officer Global Asset Management, Chief Executive Officer UBS Group EMEA
Philip J. Lofts UBS AG, 677 Washington Boulevard, Stamford, CT 06901 USA	Group Chief Risk Officer
Robert J. McCann UBS AG, 1200 Harbor Boulevard, Weehawken, NJ 07086 USA	Chief Executive Officer Wealth Management Americas, Chief Executive Officer UBS Group Americas
Tom Naratil UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Group Chief Financial Officer, Group Chief Operating Officer
Andrea Orcel UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Chief Executive Officer Investment Bank
Chi-Won Yoon UBS AG, 2 International Finance Centre 52/F, 8 Finance Street, Central, Hong Kong	Chief Executive Officer UBS Group Asia Pacific
Jürg Zeltner UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Chief Executive Officer UBS Wealth Management

No member of the GEB has any significant business interests outside UBS AG.

### Potential conflicts of interest

Members of the BoD and GEB may act as directors or executive officers of other companies (for current principal positions outside UBS AG, if any, of BoD members, please see above under "Members of the Board of Directors") and may have economic or other private interests that differ from those of UBS AG. Potential conflicts of interest may arise from these positions or interests. UBS is confident that its internal corporate governance practices and its compliance with relevant legal and regulatory provisions reasonably ensure that any conflicts of interest of the type described above are appropriately managed, including through disclosure when appropriate.

## 5. Major Shareholders

Under the Swiss Federal Act on Stock Exchanges and Securities Trading of 24 March 1995, as amended (the "**Swiss Stock Exchange Act**"), anyone holding shares in a company listed in Switzerland, or holding derivative rights related to shares of such a company, must notify the company and the SIX Swiss Exchange if the holding attains, falls below or exceeds one of the following threshold percentages: 3, 5, 10, 15, 20, 25, 33 1/3, 50 or 66 2/3% of the voting rights, whether or not such rights may be exercised.

The following are the most recent notifications of holdings in UBS AG's share capital filed in accordance with the Swiss Stock Exchange Act, based on UBS AG's registered share capital at the time of the disclosure:

- 18 September 2013, Government of Singapore Investment Corp disclosed a change of its corporate name to GIC Private Limited and a holding of 6.40%;
- 30 September 2011: Norges Bank (the Central Bank of Norway), 3.04%;
- 17 December 2009: BlackRock Inc., New York, USA, 3.45%.

Voting rights may be exercised without any restrictions by shareholders entered into UBS's share register, if they expressly render a declaration of beneficial ownership according to the provisions of the Articles of Association. Special provisions exist for the registration of fiduciaries and nominees. Fiduciaries and nominees are entered in the share register with voting rights up to a total of 5% of all shares issued, if they agree to disclose upon UBS AG's request beneficial owners holding 0.3% or more of all UBS AG shares. An exception to the 5% voting limit rule exists for securities clearing organizations such as The Depository Trust Company in New York.

As of 31 March 2014, the following shareholders (acting in their own name or in their capacity as nominees for other investors or beneficial owners) were registered in the share register with 3% or more of the total share capital of UBS AG: Chase Nominees Ltd., London (11.98%); GIC Private Limited, Singapore (6.39%); the US securities clearing organization DTC (Cede & Co.) New York, "The Depository Trust Company" (6.28%); and Nortrust Nominees Ltd., London (3.51%).

UBS holds UBS AG shares primarily to hedge employee share and option participation plans. In addition, the Investment Bank holds a limited number of UBS AG shares in its capacity as a liquidity provider to the equity index futures market and as a market-maker in UBS AG shares and derivatives on UBS AG shares. Furthermore, to meet client demand, UBS has issued structured debt instruments linked to UBS AG shares, which are economically hedged by cash-settled derivatives and, to a limited extent, own shares held by the Investment Bank. As of 31 March 2014, UBS held 92,241,706 UBS AG shares, corresponding to 2.4% of the total share capital of UBS AG. As of 31 December 2013, UBS had disposal positions relating to 284,975,843 voting rights of UBS AG, corresponding to 7.4% of the total voting rights of UBS AG. 7.0% of this consisted of voting rights on shares deliverable in respect of employee awards.

Further details on the distribution of UBS AG's shares, also by region and shareholders' type, and on the number of shares registered, not registered and carrying voting rights as of 31 December 2013 can be found in the Annual Report 2013, on pages 258-261 (inclusive) of the English version.

## 6. Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses

A description of UBS AG's and UBS Group's assets and liabilities, financial position and profits and losses for financial year 2012 is available in the financial information section of the annual report of UBS AG as of 31 December 2012 in the English language ("**Annual Report 2012**", which is incorporated by reference into this Base Prospectus), and for financial year 2013 in the financial information section of the Annual Report 2013 as well as in the First Quarterly Report at 31 March 2014. The Issuer's financial year is the calendar year.

### Historical Financial Information

With respect to the financial year 2012, reference is made to the following parts of the Annual Report 2012 (within the Financial information section, English version):

1. the Consolidated Financial Statements of UBS Group, in particular to the Income Statement on page 323, the Balance Sheet on page 325, the Statement of Cash Flows on pages 329-330 (inclusive) and the Notes to the Consolidated Financial Statements on pages 331-455 (inclusive); and
2. the Financial Statements of UBS AG (Parent Bank), in particular to the Income Statement on page 460, the Balance Sheet on page 461, the Statement of Appropriation of Retained Earnings on page 462, the Notes to the Parent Bank Financial Statements on pages 463-482 (inclusive) and the Parent Bank Review on pages 457-459 (inclusive); and
3. the section entitled "Introduction and accounting principles" on page 316.

With respect to the financial year 2013, reference is made to the following parts of the Annual Report 2013 (within the Financial information section, English version):

1. the Consolidated Financial Statements of UBS Group, in particular to the Income Statement on page 350, the Balance Sheet on page 353, the Statement of Cash Flows on pages 357-358 (inclusive) and the Notes to the Consolidated Financial Statements on pages 359-505 (inclusive); and
2. the Financial Statements of UBS AG (Parent Bank), in particular to the Income Statement on page 510, the Balance Sheet on page 511, the Statement of Appropriation of Retained Earnings on page 512, the Notes to the Parent Bank Financial Statements on pages 513-531 (inclusive) and the Parent Bank Review on pages 507-509 (inclusive); and
3. the section entitled "Introduction and accounting principles" on page 344.

With respect to the financial year 2014, reference is made to the First Quarterly Report at 31 March 2014 (please see section "Interim Financial Information" below).

The annual financial reports form an essential part of UBS AG's reporting. They include the audited consolidated financial statements of UBS Group, prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and the audited financial statements of UBS AG (Parent Bank), prepared in order to meet Swiss regulatory requirements and in compliance with Swiss GAAP. The Financial information section of the annual reports also includes certain additional disclosures required under US Securities and Exchange Commission regulations. The annual reports also include discussions and analysis of the financial and business results of UBS, its business divisions and the Corporate Center.

### Auditing of Historical Annual Financial Information

The consolidated financial statements of UBS Group and the financial statements of UBS AG (Parent Bank) for financial years 2012 and 2013 were audited by Ernst & Young. The reports of the auditors on the consolidated financial statements can be found on pages 321-322 (inclusive) of the Annual Report 2012 and on pages 348-349 (inclusive) of the Annual Report 2013 (Financial information section, English version). The reports of the auditors on

the financial statements of UBS AG (Parent Bank) can be found on pages 483-484 (inclusive) of the Annual Report 2012 and on pages 532-533 (inclusive) of the Annual Report 2013 (Financial information section, English version).

The auditors have not review any other part of this Base Prospectus.

### Interim Financial Information

Reference is also made to UBS's First Quarterly Report at 31 March 2014, which contains information on the financial condition and the results of operation of the UBS Group as of and for the quarter ended on 31 March 2014. The interim financial statements are not audited.

## 7. Legal and Arbitration Proceedings

The Group operates in a legal and regulatory environment that exposes it to significant litigation and similar risks arising from disputes and regulatory proceedings. As a result, UBS (which for purposes of this section may refer to UBS AG and/or one or more of its subsidiaries, as applicable) is involved in various disputes and legal proceedings, including litigation, arbitration, and regulatory and criminal investigations.

Such matters are subject to many uncertainties and the outcome is often difficult to predict, particularly in the earlier stages of a case. There are also situations where the Group may enter into a settlement agreement. This may occur in order to avoid the expense, management distraction or reputational implications of continuing to contest liability, even for those matters for which the Group believes it should be exonerated. The uncertainties inherent in all such matters affect the amount and timing of any potential outflows for both matters with respect to which provisions have been established and other contingent liabilities. The Group makes provisions for such matters brought against it when, in the opinion of management after seeking legal advice, it is more likely than not that the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required, and the amount can be reliably estimated. If any of those conditions is not met, such matters result in contingent liabilities.

Specific litigation, regulatory and other matters are described below, including all such matters that management considers to be material and others that management believes to be of significance due to potential financial, reputational and other effects. The amount of damages claimed, the size of a transaction or other information is provided where available and appropriate in order to assist users in considering the magnitude of potential exposures.

In the case of certain matters below, UBS states that it has established a provision, and for the other matters it makes no such statement. When UBS makes this statement and it expects disclosure of the amount of a provision to prejudice seriously its position with other parties in the matter, because it would reveal what UBS believes to be the probable and reliably estimable outflow, UBS does not disclose that amount. In some cases UBS is subject to confidentiality obligations that preclude such disclosure. With respect to the matters for which UBS does not state whether it has established a provision, either (a) it has not established a provision, in which case the matter is treated as a contingent liability under the applicable accounting standard, or (b) it has established a provision but expects disclosure of that fact to prejudice seriously its position with other parties in the matter because it would reveal the fact that UBS believes an outflow of resources to be probable and reliably estimable.

With respect to certain litigation, regulatory and similar matters as to which UBS has established provisions, UBS is able to estimate the expected timing of outflows. However, the aggregate amount of the expected outflows for those matters for which it is able to estimate expected timing is immaterial relative to its current and expected levels of liquidity over the relevant time periods.

The aggregate amount provisioned for litigation, regulatory and similar matters as a class is disclosed in Note 14a to the unaudited consolidated financial statements included in UBS AG's first quarter 2014 report. It is not practicable to provide an aggregate estimate of liability for UBS's litigation, regulatory and similar matters as a class of contingent liabilities. Doing so would require UBS to provide speculative legal assessments as to claims and proceedings that involve unique fact patterns or novel legal theories, which have not yet been initiated or are at early stages of adjudication, or as to which alleged damages have not been quantified by the claimants. Although UBS therefore cannot provide a numerical estimate of the future losses that could arise from the class of litigation,

regulatory and similar matters, it can confirm that it believes that the aggregate amount of possible future losses from this class that are more than remote substantially exceeds the level of current provisions.

The risk of loss associated with litigation, regulatory and similar matters is a component of operational risk for purposes of determining UBS's capital requirements. Information concerning UBS's capital requirements and the calculation of operational risk for this purpose is included in the "Capital management" and "Risk management and control" sections of UBS AG's first quarter 2014 report.

**Provisions for litigation, regulatory and similar matters by segment<sup>1,2</sup>**

<i>CHF million</i>	WM	WMA	R&C	GI AM	IB	CC – CF	CC – NcLP	<b>UBS</b>
<b>Balance as of 31 December 2013</b>	165	56	82	3	22	488	808	<b>1,622</b>
Increase in provisions recognized in the income statement	89	47	11	0	0	0	55	<b>203</b>
Release of provisions recognized in the income statement	(3)	(5)	0	0	(1)	(6)	(1)	<b>(15)</b>
Provisions used in conformity with designated purpose	(12)	(5)	(3)	0	(1)	0	(4)	<b>(24)</b>
Reclassifications	0	0	0	0	(2)	0	2	<b>0</b>
Foreign currency translation/ unwind of discount	0	(1)	0	0	0	1	(7)	<b>(7)</b>
<b>Balance as of 31 March 2014</b>	239	92	90	3	19	483	853	<b>1,778</b>

<sup>1</sup> WM = Wealth Management; WMA = Wealth Management Americas; R&C = Retail & Corporate; GI AM = Global Asset Management; IB = Investment Bank; CC–CF = Corporate Center – Core Functions; CC–NcLP = Corporate Center - Non-core and Legacy Portfolio.

<sup>2</sup> Provisions, if any, for the matters described in (a) item 4 of this section are recorded in Wealth Management, (b) item 7 of this section are recorded in Wealth Management Americas, (c) item 11 of this section are recorded in the Investment Bank, (d) items 3 and 10 of this section are recorded in Corporate Center – Core Functions and (e) items 2 and 6 of this section are recorded in Corporate Center – Non-core and Legacy Portfolio. Provisions for the matters described in items 1 and 9 of this section are allocated between Wealth Management and Retail & Corporate, provisions for the matter described in item 5 of this section are allocated between the Investment Bank and Corporate Center – Non-core and Legacy Portfolio, and provisions for the matter described in item 8 of this section are allocated between the Investment Bank and Corporate Center – Core Functions.

## 1. Inquiries regarding cross-border wealth management businesses

Following the disclosure and the settlement of the US cross-border matter, tax and regulatory authorities in a number of countries have made inquiries and served requests for information located in their respective jurisdictions relating to the cross-border wealth management services provided by UBS and other financial institutions. As a result of investigations in France, in May and June 2013, respectively, UBS (France) S.A. and UBS AG were put under formal examination ("mise en examen") for complicity in having illicitly solicited clients on French territory, and were declared witness with legal assistance ("témoin assisté") regarding the laundering of proceeds of tax fraud and of banking and financial solicitation by unauthorized persons. Separately, in June 2013, the French banking supervisory authority's disciplinary commission reprimanded UBS (France) S.A. for having had insufficiencies in its control and compliance framework around its cross-border activities and "know your customer" obligations. It imposed a penalty of EUR 10 million, and a provision in that amount is reflected on UBS's balance sheet at 31 March 2014. In Germany, several authorities have been conducting investigations against UBS Deutschland AG, UBS AG, and against certain employees of these entities concerning certain matters relating to the cross-border business. UBS is cooperating with these authorities within the limits of financial privacy obligations under Swiss and other applicable laws. Settlement discussions are ongoing with respect to the German investigations.

## 2. Claims related to sales of residential mortgage-backed securities and mortgages

From 2002 through 2007, prior to the crisis in the US residential loan market, UBS was a substantial issuer and underwriter of US residential mortgage-backed securities ("**RMBS**") and was a purchaser and seller of US residential mortgages. A subsidiary of UBS, UBS Real Estate Securities Inc. ("**UBS RESI**"), acquired pools of residential mortgage loans from originators and (through an affiliate) deposited them into securitization trusts. In this manner, from 2004 through 2007, UBS RESI sponsored approximately USD 80 billion in RMBS, based on the original principal balances of the securities issued.

UBS RESI also sold pools of loans acquired from originators to third-party purchasers. These whole loan sales during the period 2004 through 2007 totaled approximately USD 19 billion in original principal balance.

UBS was not a significant originator of US residential loans. A subsidiary of UBS originated approximately USD 1.5 billion in US residential mortgage loans during the period in which it was active from 2006 to 2008, and securitized less than half of these loans.

*Securities lawsuits concerning disclosures in RMBS offering documents:* UBS is named as a defendant relating to its role as underwriter and issuer of RMBS in a large number of lawsuits related to approximately USD 13 billion in original face amount of RMBS underwritten or issued by UBS. Some of the lawsuits are in their early stages, and have not advanced beyond the motion to dismiss phase; others are in varying stages of discovery. Of the USD 13 billion in original face amount of RMBS that remains at issue in these cases, approximately USD 3 billion was issued in offerings in which a UBS subsidiary transferred underlying loans (the majority of which were purchased from third-party originators) into a securitization trust and made representations and warranties about those loans ("**UBS-sponsored RMBS**"). The remaining USD 10 billion of RMBS to which these cases relate was issued by third parties in securitizations in which UBS acted as underwriter ("**third-party RMBS**").

In connection with certain of these lawsuits, UBS has indemnification rights against surviving third-party issuers or originators for losses or liabilities incurred by UBS, but UBS cannot predict the extent to which it will succeed in enforcing those rights. A class action settlement by a third-party issuer received final approval by the district court in 2013. The settlement reduced the original face amount of RMBS at issue in these cases from USD 37 billion to USD 13 billion, and the original face amount of RMBS at issue in cases involving third-party issuers from USD 34 billion to USD 10 billion, as noted above. The third-party issuer will fund the settlement at no cost to UBS. In January 2014, certain objectors to the settlement filed a notice of appeal from the district court's approval of the settlement.

*Loan repurchase demands related to sales of mortgages and RMBS:* When UBS acted as an RMBS sponsor or mortgage seller, it generally made certain representations relating to the characteristics of the underlying loans. In the event of a material breach of these representations, UBS was in certain circumstances contractually obligated to repurchase the loans to which they related or to indemnify certain parties against losses. UBS has received demands to repurchase US residential mortgage loans as to which UBS made certain representations at the time the loans were transferred to the securitization trust. UBS has been notified by certain institutional purchasers and insurers of mortgage loans and RMBS of their contention that possible breaches of representations may entitle the purchasers to require that UBS repurchase the loans or to other relief. The table "Loan repurchase demands by year received – original principal balance of loans" summarizes repurchase demands received by UBS and UBS's repurchase activity from 2006 through 29 April 2014. In the table, repurchase demands characterized as Demands resolved in litigation and Demands rescinded by counterparty are considered to be finally resolved. Repurchase demands in all other categories are not finally resolved.

**Loan repurchase demands by year received – original principal balance of loans <sup>1</sup>**

USD million	2006-2008	2009	2010	2011	2012	2013	2014, through 29 April	Total
<b>Resolved demands</b>								
Actual or agreed loan repurchases / make whole payments by UBS	12	1						13
Demands rescinded by counterparty	110	104	19	303	237			773
Demands resolved in litigation	1	21						21

Demands expected to be resolved by third parties									
Demands resolved or expected to be resolved through enforcement of indemnification rights against third-party originators			77	2	45	124	99	30	377
Demands in dispute									
Demands in litigation				346	732	1,041			2,118
Demands in review by UBS					2	2	3		8
Demands rebutted by UBS but not yet rescinded by counterparty		1	2	1	17	515	115		651
<b>Total</b>	122	205	368	1,084	1,421	618	145		3,962

<sup>1</sup> Loans submitted by multiple counterparties are counted only once.

Payments that UBS has made or agreed to make to date to resolve repurchase demands equate to approximately 62% of the original principal balance of the related loans. Most of the payments that UBS has made or agreed to make to date have related to so-called "Option ARM" loans; severity rates may vary for other types of loans or for Option ARMs with different characteristics. Actual losses upon repurchase will reflect the estimated value of the loans in question at the time of repurchase as well as, in some cases, partial repayment by the borrowers or advances by servicers prior to repurchase. It is not possible to predict future losses upon repurchase for reasons including timing and market uncertainties.

In most instances in which UBS would be required to repurchase loans due to misrepresentations, UBS would be able to assert demands against third-party loan originators who provided representations when selling the related loans to UBS. However, many of these third parties are insolvent or no longer exist. UBS estimates that, of the total original principal balance of loans sold or securitized by UBS from 2004 through 2007, less than 50% was purchased from surviving third-party originators. In connection with approximately 60% of the loans (by original principal balance) for which UBS has made payment or agreed to make payment in response to demands received in 2010, UBS has asserted indemnity or repurchase demands against originators. Since 2011, UBS has advised certain surviving originators of repurchase demands made against UBS for which UBS would be entitled to indemnity, and has asserted that such demands should be resolved directly by the originator and the party making the demand.

UBS cannot reliably estimate the level of future repurchase demands, and does not know whether its rebuttals of such demands will be a good predictor of future rates of rebuttal. UBS also cannot reliably estimate the timing of any such demands.

*Lawsuits related to contractual representations and warranties concerning mortgages and RMBS:* In 2012, certain RMBS trusts filed an action in the Southern District of New York ("**Trustee Suit**") seeking to enforce UBS RESI's obligation to repurchase loans in the collateral pools for three RMBS securitizations ("**Transactions**") with an original principal balance of approximately USD 2 billion for which Assured Guaranty Municipal Corp. ("**Assured Guaranty**"), a financial guaranty insurance company, had previously demanded repurchase. Plaintiffs in the Trustee Suit have recently indicated that they intend to seek damages beyond the loan repurchase demands identified in the complaint, specifically for all loans purportedly in breach of any of the three Transactions. Discovery is ongoing. With respect to the loans subject to the Trustee Suit that were originated by institutions still in existence, UBS intends to enforce its indemnity rights against those institutions. Related litigation brought by Assured Guaranty was resolved in 2013.

In 2012, the Federal Housing Finance Agency ("**FHFA**"), on behalf of Freddie Mac, filed a notice and summons in New York Supreme Court initiating suit against UBS RESI for breach of contract and declaratory relief arising from alleged breaches of representations and warranties in connection with certain mortgage loans and UBS RESI's alleged failure to repurchase such mortgage loans. The lawsuit seeks, among other relief, specific performance of UBS RESI's alleged loan repurchase obligations for at least USD 94 million in original principal balance of loans for which Freddie Mac had previously demanded repurchase; no damages are specified. In 2013, the Court dismissed the complaint for lack of standing, on the basis that only the RMBS trustee could assert the claims in the complaint, and the complaint was unclear as to whether the trustee was the plaintiff and had proper authority to bring suit. The trustee subsequently filed an amended complaint, which UBS moved to dismiss. The motion remains pending.

In 2013, Residential Funding Company LLC ("RFC") filed a complaint in New York Supreme Court against UBS RESI asserting claims for breach of contract and indemnification in connection with loans purchased from UBS RESI with an original principal balance of at least USD 460 million that were securitized by an RFC affiliate. This is the first case filed against UBS seeking damages allegedly arising from the securitization of whole loans purchased from UBS. Damages are unspecified.

UBS also has tolling agreements with certain institutional purchasers of RMBS concerning their potential claims related to substantial purchases of UBS-sponsored or third-party RMBS.

As reflected in the table "Provision for claims related to sales of residential mortgage-backed securities and mortgages", UBS's balance sheet at 31 March 2014 reflected a provision of USD 819 million with respect to matters described in this item 2. As in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of this matter cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that UBS has recognized.

UBS has received requests from both the Special Inspector General for the Troubled Asset Relief Program ("SIGTARP") (who is working in conjunction with the US Attorney's Office for Connecticut and the US Department of Justice, Criminal Division, Fraud Section) and the SEC for information relating to its practices in connection with purchases and sales of mortgage-backed securities. UBS is cooperating with the authorities in these matters, which are in an early stage. Numerous other banks reportedly have received similar requests.

**Provision for claims related to sales of residential mortgage-backed securities and mortgages**

<i>USD million</i>	
<b>Balance as of 31 December 2013</b>	<b>807</b>
Increase in provision recognized in the income statement	15
Release of provision recognized in the income statement	0
Provision used in conformity with designated purpose	(3)
<b>Balance as of 31 March 2014</b>	<b>819</b>

**3. Claims related to UBS disclosure**

A putative consolidated class action has been filed in the United States District Court for the Southern District of New York against UBS, a number of current and former directors and senior officers and certain banks that underwrote UBS's May 2008 Rights Offering (including UBS Securities LLC) alleging violation of the US securities laws in connection with UBS's disclosures relating to UBS's positions and losses in mortgage-related securities, UBS's positions and losses in auction rate securities, and UBS's US crossborder business. In 2011, the court dismissed all claims based on purchases or sales of UBS ordinary shares made outside the US, and, in 2012, the court dismissed with prejudice the remaining claims based on purchases or sales of UBS ordinary shares made in the US for failure to state a claim. Plaintiffs have appealed the court's decision. UBS, a number of senior officers and employees and various UBS committees have also been sued in a putative consolidated class action for breach of fiduciary duties brought on behalf of current and former participants in two UBS Employee Retirement Income Security Act ("ERISA") retirement plans in which there were purchases of UBS stock. In 2011, the court dismissed the ERISA complaint. In 2012, the court denied plaintiffs' motion for leave to file an amended complaint. On appeal, the Second Circuit upheld the dismissal of all counts relating to one of the retirement plans. With respect to the

second retirement plan, the Court upheld the dismissal of some of the counts, and vacated and remanded for further proceedings with regard to the counts alleging that defendants had violated their fiduciary duty to prudently manage the plan's investment options, as well as the claims derivative of that duty.

In 2012, a consolidated complaint was filed in a putative securities fraud class action pending in federal court in Manhattan against UBS AG and certain of its current and former officers relating to the unauthorized trading incident that occurred in the Investment Bank and was announced in September 2011. The lawsuit was filed on behalf of parties who purchased publicly traded UBS securities on any US exchange, or where title passed within the US, during the period 17 November 2009 through 15 September 2011. In 2013, the district court granted UBS's motion to dismiss the complaint in its entirety. Plaintiffs have filed a notice of appeal.

#### 4. Madoff

In relation to the Bernard L. Madoff Investment Securities LLC ("**BMIS**") investment fraud, UBS AG, UBS (Luxembourg) SA and certain other UBS subsidiaries have been subject to inquiries by a number of regulators, including the Swiss Financial Market Supervisory Authority ("**FINMA**") and the Luxembourg Commission de Surveillance du Secteur Financier ("**CSSF**"). Those inquiries concerned two third-party funds established under Luxembourg law, substantially all assets of which were with BMIS, as well as certain funds established in offshore jurisdictions with either direct or indirect exposure to BMIS. These funds now face severe losses, and the Luxembourg funds are in liquidation. The last reported net asset value of the two Luxembourg funds before revelation of the Madoff scheme was approximately USD 1.7 billion in the aggregate, although that figure likely includes fictitious profit reported by BMIS. The documentation establishing both funds identifies UBS entities in various roles including custodian, administrator, manager, distributor and promoter, and indicates that UBS employees serve as board members. UBS (Luxembourg) SA and certain other UBS subsidiaries are responding to inquiries by Luxembourg investigating authorities, without however being named as parties in those investigations. In 2009 and 2010, the liquidators of the two Luxembourg funds filed claims on behalf of the funds against UBS entities, non-UBS entities and certain individuals including current and former UBS employees. The amounts claimed are approximately EUR 890 million and EUR 305 million, respectively. The liquidators have filed supplementary claims for amounts that the funds may possibly be held liable to pay the BMIS Trustee. These amounts claimed by the liquidator are approximately EUR 564 million and EUR 370 million, respectively. In addition, a large number of alleged beneficiaries have filed claims against UBS entities (and non-UBS entities) for purported losses relating to the Madoff scheme. The majority of these cases are pending in Luxembourg, where appeals have been filed by the claimants against the 2010 decisions of the court in which the claims in a number of test cases were held to be inadmissible. In the US, the BMIS Trustee has filed claims against UBS entities, among others, in relation to the two Luxembourg funds and one of the offshore funds. A claim was filed in 2010 against 23 defendants, including UBS entities, the Luxembourg and offshore funds concerned and various individuals, including current and former UBS employees. The total amount claimed against all defendants in this action was not less than USD 2 billion. A second claim was filed in 2010 against 16 defendants including UBS entities and the Luxembourg fund concerned. The total amount claimed against all defendants was not less than USD 555 million. Following a motion by UBS, in 2011 the District Court dismissed all of the BMIS Trustee's claims other than claims for recovery of fraudulent conveyances and preference payments that were allegedly transferred to UBS on the ground that the BMIS Trustee lacks standing to bring such claims. In 2013, the Second Circuit Court of Appeals rejected the BMIS Trustee's appeal against that ruling and upheld the District Court's decision. The BMIS Trustee has sought leave to appeal to the US Supreme Court, which has invited the Solicitor General of the United States to file a brief expressing the views of the United States as to whether review should be granted. In Germany, certain clients of UBS are exposed to Madoff-managed positions through third-party funds and funds administered by UBS entities in Germany. A small number of claims have been filed with respect to such funds.

#### 5. Transactions with Italian public sector entities

A number of transactions that UBS Limited and UBS AG respectively entered into with public sector entity counterparties in Italy have been called into question or become the subject of legal proceedings and claims for damages and other awards. In Milan, in 2012, civil claims brought by the City of Milan against UBS Limited, UBS Italia SIM Spa and three other international banks in relation to a 2005 bond issue and associated derivatives

transactions entered into with Milan between 2005 and 2007 were settled without admission of liability. In 2012, the criminal court in Milan issued a judgment convicting two current UBS employees and one former employee, together with employees from the three other banks, of fraud against a public entity in relation to the same bond issue and the execution, and subsequent restructuring, of the related derivative transactions. In the same proceedings, the Milan criminal court also found UBS Limited and three other banks liable for the administrative offense of failing to have in place a business organizational model capable of preventing the criminal offenses of which its employees were convicted. The sanctions against UBS Limited, which are not effective until appeals are exhausted, are confiscation of the alleged level of profit flowing from the criminal findings (EUR 16.6 million), a fine in respect of the finding of the administrative offense (EUR 1 million) and payment of legal fees. UBS's balance sheet at 31 March 2014 reflected a provision in the amount of EUR 17.7 million for this potential exposure. UBS Limited and the individuals appealed that judgment, and in March 2014, the Milan Court of Appeal handed down its judgment in short form. It overturned all findings of liability against UBS Limited and convictions of the UBS individuals and acquitted them, stating that the conduct did not occur. The court indicated that it would issue a full judgment including the reasons for its rulings within 90 days. The appellate prosecutor has until July 21, 2014 to decide whether to pursue a further appeal to the Court of Cassation in Rome..

Derivative transactions with the Regions of Calabria, Tuscany, Lombardy, Lazio and Campania, and the City of Florence have also been called into question or become the subject of legal proceedings and claims for damages and other awards. In 2012, UBS AG and UBS Limited settled all civil disputes with the Regions of Tuscany, Lombardy and Lazio without any admission of liability. In 2013, a settlement of all civil and administrative disputes was reached with the City of Florence. An oral agreement in principle was reached with the Region of Calabria subject to conditions which have not yet occurred. UBS's balance sheet at 31 March 2014 reflected a provision in connection with that oral agreement.

#### 6. Kommunale Wasserwerke Leipzig GmbH ("KWL")

In 2006 and 2007, KWL entered into a series of Credit Default Swap ("CDS") transactions with bank swap counterparties, including UBS. UBS also entered into back-to-back CDS transactions with the other counterparties, Depfa Bank plc ("Depfa") and Landesbank Baden-Württemberg ("LBBW"), in relation to their respective swaps with KWL. As a result of the KWL CDS transactions and the back-to-back CDS transactions with Depfa and LBBW, UBS is owed a total amount of approximately USD 319.8 million, plus interest, which remains unpaid. Specifically, under the CDS contracts between KWL and UBS, the last of which were terminated by UBS in 2010, a net sum of approximately USD 137.6 million, plus interest, has fallen due from KWL but not been paid.

In 2010, UBS issued proceedings in the English High Court against KWL seeking various declarations from the English court, in order to establish that the swap transactions between KWL and UBS are valid, binding and enforceable as against KWL and in respect of UBS's role as portfolio manager. UBS issued separate proceedings in the English High Court against Depfa and LBBW seeking declarations as to the parties' obligations under the back-to-back CDS transactions and monetary claims. UBS contends that it is owed USD 83.3 million, plus interest, by Depfa. UBS contends that it is owed EUR 75.5 million, plus interest, by LBBW. Depfa and LBBW are defending against the claims and have also issued counterclaims. Additionally, Depfa added a claim against KWL to the proceedings against it and KWL served a defense. The English court ruled in 2010 that it had jurisdiction and would hear the proceedings. UBS issued a further claim in the English proceeding seeking declarations concerning the validity of its early termination of the remaining CDS transactions with KWL and later added a monetary claim. Also, in 2010, KWL issued proceedings in Leipzig, Germany against UBS, Depfa and LBBW. The Leipzig court has also ruled that it is for the London court and not the Leipzig court to determine the validity and effect of a third party notice served by LBBW on UBS in the Leipzig proceedings.

In the English proceedings, KWL is defending against UBS's claims and has served a counterclaim which also joins UBS Limited and Depfa to the proceedings. As part of its assertions, KWL claims damages of at least USD 68 million in respect of UBS AG's termination of some of the CDS contracts, whilst disputing that any monies are owed to UBS AG pursuant to another CDS contract. UBS, UBS Limited and Depfa are defending against KWL's counterclaims, and Depfa has asserted additional claims against UBS and UBS Limited. Both KWL and Depfa have mutually

exclusive claims for payment of USD 32.6 million which has previously been paid by Depfa to UBS. Trial in the English proceedings began in April 2014 and is expected to run through July 2014.

In the proceedings brought by KWL against LBBW in Leipzig, in June 2013, the court ruled in LBBW's favor. KWL appealed against that ruling and the court is expected to make its first decision on the appeal by 30 May 2014.

UBS's balance sheet at 31 March 2014 reflected provisions with respect to matters described in this item 6 in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that UBS has recognized.

In 2011, the former managing director of KWL and two financial advisers were convicted in Leipzig, Germany, on criminal charges related to certain KWL transactions, including swap transactions with UBS and other banks. Following further criminal proceedings brought against them in Dresden, Germany, relating to the same transactions, they were each convicted of embezzlement in 2013 and given longer sentences. All three have lodged appeals.

Since 2011, the SEC has been conducting an investigation focused on, among other things, the suitability of the KWL transactions, and information provided by UBS to KWL. UBS has provided documents and testimony to the SEC and is continuing to cooperate with the SEC.

## 7. Puerto Rico

Declines in Puerto Rico municipal bond and closed-end fund prices since August 2013 have led to multiple regulatory inquiries, as well as customer complaints and arbitrations with aggregate claimed damages exceeding USD 300 million filed by clients in Puerto Rico who own those securities. A shareholder derivative action also was filed in February 2014 against various UBS entities and current and certain former directors of the closed-end funds, alleging hundreds of millions in losses in the funds. An internal review also disclosed that certain clients, many of whom acted at the recommendation of one financial advisor, invested proceeds of non-purpose loans in closed-end fund securities in contravention of their loan agreements.

In 2011, a purported derivative action was filed on behalf of the Employee Retirement System of the Commonwealth of Puerto Rico ("**System**") against over 40 defendants, including UBS Financial Services Inc. of Puerto Rico ("**UBS PR**") and other consultants and underwriters, trustees of the System, and the President and Board of the Government Development Bank of Puerto Rico. The plaintiffs alleged that defendants violated their purported fiduciary duties and contractual obligations in connection with the issuance and underwriting of approximately USD 3 billion of bonds by the System in 2008 and sought damages of over USD 800 million. UBS is named in connection with its underwriting and consulting services. In 2013, the case was dismissed by the Puerto Rico Court of First Instance on the grounds that plaintiffs did not have standing to bring the claim. That dismissal was subsequently overturned by the Puerto Rico Court of Appeals. In February 2014, UBS's petition for appeal was denied by the Supreme Court of Puerto Rico, and UBS filed motions for reconsideration. Also, in 2013, an SEC Administrative Law Judge dismissed a case brought by the SEC against two UBS executives, finding no violations. The charges had stemmed from the SEC's investigation of UBS's sale of closed-end funds in 2008 and 2009, which UBS settled in 2012.

UBS's balance sheet at 31 March 2014 reflected provisions with respect to matters described in this item 7 in amounts that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provisions that UBS has recognized.

## 8. Foreign exchange, LIBOR, and benchmark rates

*Foreign exchange-related regulatory matters:* Following an initial media report in 2013 of widespread irregularities in the foreign exchange markets, UBS immediately commenced an internal review of its foreign exchange business, which includes UBS's precious metal business. Since then, various authorities reportedly have commenced investigations concerning possible manipulation of foreign exchange markets, including FINMA, the Swiss Competition Commission ("WEKO"), the US Department of Justice ("DOJ"), the US Commodity Futures Trading Commission ("CFTC"), the UK Financial Conduct Authority ("FCA") (to which certain responsibilities of the UK Financial Services Authority ("FSA") have passed) and the Hong Kong Monetary Authority ("HKMA"). WEKO stated in March 2014 that it had reason to believe that certain banks may have colluded to manipulate foreign exchange rates. A number of authorities also reportedly are investigating potential manipulation of precious metal prices. UBS and other financial institutions have received requests from various authorities relating to their foreign exchange businesses, and UBS is cooperating with the authorities. UBS has taken and will take appropriate action with respect to certain personnel as a result of its ongoing review.

*Foreign exchange-related civil litigation:* Several putative class actions have been filed since November 2013 in US federal courts against UBS and other banks. These actions are on behalf of putative classes of persons who engaged in foreign currency transactions. They allege collusion by the defendants and assert claims under the antitrust laws and for unjust enrichment. The defendants (including UBS) have not yet filed responsive pleadings.

*LIBOR and other benchmark-related regulatory matters:* Numerous government agencies, including the SEC, the CFTC, the DOJ, the FCA, the UK Serious Fraud Office ("SFO"), the Monetary Authority of Singapore ("MAS"), the HKMA, FINMA, the various state attorneys general in the US, and competition authorities in various jurisdictions have conducted or are continuing to conduct investigations regarding submissions with respect to British Bankers' Association LIBOR (London Interbank Offered Rate) and other benchmark rates, including HIBOR (Hong Kong Interbank Offered Rate) and ISDAFIX.. These investigations focus on whether there were improper attempts by UBS (among others), either acting on its own or together with others, to manipulate LIBOR and other benchmark rates at certain times.

In 2012, UBS reached settlements with the FSA, the CFTC and the Criminal Division of the DOJ in connection with their investigations of benchmark interest rates. At the same time FINMA issued an order concluding its formal proceedings with respect to UBS relating to benchmark interest rates. UBS has paid a total of approximately CHF 1.4 billion in fines and disgorgement – including GBP 160 million in fines to the FSA, USD 700 million in fines to the CFTC, and CHF 59 million in disgorgement to FINMA. Under a non-prosecution agreement ("NPA") that UBS entered into with the DOJ, UBS has agreed to pay a fine of USD 500 million. Pursuant to a separate plea agreement between the DOJ and UBS Securities Japan Co. Ltd. ("UBSSJ"), UBSSJ entered a plea to one count of wire fraud relating to the manipulation of certain benchmark interest rates, including Yen LIBOR. The NPA, which (along with the plea agreement) covered conduct beyond the scope of the conditional leniency / immunity grants described below, required UBS to pay the USD 500 million fine to DOJ after the sentencing of UBSSJ, and provided that any criminal penalties imposed on UBSSJ at sentencing be deducted from the USD 500 million fine. At the sentencing hearing held in 2013, the court approved the proposed plea agreement and imposed a USD 100 million fine against UBSSJ, as agreed to by the DOJ and UBSSJ under the plea agreement. Since the sentencing, UBS has paid a fine of USD 400 million to the DOJ, and UBSSJ has paid the USD 100 million fine imposed by the sentencing court. The conduct described in the various settlements and the FINMA order includes certain UBS personnel: engaging in efforts to manipulate submissions for certain benchmark rates to benefit trading positions; colluding with employees at other banks and cash brokers to influence certain benchmark rates to benefit their trading positions; and giving inappropriate directions to UBS submitters that were in part motivated by a desire to avoid unfair and negative market and media perceptions during the financial crisis. The benchmark interest rates encompassed by one or more of these resolutions include Yen LIBOR, GBP LIBOR, CHF LIBOR, Euro LIBOR, USD LIBOR, EURIBOR (Euro Interbank Offered Rate) and Euroyen TIBOR (Tokyo Interbank Offered Rate). UBS has ongoing obligations to cooperate with authorities with which it has reached resolutions and to undertake certain remediation with respect to benchmark interest rate submissions. In addition, under the NPA, UBS has agreed, among other things, that for

two years from 18 December 2012 UBS will not commit any US crime, and it will advise DOJ of any potentially criminal conduct by UBS or any of its employees relating to violations of US laws concerning fraud or securities and commodities markets. Any failure to comply with these obligations could result in termination of the NPA and potential criminal prosecution in relation to the matters covered by the NPA. Investigations by the CFTC and other government authorities remain ongoing notwithstanding these resolutions.

UBS has been granted conditional leniency or conditional immunity from authorities in certain jurisdictions, including the Antitrust Division of the DOJ and the Swiss Competition Commission ("**WEKO**"), in connection with potential antitrust or competition law violations related to submissions for Yen LIBOR and Euroyen TIBOR. WEKO has also granted UBS conditional immunity in connection with potential competition law violations related to submissions for Swiss franc LIBOR and certain transactions related to Swiss franc LIBOR. The Canadian Competition Bureau ("**Bureau**") had granted UBS conditional immunity in connection with potential competition law violations related to submissions for Yen LIBOR, but in January 2014, the Bureau announced the discontinuation of its investigation into Yen LIBOR for lack of sufficient evidence to justify prosecution under applicable laws. As a result of these conditional grants, UBS will not be subject to prosecutions, fines or other sanctions for antitrust or competition law violations in the jurisdictions where it has conditional immunity or leniency in connection with the matters covered by the conditional grants, subject to its continuing cooperation. However, the conditional leniency and conditional immunity grants UBS has received do not bar government agencies from asserting other claims and imposing sanctions against UBS, as evidenced by the settlements and ongoing investigations referred to above. In addition, as a result of the conditional leniency agreement with the DOJ, UBS is eligible for a limit on liability to actual rather than treble damages were damages to be awarded in any civil antitrust action under US law based on conduct covered by the agreement and for relief from potential joint and several liability in connection with such civil antitrust action, subject to UBS satisfying the DOJ and the court presiding over the civil litigation of its cooperation. The conditional leniency and conditional immunity grants do not otherwise affect the ability of private parties to assert civil claims against UBS.

In 2013, the European Commission ("**EC**") announced a decision adopted in the Commission's Yen Interest Rate Derivatives ("**YIRD**") investigation, under which UBS has received full immunity from fines for disclosing to the Commission the existence of infringements relating to YIRD.

In 2013, the MAS announced the results of its investigation of benchmark submissions by 20 banks, including UBS. The investigation related to various benchmark submissions, including the Singapore Interbank Offered Rates and the Swap Offered Rates, and covered the period from 2007 to 2011. The MAS found deficiencies in the governance, risk management, internal controls and surveillance systems for the banks' benchmark submission processes and directed the banks to correct the deficiencies and set aside additional statutory reserves with MAS at zero interest for one year. The MAS also announced proposed changes to its regulatory framework for financial benchmarks that are designed to enhance the integrity of the process for setting benchmarks.

In 2013, UBS entered into an enforceable undertaking in relation to an investigation by the Australian Securities and Investments Commission ("**ASIC**") into conduct relating to Australian Bank Bill Swap Rate ("**BBSW**") submissions. An independent expert engaged by UBS at ASIC's request concluded that, to the extent there may have been any impact of such conduct on the market as a whole, it would have been insignificant. The enforceable undertaking requires UBS to ensure that its participation in relation to the setting of Australian interest rate benchmarks upholds the integrity and reliability of those benchmarks and is in accordance with its obligations under the CFTC order. UBS also agreed to make a voluntary contribution of AUD 1 million to fund independent financial literacy projects in Australia. ASIC has the power to investigate, conduct further surveillance or pursue criminal prosecution of UBS or its representatives in relation to any contravention. ASIC acknowledged UBS's cooperation and the fact that it was the first bank to report this conduct to it. ASIC's inquiries in relation to the BBSW rate set are ongoing.

In March 2014, the HKMA announced the conclusion of its investigations into the fixing of HIBOR. The HKMA found that some UBS traders made change requests to the UBS HIBOR submitter between September 2006 and June 2009, but said they had "negligible impact" on the actual outcome of the HIBOR fixing. The HKMA found no evidence of collusion among the banks to rig the rate. The HKMA also found that UBS failed to report to the HKMA the misconduct of its staff in relation to HIBOR submissions and further found material weaknesses in UBS's internal controls and governance in managing the HIBOR submission process and in other areas. UBS ceased to be a HIBOR panel bank in 2010. The HKMA has required that UBS make improvements in its processes.

In 2011, the Japan Financial Services Agency ("JFSA") commenced administrative actions and issued orders against UBS Securities Japan Ltd ("UBS Securities Japan") and UBS AG, Tokyo Branch in connection with their investigation of Yen LIBOR and Euroyen TIBOR. These actions were based on findings by the Japan Securities and Exchange Surveillance Commission ("SESC"), and, in the case of UBS AG, Tokyo Branch, the JFSA, that a former UBS Securities Japan trader engaged in inappropriate conduct relating to Euroyen TIBOR and Yen LIBOR, including approaching UBS AG, Tokyo Branch, and other banks to ask them to submit TIBOR rates taking into account requests from the trader for the purpose of benefiting trading positions.

*LIBOR and other benchmark-related civil litigation:* A number of putative class actions and other actions are pending in, or expected to be transferred to, the federal courts in New York against UBS and numerous other banks on behalf of parties who transacted in certain interest rate benchmark-based derivatives linked directly or indirectly to US dollar LIBOR, Yen LIBOR, Euroyen TIBOR and EURIBOR. Also pending are actions asserting losses related to various products whose interest rate was linked to US dollar LIBOR, including adjustable rate mortgages, preferred and debt securities, bonds pledged as collateral, loans, depository accounts, investments and other interest bearing instruments. All of the complaints allege manipulation, through various means, of various benchmark interest rates, including LIBOR, Euroyen TIBOR or EURIBOR rates and seek unspecified compensatory and other damages, including treble and punitive damages, under varying legal theories that include violations of the US Commodity Exchange Act, the federal racketeering statute, federal and state antitrust and securities laws and other state laws. In 2013, a federal court in New York dismissed the federal antitrust and racketeering claims of certain US dollar LIBOR plaintiffs and a portion of their claims brought under the Commodity Exchange Act ("CEA") and state common law. The same court subsequently denied the parties' requests for reconsideration and plaintiffs' motion for interlocutory appeal and to amend the complaints to include additional antitrust and CEA allegations. It granted certain plaintiffs permission to assert claims for unjust enrichment and breach of contract. Motions to dismiss these unjust enrichment and breach of contract claims are pending, as is a renewed motion to dismiss by UBS and other defendants that seeks dismissal of further CEA claims. Certain plaintiffs have also appealed the dismissal of their antitrust claims, but the appellate court denied these appeals as premature, without prejudice to bringing the appeals again after final disposition of the LIBOR actions. UBS and other defendants in other lawsuits including the one related to Euroyen TIBOR have filed motions to dismiss. In March 2014, the court in the Euroyen TIBOR lawsuit dismissed the plaintiff's federal antitrust and state unfair enrichment claims, and dismissed a portion of the plaintiff's CEA claims.

With respect to additional matters and jurisdictions not encompassed by the settlements and order referred to above, UBS's balance sheet at 31 March 2014 reflected a provision of an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that UBS has recognized.

#### 9. Swiss retrocessions

The Swiss Supreme Court ruled in 2012, in a test case against UBS, that distribution fees paid to a bank for distributing third party and intra-group investment funds and structured products must be disclosed and surrendered to clients who have entered into a discretionary mandate agreement with the bank, absent a valid waiver.

FINMA has issued a supervisory note to all Swiss banks in response to the Supreme Court decision. The note sets forth the measures Swiss banks are to adopt, which include informing all affected clients about the Supreme Court decision and directing them to an internal bank contact for further details. UBS has met the FINMA requirements and has notified all potentially affected clients.

It is expected that the Supreme Court decision will result in a significant number of client requests for UBS to disclose and potentially surrender retrocessions. Client requests are being assessed on a case-by-case basis. Considerations to be taken into account when assessing these cases include, among others, the existence of a discretionary mandate and whether or not the client documentation contained a valid waiver with respect to distribution fees.

UBS's balance sheet at 31 March 2014 reflected a provision with respect to matters described in this item 9 in an amount that UBS believes to be appropriate under the applicable accounting standard. The ultimate exposure will depend on client requests and the resolution thereof, factors that are difficult to predict and assess. Hence as in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that UBS has recognized.

#### 10. Banco UBS Pactual tax indemnity

Pursuant to the 2009 sale of Banco UBS Pactual S.A. ("**Pactual**") by UBS to BTG Investments, LP ("**BTG**"), BTG has submitted contractual indemnification claims that UBS estimates amount to approximately BRL 2.5 billion, including interest and penalties, which is net of liabilities retained by BTG. The claims pertain principally to several tax assessments issued by the Brazilian tax authorities against Pactual relating to the period from December 2006 through March 2009, when UBS owned Pactual. These assessments are being or will be challenged in administrative proceedings. BTG has also provided notice to UBS of several additional Pactual-related inquiries by the Brazilian tax authorities that relate to the period of UBS's ownership of Pactual, but involving substantially smaller amounts. In 2013, approximately BRL 128 million in tax claims relating to the period for which UBS has indemnification obligations were submitted for settlement through amnesty programs announced by the Brazilian government in 2013.

UBS's balance sheet at 31 March 2014 reflected a provision with respect to matters described in this item 10 in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of this matter cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that UBS has recognized.

#### 11. Matters relating to the CDS market

In 2013 the EC issued a Statement of Objections against thirteen credit default swap ("**CDS**") dealers including UBS, as well as data service provider Markit and the International Swaps and Derivatives Association ("**ISDA**"). The Statement of Objections broadly alleges that the dealers infringed EU antitrust rules by colluding to prevent exchanges from entering the credit derivatives market between 2006 and 2009. UBS has submitted its response to the Statement of Objections. Since mid-2009, the Antitrust Division of the DOJ has also been investigating whether multiple dealers, including UBS, conspired with each other and with Markit to restrain competition in the markets for CDS trading, clearing and other services. In January and April 2014, putative class action plaintiffs filed consolidated amended complaints in the Southern District of New York against twelve dealers, including UBS, as well as Markit and ISDA, alleging violations of the US Sherman Antitrust Act and common law. Plaintiffs allege that the defendants unlawfully conspired to restrain competition in and / or monopolize the market for CDS trading in the US in order to protect the dealers' profits from trading CDS in the over-the-counter market. Plaintiffs assert claims on behalf of all purchasers and sellers of CDS that transacted directly with any of the dealer defendants since 1 January 2008, and seek unspecified trebled compensatory damages and other relief.

#### 12. Lehman principal protection notes

From March 2007 through September 2008, UBS Financial Services Inc. ("**UBSFS**") sold approximately USD 1 billion face amount of structured notes issued by Lehman Brothers Holdings Inc. ("**Lehman**"), a majority of which were referred to as "principal protection notes," reflecting the fact that while the notes' return was in some manner linked to market indices or other measures, some or all of the investor's principal was an unconditional obligation of Lehman as issuer of the notes. Based on its role as an underwriter of Lehman structured notes, UBSFS was named as a defendant in a putative class action asserting violations of disclosure provisions of the federal securities laws. In August 2013, UBSFS agreed to a proposed USD 120 million settlement of the case, which was approved by the Court in December 2013. Previously, certain of the other underwriter defendants and the former officers and directors of Lehman reached separate settlements regarding the same case. UBSFS also has been named in

numerous individual civil suits and customer arbitrations, a small number of which were pending as of 31 March 2014. The individual customer claims, some of which have resulted in awards payable by UBSFS, relate primarily to whether UBSFS adequately disclosed the risks of these notes to its customers.

Besides the proceedings specified above under (1) through (12) no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which UBS AG is aware) which may have, or have had in the recent past, significant effects on UBS AG's and/or UBS Group's financial position or profitability, are or have been pending during the last twelve months until the date of this document, nor is the Issuer aware that any such governmental, legal or arbitration proceedings are threatened.

#### **I. Significant Changes in the Financial or Trading Position; Material Adverse Change in Prospects**

There has been no significant change in the financial or trading position of UBS Group or of UBS AG since 31 March 2014.

There has been no material adverse change in the prospects of UBS AG or UBS Group since 31 December 2013.

#### **II. Material Contracts**

No material contracts have been concluded outside of the ordinary course of of UBS AG's or UBS Group's business, which could result in any member of the UBS Group being under an obligation or entitlement that is material to UBS AG's ability to meet its obligations to the investors in relation to the issued securities.

#### **III. Statutory Auditors**

Based on article 39 of the Articles of Association of UBS AG dated 7 May 2014 ("**Articles of Association**"), UBS AG shareholders elect the auditors for a term of office of one year. At the Annual General Meeting of shareholders of UBS ("**AGM**") on 3 May 2012, 2 May 2013 and 7 May 2014, Ernst & Young Ltd., Aeschengraben 9, CH-4002 Basel ("**Ernst & Young**") were elected as auditors for the financial statements of UBS AG and the consolidated financial statements of the UBS Group for a one-year term.

Ernst & Young is a member of the Swiss Institute of Certified Accountants and Tax Consultants based in Zurich, Switzerland.

## **H. SUBSCRIPTION AND SALE**

### **1. Issue and Sale**

It has been agreed that, on or after the respective Issue Date of the Securities, as specified in the relevant Final Terms the Manager (being, at the date of the Base Prospectus, UBS AG, when acting through its Jersey branch, UBS AG, Jersey Branch, and, when acting through its London branch, UBS AG, London Branch, and UBS Limited in its capacity as a Manager) shall underwrite the Securities by means of an underwriting agreement and shall place them for sale under terms subject to change in the Public Offer Jurisdiction and during the period, if any, specified for these purposes in the applicable Final Terms. The Securities will be offered on a continuous basis by the Issuer to the relevant Manager and may be resold by the relevant Manager.

### **2. Selling Restrictions**

#### **General**

The Manager has represented and agreed (and each additional Manager will be required to represent and agree) that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Securities or possesses or distributes the Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any Manager shall have any responsibility therefore. Neither the Issuer nor the Manager has represented that Securities may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or has assumed any responsibility for facilitating such sale. The relevant Manager will be required to comply with such other additional restrictions as the relevant Issuer and the relevant Manager shall agree and as shall be set out in the applicable Final Terms.

#### **United States of America**

The Securities have not been registered and will not be registered under the United States Securities Act of 1933, as amended, (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the United States. Trading in the Securities has not been approved by the U.S. Commodity Futures Trading Commission under the U.S. Commodity Exchange Act of 1936, as amended (the "**Commodity Exchange Act**") or by the United States Securities and Exchange Commission. The Securities (or any rights thereunder) will be offered only outside of the United States and only to persons that are not U.S. persons as defined in Regulation S of the Securities Act.

Securities in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

The Manager has represented and agreed (and each additional Manager will be required to represent and agree) that, except as permitted, it has not offered, sold or delivered, and will not offer, sell or deliver, Securities of any Series (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the date of issue of the relevant Series of Securities and the completion of the distribution of such Series as certified to the Principal Paying Agent or the Issuer by the relevant Manager within the United States or to, or for the account or of benefit of, U.S. persons, and that it will have sent to each Manager to which it sells Securities of such Series during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of such Securities within the United States or to, or for the account of benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of any Series of Securities an offer or sale of Securities of such Series within the United States by a Manager (whether or not participating in the offering of such Securities) may violate the registration requirements of the Securities Act.

Each issuance of Securities linked to currency exchange rates, commodities or precious metals as the Underlying or a Basket Component, as the case may be, shall be subject to such additional U. S. selling restrictions as the Issuer and the relevant Manager(s) will agree as a term of the issuance and purchase or, as the case maybe, subscription of such Securities. Any Manager will be required to agree that it will offer, sell and deliver such Securities only in compliance with such additional U. S. selling restrictions.

### European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Manager has represented and agreed, and each further Manager appointed under the Base Prospectus will be required to 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 Securities which are the subject of the offering contemplated by the Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Securities to the public in that Relevant Member State:

- (a) *Approved prospectus* if the final terms in relation to the Securities specify that an offer of those Securities may be made other than pursuant to Article 3 (2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, **provided that** any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) *Fewer than 100 offerees*: at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Manager or Managers nominated by the Issuer for any such offer; or
- (d) *Other exempt offers*: at any time in any other circumstances falling within Article 3 (2) of the Prospectus Directive,

provided that no such offer of Securities referred to in (b) to (d) above shall require the Issuer or any Manager 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 "offer of Securities to the public" in relation to any Securities 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 Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

### Selling restriction addressing additional securities laws of the Kingdom of Denmark

Each Manager has represented and agreed (and each additional Manager will be required to represent and agree) that it has not offered or sold and will not offer, sell or deliver any of the Securities directly or indirectly in the Kingdom of Denmark by way of public offering, unless in compliance with the Danish Securities Trading Act etc. (*Lov om værdipapirhandel m.v.*), as amended from time to time, and any Executive Orders as amended from time to time issued pursuant thereto.

**Selling restriction addressing additional securities laws of Finland**

Each Manager has represented and agreed (and each additional Manager will be required to represent and agree) that it will not publicly offer the Securities or bring the Securities into general circulation in Finland other than in compliance with all applicable provisions of the laws of Finland and especially in compliance with the Finnish Securities Market Act (746/2012) and any regulation or rule made thereunder, as supplemented and amended from time to time.

**Selling restriction addressing additional securities laws of Sweden**

Each Manager has represented and agreed (and each additional Manager will be required to represent and agree) that it will not publicly offer the Securities or bring the Securities into general circulation in Sweden other than in compliance with all applicable provisions of the laws of Sweden and especially in compliance with the Financial Instruments Trading Act (1991:980) and any regulation or rule made thereunder, as supplemented and amended from time to time.

**Selling restriction addressing additional securities laws of Norway**

Each Manager has represented and agreed (and each additional Manager will be required to represent and agree) that it will not market or publicly offer the Securities or bring the Securities into general circulation in Sweden other than in compliance with all applicable provisions of the laws of Norway and especially in compliance with the Securities Trading Act of 29 June 2007 no. 75 (*Lov om verdipapirhandel*) and any regulation or rule made thereunder, as supplemented and amended from time to time.

## I. TAXATION

The following is a general description of certain tax considerations relating to the EU Savings Tax Directive and to the taxation of Securities in Sweden, Denmark, Finland and Norway. It does not purport to be a complete analysis of all tax considerations relating to the Securities, whether in those countries or elsewhere. **Prospective purchasers of Securities should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Securities and receiving payments of interest, principal and/or other amounts under the Securities and the consequences of such actions under the tax laws of those countries.** This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

**The Issuer does not assume any responsibility for the withholding of taxes at the source.**

### 1. EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rate of meanwhile 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. Belgium has replaced this withholding tax with a regime of exchange of information to the Member State of residence as from 1 January 2010.

A number of non-EU countries including Switzerland, Andorra, Liechtenstein, Monaco and San Marino, and certain dependent or associated territories of certain Member States including Jersey, Guernsey, Isle of Man, Montserrat, British Virgin Islands, Netherlands Antilles, Aruba, Anguilla, Cayman Islands, Turks and Caicos Islands, Bermuda and Gibraltar, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the EU Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

### 2. Taxation in Sweden

The following discussion is a summary of certain material Swedish tax considerations relating to (i) Securities issued by any of the Issuers where the Holder is tax resident in Sweden or has a tax presence in Sweden or (ii) Securities where the Paying Agent or custodian is located in Sweden. This summary of certain tax issues that may arise as a result of holding Securities is based on current Swedish tax legislation and is intended only as general information for Holders of Securities who are resident or domiciled in Sweden for tax purposes, unless otherwise stated. This description does not deal comprehensively with all tax consequences that may occur for Holders of Securities, nor does it cover the specific rules where Securities are held by a partnership or are held as current assets in a business operation. The summary does, moreover, not cover Securities held on a so-called investment savings account (Sw: *investeringsparkonto*). Special tax consequences that are not described below may also apply for certain categories of taxpayers, including investment companies and life insurance companies. It is recommended that potential investors in Securities consult their own tax advisers

for information with respect to the special tax consequences that may arise as a result of holding Securities, including the applicability and effect of foreign income tax rules, provisions contained in double taxation treaties and other rules which may be applicable.

### **Withholding of tax**

There is no Swedish withholding tax (*källskatt*) applicable on payments made by the Issuer in respect of the Securities. Sweden operates a system of preliminary tax (*preliminärskatt*) to secure payment of taxes. In the context of the Securities a preliminary tax of 30 per cent. will be deducted from all payments treated as interest in respect of the Securities made to any individuals or estates that are resident in Sweden for tax purposes provided the paying entity is tax resident in Sweden and subject to reporting obligations. A preliminary tax of 30 per cent. will also be deducted from any other payments in respect of the Securities not treated as capital gains, if such payments are paid out together with payments treated as interest. Depending on the relevant Holder's overall tax liability for the relevant fiscal year the preliminary tax may contribute towards, equal or exceed the Holder's overall tax liability with any balance subsequently to be paid by or to the relevant Holder, as applicable.

### **Taxation of individuals resident in Sweden**

#### **Income from capital category**

For individuals and estates of deceased Swedish individuals capital gains, interest payments, dividends and other income derived from the holding of an asset should be reported as income from capital category.

#### **Capital gains and losses**

Individuals and estates of deceased Swedish individuals, who sell their Securities, are subject to capital gains taxation. The current tax rate is 30 per cent. of the gain. The capital gain or loss is equal to the difference between the sales proceeds after deduction of sales costs and the acquisition cost of the Securities. The acquisition cost is calculated according to the so-called average method. This means that the costs of acquiring all Securities of the same type and class are added together and calculated collectively, with respect to changes to the holding. Optionally, the so-called standard rule under which the acquisition cost is deemed to be the equivalent of 20 per cent. of the net sales price may be applied on the disposal of listed Securities (except for options and forward contracts) that are taxed in the same manner as shares. A Security should be regarded as listed for Swedish tax purposes if it is listed on the Official List and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange, the London Stock Exchange, the Irish Stock Exchange or any other foreign market that is considered to be a stock exchange under Swedish tax law.

As a main rule, 70 per cent. of a capital loss is deductible against any other taxable income derived from capital.

Capital losses on listed Securities that are taxed in the same manner as shares, are, however, fully deductible against taxable capital gains on such assets or capital gains on listed as well as non-listed shares in Swedish limited liability companies and foreign legal entities. Any excess amount is deductible at 70 per cent., according to the main rule.

Capital losses on listed Securities qualifying as Swedish receivables (i.e. denominated in SEK) are currently fully deductible in the capital income category. Moreover, under EC law receivables denominated in foreign currency are also fully deductible.

If a deficit arises in the income from capital category, a reduction of the tax on income from employment and from business, as well as the tax on real estate, is allowed. The tax reduction allowed amounts to 30 per cent. of any deficit not exceeding SEK 100,000 and 21 per cent. of any deficit in excess of SEK 100,000. Deficits may not be carried forward to a subsequent fiscal year.

#### **Interest**

Interest as well as other income derived from the holding of an asset is subject to tax at a rate of 30 per cent. The tax liability arises when the interest (or other income) is actually paid, in accordance with the so-called cash method.

## Classification of various notes and return on such notes for tax purposes

### *Zero-coupon bonds*

No formal interest accrues on zero-coupon bonds.

The profit from a redemption of a zero-coupon bond is regarded as interest, subject to tax at the time of redemption. However, the appreciation in value is regarded as interest compensation, should the zero-coupon bond be disposed of prior to maturity. If there is a loss on the bond, this is deductible as a capital loss in accordance with the principles referred to above.

### *FX linked notes*

FX linked notes constitute receivables and are taxed as such under the capital income category. An appreciation or depreciation in value is recognised at disposal or redemption as a capital gain or loss in accordance with the principles referred to above.

### *Commodity linked notes*

Commodity linked notes constitute receivables and are taxed as such under the capital income category. An appreciation or depreciation in value is recognised at disposal or redemption as a capital gain or loss in accordance with the principles referred to above.

### *Share linked notes*

Share linked notes constitute securities that are taxed in the same manner as shares.

Any fixed, guaranteed return is taxed as interest and does not form part of any capital gain. Floating payments that cannot be predicted (based on the performance of a Reference Asset, such as an index) are classified as capital gains or, if the payoff is provided before the note is sold, other income derived from the holding of an asset.

Upon disposal prior to maturity an annual guaranteed return shall be regarded as interest compensation. Any remaining amount shall be treated as capital gain or loss. The acquisition cost for the instrument is calculated to equal the difference between the price paid for the note and any interest compensation amount.

At redemption, a yearly guaranteed return is regarded as interest, whereas any remaining part of a yearly floating return shall be treated as other income derived from the holding of an asset. The remainder is taxed as a capital gain or loss.

### *Combination notes*

Combination notes are considered as receivables for tax purposes (i.e. not as notes taxed in the same manner as shares) if more than 50 per cent. of the return on the instrument derives from assets other than equity. The assessment is made at the time of the issue.

### *Classification of various securities for tax purposes*

Certificates and Warrants linked to equity (e.g. an equity index) are taxed in the same manner as shares provided that the return derives from equity.

Certificates and Warrants, whose underlying assets are related to claims in SEK, or to one or several interest indices, are treated as Swedish receivables. If the underlying assets are related to foreign currency or claims in foreign currency, or if the securities relate to one or several indices depending on foreign currency, the securities are treated as foreign receivables.

Commodity linked certificates and warrants should qualify as so-called "other assets".

Certificates and Warrants with a return deriving from a combination of equity and other assets, are taxed in the same manner as shares should more than 50 per cent. of the return on the security derive from equity. The assessment is made at the time of the issue.

### **Settlement and sale of call warrants**

#### *Cash settled warrants*

Capital gains taxation is triggered on exercise or sale or redemption of a cash settled warrant.

The acquisition cost is determined only according to the so-called "average method" described above. The standard rule does not apply. See also the section entitled "Individuals, Capital gains and losses" above.

If the cash settled warrant lapses, it is deemed sold for no cost, incurring a loss equal to the acquisition cost. A loss is deductible as set out above.

#### *Physical delivery warrants*

Taxation is not triggered on the exercise of a physical delivery warrant. Instead the sale of the underlying asset triggers capital gains taxation. The acquisition cost for the underlying asset equals the acquisition cost of the physical delivery warrant and the exercise price.

A sale or redemption of a physical delivery warrant triggers taxation. The acquisition cost is determined only according to the so-called "average method" described above. The standard rule does not apply. See also the section entitled "Capital gains and losses" above.

If the physical delivery warrant lapses, it is deemed sold for no cost, incurring a loss equal to the acquisition cost. A loss is deductible as set out above.

### **Settlement, sale and lapse of put warrants**

The following applies to both cash settled warrants and physical delivery warrants.

Taxation is triggered when the underlying asset is disposed of due to an exercise of a put warrant or on cash settlement. The capital gain or loss is calculated to equal the difference between the sales proceeds (the exercise price) after deduction for sales expenses and the acquisition cost of the underlying asset for tax purposes and according to the tax rules applicable to the relevant asset, or the difference between the cash settled sum and the acquisition cost for the warrant. This means that rules regarding disposal of shares will apply, if the relevant put warrant relates to such assets etc. In case of a physical delivery warrant, the acquisition cost of the warrant is added to the acquisition cost of the underlying asset at the capital gain assessment.

A sale or redemption of a put warrant triggers taxation. The rules concerning the acquisition cost, taxation of gains and the deductibility of capital losses are equal to those relating to call warrants and are described above. See the section entitled "Settlement and sale of call warrants, Cash settled warrants" above.

If the put warrant lapses, it is deemed sold for no cost, incurring a loss equal to the acquisition cost. A loss is deductible as set out above.

### **Settlement, sale and lapse of Certificates**

A cash settlement, including redemption, or a sale of a Certificate triggers capital gains taxation. A physical settlement of a Certificate is likely to trigger capital gains taxation as well. A capital loss realised upon settlement, including redemption, is deductible in accordance with the principles referred to above.

The acquisition cost is determined according to the so-called "average method" described above. See also the section entitled "Individuals, Capital gains and losses" above.

### **Stamp duty**

There is no stamp duty on the issuing, transfer or redemption of Securities in Sweden.

**Gift, Inheritance and Wealth taxes**

There is no gift, inheritance or wealth tax in Sweden.

**Taxation of Swedish legal entities**

Limited liability companies and other legal entities, except for estates of deceased Swedish individuals, are taxed on all income (including income from the sale of Securities) as income from business activities at a flat rate of 22 per cent. Regarding the calculation of a capital gain or loss and the acquisition cost, see "Taxation of individuals resident in Sweden" above. However, interest income as well as other income derived from the holding of an asset is taxed on an accruals basis.

Capital losses on Securities that are taxed in the same manner as shares (see further above) incurred by a corporate holder of a Security may only be offset against taxable capital gains on shares or such notes. Such capital losses may also, under certain circumstances, be deductible against capital gains on shares and Securities that are taxed in the same manner as shares within the same group of companies, provided the requirements for group contributions (tax consolidation) are met.

Capital losses on shares and Securities that are taxed in the same manner as shares which are not deducted against capital gains within a certain year may be carried forward and offset against taxable capital gains on shares and notes taxed in the same manner as shares in the future.

For limited liability companies and economic associations, capital gains on shares and certain share related rights held for business purposes are tax exempt. As a result, capital losses on shares and share related rights that are held for business purposes are not deductible. Securities under this offer are not treated as share related rights held for business purposes. However, a capital loss on the Securities is not deductible should the underlying assets, directly or indirectly, consist of shares or certain share related rights held for business purposes.

As mentioned above, there is no stamp duty on the issuing, transfer or redemption of Securities in Sweden.

**Taxation of non-residents in Sweden**

Holders of Securities who are not fiscally resident in Sweden and who are not carrying on business operations from a permanent establishment in Sweden are generally not liable for Swedish capital gains taxation on the disposal of Securities. The holders may, nevertheless, be subject to tax in their country of residence. However, as far as non-resident individuals are concerned, capital gains on the sale of certain Securities (such as securities taxed in the same manners as shares) may in some cases be subject to Swedish tax if the individual has been resident or permanently lived in Sweden at any time during the calendar year of the sale or any of the 10 preceding calendar years. This provision is, nevertheless, in many cases limited by tax treaties for the avoidance of double taxation, which Sweden has concluded with other countries.

**Swedish implementation of the EU Savings Tax Directive**

The EU Savings Tax Directive came into force on 1 July 2005. The EU Savings Tax Directive applies, amongst other matters, to payments of interest on debt claims of every kind made by a Paying Agent in an EU Member State for the benefit of individual investors resident in the EU.

In circumstances where the EU Savings Tax Directive applies, such a paying agent would be under an obligation to provide information to the tax authorities of the EU Member States in which individual investors reside. A paying agent for these purposes is any economic operator who pays interest to, or secures interest for the beneficial owner, and could in relation to the Programme include a broker effecting the sale of the Securities.

**3. Taxation in Denmark**

This section on taxation contains a brief summary of the Issuer's understanding with regards to certain important principles which are of significance in connection with the purchase, holding or sale of the Securities

in Denmark. This summary does not purport to exhaustively describe all possible tax aspects and does not deal with specific situations which may be of relevance for certain potential investors, neither in Denmark or other countries. The following comments are rather of a general nature and are not intended to be, nor should they be construed to be, legal or tax advice. This summary does not include tax consequences of each potential individual investor, for example investors engaged in securities brokerage, institutional investors, insurance companies, banks, stock brokers, etc. This summary is based on the current valid tax legislation, case law and regulations of the tax authorities, as well as their respective interpretation, all of which may be amended from time to time. Such amendments may possibly also be effected with retroactive effect and may negatively impact the tax consequences described. It is recommended that potential purchasers of the Securities consult with their legal and tax advisors as to the tax consequences of the purchase, holding or sale of the Securities and received interest, principal and/or other amounts paid as a result of the holding of the Securities. Tax risk resulting from the Securities shall in any case be borne by the purchaser. For the purposes of the following it is assumed that the Securities are legally and factually offered to an indefinite number of persons.

### General remarks

The Securities may take the form of notes, certificates or warrants.

*Notes and certificates* that are wholly or partly adjusted according to development in prices and other reference relevant to securities, commodities and other assets, provided that the development can be subject to a financial contract, are taxed as financial contracts. Certain exceptions apply with respect to notes and certificates adjusted according to the development of certain official indexes within the European Union.

*Warrants* are generally taxed as financial contracts.

Under Danish tax law, financial contracts are governed by the Danish Gains on Securities and Foreign Currency Act ("kursgevinstloven"). Basically, this entails that gains and losses on the financial contracts (including any premium paid or received) are taxed separately from the underlying asset.

Certain financial contracts, including rights to subscribe for, purchase or sell shares, are however excluded from the separate taxation under the Danish Gains on Securities and Foreign Currency Act and are taxed in accordance with the rules applying to shares. The Act does not apply with respect to a right to purchase or sell shares, provided:

- that the financial contract may only be exercised against the actual delivery of the underlying asset in question (and thus not settled on cash or otherwise);
- that the financial contract is not assigned, i.e. the parties to the financial contract agreement remain the same; and
- that no "reverse financial contracts" have been entered into.

The delivery requirement entails that the entire underlying asset is delivered at maturity. A net share settlement where the amount owed under the financial contract is fulfilled by delivery of the requisite number of shares does not therefore qualify as a "delivery".

A significant change to the contract made after conclusion and prior to maturity would be deemed an assignment. An extension at maturity or early unwinding could well be deemed a significant change.

"Reverse financial contracts" are defined as two (or more) contracts where a particular asset is purchased pursuant to one or more contracts and is subsequently sold by the same party pursuant to one or more contracts. From the preparatory work leading to the Act (1997) it may be derived that the crucial point is whether the same party holds both a put and call option. In the affirmative, the put and call are deemed reversed. If one party has a put option and the other a call option, this would not qualify as a reverse situation.

If the three conditions above are fulfilled, the financial contract is not taxed separately as a financial instrument but instead is taxed in connection with the taxation of the underlying asset.

From a tax perspective the Securities are in general believed to be classified as “financial contracts” and the tax treatment of Danish investors is governed by chapter 6 in the Danish Gains on Securities and Foreign Currency Act and the tax description thus assumes that this classification applies.

### **Withholding tax**

When the Issuer is not a Danish tax resident person, Denmark does not levy withholding tax on payments on the Securities.

### **Physical persons**

Gains and losses are in general taxed as capital income with a marginal tax rate of 42 % (2014).

The taxable income of the Securities is generally calculated on the basis of the “mark-to-market” principle (*lagerprincippet*), under which realized and unrealized gains and losses are calculated on an annual basis. Thus, a gain or a loss is calculated as the difference between the value of the Securities at the beginning and the end of the income year, beginning with the difference between the acquisition sum of the Securities and the value of Securities at the end of the same income year. Upon realisation of the Securities, i.e. redemption or disposal, the taxable income of that income year equals the difference between the value of the Securities at the beginning of the income year and the value of the Securities at realisation. If the Securities have been acquired and realised in the same income year, the taxable income equals the difference between the acquisition sum and the value at realisation.

Gains on the Securities are included in the taxable income of the year. Losses on the Securities may be offset against gains on financial contracts under the current year. Losses may also be offset against gains on financial contracts from previous years (at the earliest from 2002) in which no losses have been offset. Furthermore, losses may be offset against the spouse's gains on financial contracts under the income year. Losses in excess may be offset against gains on shares traded on a regulated market provided that the Security only entitles or obligates the security holder to purchase or sell shares or is based on a stock index. It is further provided that the contract, the underlying shares or the shares in the index are traded on a regulated market. Losses may also be offset against the spouse's gains of this kind. Furthermore, losses may be offset against the following years gains on financial contracts and also against gains on shares traded on a regulated market.

Individual investors who are subject to the special business tax regime (“Virksomhedsskatteordningen”) may invest in Securities in the form of notes and certificates as comprised by Section 29, subsection 3 of the Capital Gains Act within the said tax regime, see Section 1, subsection 2 of the Business Tax Regime Act (“Virksomhedsskatteloven”). Gains and losses on such notes and certificates that are deemed to have relation to the business are included when calculating the annual taxable income of the business. A gain or a loss is calculated according to the abovementioned rules. Income taxable as interest is taxed in the income year in which it accrues. Gains and interest that form part of an annual profit that remains within the tax regime, set out in Section 10, subsection 2 of the Business Tax Regime Act is subject to a provisional tax of 24.5 per cent (2014).

### **Limited liability companies**

Gains and losses on the Securities are in general taxable as business income with a tax rate of 24.5 % (2014).

The taxable income of the Securities is calculated on the basis of “mark-to-market” principle (*lagerprincippet*), under which realized and unrealized gains and losses are calculated on an annual basis. Thus, a gain or a loss is calculated as the difference between the value of the Securities at the beginning and the end of the income year, beginning with the difference between the acquisition sum of the Securities and the value of Securities at the end of the same income year. Upon realisation of the Securities, i.e. redemption or disposal, the taxable income of that income year equals the difference between the value of the Securities at the beginning of the income year and the value of the Securities at realisation. If the Securities have been acquired and realised in

the same income year, the taxable income equals the difference between the acquisition sum and the value at realisation.

Gains on the Securities are included in the taxable income of the year. Losses on the Securities may in general be offset in their entirety against the company's income from whatever source.

Deductions for losses are limited in terms of Securities that entitles or obligates the investor to sell (1) shares in a company in which the investor, or a company in the same group as the investor, holds at least 10 % of the shares or has a controlling interest by special definition, (2) shares that are not traded on a regulated market, (3) shares in the company that issued the Securities: and (4) shares in the investor. (1)-(4) also applies to Securities with stock index as underlying, in which aforementioned shares are included.

The abovementioned deduction limits for losses will not apply if the investor calculates gains and losses on the underlying shares on the basis of the "mark-to-market" principle.

*Pension funds and other investors/investments covered by the Danish Act on Taxation of Pension Returns (pensionafkastbætningsloven)*

The taxable income of the Securities is calculated on the basis of the "mark-to-market" principle (*lagerprincippet*), under which realized and unrealized gains and losses are calculated on an annual basis. Thus, a gain or a loss is calculated as the difference between the value of the Securities at the beginning and the end of the income year, beginning with the difference between the acquisition sum of the Securities and the value of Securities at the end of the same income year. Upon realisation of the Securities, i.e. redemption or disposal, the taxable income of that income year equals the difference between the value of the Securities at the beginning of the income year and the value of the Securities at realisation. If the Securities have been acquired and realised in the same income year, the taxable income equals the difference between the acquisition sum and the value at realisation.

Gains on the Securities are included in the taxable income of the year. Losses on the Securities may in general be offset in their entirety against the company's income from whatever source. The tax rate is 15,3 %.

#### **4. Taxation in Finland**

This section contains a brief summary of certain important Finnish tax consequences that may arise for potential investors of the Securities. The following summary does not describe all tax aspects which may be of relevance for potential investors. This summary does not include tax consequences that apply to physical persons that hold Securities as an asset in their own business activity. The summary does not either describe tax consequences for legal persons holding shares as current assets, financial assets or investment assets in their business.

Tax consequences of each individual investor depend on the specific circumstances in each case. It is recommended that potential investors consult with their fiscal and legal advisors regarding the tax consequences of each investment.

Tax laws, taxation practices and their interpretation are constantly under change, which changes may sometimes have a retroactive effect and may change the conclusions set out in the summary.

##### **General remarks**

Physical and legal persons who are tax resident in Finland are liable to pay taxes in Finland on incomes from both Finland and abroad. Credit for foreign taxes paid, if any on the same income, for the same time period, are generally available in accordance with applicable Finnish tax rules.

Physical and legal persons who are not tax resident in Finland are only liable to pay tax in Finland on income received from Finland unless otherwise provided by domestic law or an applicable tax treaty. Pursuant to tax treaties concluded by Finland capital gains for investors who are not tax resident in Finland are generally not

subject to tax upon realisation or redemption of the Securities, provided that the investor does not have a permanent establishment in Finland to which the securities are attributable.

Investors who are tax resident in Finland are obliged to declare their taxable income to the tax authorities at the latest in conjunction with the filing of their annual tax return.

### Physical Persons

In case law, the realisation of Securities that are not attributable to business activities are normally taxed under the capital gain rules. Any capital gain or loss is calculated by deducting the original acquisition cost (including the purchase price and costs) and sales related expenses from the sales price. Alternatively, physical persons and estates may, in lieu of applying the actual acquisition costs, choose to apply a so-called deemed acquisition cost, which is equal to 20 % of the sales price (or 40 % of the sales price of the Securities have been held for more than 10 years). If the deemed acquisition cost is used instead of the actual acquisition cost, any sales expenses are deemed to be included therein and may, therefore, not be deducted in addition to the deemed acquisition cost.

The aforementioned rules should also apply to the redemption of Securities, save as concerns certain Securities regarded as index-linked notes. A gain arising from the redemption (other than the realisation/disposal thereof) of Securities regarded as index-linked notes constitutes capital income, but is likely not to be treated as capital gain. Accordingly, whilst capital losses from other investments are deductible from capital gains realised upon disposal of the Securities in general, it is unlikely that capital losses from other investments would be deductible from any gain realised at the redemption of Securities regarded as index-linked notes.

With the above exceptions, capital losses resulting from the redemption or realisation of the Securities, may be offset against capital gains on realisation of assets during the same year or the following five years (but not against other capital income, such as interest and dividends received or other types of income). Capital gains on redemption of the Securities are taxed in the year when the redemption occurs. Capital gains on realisation of the Securities are taxed in the year of the realisation.

For physical persons, capital income – including capital gains is taxed at a tax rate of 30 %. The tax rate is 32 % in respect of the portion of the capital income – including capital gains - exceeding 40 000 euro per year.

### Legal persons

Tax consequences of capital gains and losses attributable to the personal source of income for limited liability companies and other legal entities resembles the abovementioned rules that apply to physical persons. This does not, however include the method of the deemed acquisition cost (but the actual acquisition value applies).

Any income received from the realisation and/or redemption of the Securities, which is attributable to the business source of a limited liability company, constitutes part of the limited liability company's taxable business income. A limited liability company is subject to corporate income tax, currently at the rate of 20 % for its worldwide taxable income. The acquisition cost of the Securities (including the purchase price and costs) and any sales related expenses are generally deductible for tax purposes upon realisation and/or redemption. Accordingly, any loss due to realisation and/or redemption of the Securities is deductible from the taxable business income.

Losses are deductible within the respective source of income (such as business income or personal income). Losses attributable to business income are deductible in the year they are incurred and the subsequent ten years. Capital losses attributable to the personal source of income are deductible in the year they are incurred, and the subsequent ten years.

### Withholding tax

There is no Finnish withholding tax (Fi: *lähdevero*) applicable on payments made by the Issuer in respect of the Securities. However, Finland operates a system of preliminary taxation (Fi: *ennakonpidätysjärjestelmä*) to secure payment of taxes in certain circumstances. A tax of 30 % will generally be deducted and withheld from

all payments that are regarded as interest or as compensation comparable to interest for Finnish tax purposes, where such payments are made by a Finnish paying agent to individuals (physical persons). Such preliminary tax will be used for the payment of the individual's final taxes (which means they are credited against the individual's final tax liability).

Based on current Finnish tax and court practice, also profits on warrants would be considered a capital gain (as opposed to interest or as compensation comparable to interest). Therefore, any payments made by a Finnish paying agent in respect of Securities regarded as warrants should neither be subject to any preliminary taxation (Fi: *ennakonpidätys*).

#### **5. Taxation in Norway**

**The specific tax consequences depend on the respective Securities' underlying asset and also on the individual investor's specific situation.**

This section contains a brief summary of certain important Norwegian tax consequences that may arise for potential investors of the Securities.

The following comments are based on current applicable Norwegian tax legislation and are designated for physical and legal persons who are tax resident and domiciled in Norway at the time of the purchase, holding or sale of the Securities. The summary includes only the categories of taxable persons explicitly outlined below.

This summary does not purport to exhaustively describe all possible tax aspects and does not deal with specific situations which may be of relevance for certain potential investors. The following comments are rather of a general nature and are not intended to be, nor should they be construed to be, legal or tax advice. It is recommended that potential investors consult with their fiscal and legal advisors as to the tax consequences of the purchase, hold, sale and receiving possible return on the Securities.

#### **General remarks**

From a tax perspective the Securities are in general classified as financial instruments. Sale, redemption or other disposal of the Securities entail taxation under the capital gains rules. Gains or losses are generally calculated as the difference between the selling price received deducted with costs incurred in connection with the acquisition, redemption or realisation of the Security, and the tax basis of the Security.

#### **Physical persons**

Norwegian physical persons are taxable in Norway in respect of capital gains as ordinary income with a tax rate of 27% to the extent the dividends exceed a statutory tax-free allowance (Norwegian: *Skjermingsfradrag*). Capital losses are deductible.

The allowance is calculated separately for each share as the tax purchase price of the share, multiplied with a determined risk-free interest rate, which will be based on the effective rate after tax of interest on treasury bills (Norwegian: "*statskasseveksler*") with three months maturity. The allowance one year will be allocated to the shareholder owning the share on 31 December the relevant income year. Physical persons who transfer shares during an income year will thus not be entitled to deduct any calculated allowance related to the year of transfer. The part of the allowance one year exceeding the dividends distributed on the share the same year ("unused allowance") will be added to the tax purchase price of the share and be included in the basis for calculating the allowance the next year, and may also be carried forward and set off against future dividends received on, and against gains upon the realisation of, the same share.

Norwegian physical persons are taxable to wealth tax for holding of the Securities. Wealth tax is currently payable by up to 1.1% of the asset value. The Securities asset value equals the market value as of January 1 the fiscal year.

### Legal persons

Norwegian legal persons are in general taxable in Norway in respect of capital gains as ordinary income with a tax rate of 27%. Capital losses are deductible to the same extent as capital gains are taxable.

Certain Norwegian legal persons (for example *aksjeselskap*, *sparebanker*, *selveiende*, *finansieringsforetak*, *gjensidig forsikringselskap*, *aksjefond* and *interkommunale selskap*) are exempt from tax on certain capital gains and dividend distributions pursuant to the participation exemption (Norwegian: *Fritaksmetoden*).

The exemption applies inter alia on capital gains and dividends on financial instruments with shares in qualifying companies within the EU/EEA, or qualified Index in respect of such shares as underlying asset (e.g. warrants that have qualified shares as underlying asset) provided that the index substantially is determined from shares etc. in companies established in the EU/EEA. Thus, securities with underlying assets as references which are not specifically listed as qualifying objects pursuant to the participation exemption will not be taxed according to the favorable participation exemption. Based on a statement from the Norwegian tax authorities, the condition "substantially" should be construed as meaning that 90% of the market value of the underlying shares shall refer to companies established in the EU/EEA. The market value at the time of disposal is decisive. Convertible bonds are not considered as financial instruments with shares as underlying objects. Gains on convertible bonds are therefore taxable.

I Three percent of income from dividends that meets the condition of the abovementioned tax exemption must be entered as general income and taxed at a flat rate of 27 %, implying that such dividends are effectively taxed at a rate of 0.81 %. However, if the receiver holds more than 90 percent of the shares and votes at the shareholders' meeting , the dividends will not be subject to any taxation.

This favorable rule does not as a general include, financial instruments where shares in companies outside the EU/EEA or a company that are tax resident in the EU/EEA, but in a low-tax country (a country in which the effective tax rate are less than 2/3 than the Norwegian effective tax rate) which are not genuinely established or exercising genuine economic activities, or index in respect of such shares, representing underlying asset. Capital gains on such Securities are in general taxed as ordinary income with a tax rate of 27%..

As from January 1, 2012 life insurance companies and pension funds do no longer qualify for the abovementioned tax exemption if the investment is in a client portfolio. Capital gains for these investors are taxed with a tax rate of 28 % and losses are deductible.

Investors who are legal persons are generally not liable to wealth tax.

## J. GENERAL INFORMATION

### 1. Form of Document

This document, including all information incorporated by reference herein and as supplemented from time to time, constitutes a base prospectus (the "**Base Prospectus**" or the "**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, in connection with Regulation 809/2004 of the European Commission, as amended. As such, the Base Prospectus contains all information which was known at the time the Base Prospectus has been approved. Final terms ("**Final Terms**") will be prepared in respect of the Securities and will contain the information which can only be determined at the time of the individual issue of securities under the Base Prospectus.

### 2. Publication

The Base Prospectus has been published on the website of UBS at [www.ubs.com/keyinvest](http://www.ubs.com/keyinvest) (or a successor thereto). In case of admission to trading of Securities on a regulated market of a stock exchange, the Base Prospectus will be published in accordance with the rules of such stock exchange.

Final Terms, together with any translations thereof, or of the Summary as amended by the relevant Final Terms, may be published on the website of UBS at [www.ubs.com/keyinvest](http://www.ubs.com/keyinvest) (or a successor thereto). In case of admission to trading of Securities on a regulated market of a stock exchange, Final Terms will also be published in accordance with the rules of such stock exchange.

The Base Prospectus and the Final Terms will also be available at the registered office of the Issuer.

### 3. Authorisation

The issuance of Securities under the Base Prospectus from time to time has been authorised by applicable corporate authorisations.

### 4. Approval of the Base Prospectus and Notification

Application has been made by the Issuer to the Swedish Financial Supervisory Authority (Finansinspektionen – "**SFSA**") as competent authority under and in accordance with the Financial Instruments Trading Act which implements Directive 2003/71/EC of the European Parliament and the Council of 4th November 2003 into Swedish law to approve the Base Prospectus. The SFSA approved the Base Prospectus after completing a review of this document for completeness, including a review of the coherence and comprehensibility of the information provided.

In order to be able to conduct a public offer and/or a listing of the Securities on an organised market (within the meaning of Directive 93/22/EEC) (the "**EEA Passport**") in Norway, Finland and Denmark, the Issuer intends to apply for a notification of the Base Prospectus pursuant to Chapter 2, Sections 27 of the Financial Instruments Trading Act into Norway, Finland and Denmark. The Issuer reserves the right to apply to the SFSA for EEA Passports into further EEA states.

A special permit allowing for the Securities to be offered or the prospectus to be distributed in a jurisdiction outside of those countries for which an EEA Passport is possible and a permit required has not been obtained.

## 5. Use of Proceeds

The net proceeds from the sale of the Securities will be used for funding purposes of the UBS Group. The Issuer shall not employ the net proceeds within Switzerland. The net proceeds from the issue shall be employed by the Issuer for general business purposes. A separate ("special purpose") fund will not be established.

## 6. Availability of the Base Prospectus and other documents

So long as any of the Securities are outstanding copies of the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), at the registered offices of the Issuer:

- (a) a copy of the Articles of Association of UBS AG;
- (b) a copy of the Annual Report of UBS AG as of 31 December 2013, comprising the sections (1) Operating environment and strategy, (2) Financial and operating performance, (3) Risk, treasury and capital management, (4) Corporate governance, responsibility and compensation, (5) Financial information (including the "Report of the Statutory Auditor and the Independent Registered Public Accounting Firm on the Consolidated Financial Statements" and the "Report of the Statutory Auditor on the Financial Statements");
- (c) a copy of the Annual Report of UBS AG as of 31 December 2012, comprising the sections (1) Operating environment and strategy, (2) Financial and operating performance, (3) Risk, treasury and capital management, (4) Corporate governance, responsibility and compensation, (5) Financial information (including the "Report of the statutory auditor and the independent registered public accounting firm on the consolidated financial statements" and the "Report of the statutory auditor on the financial statements");
- (d) the quarterly reports of UBS AG; and
- (e) a copy of the Base Prospectus, as supplemented from time to time.

Copies of the above documents shall, as long as any of the Securities are outstanding, also be maintained in printed format, for free distribution, at the registered offices of the Issuer. In addition, any annual and quarterly reports of UBS AG are published on the UBS website, at [www.ubs.com/investors](http://www.ubs.com/investors) or a successor address.

## 7. Documents incorporated by Reference

This Base Prospectus should be read and construed in conjunction with each supplement to this Base Prospectus and the documents incorporated by reference into this Base Prospectus. The information set forth in the documents listed in this section below, is hereby incorporated by reference into this Base Prospectus and as such deemed to form a part of this Base Prospectus:

- UBS's report for the quarter ended 31 March 2014 (including unaudited consolidated financial statements);

- The Annual Report of UBS AG as of 31 December 2013, comprising the sections (1) Operating environment and strategy, (2) Financial and operating performance, (3) Risk, treasury and capital management, (4) Corporate governance, responsibility and compensation, (5) Financial information (including the "Report of the statutory auditor and the independent registered public accounting firm on the consolidated financial statements" and the "Report of the statutory auditor on the financial statements"); and
- The Annual Report of UBS AG as of 31 December 2012, comprising the sections (1) Operating environment and strategy, (2) Financial and operating performance, (3) Risk, treasury and capital management, (4) Corporate governance, responsibility and compensation, (5) Financial information (including the "Report of the Statutory Auditor and the Independent Registered Public Accounting Firm on the Consolidated Financial Statements" and the "Report of the Statutory Auditor on the Financial Statements").

Investors who have not previously reviewed the information contained in the above documents should do so in connection with their evaluation of any Securities. Any statement contained in a document, all or the relevant portion of which is incorporated by reference into this Base Prospectus, shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in this Base Prospectus or in any supplement to this Base Prospectus, including any documents incorporated therein by reference, modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

**K. SIGNATORIES**

Signed on behalf of the Issuer,  
23 June 2014:

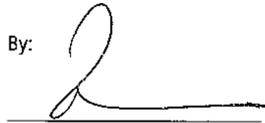
**UBS AG**

By:



Sigrid Kossatz  
Director

By:



Stefanie Zaromitidis  
Director