



Product Notice 2020-0132

Date: September 18, 2020

Re: ETRACS Wells Fargo Business Development Company Index ETNs

MEMX LLC ("MEMX or the "Exchange") was approved by the Securities and Exchange Commission as a registered national securities exchange on May 4, 2020. MEMX intends to commence trading and other operations in September of 2020. This Product Notice is being issued to advise you that the following securities have been approved for trading pursuant to unlisted trading privileges ("UTP") on MEMX as UTP Derivative Securities pursuant to MEMX Rule 14.1.

<u>Securities (the "Fund")</u>	<u>Symbol</u>
ETRACS Wells Fargo Business Development Company Index ETN Series B due April 26, 2041	BDCZ

Issuer/Trust: UBS AG

Issuer/Trust Website: <http://etracs.ubs.com>

Primary Listing Exchange: NYSE Arca

The purpose of this Product Notice is to outline various rules and policies that will be applicable to trading in these new products pursuant to the Exchange's unlisted trading privileges, as well as to provide certain characteristics and features of the Notes.

As more fully explained in the Prospectus Supplements dated October 8, 2015, the ETRACS Wells Fargo Business Development Company Index ETN Series B due April 26, 2041 (the "BDCZ ETNs") is linked to the performance of the Wells Fargo Business Development Company Index (the "Index"). The ETNs do not guarantee any return of principal at maturity and will not make interest payments. At maturity or upon early redemption, investors will receive a cash payment based on the performance of the Index. The ETNs are senior unsecured obligations of UBS AG (the "Issuer"), acting through its London branch, which mature on April 26, 2041 (with respect to the BDCZ ETNs) and May 24, 2041 (with respect to the LDBC ETNs).

The BDCZ ETNs are linked to the direct performance of the Index.

The Index is intended to measure the performance of all business development companies ("BDC") that are listed on the NYSE MKT or NASDAQ and that satisfy specified market capitalization and other eligibility requirements. To qualify as a BDC, the company must be registered with the Securities and Exchange Commission ("SEC") and have elected to be regulated as a BDC under the Investment Company Act of 1940 ("1940Act").

The Index is a float-adjusted, capitalization-weighted index of all applicable NYSE MKT or NASDAQ-listed BDCs that have a market capitalization of at least \$100 million at the time of inclusion. Float is determined by subtracting shares held by insiders and "related shareholders." Related shareholders include employee

stock ownership plans, employee stock ownership trusts, qualifying employee share ownership trusts, employee benefit trusts, government-owned interests, venture capital investors and owners investing other than as part of active money management. Market capitalization is determined based on the total number of common equity shares outstanding of the issuer, regardless of whether shares are held by insiders or related shareholders, multiplied by the public share price.

The Index composition is determined by the Wells Fargo Securities, LLC, and the Index value is calculated by the NYSE Arca based on trading pricing of the BDCs on the NYSE or NASDAQ and not on net asset values published by the BDCs.

To be considered for inclusion in the Index, an issuer must meet regulatory, listing and market capitalization requirements. The Index Sponsor reviews the Index composition quarterly and adjusts the composition as required on each quarterly rebalancing date.

The value of the Index is reported on Bloomberg under ticker symbol “WFBDCPX <Index>”.

The ETNs are subject to early redemption or acceleration in whole or in part at any time. Accordingly, an investor should not expect to be able to hold the ETNs to maturity. Additionally, the ETNs do not guarantee any return of principal at (or prior to) maturity or call, or upon early redemption. Instead, at maturity, investors will receive a cash payment, the amount of which will vary depending on the performance of the Index and will be reduced by the accrued fees as of the last Business Day in the measurement period and may be zero.

The ETNs may be redeemed early, at the investor’s option, subject to a minimum redemption amount of 50,000 securities. Upon such early redemption, the investor will receive a cash payment based on the performance of the Index for the BDCZ ETNs. In the case of the LDDB ETNs, the investor will receive a cash payment based on the monthly compounded two times leveraged performance of the Index.

The ETNs’ initial indicative value current value on the initial valuation date will equal \$25.00. The Intraday Indicative Value for the ETNs will be disseminated by market data vendors under the symbols BDCZ.IV and LDDB.IV.

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

It is expected that the market value of the Notes will depend substantially on the value of the Index and may be affected by a number of other interrelated factors including, among other things: the general level of interest rates, the volatility of the Index, the time remaining to maturity, the dividend yield of the stocks comprising the Index, and the credit ratings of the Issuer.

Investment Risks

As described in the ETNs’ Prospectus Supplements, investing in the ETNs involves a number of risks not associated with an investment in conventional debt securities. An investment in the ETNs involves significant risks and is not appropriate for every investor. Investing in the ETNs is not equivalent to investing directly in the Index. Accordingly, the ETNs should be purchased only by knowledgeable

investors who understand the terms of the investment in the ETNs and are familiar with the behavior of the Index and financial markets generally. Interested persons are referred to the Prospectus for a full description of risks associated with an investment in the ETNs.

Risks associated with the ETNs include, but are not limited to: non-guaranteed return of principal risk, market risk, credit worthiness of the Issuer, trading market for the securities may not develop, no interest payments, redemption risk, call risk, and tax risk. The ETNs are riskier than ordinary unsecured debt securities.

For a more complete description of the securities and the payment at maturity, valuation, fees and risk factors, consult the ETNs' Prospectus Supplements.

Exchange Rules Applicable to Trading in the Notes

Trading in the Shares on MEMX is subject to MEMX trading rules.

Trading Hours

The Shares will trade on MEMX between 7:00 a.m. and 8:00 p.m. Please note that trading in the Shares during the Exchange's Pre-Market and Post-Market Sessions ("Extended Market Sessions") may result in additional trading risks which include: (1) that the current underlying indicative value may not be updated during the Extended Market Sessions, (2) lower liquidity in the Extended Market Sessions may impact pricing, higher volatility in the Extended Market Sessions may impact pricing, (4) wider spreads may occur in the Extended Markets Sessions, and (5) because the indicative value is not calculated or widely disseminated during the Extended Market Sessions, an investor who is unable to calculate an implied value for the Shares in those sessions may be at a disadvantage to market professionals.

Suitability

Trading in the securities on the Exchange will be subject to the provisions of MEMX Rule 3.7 and other applicable suitability rules. Members recommending transactions in the securities to customers should make a determination that the recommendation is suitable for the customer.

Trading Halts

The Exchange will halt trading in the shares of a security in accordance with Exchange Rules. The grounds for a halt include a halt because the intraday indicative value of the security and/or the value of its underlying index are not being disseminated as required, a halt for other regulatory reasons or due to other conditions or circumstances deemed to be detrimental to the maintenance of a free and orderly market.

This Product Notice is not a statutory prospectus. Members should consult the Prospectus for a security and the security's website for relevant information.

Please contact MEMX Regulation at regulation@memx.com with any inquiries regarding this Product Notice.