



Product Notice 2020-1134

Date: September 18, 2020

Re: ETRACS 2xMonthly Pay Leveraged Preferred Stock Index ETN due September 25, 2048

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.

Security (the "Notes" or the "ETNs")

Symbol

ETRACS 2xMonthly Pay Leveraged Preferred Stock Index ETN due
September 25, 2048

PFFL

Issuer/Trust: UBS AG

Issuer/Trust Website: <https://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 products. For a more complete description of the Issuer, the securities and the underlying market instruments or indexes, visit the Issuer Website, consult the Prospectus available on the Issuer Website or examine the Issuer Registration Statement or review the most current information bulletin issued by the Primary Listing Exchange.

Background Information on the Notes

The UBS AG ETRACS 2xMonthly Pay Leveraged Preferred Stock Index ETN due September 25, 2048 (the "Securities") are senior unsecured debt securities issued by UBS AG ("UBS") that provide two times leveraged long exposure to the compounded monthly performance of the Solactive Preferred Stock ETF Index (the "Index"), reduced by the Accrued Fees (as described below) which consist of (i) an Accrued Tracking Fee (as described below) based on an Annual Tracking Rate of 0.85% per annum and (ii) the Accrued Financing Charges (as described below). The Index is intended to track the price movements of an equally weighted portfolio of two exchange-traded funds ("ETFs") that hold preferred securities of various issuers. Investing in the Securities involves significant risks. The Securities are two times leveraged with respect to the Index and, as a result, will benefit from two times any beneficial, but will be exposed to two times any adverse, compounded monthly performance of the Index. You will receive a cash payment at maturity, acceleration or upon exercise by UBS of its call right, based on the compounded leveraged monthly performance of the Index less the Accrued Fees, as described herein. You will receive a cash payment upon early redemption based on the compounded leveraged monthly performance of the

Index less the Accrued Fees and the Redemption Fee Amount, as described herein. The Securities may pay a monthly coupon during their term.

The Note's Registration Statement and pricing supplement provide a description of the Note, including information about payment at maturity, redemption features, fees and dividends. For a more complete description of the Note, and its underlying index, see the Note's Registration Statement and pricing supplement and its website.

Investment Risks

Interested persons are referred to the Note's Registration Statement for a description of risks associated with an investment in the Notes. Investing in the Notes involves a number of risks not associated with an investment in conventional debt securities. An investment in the Notes involves significant risks and is not appropriate for every investor. Investing in the Notes is not equivalent to investing directly in the index underlying the Notes. Accordingly, the Notes should be purchased only by knowledgeable investors who understand the terms of the investment and are familiar with the behavior of the underlying index and financial markets generally. The Notes are riskier than ordinary unsecured debt securities.

Risks associated with an investment in the Notes may include, but are not limited to, issuer creditworthiness; loss of all or a substantial portion of an investment in the Notes; no guaranteed minimum payment at maturity or call, or upon acceleration or early redemption, no payment of interest or any coupon amount; risks associated with the applicable index or reference asset; acceleration and redemption, resulting in a loss of all or a substantial portion of an investment; and restriction on the minimum number of Notes that may be redeemed and on the procedures and timing for early redemption.

Exchange Rules Applicable to Trading in the Notes

Trading in the ETNs on MEMX is subject to MEMX's equity trading rules.

Trading Hours

The ETNs will trade on MEMX between 7:00 a.m. and 8:00 p.m. Please note that trading in the ETNs 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, (3) 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 Notes 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 ETNs in accordance with the Exchange's 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.