



Product Notice 2020-0141

Date: September 18, 2020

Re: ETRACS Monthly Pay 2X Leveraged Closed-End Fund ETN

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>Security (the “Notes” or the “ETNs”)</u>	<u>Symbol</u>
ETRACS Monthly Pay 2X Leveraged Closed-End Fund ETN	CEFL

Issuer/Trust: UBS AG

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.

Background Information on the Notes

UBS AG (the “Issuer”) has issued Exchange Traded Notes (“ETNs” or “Securities” or “Notes”) due December 10, 2043 that are linked to the performance of the ISE High Income Index the “Index”). The Securities provide a monthly compounded two times leveraged long exposure to the performance of the Index, reduced by the accrued fees.

Because the Securities are two times leveraged with respect to the Index, the Securities may benefit from two times any positive, but will be exposed to two times any negative, monthly compounded performance of the Index. The Securities may pay a monthly coupon during their term linked to two times the cash distributions, if any, on the Index Constituent Securities. But if the Index Constituent Securities do not make any cash distributions, investors will not receive a monthly coupon. Investors will receive a cash payment at maturity, upon acceleration or upon exercise by the Issuer of its call right based on the monthly compounded leveraged performance of the Index less the accrued fees, calculated as described in the product supplement. Investors will receive a cash payment upon early redemption based on the monthly compounded leveraged performance of the Index less the accrued fees and the redemption fee, calculated as described in the prospectus for the ETNs. Payment at maturity or call, upon acceleration or upon early redemption will be subject to the creditworthiness of the Issuer. In addition, the actual and perceived creditworthiness of the Issuer will affect the market value, if any, of the Securities prior to maturity, call, acceleration or early redemption. Investing in the Securities involves significant risks. Investors may lose some or all of their principal at maturity, early redemption, acceleration or upon exercise by the Issuer of its call right if the monthly compounded leveraged return of the Index is not

sufficient to offset the negative effect of the accrued fees and the redemption fee, if applicable. Investors may not receive any monthly coupon payment during the term of the Securities. 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, and the credit ratings of the Issuer.

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

MEMX will halt trading in the shares of a security in accordance with MEMX Rules. The grounds for a halt under MEMX Rules include a halt by the primary market because the intraday indicative value of the security and/or the value of its underlying index are not being disseminated as required, or a halt for other regulatory reasons. In addition, MEMX will stop trading the shares of a security if the primary market delists the security.

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.