

BASE PROSPECTUS

dated 12 October 2018

for the offer, continued offer, increase of the issue size or, as the case may be, of the aggregate nominal amount or, as the case may be, the listing on a regulated or another equivalent market

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 offered and/or listed on a regulated or another equivalent market under the Base Prospectus may be based on the performance of a share (including a certificate representing shares), an index (including indices composed by the Issuer and other legal entities belonging to the UBS Group, where each such index is also referred to as "**Proprietary Index**"), a currency exchange rate, a precious metal, a commodity, an interest rate, a non-equity security, an exchange traded fund unit, a not exchange traded 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 ("**EEA**"), 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, references to "**CHF**" are to Swiss francs and references to "**U.S. dollars**" are to United States dollars.

IMPORTANT – EEA RETAIL INVESTORS - If the Final Terms in respect of any Securities includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF THE SECURITIES OR 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 ARE BEING SOLD PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE SECURITIES 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 REGULATION S 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.

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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>This Summary should be read as an introduction to the Base Prospectus. Any decision to invest in the Securities should be based on consideration of the Base Prospectus as a whole by the investor.</p> <p>Potential investors should be aware that where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the respective European Economic Area member state, have to bear the costs of translating the document before the legal proceedings are initiated.</p> <p>Those persons who are responsible for the summary including any translations thereof, or who have initiated the preparation can be held liable, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, all required key information.</p> <p>UBS AG in its capacity as Issuer who is responsible for the summary including the translation thereof can be held liable, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, all required key information.</p> |
| A.2 | Consent to use of Prospectus. | <p>[Not applicable. The Issuer does not consent to the use of the Base Prospectus.]</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 [UBS Limited, 5 Broadgate, London EC2M 2QS, United Kingdom] [and] [specify other manager: [•]], [each] in its role as manager in relation to the Securities, ([each a] [the] “Manager” [or, as the case may be, “Authorised Offeror”]) [as well as] [specify further financial intermediaries: [•]] [each] in its role as manager in relation to the Securities ([each a] [the] “Manager” or, as the case may be, [an] [the] “Authorised Offeror”) 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 any financial intermediary (each an “Authorised Offeror”) which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) on the following basis:]</p> |

| | | |
|--|--|---|
| | | <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 [specify financial intermediaries: [•]] (each an "Authorised Offeror") on the following basis:]</p> <p>(a) the relevant Public Offer shall occur [specify Offer Period: [•]] (the "Offer Period");</p> <p>(b) the relevant Public Offer may only be made in [Sweden][,][and] [Norway][,][and] [Finland][,][and] [Luxembourg] (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 [other than the Manager] must satisfy [if applicable, specify further clear and objective conditions: [•]] and</p> <p>[(d)[e] any Authorised Offeror [other than the Manager] must comply with the restrictions set out in "Subscription and Sale" as if it were a Manager.</p> <p>[Authorised Offerors will provide information to investors on the terms and conditions of the Public Offer of the Securities at the time such Public Offer is made by the Authorised Offeror to the investor.]</p> <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> |
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| Element | Section B – Issuer | |
|------------|---|--|
| B.1 | Legal and commercial name of the issuer. | The legal and commercial name of the Issuer is UBS AG (the " Issuer " and together with its subsidiaries " UBS AG consolidated ", or " UBS AG Group "; together with UBS Group AG, which is the holding company of UBS AG, and its subsidiaries, " UBS Group ", " Group ", " UBS " or " UBS Group AG consolidated "). |
| B.2 | Domicile, legal form, legislation and country of incorporation of the issuer. | <p>The Issuer was incorporated under the name SBC AG on 28 February 1978 for an unlimited duration and entered in the Commercial Register of Canton Basel-City on that day. On 8 December 1997, the company changed its name to UBS AG. UBS AG in its present form was created on 29 June 1998 by the merger of Union Bank of Switzerland (founded 1862) and Swiss Bank Corporation (founded 1872). UBS AG is entered in the Commercial Registers of Canton Zurich and Canton Basel-City. The registration number is CHE-101.329.561.</p> <p>UBS AG is incorporated and domiciled in Switzerland and operates under the Swiss Code of Obligations as an <i>Aktiengesellschaft</i>, a corporation limited by shares.</p> <p>The addresses and telephone numbers of UBS AG's two registered offices and principal places of business are: Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, telephone +41 44 234 1111; and Aeschenvorstadt 1, CH-4051 Basel, Switzerland, telephone +41 61 288 5050.</p> |

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|-------------|--|---|
| B.4b | A description of any known trends affecting the issuer or the industries in which it operates. | <p>Trend Information</p> <p>As indicated in the UBS Group Second Quarter 2018 Report, global economic growth prospects continue to provide a supportive backdrop to markets, although ongoing geopolitical tensions and rising protectionism have dampened investor confidence and remain a threat. UBS continues to expect US dollar interest rates to rise gradually, which, despite margin pressure, is likely to support net interest income in Global Wealth Management. In addition to typical seasonality factors in the third quarter, market volatility remains muted overall, which is usually less conducive to client activity. Funding costs related to long-term debt and capital instruments issued to comply with regulatory funding and liquidity requirements will be higher than in the previous year, but should be broadly stable compared with the second quarter. As in the first half of the year, UBS's diversified business model should help UBS make continued progress towards achieving its strategic and financial targets.</p> |
| B.5 | Description of the group and the issuer's position within the group. | <p>UBS AG is a Swiss bank and the parent company of the UBS AG Group. It is 100% owned by UBS Group AG, which is the holding company of the UBS Group. UBS operates as a group with four business divisions and a Corporate Center.</p> <p>In 2014, UBS began adapting its legal entity structure to improve the resolvability of the Group in response to too big to fail requirements in Switzerland and recovery and resolution regulation in other countries in which the Group operates. In December 2014, UBS Group AG became the holding company of the Group.</p> <p>In 2015, UBS AG transferred its Personal & Corporate Banking and Wealth Management businesses booked in Switzerland to the newly established UBS Switzerland AG, a banking subsidiary of UBS AG in Switzerland, and UBS implemented a more self-sufficient business and operating model for UBS Limited, UBS's investment banking subsidiary in the UK. In 2016, UBS Americas Holding LLC was designated as the intermediate holding company for UBS's US subsidiaries and UBS merged its Wealth Management subsidiaries in various European countries into UBS Europe SE. Additionally, UBS transferred the majority of Asset Management's operating subsidiaries to UBS Asset Management AG.</p> <p>UBS Business Solutions AG, a wholly owned subsidiary of UBS Group AG, was established in 2015 and acts as the Group service company. In 2017, UBS's shared services functions in Switzerland and the UK were transferred from UBS AG to UBS Business Solutions AG. UBS also completed the transfer of shared services functions in the US to its US service company, UBS Business Solutions US LLC, a wholly owned subsidiary of UBS Americas Holding LLC.</p> <p>Given the continuing uncertainty on transition arrangements between the UK and the EU and the potential future restrictions on providing financial services into the EU from the UK, UBS has commenced the process of seeking regulatory approvals for the merger of UBS Limited into UBS Europe SE, UBS's German-headquartered European bank. During the third quarter of 2018, UBS expects to commence a business transfer proceeding in the UK to facilitate the transfer of client business in connection with the merger. UBS also expects to commence German merger proceedings in the same timeframe. The timing and extent of the actions UBS takes may vary considerably from its current plan depending on regulatory requirements and the nature of any transition or successor agreements between the UK and the EU.</p> |

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| | | <p>Following the announcement by the China Securities Regulatory Commission that foreign investors will be permitted to increase their ownership percentages in China affiliates to a cap of 51%, and may be allowed to increase their ownership up to 100% in 2021, UBS submitted in May 2018 a preliminary application to increase the shareholding in its China affiliate, UBS Securities Co. Limited, from 24.99% to 51%. The transaction is subject to completion of a share purchase from existing shareholders and regulatory approval.</p> <p>UBS continues to consider further changes to the Group's legal structure in response to regulatory requirements and other external developments. Such changes may include further consolidation of operating subsidiaries in the EU, and adjustments to the booking entity or location of products and services.</p> |
| B.9 | Profit forecast or estimate. | Not applicable; no profit forecast or estimate is included in this Prospectus. |
| B.10 | Qualifications in the audit report. | Not applicable. There are no qualifications in the auditors' reports on the consolidated financial statements of UBS AG and the standalone financial statements of UBS AG for the years ended on 31 December 2017 and 31 December 2016. |
| B.12 | Selected historical key financial information / Material adverse change statement / Significant changes statement. | <p>UBS AG derived the selected consolidated financial information included in the table below for the years ended 31 December 2017, 2016 and 2015 from the Annual Report 2017, which contains the audited consolidated financial statements of UBS AG, as well as additional unaudited consolidated financial information, for the year ended 31 December 2017 and comparative figures for the years ended 31 December 2016 and 2015. The selected consolidated financial information included in the table below for the six months ended 30 June 2018 and 30 June 2017 was derived from the UBS AG Second Quarter 2018 Report, which contains the UBS AG interim consolidated financial statements (unaudited), as well as additional unaudited consolidated financial information, for the six months ended 30 June 2018 and comparative figures for the six months ended 30 June 2017.</p> <p>The consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and are stated in Swiss francs ("CHF"). Information for the years ended 31 December 2017, 2016 and 2015 which is indicated as being unaudited in the table below was included in the Annual Report 2017, but has not been audited on the basis that the respective disclosures are not required under IFRS, and therefore are not part of the audited financial statements.</p> <p>For information on the definition and the reason for the use of the metrics under the heading "<i>Key performance indicators</i>", except those disclosed in accordance with applicable legislation, and "<i>Additional information - Profitability</i>" in the table below, please refer to the respective footnotes.</p> |

| CHF million, except where indicated | As of or for the six months ended | | As of or for the year ended | | |
|-------------------------------------|-----------------------------------|---------|--|----------|----------|
| | 30.6.18 | 30.6.17 | 31.12.17 | 31.12.16 | 31.12.15 |
| | <i>unaudited</i> | | <i>audited, except where indicated</i> | | |
| Results | | | | | |
| Operating income | 15,464 | 14,958 | 29,479 | 28,421 | 30,605 |
| Operating expenses | 12,128 | 11,876 | 24,481 | 24,352 | 25,198 |

| | | | | | |
|---|---------|---------|----------|----------|----------|
| Operating profit / (loss) before tax | 3,336 | 3,082 | 4,998 | 4,069 | 5,407 |
| Net profit / (loss) attributable to shareholders | 2,553 | 2,354 | 845 | 3,207 | 6,235 |
| Key performance indicators | | | | | |
| Profitability and growth | | | | | |
| Return on tangible equity (%) ¹ | 11.7 | 10.4 | 2.0* | 6.9* | 13.5* |
| Cost / income ratio (%) ² | 78.2 | 79.2 | 82.7* | 85.6* | 82.0* |
| Net profit growth (%) ³ | 8.5 | 36.6 | (73.7)* | (48.6)* | 78.0* |
| Resources | | | | | |
| Common equity tier 1 capital ratio (%) ^{4,5} | 13.4 | 13.8 | 14.0* | 14.5* | 15.4* |
| Common equity tier 1 leverage ratio (%) ⁶ | 3.73 | 3.78 | 3.7* | 3.7* | 3.6* |
| Going concern leverage ratio (%) ^{7,8} | 4.5 | 4.2 | 4.2* | 4.2* | - |
| Additional information | | | | | |
| Profitability | | | | | |
| Return on equity (%) ⁹ | 10.1 | 9.0 | 1.6* | 5.9* | 11.7* |
| Return on risk-weighted assets, gross (%) ¹⁰ | 12.5 | 13.3 | 12.8* | 13.2* | 14.3* |
| Return on leverage ratio denominator, gross (%) ¹¹ | 3.5 | 3.4 | 3.4* | 3.2* | - |
| Resources | | | | | |
| Total assets | 945,296 | 891,763 | 916,363 | 935,353 | 943,256 |
| Equity attributable to shareholders | 49,961 | 51,735 | 50,718 | 53,662 | 55,248 |
| Common equity tier 1 capital ⁵ | 33,686 | 32,558 | 33,240 | 32,447 | 32,042 |
| Risk-weighted assets ⁵ | 251,648 | 236,552 | 236,606* | 223,232* | 208,186* |
| Going concern capital ratio (%) ⁸ | 16.2 | 15.3 | 15.6* | 16.3* | - |
| Total loss-absorbing capacity ratio (%) ⁸ | 31.7 | 29.7 | 31.4* | 29.6* | - |
| Leverage ratio denominator ¹² | 903,467 | 861,919 | 887,189* | 870,942* | 898,251* |
| Total loss-absorbing capacity leverage ratio (%) ⁸ | 8.8 | 8.1 | 8.4* | 7.6* | - |
| Other | | | | | |
| Invested assets (CHF billion) ¹³ | 3,242 | 2,911 | 3,179 | 2,810 | 2,678 |
| Personnel (full-time equivalents) | 46,597 | 48,476 | 46,009* | 56,208* | 58,131* |

* unaudited

¹ Net profit attributable to shareholders before amortization and impairment of goodwill and intangible assets (annualized as applicable) / average equity attributable to shareholders less average goodwill and intangible assets. This metric provides information on the profitability of the business in relation to tangible equity.

² Operating expenses / operating income before credit loss (expense) or recovery. This metric provides information on the efficiency of the business by comparing operating expenses with gross income.

³ Change in net profit attributable to shareholders from continuing operations between current and comparison periods / net profit attributable to shareholders from continuing operations of comparison period. This metric provides information on profit growth in comparison with prior period.

⁴ Common equity tier 1 capital / risk-weighted assets.

⁵ Based on the Basel III framework as applicable to Swiss systemically relevant banks ("SRB").

⁶ Common equity tier 1 capital / leverage ratio denominator. Calculated in accordance with Swiss SRB rules applicable as of 1 January 2020.

⁷ Total going concern capital / leverage ratio denominator.

⁸ Based on the Swiss SRB rules applicable as of 1 January 2020 that became effective on 1 July 2016. Figures for prior periods are not available.

⁹ Net profit attributable to shareholders (annualized as applicable) / average equity attributable to shareholders. This metric provides information on the profitability of the business in relation to equity.

¹⁰ Operating income before credit loss (annualized as applicable) / average fully applied risk-weighted assets. This metric provides information on the revenues of the business in relation to risk-weighted assets.

¹¹ Operating income before credit loss (annualized as applicable) / average fully applied leverage ratio denominator. From 31 December 2015 onward, the leverage ratio denominator calculation is aligned with the Basel III rules. For periods prior to 31 December 2015 the leverage ratio denominator is calculated in accordance with former Swiss SRB rules. Therefore the figure for the period ended on 31 December 2015 is not presented as it is not available on a fully comparable basis. This metric provides information on the revenues of the business in relation to leverage ratio denominator.

| | | |
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| <p>¹² From 31 December 2015 onward, the leverage ratio denominator calculation is aligned with the Basel III rules.</p> <p>¹³ Includes invested assets for Personal & Corporate Banking.</p> | | |
| | Material adverse change statement. | There has been no material adverse change in the prospects of UBS AG or UBS AG Group since 31 December 2017. |
| | Significant changes statement. | There has been no significant change in the financial or trading position of UBS AG or UBS AG Group since 30 June 2018, which is the end of the last financial period for which financial information has been published. |
| B.13 | Any recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency | Not applicable, no recent events particular to UBS AG have occurred, which are to a material extent relevant to the evaluation of UBS AG's solvency. |
| B.14 | <p>Description of the group and the issuer's position within the group.</p> <p>Dependence upon other entities within the group.</p> | <p>Please see element B.5</p> <p>UBS AG is the parent company of, and conducts a significant portion of its operations through, its subsidiaries. UBS AG has contributed a significant portion of its capital and provides substantial liquidity to subsidiaries. In addition, UBS Business Solutions AG provides substantial services to group companies including UBS AG and its subsidiaries. To this extent, UBS AG is dependent on certain of the entities of the UBS AG Group and of the UBS Group.</p> |
| B.15 | Issuer's principal activities. | <p>UBS AG with its subsidiaries provides financial advice and solutions to private, institutional and corporate clients worldwide, as well as private clients in Switzerland. The operational structure of the Group is comprised of the Corporate Center and the business divisions Global Wealth Management, Personal & Corporate Banking, Asset Management and the Investment Bank. UBS's strategy is centered on its, in its own view, leading Global Wealth Management business and its premier universal bank in Switzerland, which are enhanced by Asset Management and the Investment Bank. UBS focuses on businesses that, in its opinion, have a strong competitive position in their targeted markets, are capital efficient, and have an attractive long-term structural growth or profitability outlook.</p> <p>According to article 2 of the articles of association of UBS AG dated 26 April 2018 ("Articles of Association"), the purpose of UBS AG is the operation of a bank. Its scope of operations extends to all types of banking, financial, advisory, trading and service activities in Switzerland and abroad. UBS AG may establish branches and representative offices as well as banks, finance companies and other enterprises of any kind in Switzerland and abroad, hold equity interests in these companies, and conduct their management. UBS AG is authorized to acquire, mortgage and sell real estate and building rights in Switzerland and abroad. UBS AG may borrow and invest money on the capital markets. UBS AG is part of the group of companies controlled by the group parent company UBS Group AG. It may promote the interests of the group parent company or other group companies. It may provide loans, guarantees and other kinds of financing and security for group companies.</p> |
| B.16 | Direct or indirect shareholdings or | UBS Group AG owns 100% of the outstanding shares of UBS AG. |

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| | control agreements of the issuer. | |
| [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.17 | Credit ratings assigned to the issuer or its debt securities. | <p>The rating agencies S&P Global Ratings Europe Limited ("Standard & Poor's"), Moody's Deutschland GmbH ("Moody's"), Fitch Ratings Limited ("Fitch Ratings"), and Scope Ratings GmbH ("Scope Ratings") have published solicited 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, Standard & Poor's and Scope Ratings 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 a long-term counterparty credit rating of A+ (outlook: stable) from Standard & Poor's, long-term senior debt rating of Aa3 (outlook: stable) from Moody's, long-term issuer default rating of AA- (outlook: stable) from Fitch Ratings and issuer rating of AA- (outlook: stable) from Scope Ratings.</p> <p>All the above-mentioned rating agencies are registered as credit rating agencies under Regulation (EC) No 1060/2009 as amended by Regulation (EU) No 513/2011.</p> <p>The Securities have [not] been rated [[insert rating] by [insert rating agency]].]</p> |

| Element | Section C – Securities ¹ | |
|------------|---|---|
| C.1 | Type and the class of the securities, security identification number. | <p>Type and Form of Securities The Securities are [certificates] [notes] [warrants].</p> <p>[The Securities are issued in series (each a "Series") and the 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>[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 "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"). No bearer Securities will be issued in or exchangeable into bearer definitive form, whether pursuant to the request of any Securityholder or otherwise.</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> |

¹ The use of the symbol "*" in the following Section C - Securities indicates that the relevant information for each series of Securities may, in respect of Multi-Series Securities and where appropriate, be presented in a table.

| | | <p><i>[In case of Swedish Securities, insert:</i> The Securities (also the “Swedish Securities”) are cleared through Euroclear Sweden AB (“Euroclear Sweden”) as the relevant Clearing System and are issued in uncertificated and dematerialised book-entry form, and registered at Euroclear Sweden in accordance with the <i>Swedish Central Securities Depositories and Financial Instruments Accounts Act (lag (1998:1479) om centrala värdepappersförvarare och kontoföring av finansiella instrument)</i>. No physical securities, such as global temporary or permanent securities or definitive securities will be issued in respect of Swedish Securities.]</p> <p><i>[In case of Finnish Securities insert:</i> The Securities (also the “Finnish Securities”) are cleared through Euroclear Finland Ltd (“Euroclear Finland”) as the relevant Clearing System and are issued in uncertificated and dematerialised book-entry form, and registered at Euroclear Finland in accordance with the Finnish Act on the Book-Entry System and Clearing and Settlement (<i>laki arvo-osuusjärjestelmästä ja selvitystoiminnasta</i>) and the Finnish Act on Book-Entry Accounts (1991/827) (<i>laki arvo-osuustileistä</i>). No physical securities, such as global temporary or permanent securities or definitive securities will be issued in respect of the Finnish Securities.]</p> <p><i>[In case of Norwegian Securities insert:</i> The Securities (also the “Norwegian Securities”) are registered with Verdipapirsentralen ASA (“VPS”) as the relevant Clearing System and are issued in uncertificated and dematerialised book-entry form, and registered at VPS in accordance with the Norwegian Securities Register Act (<i>Lov av 5. juli 2002 nr. 64 om registrering av finansielle instrumenter</i>). No physical securities, such as global temporary or permanent securities or definitive securities will be issued in respect of Norwegian Securities.]</p> <p><i>[In case of Danish Securities insert:</i> The Securities (also the “Danish Securities”) are cleared through VP Securities A/S (“VP”) as the relevant Clearing System and are issued in uncertificated and dematerialised book-entry form, and registered at VP in accordance with the Danish Capital Markets Act (<i>Lov om kapitalmarkeder</i>), as amended and supplemented from time to time, and the Executive Order on Book Entry of Dematerialised Securities in a Central Securities Depository (<i>Bekendtgørelse om registrering af fondsaktiver i en værdipapircentral (CSD)</i>), 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.]</p> <p>Security identification number(s) of the Securities ISIN: [•]* [WKN: [•]*] [Common Code: [•]*] [Valor: [•]*]</p> <p><i>[In relation to multi-series Securities insert following overview table of relevant information and complete for each Series of Securities:</i></p> <table border="1" data-bbox="581 1612 1279 1705"> <thead> <tr> <th>ISIN</th> <th>[WKN]</th> <th>[Common Code]</th> <th>[Valor]</th> </tr> </thead> <tbody> <tr> <td>[•]</td> <td>[•]</td> <td>[•]</td> <td>[•]</td> </tr> </tbody> </table> <p style="text-align: right;">]</p> | ISIN | [WKN] | [Common Code] | [Valor] | [•] | [•] | [•] | [•] |
|------------|-----------------------------|---|---------|-------|---------------|---------|-----|-----|-----|-----|
| ISIN | [WKN] | [Common Code] | [Valor] | | | | | | | |
| [•] | [•] | [•] | [•] | | | | | | | |
| C.2 | Currency of the securities. | <p>[For each Series of Securities] [•]* (the “Redemption Currency”)</p> <p><i>[In relation to multi-series Securities insert following overview table of relevant information and complete for each Series of Securities, if required:</i></p> | | | | | | | | |

| | | ISIN | Redemption Currency |
|--|--|---|---------------------|
| | | [•] | [•] |
| C.5 | Restrictions on the free transferability of the securities. | Not applicable. There are no restrictions on the free transferability of the Securities. | |
| C.8 | Rights attached to the securities, including ranking and limitations to those rights. | <p>Governing law of the Securities [Each Series of the] [The] Securities will be governed by German law (“German law governed Securities”).</p> <p>[The legal effects of the registration of the Securities with the relevant Clearing System are governed by the laws of the jurisdiction of the Clearing System.]</p> <p>Rights attached to the Securities The Securities provide, subject to the Conditions of the Securities, Securityholders, at maturity or upon exercise, with a claim for payment of the Redemption Amount in the Redemption Currency [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] [Coupons] [an Interest Amount] [Interest Amounts].]</p> <p>Limitation of the rights attached to the Securities Under the conditions set out in the Conditions, the Issuer is entitled to terminate the Securities and to make certain adjustments to the Conditions.</p> <p>Status of the Securities [Each Series of the] [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> | |
| [The following Element C.9 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 (in addition to which there may be also an interest payment): | | | |
| C.9 | Maturity date and arrangements for the amortization of the loan, including the repayment procedures, an indication of yield, name of representative of debt security holders | <p>[Maturity Date: [•]*</p> <p>[in case of fixed / floating rate securities insert: [Interest Rate][Coupon]: [•]*]</p> <p>[in case of step-up or step-down securities insert: [Interest Rate][Coupon]: in relation to the [Interest][Coupon] Calculation Period_(i=1): [•]*, in relation to the [Interest][Coupon] Calculation Period_(i=2): [•]*, in relation to the [Interest][Coupon] Calculation Period_(i=n): [•]*]</p> <p>[Interest] [Coupon] Payment [•]* Date:</p> <p>[Interest] [Coupon] [•]* Calculation Period:</p> | |

| | | <p><i>[In case of Securities providing, as specified in the applicable Product Terms, for payment of a conditional Interest Amount or Coupon, i.e. where the payment of the Interest Amount or Coupon is subject to the performance of the Underlying, insert:</i></p> <p>The payment of the [Interest Amount] [Coupon] is subject to the performance of the following Underlying (conditional [Interest Amount] [Coupon]):</p> <p><i>[insert description of [the share (including a certificate representing shares)] [the Index] [the currency exchange rate] [the precious metal] [the commodity] [the interest rate] [the non-equity security] [the exchange traded fund unit] [the not exchange traded fund unit] [the futures contract (if applicable, including determination of the relevant expiration months)] [the reference rate] [the basket comprising the aforementioned assets] [the portfolio comprising the aforementioned assets: [•]*]</i></p> <p>Yield: [Not applicable; the Securities do not provide for payment of a fixed amount of interest.]</p> <p><i>[In case of Securities which provide for payment of a fixed amount of interest, specify the yield: [•]</i></p> <p>The yield is calculated according to the ICMA method. This is a method for calculating the yield in which the daily effective interest yield is taken into account. The interest accrued each day is thus added to the capital invested and included in the interest calculation for the following day in each case.]*</p> <p>Name of representative of a debt security holder: Not applicable; there is no representative of security holders.]</p> <p><i>[In relation to multi-series Securities insert following overview table of relevant information and complete for each Series of Securities, if required:</i></p> <table border="1" data-bbox="581 1360 1341 1633"> <thead> <tr> <th>ISIN</th> <th><i>[insert ISIN]</i></th> <th><i>[insert ISIN]</i></th> </tr> </thead> <tbody> <tr> <td>Maturity Date:</td> <td>[•]</td> <td>[•]</td> </tr> <tr> <td>[Interest Rate][Coupon]:</td> <td>[•]</td> <td>[•]</td> </tr> <tr> <td>[Interest] [Coupon] Payment Date:</td> <td>[•]</td> <td>[•]</td> </tr> <tr> <td>[Interest] [Coupon] Calculation Period:</td> <td>[•]</td> <td>[•]</td> </tr> <tr> <td>[Yield:</td> <td>[•]</td> <td>[•]</td> </tr> </tbody> </table> <p><i>]</i></p> <p>Securityholders will receive on the relevant Maturity Date payment of the Redemption Amount and on [each] [the] [Interest] [Coupon] Payment Date payment of the [Interest Amount] [Coupon].</p> <p>Payments shall, in all cases subject to any applicable fiscal or other laws and regulations in the place of payment or other laws and regulations to which the Issuer agree to be subject, be made in accordance with the relevant regulation and operating procedure applicable to and/or issued by the</p> | ISIN | <i>[insert ISIN]</i> | <i>[insert ISIN]</i> | Maturity Date: | [•] | [•] | [Interest Rate][Coupon]: | [•] | [•] | [Interest] [Coupon] Payment Date: | [•] | [•] | [Interest] [Coupon] Calculation Period: | [•] | [•] | [Yield: | [•] | [•] |
|---|----------------------|--|------|----------------------|----------------------|----------------|-----|-----|--------------------------|-----|-----|-----------------------------------|-----|-----|---|-----|-----|---------|-----|-----|
| ISIN | <i>[insert ISIN]</i> | <i>[insert ISIN]</i> | | | | | | | | | | | | | | | | | | |
| Maturity Date: | [•] | [•] | | | | | | | | | | | | | | | | | | |
| [Interest Rate][Coupon]: | [•] | [•] | | | | | | | | | | | | | | | | | | |
| [Interest] [Coupon] Payment Date: | [•] | [•] | | | | | | | | | | | | | | | | | | |
| [Interest] [Coupon] Calculation Period: | [•] | [•] | | | | | | | | | | | | | | | | | | |
| [Yield: | [•] | [•] | | | | | | | | | | | | | | | | | | |

| | | <p>Clearing System (the “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 these Conditions of the Securities by delivery to the Clearing System in the manner described above.】</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|---|-----------|------|-----------------------|------|----------|------|----------------------|------|-------------------|------|-------------------------------|------|-------------------------|------|-----------------|------|------------------|------|--------------------|------|----------------------|------|---------------------------|------|-----------------------|------|-------------------|------|--------------------|------|--------------------------|------|--------------|------|------------------|------|---|------|------|---------------|---------------|-----------|-----|-----|-----------------------|-----|-----|----------|-----|-----|-----|-----|-----|
| <p>【The following Element C.10 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 (in addition to which there may be also an interest payment):</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| C. 10 | <p>Derivative component in the interest payment.</p> | <p>【Not applicable; the Securities have no derivative component in the interest payment.】</p> <p>【insert description of derivative component in the interest payment, as applicable】 【to be inserted for each Security, as required:】</p> <table border="1"> <tr><td>[Barrier]</td><td>[•]*</td></tr> <tr><td>[Coupon Payment Date]</td><td>[•]*</td></tr> <tr><td>[Coupon]</td><td>[•]*</td></tr> <tr><td>[Day Count Fraction]</td><td>[•]*</td></tr> <tr><td>[Interest Amount]</td><td>[•]*</td></tr> <tr><td>[Interest Calculation Period]</td><td>[•]*</td></tr> <tr><td>[Interest Payment Date]</td><td>[•]*</td></tr> <tr><td>[Interest Rate]</td><td>[•]*</td></tr> <tr><td>[Nominal Amount]</td><td>[•]*</td></tr> <tr><td>[Observation Date]</td><td>[•]*</td></tr> <tr><td>[Observation Period]</td><td>[•]*</td></tr> <tr><td>[Price of the Underlying]</td><td>[•]*</td></tr> <tr><td>[Redemption Currency]</td><td>[•]*</td></tr> <tr><td>[Reference Price]</td><td>[•]*</td></tr> <tr><td>[Settlement Price]</td><td>[•]*</td></tr> <tr><td>[Term of the Securities]</td><td>[•]*</td></tr> <tr><td>[Underlying]</td><td>[•]*</td></tr> <tr><td>[Valuation Date]</td><td>[•]*</td></tr> <tr><td>[insert further definitions, as required]</td><td>[•]*</td></tr> </table> <p>【In relation to multi-series Securities insert following overview table of relevant information and complete for each Series of Securities with the information contained in the above table</p> <table border="1"> <thead> <tr> <th>ISIN</th> <th>【insert ISIN】</th> <th>【insert ISIN】</th> </tr> </thead> <tbody> <tr><td>[Barrier]</td><td>[•]</td><td>[•]</td></tr> <tr><td>[Coupon Payment Date]</td><td>[•]</td><td>[•]</td></tr> <tr><td>[Coupon]</td><td>[•]</td><td>[•]</td></tr> <tr><td>[•]</td><td>[•]</td><td>[•]</td></tr> </tbody> </table> <p>】】</p> | [Barrier] | [•]* | [Coupon Payment Date] | [•]* | [Coupon] | [•]* | [Day Count Fraction] | [•]* | [Interest Amount] | [•]* | [Interest Calculation Period] | [•]* | [Interest Payment Date] | [•]* | [Interest Rate] | [•]* | [Nominal Amount] | [•]* | [Observation Date] | [•]* | [Observation Period] | [•]* | [Price of the Underlying] | [•]* | [Redemption Currency] | [•]* | [Reference Price] | [•]* | [Settlement Price] | [•]* | [Term of the Securities] | [•]* | [Underlying] | [•]* | [Valuation Date] | [•]* | [insert further definitions, as required] | [•]* | ISIN | 【insert ISIN】 | 【insert ISIN】 | [Barrier] | [•] | [•] | [Coupon Payment Date] | [•] | [•] | [Coupon] | [•] | [•] | [•] | [•] | [•] |
| [Barrier] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Coupon Payment Date] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Coupon] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Day Count Fraction] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Interest Amount] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Interest Calculation Period] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Interest Payment Date] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Interest Rate] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Nominal Amount] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Observation Date] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Observation Period] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Price of the Underlying] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Redemption Currency] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Reference Price] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Settlement Price] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Term of the Securities] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Underlying] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Valuation Date] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [insert further definitions, as required] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ISIN | 【insert ISIN】 | 【insert ISIN】 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Barrier] | [•] | [•] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Coupon Payment Date] | [•] | [•] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Coupon] | [•] | [•] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [•] | [•] | [•] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| C.11 | <p>Admission to trading on a regulated market or other equivalent markets.</p> | <p>【In the case that the Issuer or a Manager, as the case may be, intends to apply for a listing of the Securities (at any stock exchange other than SIX Swiss Exchange), insert the following text: [The Issuer] [A Manager] intends to apply for [listing] [inclusion] [admission] of the Securities [to trading] on [the Regulated Market (<i>Regulierter Markt</i>) of the [Frankfurt Stock Exchange] [Stuttgart Stock Exchange] [•]] [the Official List of the [Regulated Market of</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | | |
|--|--|--|
| | | <p>the Luxembourg Stock Exchange] [•]] [[the unofficial regulated market of] [Frankfurt Stock Exchange] [Stuttgart Stock Exchange] [•]] [Nasdaq Stockholm][NasdaqHelsinki][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] [•].]]]</p> <p>[The Securities already issued are admitted to trading on [specify securities exchange: [•]].]</p> <p>[In the case that the Issuer intends to apply for a listing of the Securities at SIX Swiss Exchange, insert the following text: [The Issuer] [The Manager (in its capacity as manager of the Issuer)] intends to apply for the listing of the Securities at SIX Swiss Exchange (“SIX”) and for admittance to trading on the platform of SIX Structured Products Exchange AG.]</p> <p>[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.]</p> |
| <p>[The following Elements C.15, C.16, C.17, C.18, C.19 and C.20 are not 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 (in addition to which there may be also an interest payment):</p> | | |
| <p>C.15</p> | <p>Influence of the underlying on the value of the securities.</p> | <p>The value of the Securities during their term depends on the performance of [the Underlying[s]] [the Basket Components] [relative to the performance of [another Underlying] [other Underlyings]]. In case the price of [the Underlying[s]] [the Basket Components] [increases] [decreases] [relative to the performance of the other Underlying[s]], [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[s]] [the Basket Components] [relative to the performance of [another Underlying] [other Underlyings]]. [In addition, it should be noted that any following reference to “Underlying” may refer to the Underlying showing a certain predetermined performance specified in the applicable Product Terms, e.g. the worst performance during an observation period, so-called Relevant Underlying.]</p> <p>The following features are examples describing the dependency of the value of the Securities from the Underlying[s]:</p> <p>[UBS Autocallable/Express Securities UBS Autocallable/Express Securities are 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) reaches 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</p> |

| | |
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| | <p>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>In addition, the Securityholder may, as specified in the relevant Product Terms, be entitled to receive on the relevant Interest/Coupon Payment Date payment of an Interest Amount/a Coupon: Such payment of an Interest Amount/a Coupon can either be unconditional (i.e. disregarding the performance of the Underlying(s)) or conditional, all as specified in the applicable Product Terms.】</p> <p>[UBS Gearing Securities</p> <p>UBS Gearing Securities allow Securityholders to participate disproportionately (with leverage) in the positive development of the Underlying(s). Conversely, Securityholders in UBS Gearing Securities may also participate disproportionately (with leverage) 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 disproportionately (with leverage) in the positive development of the Underlying relative to another Underlying. Conversely, Securityholders in UBS Gearing Securities may participate disproportionately (with leverage) in the negative development of the Underlying relative to another Underlying.</p> <p>UBS Gearing Securities also exist in a so-called “Put” version. In such case Securityholders positively participate disproportionately (with leverage) in the negative development of the Underlying(s). Conversely, Securityholders in UBS Gearing Securities (Put) may also participate disproportionately (with leverage) in the positive development of the Underlying(s), as the UBS Gearing Securities (Put) may provide upside risk potential as specified in the applicable Product Terms. UBS Gearing Securities (Put) may also allow Securityholders to participate disproportionately (with leverage) in the negative development of the Underlying relative to another Underlying. Conversely, Securityholders in UBS Gearing Securities (Put) may participate disproportionately (with leverage) in the positive development of the Underlying relative to another Underlying.</p> <p>UBS Gearing Securities may expire worthless upon the unfavourable development of the Underlying(s) beyond a certain value, as specified in the applicable Product Terms.</p> <p>Securityholders receive on the Maturity Date a Redemption Amount in the Redemption Currency, the amount of which depends on the Reference Price or the Settlement Price of the Underlying(s), as specified in the relevant Product Terms. The Redemption Amount is typically calculated by multiplying the Nominal Amount or such other amount as specified in the applicable Product Terms with the relevant performance of the Underlying(s), thereafter multiplied by the Participation Factor, the Leverage Factor or the Multiplier, but may also take other factors into account, as specified in the applicable Product Terms.</p> <p>The Redemption Amount may be determined by reference to the performance of one or more Underlying(s), as specified in the relevant Product Terms.</p> <p>In addition, the Securityholder may, as specified in the relevant Product</p> |
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| | <p>Terms, be entitled to receive on the relevant Interest/Coupon Payment Date payment of an Interest Amount/a Coupon: Such payment of an Interest Amount/a Coupon can either be unconditional (i.e. disregarding the performance of the Underlying(s)) or conditional, all as specified in the applicable Product Terms.】</p> <p>[UBS Warrants</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>[UBS Capital Protected Securities/UBS Partially Capital Protected Securities</p> <p>UBS Capital Protected Securities/UBS Partially Capital Protected Securities have full or partial 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, UBS Capital Protected Securities/UBS Partially Capital Protected Securities (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 predetermined 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 level below the issue price, the amount equivalent to the issue price is not fully secured at maturity. For the difference between the level of capital protection and the issue price to be bridged, certain conditions, dependent on the Underlying(s) asset's price movements, will have to be met to 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>In addition, the Securityholder may, as specified in the relevant Product Terms, be entitled to receive on the relevant Interest/Coupon Payment Date payment of an Interest Amount/a Coupon: Such payment of an Interest Amount/a Coupon can either be unconditional (i.e. disregarding the performance of the Underlying(s)) or conditional, all as specified in the applicable Product Terms.</p> |
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| | <p>The issue price of UBS Capital Protected Securities/UBS Partially Capital Protected Securities can also be above as well as below 100 per cent.】</p> <p>[UBS Sprint Securities UBS Sprint Securities allow Securityholders to participate in the positive development of the Underlying(s) within a predetermined range, i.e. between the Strike and the Cap multiplied by a participation, as specified in the relevant Product Terms. Conversely, Securityholders in UBS Sprint Securities may also participate in part of, or the whole, negative development of the Underlying(s). UBS Sprint Securities also exist with unlimited upside potential, i.e. 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>In addition, the Securityholder may, as specified in the relevant Product Terms, be entitled to receive on the relevant Interest/Coupon Payment Date payment of an Interest Amount/a Coupon: Such payment of an Interest Amount/a Coupon can either be unconditional (i.e. disregarding the performance of the Underlying(s)) or conditional, all as specified in the applicable Product Terms.】</p> <p>[UBS Bonus Securities UBS Bonus Securities allow Securityholders to participate in the positive development of the Underlying(s). Conversely, Securityholders in UBS Bonus Securities may also participate in the negative development of the Underlying(s). 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>In addition, the Securityholder may, as specified in the relevant Product Terms, be entitled to receive on the relevant Interest/Coupon Payment Date payment of an Interest Amount/a Coupon: Such payment of an Interest Amount/a Coupon can either be unconditional (i.e. disregarding the performance of the Underlying(s)) or conditional, all as specified in the applicable Product Terms.】</p> <p>[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.</p> <p>In addition, the Securityholder is entitled to receive on the relevant Interest/Coupon Payment Date payment of an Interest Amount/a Coupon: Such payment of an Interest Amount/a Coupon can either be unconditional (i.e. disregarding the performance of the Underlying(s)) or conditional, all as specified in the applicable Product Terms.】</p> |
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| | <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>[UBS Reverse Convertible Securities/GOAL Depending on whether the Reference Price or the Settlement Price of the Underlying(s), 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) as further 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>In addition, the Securityholder is entitled to receive on the relevant Interest/Coupon Payment Date payment of an Interest Amount/a Coupon: Such payment of an Interest Amount/a Coupon can either be unconditional (i.e. disregarding the performance of the Underlying(s)) or conditional, all as specified in the applicable Product Terms.】</p> <p>[UBS Kick-In GOAL/Barrier Reverse Convertible Securities The UBS Kick-In GOAL/Barrier Reverse Convertible Securities offers a safety buffer that aims to provide protection from the Underlying(s) reaching certain predefined or variable levels. If the Underlying(s) do not breach a predefined 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 predefined 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 predefined 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 depending on the then current value of the Underlying(s) or the performance of the Underlying(s) (if applicable, adjusted by the respective ratio). The barrier can be observed either continuously or on predefined 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>In addition, the Securityholder is entitled to receive on the relevant Interest/Coupon Payment Date payment of an Interest Amount/a Coupon: Such payment of an Interest Amount/a Coupon can either be unconditional (i.e. disregarding the performance of the Underlying(s)) or conditional, all as specified in the applicable Product Terms.】</p> <p>[UBS Performance Securities UBS Performance Securities allow investors to participate - if the applicable Product Terms specify a Management Fee to be applicable, considering the Management Fee - in the positive development of the Underlying(s). Conversely, investors in UBS Performance Securities also participate in the</p> |
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| | <p>negative development of the Underlying(s).</p> <p>UBS Performance Securities can be issued either as open end securities with no predefined Maturity Date or with a predefined Maturity Date. They may have an Issuer and/or Securityholder's right vested in the Securities that could be exercised and cause the Securities to redeem/expire at any time, 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>In addition, the Securityholder may, as specified in the relevant Product Terms, be entitled to receive on the relevant Interest/Coupon Payment Date payment of an Interest Amount/a Coupon: Such payment of an Interest Amount/a Coupon can either be unconditional (i.e. disregarding the performance of the Underlying(s)) or conditional, all as specified in the applicable Product Terms.】</p> <p>[UBS Leveraged Securities</p> <p>With UBS Leveraged Securities, Securityholders can apply leverage, since UBS Leveraged Securities offer Securityholders the chance to participate disproportionately and without restriction in rising prices of the Underlying(s). This means that as of a predefined 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 Security 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, or as the case may be leveraged, investment and Securityholders participate in potential negative price development. In the described case (without agio) there is thus no disproportionate participation in potential losses.</p> <p>To minimize the loss risk, UBS Leveraged Securities may have 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 UBS Leveraged Security without conditional partial protection.</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>In addition, the Securityholder may, as specified in the relevant Product Terms, be entitled to receive on the relevant Interest/Coupon Payment Date payment of an Interest Amount/a Coupon: Such payment of an Interest Amount/a Coupon can either be unconditional (i.e. disregarding the performance of the Underlying(s)) or conditional, all as specified in the applicable Product Terms.】</p> <p>[UBS Zero Coupon Securities</p> <p>UBS Zero Coupon Securities entitle their Securityholders to receive on the Maturity Date the payment of the Nominal Amount per Security. As result, UBS Zero Coupon Securities are 100% capital-protected at maturity. Such payment is not guaranteed by a third party, but promised by the Issuer and is</p> |
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| | <p>therefore dependent on the Issuer's ability to meet its payment obligations.</p> <p>The initial Issue Price of a UBS Zero Coupon Security is below its Nominal Amount. During the term of the UBS Zero Coupon Securities, the Securityholders is not entitled to receive any payments of interest.】</p> <p>[UBS Fixed Rate Securities</p> <p>UBS Fixed Rate Securities entitle their Securityholders to receive on the Maturity Date the payment of the Nominal Amount per Security. As result, UBS Fixed Rate Securities are 100% capital-protected at maturity. Such payment is not guaranteed by a third party, but promised by the Issuer and is therefore dependent on the Issuer's ability to meet its payment obligations.</p> <p>During the term of the UBS Fixed Rate Securities, the Securityholder is entitled to receive on the relevant Interest/Coupon Payment Date the payment of the Interest Amount/the Coupon in relation to the preceding Interest/Coupon Calculation Period. The Interest Amount/the Coupon is calculated by applying the Interest Rate and the Day Count Fraction to the Nominal Amount per Security. The Interest Rate is fix for the whole term of the UBS Fixed Rate Securities.】</p> <p>[UBS Floating Rate Securities</p> <p>UBS Floating Rate Securities entitle their Securityholders to receive on the Maturity Date the payment of the Nominal Amount per Security. As result, UBS Floating Rate Securities are 100% capital-protected at maturity. Such payment is not guaranteed by a third party, but promised by the Issuer and is therefore dependent on the Issuer's ability to meet its payment obligations.</p> <p>During the term of the UBS Floating Rate Securities, the Securityholder is entitled to receive on the relevant Interest/Coupon Payment Date the payment of the Interest Amount/the Coupon in relation to the preceding Interest/Coupon Calculation Period. The Interest Amount/the Coupon is calculated by applying the Interest Rate and the Day Count Fraction to the Nominal Amount per Security.</p> <p>The Interest Rate in relation to each Interest Calculation Period (i) equals the Price of the Underlying, if so specified, either (i) plus or, as the case may be, (ii) minus a certain margin percentage, as specified in the relevant Product Terms.】</p> <p>The following descriptions of several performance structures might be used for the Securities described in the section above, if applicable.</p> <p><u>Underlyings</u></p> <p>Securities can either depend on one single Underlying, a basket of Underlyings, the best performing Underlying(s), the worst performing Underlying(s) or a combination of those. Basket performances are calculated as the weighted average of the performances of the individual Underlying(s).</p> <p>The weightings can either be predefined or be defined during the life of the product depending on certain conditions. Weights can for example depend on the relative performance of the Underlyings or the realised volatility of the Underlying(s).</p> <p><u>Performances</u></p> <p>In principle, the value of the Securities (disregarding any special features of the Securities) is likely to increase, in case the price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Components, increases. In case the price of the Underlying or Basket Components decreases, also the value of</p> |
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| | <p>the Securities (disregarding any special features of the Securities) is likely to decrease.</p> <p>In contrast thereto, Securities may, if so specified in the relevant Product Terms, provide for a so-called reverse structure. In this case the Securities (irrespective of the other features attached to the Securities or of any other factors, which may be relevant for the value of the Securities) depreciate in value, if the price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Components, increases, or the Securities increase in value, if the price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Components, decreases.</p> <p>The performance or levels of the Underlying(s) can be measured in various ways.</p> <p>Usually the performance is measured as the final level of the Underlying(s) as a percentage of the initial level of the Underlying(s). However the final level and / or the initial level can also either be defined as the average / maximum / minimum level of the Underlying(s) observed within a certain period. The initial level does not necessarily need to be observed on the strike date of the product but can also be observed during the life of the product.</p> <p>Performance can also be measured as the relative performance of one or more Underlying(s) relative to the performance of one or more different Underlying(s).</p> <p>Performances can also have a predefined or a variable and/or conditional cap. This means Securityholders accept a limitation of earning potential ("Cap") and may only participate in possible price increases (or decreases) of the Underlying(s) until a certain level is reached and no further. Additionally, performances can also have a predefined or a variable and/or conditional floor. This means Securityholders will have a minimum of earning potential ("Floor") and may only negatively participate in possible price decreases (or increases) of the Underlying(s) until a certain level is reached and no further.</p> <p><u>Barriers</u></p> <p>Products can have barriers that are activated as soon as certain conditions are met. Usually these barriers represent certain levels to be reached by the Underlying(s) on certain observation dates.</p> <p>Barriers can either be triggered by Underlying(s), performances or other measures reaching certain predefined levels. Some barriers are only triggered if more than one condition is met. Barriers can be either defined to be observed only on certain dates or continuously.</p> <p>Barriers either lead to the removal (Kick-Out) or addition (Kick-In) of certain features of the Securities. Features which are added or removed are for example coupons, participations or Underlying(s).</p> <p><u>Lock-In and Final Lock-In</u></p> <p>The relevant Product Terms may provide for a "Lock-In" feature, which means that certain amounts or performances, as specified in the Product Terms, will in the case of the occurrence of a predetermined lock-in event be "locked-in", i.e. fixed, set aside or otherwise economically preserved, as specified in the Product Terms. To the extent and under the conditions of applicable other features and as further specified in the applicable Product Terms, Securityholders do still participate in the future performance of the Underlying or, as the case may be, the Basket Components.</p> |
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| | <p>If the relevant Product Terms specify that a “Final Lock-In” feature applies, certain amounts or performances, as specified in the Product Terms, will in the case of the occurrence of a predetermined lock-in event be “locked-in” to an extent that the participation of the Securityholders in the future performance of the Underlying or, as the case may be, the Basket Components is limited or even excluded.</p> <p><u>Automatic Termination Feature</u> If the relevant Product Terms specify that the Automatic Termination feature applies, then the Securities may be terminated and redeemed early upon the occurrence of an automatic termination event (including, but not limited to, a Stop Loss Event or Knock Out Event).</p> <p><u>Investment Strategies</u> Performance can be defined as the hypothetical performance of a certain predefined investment strategy. This can for example be a strategy that invests into the Underlying(s) only on certain predefined dates. Another example would be a strategy that invests into the Underlying(s) dependent on the realised volatility, performance, momentum or other metric of the Underlying(s) level over the life of the product.</p> <p><u>Bearish/Bullish/Variable Participation Rate</u> Participation is usually proportional with a certain rate (which can itself be dependent on certain pre-conditions for example the performance of one or more Underlying(s)) and can be either negative or positive.</p> <p><u>Currency Conversion</u> The Securityholder's right vested in the Securities may be determined on the basis of a currency other than the Redemption Currency, currency unit or calculation unit, and also the value of the Underlying or, as the case may be, the Basket Components may be determined in such a currency other than the Redemption Currency, currency unit or calculation unit. The currency exchange rate to be used to determine the Redemption Amount can either be predefined (quanto feature) or variable.</p> <p><u>Dual Currency</u> The Securityholder are entitled to receive payments in the predetermined currency specified in the applicable Product Terms as the Redemption Currency. If the relevant Product Terms, however, specify the product feature “Dual Currency” to be applicable, the Issuer shall be entitled to replace, either during the life of the Securities or at the final redemption, this predetermined currency by another currency specified for that purposes in the applicable Product Terms. All following payments to the Securityholder will then be made in such other currency. The Securityholder may be exposed to currency risk in such event.</p> <p><u>Coupons/Interest Amounts/Other Proceeds</u> If the relevant Product Terms specify unconditional Coupon, Interest Amount or other proceeds to apply, the Securityholder is entitled to receive payment of the relevant Coupon, Interest Amount or other proceeds, as specified in the applicable Product Terms.</p> <p>If the relevant Product Terms specify conditional Coupon, Interest Amount or other proceeds to apply, the Securityholder is entitled to receive payment of the relevant Coupon, Interest Amount or other proceeds provided that relevant conditions are met. If, in case of a conditional Coupon, Interest Amount or other proceeds, these requirements are not met, no Coupon, Interest Amount or other proceeds are paid.</p> <p>During their term products can therefore generate regular income. However, most products do not generate unconditional income, e.g. dividends or</p> |
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| | | <p>interest.</p> <p><u>Capital Protection</u> 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>Maximum Amount</u> If the product feature “Maximum Amount” is specified to be applicable in the relevant Product Terms, the Settlement Amount is capped to the Maximum Amount multiplied, if so specified in the relevant Product Terms, by the Participation Factor, the Leverage Factor, the Multiplication Factor or the Multiplier, as specified to be applicable in the relevant Product Terms.</p> <p><u>Physical or Cash Settlement</u> 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>General Early Redemption Right</u> The Issuer and the Securityholders will only have a general early redemption right in relation to the Securities prior to the Maturity Date, if so specified in the applicable Product Terms.</p> <p><i>Issuer's Call Right</i> If so specified in the applicable Product Terms, the Issuer has a right to call the Securities for early redemption by giving notice to that effect on certain predefined dates. The redemption value can either be predefined or dependent on the Underlying(s) level, certain dates or other parameters.</p> <p><i>Securityholder's Put Right</i> If so specified in the applicable 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> | | | | | | | | | | |
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| 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> <p><i>[In relation to multi-series Securities insert following overview table of relevant information and complete for each Series of Securities:</i></p> <table border="1"> <thead> <tr> <th>ISIN</th> <th>Maturity Date</th> <th>[Expiration Date]</th> <th>[Exercise Date[s]][Exercise Period]</th> <th>[[Final] Valuation Date] [Valuation Averaging Dates]</th> </tr> </thead> <tbody> <tr> <td>[•]</td> <td>[•]</td> <td>[•]</td> <td>[•]</td> <td>[•]</td> </tr> </tbody> </table> | ISIN | Maturity Date | [Expiration Date] | [Exercise Date[s]][Exercise Period] | [[Final] Valuation Date] [Valuation Averaging Dates] | [•] | [•] | [•] | [•] | [•] |
| ISIN | Maturity Date | [Expiration Date] | [Exercise Date[s]][Exercise Period] | [[Final] Valuation Date] [Valuation Averaging Dates] | | | | | | | | |
| [•] | [•] | [•] | [•] | [•] | | | | | | | | |
| C.17 | Settlement procedure of the derivative | <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</p> | | | | | | | | | | |

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| | securities. | <p>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> <p><i>[In relation to multi-series Securities insert following overview table of relevant information and complete for each Series of Securities:</i></p> <table border="1"> <tr> <td>ISIN</td> <td>[Settlement Price] [Reference Price]</td> </tr> <tr> <td>[•]</td> <td>[•]</td> </tr> </table> <p style="text-align: right;">]</p> | ISIN | [Settlement Price] [Reference Price] | [•] | [•] |
| ISIN | [Settlement Price] [Reference Price] | | | | | |
| [•] | [•] | | | | | |
| C.20 | Type of the underlying and where the information on the underlying can be found. | <p>Type of Underlying:</p> <p><i>[insert description of [the share (including a certificate representing shares)] [the Index] [the currency exchange rate] [the precious metal] [the commodity] [the interest rate] [the non-equity security] [the exchange traded fund unit] [the not exchange traded fund unit] [the futures contract (if applicable, including determination of the relevant expiration months)] [the reference rate] [the basket comprising the aforementioned assets] [the portfolio comprising the aforementioned assets: [•]*]</i></p> <p>Information about [•] [and] the past and the further performance of [the Underlying] [the Underlyings] and [its] [their] volatility can be obtained [on the internet page] [•].</p> <p><i>[In relation to multi-series Securities insert following overview table of relevant information and complete for each Series of Securities:</i></p> <table border="1"> <tr> <td>ISIN</td> <td></td> </tr> <tr> <td>[•]</td> <td><i>[insert description of the underlying and where the information on the underlying can be found]</i></td> </tr> </table> <p style="text-align: right;">]]</p> | ISIN | | [•] | <i>[insert description of the underlying and where the information on the underlying can be found]</i> |
| ISIN | | | | | | |
| [•] | <i>[insert description of the underlying and where the information on the underlying can be found]</i> | | | | | |
| <p>[The following Element C.21 is only to be inserted in case of Securities with a minimum denomination of at least EUR 100.000 or its equivalent in any other currency, where the 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):</p> | | | | | | |
| C.21 | Indication of the market where the securities will be traded and for | [Application was made for admission of the Securities on [the Regulated Market (<i>Regulierter Markt</i>) 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] | | | | |

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| | which a prospectus has been published | <p>[Frankfurt Stock Exchange] [Stuttgart Stock Exchange] [] [Nasdaq Stockholm][NasdaqHelsinki][Nordic Growth Market NGM AB – NDX (Nordic Derivatives Exchange)] <i>[specify alternative exchange(s) or trading system(s): []]</i></p> <p>[Not applicable. No application was made to admit the Securities on a regulated market of a stock exchange located within the European Economic Area.]</p> |
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| Element | Section D – Risks | |
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| D.2 | Key information on the key risks that is specific and individual to the issuer. | <p>The Securities entail an issuer risk, also referred to as debtor risk or credit risk for prospective investors. An issuer risk is the risk that UBS AG becomes temporarily or permanently unable to meet its obligations under the Securities.</p> <p>General insolvency risk</p> <p>Each investor bears the general risk that the financial situation of the Issuer could deteriorate. The debt or derivative securities of the Issuer will constitute immediate, unsecured and unsubordinated obligations of the Issuer, which, in particular in the case of insolvency of the Issuer, rank pari passu with each other and all other current and future unsecured and unsubordinated obligations of the Issuer, with the exception of those that have priority due to mandatory statutory provisions. The Securities are not bank deposits and an investment in the Securities carries risks which are very different from the risk profile of a bank deposit placed with the Issuer or its affiliates. The Issuer's obligations relating to the Securities are not protected by any statutory or voluntary deposit guarantee system or compensation scheme. In the event of insolvency of the Issuer, investors may thus experience a total loss of their investment in the Securities.</p> <p>UBS AG as Issuer and UBS are subject to various risks relating to their business activities. Summarised below are the risks that may impact the Group's ability to execute its strategy, and affect its business activities, financial condition, results of operations and prospects, which the Group considers material and is presently aware of:</p> <ul style="list-style-type: none"> • Market conditions and fluctuations may have a detrimental effect on UBS's profitability, capital strength, liquidity and funding position • Substantial changes in the regulation of UBS's businesses may adversely affect its business and UBS's ability to execute its strategic plans • If UBS is unable to maintain its capital strength, this may adversely affect its ability to execute its strategy, its client franchise and its competitive position • UBS may not be successful in the ongoing execution of its strategic plans • Material legal and regulatory risks arise in the conduct of UBS's business • Operational risks affect UBS's business • UBS's reputation is critical to the success of its business • Performance in the financial services industry is affected by market conditions and the macroeconomic climate • UK withdrawal from the EU |

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| | | <ul style="list-style-type: none"> • UBS may not be successful in implementing changes in its wealth management businesses to meet changing market, regulatory and other conditions • UBS may be unable to identify or capture revenue or competitive opportunities, or retain and attract qualified employees • UBS depends on its risk management and control processes to avoid or limit potential losses in its businesses • Liquidity and funding management are critical to UBS's ongoing performance • UBS's financial results may be negatively affected by changes to assumptions and valuations, as well as changes to accounting standards • The effect of taxes on UBS's financial results is significantly influenced by tax law changes and reassessments of its deferred tax assets • UBS's stated capital returns objective is based, in part, on capital ratios that are subject to regulatory change and may fluctuate significantly • UBS AG's operating results, financial condition and ability to pay its obligations in the future may be affected by funding, dividends and other distributions received from UBS Switzerland AG, UBS Americas Holding LLC, UBS Limited and other subsidiaries, which may be subject to restrictions • If UBS experiences financial difficulties, FINMA has the power to open resolution or liquidation proceedings or impose protective measures in relation to UBS Group AG, UBS AG or UBS Switzerland AG, and such proceedings or measures may have a material adverse effect on UBS's shareholders and creditors • Risks related to "benchmarks" <p>However, because the business of a broad-based international financial services firm such as UBS is inherently exposed to risks many of which 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 adversely affect UBS.</p> |
| <p><i>[The following Element D.3 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 and the following Element D.6 is only to be inserted in case of Securities where the Issuer has no obligation arising on issue to pay to the investor 100% of the nominal value:]</i></p> | | |
| <p>[D.3] [D.6]</p> | <p>Key information on the risks that are specific and individual to the securities.</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</p> |

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| | <p>interested in purchasing the Securities should assess their financial situation, to ensure that they are in a position to bear the risks of loss connected with the Securities.</p> <p><u>Special risks related to specific features of the Security structure</u></p> <p><i>[In case of Securities linked to an Underlying insert: Potential investors should be aware that the amount [of [the Interest Amount] [the Interest Amounts] [the Coupon] [the Coupons] and] of the Redemption Amount payable in accordance with the Conditions of the Securities depends on the performance of the Underlying. In case of an unfavourable development of the price of the [Underlying] [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).]</i></p> <p><i>[In case of the product feature "Participation Factor", "Leverage Factor", "Multiplication Factor" or, as the case may be, "Multiplier", insert: Potential investors should consider that the application of the [Participation Factor] [Leverage Factor] [Multiplication Factor] [Multiplier] within the determination of the Security Right results in the Securities being in economic terms similar to a direct investment in the [Underlying] [Basket Components], but being nonetheless not fully comparable with such a direct investment[, in particular because the Securityholders do not participate in the relevant performance of the [Underlying] [Basket Components] by a 1:1 ratio, but by the proportion of the [Participation Factor] [Leverage Factor] [Multiplication Factor] [Multiplier]].]</i></p> <p><i>[In case of the product feature "Leverage" insert: Potential investors should be aware that the so-called "Leverage" Effect is one of the key features of the Securities. Leverage allows Securityholders to participate disproportionately (with leverage) in the relevant development of the [Underlying] [Basket Components]. Consequently, any change in the value of the [Underlying] [Basket Components] may result in a disproportionate change in the value of the Securities. The Securities, consequently, also involve disproportionate loss exposure, if the price of the [Underlying] [Basket Components] develops unfavourably. Therefore, when buying the Securities, it should be noted that the higher the leverage effect of a Security, the higher the loss exposure involved. In addition, it should be noted that, typically, the shorter the (remaining) maturity of the Security, the higher the leverage effect.]</i></p> <p><i>[In case of the product feature "Reverse Structure" insert: 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] [Basket Components] increases, or the Securities increase in value, if the price of the [Underlying] [Basket Components] decreases. Consequently, there is the risk of a loss of the invested capital, if the price of the [Underlying] [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] [Basket Components] may not exceed 100 %.]</i></p> <p><i>[In case of the product feature "Express Structure" insert: 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</i></p> |
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| | <p>to the Maturity Date, the Securityholder is entitled to demand [the payment of a cash amount] [or, as the case may be,] [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,] [the delivery of the Physical Underlying] after such early expiration.</p> <p>The Securityholder, therefore, bears the risk of not participating in the performance of the [Underlying] [Basket Components] to the expected extent and during the expected period.</p> <p>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.】</p> <p>【In case of the product feature “Thresholds, Barriers or Levels” insert: Potential investors should consider that [the Redemption Amount] [or, as the case may be,] [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] [Basket Components] equals, and/or falls below respectively exceeds a certain threshold, barrier or level as specified in the relevant Final Terms, at a given time or, as the case may be, within a given period as determined by the Conditions of the Securities.</p> <p>Only provided that the relevant threshold, barrier or, as the case may be, level has not been reached and/or fallen below respectively exceeded at the time or period as determined by the Conditions of the Securities, the holder of a Security receives an amount, predetermined in the Conditions of the Securities as Redemption Amount. If so specified in the relevant Final Terms, the application of thresholds, barriers or levels as specified in the relevant Final Terms may in accordance with the Conditions of the Securities even result in a Redemption Amount of zero (0). Otherwise the Securityholder participates in the performance of the [Underlying] [Basket Components] and, therefore, bears the risks of a total loss of the invested capital.】</p> <p>【In case of the product feature “Maximum Amount” insert: Potential investors should consider that [the Redemption Amount] [or, as the case may be,] [the value of the Physical Underlying to be delivered in an appropriate number], if any, under the Securities is limited to the Maximum Amount [multiplied by [the Participation Factor] [the Leverage Factor] [the Multiplication Factor] [the Multiplier]] as determined in the Conditions of the Securities. In contrast to a direct investment in the [Underlying] [Basket Components] the potential profit of the Securities is, therefore, limited to the Maximum Amount [multiplied by [the Participation Factor] [the Leverage Factor] [the Multiplication Factor] [the Multiplier]].】</p> <p>【In case of the product feature “Relevant Underlying” insert: Potential investors should consider that the calculation of 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, solely refers to the performance of the Relevant Underlying and, thereby, to the Underlying, showing a certain predetermined performance, e.g. the worst performance during an observation period.</p> <p>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</p> |
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| | | <p>remaining Underlyings are not taken into account when calculating [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].]</p> <p><i>[In case of the product feature “Physical Delivery” insert:</i> Potential investors 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. [The price or value of the Physical Underlying to be delivered to the Securityholder might be determined on (securities) exchanges or in other trading systems in currencies other than the Redemption Currency of the Securities.]</p> <p>As in such case the Securityholders of the Securities are exposed to the issuer- and security-specific risks related to the Physical Underlying to be delivered, if any, potential investors in the Securities should make themselves familiar with the Physical Underlying, to be delivered, if any, before purchasing the Securities. Moreover, investors should not rely on being able to sell the Physical Underlying after redemption of the Securities at a certain price, in particular not at a price, which corresponds to the capital invested for the acquisition of the Securities. The Physical Underlying delivered in the appropriate number can, under certain circumstances, possibly have a very low or even no value. In such case the Securityholders bear the risk of a total loss of the capital invested for purchasing the Securities (including the transaction costs).</p> <p>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.]</p> <p><i>[In case of the product feature “Final Lock-In” insert:</i> Potential investors should be aware that, as far as the Conditions of the Securities provide for a “Final Lock-In” feature, certain amounts or performances, as specified in the Product Terms, will in the case of the occurrence of a predetermined lock-in event be “locked-in” to an extent that the participation of the Securityholders in the future performance of the [Underlying] [Basket Components] is limited or even excluded.</p> <p>Securityholder do in this case, not, or only to a limited extent, participate in any future performance of the [Underlying] [Basket Components].]</p> <p><i>[In case of the product feature “Currency Conversion” insert:</i> 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] [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] [Basket Components], but also on unfavourable developments in the value of the foreign currency, currency unit or calculation unit.</p> |
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| | | <p>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).]</p> <p>[In case of the product feature "Dual Currency" insert: Potential investors should consider that – although Securityholders are entitled to receive payments in the predetermined currency specified in the applicable Product Terms as the Redemption Currency – the Issuer is in accordance with the Terms and Conditions entitled to replace, either during the life of the Securities or at the final redemption, this predetermined currency by another currency specified for that purposes in the applicable Product Terms. All following payments to the Securityholder will then be made in such other currency.</p> <p>Potential investors should, therefore, be aware that investments in these Securities could entail specific risks due to fluctuating exchange rates between the predetermined currency specified in the applicable Product Terms and the alternative currency. Consequently, 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 predetermined currency and the alternative currency.]</p> <p>[In case of the product feature "Capital Protection" insert: Potential investors should consider that the Securities are as at the end of their term capital protected to the extent of a capital protected 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] [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 [or, as the case may be, expired early]. The [cash amount to be paid] [or, as the case may be,] [value of the Physical Underlying to be delivered in an appropriate number], if any, in the case of an early redemption of the Securities can be considerably below the amount, which would be payable as a minimum at the end of the term of the Securities, where the capital protection applies to the extent of the Minimum Amount and may even be equal to zero. In such case the Securityholders will incur a total loss of its investment (including any transaction costs).</p> <p>Potential investors of the Securities should furthermore recognise that despite the capital protection to the extent of the Minimum Amount, the investor bears the risk of the Issuer's financial ability worsening and the potential subsequent inability of the Issuer to pay its obligations under the Securities. In case of an insolvency of the Issuer, Securityholders may suffer a total loss of their investment in the Securities. Potential investors must therefore be prepared and able to sustain a partial or even a total loss of the capital invested. Purchasers of the Securities should in any case assess their financial situation, to ensure that they are in a position to bear the risks of loss connected with the Securities.]</p> |
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| | <p>[In case of the product feature “No predefined term” insert: Potential investors should consider that the Securities have - in contrast to securities with a fixed term - no predetermined expiration date, and thus no defined term. As a result, the Securityholder's right vested in those Securities must be exercised by the respective Securityholder on a specific Exercise Date in accordance with the exercise procedure described in the Conditions of the Securities, if the Security Right is to be asserted. In the event that the required Exercise Notice is not duly received on the relevant Exercise Date, the Securities cannot be exercised until the next exercise date stated in the Conditions of the Securities.]</p> <p>[In case of the product feature “Time-lagged Valuation” insert: Potential investors should note that in case of an exercise of the Securities on an Exercise Date or, as the case may be, of the occurrence of an automatic termination event (including, but not limited to, a Stop Loss Event or Knock Out Event) in accordance with the Conditions of the Securities, the Valuation Date or the Final Valuation Date relevant for determining the Reference Price or the Settlement Price, as specified in the Final Terms, will in accordance with the Conditions of the Securities be a day following a significant period after the relevant Exercise Date or, as the case may be, the relevant automatic termination date, as specified to be applicable in the Product Terms. Any adverse fluctuations in the Price of the Underlying or, as the case may be, of the Basket Components between such date and the Valuation Date or the Final Valuation Date, as specified in the Final Terms are borne by the relevant Securityholder.]</p> <p>[In case of the product feature “Automatic Termination” insert: Potential investors should consider that in case of the occurrence of an automatic termination event (including, but not limited to, a Stop Loss Event or Knock Out Event) in accordance with the Conditions of the Securities, the term of all outstanding Securities is automatically terminated.</p> <p>The Securityholder, therefore, bears the risk of not participating in the performance of the Underlying or, as the case may be, the Basket Components to the expected extent and during the expected period and, therefore, receives less than its capital invested.</p> <p>In the case of the occurrence of an automatic termination event, the Securityholder also bears the risk of a reinvestment, i.e. the investor bears the risk that it will have to re-invest the redemption amount, if any, paid by the Issuer in the case of the occurrence of an automatic termination event at market conditions, which may be less favourable than those existing prevailing at the time of the acquisition of the Securities.]</p> <p>[In case of the product feature “Minimum Exercise Size” insert: Potential investors should consider that any Securityholder, must in accordance with the Conditions of the Securities tender a specified minimum number of the Securities, in order to exercise the Security Right vested in the Securities, the so-called Minimum Exercise Size. Securityholders with fewer than the specified Minimum Exercise Size of Securities will, therefore, either have to sell their Securities or purchase additional Securities (incurring transaction costs in each case). Selling the Securities requires that market participants are willing to acquire the Securities at a certain price. In case that no market participants are readily available, the value of the Securities may not be realised.]</p> <p>[In case the product feature “Securityholder's Termination Right” is specified to be <i>not</i> applicable, insert: 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</p> |
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| | <p>the maturity of the Securities the realisation of the economic value of the Securities (or parts thereof), is, unless the Securities have been subject to early redemption or termination by the Issuer in accordance with the Conditions of the Securities or, if so specified in the relevant Final Terms, an exercise of the Security Right by the Securityholders in accordance with the Conditions of the Securities, only possible by way of selling the Securities.</p> <p>Selling the Securities requires that market participants are willing to acquire the Securities at a certain price. In case that no market participants are readily available, the value of the Securities may not be realised. The issuance of the Securities does not result in an obligation of the Issuer towards the Securityholders to compensate for this or to repurchase the Securities.】</p> <p>[In case of the product feature “Quanto” insert: Potential investors should consider that the Price of the [Underlying] [Basket Components] is determined in a currency other than the Redemption Currency, so-called underlying currency. The relevant Price of the [Underlying] [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] [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.】</p> <p><u>General risks related to the Securities</u></p> <p><i>Effect of downgrading of the Issuer's rating</i> The general assessment of the Issuer's creditworthiness may affect the value of the Securities. As a result, any downgrading of the Issuer's rating by a rating agency may have a negative impact on the value of the Securities.</p> <p><i>Ratings are not Recommendations</i> The ratings of UBS AG as Issuer should be evaluated independently from similar ratings of other entities, and from the rating, if any, of the debt or derivative securities issued. A credit rating is not a recommendation to buy, sell or hold securities issued or guaranteed by the rated entity and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency.</p> <p>A rating of the Securities, if any, is not a recommendation to buy, sell or hold the Securities and may be subject to revision or withdrawal at any time by the relevant rating agency. Each rating should be evaluated independently of any other securities rating, both in respect of the rating agency and the type of security. Furthermore, rating agencies which have not been hired by the Issuer or otherwise to rate the Securities could seek to rate the Securities and if such “unsolicited ratings” are lower than the equivalent rating assigned to the Securities by the relevant hired rating agency, such ratings could have an adverse effect on the value of the Securities.</p> <p><i>Securityholders are exposed to the risk of a bail-in</i> The Issuer and the Securities are subject to the Swiss Banking Act and FINMA's bank insolvency ordinance, which empowers FINMA as the competent resolution authority to in particular apply under certain circumstances certain resolution tools to credit institutions. These measures include in particular the write-down or conversion of securities into common equity of such credit institution (the so called bail-in). A write-down or conversion would have the effect that the Issuer would insofar be released from its obligations under the Securities. Securityholders would have no further claim against the Issuer under the Securities. The resolution tools</p> |
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| | | <p>may, hence, have a significant negative impact on the Securityholders' rights by suspending, modifying and wholly or partially extinguishing claims under the Securities. In the worst case, this can lead to a total loss of the Securityholders' investment in the Securities.</p> <p>Such legal provisions and/or regulatory measures may severely affect the rights of the Securityholders and may have a negative impact on the value of the Securities even prior to any non-viability or resolution in relation to the Issuer.</p> <p><i>The Conditions of the Securities do not contain any restrictions on the Issuer's or UBS's ability to restructure its business</i></p> <p>The Conditions of the Securities contain no restrictions on change of control events or structural changes, such as consolidations or mergers or demergers of the Issuer or the sale, assignment, spin-off, contribution, distribution, transfer or other disposal of all or any portion of the Issuer's or its subsidiaries' properties or assets in connection with the announced changes to its legal structure or otherwise and no event of default, requirement to repurchase the Securities or other event will be triggered under the Conditions of the Securities as a result of such changes. There is the risk that that such changes, should they occur, would adversely affect the credit rating of the Issuer and/or increase the likelihood of the occurrence of an event of default. Such changes, should they occur, may adversely affect the Issuer's ability to redeem or pay interest on the Securities and/or lead to circumstances in which the Issuer may elect to cancel such interest (if applicable).</p> <p><i>Termination and Early Redemption at the option of the Issuer</i></p> <p>Potential investors in the Securities should furthermore be aware that the Issuer is, pursuant to the Conditions of the Securities, under certain circumstances, entitled to terminate and redeem the Securities in total prior to the scheduled Maturity Date. In this case the Securityholder is in accordance with the Conditions of the Securities entitled to demand the payment of a redemption amount in relation to this early redemption. However, the Securityholder is not entitled to request any further payments on the Securities after the relevant termination date. Furthermore, the Termination Amount, if any, payable in the case of an early redemption of the Securities by the Issuer can be considerably below the amount, which would be payable at the scheduled end of the term of the Securities.</p> <p>The Securityholder, therefore, bears the risk of not participating in the performance of [the Underlying] [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>i.e.</i> the investor bears the risk that it will have to re-invest the Termination Amount, if any, paid by the Issuer in the case of termination at market conditions, which are less favourable than those prevailing at the time of the acquisition of the Securities.</p> <p><i>Adverse impact of adjustments of the Security Right</i></p> <p>There is the risk that certain events occur or certain measures are taken (by parties other than the Issuer) in relation to the [Underlying] [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 and Replacement Events. In the case of the occurrence of a Potential Adjustment Event, the Issuer shall be entitled to adjust the Conditions of the Securities to account for these events or measures and shall, in the case of the occurrence of a Replacement Event, even be entitled to replace the [Underlying] [Basket Components]. These adjustments might have a negative impact on the value</p> |
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| | | <p>of the Securities.</p> <p><i>Substitution of the Issuer</i> Provided that the Issuer is not in default with its obligations under the Securities, the Issuer is in accordance with the Conditions of the Securities, at any time entitled, without the consent of the Securityholders, to substitute another company within the UBS Group as issuer (the “Substitute Issuer”) with respect to all obligations under or in connection with the Securities.</p> <p>This may impact any listing of the Securities and, in particular, it may be necessary for the Substitute Issuer to reapply for listing on the relevant market or stock exchange on which the Securities are listed. In addition, following such a substitution, Securityholders will become subject to the credit risk of the Substitute Issuer.</p> <p><i>Trading in the Securities / Illiquidity</i> It is not possible to predict if and to what extent a secondary market may develop in the Securities or at what price the Securities will trade in the secondary market or whether such market will be liquid or illiquid.</p> <p>[Applications will be or have been made to the Security Exchange(s) specified for admission or listing of the Securities. If the Securities are admitted or listed, there is the risk that any such admission or listing will not be maintained. The fact that the Securities are admitted to trading or listed does not necessarily denote greater liquidity than if this were not the case. If the Securities are not listed or traded on any exchange, pricing information for the Securities may be more difficult to obtain and the liquidity of the Securities, if any, may be adversely affected.] The liquidity of the Securities, if any, may also be affected by restrictions on the purchase and sale of the Securities in some jurisdictions. Additionally, the Issuer has the right (but no obligation) to purchase Securities at any time and at any price in the open market or by tender or private agreement. Any Securities so purchased may be held or resold or surrendered for cancellation.</p> <p>In addition, there is the risk that the number of Securities actually issued and purchased by investors is less than the intended [Issue Size] [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(s) intend, under normal market conditions, to provide bid and offer prices for the Securities of an issue on a regular basis. However, the Manager(s) make no firm commitment to the Issuer to provide liquidity by means of bid and offer prices for the Securities, and assumes no legal obligation to quote any such prices or with respect to the level or determination of such prices. Potential investors therefore should not rely on the ability to sell Securities at a specific time or at a specific price.</p> <p><i>Taxation in relation to the Securities</i> Potential investors should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Securities are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial instruments such as the Securities. Potential investors are advised not to rely upon the tax summary contained in the Base Prospectus but to ask for their own tax advisor's advice on their individual taxation with respect to the acquisition, sale and redemption of the Securities. Only these advisors are in a position to duly consider the specific situation of the potential investor.</p> |
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| | | <p><i>Payments under the Securities may be subject to U.S. withholdings</i> Securityholders should, consequently, be aware that payments under the Securities may under certain circumstances be subject to U.S. withholding tax. If an amount in respect of such U.S. withholding tax were to be deducted or withheld from payments on the Securities, none of the Issuer, any paying agent or any other person would, pursuant to the Conditions of the Securities, be required to pay additional amounts as a result of the deduction or withholding of such tax.</p> <p><i>Changes in Taxation in relation to the Securities</i> The considerations concerning the taxation of the Securities set forth in the Base Prospectus reflect the opinion of the Issuer on the basis of the legal situation identifiable as of the date hereof. However, there is the risk that the fiscal authorities and tax courts might take a different view, resulting in a different tax treatment of the Securities. Each investor should seek the advice of his or her personal tax consultant before deciding whether to purchase the Securities.</p> <p>Neither the Issuer nor the Manager assumes any responsibility vis-à-vis the Securityholders for the tax consequences of an investment in the Securities.</p> <p><i>Potential conflicts of interest</i> 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>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] [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] [Basket Components]. Such activities could present conflicts of interest and may negatively affect the value of the Securities.</p> <p>Within the context of the offering and sale of the Securities, the Issuer or any of its affiliates may directly or indirectly pay fees in varying amounts to third parties, such as distributors or investment advisors, or receive payment of fees in varying amounts, including those levied in association with the distribution of the Securities, from third parties. Potential investors should be aware that the Issuer may retain fees in part or in full. The Issuer or, as the case may be, the Manager, upon request, will provide information on the amount of these fees.</p> <p><u>Risk factors relating to [the Underlying] [the Basket Components]</u></p> <p>The Securities depend on the value of [the Underlying] [the Basket</p> |
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| | | <p>Components] and the risk associated with [this Underlying] [these Basket Components]. The value of [the Underlying] [the Basket Components] depends upon a number of factors that may be interconnected. These may include economic, financial and political events beyond the Issuer's control. The past performance of [an Underlying] [a Basket Component] should not be regarded as an indicator of its future performance during the term of the Securities and the Issuer does not give any explicit or tacit warranty or representation regarding the future performance of [the Underlying] [the Basket Components].</p> <p><i>[in case of a basket as the Underlying or, as the case may be, a portfolio of Underlyings insert:</i> Investors should also note that the level of the Redemption Amount depends on the performance of [the basket comprising the Basket Components] [a portfolio comprising the Underlyings]. As a result, fluctuations in the value of [one Basket Component] [one Underlying] may be offset or intensified by fluctuations in the value of other [Basket Components comprised in the basket] [Underlyings comprised in the portfolio]. Even in the case of a positive performance of one or more [Basket Components] [Underlyings], the performance of [the basket] [the portfolio], as a whole may be negative if the performance of the other [Basket Components] [Underlyings] is negative to a greater extent. There can be a significant adverse effect on the calculation or specification of the redemption amount if the performance of one or more [Basket Components comprised in the Basket] [Underlyings comprised in the portfolio], on which the calculation or specification of the redemption amount is based, has deteriorated significantly.]</p> <p><i>[in case of the determination of a relative performance of the Underlying to another Underlying insert:</i> Investors should also note that the level of the Redemption Amount depends on the relative performance of the [Underlying] [Underlyings] compared to the performance of [another Underlying] [the other Underlyings]. Consequently, the value of the Securities will even in case of a positive performance of the relevant Underlying[s] remain constant, if the other Underlying[s] perform[s] in parallel.]</p> <p>Investors should be aware that the relevant [Underlying] [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 [the Underlying] [the Basket Components].</p> |
| <p><i>[The following paragraph is only to be inserted in case of Securities where the Issuer has no obligation arising on issue to pay to the investor 100% of the nominal value:</i></p> | | |
| <p>D.6</p> | <p>Risk warning to the effect that investors may lose the value of their entire investment or part of it.</p> | <p>[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] [Each] investor in the Securities bears the risk of the Issuer's financial situation worsening. Potential investors must therefore be prepared and able to sustain a partial or even a total loss of their entire investment. Any investors interested in purchasing the Securities should assess their financial situation, to ensure that they are in a position to bear the risk of loss connected with the Securities.]</p> |

| Element | Section E – Offer ² | |
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| E.2b | Reasons for the offer and use of proceeds. | Not applicable. Reasons for the offer and use of proceeds are not different from making profit and/or hedging certain risks. |
| E.3 | Terms and conditions of the offer. | <p data-bbox="602 283 1401 342"><i>[In the case that the Securities are offered to the public, insert the following text:</i></p> <p data-bbox="602 373 1401 747">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] <i>[specify Issue Price: [●]]</i> (the "Issue Price") 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 <i>[specify Fixing Date: [●]]</i> (the "Fixing Date")], [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 data-bbox="602 779 1401 1052"><i>[In the case of a Subscription Period insert the following text:</i> The Securities may be subscribed from the Manager [and] <i>[if appropriate, insert alternative or further financial intermediaries placing or subsequently reselling the Securities: [●]]</i> during normal banking hours during <i>[specify Subscription Period: [●]]</i> (the "Subscription Period"). [The Securities may only be subscribed in the minimum investment amount of <i>[specify Minimum Investment Amount: [●]]</i> (the "Minimum Investment Amount").] The Issue Price per Security is payable on <i>[specify Initial Payment Date: [●]]</i> (the "Initial Payment Date").</p> <p data-bbox="602 1083 1401 1142">The Issuer reserves the right [to earlier close] [or] [to extend] the Subscription Period if market conditions so require.</p> <p data-bbox="602 1173 1401 1308">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 data-bbox="602 1339 1401 1696"><i>[In case that no Subscription Period is intended insert the following text:</i> [As of <i>[specify Start of the public offer of the Securities: [●]]</i> (the "Start of the public offer of the Securities"), the] [The Securities may be purchased from the Manager [and] <i>[if appropriate, insert alternative or further financial intermediaries placing or subsequently reselling the Securities: [●]]</i> 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 <i>[specify Minimum Investment Amount: [●]]</i> (the "Minimum Investment Amount").] There will be no subscription period. The Issue Price per Security is payable on <i>[specify Initial Payment Date: [●]]</i> (the "Initial Payment Date").</p> <p data-bbox="602 1728 1401 1745">[The Issuer reserves the right [to earlier close] [or] [to extend] the Offer</p> |

² The use of the symbol "*" in the following Section E - Securities indicates that the relevant information for each series of Securities may, in respect of Multi-Series Securities and where appropriate, be presented in a table.

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| | | <p>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> <p>】</p> <p><i>[In the case of a continued offer of the Securities to the public, add the following text:</i></p> <p>The Securities have been offered to the public since <i>[specify start of the original offer of the Securities: [•]]</i>. These Final Terms are used to continue this offer of the Securities as of <i>[specify start of the continued offer of the Securities: [•].]</i></p> <p>】</p> <p><i>[In the case that the Securities are not offered to the public, but listed on a regulated market, insert the following text:</i></p> <p>The Securities are not offered to the public, but shall be admitted to trading on <i>[specify securities exchange: [•]].]</i></p> |
| E.4 | Interest that is material to the issue/offer incl. conflicting interests. | <p>Conflicts of interest</p> <p>The Issuer and affiliated companies may participate in transactions related to the Securities in some way, for their own account or for account of a client. Such transactions may not serve to benefit the Securityholders and may have a positive or negative effect on the value of the [Underlying] [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>Furthermore, the Issuer and its affiliates may issue other derivative instruments relating to the [Underlying] [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] [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] [Basket Components]. Such activities could present conflicts of interest and may negatively affect the value of the Securities.</p> <p>Within the context of the offering and sale of the Securities, the Issuer or any of its affiliates may directly or indirectly pay fees in varying amounts to third parties, such as distributors or investment advisors, or receive payment of fees in varying amounts, including those levied in association with the distribution of the Securities, from third parties. Potential investors should be aware that the Issuer may retain fees in part or in full. The Issuer or, as the case may be, the Manager, upon request, will provide information on the amount of these fees.</p> <p>Any interest that is material to the issue/offer including potential conflicting interests</p> <p><i>[to be inserted*]</i></p> |

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| | | <p>[Not applicable.] [[Save for the [relevant] Authorised Offeror[s] regarding [its] [their] fees,] [as][As] far as the Issuer is aware, no person involved in the issue [and offer] [and listing] of [each Series of] the Securities has an interest material to the issue [and offer] [and listing] of the Securities.]</p> |
| E.7 | Estimated expenses charged to the investor by the issuer or the offeror. | <p>[Not applicable; no expenses are charged to the investor by the issuer or the Manager.] <i>[to be inserted*]</i></p> |

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

Sammanfattningar består av informationskrav, eller "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 Emittent 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. I dessa fall har en kortfattad beskrivning av Punkten inkluderats i sammanfattningen, tillsammans med angivelsen "ej tillämpligt". Vissa skrivningar i sammanfattningen står mellan hakparenteser. Sådan information kommer att kompletteras eller, när den inte är relevant, stryks, avseende en viss emission av Värdepapper och den kompletterade sammanfattningen avseende sådan emission av Värdepapper ska bifogas till de Slutliga Villkoren.

| Punkt | Avsnitt A– Inledning och varningar | |
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| A.1 | Varning. | <p>Denna sammanfattning bör läsas som en inledning till Grundprospektet och varje beslut att investera i Värdepapperen bör baseras på investerarens bedömning av Grundprospektet i dess helhet.</p> <p>Potentiella investerare bör vara medvetna om att om ett krav gällande informationen i detta Grundprospekt framförs inför domstol, kan kåranden (investeraren), enligt den nationella lagstiftningen i respektive medlemsstat i det Europeiska Ekonomiska Samarbetsområdet, bli skyldig att stå för kostnaderna för att översätta Grundprospektet innan de rättsliga förfarandena inleds.</p> <p>De personer som är ansvariga för sammanfattningen, inklusive varje översättning därav, eller som har initierat framtagandet, kan hållas ansvariga, men endast om sammanfattningen är vilseledande, felaktig eller inkonsekvent när den läses tillsammans med de övriga delarna av Grundprospektet eller om den inte tillhandahåller all erforderlig nyckelinformation, när den läses tillsammans med de andra delarna av detta Grundprospekt.</p> <p>UBS AG i dess roll som Emittent, som är ansvarig för sammanfattningen, inklusive varje översättning härav, kan vara ersättningsskyldig men endast om sammanfattningen är vilseledande, felaktig eller inkonsekvent när den läses tillsammans med de andra delarna av Grundprospektet eller om den inte tillhandahåller all erforderlig nyckelinformation, när den läses tillsammans med de andra delarna av detta Grundprospekt.</p> |
| A.2 | Samtycke till användandet av prospektet. | <p>[Ej tillämpligt. Emittenten samtycker inte till användandet av Grundprospektet.]</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 [UBS Limited, 5 Broadgate, London EC2M 2QS, Storbritannien] [och] [ange annan manager: [•]], [var och en] i sin roll som manager i förhållande till Värdepapper, ([var och en] benämnd "Manager[n]" [eller, i förekommande fall, "Auktoriserad Erbjudare"]) [såväl som] [ange ytterligare finansiella mellanmän: [•]] [var och en] i sin roll som manager i förhållande till Värdepapperen ([var och en] benämnd "Manager[n]" eller, i förekommande fall, [en] [den] "Auktoriserad[e] Erbjudare[n]") på följande villkor:]</p> <p>[Emittenten samtycker till att Grundprospektet används tillsammans med</p> |

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| | | <p>relevanta Slutliga Villkor i samband med ett erbjudande till allmänheten av Värdepapperen (ett "Erbjudande till Allmänheten") av varje finansiell mellanman ("Auktoriserad Erbjudare") som är auktoriserad att göra sådana erbjudanden enligt Direktivet om Marknader för Finansiella Instrument (Direktiv 2004/39/EG) på följande villkor:]</p> <p>[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 mellanmän: [•]] ("Auktoriserad(e) Erbjudare") på följande villkor:]</p> <p>(a) det aktuella Erbjudandet till Allmänheten skall ske [ange giltighetstid för erbjudandeperiod: [•]] ("Erbjudandeperioden");</p> <p>(b) det aktuella Erbjudandet till Allmänheten får endast ske i [Sverige][,][och] [Norge][,][och] [Finland][,][och] [Luxemburg] (vart och ett benämnt "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 [med undantag för en Manager] måste uppfylla [om tillämpligt, ange ytterligare tydliga och objektiva villkor: [•]] och</p> <p>[(d)[e] varje Auktoriserad Erbjudare [förutom Managern] måste iaktta de begränsningar som anges i avsnittet "<i>Subscription and Sale</i>" som om de vore en Manager.</p> <p>[Auktoriserade Erbjudare ska underrätta investerare om anbuds villkoren för Värdepapperen i samband med att Erbjudandet till Allmänheten lämnas till investeraren av den Auktoriserade Erbjudaren.]</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> |
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| Punkt | Avsnitt B – Emittent | |
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| B.1 | Emittentens registrerade firma och handels-beteckning. | Emittentens registrerade firma och handelsbeteckning är UBS AG (" Emittenten " och tillsammans med dess dotterföretag " UBS AG konsoliderat ", eller " UBS AG-koncernen "; tillsammans med UBS Group AG, holdingbolag till UBS AG, och dess dotterbolag, " UBS-koncernen ", " Koncernen ", " UBS " eller " UBS Group AG konsoliderat "). |
| B.2 | Emittentens säte, bolagsform, lag under vilken Emittenten bedriver sin verksamhet, och land för bildande. | Emittenten bildades under firman SBC AG den 28 februari 1978 för en obegränsad tid och fördes in i handelsregistret i kantonen Basel-City på den dagen. Den 8 december 1997 ändrade bolaget firma till UBS AG. UBS AG i dess nuvarande form bildades den 29 juni 1998 genom sammanslagningen av Union Bank of Switzerland (grundad 1862) och Swiss Bank Corporation (grundad 1872). UBS AG är införd i handelsregistren i kantonen Zürich och kantonen Basel-City. Registreringsnumret är CHE-101.329.561. UBS AG är bildat och har sitt säte i Schweiz och bedriver sin verksamhet under schweizisk lag (<i>Swiss Code of Obligations</i>) som ett |

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| | | <p><i>Aktiengesellschaft</i>, ett aktiebolag.</p> <p>Adresserna och telefonnumren till UBS AG:s två registrerade kontor och huvudsakliga verksamhetsorter är: Bahnhofstrasse 45, CH-8001 Zürich, Schweiz, telefonnummer +41 44 234 1111; och Aeschenvorstadt 1, CH-4051 Basel, Schweiz, telefonnummer +41 61 288 5050.</p> |
| B.4b | En beskrivning av varje känd trend som påverkar emittenten eller de branscher där emittenten är verksam. | <p>Information om trender</p> <p>Som angivits i UBS-koncernens Rapport för Andra Kvartalet 2018 fortsätter de globala ekonomiska tillväxtutsikterna att stödja marknaderna, även om pågående geopolitiska spänningar och ökad protektionism har dämpat investerarnas tillförsikt och förblir ett hot. UBS förväntar sig fortsatt att räntesatserna i US dollar kommer att gradvis stiga vilket, trots press på marginalerna, kommer att stödja nettoränteintäkten på Global Wealth Management. Utöver typiska säsongsmässiga faktorer under tredje kvartalet förblir marknadsvolatiliteten generellt dämpad, vilket vanligtvis inte bidrar till att kunderna aktiveras. Finansieringskostnader som är hänförliga till långfristiga skulder och kapitalinstrument som emitterats för att överensstamma med finansierings- och likviditetskraven kommer att vara högre än föregående år, men borde i huvudsak vara stabil jämfört med andra kvartalet. På samma sätt som under första halvan av året borde UBS:s diversifierade affärsmodell hjälpa UBS att göra fortsatta framsteg med att nå de strategiska och finansiella målen.</p> |
| B.5 | Beskrivning av koncernen och emittentens plats inom koncernen. | <p>UBS AG är en schweizisk bank och moderbolaget till UBS AG-koncernen. Det ägs till 100 % av UBS Group AG, som är holdingbolaget för UBS-koncernen. UBS bedrivs som en koncern med fyra affärsdivisioner samt ett Corporate Center.</p> <p>Under 2014 började UBS att anpassa sin juridiska enhetsstruktur för att förbättra Koncernens förmåga till avveckling för att möta kraven i Schweiz och rekonstruktions- och avvecklingsplaner av andra länder där Koncernen är verksam, avseende företag som anses för stora för att tillåtas fallera. I december 2014 blev UBS Group AG Koncernens holdingbolag.</p> <p>Under 2015 överförde UBS AG sin verksamhet inom Personal & Corporate Banking och Wealth Management, som bokförs i Schweiz, till det nyligen etablerade UBS Switzerland AG, ett bankdotterföretag till UBS AG i Schweiz, och UBS avslutade genomförandet av en mer självförsörjande affärs- och verksamhetsmodell för UBS Limited, dess investeringsdotterföretag i Storbritannien. Under 2016 utsågs UBS Americas Holding LLC till det mellanliggande holdingbolaget för UBS:s dotterbolag i USA, och UBS slog ihop sina Wealth Management-dotterbolag i olika europeiska länder till UBS Europe SE. Dessutom överförde UBS majoriteten av de rörelsedrivande dotterbolagen inom Asset Management till UBS Asset Management AG.</p> <p>UBS Business Solutions AG, ett helägt dotterföretag till UBS Group AG, etablerades 2015 och agerar som Koncernens serviceföretag. Under 2017 överfördes UBS delade servicefunktioner i Schweiz och Storbritannien från UBS AG till UBS Business Solutions AG. UBS slutförde också överföringen av delade tjänstefunktioner i USA till sitt amerikanska serviceföretag, UBS Business Solutions US LLC, ett helägt dotterbolag till UBS Americas Holding LLC.</p> <p>Givet den fortsatta osäkerheten angående övergångsarrangemangen mellan Storbritannien och EU och de potentiella framtida begränsningarna att erbjuda finansiella tjänster i EU från Storbritannien, har UBS börjat en process som går ut på att erhålla tillstånd från myndigheter angående en</p> |

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| | | <p>fusion av UBS Limited och UBS Europe SE, UBS:s europeiska bank med huvudkontor i Tyskland. Under tredje kvartalet 2018 förväntas UBS påbörja överflyttningen av sin affärsverksamhet i Storbritannien för att underlätta transfereringen av kunderna i samband med fusionen. Under samma tidsperiod förväntas UBS även påbörja de tyska fusionsförfarandena. Val av tidpunkt och omfattningen för de åtgärder UBS vidtar, kan variera betydligt från den nuvarande planen beroende på lagstadgade krav, arten av övergångs- eller efterföljande avtal mellan Storbritannien och EU.</p> <p>Efter China Securities Regulatory Commissions tillkännagivande att utländska investerare får lov att öka sitt procentuella ägande i kinesiska dotterbolag till tak på 51 % av kapitalet och kanske får tillåtelse att öka ägandet till 100 % under 2021, lämnade UBS i maj 2018 in en preliminär ansökan om att öka aktiekapitalet i sitt kinesiska dotterbolag UBS Securities Co. Limited från 24,99 % till 51 %. Transaktionen är föremål för slutförandet av ett aktieköp av befintliga aktieägare och myndigheternas godkännande.</p> <p>UBS fortsätter att överväga ytterligare förändringar beträffande Koncernens juridiska struktur för att möta regulatoriska krav och andra externa utvecklingar. Sådana förändringar kan inkludera ytterligare konsolidering av rörelsedrivande dotterföretag i EU och justeringar beträffande bokförande enhet eller placeringen av produkter och tjänster.</p> |
| B.9 | Resultatprognos eller förväntat resultat. | Ej tillämpligt; ingen resultatprognos eller förväntat resultat inkluderas i detta Grundprospekt. |
| B.10 | Anmärkningar i revisionsberättelsen. | Ej tillämpligt. Det finns inte några anmärkningar i revisionsberättelsen för de konsoliderade finansiella räkenskaperna för UBS AG och de separata finansiella räkenskaperna för UBS AG för åren som slutade den 31 december 2017 och 31 december 2016. |
| B.12 | Utvald historisk finansiell nyckelinformation / Uttalande om väsentliga negativa förändringar / Uttalande om väsentliga förändringar. | <p>UBS AG erhöll utvald konsoliderad finansiell information, inkluderad i tabellen nedan för åren som slutade 31 december 2017, 2016 och 2015 från Årsredovisningen för 2017, vilken innehåller de reviderade konsoliderade finansiella räkenskaperna för UBS AG, liksom ytterligare oreviderad konsoliderad finansiell information, för året som slutade den 31 december 2017 och jämförelsesiffror för åren som slutade den 31 december 2016 och 2015. Den valda konsoliderade finansinformationen som finns i tabellen nedan för de sex månader som avslutades den 30 juni 2018 och den 30 juni 2017 hänför sig från UBS AG:s Rapport för Andra Kvartalet 2018 som innehåller UBS AG:s interimära koncernredovisning (oreviderad) likväl som ytterligare oreviderad konsoliderad finansiell information för de sex månader som avslutades den 30 juni 2018 och jämförande siffror för de sex månader som avslutades den 30 juni 2017.</p> <p>De konsoliderade finansiella räkenskaperna har tagits fram i enlighet med International Financial Reporting Standards ("IFRS"), utfärdade av International Accounting Standards Board ("IASB"), och anges i schweiziska franc ("CHF"). Information för åren som slutade 31 december 2017, 2016 och 2015 vilken indikeras som oreviderad i tabellen nedan, inkluderades i Årsredovisningen för 2017 men har inte reviderats på grund av att de respektive beskrivningarna inte krävs enligt IFRS och därför inte utgör del av de reviderade finansiella räkenskaperna.</p> <p>För information angående definitioner och orsaken till användandet av mått under rubriken "Viktiga resultatindikatorer", utom de som visas enligt tillämplig lag, och "Ytterligare information - Lönsamhet" i tabellen nedan, var vänlig referera till respektive fotnoter.</p> |

| | Per eller för de sex månaderna som slutade | | Per eller för året som slutade | | |
|---|--|----------|----------------------------------|----------|----------|
| CHF miljoner, förutom där indikerat | 30.06.18 | 30.06.17 | 31.12.17 | 31.12.16 | 31.12.15 |
| | Oreviderat | | Reviderat, förutom där indikerat | | |
| Resultat | | | | | |
| Rörelseintäkter | 15 464 | 14 958 | 29 479 | 28 421 | 30 605 |
| Rörelsekostnader | 12 128 | 11 876 | 24 481 | 24 352 | 25 198 |
| Rörelsevinst / (förlust) före skatt | 3 336 | 3 082 | 4 998 | 4 069 | 5 407 |
| Nettovinst / (förlust) hänförlig till UBS AG aktieägare | 2 553 | 2 354 | 845 | 3 207 | 6 235 |
| Viktiga resultatindikatorer | | | | | |
| Lönsamhet och tillväxt | | | | | |
| Avkastning på synligt eget kapital (%) ¹ | 11,7 | 10,4 | 2,0* | 6,9* | 13,5* |
| Kostnads / intäktsrelation (%) ² | 78,2 | 79,2 | 82,7* | 85,6* | 82,0* |
| Nettovinsttillväxt (%) ³ | 8,5 | 36,6 | (73,7)* | (48,6)* | 78,0* |
| Resurser | | | | | |
| Primärkapitalrelation (Common equity tier 1 capital ratio) (%) ^{4,5} | 13,4 | 13,8 | 14,0* | 14,5* | 15,4* |
| Hävstångsrelation för primärkapital (%) ⁶ | 3,73 | 3,78 | 3,7* | 3,7* | 3,6* |
| Hävstångsrelation enligt "going concern" (%) ^{7,8} | 4,5 | 4,2 | 4,2* | 4,2* | - |
| Ytterligare information | | | | | |
| Lönsamhet | | | | | |
| Avkastning på eget kapital (%) ⁹ | 10,1 | 9,0 | 1,6* | 5,9* | 11,7* |
| Avkastning på riskvägda tillgångar, brutto (%) ¹⁰ | 12,5 | 13,3 | 12,8* | 13,2* | 14,3* |
| Avkastning på hävstångsrelationsnämna, brutto (%) ¹¹ | 3,5 | 3,4 | 3,4* | 3,2* | - |
| Resurser | | | | | |
| Totala tillgångar | 945 296 | 891 763 | 916 363 | 935 353 | 943 256 |
| Eget kapital hänförligt till aktieägare | 49 961 | 51 735 | 50 718 | 53 662 | 55 248 |
| Primärkapital (Common equity tier 1 capital) ⁵ | 33 686 | 32 558 | 33 240 | 32 447 | 32 042 |
| Riskvägda tillgångar ⁵ | 251 648 | 236 552 | 236 606* | 223 232* | 208 186* |
| Kapitalrelation enligt going concern (%) ⁸ | 16,2 | 15,3 | 15,6* | 16,3* | - |
| Total förlustabsorberingskvot (%) ⁸ | 31,7 | 29,7 | 31,4* | 29,6* | - |
| Hävstångsrelationsnämna ¹² | 903 467 | 861 919 | 887 189* | 870 942* | 898 251* |
| Total förlustabsorberingskapacitetskvot på hävstången (%) ⁸ | 8,8 | 8,1 | 8,4* | 7,6* | - |
| Övrigt | | | | | |
| Investerade tillgångar (CHF miljarder) ¹³ | 3 242 | 2 911 | 3 179 | 2 810 | 2 678 |
| Anställda (motsvarande heltidstjänster) | 46 597 | 48 476 | 46 009* | 56 208* | 58 131* |

* oreviderat

¹ Nettovinst hänförlig till aktieägare före nedskrivningar och reserveringar av goodwill och immateriella tillgångar (på årsbasis där tillämpligt) / genomsnittligt eget kapital hänförligt till aktieägare minskat med genomsnittlig goodwill och immateriella tillgångar. Detta mått tillhandahåller information om verksamhetens lönsamhet i förhållande till materiellt kapital.

² Rörelseutgifter/rörelseintäkter före kreditförlust (utgift) eller återvinning. Detta mått tillhandahåller information om företagets effektivitet genom att jämföra rörelsekostnader med bruttointäkt.

³ Förändring i nettovinst hänförlig till aktieägare från fortsatt bedrivna verksamheter mellan innevarande och jämförelseperioder/nettovinst hänförlig till aktieägare från fortsatt bedrivna verksamheter under jämförelseperiod. Detta mått tillhandahåller information om vinsttillväxt i förhållande till tidigare period.

⁴ Primärkapital (Common equity tier 1 capital) /riskvägda tillgångar.

| | | |
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| <p>⁵ Baserat på Basel III-regelverket så som detta tillämpas på schweiziska systemviktiga banker ("SRB").</p> <p>⁶ Primärkapital (Common equity tier 1 capital) / hävstångsrelationsnämnnare. Beräknad i enlighet med schweiziska SRB-regler från den 1 januari 2020.</p> <p>⁷ Total kapital enligt going concern / hävstångsrelationsnämnnare.</p> <p>⁸ Baserat på de schweiziska SRB reglerna som tillämpas från den 1 januari 2020 och som trädde ikraft den 1 juli 2016. Siffror för tidigare perioder är inte tillgängliga.</p> <p>⁹ Nettovinst hänförlig till aktieägares profit (på årsbasis där tillämpligt)/genomsnittligt eget kapital hänförligt till aktieägare. Detta mått tillhandahåller information om verksamhetens lönsamhet i förhållande till kapital.</p> <p>¹⁰ Operativ inkomst före kreditförlust (på årsbasis där tillämpligt)/genomsnittliga fullt tillämpade riskvägda tillgångar. Detta mått tillhandahåller information om företagets intäkter i förhållande till riskvägda tillgångar.</p> <p>¹¹ Operativ inkomst före kreditförlust (på årsbasis där tillämpligt) genomsnittlig fullt tillämpad hävstångsrelationsnämnnare. Från och med 31 december 2015 är beräkningen av hävstångsrelationsnämnnaren fullt lierad med Basel III-reglerna. För perioder innan 31 december 2015 är hävstångsrelationsnämnnaren beräknad i enlighet med tidigare schweiziska SRB-regler. Därför presenteras inte siffran för perioden som avslutats 31 december 2015, då den inte är tillgänglig på en fullt jämförbar basis. Detta mått tillhandahåller information om företagets intäkter i förhållande till hävstångsrelationsnämnnaren.</p> <p>¹² Från och med 31 december 2015 är beräkningen av hävstångsrelationsnämnnaren fullt lierad med Basel III-reglerna.</p> <p>¹³ Inkluderar investerade tillgångar inom Personal & Corporate Banking.</p> | | |
| | Uttalande om väsentliga negativa förändringar. | Det har inte inträffat någon väsentlig negativ förändring i framtidsutsikterna för UBS AG eller UBS AG-koncernen sedan den 31 december 2017. |
| | Uttalande om väsentliga förändringar. | Det har inte inträffat någon väsentlig förändring i den finansiella positionen eller handelspositionen för UBS AG eller UBS AG-koncernen sedan den 30 juni 2018, vilket är slutet på den senaste finansiella perioden för vilken finansiell information har publicerats. |
| B.13 | Nyligen inträffade händelser särskilda för Emittenten vilka är väsentligt relevanta för värderingen av Emittentens solvens. | Ej tillämpligt, det har inte nyligen inträffat några händelser som är specifika för UBS AG och som i väsentlig mån skulle ha varit relevanta för utvärderingen av UBS AG:s solvens. |
| B.14 | Beskrivning av koncernen och av emittentens position inom koncernen. Beroende av andra företag inom koncernen. | Se Punkt B.5. UBS AG är moderbolag för dotterbolag och genomför en stor andel av sin verksamhet genom sina dotterbolag. UBS AG har bidragit med en betydande del av sitt kapital och förser väsentlig likviditet till dotterbolag. Dessutom förser UBS Business Solutions AG betydande tjänster till koncernföretag inklusive UBS AG och dess dotterbolag. I detta avseende är UBS AG beroende av vissa av enheterna i UBS AG-koncernen och UBS-koncernen. |
| B.15 | Emittentens huvudsakliga verksamhet. | UBS AG och dess dotterbolag tillhandahåller finansiell rådgivning och lösningar till privata, institutionella och företagskunder i hela världen, likväl som till privata kunder i Schweiz. Koncernens struktur består av Corporate Center och divisionerna Global Wealth Management, Personal & Corporate Banking, Asset Management och Investment Bank. UBS:s strategi centreras på sin, enligt dem, ledande verksamhet inom Global Wealth Management och universella premierbank i Schweiz som utökas av Asset Management och Investment Bank. UBS fokuserar på företag som, enligt dem, har en stark konkurrensposition på sin marknad, är kapitaleffektiva och har en attraktiv långsiktig strukturtillväxt eller lönsamhetsprognos. Enligt Artikel 2 i Bolagsordningen för UBS AG, daterad den 26 april 2018 (" Bolagsordningen ") är verksamhetsföremålet för UBS AG att bedriva bankverksamhet. Dess verksamhet sträcker sig över alla typer av banktjänster, finansiella tjänster, rådgivningstjänster och handelsaktiviteter i Schweiz och utomlands. UBS AG kan etablera filialer och |

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| | | representationskontor liksom även banker, kreditmarknadsföretag och andra företag av varje slag i Schweiz och utomlands, inneha ägarintressen i dessa bolag och sköta dessas ledning. UBS AG är auktoriserat att köpa, inteckna och sälja fast egendom och byggrätter i Schweiz och utomlands. UBS AG kan låna och investera på penning- och kapitalmarknader. UBS AG ingår i den företagskoncern som styrs av moderföretaget UBS Group AG. Det kan verka till fördel för koncernens moderföretag eller andra koncernföretag. Det kan tillhandahålla lån, garantier och andra former av finansiering och säkerheter för koncernföretagen. |
| B.16 | Direkt eller indirekt aktieäggande eller kontrollöverenskommelser avseende emittenten. | UBS Group AG äger 100 % av de utestående aktierna i UBS AG. |
| <i>[Den följande Punkten B.17 ska endast infogas beträffande Värdepapper där Emittenten har en förpliktelse som uppkommer vid emissionstillfället att betala investeraren 100 % av det nominella värdet:</i> | | |
| B.17 | Kreditvärdighets-betyg som tilldelats emittenten eller dess skuldvärdepapper. | <p>Kreditvärderingsinstitutet S&P Global Ratings Europe Limited ("Standard & Poor's"), Moody's Deutschland GmbH ("Moody's"), Fitch Ratings Limited ("Fitch Ratings") och Scope Ratings GmbH ("Scope Ratings") har på begäran publicerat kreditvärdighetsbetyg som återspeglar deras bedömning av UBS AG:s kreditvärdighet, dvs. UBS:s förmåga att i tid fullgöra sina betalningsförpliktelser, såsom amortering och räntebetalningar på långfristiga lån, även känt som fullgörande av skuldförpliktelser. Betygen från Fitch Ratings, Standard & Poor's och Scope Ratings kan tillskrivas ett plus- eller minustecken och de från Moody's en siffra. Dessa tilläggsbeteckningar indikerar den relativa positionen inom respektive betygsklass. UBS AG har långfristigt motpartskreditvärdighetsbetyget A+ (stabil utsikt) från Standard & Poor's, långsiktig prioriterad skuldvärdering på Aa3 (stabil utsikt) från Moody's, långsiktig värdering på emittenter som kan tänkas bli nödlidande AA- (stabil utsikt) från Fitch Ratings och emissionsvärdering på AA- (stabil utsikt) från Scope Ratings.</p> <p>Alla kreditvärderingsinstitut som nämns ovan är registrerade som kreditvärderingsinstitut under Förordning (2009/1060/EG), så som denna ändrades genom Förordning (2011/513/EG).</p> <p>Värdepappren har [inte] betygsatts[[infoga betyg] av [infoga kreditvärderingsinstitut]].]</p> |

| Punkt | | Avsnitt C – Värdepapper³ |
|--------------|--|---|
| C.1 | Typ och klass av värdepapperen, värdepappersidentifikationsnummer. | <p>Typ och Form av värdepapper Värdepapperen är [certifikat][obligationer][warranter].</p> <p>[Värdepapperen emitteras i serier (var och en, en "Serie") och Värdepapperen i varje Serie kommer att vara föremål för identiska villkor (utom, bland annat, Emissionskurs, Emissionsdag, Emissionsstorlek och startdag för ränta, som kan komma att vara, men som inte behöver vara identiska) vad gäller valuta, valör, ränta, ränteförfallodag eller annat.]</p> <p>[med avseende på Värdepapper som regleras av tysk rätt och representeras av ett Globalt Värdepapper, infoga: Värdepapperen kommer att utfärdas som värdepapper utställda till innehavaren enligt vad som avses i § 793 i den tyska Civillagstiftningen (<i>German Civil Code</i>) och kommer vid utfärdandet att</p> |

³ Användandet av "*" i följande Punkt C – Värdepapper indikerar att den relevanta informationen för varje serie Värdepapper kan, vid Multi-Serie Värdepapper och där det är lämpligt, komma att presenteras i en graf.

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| | <p>representeras av [ett eller flera permanenta, globala, till innehavaren utställda värdepapper (vart och ett, ett "Globalt Värdepapper")] [ett tillfälligt, globalt, till innehavaren utställt värdepapper (vart och ett, ett "Tillfälligt Globalt Värdepapper") som är utbytbart vid intygande om icke-amerikanskt faktiskt ägande till ett permanent, globalt, till innehavaren utställt värdepapper (vart och ett, ett "Permanent Globalt Värdepapper", och tillsammans med det Tillfälliga Globala Värdepapperet, ett "Globalt Värdepapper"). Inga Värdepapper utställda till innehavaren kommer att emitteras som eller bytas ut till enskilda fysiska värdepapper som är utställda till innehavaren, varken på begäran av Värdepappersinnehavaren eller i annat fall.</p> <p>[Varje] [Det] Global[t][a] Värdepapper[et] deponeras hos [Clearstream Banking AG ("Clearstream, Germany")] [Clearstream Banking S.A. ("Clearstream, Luxembourg")] [och/eller] [Euroclear Bank S.A./ N.V. ("Euroclear").]</p> <p>[I fall av svenska Värdepapper, infoga: Värdepapperen (även "Svenska Värdepapper") clearas genom Euroclear Sweden AB ("Euroclear Sweden") i egenskap av det relevanta Clearingsystemet och är utfärdade i icke-certifierad och dematerialiserad, kontoförd form samt registrerade hos Euroclear Sweden i enlighet med lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument. Inga fysiska värdepapper, såsom globala tillfälliga eller permanenta värdepapper eller definitiva värdepapper kommer att emitteras för de svenska Värdepapperen.]</p> <p>[I fall av finska Värdepapper, infoga: Värdepapperen (även "Finska Värdepapper") clearas genom Euroclear Finland Ltd ("Euroclear Finland") i egenskap av det relevanta Clearingsystemet och är utfärdade i icke-certifierad och dematerialiserad, kontoförd form samt registrerade hos Euroclear Finland i enlighet med den finska lagen om värdeandelssystemet och om clearingverksamhet (<i>laki arvoosuusjärjestelmästä ja selvitystoiminnasta</i>) och den finska lagen (1991/827) om värdeandelskonton (<i>laki arvoosuustileistä</i>). Inga fysiska värdepapper, såsom globala tillfälliga eller permanenta värdepapper eller definitiva värdepapper kommer att emitteras för de Finska Värdepapperen.]</p> <p>[I fall av norska Värdepapper, infoga: Värdepapperen (även "Norska Värdepapper") är registrerade hos Verdipapirsentralen ASA ("VPS") i egenskap av relevant Clearingsystem och är utfärdade i icke-certifierad och dematerialiserad, kontoförd form och registrerade hos VPS i enlighet med den norska värdepappersregisterlagen (Lov av 5. Juli 2002 nr. 64 om registrering av finansiella instrumenter) Inga fysiska värdepapper, såsom globala tillfälliga eller permanenta värdepapper eller definitiva värdepapper kommer att emitteras för de Norska Värdepapperen.]</p> <p>[I fall av danska Värdepapper, infoga: Värdepapperen (även "Danska Värdepapper") clearas genom VP Securities A/S ("VP") i egenskap av det relevanta Clearingsystemet och är utfärdade i icke-certifierad och dematerialiserad, kontoförd form samt registrerade hos VP i enlighet med danska Kapitalmarknadslagen (<i>Lov om kapitalmarkeder</i>), som ändrad och kompletterad från tid till annan, och den Exekutiva Ordern om Kontoföring av Dematerialiserade Värdepapper hos en Central Värdepappersförvarare (<i>Bekendtgørelse om registrering af fondsaktiver i en værdipapircentral (CSD)</i>), som ändrad från tid till annan, utfärdad därtill. Inga fysiska värdepapper, såsom globala tillfälliga eller permanenta värdepapper eller definitiva värdepapper kommer att emitteras för de danska Värdepapperen.]</p> <p><u>Värdepappersidentifikationsnummer för Värdepapperen</u> ISIN: [●]*</p> |
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| | | <p>[WKN: [●]*] [Common-kod: [●]*] [Valoren: [●]*]</p> <p>[Avseende Värdepapper som emitteras i flera serier infoga följande översiktliga tabell med relevant information och ifyll för varje Serie av Värdepapper:</p> <table border="1"> <thead> <tr> <th>ISIN</th> <th>[WKN]</th> <th>[Common-kod]</th> <th>[Valoren]</th> </tr> </thead> <tbody> <tr> <td>[●]</td> <td>[●]</td> <td>[●]</td> <td>[●]</td> </tr> </tbody> </table> <p>]</p> | ISIN | [WKN] | [Common-kod] | [Valoren] | [●] | [●] | [●] | [●] |
|--|---|---|-----------|---------------|--------------|-----------|-----|-----|-----|-----|
| ISIN | [WKN] | [Common-kod] | [Valoren] | | | | | | | |
| [●] | [●] | [●] | [●] | | | | | | | |
| C.2 | Valuta för värdepapperen. | <p>[För varje Värdepappersserie] [●]* ("Inlösenvaluta")</p> <p>[Avseende Värdepapper som emitteras i flera serier infoga följande översiktliga tabell med relevant information och ifyll för varje Serie av Värdepapper, vid behov:</p> <table border="1"> <thead> <tr> <th>ISIN</th> <th>Inlösenvaluta</th> </tr> </thead> <tbody> <tr> <td>[●]</td> <td>[●]</td> </tr> </tbody> </table> <p>]</p> | ISIN | Inlösenvaluta | [●] | [●] | | | | |
| ISIN | Inlösenvaluta | | | | | | | | | |
| [●] | [●] | | | | | | | | | |
| C.5 | Restriktioner för den fria överlåtbarheten för värdepapperen. | Ej tillämpligt. Det finns inga restriktioner avseende den fria överlåtbarheten av Värdepapperen. | | | | | | | | |
| C.8 | Rättigheter kopplade till värdepapperen, inklusive rangordning och begränsningar av sådana rättigheter. | <p>Tillämplig lag för Värdepapperen [Varje Serie av] Värdepapper[en] kommer att vara underkastad[e] tysk rätt ("Värdepapper underkastade tysk rätt").</p> <p>[Den juridiska effekten av registrering av Värdepapperen med relevant Clearingsystem styrs av lagarna i Clearingsystemets jurisdiktion.]</p> <p>Rättigheter förknippade med Värdepapperen Värdepapperen ger, med förbehåll för Villkoren för Värdepapperen, Värdepappersinnehavarna, vid förfall eller vid avveckling, rätt till betalning av Inlösenbeloppet i Inlösenvalutan [och/eller levererans av den Fysiska Underliggande i tillämpligt antal].</p> <p>[Dessutom är Värdepappersinnehavare under Värdepapperens löptid berättigade, med förbehåll för Villkoren för Värdepapperen, att motta betalning av [en Kupong][Kuponger][ett Ränitebelopp][Ränitebelopp].]</p> <p>Begränsningar i rättigheterna relaterade till Värdepapperen Enligt de villkor som anges i Villkoren för Värdepapperen, har Emittenten rätt att avsluta Värdepapperen och att göra vissa justeringar av Villkoren.</p> <p>Status för Värdepapperen [Varje Serie av] Värdepapper[en] kommer att utgöra direkta, icke-säkerställda och icke-eftersälda förpliktelser för Emittenten, som rangordnas lika sinsemellan och med alla andra nuvarande och framtida icke-säkerställda och icke-eftersälda förpliktelser för Emittenten, annat än skyldigheter som regleras i tvingande lagstiftning.</p> | | | | | | | | |
| <p>[Följande Punkt C.9 ska endast infogas om det rör sig om Värdepapper där Emittenten har en skyldighet som uppstår vid emissionstillfället att betala investerare 100 % av det nominella värdet (där det dessutom kan finnas en räntebetalning):</p> | | | | | | | | | | |

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| C.9 | Förfallodagen och arrangemang för amortering av lån, inklusive återbetalningsförfaranden, en indikation på avkastning, namn på representanter för skuldebrevsinnehavarna | <p>[Förfallodag: [●]*</p> <p>[vid värdepapper med fast/rörlig ränta, infoga: [Räntesats][Kupong]: [●]*</p> <p><i>[vid värdepapper med stigande ränta eller sjunkande ränta, infoga:</i> [Räntesats][Kupong]: [●]* i relation till [Ränte-][Kupong-] beräkningsperiod (i=1): [●]*, i relation till [Ränte-][Kupong-] beräkningsperiod (i=2): [●]*, i relation till [Ränte-][Kupong-] beräkningsperiod (i=n): [●]*</p> <p>[Ränta][Kupong] Betalning [●]* Datum: [Ränta][Kupong] [●]* Beräkningsperiod:</p> <p>[om Värdepapperen föreskriver, enligt de tillämpliga Produktvillkoren, betalning av ett villkorat Räntebelopp eller Kupong, dvs. där betalningen av Räntebeloppet eller Kupongen är beroende av utvecklingen av den Underliggande, infoga:</p> <p>Betalningen av [Räntebeloppet][Kupongen] är beroende av utvecklingen av den följande Underliggande (villkorat [Räntebelopp][Kupong]): <i>[infoga beskrivning av [aktien (inklusive ett certifikat som representerar aktier)] [Indexet] [valutakursen] [ädelmetallen] [råvaran] [räntan] [det icke-aktierelaterade värdepapperet] [andelen för börshandlad fond] [andelen för icke-börshandlad fond] [termiskontraktet (om tillämpligt, inklusive bestämmelse om den relevanta månaden för utlöpande)] [referensräntan] [korgen innehållande de tidigare nämnda tillgångarna] [portföljen innehållande de tidigare nämnda tillgångarna. [□]*]</i></p> <p>Kalkylavkastning: [Inte tillämplig; Värdepapperen erbjuder inte betalning av fast ränta.]</p> <p><i>[om Värdepapperen erbjuder betalning av fast ränta, ange kalkylavkastning: [□]</i> Avkastningen beräknas i enlighet med ICMA-metoden. Det är en metod för att beräkna avkastning där den dagliga effektiva ränteavkastningen tas i beräkning. Räntan som är upplupen varje dag adderas till det investerade kapitalet och inkluderas i beräkningen av ränta för den följande dagen i varje fall.]*</p> <p>Namn på representant för innehavare av skuldvärdepapper: Ej tillämpligt; det finns ingen representant för värdepappersinnehavare.]</p> <p><i>[Avseende Värdepapper som emitteras i flera serier infoga följande tabell över relevant information och ifyll för varje Serie av Värdepapper, om så</i></p> |
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| | | <p>krävs:</p> <table border="1" data-bbox="583 222 1396 499"> <thead> <tr> <th>ISIN</th> <th>[infoga ISIN]</th> <th>[infoga ISIN]</th> </tr> </thead> <tbody> <tr> <td>Förfallodag</td> <td>[•]</td> <td>[•]</td> </tr> <tr> <td>[Ränta][Kupong]:</td> <td>[•]</td> <td>[•]</td> </tr> <tr> <td>[Ränte-][Kupong-] betalningsdag:</td> <td>[•]</td> <td>[•]</td> </tr> <tr> <td>[Ränte-][Kupong-] beräkningsperiod:</td> <td>[•]</td> <td>[•]</td> </tr> <tr> <td>[Avkastning</td> <td>[•]</td> <td>[•]</td> </tr> </tbody> </table> <p>Värdepappersinnehavare kommer att erhålla betalning i form av Inlösenbeloppet på Förfalldagen och på [varje] [Ränte-][Kupong-] betalningsdag betalning av [Räntan][Kupongen].</p> <p>Betalningar ska, i alla fall som är föremål för någon form av tillämpliga skatte- eller andra lagar och regler på platsen för betalningen eller andra lagar och regler, för vilka Emittenten gått med på att bli föremål, göras i enlighet med de relevanta regler och operationella förfaranden som är tillämpliga på och/eller utfärdade av Clearingsystemet ("CA-reglerna") till det relevanta Clearingsystemet eller den relevanta mellanmannen eller för dess order för kreditering av de relevanta kontoinnehavarnas konton hos Clearingsystemet eller den relevanta mellanmannen.</p> <p>Emittenten ska anses ha fullgjort sina inlösenförpliktelser eller varje annan betalnings- eller annan förpliktelse under Villkoren för Värdepapperen vid leverans till Clearingsystemet på det sätt som beskrivs ovan.]</p> | ISIN | [infoga ISIN] | [infoga ISIN] | Förfallodag | [•] | [•] | [Ränta][Kupong]: | [•] | [•] | [Ränte-][Kupong-] betalningsdag: | [•] | [•] | [Ränte-][Kupong-] beräkningsperiod: | [•] | [•] | [Avkastning | [•] | [•] | | | | | | | | | | | | | | | | |
|---|---|---|-----------|---------------|-----------------------|-------------|----------|------|----------------------------|------|---------------|----------------------------------|-------------------------|------|-------------------------------------|------|-------------|-------------|--------------------|------|-------------------|------|----------------------|------|--------------------------|------|-----------------|------|----------------|------|------------------|------|-------------------------|------|-----------------|------|
| ISIN | [infoga ISIN] | [infoga ISIN] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Förfallodag | [•] | [•] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Ränta][Kupong]: | [•] | [•] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Ränte-][Kupong-] betalningsdag: | [•] | [•] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Ränte-][Kupong-] beräkningsperiod: | [•] | [•] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Avkastning | [•] | [•] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p><i>[Följande Punkt C.10 ska endast infogas om det rör sig om Värdepapper där Emittenten har en skyldighet som uppstår vid emissionstillfället att betala investeraren 100 % av det nominella värdet (där det dessutom kan finnas en räntebetalning):</i></p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>C.10</p> | <p>Derivatkomponenter i räntebetalningen.</p> | <p>[Ej tillämpligt; Värdepapperen har inte derivatkomponenter i räntebetalningen.]</p> <p><i>[infoga beskrivning av derivatkomponenterna i räntebetalningen, som tillämpligt]</i></p> <p><i>[att infogas för varje Värdepapper, vid behov:]</i></p> <table border="1" data-bbox="583 1331 1396 1862"> <tbody> <tr><td>[Barriär]</td><td>[•]*</td></tr> <tr><td>[Kupongbetalningsdag]</td><td>[•]*</td></tr> <tr><td>[Kupong]</td><td>[•]*</td></tr> <tr><td>[Dagsberäkningskonvention]</td><td>[•]*</td></tr> <tr><td>[Räntebelopp]</td><td>[•]*</td></tr> <tr><td>[Ränteberäkningsperiod]</td><td>[•]*</td></tr> <tr><td>[Räntebetalningsdag]</td><td>[•]*</td></tr> <tr><td>[Räntesats]</td><td>[•]*</td></tr> <tr><td>[Nominellt Belopp]</td><td>[•]*</td></tr> <tr><td>[Observationsdag]</td><td>[•]*</td></tr> <tr><td>[Observationsperiod]</td><td>[•]*</td></tr> <tr><td>[Pris för Underliggande]</td><td>[•]*</td></tr> <tr><td>[Inlösenvaluta]</td><td>[•]*</td></tr> <tr><td>[Referenspris]</td><td>[•]*</td></tr> <tr><td>[Avecklingspris]</td><td>[•]*</td></tr> <tr><td>[Värdepapperens Löptid]</td><td>[•]*</td></tr> <tr><td>[Underliggande]</td><td>[•]*</td></tr> </tbody> </table> | [Barriär] | [•]* | [Kupongbetalningsdag] | [•]* | [Kupong] | [•]* | [Dagsberäkningskonvention] | [•]* | [Räntebelopp] | [•]* | [Ränteberäkningsperiod] | [•]* | [Räntebetalningsdag] | [•]* | [Räntesats] | [•]* | [Nominellt Belopp] | [•]* | [Observationsdag] | [•]* | [Observationsperiod] | [•]* | [Pris för Underliggande] | [•]* | [Inlösenvaluta] | [•]* | [Referenspris] | [•]* | [Avecklingspris] | [•]* | [Värdepapperens Löptid] | [•]* | [Underliggande] | [•]* |
| [Barriär] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Kupongbetalningsdag] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Kupong] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Dagsberäkningskonvention] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Räntebelopp] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Ränteberäkningsperiod] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Räntebetalningsdag] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Räntesats] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Nominellt Belopp] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Observationsdag] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Observationsperiod] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Pris för Underliggande] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Inlösenvaluta] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Referenspris] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Avecklingspris] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Värdepapperens Löptid] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| [Underliggande] | [•]* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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|--|--|---|-----------------|------|---|------|------|---------------|---------------|-----------|-----|-----|-----------------------|-----|-----|----------|-----|-----|-----|-----|-----|
| [Värderingsdag] | [•]* | | | | | | | | | | | | | | | | | | | | |
| [Infoga fler definitioner, om så krävs] | [•]* | | | | | | | | | | | | | | | | | | | | |
| ISIN | [infoga ISIN] | [infoga ISIN] | | | | | | | | | | | | | | | | | | | |
| [Barriär] | [•] | [•] | | | | | | | | | | | | | | | | | | | |
| [Kupongbetalningsdag] | [•] | [•] | | | | | | | | | | | | | | | | | | | |
| [Kupong] | [•] | [•] | | | | | | | | | | | | | | | | | | | |
| [0] | [•] | [•] | | | | | | | | | | | | | | | | | | | |
| C.11 | Upptagande till handel på en reglerad marknad eller andra liknande marknader | <p>[Om Emittenten eller en Manager, i förekommande fall, avser att ansöka om inregistrering av Värdepapperen (på en börs som inte är SIX Swiss Exchange), infoga följande text: [Emittenten][En Manager] avser att ansöka om [inregistrering][inkludering][upptagande] av Värdepapperen [till handel] på [den Reglerade Marknaden (Regulerter Markt) [Frankfurt Stock Exchange][Stuttgart Stock Exchange] [•]] [den inofficiella reglerade marknaden] [Frankfurt Stock Exchange] [Stuttgart Stock Exchange] [•]] [Nasdaq Stockholm][Nasdaq Helsinki][Nordic Growth Market NGM AB – NDX (Nordic Derivatives Exchange)][ange alternativ(a) börs(er) eller handelsplattform(ar): [•]]. [Förutsatt att Värdepapperen inte har blivit avslutade av Emittenten [och förutsatt att Värdepapperen inte har förfallit i förtid] innan Utlöpandedagen, ska handeln med Värdepapperen avslutas [[två] [•] handelsdag[ar] före] [på] [Värderingsdagen][den Slutliga Värderingsdagen][Utlöpandedagen][Förfalldagen] [•] (sådan dag, den "Sista Handelsdagen på Börsen"). [Per den Sista Handelsdagen på Börsen kan handel bara äga rum utanför börsen med [Managern] [•].]]</p> <p>[Värdepapperen som redan emitterats har upptagits till handel på [ange börs: [•]].]</p> <p>[Om Emittenten avser att ansöka om inregistrering av Värdepapperen på SIX Swiss Exchange, infoga följande text: [Emittenten][Managern (i egenskap av manager för Emittenten)] avser att ansöka om inregistrering av Värdepapperen på SIX Swiss Exchange ("SIX") och om upptagande till handel på plattformen SIX Structured Products Exchange AG]</p> <p>[Om varken Emittenten eller en Manager avser att ansöka om inregistrering av Värdepapperen, infoga följande text: Det finns ingen avsikt att ansöka om upptagande av Värdepapperen till handel på en värdepappersbörs.]</p> | | | | | | | | | | | | | | | | | | | |
| [Följande punkter C.15, C.16, C.17, C.18, C.19 och C.20 ska inte infogas om det rör sig om Värdepapper där Emittenten har en skyldighet som uppstår vid emissionstillfället att betala investeraren 100 % av det nominella värdet (där det dessutom kan finnas en räntebetalning): | | | | | | | | | | | | | | | | | | | | | |
| C.15 | Påverkan avseende underliggande på värdet av värdepapperen. | <p>Värdet på Värdepapperen under dessas löptid är beroende av utvecklingen av [Underliggande][Korgkomponenterna][i relation till utvecklingen av [en annan Underliggande][andra Underliggande]]. Om priset på [Underliggande][Korgkomponenterna] [ökar][minskar] [i relation till utvecklingen av de andra Underliggande], kommer [även] värdet på Värdepapperen [(bortsett från speciella egenskaper hos Värdepapperen)] sannolikt att [öka][minska].</p> <p>I synnerhet är Inlösenbeloppet, om något, som ska erhållas av</p> | | | | | | | | | | | | | | | | | | | |

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| | <p>Värdepappersinnehavaren vid aveckling av Värdepapperen beroende av utvecklingen av [Underliggande] [Korgkomponenterna]]i relation till utvecklingen av [en annan Underliggande][andra Underliggande]]. [Dessutom bör det noteras att kommande referenser till "Underliggande" kan syfta på att Underliggande uppvisar en viss förutbestämd utveckling som anges i de tillämpliga Produktvillkoren, till exempel den sämsta utvecklingen under en observationsperiod, så kallad Relevant Underliggande.]</p> <p>Följande är exempel som beskriver hur värdet på Värdepapperen är beroende av Underliggande:</p> <p>[UBS Värdepapper med Automatisk Inlösen/ Expressinlösen</p> <p>UBS Värdepapper med Automatisk Inlösen/Expressinlösen är lämpliga för Värdepappersinnehavare med förväntan att priset på Underliggande ska nå [en] specifik[a] nivå[er], enligt vad som anges i de tillämpliga Produktvillkoren, så att produkten kan inlösas i förtid.</p> <p>I de fall priset på Underliggande når viss(a) nivå(er) på specifika Observationsdagar, enligt vad som anges i de tillämpliga Produktvillkoren, kommer Värdepapperen att lösas in i förtid före Förfalldagen.</p> <p>Om UBS Värdepapper med Automatisk Inlösen/Expressinlösen inte löpt ut i förtid på någon av de tidigare Observationsdagarna, kommer UBS Värdepapper med Automatisk Inlösen/Expressinlösen att lösas in på Förfalldagen, enligt vad som anges i de tillämpliga Produktvillkoren. Inlösenbeloppet i Inlösenvalutan beror på den individuella produktstrukturen, enligt vad som anges i de tillämpliga Produktvillkoren.</p> <p>Inlösenbeloppet kan bestämmas med hänvisning till utvecklingen av en eller flera Underliggande, enligt vad som anges i de tillämpliga Produktvillkoren.</p> <p>Utöver detta kan Värdepappersinnehavaren, enligt vad som anges i de tillämpliga Produktvillkoren, vara berättigad att på den relevanta Ränte-/Kupongbetalningsdagen erhålla betalning av ett Räntebelopp/en Kupong. Sådan betalning av ett Räntebelopp/en Kupong kan antingen vara oavklarad (till exempel utan beaktande av utvecklingen av Underliggande) eller villkorad, allt enligt vad som anges i de tillämpliga Produktvillkoren.]</p> <p>[UBS Värdepapper med Utväxling</p> <p>UBS Värdepapper med Utväxling erbjuder Värdepappersinnehavarna möjlighet att oproportionerligt (med hävstångseffekt) delta i den positiva utvecklingen av Underliggande. Omvänt, kan Värdepappersinnehavare av UBS Värdepapper med Utväxling också delta oproportionerligt (med hävstångseffekt) i den negativa utvecklingen av Underliggande, då UBS Värdepapper med Utväxling kan komma att bidra med negativ riskpotential enligt vad som anges i de tillämpliga Produktvillkoren. UBS Värdepapper med Utväxling kan också erbjuda Värdepappersinnehavarna möjlighet att oproportionerligt (med hävstångseffekt) delta i den positiva utvecklingen av Underliggande i relation till en annan Underliggande. Omvänt, kan Värdepappersinnehavare av UBS Värdepapper med Utväxling delta oproportionerligt (med hävstångseffekt) i den negativa utvecklingen av Underliggande i relation till en annan Underliggande.</p> <p>UBS Värdepapper med Utväxling finns också i en så kallad "Sälj"-version. I detta fall deltar Värdepappersinnehavarna positivt oproportionerligt (med hävstångseffekt) i den negativa utvecklingen av Underliggande. Omvänt, kan Värdepappersinnehavarna i UBS Värdepapper med Utväxling (Sälj) också delta oproportionerligt (med hävstångseffekt) i den positiva utvecklingen av Underliggande, eftersom UBS Värdepapper med Utväxling (Sälj) kan bidra med positiv riskpotential enligt vad som anges i de tillämpliga Produktvillkoren. UBS Värdepapper med Utväxling (Sälj) kan också tillåta</p> |
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| | <p>Värdepappersinnehavare att oproportionerligt (med hävstångseffekt) delta i negativ utveckling av Underliggande i relation till en annan Underliggande. Omvänt, kan Värdepappersinnehavare av UBS Värdepapper med Utväxling (Sälj) delta oproportionerligt (med hävstångseffekt) i den positiva utvecklingen av Underliggande i relation till en annan Underliggande.</p> <p>UBS Värdepapper med Utväxling kan löpa ut och vara värdelösa vid en ofördelaktig utveckling för Underliggande bortom vissa specifika värden, enligt vad som anges i de tillämpliga Produktvillkoren.</p> <p>Värdepappersinnehavare erhåller på Förfallodagen ett Inlösenbelopp i Inlösenvalutan, vars storlek är beroende av Referenspriset eller Avvecklingspriset för de(n) Underliggande, enligt vad som anges i de tillämpliga Produktvillkoren. Typiskt sett beräknas Inlösenbeloppet genom att multiplicera det Nominella Beloppet eller sådant annat belopp som anges i Produktvillkoren, med den relevanta utvecklingen för de(n) Underliggande och därefter multiplicera med Deltagandegraden, Hävstångsfaktorn eller Multiplikatorn, men andra faktorer kan också tas med i beräkningen, enligt vad som anges i de tillämpliga Produktvillkoren.</p> <p>Inlösenbeloppet kan bestämmas med hänvisning till utvecklingen av en eller flera Underliggande, enligt vad som anges i de tillämpliga Produktvillkoren.</p> <p>Utöver detta kan Värdepappersinnehavaren, enligt vad som anges i de tillämpliga Produktvillkoren, vara berättigad att på den relevanta Ränte-/Kupongbetalningsdagen erhålla betalning av ett Räntebelopp/en Kupong. Sådant betalning av ett Räntebelopp/en Kupong kan antingen vara ovillkorad (dvs. utan beaktande av utvecklingen av Underliggande) eller villkorad, allt enligt vad som anges i de tillämpliga Produktvillkoren.]</p> <p>[UBS Warranter UBS Köpwarranter tillåter Värdepappersinnehavare att oproportionerligt (med hävstångseffekt) delta i den positiva utvecklingen för de(n) Underliggande. Omvänt, deltar Värdepappersinnehavare av UBS Köpwarranter också oproportionerligt (med hävstångseffekt) i den negativa utvecklingen för de(n) Underliggande. Värdepappersinnehavare bär risken att UBS Köpwarranter löper ut och blir värdelösa om Referenspriset eller Avvecklingspriset för de(n) Underliggande, enligt vad som anges i de tillämpliga Produktvillkoren för UBS Köpwarranter, är lika med eller lägre än Startkursen.</p> <p>UBS Säljwarranter tillåter Värdepappersinnehavare att oproportionerligt (med hävstångseffekt) delta i den negativa utvecklingen för de(n) Underliggande. Omvänt, deltar Värdepappersinnehavare av UBS Säljwarranter också oproportionerligt (med hävstångseffekt) i den positiva utvecklingen för de(n) Underliggande. Värdepappersinnehavare bär risken att UBS Säljwarranter löper ut och blir värdelösa om Referenspriset eller Avvecklingspriset för de(n) Underliggande, enligt vad som anges i de tillämpliga Produktvillkoren för UBS Säljwarranter, är lika med eller högre än Startkursen.</p> <p>Inlösenbeloppet kan fastställas genom hänvisning till utvecklingen för en eller flera Underliggande, enligt vad som anges i de tillämpliga Produktvillkoren.]</p> <p>[UBS Kapitalskyddade Värdepapper/UBS Delvis Kapitalskyddade Värdepapper UBS Kapitalskyddade Värdepapper/UBS Delvis Kapitalskyddade Värdepapper är helt eller delvis kapitalskyddade vid förfall och kan samtidigt erbjuda den avkastningspotential som kan uppstå från kapitalmarknaderna (potentiellt endast upp till en förutbestämd nivå). För detta ändamål deltar UBS Kapitalskyddade Värdepapper/UBS Delvis Kapitalskyddade Värdepapper</p> |
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| | <p>(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 de tillämpliga Produktvillkoren. Beroende på produktens egenskaper kan den vara proportionerlig (antingen negativt eller positivt) till utvecklingen för de(n) Underliggande.</p> <p>Med ett kapitalskydd som är mindre än emissionskursen är det belopp som motsvarar emissionskursen inte helt skyddat vid förfall. För att skillnaden mellan nivån av kapitalskydd och emissionskursen ska överbryggas, krävs det att särskilda villkor, relaterade till de(n) Underliggande tillgångens (tillgångarnas) prISRörelser, uppfylls för att undvika förlust vid förfall.</p> <p>Oberoende av produktens struktur måste hänsyn tas till UBS AG:s emittentrisk.</p> <p>Inlösenbeloppet kan bestämmas med hänvisning till utvecklingen för en eller flera Underliggande, enligt vad som anges i relevanta Produktvillkor.</p> <p>Utöver detta kan Värdepappersinnehavaren, enligt vad som anges i de tillämpliga Produktvillkoren, vara berättigad att på den relevanta Ränte-/Kupongbetalningsdagen erhålla betalning av ett Räntebelopp/en Kupong. Sådan betalning av ett Räntebelopp/en Kupong kan antingen vara ovillkorad (till exempel utan beaktande av utvecklingen av Underliggande) eller villkorad, allt enligt vad som anges i de tillämpliga Produktvillkoren.</p> <p>Emissionskursen för UBS Kapitalskyddade Värdepapper/UBS Delvis Kapitalskyddade Värdepapper kan också vara högre eller lägre än 100 procent.]</p> <p>[UBS Sprintvärdepapper UBS Sprintvärdepapper ger Värdepappersinnehavare möjlighet att delta i den positiva utvecklingen av Underliggande inom ett förutbestämt intervall, dvs. mellan Startkursen och Taket multiplicerat med en deltagandegrad, enligt vad som anges i de tillämpliga Produktvillkoren. Omvänt kan Värdepappersinnehavare av UBS Sprintvärdepapper även delta i en del av, eller hela, den negativa utvecklingen av Underliggande. UBS Sprintvärdepapper finns också med obegränsad positiv potential, alltså utan Tak.</p> <p>Inlösenbeloppet kan fastställas genom hänvisning till utvecklingen av en eller flera Underliggande, enligt vad som anges i de relevanta Produktvillkoren.</p> <p>Utöver detta kan Värdepappersinnehavaren vara berättigad att på den relevanta Ränte-/Kupongbetalningsdagen erhålla betalning av ett Räntebelopp/en Kupong. Sådan betalning av ett Räntebelopp/en Kupong kan antingen vara ovillkorad (dvs. utan beaktande av utvecklingen av Underliggande) eller villkorad, allt enligt vad som anges i de tillämpliga Produktvillkoren.]</p> <p>[UBS Bonusvärdepapper UBS Bonusvärdepapper ger Värdepappersinnehavare möjlighet att delta i den positiva utvecklingen av Underliggande. Omvänt kan Värdepappersinnehavare av UBS Bonusvärdepapper även delta i den negativa utvecklingen av 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 de tillämpliga Produktvillkoren, är Värdepappersinnehavare berättigad att på Förfalldagen erhålla Inlösenbeloppet i Inlösenvalutan, enligt vad som anges i de tillämpliga Produktvillkoren.</p> |
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| | <p>Inlösenbeloppet kan fastställas genom hänvisning till utvecklingen av en eller flera Underliggande, enligt vad som anges i de tillämpliga Produktvillkoren.</p> <p>Utöver detta kan Värdepappersinnehavaren, enligt vad som anges i de tillämpliga Produktvillkoren, vara berättigad att på den relevanta Ränte-/Kupongbetalningsdagen erhålla betalning av ett Räntebelopp/en Kupong. Sådan betalning av ett Räntebelopp/en Kupong kan antingen vara ovillkorad (till exempel utan beaktande av utvecklingen av Underliggande) eller villkorad, allt enligt vad som anges i de tillämpliga Produktvillkoren.】</p> <p>[UBS Överutvecklingsvärdepapper UBS Överutvecklingsvärdepapper ger Värdepappersinnehavare möjlighet att delta i den positiva utvecklingen av den Underliggande i förhållande till en annan Underliggande. Omvänt kan Värdepappersinnehavare av UBS Överutvecklingsvärdepapper även delta i den negativa utvecklingen av Underliggande i förhållande till en annan Underliggande. Beroende på om Referenspriset eller Avvecklingspriset för den Underliggande, enligt vad som anges i de tillämpliga Produktvillkoren, är högre än eller lika med eller lägre än Startkursen är Värdepappersinnehavaren berättigad att på Förfallodagen erhålla Inlösenbeloppet i Inlösenvalutan, enligt vad som anges i de tillämpliga Produktvillkoren.</p> <p>Utöver detta är Värdepappersinnehavaren berättigad att, på den relevanta Ränte-/Kupongbetalningsdagen, erhålla betalning av ett Räntebelopp/en Kupong. Sådan betalning av ett Räntebelopp/en Kupong kan antingen vara ovillkorad (dvs. utan beaktande av utvecklingen av Underliggande) eller villkorad, allt enligt vad som anges i de tillämpliga Produktvillkoren.】</p> <p>Inlösenbeloppet kan fastställas genom hänvisning till utvecklingen av en eller flera Underliggande, enligt vad som anges i de tillämpliga Produktvillkoren.】</p> <p>[UBS Omvända Konvertibelvärdepapper/GOAL Beroende på om Referenspriset eller Avvecklingspriset för Underliggande, enligt vad som anges i de tillämpliga Produktvillkoren, är lägre än eller lika med Startkursen eller högre än Startkursen, erhåller Värdepappersinnehavaren antingen det nominella värdet eller utvecklingen av Underliggande, enligt vad som vidare anges i de tillämpliga Produktvillkoren.</p> <p>Inlösenbeloppet kan fastställas genom hänvisning till utvecklingen av en eller flera Underliggande, enligt vad som anges i de tillämpliga Produktvillkoren.</p> <p>Utöver detta är Värdepappersinnehavaren berättigad att på den relevanta Ränte-/Kupongbetalningsdagen erhålla betalning av ett Räntebelopp/en Kupong. Sådan betalning av ett Räntebelopp/en Kupong kan antingen vara ovillkorad (dvs. utan beaktande av utvecklingen av Underliggande) eller villkorad, allt enligt vad som anges i de tillämpliga Produktvillkoren.】</p> <p>[UBS Kick-In GOAL/Omvänd Konvertibel med Barriär UBS Kick-In GOAL/Omvänd Konvertibel med Barriär 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 de tillämpliga 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 de tillämpliga Produktvillkoren. Om de(n) Underliggande stänger över en förutbestämd nivå på en viss dag, i enlighet med vad som anges i de tillämpliga Produktvillkoren, är</p> |
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| | <p>Värdepappersinnehavare berättigade att på Förfalldagen erhålla Inlösenbeloppet i Inlösenvalutan motsvarande det Nominella Beloppet. Däremot, om kursen för de(n) Underliggande stänger på eller under en förutbestämd nivå på en viss dag, enligt vad som anges i de tillämpliga Produktvillkoren, är Värdepappersinnehavare berättigade att på Förfalldagen erhålla, beroende på produktens struktur, antingen den Fysiska Underliggande i tillämpligt antal som antingen uttrycks i Multipliceringsfaktorn eller, i förekommande fall, och enligt vad som anges i de tillämpliga Produktvillkoren, lika med antalet Referensaktier per Valör eller en kontantbetalning beroende på det då aktuella värdet för de(n) Underliggande eller utvecklingen av de(n) Underliggande (justerat, om tillämpligt, för respektive ratio). Barriären kan observeras antingen kontinuerligt eller på förutbestämda datum, enligt vad som anges i de tillämpliga Produktvillkoren.</p> <p>Inlösenbeloppet kan fastställas genom hänvisning till utvecklingen av en eller flera Underliggande, enligt vad som anges i de tillämpliga Produktvillkoren.</p> <p>Utöver detta är Värdepappersinnehavaren berättigad att på den relevanta Rän-te-/Kupongbetalningsdagen erhålla betalning av ett Rän-tebelopp/en Kupong: Sådan betalning av ett Rän-tebelopp/en Kupong kan antingen vara ovillkorad (dvs. utan beaktande av utvecklingen av Underliggande) eller villkorad, allt enligt vad som anges i de tillämpliga Produktvillkoren.】</p> <p>[UBS Utvecklingsvärdepapper</p> <p>UBS Utvecklingsvärdepapper tillåter investerare att delta – om de tillämpliga Produktvillkoren anger att en Förvaltningsavgift är tillämplig, med beaktande av Förvaltningsavgiften – i den positiva utvecklingen av Underliggande. Omvänt, deltar investerare i UBS Utvecklingsvärdepapper också i den negativa utvecklingen av Underliggande.</p> <p>UBS Utvecklingsvärdepapper kan emitteras som Värdepapper utan förutbestämd Förfalldag eller med en förutbestämd Förfalldag. Värdepapperen kan medföra en rättighet för Emittent och/eller Värdepappersinnehavare som kan utnyttjas och därvid åstadkomma att Värdepapperen inlöses/utlöper vid valfri tidpunkt, enligt vad som anges i de tillämpliga Produktvillkoren.</p> <p>Inlösenbeloppet kan fastställas genom hänvisning till utvecklingen av en eller flera Underliggande, enligt vad som anges i de tillämpliga Produktvillkoren.</p> <p>Utöver detta kan Värdepappersinnehavaren, enligt vad som anges i de tillämpliga Produktvillkoren, vara berättigad att på den relevanta Rän-te-/Kupongbetalningsdagen erhålla betalning av ett Rän-tebelopp/en Kupong: Sådan betalning av ett Rän-tebelopp/en Kupong kan antingen vara ovillkorad (dvs. utan beaktande av utvecklingen av Underliggande) eller villkorad, allt enligt vad som anges i de tillämpliga Produktvillkoren.】</p> <p>[UBS Hävstångsvärdepapper</p> <p>Med UBS Hävstångsvärdepapper kan Värdepappersinnehavare applicera hävstång, eftersom UBS Hävstångsvärdepapper erbjuder Värdepappersinnehavare att delta oproportionerligt och utan begränsning i stigande kurser för de(n) Underliggande. Det innebär att från en förutbestämd kursnivå är, enligt vad som anges i de tillämpliga Produktvillkoren, deltagandegraden i en potentiellt stigande kursutveckling högre än 100 procent. Den exakta utvecklingstakten varierar beroende på produkttegenskaperna och är förutbestämd för varje emission, enligt vad som anges i de tillämpliga Produktvillkoren.</p> <p>Om köpkursen för ett UBS Hävstångsvärdepapper är lika med kursen för de(n) Underliggande, har hävstångseffekten ännu inte inträtt. I det fallet är</p> |
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| | <p>den oproportionerliga möjligheten till vinst motverkad av en förlustrisk som motsvarar en direkt, eller i förekommande fall hävstångspåverkad, investering och Värdepappersinnehavare deltar i den potentiella negativa kursutvecklingen. I det beskrivna fallet (utan agio) finns det således inget oproportionerligt deltagande i potentiella förluster.</p> <p>För att minimera förlustrisken kan UBS Hävstångsvärdepapper ha ett villkorat partiellt skydd. Så länge som en extra säkerhetsströskel, enligt vad som anges i de tillämpliga Produktvillkoren, inte nås under löptiden får Värdepappersinnehavare på förfalldagen tillbaka minst det investerade kapitalet. Det partiella skyddet upphör endast att gälla om en tröskel bryts och Värdepapperet beter sig som ett normalt UBS Hävstångsvärdepapper utan villkorat partiellt skydd.</p> <p>Inlösenbeloppet kan fastställas med hänvisning till utvecklingen av en eller flera Underliggande, enligt vad som anges i de tillämpliga Produktvillkoren.</p> <p>Utöver detta kan Värdepappersinnehavaren, enligt vad som anges i de tillämpliga Produktvillkoren, vara berättigad att på den relevanta Ränte-/Kupongbetalningsdagen erhålla betalning av ett Räntebelopp/en Kupong: Sådan betalning av ett Räntebelopp/en Kupong kan antingen vara ovillkorad (dvs. utan beaktande av utvecklingen av Underliggande) eller villkorad, allt enligt vad som anges i de tillämpliga Produktvillkoren.】</p> <p>[UBS Nollkupongvärdepapper UBS Nollkupongvärdepapper ger Värdepappersinnehavare rätt att på Förfalldagen erhålla betalning i form av Nominellt Värde per Värdepapper. Som ett resultat är UBS Nollkupongvärdepapper 100 procent kapitalskyddade vid förfall. Sådan betalning är inte garanterad av tredje part, men utfäst av Emittenten och är därmed beroende av Emittentens förmåga att möta sina betalningsförpliktelser.</p> <p>Det initiala Emissionskursen för ett UBS Nollkupongvärdepapper är lägre än det nominella värdet. Under löptiden för UBS Nollkupongvärdepapper är Värdepappersinnehavaren inte berättigad att erhålla betalning av ränta.】</p> <p>[UBS Värdepapper med Fast Ränta UBS Värdepapper med Fast Ränta ger Värdepappersinnehavare rätt att på Förfalldagen erhålla betalning i form av Nominellt Värde per Värdepapper. Som ett resultat är UBS Värdepapper med Fast Ränta 100 procent kapitalskyddade vid förfall. Sådan betalning är inte garanterad av tredje part, men utfäst av Emittenten och är därmed beroende av Emittentens förmåga att möta sina betalningsförpliktelser.</p> <p>Under löptiden för UBS Värdepapper med Fast Ränta, är Värdepappersinnehavaren berättigad att på den relevanta Ränte-/Kupongbetalningsdagen erhålla betalning av det Ränte-/Kupongbelopp som hänför sig till den föregående Ränte-/Kupongberäkningsperioden. Räntebeloppet/Kupongen beräknas genom applicering av Räntesatsen och Dagberäkningskonventionen på det Nominella Beloppet per Värdepapper. Räntesatsen är fast för hela löptiden för UBS Värdepapper med Fast Ränta.</p> <p>[UBS Värdepapper med Rörlig Ränta UBS Värdepapper med Rörlig Ränta ger Värdepappersinnehavaren rätt att på Förfalldagen erhålla betalning av det Nominella Värdet per Värdepapper. Som ett resultat är UBS Värdepapper med Rörlig Ränta 100 procent kapitalskyddade vid förfall. Sådan betalning är inte garanterad av tredje part, men utfäst av Emittenten och är därmed beroende av Emittentens förmåga att möta sina betalningsförpliktelser.</p> <p>Under löptiden för UBS Värdepapper med Rörlig Ränta, är</p> |
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| | | <p>Värdepappersinnehavaren berättigad att på den relevanta Ränte-/Kupongbetalningsdagen erhålla betalning av det Ränte-/Kupongbelopp som hänför sig till den föregående Ränte-/Kupongberäkningsperioden. Räntebeloppet/Kupongen beräknas genom applicering av Räntesatsen och Dagberäkningskonventionen på det Nominella Beloppet per Värdepapper.</p> <p>Räntesatsen i relation till varje Ränteberäkningsperiod (i) är lika med Priset för Underliggande, om detta är angivet, antingen (i) plus eller, i förekommande fall, (ii) minus en viss marginalprocent, enligt vad som anges i de tillämpliga Produktvillkoren.]</p> <p>Följande beskrivningar av olika utvecklingsstrukturer kan användas för Värdepapper beskrivna ovan, om tillämpliga.</p> <p><u>Underliggande</u> Värdepapper kan antingen vara beroende av en enskild Underliggande, en korg av Underliggande, de(n) bäst utvecklade Underliggande, de(n) sämst utvecklade Underliggande eller en kombination av dessa. Korgars utveckling beräknas på det vägda genomsnittet av utvecklingarna för de(n) enskilda Underliggande.</p> <p>Viktningen kan antingen vara förutbestämd eller kan bestämmas under produktens löptid beroende på vissa villkor. Viktningen kan, till exempel, bero på den relativa utvecklingen för Underliggande eller realiserad volatilitet i de(n) Underliggande.</p> <p><u>Utvecklingar</u> I princip är det sannolikt att värdet på Värdepapperen (bortsett från särskilda egenskaper hos Värdepapperen) kommer att öka, i de fall där priset på Underliggande eller – om de tillämpliga Produktvillkoren specificerar att i definitionen av "Underliggande" en "Korg" är angiven som möjlig – priset på Korgkomponenterna, ökar. I de fall där priset på Underliggande eller Korgkomponenter minskar, är det också troligt att värdet på Värdepapperen (bortsett från speciella egenskaper hos Värdepapperen) minskar.</p> <p>Motsatsvis kan Värdepapperen, om så anges i de tillämpliga Produktvillkoren, erbjuda en så kallad omvänd struktur. I detta fall kommer Värdepapperen (oavsett de övriga egenskaper som är förknippade med Värdepapperen eller andra faktorer, som kan vara relevanta för värdet på Värdepapperen) att minska i värde, om priset på Underliggande eller – om de tillämpliga Produktvillkoren specificerar att i definitionen av "Underliggande" en "Korg" är angiven som möjlig – priset på Korgkomponenterna, ökar. Alternativt kommer Värdepapperen att öka i värde, om priset på Underliggande eller – om de tillämpliga Produktvillkoren specificerar att i definitionen av "Underliggande" en "Korg" är angiven som möjlig – priset på Korgkomponenterna, minskar.</p> <p>Utvecklingen eller nivån av Underliggande kan mätas på flera olika sätt.</p> <p>Vanligtvis mäts utvecklingen som den slutliga nivån för de(n) Underliggande i procent av den initiala nivån för de(n) Underliggande. Den slutliga nivån och/eller den initiala nivån kan emellertid även definieras som den genomsnittliga/maximala/minimala nivån för de(n) Underliggande som observerats under viss tid. Den initiala nivån behöver inte nödvändigtvis observeras vid startdagen för produkten men kan också observeras under löptiden för produkten.</p> <p>Utvecklingen kan även mätas som den relativa utvecklingen för en eller flera Underliggande i förhållande till utvecklingen för en eller flera andra Underliggande.</p> |
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| | <p>Utveckling kan också ha ett förutbestämt eller ett rörligt och/eller ett villkorat tak. Det innebär att Värdepappersinnehavare accepterar en begränsning av avkastningspotentialen ("Tak") och att de endast kan delta i eventuella kursökningar (eller minskningar) för de Underliggande till dess att en viss nivå har nåtts och inte ytterligare. Dessutom kan utvecklingen också ha ett förutbestämt eller ett rörligt och/eller villkorat golv. Detta innebär att Värdepappersinnehavare kommer att ha en minsta avkastningspotential ("Golv") och kommer endast att negativt delta i eventuella kursnedgångar (eller öknings) i de(n) Underliggande till dess att en viss nivå har nåtts och inte mer.</p> <p><u>Barriärer</u> Produkter kan ha barriärer som aktiveras så snart vissa villkor är uppfyllda. Vanligtvis representerar dessa barriärer vissa nivåer som ska nås av de(n) Underliggande vid vissa observationsdagar.</p> <p>Barriärer kan antingen utlösas av att Underliggande, utvecklingar eller andra mätbara värden når förutbestämda värden. Vissa barriärer utlöses endast om mer än ett villkor möts. Barriärer kan definieras antingen för att observeras endast vid vissa datum eller fortlöpande.</p> <p>Barriärer leder antingen till avlägsnande (Kick-out) eller tillägg (Kick-in) av vissa egenskaper hos Värdepapperen. Funktioner som läggs till eller tas bort är exempelvis kuponger, deltagande eller Underliggande.</p> <p><u>Inlåsnings och Slutlig Inlåsnings</u> De tillämpliga Produktvillkoren kan föreskriva ett "Inlåsnings"-villkor, vilket betyder att vissa belopp eller utvecklingar, enligt vad som anges i Produktvillkoren, kommer att, i händelse av att en förutbestämd inlåsningshändelse inträffar, bli "inlåsta", dvs. fixerade, ställda åt sidan eller annars ekonomiskt bevarade, enligt vad som anges i Produktvillkoren. I den utsträckning och i enlighet med de villkor för övriga tillämpliga funktioner som ytterligare specificeras i de tillämpliga Produktvillkoren, fortsätter Värdepappersinnehavare att delta i den framtida utvecklingen för de Underliggande, eller, i förekommande fall, Korgkomponenterna.</p> <p>Om de relevanta Produktvillkoren anger att ett "Slutlig Inlåsnings"-villkor är tillämpligt, kommer vissa belopp eller utvecklingar, enligt vad som anges i Produktvillkoren, i händelse av att det inträffar en förutbestämd inlåsningshändelse, att bli "inlåsta", i sådan utsträckning att Värdepappersinnehavarnas deltagande i den framtida utvecklingen för den Underliggande eller, i förekommande fall, Korgkomponenterna, begränsas eller rentav exkluderas.</p> <p><u>Funktion för Automatiskt Avslut</u> Om de relevanta Produktvillkoren anger att Funktionen för Automatiskt Avslut är tillämplig, kan Värdepapperen avslutas och lösas in i förtid vid inträffande av en automatiskt-avslutshändelse (inklusive, men inte begränsat till, en Stop-Loss-händelse eller Knock-Out-händelse).</p> <p><u>Investeringsstrategier</u> Utveckling kan definieras som den hypotetiska utvecklingen av en viss, på förhand definierad, investeringsstrategi. Det kan till exempel vara en strategi att endast investera i de(n) Underliggande på vissa förutbestämda datum. Ett annat exempel kan vara en strategi att investera i de(n) Underliggande beroende på realiserad volatilitet, utveckling, momentum eller andra mätbara värden av de(n) Underliggandes nivå över produktens livslängd.</p> <p><u>Nedgångsinriktad/Uppgångsinriktad/Variabel Deltagandegrad</u> Deltagande är vanligtvis i proportion till en viss grad (vilken i sig själv kan vara beroende av vissa förutbestämda villkor, till exempel utvecklingen av en</p> |
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| | <p>eller flera Underliggande) och kan vara negativ eller positiv.</p> <p><u>Valutakonvertering</u> Värdepappersinnehavarens rätt i enlighet med Värdepapperen kan bestämmas på basis av en valuta annan än Inlösenvalutan, valutaenheten eller beräkningsenheten, och även värdet av den Underliggande eller, i förekommande fall, Korgkomponenterna kan bestämmas i valuta annan än Inlösenvalutan, valutaenheten eller beräkningsenheten. Den valutakurs som ska användas för att bestämma Inlösenbeloppet kan antingen vara förutbestämd (quanto-funktion) eller variabel.</p> <p><u>Dubbla valutor</u> Värdepappersinnehavaren är berättigad att erhålla betalningar i den valuta som i tillämpliga Produktvillkor fastställs som Inlösenvaluta. I de fall dessa Produktvillkor anger att produkttegenskapen "Dubbel valuta" är tillämplig är Emittenten berättigad att, under Värdepapperens löptid eller vid Inlösen, ersätta denna förutbestämda valuta med en annan valuta som har specificerats för detta ändamål i de tillämpliga Produktvilkoren. Alla efterföljande utbetalningar till Värdepappersinnehavaren görs därefter i denna andra valuta. Värdepappersinnehavaren kan i sådana fall komma att exponeras för valutarisk.</p> <p><u>Kuponger/Räntebelopp/Andra Likvider</u> Om de relevanta Produktvilkoren anger att ovillkorad Kupong, Räntebelopp eller annan likvid är tillämplig, är Värdepappersinnehavaren berättigad att erhålla betalning i form av den relevanta Kupongen, Räntebeloppet eller annan likvid, enligt vad som anges i de tillämpliga Produktvilkoren.</p> <p>Om de relevanta Produktvilkoren anger att villkorad Kupong, Räntebelopp eller annan likvid är tillämplig, är Värdepappersinnehavaren berättigad att erhålla betalning i form av den relevanta Kupongen, Räntebeloppet eller annan likvid förutsatt att de tillämpliga villkoren uppfylls. Om, i fall av en villkorad Kupong, Räntebelopp eller annan likvid, dessa krav inte är uppfyllda, utbetalas ingen Kupong, Räntebelopp eller annan likvid.</p> <p>Under sin löptid kan produkter därför generera regelbunden inkomst. Emellertid genererar de flesta produkter inte ovillkorad inkomst, till exempel utdelning eller ränta.</p> <p><u>Kapitalskydd</u> Endast om produkttegenskapen "Kapitalskydd" anges som tillämplig i de relevanta Produktvilkoren motsvarar Avecklingsbeloppet, i varje enskilt fall, åtminstone det kapitalskyddade Minimibeloppet.</p> <p><u>Maxbelopp</u> Om produkttegenskapen "Maxbelopp" anges som tillämplig i de relevanta Produktvilkoren är Avecklingsbeloppet begränsat till Maxbeloppet multiplicerat, om detta anges i de relevanta Produktvilkoren, med angiven Deltagandegrad, Hävstångsfaktor, Multiplikationsfaktor eller Multiplikator som tillämplig i de relevanta Produktvilkoren.</p> <p><u>Fysisk eller Kontantavveckling</u> Endast om produkttegenskapen "Fysisk Avveckling" anges som tillämplig i de relevanta Produktvilkoren, kan produkten eventuellt avvecklas fysiskt. Annars sker avveckling genom kontant betalning. Avvecklingen kan bero på utvecklingen för de(n) Underliggande.</p> <p><u>Generell Rätt till Förtida Inlösen</u> Emittenten och Värdepappersinnehavarna kommer endast att ha en generell rätt till förtida inlösen avseende Värdepapperen före Förfallodagen om detta anges i de tillämpliga Produktvilkoren.</p> |
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| | | <p><i>Emittentens Rätt till Förtida Inlösen</i> Om så anges i de tillämpliga Produktvillkoren har Emittenten rätt att begära Värdepapperen inlösta i förtid genom att lämna meddelande om detta på vissa förutbestämda datum. Inlösenvärdet kan antingen vara förutbestämt eller beroende av nivån för de(n) Underliggande, vissa datum eller andra parametrar.</p> <p><i>Värdepappersinnehavarnas Rätt till Förtida Inlösen</i> Om så anges i de tillämpliga Produktvillkoren har Värdepappersinnehavaren rätt att begära Värdepapperen inlösta i förtid. Inlösenvärdet kan antingen vara förutbestämt eller beroende av nivån för de(n) Underliggande, vissa datum eller andra parametrar.</p> | | | | | | | | | | |
|-------------|--|--|---------------------------------------|---|-------------|---------------------------------------|---|-----|-----|-----|-----|-----|
| C.16 | Utlöpanddag eller förfallodag, utövandedag eller den slutliga referensdagen. | <p>[Förfallodag: [•]*]</p> <p>[Utlöpanddag: [•]*]</p> <p>[[Avecklingsdag[ar]][Avecklingsperiod]: [•]*]</p> <p>[[Slutlig] Värderingsdag: [•]*]</p> <p>[Genomsnittliga Värderingsdagar: [•]*]</p> <p>[Avseende Värdepapper som emitteras i flera serier infoga följande översiktliga tabell med relevant information och ifyll för varje Serie av Värdepapper:</p> <table border="1"> <thead> <tr> <th>ISIN</th> <th>Förfallodag</th> <th>Utlöpanddag</th> <th>[Avecklingsdag[ar]][Avecklingsperiod]</th> <th>[[Slutlig] Värderingsdag][Genomsnittliga Värderingsdagar]</th> </tr> </thead> <tbody> <tr> <td>[•]</td> <td>[•]</td> <td>[•]</td> <td>[•]</td> <td>[•]</td> </tr> </tbody> </table> | ISIN | Förfallodag | Utlöpanddag | [Avecklingsdag[ar]][Avecklingsperiod] | [[Slutlig] Värderingsdag][Genomsnittliga Värderingsdagar] | [•] | [•] | [•] | [•] | [•] |
| ISIN | Förfallodag | Utlöpanddag | [Avecklingsdag[ar]][Avecklingsperiod] | [[Slutlig] Värderingsdag][Genomsnittliga Värderingsdagar] | | | | | | | | |
| [•] | [•] | [•] | [•] | [•] | | | | | | | | |
| C.17 | Avvecklingsförfarande för de derivatvärdepapper. | <p>Betalningar [och/eller, i förekommande fall, levereras av den Fysiska Underliggande i tillämpligt antal] ska, i alla fall som är föremål för någon form av tillämpliga skatte- eller andra lagar och regler på platsen för betalningen [eller, i förekommande fall, leveransen] eller andra lagar och regler för vilka Emittenten gått med på att bli föremål, och i enlighet med de relevanta CA-reglerna, göras till det relevanta Clearingsystemet eller den relevanta mellanmannen eller för dess order för kreditering av de relevanta kontoinnehavarnas konton hos Clearingsystemet eller den relevanta mellanmannen.</p> <p>Emittenten ska anses ha fullgjort sina inlösenförpliktelser eller varje annan betalnings- eller leveransförpliktelse under Villkoren för Värdepapperen vid betalning och/eller leverans till Clearingsystemet på det sätt som beskrivs ovan.</p> | | | | | | | | | | |
| C.18 | En beskrivning av hur avkastningen på derivatvärdepapper äger rum. | Värdepappersinnehavare kommer att på den relevanta Förfallodagen erhålla [betalning i form av Inlösenbeloppet][och/eller][i förekommande fall leverans av den Fysiska Underliggande i tillämpligt antal]. | | | | | | | | | | |
| C.19 | Utövandepris eller slutligt referenspris hos | <p>[Avecklingspris: [•]*]</p> <p>[Referenspris: [•]*]</p> <p>[Avseende Värdepapper som emitteras i flera serier infoga följande</p> | | | | | | | | | | |

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| | Underliggande. | <p>översiktliga tabell med relevant information och ifyll för varje Serie av Värdepapper:</p> <table border="1"> <tr> <td>ISIN</td> <td>[Avecklingspris][Referenspris]</td> </tr> <tr> <td>[•]</td> <td>[•]</td> </tr> </table> | ISIN | [Avecklingspris][Referenspris] | [•] | [•] |
| ISIN | [Avecklingspris][Referenspris] | | | | | |
| [•] | [•] | | | | | |
| C.20 | Typ av underliggande och var informationen om underliggande kan finnas. | <p>Typ av Underliggande:</p> <p>[infoga beskrivning av [aktien (inklusive ett certifikat som representerar aktier)][indexet][valutakursen][ädelmetallen] [råvaran] [räntesatsen] [det icke-aktierelaterade värdepapperet] [andelen i börshandlad fond] [andelen i icke-börshandlad fond] [terminskontraktet (om tillämpligt, inkluderande bestämmande av de tillämpliga förfallomånaderna)] [referensräntesatsen] [korgen innehållande de tidigare nämnda tillgångarna] [portföljen innehållande de tidigare nämnda tillgångarna. [•]*]</p> <p>Information om [•][och] den gångna och den framtida utvecklingen av [de(n) Underliggande] och [dess] [dessas] volatilitet kan erhållas [på hemsidan] [•].</p> <p>[Avseende Värdepapper som emitteras i flera serier infoga följande översiktliga tabell med relevant information och ifyll för varje Serie av Värdepapper:</p> <table border="1"> <tr> <td>ISIN</td> <td></td> </tr> <tr> <td>[•]</td> <td>[infoga beskrivning av underliggande tillgång och var information om underliggande tillgång kan erhållas]</td> </tr> </table> | ISIN | | [•] | [infoga beskrivning av underliggande tillgång och var information om underliggande tillgång kan erhållas] |
| ISIN | | | | | | |
| [•] | [infoga beskrivning av underliggande tillgång och var information om underliggande tillgång kan erhållas] | | | | | |
| <p>[Följande punkt C.21 ska enbart infogas i fall med Värdepapper med ett lägsta nominellt värde om minst 100 000 euro eller likvärdigt i annan valuta, där Emittenten har en skyldighet att betala investeraren 100 % av det nominella värdet (där det dessutom kan finnas en räntebetalning):</p> | | | | | | |
| C.21 | Indikationer på marknaden där Värdepapperna kommer att vara föremål för handel och för vilken ett emissionsprospekt har publicerats. | <p>[En ansökan har gjorts om upptagande av Värdepapperen på [den Reglerade Marknaden (Regulerter Markt) för [Frankfurt Stock Exchange] [Stuttgart Stock Exchange] [•]] [den Officiella Listan för den [Reglerade Marknaden Luxembourg Stock Exchange] [•]] [[den inofficiella reglerade marknaden för] [Frankfurt Stock Exchange] [Stuttgart Stock Exchange] [•]] [Nasdaq Stockholm][NasdaqHelsinki][Nordic Growth Market NGM AB – NDX (Nordic Derivatives Exchange)] [ange alternativ(a) börs(er) eller handelssystem: [•]]]</p> <p>[Ej tillämpligt. Ingen ansökan har gjorts för att tillåta Värdepapper på en reglerad marknad för en aktiemarknad som finns inom det Europeiska ekonomiska samarbetsområdet.]</p> | | | | |

| Punkt | | Avsnitt D – Risker |
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| 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 sina förpliktelser i relation till Värdepapperen.</p> <p>Generell risk för insolvens</p> <p>Varje investerare bär den generella risken att den finansiella situationen för Emittenten kan försämrats. Emittentens skuld- och derivatinstrument utgör direkta, icke säkerställda och icke efterställda förpliktelser för Emittenten, vilka, i synnerhet i händelse av Emittentens insolvens, rangordnas lika med varandra och med samtliga andra av Emittentens nuvarande och framtida icke säkerställda och icke efterställda förpliktelser, med undantag för dem som har förmånsrätt enligt tvingande lagregler. Värdepapperna är inte</p> |

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| | <p>banktillgodohavande och en investering i Värdepapper innebär risker som är mycket olika riskprofilen för ett banktillgodohavande som är placerat hos Emittenten eller dennes dotterbolag. Emittentens förpliktelser i relation till Värdepapperen garanteras inte av något lagstadgat eller frivilligt system av insättningsgarantier eller kompensationsplaner. Om Emittenten blir insolvent kan följaktligen investerare lida en total förlust av sina investeringar i Värdepapperen.</p> <p>UBS AG som Emittent och UBS är utsatta för olika riskfaktorer i sin affärsverksamhet. Sammanfattade nedan är de risker som kan påverka Koncernens förmåga att verkställa sin strategi, och påverka dess affärsverksamhet, finansiella ställning, verksamhetsresultat och utsikter, vilka Koncernen anser är väsentliga och för närvarande är medveten om:</p> <ul style="list-style-type: none"> • Marknadsförhållanden och fluktuationer kan ha en skadlig inverkan på UBS:s lönsamhet, kapitalstyrka, dess likviditet och finansieringsposition. • Väsentliga ändringar av styrningen av UBS:s verksamhet kan negativt påverka dess verksamhet och UBS:s förmåga att verkställa sina strategiska planer. • Om UBS är oförmöget att bibehålla sin kapitalstyrka, kan detta negativt påverka dess förmåga att verkställa sin strategi, dess klientverksamhet och dess konkurrensposition. • UBS är kanske inte framgångsrikt i det löpande verkställandet av sina strategiska planer. • Betydande juridiska och regulatoriska risker uppkommer vid driften av UBS verksamhet. • Operationella risker påverkar UBS verksamhet. • UBS:s renommé är avgörande för framgången för dess verksamhet. • Utvecklingen inom den finanstjänsteindustrin påverkas av marknadsförhållanden och det makroekonomiska klimatet. • Storbritannien går ut ur EU. • UBS kanske inte lyckas att verkställa förändringar inom sina förmögenhetsförvaltningsverksamheter för att möta förändrade marknads- regulatoriska och andra förhållanden. • UBS är kanske inte i stånd att identifiera eller tillvarata intäkts- eller konkurrensmöjligheter eller att behålla och attrahera kvalificerade anställda. • UBS är beroende av sina riskhanterings- och kontrollprocesser för att undvika eller begränsa potentiella förluster inom sina företag. • Likviditets- och finansieringsförvaltning är avgörande för UBS:s löpande utveckling. • UBS:s finansiella resultat kan påverkas negativt av ändringar i antaganden och värderingar samt i redovisningsstandarder. • Inverkan av skatter på UBS:s finansiella resultat påverkas i betydande mån av ändringar i skattelagen och omvärderingar av dess uppskjutna |
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| | | <p>skattefordringar</p> <ul style="list-style-type: none"> • UBS:s angivna kapitalutdelningsmål är baserat, till en del, på kapitalrelationer som är föremål för regleringsförändringar och kan i hög grad fluktuera. • UBS AG:s rörelseresultat, finansiella ställning och förmåga att betala sina förpliktelser i framtiden kan påverkas av finansiering, utdelningar och andra överföringar som erhålls från UBS Switzerland AG, UBS Americas Holding LLC, UBS Limited och andra dotterföretag, vilket kan vara föremål för begränsningar. • Om UBS erfar finansiella svårigheter har FINMA befogenheten att starta resolutions- eller likvidationsförfaranden eller införa skyddsåtgärder avseende UBS Group AG, UBS AG eller UBS Switzerland AG, och sådana förfaranden eller åtgärder kan ha en betydande negativ inverkan för UBS:s aktieägare och borgenärer. • Risker relaterade till "benchmarks" <p>Men eftersom verksamheten i ett brett baserat internationellt finanstjänsteföretag som UBS till sin inneboende natur är exponerad mot risker, varav många blir uppenbara endast i efterhand, kan risker som UBS inte för närvarande är medvetet om eller som det för närvarande inte betraktar som väsentliga också negativt påverka UBS.</p> |
| <p>[Följande Punkt D.3 ska endast infogas om det rör sig om Värdepapper där Emittenten har en skyldighet som uppstår vid emissionstillfället att betala investerare 100 % av det nominella värdet och följande Punkt D.6 ska endast infogas om det rör sig om Värdepapper där Emittenten inte har en skyldighet som uppstår vid emissionstillfället att betala investerare 100 % av det nominella värdet:</p> | | |
| <p>[D.3] [D.6]</p> | <p>Nyckelinformation om risker som är specifika och individuella för värdepapperen.</p> | <p>Potentiella investerare i Värdepapperen bör vara medvetna om att Värdepapperen utgör en riskfylld investering som kan leda till total förlust av deras investering i Värdepapperen. Värdepappersinnehavare kommer att vidkännas en förlust, om de belopp [eller, i förekommande fall, den Fysiska Underliggande] som erhålls i enlighet med Villkoren för Värdepapperen är lägre än förvärvspriset för Värdepapperen (inklusive transaktionskostnader). [Även när Värdepapperen är kapitalskyddade till Minimibeloppet vid förfall och risken för en förlust därför inledningsvis är begränsad till Minimibeloppet, bär investerare] [Alla investerare bär] risken att Emittentens finansiella situation försämrats och potentiellt leder till oförmåga för Emittenten att fullgöra sina förpliktelser under Värdepapperen. Potentiella investerare måste därför vara beredda på och kapabla att klara av en partiell eller till och med en total förlust av investerat kapital. Varje investerare som är intresserad av att köpa Värdepapperen bör utvärdera sin finansiella situation, för att säkerställa de är i stånd att bära de förlustrisker som är förknippade med Värdepapperen.</p> <p>Särskilda risker relaterade till specifika egenskaper hos Värdepapperets struktur [För det fall Värdepapperen är kopplade till en Underliggande infoga: Potentiella investerare bör vara medvetna om att den del [av [Räntebeloppet] [Räntebeloppen] [Kupongen] [Kupongerna] och] av Inlösenbeloppet som erlaggs i enlighet med Villkoren för Värdepapperen är beroende av utvecklingen av den Underliggande. I fall av ogynnsam utveckling av priset på [den Underliggande][Korgkomponenterna], kan det belopp som erhållits från Värdepapperen vara lägre än vad investerarna förväntat sig och kan till och med vara lika med noll. I sådana fall kommer Värdepappersinnehavarna att ådra sig en total förlust av sina investeringar (inklusive eventuella transaktionskostnader).]</p> |

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| | | <p>[För det fall produkten innehåller bestämmelser om "Deltagandegrad", "Hävstångsfaktor", "Multiplikationsfaktor" eller, i förekommande fall, "Multiplikator", infoga: Potentiella investerare bör vara medvetna om att tillämpningen av [Deltagandegraden] [Hävstångsfaktorn] [Multiplikationsfaktorn] [Multiplikatorn] vid bestämmandet av Värdepappersrätten resulterar i att Värdepapperen i ekonomisk mening liknar en direktinvestering i [den Underliggande] [Korgkomponenterna], men innebär trots det inte att investeringen är helt jämställd med en sådan direktinvestering, i synnerhet på grund av att Värdepappersinnehavarna inte deltar i den aktuella utvecklingen av [den Underliggande] [Korgkomponenterna] med ett förhållande om 1:1, utan med den proportion som ges av [Deltagandegraden] [Hävstångsfaktorn] [Multiplikationsfaktorn] [Multiplikatorn].]</p> <p>[För det fall produkten har "Hävstångseffekt" infoga: Potentiella investerare borde vara medvetna om att den så kallade "Hävstångseffekten" är en av Värdepappernas nyckelsärdrag. Hävstång ger Värdepappersinnehavare möjlighet att oproportionerligt (med hävstångseffekt) delta i den relevanta utvecklingen av "[den Underliggande] [Korgkomponenterna]. Följaktligen kan alla förändringar i värdet på [den Underliggande] [Korgkomponenterna] resultera i oproportionerliga förändringar i Värdepappernas värde. Följaktligen medför även Värdepapperna oproportionerlig exponering för förlust, om priset på [den Underliggande] [Korgkomponenterna] utvecklas oförmånligt. Därför ska det vara klart att när man köper Värdepapper, ju högre hävstångseffekt på ett Värdepapper, ju högre exponering mot förlust. Dessutom ska det vara klart att typiskt nog, ju kortare (kvarvarande) tid som Värdepapperet har, ju högre hävstångseffekt.]</p> <p>[För det fall produkten har en "Omvänd Struktur" infoga: Potentiella investerare bör vara medvetna om att Värdepapperen har en så kallad omvänd struktur och att, i och med det, Värdepapperen (oberoende av andra egenskaper hänförliga till Värdepapperen eller andra faktorer, som kan vara av betydelse för värdet på Värdepapperen) sjunker i värde, om priset på [den Underliggande] [Korgkomponenterna] ökar, eller att Värdepapperen ökar i värde, om priset på [den Underliggande] [Korgkomponenterna] sjunker. Följaktligen är det risk för förlust av det investerade kapitalet, om priset på [den Underliggande] [Korgkomponenterna] ökar korrelativt. Dessutom är den potentiella utdelningen på varje Värdepapper, som en principiell regel, begränsad, eftersom den negativa utvecklingen på [den Underliggande] [Korgkomponenterna] inte kan överstiga 100 %.]</p> <p>[För det fall produkten har en "Expresstruktur" infoga: Potentiella investerare bör vara medvetna om att Värdepapperen enligt Villkoren för Värdepapperen under vissa omständigheter kan upphöra före Förfallodagen utan att det krävs något meddelande eller uttalande från Emittenten eller Värdepappersinnehavaren, så kallad expresstruktur. För det fall Värdepapperen upphör före Förfallodagen, är Värdepappersinnehavaren berättigad att kräva [betalning av ett kontantbelopp] [eller, i förekommande fall,] [leverans av den Fysiska Underliggande i lämpligt antal] i förhållande till det förtida upphörandet. Värdepappersinnehavaren är dock inte berättigad att begära [några ytterligare betalningar under Värdepapperen] [eller, i förekommande fall,] [leverans av den Fysiska Underliggande] efter sådant förtida upphörande.</p> <p>Värdepappersinnehavaren bär därför risken att inte delta i utvecklingen av [den Underliggande] [Korgkomponenterna] i förväntad utsträckning och under den förväntade perioden.</p> |
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| | | <p>I fall av förtida upphörande av Värdepapperen bär också Värdepappersinnehavaren den så kallade återinvesteringsrisken. Värdepappersinnehavaren kan vara begränsad till att kunna återinvestera belopp som utbetalats av Emittenten vid förtida upphörande, om något, på marknadsvillkor som är mindre fördelaktiga än de som var rådande vid tiden för förvärvet av Värdepapperen.]</p> <p>[För det fall produkten har "Trösklar, Barriärer eller Nivåer" infoga: Potentiella investerare bör vara medvetna om att [Inlösenbeloppet] [eller, i förekommande fall,] [värdet på den Fysiska Underliggande som ska levereras i lämpligt antal], om något, under Värdepapperen är beroende av om priset på [den Underliggande] [Korgkomponenterna] är lika med, och/eller sjunker under respektive överstiger en given tröskel, barriär eller nivå som den är definierad i aktuella Slutgiltiga Villkor, vid en given tidpunkt eller, i förekommande fall, inom en specifik period angiven i Villkoren för Värdepapperen.</p> <p>Endast under förutsättning att den aktuella tröskeln, barriären eller, i förekommande fall, nivån inte har nåtts och/eller sjunkits under, respektive överstigits, vid den tidpunkt eller period som anges i Villkoren för Värdepapperen, erhåller innehavaren av ett Värdepapper ett belopp, förutbestämt i Villkoren till Värdepapperen, som Inlösenbelopp. Om så anges i de relevanta Slutliga Villkoren kan applicerandet av trösklar, barriärer eller nivåer enligt vad som anges i de relevanta Slutliga Villkoren i enlighet med Villkoren för Värdepapperen rentav resultera i ett Inlösenbelopp om noll (0). Annars deltar Värdepappersinnehavaren i utvecklingen av [den Underliggande] [Korgkomponenterna] och bär, därmed, risken för en total förlust av det investerade kapitalet.]</p> <p>[För det fall produkten har ett "Maxbelopp" infoga: Potentiella investerare bör vara medvetna om att [Inlösenbeloppet] [eller, i förekommande fall,] [värdet av den Fysiska Underliggande som ska levereras i lämpligt antal], om något, under Värdepapperen är begränsat till det Maxbelopp [multipliserat med [Deltagandegraden] [Hävstångsfaktorn] [Multiplikationsfaktorn] [Multiplikatorn]], vilka fastställts i Villkoren för Värdepapperen. Till skillnad från en direktinvestering i [de Underliggande] [Korgkomponenterna] är därför den potentiella vinsten under Värdepapperen begränsad till Maxbeloppet [multipliserat med [Deltagandegraden] [Hävstångsfaktorn] [Multiplikationsfaktorn] [Multiplikatorn]].]</p> <p>[För det fall produkten har en "Relevant Underliggande" infoga: Potentiella investerare bör vara medvetna om att beräkningen av nivån av [Inlösenbeloppet] [eller, i förekommande fall,] [värdet av den Fysiska Underliggande som ska levereras i lämpligt antal], om något, uteslutande hänvisar till att den Relevanta Underliggande och, därmed, den Underliggande, uppvisar en viss förutbestämd utveckling, till exempel den sämsta utvecklingen under en observationsperiod.</p> <p>Potentiella investerare bör, följaktligen, vara medvetna om att dessa Värdepapper, jämfört med Värdepapper som hänvisar till endast en Underliggande, uppvisar en högre exponering mot förluster. Denna risk reduceras inte av en positiv eller, i förekommande fall, negativ utveckling på de resterande Underliggande, eftersom de resterande Underliggande inte tas i beaktande vid beräkningen av [nivån på Inlösenbeloppet] [eller, i förekommande fall,] [värdet på den Fysiska Underliggande som ska levereras i lämpligt antal].]</p> <p>[För det fall produkten innefattar "Fysisk Leverans" infoga: Potentiella investerare bör vara medvetna om att när Värdepapperen förfaller, kommer ingen utbetalning av ett Inlösenbelopp att ske, utan leverans, om någon, kommer att ske av den Fysiska Underliggande, som den beskrivs i Villkoren</p> |
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| | <p>till Värdepapperen, i lämpligt antal. Potentiella investerare bör, därmed, beakta att i fall av inlösen av Värdepapperen genom fysisk leverans av den Fysiska Underliggande i lämpligt antal, erhåller investerare inte ett kontantbelopp, utan en rätt till det relevanta värdepapperet, som är överlåtbar enligt villkoren för det aktuella förvaringssystemet. [Priset eller värdet på den Fysiska Underliggande som ska levereras till Värdepappersinnehavarna kan fastställas på (aktie-) börser eller annat handelssystem i valutor andra än Inlösenvalutan för Värdepapperen.]</p> <p>Då Värdepappersinnehavarna i sådant fall är exponerade för de emittent- och värdepappersspecifika riskerna relaterade till den Fysiska Underliggande som ska levereras, om någon, bör potentiella investerare bekanta sig med den Fysiska Underliggande, som ska levereras, om någon, innan förvärv av Värdepapperen. Vidare, bör investerare inte förlita sig på att kunna sälja den Fysiska Underliggande efter inlösen av Värdepapperen till ett visst pris, i synnerhet inte till ett pris som motsvarar det investerade kapitalet vid förvärv av Värdepapperen. Den Fysiska Underliggande som levereras i lämpligt antal kan, under vissa omständigheter, eventuellt ha ett mycket lågt eller till och med inget värde. I sådant fall bär Värdepappersinnehavarna risken för en total förlust av det kapital som investerades vid förvärv av Värdepapperen (inklusive transaktionskostnader).</p> <p>Potentiella investerare i Värdepapperen bör även beakta att möjliga fluktuationer i priset på den Fysiska Underliggande mellan utgången av löptiden på Värdepapperen och den faktiska leveransen av den Fysiska Underliggande på Förfalldagen stannar hos Värdepappersinnehavaren. All nedgång av värdet på den Fysiska Underliggande efter utgången av löptiden på Värdepapperen måste bäras av Värdepappersinnehavaren.]</p> <p><i>[För det fall att produkten innefattar "Slutlig Inlåsnig" infoga:</i> Potentiella investerare bör vara medvetna om att, i den grad som Villkoren för Värdepapperen föreskriver ett "Slutlig Inlåsnings"-villkor, kommer vissa belopp eller utvecklingar, enligt vad som anges i Produktvillkoren, i händelse av att det inträffar en förutbestämd inlåsningshändelse att bli "inlåsta", i sådan utsträckning att deltagandet för Värdepappersinnehavarna i den framtida utvecklingen för [den Underliggande] [Korgkomponenterna], begränsas eller rentav exkluderas.</p> <p>Värdepappersinnehavare deltar i detta fall inte, eller endast i begränsad omfattning, i varje framtida utveckling för [den Underliggande] [Korgkomponenterna].]</p> <p><i>[För det fall produkten innefattar "Valutakonvertering" infoga:</i> Potentiella investerare bör vara medvetna om att Värdepappersinnehavarens rätt i enlighet med Värdepapperen bestäms på grundval av en annan valuta än Inlösenvalutan, valutaenheten eller beräkningsenheten, och även värdet av [Underliggande] [Korgkomponenterna] bestäms i en sådan annan valuta än Inlösenvalutan, valutaenheten eller beräkningsenheten. Potentiella investerare bör, därför, vara medvetna om att investeringar i dessa Värdepapper kan innebära risker på grund av fluktuerande valutakurser, och att risken för förlust inte enbart beror på utvecklingen av [den Underliggande] [Korgkomponenterna], utan även på ogynnsam utveckling i värdet på den utländska valutan, valutaenheten eller beräkningsenheten.</p> <p>Sådan utveckling kan dessutom öka Värdepappersinnehavarnas exponering mot förluster därför att en ogynnsam utveckling av den relevanta valutakursen kan i motsvarande mån sänka värdet på de förvärvade Värdepapperen under deras löptid eller, i förekommande fall, [nivån på Inlösenbeloppet] [eller, i förekommande fall,] [värdet på den Fysiska Underliggande som ska levereras i lämpligt antal], om någo(t/n). Valutakurser bestäms av tillgångs- och efterfrågsfaktorer på internationella</p> |
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| | <p>valutamarknader, vilka är i sig själva exponerade mot ekonomiska faktorer, spekulationer och åtgärder från regeringar och centralbanker (till exempel monetära kontroller eller restriktioner).]</p> <p>[För det fall produkten innefattar "Dubbel Valuta" infoga: Potentiella investerare bör vara medvetna om att – även om Värdepappersinnehavare är berättigade att ta emot betalningar i den valuta som i tillämpliga Produktvillkor fastställs som Inlösenvaluta – så är Emittenten enligt Villkoren berättigad att, under Värdepapperens löptid eller vid Inlösen, ersätta denna förutbestämda valuta med en annan valuta som har specificerats för detta ändamål i tillämpliga Produktvillkor. Alla efterföljande utbetalningar till Värdepappersinnehavaren görs därefter i denna andra valuta.</p> <p>Potentiella investerare bör därför vara medvetna om att investeringar i dessa Värdepapper kan innebära specifika risker på grund av fluktuerande växelkurser mellan den förutbestämda valutan som definieras i tillämpliga Produktvillkor och den alternativa valutan. Därmed beror risken för förlust inte enbart på utvecklingen av den Underliggande, eller, i förekommande fall, Korgkomponenterna, utan även på en eventuell ogynnsam utveckling för den förutbestämda valutan och den alternativa valutan.]</p> <p>[För det fall produkten har "Kapitalskydd" infoga: Potentiella investerare bör vara medvetna om att Värdepapperen vid utgången av sin löptid är kapitalskyddade i den utsträckningen att ett Minimibelopp är kapitalskyddat (utan hänsyn till erbjudandepremien); dvs. investeraren erhåller vid löptidens slut, oberoende av den faktiska utvecklingen av [den Underliggande] [Korgkomponenterna], i varje fall Minimibeloppet. Om en investerare förvärvar Värdepapperen till ett pris som är högre än Minimibeloppet bör den potentiella investeraren vara medveten om att (det proportionella) kapitalskyddet endast refererar till det lägre Minimibeloppet. I detta sammanhang måste beaktas att kapitalskyddet endast gäller vid slutet av löptiden, dvs. under förutsättning att Värdepapperen inte har blivit avslutade [eller, i förekommande fall, inlösts i förtid]. [Det kontantbelopp som ska betalas] [eller, i förekommande fall,] [värdet på den Fysiska Underliggande som ska levereras i lämpligt antal], om något, i fall av förtida inlösen av Värdepapperen kan väsentligt understiga det belopp, som skulle betalas som ett minimum vid slutet av Värdepapperens löptid, där kapitalskyddet gäller i samma utsträckning som Minimibeloppet, och det kan till och med vara lika med noll. I sådant fall kommer Värdepappersinnehavarna att ådra sig en total förlust av sin investering (inklusive transaktionskostnader).</p> <p>Potentiella investerare i Värdepapperen bör vidare beakta att trots kapitalskyddet som gäller upp till Minimibeloppet, bär investeraren risken av att Emittentens finansiella förmåga försämras och den potentiella följande oförmågan hos Emittenten att fullgöra sina skyldigheter under Värdepapperen. Vid fall av Emittentens insolvens, kan Värdepappersinnehavare lida en total förlust av sina investeringar i Värdepapperen. Potentiella investerare måste därför vara beredda på och kapabla att klara av en partiell eller till och med total förlust av investerat kapital. Förvärvare av Värdepapperen bör i vilket fall utvärdera sin finansiella situation, för att säkerställa att de är i stånd att bära de förlustrisker som är förknippade med Värdepapperen.]</p> <p>[För det fall produkten har "Ingen förutbestämd löptid" infoga: Potentiella investerare bör vara medvetna om att Värdepapperen, till skillnad från värdepapper med en bestämd löptid, inte har någon förutbestämd inlösendag och därmed ingen bestämd löptid. Följaktligen måste Värdepappersinnehavarens rätt i sådana Värdepapper påkallas av respektive Värdepappersinnehavare på en specifik Avecklingsdag i enlighet med avecklingsprocessen som beskrivs i Villkoren för Värdepapperen, om Värdepappersrätten ska hävdas. I det fall den Avecklingsbegäran som krävs</p> |
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| | <p>inte vederbörligen mottas på den aktuella Avvecklingsdagen, kan Värdepapperen inte avvecklas förrän vid nästa Avvecklingsdag som anges i Villkoren för Värdepapperen.]</p> <p>[För det fall produkten har "Tidsfördröjd Värdering" infoga: Potentiella investerare bör vara medvetna om att vid avveckling av Värdepapperen på en Avvecklingsdag eller, i förekommande fall, om en automatisk avslutshändelse inträffar (inklusive, men inte begränsat till, en Stop-Loss- eller Knock-Out-händelse) i enlighet med Villkoren för Värdepapperen, kommer Värderingsdagen eller den Slutliga Värderingsdagen som är tillämplig för fastställandet av Referenspriset eller Avvecklingspriset, enligt vad som anges i de Slutliga Villkoren, att i enlighet med Villkoren för Värdepapperen vara en dag efter förloppet av en signifikant period efter den relevanta Avvecklingsdagen eller, i förekommande fall, det relevanta automatiska avvecklingsdatumet, att vara tillämpligt så som det anges i Produktvillkoren. Negativa fluktuationer i priset på den Underliggande eller, i förekommande fall, på Korgkomponenterna mellan sådan dag och Värderingsdagen eller den Slutliga Värderingsdagen bärs, i enlighet med vad som anges i de Slutliga Villkoren, av den relevanta Värdepappersinnehavaren.]</p> <p>[För det fall produkten har "Automatiskt Avslut" infoga: Potentiella investerare bör vara medvetna om att i fall en automatisk avslutshändelse inträffar (inklusive, men inte begränsat till, en Stop-Loss- eller Knock-Out-händelse) i enlighet med Villkoren för Värdepapperen, är löptiden på alla utestående Värdepapper automatiskt avslutad.</p> <p>Värdepappersinnehavaren bär, därmed, risken av att inte delta i utvecklingen för den Underliggande eller, i förekommande fall, Korgkomponenterna i förväntad utsträckning och under den förväntade perioden och erhåller därför mindre än sitt investerade kapital.</p> <p>Om en automatisk avslutshändelse inträffar, bär Värdepappersinnehavaren även återinvesteringsrisken, dvs. investeraren bär risken för att denne måste återinvestera återbetalningsbeloppet, om något, som betalats av Emittenten i fall en automatisk avslutshändelse inträffar, enligt marknadsvillkor vilka kan vara mindre fördelaktiga än de som var rådande vid tiden för förvärvet av Värdepapperen.]</p> <p>[För det fall produkten har en "Minsta Avvecklingsstorlek" infoga: Potentiella investerare bör vara medvetna om att varje Värdepappersinnehavare, måste i enlighet med Villkoren för Värdepapperen erbjuda ett angivet minsta antal Värdepapper, för att kunna avveckla Värdepappersrätten i Värdepapperen, den så kallade Minsta Avvecklingsstorleken. Värdepappersinnehavare med färre än den angivna Minsta Avvecklingsstorleken av Värdepapper kommer, därför, antingen att behöva sälja sina Värdepapper eller köpa ytterligare Värdepapper (och ådra sig transaktionskostnader i vartdera fallet). Att sälja Värdepapperen förutsätter att marknadsaktörer är villiga att förvärva Värdepapperen till ett visst pris. Om inga marknadsaktörer är tillgängliga, kan värdet av Värdepapperen inte realiseras.]</p> <p>[För det fall att "Värdepappersinnehavarens Avslutsrätt" angivits vara ej tillämplig, infoga: Potentiella investerare bör vara medvetna om att Värdepappersinnehavare inte har avslutsrätt och att Värdepapperen, följaktligen, inte kan avslutas av Värdepappersinnehavaren under sin löptid. Innan Värdepapperen förfaller är realisation av Värdepapperens ekonomiska värde (eller delar därav), endast möjlig genom att sälja Värdepapperen, såvida inte Värdepapperen har varit föremål för förtida inlösen eller avslut av Emittenten i enlighet med Villkoren för Värdepapperen eller, om så är angivet i de tillämpliga Slutliga Villkoren, en avveckling av</p> |
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| | <p>Värdepappersinnehavarens rättighet i enlighet med Villkoren för Värdepapperen.</p> <p>Att sälja Värdepapperen förutsätter att marknadsaktörer är villiga att förvärva Värdepapperen till ett visst pris. Om inga marknadsaktörer är tillgängliga, kan värdet av Värdepapperen inte realiseras. Utgivandet av Värdepapperen resulterar inte i en förpliktelse för Emittenten gentemot Värdepappersinnehavarna att kompensera för detta eller att återköpa Värdepapperen.]</p> <p>[För det fall produkten har "Quanto" infoga: Potentiella investerare bör vara medvetna om att priset på [den Underliggande] [Korgkomponenterna] är bestämt i en annan valuta än Inlösenvalutan, så kallad underliggande valuta. Det relevanta priset på [den Underliggande] [Korgkomponenterna] som används för beräkning av belopp som ska betalas under Värdepapperen uttrycks i Inlösenvalutan utan någon hänsyn till växelkursen mellan den underliggande valutan för [den Underliggande] [Korgkomponenterna], och Inlösenvalutan (så kallad "quanto"-egenskap). Detta medför att den relativa skillnaden mellan den faktiska räntan i förhållande till den underliggande valutan och den faktiska räntan i förhållande till Inlösenvalutan kan ha en negativ påverkan på värdet av Värdepapperen.]</p> <p>Generella risker avseende Värdepapperen</p> <p><i>Inverkan av nedvärdering av Emittentens kreditvärdighetsbetyg</i> Den allmänna uppfattningen om Emittentens kreditvärdighet kan påverka värdet av Värdepapperen. Som en konsekvens kan varje nedvärdering av Emittentens kreditvärdighetsbetyg ha en negativ inverkan på värdet av Värdepapperen.</p> <p><i>Kreditvärdighetsbetyg är inte rekommendationer</i> Kreditvärdighetsbetygen för UBS AG som Emittent bör utvärderas separat från liknande kreditvärdighetsbetyg för andra enheter och från kreditvärdighetsbetyget, om något, tilldelat de emitterade skuld- eller derivatvärdepapperen. Ett kreditvärdighetsbetyg är inte en rekommendation att köpa, sälja eller inneha värdepapper emitterade eller garanterade av enheten som omfattas av kreditvärdighetsbetyget och kan när som helst bli föremål för granskning, ändring, tillfälligt indragande, sänkning eller återkallande av det tilldelande kreditvärderingsinstitutet.</p> <p>Ett kreditvärdighetsbetyg för Värdepapperen, om något, är inte en rekommendation att köpa, sälja eller inneha Värdepapperen och kan när som helst bli föremål för ändring eller återkallande av det relevanta kreditvärderingsinstitutet. Varje kreditvärdighetsbetyg bör utvärderas separat från andra kreditvärdighetsbetyg för värdepapper, både avseende kreditvärderingsinstitutet och typen av värdepapper. Vidare, kan kreditvärderingsinstitut, som inte har anlitats av Emittenten eller annars för att värdera Värdepapperen, försöka att värdera Värdepapperen och, om sådana "icke efterfrågade" kreditvärdighetsbetyg är lägre än det motsvarande kreditvärdighetsbetyget tilldelat Värdepapperen av det relevanta anlitade kreditvärderingsinstitutet, kunde sådana kreditvärdighetsbetyg ha en negativ inverkan på Värdepapperens värde.</p> <p><i>Värdepappersinnehavare är exponerade mot risken för skuldnedskrivning</i> Emittenten och Värdepapperen är underställda den schweiziska banklagen och FINMA förordning om insolvens hos banker, vilket ger FINMA makt i egenskap av behörig myndighet att i vissa fall tillämpa vissa resolutionsverktyg mot kreditinstitutioner. Dessa åtgärder inkluderar särskilt nedskrivning eller omvandling av värdepapper till vanligt aktiekapital för sådan kreditinstitution (så kallad skuldnedskrivning). En nedskrivning eller en</p> |
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| | <p>konvertering skulle ha konsekvensen att Emittenten skulle i så måtto bli befriad från sina skyldigheter under Värdepapperen. Värdepappersinnehavare skulle inte ha några ytterligare krav på Emittenten under Värdepapperen. Resolutionsverktygen kan därför ha en omfattande negativ påverkan på Värdepappersinnehavares rättigheter genom att tillfälligt indraga, modifiera och helt eller delvis upphäva krav under Värdepapperen. I värsta fall kan detta leda till en total förlust av Värdepappersinnehavares investeringar i Värdepapperen.</p> <p>Sådana juridiska bestämmelser och/eller regleringsåtgärder kan allvarligt påverka Värdepappersinnehavares rättigheter och kan ha en negativ effekt på värdet av Värdepapperen redan innan någon ekonomisk brist uppstår eller resolution sker i förhållande till Emittenten.</p> <p><i>Villkoren för Värdepapperen innehåller inte några begränsningar för Emittentens eller UBS förmåga att omorganisera sin verksamhet</i></p> <p>Villkoren för Värdepapperen innehåller inte några begränsningar avseende förändrad ägarkontroll eller strukturella förändringar, såsom sammanslagningar eller fusioner eller avyttranden avseende Emittenten, eller försäljning, överlåtelse, avknoppning, tillskjutande, utdelning, överföring eller annan disposition avseende all eller någon del av Emittentens eller dess dotterföretags egendom eller tillgångar i samband med de tillkännagivna ändringarna avseende dess juridiska struktur eller något annat, och aktiverar ingen uppsägningsgrundande händelse, skyldighet att återköpa Värdepapperen eller någon annan händelse under Villkoren för Värdepapperen till följd av sådana ändringar. Det finns en risk att sådana förändringar, om de inträffar, skulle ha en negativ inverkan på kreditvärdighetsbetygen för Emittenten och/eller öka sannolikheten för att en uppsägningsgrundande händelse inträffar. Om sådana förändringar skulle inträffa kunde de ha en negativ inverkan på Emittentens förmåga att inlösa eller betala ränta på Värdepapperen och/eller leda till omständigheter under vilka Emittenten kunde välja att annullera sådan ränta (om tillämpligt).</p> <p><i>Avslutande och Förtida Inlösen efter Emittentens val</i></p> <p>Potentiella investerare i Värdepapperen bör vidare vara medvetna om att Emittenten, enligt Villkoren för Värdepapperen, under vissa omständigheter, är berättigad att avsluta och lösa in Värdepapperen i dessas helhet före den planerade Förfallodagen. I sådant fall är Värdepappersinnehavaren, i enlighet med Villkoren för Värdepapperen, berättigad att begära betalning av ett inlösenbelopp avseende denna förtida inlösen. Men Värdepappersinnehavaren är inte berättigad att begära ytterligare betalningar avseende Värdepapperen efter det relevanta avslutsdatumet. Vidare, det Avslutsbelopp, om något, som ska erläggas av Emittenten i händelse av en förtida inlösen av Värdepapperen 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 delta i utvecklingen av [den Underliggande] [Korgkomponenterna], i förväntad omfattning och under den förväntade perioden.</p> <p>Om Emittenten avslutar Värdepapperen bär Värdepappersinnehavaren en återinvesteringsrisk, dvs. investeraren bär risken att vara tvungen att återinvestera Avslutsbeloppet, om något, som utbetalas av Emittenten vid avslut, till rådande marknadsförhållanden vilka kan vara mindre förmånliga än de som rådde vid tidpunkten då Värdepapperen förvärvades.</p> <p><i>Negativ inverkan av justering av Värdepapperens rättigheter</i></p> <p>Det finns en risk att vissa omständigheter inträffar eller särskilda åtgärder vidtas (av annan part än Emittenten) i förhållande till [den Underliggande] [Korgkomponenterna], vilket potentiellt kan medföra förändringar av [den</p> |
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| | <p>Underliggande] [Korgkomponenterna], eller resultera i att det underliggande konceptet för [den Underliggande][Korgkomponenterna] förändras, så kallade Potentiella Justeringshändelser och Ersättningshändelser. Om en Potentiell Justeringshändelse inträffar, ska Emittenten kunna justera värdepappernas villkor för att kunna beakta dessa händelser eller åtgärder och ska, om en Ersättningshändelse inträffar, även kunna ersätta [den Underliggande] [Korgkomponenterna]. Dessa justeringar kan ha en negativ inverkan på Värdepapperens värde.</p> <p>Substitution av Emittenten Förutsatt att Emittenten inte har underlåtit att infria sina skyldigheter under Värdepapperen, är Emittenten i enlighet med Villkoren för Värdepapperen, när som helst berättigad att, utan Värdepappersinnehavarnas samtycke, substituera ett annat bolag inom UBS-koncernen som Emittent ("Substituerande Emittent") i fråga om alla skyldigheter under eller med anknytning till Värdepapperen.</p> <p>Detta kan påverka registreringen av Värdepapperen och, i synnerhet, kan det vara nödvändigt för den Substituerande Emittenten att ansöka på nytt om inregistrering på den relevanta marknad eller börs där Värdepapperen är inregistrerade. Dessutom kommer, efter en sådan substitution, Värdepappersinnehavare att vara utsatt för den Substituerande Emittentens kreditrisk.</p> <p>Handel med Värdepapperen/ Illikviditet Det är inte möjligt att förutse om och i vilken utsträckning en andrahandsmarknad för Värdepapperen kan komma att utvecklas eller till vilket pris Värdepapperen kommer att köpas/säljas på andrahandsmarknaden eller om sådan marknad kommer att vara likvid eller illikvid.</p> <p>[Ansökningar kommer att lämnas in eller har lämnats in till angivna Värdepappersbörs(er) för upptagande eller inregistrering av Värdepapperen. Om Värdepapperen blir upptagna eller inregistrerade, finns det en risk att sådant upptagande eller inregistrering inte kommer att upprätthållas. 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, om någon, kan påverkas negativt.] Värdepapperens likviditet, om någon, kan också påverkas av restriktioner beträffande köp och försäljning av Värdepapperen i vissa jurisdiktioner. Dessutom är Emittenten berättigad (men inte förpliktad) att förvärva Värdepapper när som helst och till vilket pris som helst på den öppna marknaden eller genom budgivning eller genom privat överenskommelse. Värdepapper förvärvade på detta sätt kan innehas eller säljas vidare eller överlämnas för annullering.</p> <p>Dessutom finns det en risk att antalet Värdepapper som faktiskt emitteras och förvärvas av investerare är lägre än [den avsedda Emissionsstorleken] [det avsedda 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, regelbundet sätta köp- och säljkurser för emitterade Värdepapper. Managern har dock inget bindande åtagande mot Emittenten att tillföra likviditet genom köp- och säljkurser för Värdepapperen, och åtar sig inget juridiskt ansvar att ange sådana priser eller avseende nivån eller fastställandet av sådana priser.</p> <p>Potentiella investerare bör därför inte förlita sig på möjligheterna att sälja Värdepapper vid någon specifik tidpunkt eller till något specifikt</p> |
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| | | <p>pris.</p> <p><i>Beskattningsavseende Värdepapperen</i> Potentiella investerare bör 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 på någon skattesammanfattning i Grundprospektet utan uppmanas istället att ta råd från sina egna skatterådgivare avseende sin individuella beskattning vad gäller förvärv, försäljning eller inlösen av Värdepapperen. Endast dessa rådgivare är i stånd att vederbörligen bedöma den potentiella investerarens specifika situation.</p> <p><i>Betalningar under Värdepapperen kan bli föremål för amerikansk källskatt</i> Värdepappersinnehavare bör, följaktligen, vara medvetna om att betalningar under Värdepapperen kan, under vissa omständigheter, bli föremål för amerikansk källskatt. Om ett belopp avseende sådan amerikansk källskatt ska dras av från eller innehållas från betalningar under Värdepapperen, skulle inte någondera av Emittenten, individuella betalningsombud eller varje annan person, enligt Villkoren för Värdepapperen ha någon skyldighet att betala ytterligare belopp som en följd av avdraget för eller innehållandet av sådan skatt.</p> <p><i>Förändrad beskattning av Värdepapperen</i> Bedömning gällande Beskattningsavseende Värdepapperen i Grundprospektet återspeglar Emittentens uppfattning på basis av den juridiska situation som förelåg vid datum för Grundprospektet. Dock finns det en risk att skattemyndigheter eller skattedomstolar intar en annan position, vilket ger en annan skattemässig behandling av Värdepapperen. Varje investerare uppmanas att rådfråga sin egen skatterådgivare innan beslut om att investera i Värdepapperen fattas.</p> <p>Varken Emittenten eller Managern tar något ansvar i förhållande till Värdepappersinnehavare vad gäller skattekonsekvenser av en investering i Värdepapperen.</p> <p><i>Potentiella Intressekonflikter</i> Emittenten och dess dotterbolag kan ingå transaktioner som relaterar till Värdepapperen på ett eller annat sätt, antingen för egen räkning eller på uppdrag av en kund. Sådana transaktioner är inte nödvändigtvis gynnsamma för Värdepappersinnehavarna och kan få positiv eller negativ effekt på värdet av [den Underliggande] [Korgkomponenterna], och följaktligen på värdet av Värdepapperen. Vidare kan dotterbolag till Emittenten vara motparter i hedgningstransaktioner som relaterar till Emittentens förpliktelser under Värdepapperen. Som ett resultat kan intressekonflikter uppstå mellan dotterbolag 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 dotterbolag agera i andra egenskaper med avseende på Värdepapperen, såsom som beräkningsagent, betalningsagent och administrativ agent och/eller indexsponsor.</p> <p>Dessutom kan Emittenten och dess dotterbolag emittera andra derivatinstrument relaterade till den Underliggande eller, i förekommande fall, Korgkomponenterna; introduktionen av sådana konkurrerande produkter kan påverka värdet på Värdepapperen. Emittenten och dess dotterbolag kan erhålla icke-offentlig information relaterad till [den Underliggande] [Korgkomponenterna], och varken Emittenten eller någon av</p> |
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| | <p>dess dotterbolag åtar sig att göra denna information tillgänglig för Värdepappersinnehavarna. Dessutom kan ett eller flera av Emittentens dotterbolag publicera researchrapporter om [den Underliggande] [Korgkomponenterna]. Sådana aktiviteter kan innebära intressekonflikter och kan påverka Värdepapperens värde negativt.</p> <p>Inom ramen för erbjudandet och försäljningen av Värdepapperen, kan Emittenten eller dotterbolag direkt eller indirekt betala arvoden av olika storlek till tredje parter, såsom distributörer eller investeringsrådgivare, eller erhålla arvoden av olika storlek, inklusive sådana som tas ut i samband med distribution av Värdepapperen, från tredje parter. Potentiella investerare bör vara medvetna om att Emittenten kan behålla arvoden helt eller delvis. Emittenten, eller i förekommande fall, Managern, tillhandahåller på begäran information om dessa arvoden.</p> <p><u>Riskfaktorer relaterade till [den Underliggande] [Korgkomponenterna]</u></p> <p>Värdepapperen är beroende av värdet på [Underliggande] [Korgkomponenterna] och risken förknippad med [den Underliggande] [dessa Korgkomponenter]. Värdet på [Underliggande] [Korgkomponenterna] beror på flertalet faktorer som kan vara sammankopplade. Dessa kan inkludera ekonomiska, finansiella eller politiska händelser som är utom Emittentens kontroll. Den gångna utvecklingen för [Underliggande][Korgkomponenterna] ska inte ses som en indikator på den framtida utvecklingen under löptiden för Värdepapperen, och Emittenten ger inte någon uttalad eller underförstådd garanti eller representation vad gäller framtida utveckling av [Underliggande][Korgkomponenterna].</p> <p><i>[i fall av Underliggande i form av en korg, eller, i förekommande fall, en portfölj av Underliggande, infoga:</i> Investerar bör också notera att nivån för Inlösenbeloppet beror på utvecklingen av [korgen innehållande Korgkomponenterna] [en portfölj innehållande Underliggande]. Som resultat av detta, kan fluktuationer i värdet av [en Korgkomponent][en Underliggande] kompenseras för eller intensifieras av fluktuationerna i värdet av andra [Korgkomponenter i korgen] [Underliggande i portföljen]. Till och med vid fall av en positiv utveckling av en eller flera [Korgkomponenter][Underliggande], kan utvecklingen av [korgen][portföljen] som helhet bli negativ, om utvecklingen av andra [Korgkomponenter][Underliggande] är mer negativa. Om utvecklingen av en eller flera [Korgkomponenter i en Korg][Underliggande i en portfölj], på vilken kalkyleringen eller specificeringen av inlösenbeloppet grundar sig, har försämrats i betydande mån kan detta ha betydande negativ effekt på kalkyleringen eller specificeringen av inlösenbeloppet.]</p> <p><i>[vid beräkning av en relativ utveckling av den Underliggande jämfört med en annan Underliggande infoga:</i> Investerar bör också notera att nivån på Inlösenbeloppet är beroende av den relativa utvecklingen av [de(n) Underliggande] jämfört med utvecklingen av [(en annan) (andra) Underliggande]. Följaktligen kommer värdet på Värdepapperen även i händelse av en positiv utveckling av de(n) relevanta Underliggande att förbli konstant, om de(n) andra Underliggande utvecklas parallellt].</p> <p>Investerar bör vara medvetna om att de relevanta [Underliggande][Korgkomponenterna] inte kommer att innehas av Emittenten i avsikt att bringa fördel till Värdepappersinnehavarna, och att Värdepappersinnehavarna inte kommer att få ta del av några äganderättigheter (inkluderat, utan begränsning, rösträttigheter, rättigheter att få del av utdelning eller andra utbetalningar eller andra rättigheter) med avseende på [Underliggande][Korgkomponenterna].</p> |
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| [Följande Punkt D.6 ska endast infogas om det rör sig om Värdepapper där Emittenten inte har en skyldighet som uppstår vid emissionstillfället att betala investerare 100 % av det nominella värdet: | | |
| 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 [Varje] investerare i Värdepapperen [bär] risken att Emittentens finansiella situation försämras. Potentiella investerare måste därför vara beredda på och kapabla att klara av en partiell eller till och med en total förlust av hela sin investering. Varje investerare som är intresserad av att köpa Värdepapperen bör utvärdera sin finansiella situation, för att säkerställa att de är i stånd att bära den förlustrisk som är förknippad med Värdepapperen.] |

| Punkt | | Avsnitt E – Erbjudande ⁴ |
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| E.2b | Motiv till erbjudandet och användning av intäkterna. | Ej tillämpligt. Motiven för erbjudandet och användningen av intäkterna är de samma som för att generera vinst och/eller säkra mot vissa risker. |
| E.3 | Former och villkor för erbjudandet. | <p>[För det fall Värdepapperen erbjuds till allmänheten infoga följande text:</p> <p>Överenskommelse har träffats att Managern, på eller efter respektive Emissionsdag för Värdepapperen, får köpa Värdepapper och ska placera Värdepapperen för försäljning, [till [Emissionskursen] [ange Emissionskurs: [•]] ("Emissionskursen")]] på villkor som kan komma att ändras inom Jurisdiktionerna för Erbjudande till Allmänheten [under [Teckningsperioden] [Erbjudandeperioden] (enligt definition nedan)]. [Emissionskursen [kommer att bli] [var] fastställd [vid Starten för erbjudandet till allmänheten av Värdepapperen (såsom definieras nedan)] [den [ange Fastställsedag: [•]] ("Fastställsedagen")], [baserad på den rådande marknadssituationen och värdet på Underliggande [, och [kommer [sedan] att göras] [är] tillgänglig på [•]].] [[Efter att Teckningsperioden (såsom definieras nedan) avslutats] [Från Starten för erbjudandet till allmänheten av Värdepapperen (såsom definieras nedan)] [Från Fastställsedagen] [Därefter,] [kommer] [var] försäljningskursen [att justeras] [justerad] kontinuerligt för att reflektera den rådande marknadssituationen.]</p> <p>[Vid fall av Teckningsperiod infoga följande text: Värdepapperen ska kunna tecknas från Managern [och] [i förekommande fall, ange alternativa eller ytterligare finansiella mellanmän som placerar eller senare återförsäljer Värdepapperen: [•]]] under normala öppettider för banker under [ange Teckningsperiod: [•]] ("Teckningsperioden"). [Värdepapperen kan endast köpas med minst ett lägsta investeringsbelopp på [ange Lägsta Investeringsbelopp: [•]] ("Lägsta Investeringsbeloppet").] Emissionskursen för varje Värdepapper ska betalas den [ange Initial Betalningsdag: [•]] ("Initial Betalningsdag").]</p> <p>Emittenten förbehåller sig rätten [att tidigare avsluta] [eller] [att förlänga] Teckningsperioden om marknadsförhållandena så erfordrar.</p> |

⁴ Användandet av symbolen *** i följande Avsnitt E – Erbjudande indikerar att den relevanta informationen för varje serie Värdepapper kan, med avseende på Multi-Värdepappersserier och när det är lämpligt, representeras i en tabell.

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| | | <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>[För det fall att ingen Teckningsperiod är avsedd infoga följande text: [Från [ange start för erbjudandet till allmänheten av Värdepapperen: [•]] (“Starten för erbjudandet till allmänheten av Värdepapperen”),] [kan Värdepapperen köpas från Managern [och] [i förekommande fall, ange alternativa eller ytterligare finansiella mellanmän som placerar eller senare återförsäljer Värdepapperen: [•]] under normala öppettider för banker [under Erbjudandeperioden]. [Sådant erbjudande av Värdepapperen görs kontinuerligt.] [Värdepapperen kan endast köpas med minst ett lägsta investeringsbelopp på [ange Lägsta Investeringsbelopp: [•]] (“Lägsta Investeringsbelopp”).] Det kommer inte att vara någon Teckningsperiod. Emissionskursen för varje Värdepapper ska betalas den [ange Initial Betalningsdag: [•]] (“Initiala Betalningsdagen”).]</i></p> <p>[Emittenten förbehåller sig rätten [att tidigare avsluta] [eller] [att förlänga] Erbjudandeperioden om marknadsförhållandena så erfordrar.]</p> <p>Efter den Initiala Betalningsdagen ska respektive investerares Värdepapper krediteras dennes konto i enlighet med bestämmelserna för motsvarande Clearingsystem.]</p> <p><i>[För det fall att Värdepapperen fortsätter att erbjudas till allmänheten, infoga följande text:</i></p> <p>Värdepapperen har erbjudits till allmänheten sedan [ange när Värdepapperen ursprungligen erbjöds till allmänheten: [•]]. Dessa Slutliga Villkor tillämpas för att fortsätta detta erbjudande av Värdepapperen från och med den [ange startdatum för det fortsatta erbjudandet av Värdepapperen: [•]].</p> <p><i>[För det fall att Värdepapperen inte erbjuds till allmänheten, men däremot inregistreras på en reglerad marknad, infoga följande text:</i></p> <p>Värdepapperen erbjuds inte till allmänheten men har registrerats för handel på [specificera värdepapperbörs: [•]].]</p> |
| E.4 | Intressen som är väsentliga för emissionen/erbjudandet inkl. intressekonflikter. | <p>Intressekonflikter</p> <p>Emittenten och dess dotterbolag kan ingå transaktioner som relaterar till Värdepapperen på ett eller annat sätt, antingen för egen räkning eller på uppdrag av en kund. Sådana transaktioner är inte nödvändigtvis gynnsamma för Värdepappersinnehavarna och kan få positiv eller negativ effekt på värdet av [den Underliggande] [Korgkomponenterna] och, följaktligen, på värdet av Värdepapperen. Vidare kan dotterbolag till Emittenten vara motparter i hedgningstransaktioner som relaterar till Emittentens förpliktelser under Värdepapperen. Som ett resultat kan intressekonflikter uppstå mellan dotterbolag till Emittenten såväl</p> |

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| | | <p>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 dotterbolag agera i andra egenskaper med avseende på Värdepapperen, såsom som beräkningsagent, betalningsagent eller administrativ agent och/eller indexsponsor.</p> <p>Dessutom kan Emittenten och dess dotterbolag emittera andra derivatinstrument relaterade till [den Underliggande] [Korgkomponenterna]; introduktionen av sådana konkurrerande produkter kan påverka värdet på Värdepapperen. Emittenten och dess dotterbolag kan erhålla icke-offentlig information relaterad till [den Underliggande] [Korgkomponenterna], och varken Emittenten eller någon av dess dotterbolag åtar sig att göra denna information tillgänglig för Värdepappersinnehavarna. Dessutom kan ett eller flera av Emittentens dotterbolag publicera researchrapporter om [den Underliggande] [Korgkomponenterna]. Sådana aktiviteter kan innebära intressekonflikter och kan påverka Värdepapperens värde negativt.</p> <p>Inom ramen för erbjudandet och försäljningen av Värdepapperen, kan Emittenten eller dotterbolag direkt eller indirekt betala arvoden av olika storlek till tredje parter, såsom distributörer eller investeringsrådgivare, eller erhålla arvoden av olika storlek, inklusive sådana som tas ut i samband med distribution av Värdepapperen, från tredje parter. Potentiella investerare bör vara medvetna om att Emittenten kan behålla arvoden helt eller delvis. Emittenten eller, i förekommande fall, Managern, tillhandahåller på begäran information om dessa arvoden.</p> <p>Varje intresse som är väsentligt för emissionen/erbjudandet, inklusive potentiella intressekonflikter</p> <p>[att infogas*]</p> <p>[[Ej tillämpligt.] [Med undantag av de(n) [relevanta] Auktoriserade Erbjudaren(arna) när det gäller [dennes][dessas] arvoden,] [har, så] [Så] långt Emittenten är medveten, [har] ingen person som är inblandad i utfärdandet [och erbjudandet] [och inregistreringen] av [varje Serie av] Värdepapperen något väsentligt intresse i utfärdandet [och erbjudandet] [och inregistreringen] av Värdepapperen].</p> |
| E.7 | Förväntade kostnader som debiteras av investeraren eller emittenten eller erbjudaren. | [Ej tillämpligt; inga kostnader debiteras investeraren av emittenten eller Managern.] |
| | | [att infogas*] |

C. RISK FACTORS

The different risk factors associated with an investment in the Securities are outlined below. Which of these are relevant to the Securities issued under the Base Prospectus depends upon a number of interrelated factors, especially the type of Securities and of the Underlying, if any, or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Components, if any. Investments in the Securities should not be made until all the factors relevant to the Securities have been acknowledged and carefully considered. **When making decisions relating to investments in the Securities, potential investors should consider all information contained in the Base Prospectus and, if necessary, consult their legal, tax, financial or other advisor.**

1. Issuer specific Risks

Investing in the debt or derivative securities of the Issuer involves certain issuer-specific risks. Investments in debt or derivative securities of the Issuer should not be made until all these risk factors have been acknowledged and carefully considered. When making decisions relating to investments in the debt or derivative securities of the Issuer, potential investors should consider following risks factors in respect of the Issuer, which may affect the Issuer's ability to fulfil its obligations under its debt or derivative securities and, if necessary, consult their legal, tax, financial or other advisor.

Prospective investors in any debt or derivative securities of the Issuer should read the entire Base Prospectus and the relevant summary and securities note, base prospectus or other prospectus, either incorporating information from this Base Prospectus by reference, containing disclosure on certain debt or derivative securities (and where appropriate, the relevant summary note applicable to the relevant debt or derivative securities).

As a global financial services provider, the business activities of UBS AG ("Issuer") with its subsidiaries (together, "UBS AG consolidated" or "UBS AG Group"; together with UBS Group AG, which is the holding company of UBS AG, and its subsidiaries, "UBS Group" "Group", "UBS" or "UBS Group AG consolidated") are affected by certain risks, including those described below, which may affect UBS's ability to execute its strategy or its business activities, financial condition, results of operations and prospects. Because a broad-based international financial services firm such as UBS is inherently exposed to multiple risks many of which become apparent only with the benefit of hindsight, risks of which UBS is not presently aware or which UBS currently does not consider to be material could also adversely affect UBS. The order of presentation of the risk factors below does not indicate the likelihood of their occurrence or the potential magnitude of their consequences.

General insolvency risk

Each investor bears the general risk that the financial situation of the Issuer could deteriorate. The Securities constitute immediate, unsecured and unsubordinated obligations of the Issuer, which, in particular in the case of insolvency of the Issuer, rank *pari passu* with each other and all other current and future unsecured and unsubordinated obligations of the Issuer, with the exception of those that have priority due to mandatory statutory provisions. The Securities are not bank deposits and an investment in the Securities carries risks which are very different from the risk profile of a bank deposit placed with the Issuer or its affiliates. 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.

Market conditions and fluctuations may have a detrimental effect on UBS's profitability, capital strength, liquidity and funding position

Low and negative interest rates in Switzerland and the eurozone have negatively affected UBS's net interest income: A continuing low or negative interest rate environment may further erode interest margins and adversely affect the net interest income generated by the Personal & Corporate Banking and Global Wealth Management businesses. UBS's performance is also affected by the cost of maintaining the high-quality liquid assets ("HQLA") required to cover regulatory outflow assumptions embedded in the liquidity coverage ratio ("LCR").

The Swiss National Bank permits Swiss banks to make deposits up to a threshold at zero interest. Any reduction in or limitations on the use of this exemption from the otherwise applicable negative interest rates could exacerbate the effect of negative interest rates in Switzerland. Low and negative interest rates may also affect customer behaviour and hence UBS's overall balance sheet structure. Mitigating actions that UBS has taken, or may take in the future, such as the introduction of selective deposit fees or minimum lending rates, have resulted and may further result in the loss of customer deposits, a key source of funding for UBS, net new money outflows and / or a declining market share in UBS's domestic lending business.

UBS's equity and capital are also affected by changes in interest rates. In particular, the calculation of UBS's Swiss pension plan net defined benefit assets and liabilities is sensitive to the discount rate applied. Any further reduction in interest rates may lower the discount rates and result in pension plan deficits due to the long duration of corresponding liabilities. This would lead to a corresponding reduction in UBS's equity and fully applied common equity tier 1 ("**CET1**") capital.

UBS is subject 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, equity of foreign operations and risk-weighted assets ("**RWA**") are denominated in US dollars, euros, British pounds and in other foreign currencies. Accordingly, changes in foreign exchange rates may adversely affect UBS's profits, balance sheet, including deferred tax assets, and capital, leverage and liquidity ratios. In particular, the portion of UBS's operating income denominated in non-Swiss franc currencies is greater than the portion of operating expenses denominated in non-Swiss franc currencies. Therefore, the appreciation of the Swiss franc against other currencies generally has an adverse effect on UBS's profits, in the absence of any mitigating actions.

In order to hedge UBS's CET1 capital ratio, CET1 capital needs to have foreign currency exposure, leading to currency sensitivity of CET1 capital. As a consequence, it is not possible to simultaneously fully hedge both the amount of capital and the capital ratio. As the proportion of RWA denominated in non-Swiss franc currencies outweighs the capital in these currencies, a significant appreciation of the Swiss franc against these currencies could benefit UBS's capital ratios, while a significant depreciation of the Swiss franc against these currencies could adversely affect its capital ratios.

Substantial changes in the regulation of UBS's businesses may adversely affect its business and UBS's 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. Following the 2007–2009 financial crisis, regulators and legislators have adopted a wide range of changes to the laws, regulations and supervisory frameworks applicable to banks intended to address the perceived causes of the crisis and to limit the systemic risks posed by major financial institutions. These changes have caused UBS to make significant changes in its businesses and strategy and to move significant operations into subsidiaries to improve resolvability or meet regulatory requirements, resulting in substantial implementation costs, increased UBS's capital and funding costs and reduced operational flexibility. Although many of the regulatory changes have been completed, a number of these changes are being phased in over time or require further rulemaking or guidance for implementation. Certain changes are still under consideration. There remains significant uncertainty regarding a number of the measures referred to above.

Notwithstanding attempts by regulators to align their efforts, the measures adopted or proposed differ significantly across the major jurisdictions, making it increasingly difficult to manage a global institution like UBS. Swiss regulatory changes with regard to such matters as capital and liquidity have often proceeded more quickly than those in other major jurisdictions, and the requirements for Swiss major international banks are among the strictest of the major financial centers. This could put Swiss banks such as UBS at a disadvantage when they compete with peer financial institutions subject to more lenient regulation or with unregulated non-bank competitors.

Higher capital and total loss-absorbing capacity requirements increase UBS's costs: As an internationally active Swiss systemically relevant bank ("**SRB**"), UBS is subject to capital and total loss-absorbing capacity ("**TLAC**") requirements that are among the most stringent in the world. New Swiss SRB capital requirements impose significantly higher requirements based on RWA and a significantly higher leverage ratio requirement. In addition, UBS is required to maintain minimum levels of TLAC measured based on both RWA and the leverage ratio denominator.

UBS expects increases in its RWA from changes in methodology, add-ons in the calculation of RWA and other changes in 2018 and 2019. Changes to international capital standards for banks recently adopted by the Basel Committee on Banking Supervision are expected to further increase UBS's RWA when the standards are scheduled to become effective in 2022. UBS also expects that it will incur significant costs to implement the proposed changes.

Liquidity and funding: The requirements to maintain an LCR of HQLA to estimated stressed short-term net cash outflows, the proposed requirement to maintain a net stable funding ratio (**NSFR**), and other similar liquidity and funding requirements UBS is subject to, oblige UBS to maintain high levels of overall liquidity, limit its efforts to optimize interest income and expense, make certain lines of business less attractive and reduce UBS's overall ability to generate profits. Both the LCR and NSFR requirements are intended to ensure that UBS is not overly reliant on short-term funding and that it has sufficient long-term funding for illiquid assets, and the relevant calculations make assumptions about the relative likelihood and amount of outflows of funding and available sources of additional funding in market- and firm-specific stress situations. There can be no assurance that in an actual stress situation UBS's funding outflows would not exceed the assumed amounts. Moreover, many of UBS's subsidiaries must comply with minimum capital, liquidity and similar requirements and as a result UBS Group AG and UBS AG have contributed a significant portion of their capital and provide substantial liquidity to them. These funds are available to meet funding and collateral needs in the relevant jurisdictions, but are generally not readily available for use by the Group as a whole.

Banking structure and activity limitations: UBS has made significant changes in its legal and operational structure to meet legal and regulatory requirements and expectations. For example, UBS has transferred all of its US subsidiaries under a US intermediate holding company to meet US regulatory requirements and substantially all the operations of Personal & Corporate Banking and Wealth Management booked in Switzerland to UBS Switzerland AG to improve resolvability. These changes, particularly the transfer of operations to subsidiaries, such as UBS's US intermediate holding company and UBS Switzerland AG, require significant time and resources to implement and create operational, capital, liquidity, funding and tax inefficiencies. In addition, they may increase UBS's aggregate credit exposure to counterparties as they transact with multiple entities within the UBS Group. UBS's operations in subsidiaries are subject to local capital, liquidity, stable funding, capital planning and stress testing requirements. These requirements have resulted in increased capital and liquidity requirements in affected subsidiaries, which limit UBS's operational flexibility and negatively affect its ability to benefit from synergies between business units and to distribute earnings to the Group.

In the US, UBS has incurred substantial costs for implementing a compliance and monitoring framework in connection with the Volcker Rule under the Dodd-Frank Act. It has also been required to modify its business activities both inside and outside the US to conform to the Volcker Rule's activity limitations. The Volcker Rule may also have a substantial impact on market liquidity and the economics of market-making activities. UBS may incur additional costs in the short term if aspects of the Volcker Rule are repealed or modified. It may become subject to other similar regulations substantively limiting the types of activities in which it may engage or the way it conducts its operations. If adopted as proposed, the rule on single counterparty risk proposed by the US Federal Reserve Board may affect how UBS conducts its operations in the US, including its use of other financial firms for payments and securities clearing services and as transactional counterparties.

Resolvability and resolution and recovery planning: Under the Swiss too big to fail ("**TBTF**") framework, UBS is required to put in place viable emergency plans to preserve the operation of systemically important functions in the event of a failure. Moreover, under the Swiss TBTF framework and similar regulations in the US, the UK, the EU and other jurisdictions in which it operates, UBS is required to prepare credible recovery and resolution plans detailing the measures that would be taken to recover in the event of a significant adverse event or to wind down the Group or the operations in a host country through resolution or insolvency proceedings. UBS has made changes to the legal structure of the Group to improve the viability of its recovery and resolution plans and may be required in the future to make further changes to UBS's legal structure, operations, or liquidity and funding plans to enable its recovery and resolution plans to meet regulatory expectations. If a recovery or resolution plan that UBS is required to produce in a jurisdiction is determined by the relevant authority to be inadequate or not credible, relevant regulation may permit the authority to place limitations on the scope or size of its business in that jurisdiction, oblige UBS to hold higher amounts of capital or liquidity, or to change UBS's legal structure or business in order to remove the relevant impediments to resolution.

The Swiss Banking Act and implementing ordinances provide FINMA with significant powers to intervene in order to prevent a failure of, or to resolve, a failing financial institution. FINMA has considerable discretion 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. FINMA could also require UBS, directly or indirectly, for example, to alter its legal structure, including by separating 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. FINMA also has the ability to write down or convert into common equity the capital instruments and other liabilities of UBS Group AG, UBS AG and UBS Switzerland AG in connection with a resolution. Refer to "If UBS experiences financial difficulties, FINMA has the power to open restructuring or liquidation proceedings or impose protective measures in relation to UBS Group AG, UBS AG or UBS Switzerland AG, and such proceedings or measures may have a material adverse effect on UBS's shareholders and creditors" below.

Substantial changes in market regulation have affected and will continue to affect how UBS conducts its business: The revised Markets in Financial Instruments Directive and the associated Regulation ("**MiFID II**" / "**MiFIR**") took effect on 3 January 2018. MiFID II, among other things, introduces substantial new regulation of exchanges and trading venues, including new pre-trade and post-trade transparency requirements, a ban on the practice of using commissions on transactions to compensate for research services and substantial new conduct requirements for financial services firms when dealing with clients. Implementation by the G20 countries of the commitment to require all standardized over-the-counter ("**OTC**") derivative contracts to be traded on exchanges or trading facilities and cleared through central counterparties has had and will continue to have a significant effect on UBS's OTC derivatives business, which is conducted primarily in the Investment Bank. These market changes are likely to reduce the revenue potential of certain lines of business for market participants generally, and UBS may be adversely affected. 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 and the changes introduced by MiFID II may result in a reduction in commission rates and trading margins. Also, these laws may have a material impact on the market infrastructure that UBS uses, available platforms, collateral management and the way UBS interacts with clients, and may cause UBS to incur material implementation costs. Margin requirements for non-cleared OTC derivatives have required significant changes to collateral agreements with counterparties and UBS's clients' operational processes. In some jurisdictions implementation of these changes is ongoing, while rulemaking and implementation are delayed in others. This may result in market dislocation, disruption of cross-border trading, and concentration of counterparty trading. It also affects UBS's ability to implement the required changes and may limit its ability to transact with clients.

Some of the regulations applicable to UBS AG as a registered swap dealer with the Commodity Futures Trading Commission ("**CFTC**") in the US, and certain regulations that will be applicable when UBS AG registers as a security-based swap dealer with the SEC, apply to UBS AG globally, including those relating to swap data reporting, record-keeping, compliance and supervision. As a result, in some cases US rules will likely duplicate or conflict with legal requirements applicable to UBS elsewhere, including in Switzerland, and may place UBS at a competitive disadvantage to firms that are not required to register in the US with the SEC or CFTC.

In many instances, UBS provides services on a cross-border basis, and it is therefore sensitive to barriers restricting market access for third-country firms. In particular, efforts in the EU to harmonise 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 based on determinations of equivalence of home country regulation, substituted compliance or similar principles of comity. A negative determination could limit UBS's access to the market in those jurisdictions and may negatively influence its ability to act as a global firm. In addition, as such determinations are typically applied on a jurisdictional level rather than on an entity level, UBS will generally need to rely on jurisdictions' willingness to collaborate.

If UBS is unable to maintain its capital strength, this may adversely affect its ability to execute its strategy, its client franchise and its competitive position

Maintaining its capital strength is a key component of UBS's strategy. It enables UBS to support the growth of its businesses as well as to meet potential regulatory changes in capital requirements. It reassures UBS's stakeholders, forms the basis for its capital return policy and contributes to its credit ratings. UBS's capital ratios are determined primarily by RWA, eligible capital and leverage ratio denominator ("**LRD**"), all of which may fluctuate based on a number of factors, some of which are outside UBS's control.

UBS's eligible capital may be reduced by losses recognised within net profit or other comprehensive income. Eligible capital may also be reduced for other reasons, including certain reductions in the ratings of

securitisation exposures, acquisitions and divestments changing the level of goodwill, adverse currency movements affecting the value of equity, prudential adjustments that may be required due to the valuation uncertainty associated with certain types of positions, and changes in the value of certain pension fund assets and liabilities or in the interest rate and other assumptions used to calculate the changes in UBS's net defined benefit obligation recognised in other comprehensive income.

RWA are driven by UBS's business activities, by changes in the risk profile of its exposures, by changes in its foreign currency exposures and foreign exchange rates and by regulation. For instance, substantial market volatility, a widening of credit spreads, which is a major driver of UBS's value-at-risk, adverse currency movements, increased counterparty risk, deterioration in the economic environment or increased operational risk could result in a rise in RWA. UBS has significantly reduced its market risk and credit risk RWA in recent years. However, increases in operational risk RWA, particularly those arising from litigation, regulatory and similar matters, and regulatory changes in the calculation of RWA and regulatory add-ons to RWA have offset a substantial portion of this reduction. Changes in the calculation of RWA or, as discussed above, the imposition of additional supplemental RWA charges or multipliers applied to certain exposures and other methodology changes, as well as the implementation of the recently adopted changes to international capital standards for banks, could substantially increase UBS's RWA. In addition, UBS may not be successful in its plans to further reduce RWA, either because it is unable to carry out fully the actions it has planned or because other business or regulatory developments or actions counteract the effects of its actions.

The leverage ratio is a balance sheet-driven measure and therefore limits balance sheet-intensive activities, such as lending, more than activities that are less balance sheet intensive, and it may constrain UBS's business activities even if UBS satisfies other risk-based capital requirements. UBS's LRD is driven by, among other things, the level of client activity, including deposits and loans, foreign exchange rates, interest rates and other market factors. Many of these factors are wholly or partially outside UBS's control.

UBS may not be successful in the ongoing execution of its strategic plans

Over the last six years, UBS has transformed its business to focus on its wealth management businesses and its universal bank in Switzerland, complemented by Asset Management and a significantly smaller Investment Bank; substantially reduced the RWA and LRD usage in UBS's Corporate Center – Non-core and Legacy Portfolio; and made significant cost reductions. UBS has recently provided an update on the execution of its strategy and updated its performance targets and provided guidance on capital and resources. Risk remains that UBS may not succeed in executing its strategy or achieve its performance targets, or may be delayed in doing so. Market events or other factors may adversely affect UBS's ability to achieve its objectives. Macroeconomic conditions, geopolitical uncertainty, changes to regulatory requirements and the continuing costs of meeting these requirements have prompted UBS to adapt its targets in the past and UBS may need to do so again in the future.

As part of its strategic plans, UBS expects to continue to make significant expenditures on technology and infrastructure to improve its client experience, improve and further enable digital offerings and increase efficiency. There is a risk that UBS's investments in new technology will not fully achieve its objectives or improve its ability to attract and retain customers. In addition, UBS may face competition in providing digitally enabled offerings from both existing competitors and new financial service providers in various portions of the value chain. UBS's ability to develop and implement competitive digitally enabled offerings and processes will be an important factor in its ability to compete.

Moreover, the continued illiquidity and complexity of many of UBS's legacy risk positions remaining in Corporate Center – Non-core and Legacy Portfolio could make it difficult to sell or otherwise exit these positions and there remains a risk that UBS could incur significant losses in doing so.

As part of its strategy, UBS also has programs under way that seek to improve its operating efficiency, in part by controlling its costs. A number of factors could negatively affect its plans. UBS may not be able to identify feasible cost reduction opportunities that are also consistent with its business goals, and cost reductions may be realized later or may be less than UBS anticipates. Higher temporary and permanent regulatory costs and higher business demand than it had originally anticipated have partly offset UBS's cost reductions and delayed the achievement of cost reduction targets in the past, and UBS could continue to be challenged in the execution of its ongoing plans.

Changes in UBS's workforce as a result of outsourcing, nearshoring or offshoring or staff reductions may introduce new operational risks that, if not effectively addressed, could affect UBS's ability to recognise the desired cost and other benefits from such changes or could result in operational losses. Such changes can also lead to expenses recognised in the income statement well in advance of the cost savings intended to be achieved through such workforce strategy, for example, if provisions for real estate lease contracts need to be recognised or when, in connection with the closure or disposal of non-profitable operations, foreign currency translation losses previously recorded in other comprehensive income are reclassified to the income statement.

As UBS implements its effectiveness and efficiency programs, it may also experience unintended consequences, such as the loss or degradation of capabilities that it needs in order to maintain its competitive position, achieve its targeted returns or meet existing or new regulatory requirements and expectations.

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

As a global financial services firm operating in more than 50 countries, UBS is subject to many different legal, tax and regulatory regimes, and it is subject to extensive regulatory oversight and exposed to significant liability risk. UBS is subject to a large number of claims, disputes, legal proceedings and government investigations, and it expects that its ongoing business activities will continue to give rise to such matters in the future. The extent of UBS's financial exposure to these and other matters is material and could substantially exceed the level of provisions that UBS has established. UBS is not able to predict the financial and non-financial consequences these matters may have when resolved. Resolution of regulatory proceedings may require UBS to obtain waivers of regulatory disqualifications to maintain certain operations, may entitle regulatory authorities to limit, suspend or terminate licenses and regulatory authorisations, and may permit financial market utilities to limit, suspend or terminate UBS's participation in them. Failure to obtain such waivers, or any limitation, suspension or termination of licenses, authorisations or participations, could have material consequences for UBS.

UBS's settlements with governmental authorities in connection with foreign exchange, LIBOR and benchmark interest rates starkly illustrate the significantly increased level of financial and reputational risk now associated with regulatory matters in major jurisdictions. In connection with investigations related to LIBOR and other benchmark rates and to foreign exchange and precious metals, very large fines and disgorgement amounts were assessed against UBS, and UBS was required to enter guilty pleas, despite its full cooperation with the authorities in the investigations, and despite its receipt of conditional leniency or conditional immunity from antitrust authorities in a number of jurisdictions, including the US and Switzerland.

Ever since its material losses arising from the 2007–2009 financial crisis, 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 those losses as well as to the unauthorised trading incident announced in September 2011, the effects on its reputation and relationships with regulatory authorities of the LIBOR-related settlements of 2012 and settlements with some regulators of matters related to UBS's foreign exchange and precious metals business have resulted in continued scrutiny. UBS is also subject to significant new regulatory requirements, including recovery and resolution planning, US enhanced prudential standards and Comprehensive Capital Analysis and Review ("**CCAR**"). UBS's implementation of additional regulatory requirements and changes in supervisory standards will likely receive heightened scrutiny from supervisors. If it does not meet supervisory expectations in relation to these or other matters, or has additional supervisory or regulatory issues, UBS would likely be subject to continued regulatory scrutiny as well as measures that might further constrain its strategic flexibility. UBS is in active dialog with its regulators concerning the actions that it is taking to improve its operational risk management, control, anti-money laundering, data management and other frameworks and otherwise seek to meet supervisory expectations, but there can be no assurance that its efforts will have the desired effects. As a result of this history, UBS's level of risk with respect to regulatory enforcement may be greater than that of some of its peers.

Operational risks affect UBS's business

UBS's businesses depend on its ability to process a large number of transactions, many of which are complex, 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, unauthorised, fictitious or fraudulent transactions. UBS also relies on access to, and on the functioning of, systems maintained by third parties, including clearing systems, exchanges, information processors and central counterparties. Any failure of its or third-party systems could have an adverse effect on UBS. UBS's operational risk management and control systems and processes are designed to help ensure that the risks associated with its activities,

including those arising from process error, failed execution, misconduct, unauthorised trading, fraud, system failures, financial crime, cyberattacks, breaches of information security, inadequate or ineffective access controls and failure of security and physical protection, are appropriately controlled. If UBS's internal controls fail or prove ineffective in identifying and remedying these risks, UBS could suffer operational failures that might result in material losses, such as the loss from the unauthorised trading incident announced in September 2011.

UBS and other financial services firms have been subject to breaches of security and to cyber- and other forms of attack, some of which are sophisticated and targeted attacks intended to gain access to confidential information or systems, disrupt service or destroy data, including through the introduction of viruses or malware, social engineering, distributed denial of service attacks and other means. These attempts may occur directly, or using equipment or security passwords of UBS's employees, third party service providers or other users. UBS may not be able to anticipate, detect or recognise threats to its systems or data or that its preventative measures may not be effective to prevent an attack or a security breach. In the event a security breach occurs notwithstanding its preventative measures, UBS may not immediately detect a particular breach or attack. Once a particular attack is detected time may be required to investigate and assess the nature and extent of the attack. A successful breach or circumvention of security of UBS's systems or data could have significant negative consequences for UBS, including disruption of its operations, misappropriation of confidential information concerning UBS or its customers, damage to its systems, financial losses for UBS or its customers, violations of data privacy and similar laws, litigation exposure and damage to UBS's reputation.

A major focus of US and other countries' governmental policies relating to financial institutions in recent years has been fighting money laundering and terrorist financing. UBS is required to maintain effective policies, procedures and controls to detect, prevent and report money laundering and terrorist financing, and to verify the identity of its clients. It is also subject to laws and regulations related to corrupt and illegal payments to government officials by others, such as the US Foreign Corrupt Practices Act and the UK Bribery Act. UBS has implemented policies, procedures and internal controls that are designed to comply with such laws and regulations. Failure to maintain and implement adequate programs to combat money laundering, terrorist financing or corruption, or any failure of UBS's programs in these areas, could have serious consequences both from legal enforcement action and from damage to UBS's reputation.

As a result of new and changed regulatory requirements and the changes UBS has made in its legal structure to meet regulatory requirements and improve its resolvability, the volume, frequency and complexity of UBS's regulatory and other reporting has significantly increased. Regulators have also significantly increased expectations for UBS's internal reporting and data aggregation. UBS has incurred and continues to incur significant costs to implement infrastructure to meet these requirements. Failure to timely and accurately meet external reporting requirements or to meet regulatory expectations for internal reporting could result in enforcement action or other adverse consequences for UBS.

Certain types of operational control weaknesses and failures could also adversely affect UBS's ability to prepare and publish accurate and timely financial reports.

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

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

UBS's reputation is critical to the success of its strategic plans, business and prospects. Reputational damage is difficult to reverse, and improvements tend to be slow and difficult to measure. UBS's reputation has been adversely affected by its losses during the financial crisis, investigations into its cross-border private banking services, criminal resolutions of LIBOR-related and foreign exchange matters, as well as other matters. UBS believes that reputational damage as a result of these events was an important factor in UBS's loss of clients and client assets across its asset-gathering businesses, and contributed to UBS's loss of and difficulty in attracting staff in the past. Any further reputational damage could have a material adverse effect on UBS's operational results and financial condition and on its ability to achieve its strategic goals and financial targets.

Performance in the financial services industry is affected by market conditions and the macroeconomic climate

UBS's businesses are materially affected by market and economic conditions. Adverse changes in interest rates, credit spreads, securities prices, market volatility and liquidity, foreign exchange rates, commodity prices, and other market fluctuations, as well as changes in investor sentiment, can affect UBS's earnings and ultimately its financial and capital positions.

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, acts of violence, war or terrorism. Macroeconomic and political developments can have unpredictable and destabilising effects and, because financial markets are global and highly interconnected, even local and regional events can have widespread impact well beyond the countries in which they occur. Moreover, 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 eurozone), UBS could suffer losses from enforced default by counterparties, be unable to access its own assets, and / or be impeded in, or prevented from, managing its risks.

UBS could be materially affected if a crisis develops, regionally or globally, as a result of disruptions in emerging markets or developed markets that are susceptible to macroeconomic and political developments, or as a result of the failure of a major market participant. Over time, UBS's strategic plans have become more heavily dependent on its ability to generate growth and revenue in emerging markets, including China, causing UBS to be more exposed to the risks associated with such markets. The binding scenario UBS uses in its combined stress test framework reflects these aspects, and assumes a hard landing in China, leading to severe contagion of Asian and emerging markets economies and at the same time multiple debt restructurings in Europe, related direct losses for European banks and fear of a eurozone breakup severely affecting developed markets such as Switzerland, the UK and the US.

UBS has material exposures to a number of markets, and the regional balance of its business mix also exposes UBS to risk. UBS's Investment Bank's Equities business, for example, is more heavily weighted to Europe and Asia, and within this business its derivatives business is more heavily weighted to structured products for wealth management clients, in particular with European and Asian underlyings. Turbulence in these markets can therefore affect UBS more than other financial service providers.

A decrease in business and client activity and market volumes, for example, as a result of significant market volatility, adversely affects transaction fees, commissions and margins, particularly in UBS's wealth management businesses and in the Investment Bank, as UBS experienced in 2016. A market downturn is likely to reduce the volume and valuations of assets that UBS manages on behalf of clients, reducing its asset and performance-based fees, and could also cause a decline in the value of assets that UBS owns and accounts for as investments or trading positions. On the other hand, reduced market liquidity or volatility limits trading opportunities and impedes UBS's ability to manage risks, impacting trading income, and may reduce institutional client activity and therefore transaction and performance-based fees.

Credit risk is an integral part of many of UBS's activities, including lending, underwriting and derivatives activities. Worsening economic conditions and adverse market developments could lead to impairments and defaults on credit exposures and on UBS's trading and investment positions. Losses may be exacerbated by declines in the value of collateral UBS holds. UBS is exposed to credit risk in activities such as its prime brokerage, reverse repurchase and Lombard lending, as the value or liquidity of the assets against which UBS provides financing may decline rapidly. Macroeconomic developments, such as the strength of the Swiss franc and its effect on Swiss exports, the adoption of negative interest rates by the Swiss National Bank or other central banks or any return of crisis conditions within the eurozone or the EU, and the potential implications of the decision in Switzerland to reinstate immigration quotas for EU and European Economic Area citizens, 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.

The aforementioned developments have in the past affected, and could materially affect, the financial performance of business divisions and of UBS as a whole, including through impairment of goodwill and the adjustment of deferred tax asset levels. Refer to "UBS's financial results may be negatively affected by changes to assumptions and valuations, as well as changes to accounting standards" and "The effect of taxes on UBS's

financial results is significantly influenced by tax law changes and reassessments of its deferred tax assets" below.

UK withdrawal from the EU

Although negotiations between the UK and the EU over the transition continue, UBS expects that the UK will leave the EU in March 2019, and that any transition arrangements will be agreed to only relatively close to the exit date. Given the continuing uncertainty on transition arrangements and the potential future restrictions on providing financial services into the EU from the UK, UBS has commenced the process of seeking regulatory approvals for the merger of UBS Limited, UBS's UK-headquartered subsidiary, into UBS Europe SE, UBS's German-headquartered European bank. UBS expects to complete the merger prior to the UK leaving the EU. Following completion of the merger, UBS expects that UBS Europe SE will become subject to direct supervision by the European Central Bank.

As reported in the Annual Report 2017, certain clients and other counterparties of UBS Limited would become clients or counterparties of UBS Europe SE through the planned merger of the two entities. During the third quarter of 2018, UBS expects to commence a business transfer proceeding in the UK to facilitate the transfer of client business in connection with the merger. UBS also expects to commence German merger proceedings in the same timeframe.

UBS anticipates that clients of UBS Limited who can be serviced by UBS AG, London Branch would generally be migrated to UBS AG, London Branch prior to this merger. In connection with the merger of UBS Limited into UBS Europe SE, some staff will be relocated, although the number of staff and roles have not yet been finally determined. UBS also expects to increase the capitalization of UBS Europe SE, primarily through internal subordinated debt issuance, to reflect the additional activities it would acquire. The timing and extent of the actions UBS takes may vary considerably from its current plan depending on regulatory requirements and the nature of any transition or successor agreements between the UK and the EU.

UBS may not be successful in implementing changes in its wealth management businesses to meet changing market, regulatory and other conditions

UBS's wealth and asset management businesses operate in an environment of increasing regulatory scrutiny and changing standards with respect to fiduciary and other standards of care and the focus on mitigating or eliminating conflicts of interest between a manager or advisor and the client, which require effective implementation across the global systems and processes of investment managers and other industry participants. For example, the SEC proposed a new regulation and interpretation intended to enhance and clarify the duties of brokers and investment advisers to retail customers. The proposed requirements, if adopted, would apply to a large portion of Global Wealth Management's business in the US and UBS will likely be required to materially change business processes, policies and the terms on which it interacts with these clients in order to comply with these rules if and when they become fully effective. In addition, MiFID II imposes new requirements on UBS when providing advisory services to clients in the EU, including new requirements for agreements with clients.

UBS has experienced cross-border outflows over a number of years as a result of heightened focus by fiscal authorities on cross-border investment and fiscal amnesty programs, in anticipation of the implementation in Switzerland of the global automatic exchange of tax information, and as a result of the measures UBS has implemented in response to these changes. Further changes in local tax laws or regulations and their enforcement, the implementation of cross-border tax information exchange regimes, national tax amnesty or enforcement programs or similar actions may affect UBS's clients' ability or willingness to do business with UBS and result in additional cross-border outflows.

In recent years, UBS's Wealth Management net new money inflows 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 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, has put downward pressure on Wealth Management's margins.

As the discussion above indicates, UBS is exposed to possible outflows of client assets in its asset-gathering businesses and to changes affecting the profitability of its wealth management businesses. Initiatives that UBS

may implement to overcome the effects of changes in the business environment on its profitability, balance sheet and capital positions may not succeed in counteracting those effects and may cause net new money outflows and reductions in client deposits, as happened with UBS's balance sheet and capital optimisation program in 2015. There is no assurance that UBS will be successful in its efforts to offset the adverse effect of these or similar trends and developments.

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

The financial services industry is characterised by intense competition, continuous innovation, restrictive, 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. Its 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, and its digital channels and tools, or is unable to attract or retain the qualified people needed to carry them out.

The amount and structure of UBS's employee compensation is affected not only by its business results but also by competitive factors and regulatory considerations.

In recent years, in response to the demands of various stakeholders, including regulatory authorities and shareholders, and in order to better align the interests of UBS's staff with those of other stakeholders, UBS has made changes to the terms of compensation awards. Among other things, UBS has introduced individual caps on the proportion of fixed to variable pay for the Group Executive Board ("**GEB**") members, as well as certain other employees. UBS has increased average deferral periods for stock awards, expanded forfeiture provisions and, to a more limited extent, introduced clawback provisions for certain awards linked to business performance.

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. The loss of key staff and the inability to attract qualified replacements, depending on 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 and may affect its business performance.

Swiss law requires that shareholders approve the compensation of the Board of Directors ("**BoD**") and the GEB each year. If UBS's shareholders fail to approve the compensation for the GEB or the BoD, this could have an adverse effect on its ability to retain experienced directors and its senior management.

UBS depends on its risk management and control processes to avoid or limit potential losses in its businesses

Controlled risk-taking is a major part of the business of a financial services firm. Some losses from risk-taking activities are inevitable, but to be successful over time, UBS must balance the risks it takes against the returns it generates. UBS must, therefore, diligently identify, assess, manage and control its risks, not only in normal market conditions but also as they might develop under more extreme, stressed conditions, when concentrations of exposures can lead to severe losses.

As seen during the financial crisis of 2007–2009, UBS is not always able to prevent serious losses arising from extreme or sudden market events that are not anticipated by its risk measures and systems. The deterioration of financial markets since the beginning of the crisis was extremely severe by historical standards. 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 crisis. Moreover, stress loss and concentration controls and the dimensions in which UBS aggregated risk to identify potentially highly correlated exposures proved to be inadequate. As a result, UBS recorded substantial losses on fixed income trading positions, particularly in 2008 and 2009. Notwithstanding the steps it has taken to strengthen its risk management and control framework, UBS could suffer further losses in the future if, for example:

- a) it does not fully identify the risks in its portfolio, in particular risk concentrations and correlated risks;
- b) its assessment of the risks identified or its response to negative trends proves to be untimely, inadequate, insufficient or incorrect;
- c) markets move in ways that UBS does not expect – in terms of their speed, direction, severity or correlation – and UBS's ability to manage risks in the resulting environment is, therefore, affected;
- d) third parties to whom UBS has credit exposure or whose securities it holds for its own account are severely affected by events not anticipated by its models, and accordingly UBS suffers defaults and impairments beyond the level implied by its risk assessment; or
- e) collateral or other security provided by UBS's counterparties proves inadequate to cover their obligations at the time of their default.

UBS holds positions related to real estate in various countries, and could suffer losses on these positions. These positions include a substantial Swiss mortgage portfolio. Although management believes that this portfolio is 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. In addition, UBS continues to hold substantial legacy risk positions, primarily in Corporate Center – Non-core and Legacy Portfolio. They remain illiquid in many cases, and UBS continues to be exposed to the risk that they may again deteriorate in value.

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 adversely affected by the same factors mentioned above. 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.

Investment positions, such as equity investments made as part of strategic initiatives and seed investments made at the inception of funds that UBS manages, may also be affected by market risk factors. These investments are often not liquid and generally are intended or required to be held beyond a normal trading horizon. They are subject to a distinct control framework. Deteriorations in the fair value of these positions would have a negative effect on UBS's earnings.

Liquidity and funding management are critical to UBS's ongoing performance

The viability of UBS's business depends on the availability of funding sources, and its success depends on its ability to obtain funding at times, in amounts, for tenors and at rates that enable UBS to efficiently support its asset base in all market conditions. 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 substantial part of UBS's liquidity and funding requirements are met using short-term unsecured funding sources, including retail and wholesale deposits and the regular issuance of money market securities. A change in the availability of short-term funding could occur quickly.

Moreover, more stringent capital and liquidity and funding requirements will likely lead to increased competition for both secured funding and deposits as a stable source of funding, and to higher funding costs. The addition of loss-absorbing debt as a component of capital requirements, the regulatory requirements to maintain minimum TLAC at holding company level and / or at subsidiaries level, as well as the power of resolution authorities to bail in TLAC and other debt obligations, and uncertainty as to how such powers will be exercised, will increase UBS's cost of funding and could potentially increase the total amount of funding required absent other changes in UBS's business.

Reductions in UBS's credit ratings may adversely affect the market value of the securities and other obligations and 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 downgrade of UBS's long-term rating in June 2012, rating downgrades can require UBS to post additional collateral or make additional cash payments under master trading agreements relating to its derivatives businesses. UBS's credit ratings, together with its capital strength and reputation, also contribute to

maintaining client and counterparty confidence and it is possible that rating changes could influence the performance of some of UBS's businesses.

UBS's financial results may be negatively affected by changes to assumptions and valuations, as well as changes to accounting standards

UBS prepares its consolidated financial statements in accordance with IFRS. The application of these accounting standards requires the use of judgment based on estimates and assumptions that may involve significant uncertainty at the time they are made. This is the case, for example, with respect to the measurement of fair value of financial instruments, the recognition of deferred tax assets, or the assessment of the impairment of goodwill. Such judgments, including the underlying estimates and assumptions, which encompass historical experience, expectations of the future and other factors, are regularly evaluated to determine their continuing relevance based on current conditions. Using different assumptions could cause the reported results to differ. Changes in assumptions, or failure to make the changes necessary to reflect evolving market conditions, may have a significant effect on the financial statements in the periods when changes occur. Moreover, if the estimates and assumptions in future periods deviate from the current outlook, UBS's financial results may also be negatively affected.

Changes to IFRS or interpretations thereof may cause UBS future reported results and financial position to differ from current expectations, or historical results to differ from those previously reported due to the adoption of accounting standards on a retrospective basis. Such changes may also affect UBS's regulatory capital and ratios. For example, UBS adopted IFRS 9 effective on 1 January 2018, which required it to change the accounting treatment of certain instruments, requires it to record loans at inception net of expected credit losses instead of recording credit losses on an incurred loss basis and is generally expected to result in an increase in recognized credit loss allowances. In addition, the expected credit loss ("ECL") provisions of IFRS 9 may result in greater volatility in credit loss expense as ECL changes in response to developments in the credit cycle and composition of UBS's loan portfolio. The effect may be more pronounced in a deteriorating economic environment.

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

UBS's effective tax rate is highly sensitive to its performance, its expectation of future profitability and statutory tax rates. Based on prior years' tax losses, UBS has recognised deferred tax assets ("DTAs") reflecting the probable recoverable level based on future taxable profit as informed by its business plans. If UBS's performance is expected to produce diminished taxable profit in future years, particularly in the US, UBS may be required to write down all or a portion of the currently recognised DTAs through the income statement. This would have the effect of increasing its effective tax rate in the year in which any write-downs are taken. Conversely, if its performance is expected to improve, particularly in the US or the UK, UBS could potentially recognise additional DTAs as a result of that assessment. The effect of doing so would be to significantly reduce UBS's effective tax rate in years in which additional DTAs are recognized and to increase its effective tax rate in future years. UBS's effective tax rate is also sensitive to any future reductions in statutory tax rates, particularly in the US and Switzerland, which 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 DTAs. For example, the reduction in the US federal corporate tax rate to 21% from 35% introduced by the US Tax Cuts and Jobs Act ("TCJA") resulted in a CHF 2.9 billion net write-down in the Group's DTAs in the fourth quarter of 2017. Changes in tax law may materially affect UBS's effective tax rate and in some cases may substantially affect the profitability of certain activities. For example, the TCJA introduced a new minimum tax regime referred to as the base erosion and anti-abuse tax ("BEAT") that potentially subjects otherwise deductible payments made from UBS's US businesses to non-US affiliated parties to a minimum tax. UBS currently expects that BEAT could increase its current tax expense by up to CHF 60 million in 2018. The actual effects could be materially higher as the amount of payments subject to BEAT will increase with higher interest rates and business activity and as a result of interpretative uncertainty relating to BEAT. It may also be lower if UBS is able to successfully mitigate its payments subject to BEAT. UBS generally revalues its DTAs in the second half of the financial year based on a reassessment of future profitability taking into account updated business plan forecasts. UBS considers the performance of its businesses and the accuracy of historical forecasts tax rates and other factors in evaluating the recoverability of UBS's DTAs, including the remaining tax loss carry-forward period and UBS's assessment of expected future taxable profits in the forecast period used for recognizing DTAs. Estimating future profitability is inherently subjective and is

particularly sensitive to future economic, market and other conditions, which are difficult to predict. UBS's results in recent periods have demonstrated that changes in the recognition of DTAs can have a very significant effect on its reported results. The enactment of the TCJA, and the narrowing of the window between the end of the forecast period and the expiry of UBS's US net operating losses, may also lead UBS to review its approach to periodically remeasuring its US DTAs and the timing for recognising deferred tax in UBS's income statement. Any change in the manner in which UBS remeasures DTAs could impact the effective tax rate, particularly in the year in which the change is made.

UBS's full-year effective tax rate could also change if aggregate tax expenses in respect of profits from branches and subsidiaries without loss coverage differ from what is expected, or in case of changes to the forecast period used for DTA recognition purposes as part of the aforementioned reassessment of future profitability. Moreover, tax laws or the tax authorities in countries where UBS has undertaken legal structure changes may prevent the transfer of tax losses incurred in one legal entity to newly organised or reorganised subsidiaries or affiliates or may impose limitations on the utilisation of tax losses that relate to businesses formerly conducted by the transferor. Were this to occur in situations where there were also limited planning opportunities to utilise the tax losses in the originating entity, the DTAs associated with such tax losses could be written down through the income statement.

In addition, statutory and regulatory changes, as well as changes to the way in which courts and tax authorities interpret tax laws, could cause the amount of taxes ultimately paid by UBS to materially differ from the amount accrued.

UBS's stated capital returns objective is based, in part, on capital ratios that are subject to regulatory change and may fluctuate significantly

UBS plans to operate with a fully applied CET1 capital ratio of around 13% and a fully applied CET1 leverage ratio of around 3.7%. UBS's ability to maintain these ratios is subject to numerous risks, including the financial results of its businesses, the effect of changes to capital standards, methodologies and interpretation that may adversely affect the calculation of UBS's fully applied CET1 capital ratio, the imposition of risk add-ons or capital buffers, and the application of additional capital, liquidity and similar requirements to subsidiaries. These risks could prevent or delay UBS's ability to achieve its capital returns policy of a progressive cash dividend coupled with a share repurchase program.

UBS AG's operating results, financial condition and ability to pay its obligations in the future may be affected by funding, dividends and other distributions received from UBS Switzerland AG, UBS Americas Holding LLC, UBS Limited and other subsidiaries, which may be subject to restrictions

UBS AG's ability to pay its obligations in the future may be affected by the level of funding, dividends and other distributions, if any, received from UBS Switzerland AG and other subsidiaries. The ability of such subsidiaries to make loans or distributions, directly or indirectly, to UBS AG may be restricted as a result of several factors, including restrictions in financing agreements and the requirements of applicable law and regulatory, fiscal or other restrictions. In particular, UBS AG's direct and indirect subsidiaries, including UBS Switzerland AG, UBS Limited and UBS Americas Holding LLC, are subject to laws and regulations that restrict dividend payments, authorise regulatory bodies to block or reduce the flow of funds from those subsidiaries to UBS AG, or could impact their ability to repay any loans made to, or other investments in, such subsidiary by UBS AG or another member of the Group. For example, the US CCAR process requires that UBS's US intermediate holding company demonstrate that it can continue to meet minimum capital standards over a nine-quarter hypothetical severely adverse economic scenario. If it fails to meet the quantitative capital requirements, or the Federal Reserve Board's qualitative assessment of the capital planning process is adverse, UBS's US intermediate holding company will be prohibited from paying dividends or making distributions. Restrictions and regulatory actions of this kind could impede access to funds that UBS AG may need to meet its obligations. In addition, UBS AG's right to participate in a distribution of assets upon a subsidiary's liquidation or reorganisation is subject to all prior claims of the subsidiary's creditors.

Furthermore, UBS AG may guarantee some of the payment obligations of certain of its subsidiaries from time to time. These guarantees may require UBS AG to provide substantial funds or assets to subsidiaries or their creditors or counterparties at a time when UBS AG is in need of liquidity to fund its own obligations.

If UBS experiences financial difficulties, FINMA has the power to open restructuring or liquidation proceedings or impose protective measures in relation to UBS Group AG, UBS AG or UBS Switzerland AG, and such proceedings or measures may have a material adverse effect on UBS's shareholders and creditors

Under the Swiss Banking Act, FINMA is able to exercise broad statutory powers with respect to Swiss banks and Swiss parent companies of financial groups, such as UBS AG, UBS Group AG and UBS Switzerland AG, if there is justified concern that the entity is overindebted, has serious liquidity problems or, after the expiration of any relevant deadline, no longer fulfils capital adequacy requirements. Such powers include ordering protective measures, instituting restructuring proceedings (and exercising any Swiss resolution powers in connection therewith), and instituting liquidation proceedings, all of which may have a material adverse effect on shareholders and creditors or may prevent UBS Group AG, UBS AG or UBS Switzerland AG from paying dividends or making payments on debt obligations.

Protective measures may include, but are not limited to, certain measures that could require or result in a moratorium on, or the deferment of, payments. UBS would have limited ability to challenge any such protective measures, and creditors would have no right under Swiss law or in Swiss courts to reject them, seek their suspension, or challenge their imposition, including measures that require or result in the deferment of payments.

If restructuring proceedings are opened with respect to UBS Group AG, UBS AG or UBS Switzerland AG, the resolution powers that FINMA may exercise include the power to (i) transfer all or some of the assets, debt and other liabilities, and contracts of the entity subject to proceedings to another entity, (ii) stay for a maximum of two business days the termination of, or the exercise of rights to terminate, netting rights, rights to enforce or dispose of certain types of collateral or rights to transfer claims, liabilities or certain collateral, under contracts to which the entity subject to proceedings is a party, and / or (iii) partially or fully write down the equity capital and, if such equity capital is fully written down, convert into equity or write down the capital and other debt instruments of the entity subject to proceedings. Shareholders and creditors would have no right to reject, or to seek the suspension of, any restructuring plan pursuant to which such resolution powers are exercised. They would have only limited rights to challenge any decision to exercise resolution powers or to have that decision reviewed by a judicial or administrative process or otherwise.

Upon full or partial write-down of the equity and of the debt of the entity subject to restructuring proceedings, the relevant shareholders and creditors would receive no payment in respect of the equity and debt that is written down, the write-down would be permanent, and the investors would not, at such time or at any time thereafter, receive any shares or other participation rights, or be entitled to any write-up or any other compensation in the event of a potential recovery of the debtor. If FINMA orders the conversion of debt of the entity subject to restructuring proceedings into equity, the securities received by the investors may be worth significantly less than the original debt and may have a significantly different risk profile, and such conversion would also dilute the ownership of existing shareholders. In addition, creditors receiving equity would be effectively subordinated to all creditors in the event of a subsequent winding up, liquidation or dissolution of the entity subject to restructuring proceedings, which would increase the risk that investors would lose all or some of their investment.

FINMA has broad powers and significant discretion in the exercise of its powers in connection with restructuring proceedings. Furthermore, certain categories of debt obligations, such as certain types of deposits, are subject to preferential treatment. As a result, holders of obligations of an entity subject to a Swiss restructuring proceeding may have their obligations written down or converted into equity even though obligations ranking on par with or junior to such obligations are not written down or converted.

Moreover, FINMA has expressed its preference for a "single-point-of-entry" resolution strategy for global systemically important financial groups, led by the bank's home supervisory and resolution authorities and focused on the top-level group company. This would mean that, if UBS AG or one of UBS Group AG's other subsidiaries faces substantial losses, FINMA could open restructuring proceedings with respect to UBS Group AG only and order a bail-in of its liabilities if there is a justified concern that in the near future such losses could impact UBS Group AG. In that case, it is possible that the obligations of UBS AG or any other subsidiary of UBS Group AG would remain unaffected and outstanding, while the equity capital and the capital and other debt instruments of UBS Group AG would be written down and / or converted into equity of UBS Group AG in order to recapitalise UBS AG or such other subsidiary.

Risks related to "benchmarks"

Since April 2013, the U.K. Financial Conduct Authority ("**FCA**") has regulated the London Interbank Offered Rates ("**LIBOR**") and regulators in other jurisdictions have increased oversight of other interbank offered rates ("**IBORs**") and similar "benchmark" rates. Efforts to transition from IBORs to alternative benchmark rates are under way in several jurisdictions. The FCA announced in July 2017 that it will not continue beyond 2021 to regulate LIBOR or take other actions to sustain LIBOR, and urged users to plan the transition to alternative reference rates. As a result, there can be no guarantee that LIBOR will be determined after 2021 on the same basis as present, if at all.

In April 2017, the Working Group on Sterling Risk-Free Reference Rates selected the Sterling Overnight Index Average as the recommended British pound risk-free rate. In the US, the Alternative Reference Rates Committee has recommended a broad Treasuries repo financing rate as the new US dollar secured risk-free rate, which is expected to be available in 2018. The Federal Reserve Bank of New York has launched a consultation on the construction of this and two other Treasury repurchase agreement-derived rates. The European Central Bank ("**ECB**") has also announced its decision to develop, before 2020, a euro unsecured overnight interest rate based on transaction data already reported to the ECB by banks. The working group on euro risk-free rates, led by the ECB, released a consultation in June 2018 aiming to assess the potential advantages and disadvantages of three euro risk-free rates, which could replace the Euro OverNight Index Average (EONIA) as of 2020. In July 2018, the International Swaps and Derivatives Association launched a market-wide consultation on technical issues related to new benchmark fallbacks for derivatives contracts that reference certain IBORs. At this time, it is not possible to predict the effect of any such changes, any establishment of alternative reference rates or any other reforms to IBORs that may be implemented in the United Kingdom or elsewhere. UBS has significant contractual rights and obligations referenced to IBOR benchmarks. Discontinuance of, or changes to, benchmark rates as a result of these developments or other initiatives or investigations, as well as uncertainty as to the timing and manner of implementation of such changes or discontinuance, may require adjustments to agreements by UBS, its clients and other market participants, as well as to UBS's systems and processes.

2. Security specific Risks

Investing in the Securities involves certain risks. Among others, these risks may be related to equity markets, commodity markets, bond markets, foreign exchanges, interest rates, market volatility and economic and political risks and any combination of these and other risks. The material risks are presented below. Potential investors should be experienced with regard to transactions in instruments such as the Securities and in the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, in the Basket Components. **Potential investors should understand the risks associated with an investment in the Securities and shall only reach an investment decision, after careful considerations with their legal, tax, financial and other advisors of (i) the suitability of an investment in the Securities in the light of their own particular financial, fiscal and other circumstances; (ii) the information set out in this document and (iii) the Underlying or, as the case may be, the Basket Components.**

An investment in the Securities should only be made after assessing the direction, timing and magnitude of potential future changes in the value of the Underlying or, as the case may be, of the Basket Components, as the value of the Securities and, hence, any amount, if any, payable in accordance with the relevant Product Terms comprised in the Final Terms in conjunction with the General Conditions comprised in this Base Prospectus, together constituting the "**Conditions**", of the relevant Securities or, in case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Physical Delivery**" is specified to be applicable, the value of the Physical Underlying to be delivered in a number as expressed by the Participation Factor, the Leverage Factor or the Multiplier will be dependent, *inter alia*, upon such changes. More than one risk factor may have simultaneous effects with regard to the Securities, so that the effect of a particular risk factor is not predictable. In addition, more than one risk factor may have a compounding effect which may not be predictable. There is the risk that any combination of risk factors may have a significantly negative effect on the value of the Securities.

Potential investors of the Securities should recognise that the Securities **constitute a risk investment** which can lead to a **total loss** of their investment in the Securities. Securityholders will incur a loss, if the amounts or,

in case that in the definition of “Securities” contained in the section “Product Terms” of the relevant Final Terms, the product feature “Physical Delivery” is specified to be applicable, the value of the Physical Underlying received in accordance with the Conditions of the Securities is below the purchase price of the Securities (including the transaction costs). Even when the Securities are capital protected at maturity to the extent of the Minimum Amount and, hence, the risk of a loss is initially limited to the Minimum Amount, the investor bears the risk of the Issuer’s financial situation worsening and the potential subsequent inability of the Issuer to pay its obligations under the Securities. Potential investors must therefore be prepared and able to sustain a partial or even a **total loss** of the invested capital. Any investors interested in purchasing the Securities should assess their financial situation, to ensure that they are in a position to bear the **risks of loss** connected with the Securities.

Unless explicitly specified in the Product Terms of the relevant Final Terms, none of the Securities vests a right to payment of fixed or variable interest or dividends and, as such, they **generate no regular income**. Therefore, potential reductions in the value of the Securities cannot be offset by any other income from the Securities.

It is expressly recommended that potential investors familiarise themselves with the specific risk profile of the product type described in the Base Prospectus and seek the advice of a professional, if necessary.

1. Special risks related to specific features of the Security structure

Prior to investing in the Securities, potential investors should note that the following special features of the Securities, if specified to be applicable in the relevant Final Terms, may have a negative impact on the value of the Securities or, as the case may be, on any amount, if any, payable according to the Conditions of the Securities or, as the case may be, the delivery of the Physical Underlying in an appropriate number and that the Securities accordingly have special risk profiles:

In the case of Securities linked to an **Underlying** as specified in the section “Product Terms” of the relevant Final Terms,

potential investors should be aware that the amount of the Interest Amount or, as the case may be, the Coupon, if specified to be applicable in the Final Terms, and of the Redemption Amount payable in accordance with the Conditions of the Securities depends on the performance of the Underlying or, as the case may be, the Basket Components. In case of an unfavourable development of the price of the Underlying or, as the case may be, the Basket Components, any amount received under the Securities may be lower than expected by the investors **and may even be equal to zero. In such case the Securityholders will incur a total loss of its investment (including any transaction costs).**

In the case that in the definition of “Securities” contained in the section “Product Terms” of the relevant Final Terms the product feature “**Participation Factor**”, “**Leverage Factor**”, “**Multiplication Factor**” or, as the case may be, “**Multiplier**” is specified to be applicable,

potential investors should consider that the application of the Participation Factor, Leverage Factor, Multiplication Factor or of the Multiplier, as specified to be applicable in the Final Terms, within the determination of the Security Right results in the Securities being in economic terms similar to a direct investment in the Underlying or, as the case may be, in the Basket Components, but being nonetheless not fully comparable with such a direct investment, in particular because the Securityholders do, if so specified in the relevant Final Terms, not participate in the relevant performance of the Underlying or, as the case may be, Basket Components by a 1:1 ratio, but by the proportion of the Participation Factor, the Leverage Factor, the Multiplication Factor or of the Multiplier.

In the case that in the definition of “Securities” contained in the section “Product Terms” of the relevant Final Terms the product feature “**Leverage**” is specified to be applicable,

potential investors should be aware that the so-called “**Leverage**” **Effect** is one of the key features of the Securities. Leverage allows Securityholders to participate disproportionately (with leverage) in the

relevant development of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Basket Components. Consequently, any change in the value of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Basket Components may result in a disproportionate change in the value of the Securities. **The Securities, consequently, also involve disproportionate loss exposure**, if the price of the Underlying or, as the case may be, the Basket Components, develops unfavourably. Therefore, when buying Securities with the feature "**Leverage**", it should be noted that the higher the leverage effect of a Security, the higher the loss exposure involved. In addition, it should be noted that, typically, the shorter the (remaining) maturity of the Security, the higher the leverage effect.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Reverse Structure**" is specified to be applicable,

potential investors should consider that the Securities provide for a so-called reverse structure and that, hence, the Securities (irrespective of the other features attached to the Securities or of any other factors, which may be relevant for the value of the Securities) **depreciate in value**, if the price of the Underlying or, as the case may be, in the Basket Components, increases, or the Securities **increase in value**, if the price of the Underlying or, as the case may be, in the Basket Components, decreases. Consequently, there is the risk of a loss of the invested capital, if the price of the Underlying or, as the case may be, Basket Components increases correlatively. In addition, the potential return under each Security is, as a principle rule, limited, since the negative performance of the Underlying or, as the case may be, Basket Components may not exceed 100 %.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Express Structure**" is specified to be applicable,

potential investors should consider that the Securities may according to the Conditions of the Securities under certain circumstances expire prior to the Maturity Date without any notice or declaration by the Issuer or the Securityholder being required, so-called express structure. In case the Securities expire prior to the Maturity Date, the Securityholder is entitled to demand the payment of a cash amount and, if a "**Physical Delivery**" is specified to be applicable in the Final Terms, the delivery of the Physical Underlying in an appropriate number in relation to the early expiration. However, the Securityholder is not entitled to request any further payments on the Securities or, as the case may be, and if specified in the relevant Final Terms, the delivery of the Physical Underlying after such early expiration.

The Securityholder, therefore, bears the risk of not participating in the performance of the Underlying or, as the case may be, the Basket Components to the expected extent and during the expected period.

In the case of an early expiration of the Securities, the Securityholder also bears the so-called **risk of reinvestment**. The Securityholder may only be able to re-invest any amount paid by the Issuer in the case of an early expiration, if any, at market conditions, which are less favourable than those existing prevailing at the time of the acquisition of the Securities.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Thresholds, Barriers or Levels**" is specified to be applicable,

potential investors should consider that the Redemption Amount or, as the case may be, and as specified in the relevant Final Terms, the value of the Physical Underlying to be delivered in an appropriate number, if any, under the Securities depends on whether the price of the Underlying or, as the case may be, the Basket Components equals, and/or falls below respectively exceeds a certain threshold, barrier or level as specified in the relevant Final Terms, at a given time or, as the case may be, within a given period as determined by the Conditions of the Securities.

Only provided that the relevant threshold, barrier or, as the case may be, level has not been reached and/or fallen below respectively exceeded at the time or period as determined by the Conditions of the Securities, the holder of a Security receives an amount, predetermined in the Conditions of the Securities as Redemption Amount. If so specified in the relevant Final Terms, the application of thresholds, barriers or levels as specified in the relevant Final Terms may in accordance with the Conditions of the Securities even result in a Redemption Amount of zero (0). Otherwise the

Securityholder participates in the performance of the Underlying or, as the case may be, the Basket Components and, therefore, bears the risks of a total loss of the invested capital.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Maximum Amount**" is specified to be applicable,

potential investors should consider that the Redemption Amount or, as the case may be, and as specified in the relevant Final Terms, the value of the Physical Underlying to be delivered in an appropriate number, if any, under the Securities is limited to the Maximum Amount multiplied, if so specified in the relevant Final Terms, by the Participation Factor, the Leverage Factor, the Multiplication Factor or the Multiplier, as specified to be applicable in the Final Terms. 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 multiplied, if so specified in the relevant Final Terms, by the Participation Factor, the Leverage Factor, the Multiplication Factor or the Multiplier, as specified to be applicable in the Final Terms.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Relevant Underlying**" is specified to be applicable,

potential investors should consider that the calculation of the level of the Redemption Amount or, as the case may be, and as specified in the relevant Final Terms, the value of the Physical Underlying to be delivered in an appropriate number, if any, solely refers to the performance of the Relevant Underlying and, thereby, to the Underlying, showing a certain predetermined performance, e.g. the **worst** performance during an observation period.

Potential investors should, consequently, be aware that compared to Securities, which refer to only one underlying, the Securities show a higher exposure to loss. This risk may not be reduced by a positive or, as the case may be, negative performance of the remaining Underlyings, because the remaining Underlyings are not taken into account when calculating the level of the Redemption Amount or, as the case may be, and as specified in the relevant Final Terms, the value of the Physical Underlying to be delivered in an appropriate number.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Physical Delivery**" is specified to be applicable,

potential investors should consider that as far as the Conditions of the Securities provide for settlement through physical delivery, upon maturity of the Securities, no payment of a Redemption Amount, but the delivery, if any, of the Physical Underlying as described in the Conditions of the Securities in the appropriate number will occur. Potential investors should, hence, consider that, in the case of a redemption of the Securities by physical delivery of the Physical Underlying in the appropriate number, investors do not receive any cash amount, but a right to the relevant security, which is transferable according to the conditions of the relevant depository system. If so specified in the relevant Final Terms, the price or value of the Physical Underlying to be delivered to the Securityholder might be determined on (securities) exchanges or in other trading systems in currencies other than the Redemption Currency of the Securities.

As in such case the Securityholders of the Securities are exposed to the issuer- and security-specific risks related to the Physical Underlying to be delivered, if any, potential investors in the Securities should make themselves familiar with the Physical Underlying, to be delivered, if any, before purchasing the Securities. Moreover, investors should not rely on being able to sell the Physical Underlying after redemption of the Securities at a certain price, in particular not at a price, which corresponds to the capital invested for the acquisition of the Securities. The Physical Underlying delivered in the appropriate number can, under certain circumstances, possibly have a very low or even no value. In such case the Securityholders bear the risk of a total loss of the capital invested for purchasing the Securities (including the transaction costs).

Potential investors in the Securities should also consider that possible fluctuations in the price of the Physical Underlying between the end of the term of the Securities and the actual delivery of the Physical Underlying on the Maturity Date remain with the Securityholder. Any decrease in value of the Physical Underlying after the end of the term of the Securities has to be borne by the Securityholder.

In the case that in the definition of “Securities” contained in the section “Product Terms” of the relevant Final Terms the product feature “**Final Lock-In**” is specified to be applicable,

potential investors should be aware that, as far as the Conditions of the Securities provide for a “Final Lock-In” feature, certain amounts or performances, as specified in the Product Terms, will in the case of the occurrence of a predetermined lock-in event be “locked-in” to an extent that the participation of the Securityholders in the future performance of the Underlying or, as the case may be, the Basket Components is limited or even excluded.

Securityholder do in this case, not, or only to a limited extent, participate in any future performance of the Underlying or, as the case may be, the Basket Components.

In the case that in the definition of “Securities” contained in the section “Product Terms” of the relevant Final Terms the product feature “**Currency Conversion**” is specified to be applicable,

potential investors should consider that the Securityholder's right vested in the Securities is determined on the basis of a currency other than the Redemption Currency, currency unit or calculation unit, and also the value of the Underlying or, as the case may be, the Basket Components is determined in such a currency other than the Redemption Currency, currency unit or calculation unit. Potential investors should, therefore, be aware that investments in these Securities could entail risks due to fluctuating exchange rates, and that the risk of loss does not depend solely on the performance of the Underlying or, as the case may be, the Basket Components, but also on unfavourable developments in the value of the foreign currency, currency unit or calculation unit.

Such developments can additionally increase the Securityholders' exposure to losses, because an unfavourable performance of the relevant currency exchange rate may correspondingly decrease the value of the purchased Securities during their term or, as the case may be, the level of the Redemption Amount or, as the case may be, the value of the Physical Underlying to be delivered in an appropriate number, if any. Currency exchange rates are determined by factors of offer and demand on the international currency exchange markets, which are themselves exposed to economic factors, speculations and measures by governments and central banks (for example monetary controls or restrictions).

In the case that in the definition of “Securities” contained in the section “Product Terms” of the relevant Final Terms the product feature “**Dual Currency**” is specified to be applicable,

potential investors should consider that – although Securityholders are entitled to receive payments in the predetermined currency specified in the applicable Product Terms as the Redemption Currency – the Issuer is in accordance with the Terms and Conditions entitled to replace, either during the life of the Securities or at the final redemption, this predetermined currency by another currency specified for that purposes in the applicable Product Terms. All following payments to the Securityholder will then be made in such other currency.

Potential investors should, therefore, be aware that investments in these Securities could entail specific risks due to fluctuating exchange rates between the predetermined currency specified in the applicable Product Terms and the alternative currency. Consequently, 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 predetermined currency and the alternative currency.

In the case that in the definition of “Securities” contained in the section “Product Terms” of the relevant Final Terms the product feature “**Capital Protection**” is specified to be applicable,

potential investors should consider that the Securities are as at the end of their term only capital protected to the extent of a Minimum Amount (without consideration of the offering premium), *i.e.* the investor receives at the end of the term, in case of Securities linked to the performance of an Underlying even disregarding the actual performance of the Underlying or, as the case may be, the Basket Components, in any case the capital protected Minimum Amount specified in the relevant Final Terms. If an investor acquires the Securities at a price, which is higher than the Minimum Amount, the prospective investor should be aware that the (proportional) capital protection only refers to the lower Minimum Amount. In this context, it has to be considered that the capital protection only applies at

the end of the term, *i.e.* provided that the Securities have not been terminated or, if so specified in the applicable Final Terms, expired early. The cash amount to be paid or, as the case may be and as specified in the applicable Final Terms, the value of the Physical Underlying to be delivered in an appropriate number, if any, in the case of an early redemption of the Securities can be considerably below the amount, which would be payable as a minimum at the end of the term of the Securities, where the capital protection applies to the extent of the Minimum Amount, and may even be equal to zero. In such case the Securityholders will incur a **total loss** of its investment (including any transaction costs).

Potential investors of the Securities should furthermore recognise that despite the capital protection to the extent of the Minimum Amount, the investor bears the risk of the Issuer's financial ability worsening and the potential subsequent inability of the Issuer to pay its obligations under the Securities. In case of an insolvency of the Issuer, Securityholders may suffer a **total loss** of their investment in the Securities. Potential investors must therefore be prepared and able to sustain a partial or even a total loss of the capital invested. Purchasers of the Securities should in any case assess their financial situation, to ensure that they are in a position to bear the risks of loss connected with the Securities.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**No predefined term**" is specified to be applicable,

potential investors should consider that the Securities have - in contrast to securities with a fixed term - no predetermined expiration date, and thus no defined term. As a result, the Securityholder's right vested in those Securities, must be exercised by the respective Securityholder on a specific Exercise Date in accordance with the exercise procedure described in the Conditions of the Securities, if the Security Right is to be asserted. In the event that the required Exercise Notice is not duly received on the relevant Exercise Date, the Securities cannot be exercised until the next exercise date stated in the Conditions of the Securities.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Time-lagged Valuation**" is specified to be applicable,

potential investors should note that in case of an exercise of the Securities on an Exercise Date or, as the case may be, of the occurrence of an automatic termination event (including, but not limited to, a Stop Loss Event or Knock Out Event) in accordance with the Conditions of the Securities, the Valuation Date or the Final Valuation Date relevant for determining the Reference Price or the Settlement Price, as specified in the Final Terms, will in accordance with the Conditions of the Securities be a day following a significant period after the relevant Exercise Date or, as the case may be, the relevant automatic termination date, as specified to be applicable in the Product Terms. Any adverse fluctuations in the Price of the Underlying or, as the case may be, of the Basket Components between such date and the Valuation Date or the Final Valuation Date, as specified in the Final Terms are borne by the relevant Securityholder.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Automatic Termination**" is specified to be applicable,

potential investors should consider that in case of the occurrence of an automatic termination event (including, but not limited to, a Stop Loss Event or Knock Out Event) in accordance with the Conditions of the Securities, the term of all outstanding Securities is automatically terminated.

The Securityholder, therefore, bears the risk of not participating in the performance of the Underlying or, as the case may be, the Basket Components to the expected extent and during the expected period and, therefore, receives less than its capital invested.

In the case of the occurrence of an automatic termination event, the Securityholder also bears the risk of a reinvestment, *i.e.* the investor bears the risk that it will have to re-invest the redemption amount, if

any, paid by the Issuer in the case of the occurrence of an automatic termination event at market conditions, which may be less favourable than those existing prevailing at the time of the acquisition of the Securities.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Minimum Exercise Size**" is specified to be applicable,

potential investors should consider that any Securityholder, must in accordance with the Conditions of the Securities tender a specified minimum number of the Securities, in order to exercise the Security Right vested in the Securities, the so-called Minimum Exercise Size. Securityholders with fewer than the specified Minimum Exercise Size of Securities will, therefore, either have to sell their Securities or purchase additional Securities (incurring transaction costs in each case). Selling the Securities requires that market participants are willing to acquire the Securities at a certain price. In case that no market participants are readily available, the value of the Securities may not be realised.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Securityholder's Termination Right**" is specified to be **not** applicable,

potential investors should consider that Securityholders do not have a termination right and the Securities may, hence, not be terminated by the Securityholders during their term. Prior to the maturity of the Securities the realisation of the economic value of the Securities (or parts thereof), is, unless the Securities have been subject to early redemption or termination by the Issuer in accordance with the Conditions of the Securities or, if so specified in the relevant Final Terms, an exercise of the Security Right by the Securityholders in accordance with the Conditions of the Securities, only possible by way of selling the Securities.

Selling the Securities requires that market participants are willing to acquire the Securities at a certain price. In case that no market participants are readily available, the value of the Securities may not be realised. The issuance of the Securities does not result in an obligation of the Issuer towards the Securityholders to compensate for this or to repurchase the Securities.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Quanto**" is specified to be applicable,

potential investors should consider that the Price of the Underlying or, as the case may be, the Basket Components is determined in a currency other than the Redemption Currency, so-called underlying currency. The relevant Price of the Underlying or of the Basket Components used for the calculation of any amounts payable under the Securities is expressed in the Redemption Currency without any reference to the currency exchange rate between the underlying currency of the Underlying or, as the case may be, the Basket Components, and the Redemption Currency (so-called "quanto"-feature). As a result, the relative difference between the actual interest rate in relation to the underlying currency and the actual interest rate in relation to the Redemption Currency may have a negative impact on the value of the Securities.

2. Effect of downgrading of the Issuer's rating

The general assessment of the Issuer's creditworthiness may affect the value of the Securities. This assessment generally depends on the ratings assigned to the Issuer or its affiliated companies by rating agencies such as Standard & Poor's Credit Market Services Europe Limited, Fitch Ratings Limited, Moody's Investors Service, Inc. and Scope Ratings AG. As a result, any downgrading of the Issuer's rating by a rating agency may have a negative impact on the value of the Securities.

3. Ratings are not Recommendations

The ratings of UBS AG as Issuer should be evaluated independently from similar ratings of other entities, and from the rating, if any, of the debt or derivative securities issued. A credit rating is not a recommendation to buy, sell or hold securities issued or guaranteed by the rated entity and may be

subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency.

A rating of the Securities, if any, is not a recommendation to buy, sell or hold the Securities and may be subject to revision or withdrawal at any time by the relevant rating agency. Each rating should be evaluated independently of any other securities rating, both in respect of the rating agency and the type of security. Furthermore, rating agencies which have not been hired by the Issuer or otherwise to rate the Securities could seek to rate the Securities and if such "unsolicited ratings" are lower than the equivalent rating assigned to the Securities by the relevant hired rating agency, such ratings could have an adverse effect on the value of the Securities.

4. No statutory or voluntary deposit guarantee scheme

The Securities are not bank deposits and an investment in the Securities carries risks which are very different from the risk profile of a bank deposit placed with the Issuer or its affiliates. The Securities may have different yield, liquidity and risk profiles. Therefore, the Issuer's obligations relating to the Securities are not protected by any statutory or voluntary deposit guarantee system or compensation scheme. **In the event of insolvency of the Issuer, investors may thus experience a total loss of their investment in the Securities.**

5. Securityholders are exposed to the risk of a bail-in

The Issuer and the Securities are subject to the Swiss Banking Act and the Swiss Financial Market Supervisory Authority's ("FINMA") bank insolvency ordinance, which empowers FINMA as the competent resolution authority to in particular apply under certain circumstances certain resolution tools to credit institutions. These measures include in particular the write-down or conversion of securities into common equity of such credit institution (the so called bail-in). A write-down or conversion would have the effect that the Issuer would insofar be released from its obligations under the Securities. Securityholders would have no further claim against the Issuer under the Securities. The resolution tools may, hence, have a significant negative impact on the Securityholders' rights by suspending, modifying and wholly or partially extinguishing claims under the Securities. In the worst case, this can lead to a **total loss of the Securityholders' investment in the Securities.**

Such legal provisions and/or regulatory measures may severely affect the rights of the Securityholders and may have a negative impact on the value of the Securities even prior to any non-viability or resolution in relation to the Issuer.

6. UBS has announced its intention to make certain structural changes in light of regulatory trends and requirements and the Conditions of the Securities do not contain any restrictions on the Issuer's or UBS's ability to restructure its business

In 2014, UBS began adapting its legal entity structure to improve the resolvability of the Group in response to too big to fail requirements in Switzerland and recovery and resolution regulation in other countries in which the Group operates. In December 2014, UBS Group AG became the holding company of the Group.

In 2015, UBS AG transferred its Personal & Corporate Banking and Wealth Management businesses booked in Switzerland to the newly established UBS Switzerland AG, a banking subsidiary of UBS AG in Switzerland, and UBS implemented a more self-sufficient business and operating model for UBS Limited, UBS's investment banking subsidiary in the UK. In 2016, UBS Americas Holding LLC was designated as the intermediate holding company for UBS's US subsidiaries and UBS merged its Wealth Management subsidiaries in various European countries into UBS Europe SE. Additionally, UBS transferred the majority of Asset Management's operating subsidiaries to UBS Asset Management AG.

UBS Business Solutions AG, a wholly owned subsidiary of UBS Group AG, was established in 2015 and acts as the Group service company. In 2017, UBS's shared services functions in Switzerland and the UK were transferred from UBS AG to UBS Business Solutions AG. UBS also completed the transfer of shared services functions in the US to its US service company, UBS Business Solutions US LLC, a wholly owned subsidiary of UBS Americas Holding LLC.

Given the continuing uncertainty on transition arrangements between the UK and the EU and the potential future restrictions on providing financial services into the EU from the UK, UBS has commenced the process of seeking regulatory approvals for the merger of UBS Limited into UBS Europe SE, UBS's German-headquartered European bank. During the third quarter of 2018, UBS expects to commence a business transfer proceeding in the UK to facilitate the transfer of client business in connection with the merger. UBS also expects to commence German merger proceedings in the same timeframe. The timing and extent of the actions UBS takes may vary considerably from its current plan depending on regulatory requirements and the nature of any transition or successor agreements between the UK and the EU.

Following the announcement by the China Securities Regulatory Commission that foreign investors will be permitted to increase their ownership percentages in China affiliates to a cap of 51%, and may be allowed to increase their ownership up to 100% in 2021, UBS submitted in May 2018 a preliminary application to increase the shareholding in its China affiliate, UBS Securities Co. Limited, from 24.99% to 51%. The transaction is subject to completion of a share purchase from existing shareholders and regulatory approval.

UBS continues to consider further changes to the Group's legal structure in response to regulatory requirements and other external developments. Such changes may include further consolidation of operating subsidiaries in the EU, and adjustments to the booking entity or location of products and services.

The Conditions of the Securities contain no restrictions on change of control events or structural changes, such as consolidations or mergers or demergers of the Issuer or the sale, assignment, spin-off, contribution, distribution, transfer or other disposal of all or any portion of the Issuer's or its subsidiaries' properties or assets in connection with the announced changes to its legal structure or otherwise and no event of default, requirement to repurchase the Securities or other event will be triggered under the Conditions of the Securities as a result of such changes. There is the risk that such changes, should they occur, would adversely affect the credit rating of the Issuer and/or increase the likelihood of the occurrence of an event of default. Such changes, should they occur, may adversely affect the Issuer's ability to redeem or pay interest on the Securities and/or lead to circumstances in which the Issuer may elect to cancel such interest (if applicable).

7. Termination and Early Redemption at the option of the Issuer

Potential investors in the Securities should furthermore be aware that the Issuer is, pursuant to the Conditions of the Securities, under certain circumstances, e.g. in case that (i) the determination and/or publication of the price of the Underlying or, as the case may be, a Basket Component is discontinued permanently or (ii) that due to the coming into effect of changes in laws or regulations (including but not limited to tax laws) at the reasonable discretion of the Issuer the holding, acquisition or sale of the Underlying or, as the case may be, a Basket Component is or becomes wholly or partially illegal, entitled to terminate and redeem the Securities in total prior to the scheduled Maturity Date. In case of a **share as the Underlying or a Basket Component**, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the Issuer is pursuant to the Conditions of the Securities also entitled to termination, if the liquidity of the shares of the affected company is, in the Issuer's opinion, significantly affected by a take-over of the relevant shares, even without the occurrence of a delisting of the stock company. If so specified in the section "Product Terms" of the relevant Final Terms, the Issuer is, pursuant to the Conditions of the Securities, even entitled to terminate the Securities in case that it obtains knowledge about the intention of the underlying company to distribute a dividend in relation to the share as the Underlying or a Basket Component, as the case may be, where the ex dividend day of this distribution falls within the term of the Securities.

In case the Issuer terminates and redeems the Securities prior to the Maturity Date, the Securityholder is in accordance with the Conditions of the Securities entitled to demand the payment of a redemption amount in relation to this early redemption. However, the Securityholder is not entitled to request any further payments on the Securities after the relevant termination date. Furthermore, the Termination Amount, if any, payable in the case of an early redemption of the Securities by the Issuer can be considerably below the amount, which would be payable at the scheduled end of the term of the Securities.

The Securityholder, therefore, bears the risk of not participating in the performance of the Underlying or, as the case may be, the Basket Components, to the expected extent and during the expected period.

In the case of a termination the Issuer shall pay to each Securityholder an amount in the Redemption Currency with respect to each Security held by it, which is determined by the Calculation Agent at its reasonable discretion and, if applicable, considering the then prevailing Price of the Underlying or, as the case may be, the Basket Components and the expenses of the Issuer caused by the termination, as the fair market price of a Security at the occurrence of the termination. When determining a fair market price of a Security, the Calculation Agent is entitled to consider all factors, including any adjustments of option contracts on the Underlying or, as the case may be, the Basket Components, without being bound to any third party measures or assessments, in particular any measures or assessments of any futures or options exchange. Due to the fact that the Calculation Agent may take into consideration the market factors it considers to be relevant at its reasonable discretion without being bound to third party measures or assessments, there is the risk that the amount determined by the Calculation Agent at its reasonable discretion as the fair market price of the Security at the occurrence of the termination – and, hence, the Termination Amount - may differ from the market price of comparable Securities relating to the Underlying or, as the case may be, the Basket Components, as determined by a third party.

In the case of a termination of the Securities by the Issuer, the Securityholder bears the risk of a reinvestment, *i.e.* the investor bears the risk that it will have to re-invest the Termination Amount, if any, paid by the Issuer in the case of termination at market conditions, which are less favourable than those prevailing at the time of the acquisition of the Securities.

8. Possible fluctuations in the Price of the Underlying or, as the case may be, the Basket Components after termination of the Securities

In the event that the term of the Securities is terminated early by the Issuer pursuant to the Conditions of the Securities, potential investors of the Securities should note that any adverse fluctuations in the Price of the Underlying or, as the case may be, of the Basket Components between the announcement of the termination by the Issuer and the determination of the Price of the Underlying or, as the case may be, the Basket Components relevant for the calculation of the then payable relevant Termination Amount or, if in the applicable Product Terms in the definition of “Securities” the product feature “**Securityholder's Termination Right**” is specified to be applicable, of the Securityholder Termination Amount, as the case may be, are borne by the Securityholders.

9. Adverse impact of adjustments of the Security Right

There is the risk that certain events occur or certain measures are taken (by parties other than the Issuer) in relation to the Underlying or, as the case may be, the Basket Components, which potentially lead to changes to the Underlying or, as the case may be, the Basket Components or result in the underlying concept of the Underlying or, as the case may be, the Basket Components being changed, so-called Potential Adjustment Events and Replacement Events. In the case of the occurrence of a Potential Adjustment Event, the Issuer shall be entitled to adjust the Conditions of the Securities to account for these events or measures and shall, in the case of the occurrence of a Replacement Event, even be entitled to replace the Underlying or, as the case may be, the Basket Component, of the Securities. These adjustments might have a negative impact on the value of the Securities.

10. Substitution of the Issuer

Provided that the Issuer is not in default with its obligations under the Securities, the Issuer is in accordance with the Conditions of the Securities, at any time entitled, without the consent of the Securityholders, to substitute another company within the UBS Group as issuer (the “**Substitute Issuer**”) with respect to all obligations under or in connection with the Securities.

This may impact any listing of the Securities and, in particular, it may be necessary for the Substitute Issuer to reapply for listing on the relevant market or stock exchange on which the Securities are listed. In addition, following such a substitution, Securityholders will become subject to the credit risk of the Substitute Issuer.

11. Determinations by the Calculation Agent

The Calculation Agent has certain discretion under the Conditions of the Securities (i) to determine whether certain events have occurred (in particular, the occurrence of a Potential Adjustment Event or a Market Disruption in accordance with the Conditions of the Securities), (ii) to determine any resulting adjustments and calculations, (iii) also to make adjustments to the Underlying or, as the case may be, the Basket Components and (iv) to postpone valuations or payments under the Securities. The Calculation Agent will make any such determination at its reasonable discretion and in a commercially reasonable manner. Potential investors should be aware that any determination made by the Calculation Agent may have an impact on the value and financial return of the Securities. Any such discretion exercised by, or any determination made by, the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Securityholders.

12. Other factors affecting the value

The value of a Security is determined not only by changes in the Price of the Underlying or, as the case may be, the Basket Components, but also by a number of other factors. Since several risk factors may have simultaneous effects on the Securities, the effect of a particular risk factor cannot be predicted. In addition, several risk factors may have a compounding effect which may not be predictable. There is the risk that any combination of risk factors may have a significantly negative effect on the value of the Securities.

These factors include the term of the Securities, the frequency and intensity of price fluctuations (volatility), as well as the prevailing interest rate and dividend levels. A decline in the value of the Security may therefore occur even if the Price of the Underlying or, as the case may be, the Basket Components remain(s) constant.

Potential investors of the Securities should be aware that an investment in the Securities involves a valuation risk with regard to the Underlying or, as the case may be, the Basket Components. They should have experience with transactions in securities with a value derived from the Underlying or, as the case may be, the Basket Components. The value of the Underlying or, as the case may be, the Basket Components may vary over time and may increase or decrease by reference to a variety of factors which may include UBS corporate action, macro economic factors and speculation. In addition, the historical performance of the Underlying or, as the case may be, the Basket Components is not an indication of its future performance. Changes in the market price of the Underlying or, as the case may be, the Basket Components will affect the trading price of the Securities, and it is impossible to predict whether the market price of the Underlying or, as the case may be, the Basket Components will rise or fall or improve or worsen, respectively.

13. Effect of ancillary costs

Commissions and other transaction costs incurred in connection with the purchase or sale of Securities may result in charges, particularly in combination with a low order value, **which can substantially reduce any Redemption Amount, if any, to be paid under the Securities.** Before acquiring a Security, potential investors should therefore inform themselves of all costs incurred through the purchase or sale of the Security, including any costs charged by their custodian banks upon purchase and maturity of the Securities.

14. Transactions to offset or limit risk

Potential investors of the Securities should not rely on the ability to conclude transactions at any time during the term of the Securities that will allow them to offset or limit relevant risks. This depends on the market situation and the prevailing conditions. Transactions designed to offset or limit risks might only be possible at an unfavourable market price that will entail a loss for investors.

15. Trading in the Securities / Illiquidity

It is not possible to predict if and to what extent a secondary market may develop in the Securities or at what price the Securities will trade in the secondary market or whether such market will be liquid or illiquid.

If so specified in the relevant Final Terms, applications will be or have been made to the Security Exchange(s) specified for admission or listing of the Securities. If the Securities are admitted or listed, there is the risk that any such admission or listing will not be maintained. The fact that the Securities are admitted to trading or listed does not necessarily denote greater liquidity than if this were not the

case. If the Securities are not listed or traded on any exchange, pricing information for the Securities may be more difficult to obtain and the liquidity of the Securities, if any, may be adversely affected. The liquidity of the Securities, if any, may also be affected by restrictions on the purchase and sale of the Securities in some jurisdictions. Additionally, the Issuer has the right (but no obligation) to purchase Securities at any time and at any price in the open market or by tender or private agreement. Any Securities so purchased may be held or resold or surrendered for cancellation.

In addition, there is the risk that the number of Securities actually issued and purchased by investors is less than the intended Issue Size or, as the case may be, the intended Aggregate Nominal Amount of the Securities. Consequently, there is the risk that due to the low volume of Securities actually issued the liquidity of the Securities is lower than if all Securities were issued and purchased by investors.

The Manager(s) intend, under normal market conditions, to provide bid and offer prices for the Securities of an issue on a regular basis. However, the Manager(s) make no firm commitment to the Issuer to provide liquidity by means of bid and offer prices for the Securities, and assumes no legal obligation to quote any such prices or with respect to the level or determination of such prices. The Manager(s) determine(s) any bid and offer prices of the Securities by using common pricing models taking into account the changes in parameters that determine market prices. Unlike stock exchange trading prices (of shares, for example) these prices are not directly determined by the principle of offer and demand in relation to Securities. In case of extraordinary market conditions or technical problems, it may be temporarily complicated or impossible to purchase or sell the Securities. **Potential investors therefore should not rely on the ability to sell Securities at a specific time or at a specific price.**

16. Representation and Custody of the Securities

Securities under the Base Prospectus may be issued either physically in bearer form (including Swiss Global Securities and (Temporary or Permanent) Global Security(s)) to be kept with the relevant Clearing System or on its behalf) or in uncertificated and dematerialised form to be registered in book-entry form with the relevant Clearing System (in case of Intermediated Securities, Swedish Securities, Finnish Securities, Norwegian Securities and Danish Securities).

Consequently, Securityholders will have to rely on procedures of the relevant Clearing System and the applicable laws for transfer, payment and communication with the Issuer.

The Issuer has no responsibility or liability under any circumstances for any acts and omissions of any Clearing Systems or any intermediary/FISA Depository as well as for any losses which might occur to a Securityholder out of such acts and omissions.

17. Pricing of Securities

Unlike most other securities the pricing of these Securities is regularly not based on the principle of offer and demand in relation to Securities, since the secondary market traders might quote independent bid and offer prices. This price calculation is based on price calculation models prevailing in the market, whereas the theoretical value of the Securities is, in principle, determined on the basis of the value of the Underlying or, as the case may be, the Basket Components and the value of other features attached to the Securities, each of which features may, in economic terms, be represented by another derivative financial instrument.

The potentially quoted prices do not necessarily correspond to the Securities' intrinsic value as determined by a trader.

18. Expansion of the spread between bid and offer prices

In special market situations, where the Issuer is completely unable to conclude hedging transactions, or where such transactions are very difficult to conclude, the spread between the bid and offer prices may be temporarily expanded, in order to limit the economic risks to the Issuer. Therefore, Securityholders who wish to sell their Securities via a stock exchange or in the over-the-counter trading might sell at a price considerably lower than the intrinsic value of the Securities at the time of their sale.

19. Borrowed funds

If the purchase of Securities is financed by borrowed funds and investors' expectations are not met, they not only suffer the loss incurred under the Securities, but in addition also have to pay interest on

and repay the loan. This produces a substantial increase in investors' risk of loss. Investors of Securities should never rely on being able to redeem and pay interest on the loan through gains from a Securities transaction. Rather, before financing the purchase of a Security with borrowed funds, the investors' financial situations should be assessed, as to their ability to pay interest on or redeem the loan immediately, even if they incur losses instead of the expected gains.

20. Effect of hedging transactions by the Issuer on the Securities

The Issuer may use all or some of the proceeds received from the sale of the Securities to enter into hedging transactions relating to the risks incurred in issuing the Securities. In such a case, the Issuer or one of its affiliated companies may conclude transactions that correspond to the Issuer's obligations arising from the Securities. Generally speaking, this type of transaction will be concluded before or on the Issue Date of the Securities, although these transactions can also be concluded after the Securities have been issued. The Issuer or one of its affiliated companies may take the necessary steps for the closing out of any hedging transactions. However, there is the risk that the Price of the Underlying or, as the case may be, the Basket Components, might, in certain cases, be affected by these transactions. In the case of Securities whose value depends on the occurrence of a specific event in relation to the Underlying or, as the case may be, the Basket Components, entering into or closing out such hedging transactions may affect the likelihood of this event occurring or not occurring.

21. Taxation in relation to the Securities

Potential investors should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Securities are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial instruments such as the Securities. Potential investors are advised not to rely upon the tax summary contained in the Base Prospectus but to ask for their own tax advisor's advice on their individual taxation with respect to the acquisition, sale and redemption of the Securities. Only these advisors are in a position to duly consider the specific situation of the potential investor.

22. Payments under the Securities may be subject to U.S. withholdings

Investors in the Securities should be aware that payments under the Securities may under certain circumstances be subject to a U.S. withholding:

Payments under the Securities may be subject to U.S. withholding under the U.S. Internal Revenue Code

A 30 per cent. withholding tax is imposed on certain "dividend equivalents" paid or deemed paid to a non-U.S. Securityholder with respect to a "specified equity-linked instrument" that references one or more dividend-paying U.S. equity securities. The withholding tax can apply even if the instrument does not provide for payments that reference dividends. U.S. Treasury Department regulations provide that the withholding tax applies to all dividend equivalents paid or deemed paid on specified equity-linked instruments that have a delta of one ("**Delta-One Securities**") issued after 2016 and to all dividend equivalents paid or deemed paid on all other specified equity-linked instruments issued after 2018.

The Issuer will determine whether dividend equivalents on the Securities are subject to withholding as of the close of the relevant market(s) on the Fixing Date. If withholding is required, the Issuer (or the applicable paying agent) will withhold 30 per cent. in respect of dividend equivalents paid or deemed paid on the Securities and will not pay any additional amounts to the Securityholders with respect to any such taxes withheld. If the Conditions of the Securities provide that all or a portion of the dividends on U.S. underlying equity securities are reinvested in the underlyings during the term of the Security, the Conditions of the Securities may also provide that only 70 per cent. of a deemed dividend equivalent will be reinvested. The remaining 30 per cent. of such deemed dividend equivalent will be treated, solely for U.S. federal income tax purposes, as having been withheld from a gross dividend equivalent payment due to the investor and remitted to the U.S. Internal Revenue Service on behalf of the investor. The Issuer will withhold this amount regardless of whether an investor is a United States person for U.S. federal income tax purposes or a non-United States person that may otherwise be entitled to an exemption of reduction of tax on U.S. source dividend payments pursuant to an income tax treaty.

Even if the Issuer determines that a Securityholder's Securities are not specified equity-linked instruments that are subject to withholding on dividend equivalents, it is possible that a Securityholder's Securities could be deemed to be reissued for tax purposes upon the occurrence of certain events affecting the relevant Underlying or Basket Component or a Securityholder's Securities, and following such occurrence a Securityholder's Securities could be treated as specified equity-linked instruments that are subject to withholding on dividend equivalent payments. It is also possible that withholding tax or other tax under Section 871(m) of the U.S. Internal Revenue Code of 1986, as amended, ("**Section 871(m)**") could apply to the Securities under these rules if a non-U.S. Securityholder enters, or has entered, into certain other transactions in respect of the relevant Underlying or Basket Component. As described above, if withholding is required, the Issuer will withhold 30 per cent. in respect of dividend equivalents paid or deemed paid on the Securities and will not pay any additional amounts to the Securityholders with respect to any such taxes withheld.

Additionally, in the event that withholding is required, the Issuer hereby notifies each Securityholder that for purposes of Section 871(m), that the Issuer will withhold in respect of dividend equivalents paid or deemed paid on the Securities on the dividend payment date as described in U.S. Treasury Department regulations section 1.1441-2(e)(4) and section 3.03(B) of the form of Qualified Intermediary Agreement contained in Revenue Procedure 2017-15, as applicable, regardless of whether such investor would otherwise be entitled to an exemption from or reduction of withholding on such payments (e.g., a United States person for U.S. federal income tax purposes or a non-United States person eligible for an exemption from or reduction in withholding pursuant to an income tax treaty). **There is the risk that a Securityholder will not be able to successfully claim a refund of the tax withheld in excess of the tax rate that would otherwise apply to such payments.**

Each Securityholder acknowledges and agrees that in the event that a Security references an index as the Underlying or Basket Component, as the case may be, then regardless of whether the relevant Underlying or Basket Component is a net price return, a price return or a total return index, the payments on the Securities (including any amounts deemed reinvested in the Security) will reflect the gross dividend payments paid by the issuers of the securities comprising the index less applicable withholding tax amounts in respect of such gross dividends, which in the case of U.S. source dividends, will be paid by or on behalf of the Issuer to the U.S. Internal Revenue Service in accordance with the U.S. withholding tax rules under Section 871(m).

Securityholders should consult with their tax advisors regarding the application of Section 871(m) and the regulations thereunder in respect of their acquisition and ownership of the Securities, including a non-U.S. Securityholder that enters, or has entered, into other transactions in respect of the relevant Underlying or Basket Component, as the case may be.

Payments under the Securities may be subject to U.S. withholding under FATCA

The Foreign Account Tax Compliance Act ("**FATCA**") generally imposes a 30% U.S. withholding tax on payments of certain U.S. source interest, dividends and certain other fixed or determinable annual or periodical income, on the gross proceeds from the sale, maturity, or other disposition of certain assets after 31 December 2018 and on certain "foreign passthru payments" made after 31 December 2018 (or, if later, the date that final regulations defining the term "foreign passthru payments" are published) 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 (or to a non-U.S. governmental authority under a relevant Intergovernmental Agreement entered into between such non-U.S. governmental authority and the United States, which would then provide this information 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 about holders of the Securities directly to the IRS (or to a non-U.S. governmental authority as described above). Moreover, the Issuer may be required to withhold on a

portion of payments made on the Securities to (i) holders who do not provide any information requested to enable the Issuer to comply with FATCA, 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 any payments under the Securities may be subject to 30% withholding tax under FATCA. If an amount in respect of such withholding tax under FATCA were to be deducted or withheld from payments on the Securities, none of the Issuer, any paying agent or any other person would, pursuant to the Conditions of the Securities, be required to pay additional amounts as a result of the deduction or withholding of such tax. **Securityholders should, consequently, be aware that payments under the Securities may under certain circumstances be subject to U.S. withholding under FATCA and should consult with their tax advisors regarding the application of withholding tax under FATCA in respect of their acquisition and ownership of the Securities.**

23. Changes in Taxation in relation to the Securities

The considerations concerning the taxation of the Securities set forth in this Base Prospectus reflect the opinion of the Issuer on the basis of the legal situation identifiable as of the date hereof. However, there is the risk that the fiscal authorities and tax courts might take a different view, resulting in a different tax treatment of the Securities. In addition, the tax considerations set forth in this Base Prospectus cannot be the sole basis for the assessment of an investment in the Securities from a tax point of view, as the individual circumstances of each investor also have to be taken into account. Therefore, the tax considerations set forth in this Base Prospectus are not to be deemed any form of definitive information or tax advice or any form of assurance or guarantee with respect to the occurrence of certain tax consequences. Each investor should seek the advice of his or her personal tax consultant before deciding whether to purchase the Securities.

Neither the Issuer nor the Managers assumes any responsibility vis-à-vis the Securityholders for the tax consequences of an investment in the Securities.

24. Potential conflicts of interest

The Issuer and affiliated companies may participate in transactions related to the Securities in some way, for their own account or for account of a client. Such transactions may not serve to benefit the Securityholders and may have a positive or negative effect on the value of the Underlying or, as the case may be, the Basket Components, and consequently on the value of the Securities. Furthermore, companies affiliated with the Issuer may become counterparties in hedging transactions relating to obligations of the Issuer stemming from the Securities. As a result, conflicts of interest can arise between companies affiliated with the Issuer, as well as between these companies and investors, in relation to obligations regarding the calculation of the price of the Securities and other associated determinations. In addition, the Issuer and its affiliates may act in other capacities with regard to the Securities, such as calculation agent, paying agent and administrative agent and/or index sponsor.

Furthermore, the Issuer and its affiliates may issue other derivative instruments relating to the Underlying or, as the case may be, the Basket Components; introduction of such competing products may affect the value of the Securities. The Issuer and its affiliated companies may receive non-public information relating to the Underlying or, as the case may be, the Basket Components, and neither the Issuer nor any of its affiliates undertakes to make this information available to Securityholders. In addition, one or more of the Issuer's affiliated companies may publish research reports on the Underlying(s) or, as the case may be, the Basket Components. Such activities could present conflicts of interest and may negatively affect the value of the Securities.

Within the context of the offering and sale of the Securities, the Issuer or any of its affiliates may directly or indirectly pay fees in varying amounts to third parties, such as distributors or investment advisors, or receive payment of fees in varying amounts, including those levied in association with the distribution of the Securities, from third parties. Potential investors should be aware that the Issuer may retain fees in part or in full. The Issuer or, as the case may be, the Managers, upon request, will provide information on the amount of these fees.

3. Underlying specific Risks

The Securities offered and/or listed on a regulated or another equivalent market under the Base Prospectus may be linked to a share, a certificate representing shares, a non-equity security, a precious metal, a commodity, an index, an exchange traded fund unit, a not exchange traded fund unit, a futures contract, a currency exchange rate, an interest rate or a reference rate. The Securities may relate to one or more of these Underlyings or a combination of them.

Some or all of the amounts payable or the Physical Underlying to be delivered on exercise, redemption or periodically under the Securities will be determined by reference to the price or value of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Components. Accordingly, investing in the Securities also involves certain risks that are related to the Underlying and investors should review carefully the Base Prospectus and the applicable Final Terms in order to understand the effect on the Securities of such linkage to the Underlying.

The purchase of, or investment in, Securities linked to an Underlying involves substantial risks. These Securities are not conventional securities and carry various unique investment risks which potential investors should understand clearly before investing in the Securities. Potential investors in such Securities should be familiar with this type of securities and should fully review all documentation, read and understand the Base Prospectus, the Conditions of the Securities and the applicable Final Terms and be aware of the nature and extent of the exposure to risk of loss.

1. General risks related to the Underlying or a Basket Component, as the case may be

Investors should be aware that some risks are related to the Underlying or, as the case may be, the Basket Components in general:

Risk of fluctuations in the value of the Underlying or the Basket Components, as the case may be

By investing in Securities linked to an Underlying, Securityholders are subject to the risks related to such Underlying. The performance of the Underlying or, as the case may be, the Basket Components is subject to fluctuations. Therefore, Securityholders cannot foresee what consideration they can expect to receive for the Securities on a certain day in the future. When the Securities are redeemed, exercised or otherwise disposed of on a certain day, substantial losses in value might occur in comparison to a disposal at a later or earlier point in time.

Uncertainty about future performance of the Underlying or the Basket Components, as the case may be

The value of the Underlying or, as the case may be, the Basket Components may vary over time and may increase or decrease by reference to a variety of factors, e.g. corporate actions, macroeconomic factors and speculation. Potential investors should note that an investment in Securities linked to an Underlying may be subject to similar risks than a direct investment in the Underlying or, as the case may be, the Basket Components.

It is not possible to reliably predict the future performance of the Underlying or, as the case may be, the Basket Components. Likewise, the historical data of the Underlying or, as the case may be, the Basket Components does not allow for any conclusions to be drawn about the future performance of the Underlying or, as the case may be, the Basket Components and the Securities. The Underlying or Basket Components may have only a short operating history or may have been in existence only for a short period of time and may deliver results over the longer term that may be lower than originally expected.

No warranties or representations regarding the future performance of the Underlying or the Basket Components, as the case may be

The Issuer does not give any explicit or tacit warranty or representation regarding the future performance of the Underlying or, as the case may be, the Basket Components. In addition, the issuer or the sponsor of the Underlying or, as the case may be, the Basket Component does not assume any obligation to consider the interests of the Issuer of the Securities or the Securityholders for any reason whatsoever.

No rights of ownership in the Underlying or the Basket Components, as the case may be

Potential investors should be aware that the relevant Underlying or, as the case may be, the Basket Components will not be held by the Issuer for the benefit of the Securityholders, and that Securityholders will not obtain any rights of ownership (including, without limitation, any voting rights, any rights to receive dividends or other distributions or any other rights) with respect to any Underlying or, as the case may be, Basket Component to which the Securities are related. Neither the Issuer nor any of its affiliates is under any obligation whatsoever to acquire or hold any Underlying or Basket Component.

Risks associated with Underlyings or a Basket Component, as the case may be, which are subject to emerging market jurisdictions

An Underlying or, as the case may be, a Basket Component may be subject to the jurisdiction of an emerging market. Investing in Securities with such an Underlyings or, as the case may be, Basket Component involves additional legal, political (e.g. rapid political upheavals) or economical (e.g. economic crises) risks.

Countries that fall into this category are usually considered to be “emerging” because of their developments and reforms and their economy being in the process of changing from those of a moderately developed country to an industrial country. In emerging markets, expropriation, taxation equivalent to confiscation, political or social instability or diplomatic incidents may have a negative impact on an investment in the Securities. The amount of publicly available information with respect to the Underlying or any components thereof may be less than that normally made available to Securityholders. Transparency requirements, accounting, auditing and financial reporting standards as well as regulatory standards are in many ways less stringent than standards in industrial countries.

Although they generally record rising volumes, some emerging financial markets have much lower trading volumes than developed markets and the securities of many companies are less liquid and their prices are subject to stronger fluctuations than those of similar companies in developed markets.

Risks associated with a limited information base regarding the Underlying or the Basket Components, as the case may be, and a possible information advantage of the Issuer

Information regarding the Underlying or the Basket Components, as the case may be may not be publicly available or only available to a certain extent. Therefore, investors may have no or only limited access to detailed information regarding the relevant Underlying or the Basket Components, as the case may be, in particular on its current price or value, on its past and future performance and on its volatility.

In contrast, the Issuer may have access to information which is not publicly available and may thereby generate an information advantage.

In addition, any publicly available information may be published with delay and may not have been published or published in full at the time the investors seeks the information or at the time the amounts payable or the Physical Underlying to be delivered on exercise, redemption or periodically under the Securities will be determined by reference to the price or value of the Underlying or the Basket Components, as the case may be.

Consequence of the linkage to a basket as the Underlying or, as the case may be, a portfolio of Underlyings

In case of a basket or a portfolio used as the Underlying, as specified in the definition of “Underlying” contained in the section “Product Terms” of the relevant Final Terms, the level of the Redemption Amount depends on the performance of the Basket comprising the Basket Components or, as the case may be, a portfolio comprising the Underlyings.

As a result, fluctuations in the value of one Basket Component or, as the case may be, one Underlying may be offset or intensified by fluctuations in the value of other Basket Components comprised in the Basket or, as the case may be, Underlyings comprised in the portfolio. Even in the case of a positive performance of one or more Basket Components comprised in the Basket or Underlyings comprised in the portfolio, the performance of the Basket or the portfolio, respectively, as a whole may be negative if the performance of the other Basket Components or, as the case may be, Underlyings is negative to a greater extent. There can be a significant adverse effect on the calculation or specification of the

redemption amount if the performance of one or more Basket Components comprised in the Basket or, as the case may be, Underlyings comprised in the portfolio, on which the calculation or specification of the redemption amount is based, has deteriorated significantly.

Furthermore, also the degree of the Basket Components' or the Underlyings' dependency from each other, so-called correlation, is of importance when calculating the level of the Redemption Amount. If all of the Basket Components or the Underlyings derive from the same economy sector or, as the case may be, the same country the development of the Basket Components or the Underlyings therefore depends on the development of a single economy sector or a single country. That implies that in the case of an unfavourable development of a single economy sector or a single country, which is represented by the Basket comprising the Basket Components or, as the case may be, the portfolio comprising the Underlyings, the Basket or the portfolio may be affected over proportionally by this unfavourable development.

In the case of an Underlying consisting of different shares (except those of the Issuer or of any of its affiliates), indices, currency exchange rates, precious metals, commodities, interest rates, non-equity securities, exchange traded fund units, not exchange traded fund units, futures contracts or reference rates (each a "**Basket**"), the Issuer may have the right, in certain circumstances as specified in the Final Terms, to subsequently adjust the Basket (i.e. remove a component of the Basket without replacing it or replace the component of the Basket in whole or in part by another basket component and/or if necessary by adjusting the weighting of the Basket). The Securityholder may not assume that the composition of a Basket will remain constant during the life of the Securities.

Depending on the features of the relevant Securities, there can be a significant adverse effect on the calculation or specification of the redemption amount or interest amounts if the performance of one or more basket components, on which the calculation or specification of the redemption amount or interest amounts is based, has deteriorated significantly.

Relative performance of the Underlying to another Underlying used as benchmark

In case of a determination of a relative performance of the Underlying or, as the case may be, the Underlyings to another Underlying or, as the case may be, the Underlyings, as specified in the section "Product Terms" of the relevant Final Terms, investors should also note that the value of the Securities will even in case of a positive performance of the relevant Underlying or, as the case may be, Underlyings remain constant, if the other Underlying or, as the case may be, Underlyings perform(s) in parallel.

Risks associated with the regulation and reform of benchmarks

Indices, reference rates, interests rates used as Underlying or, as the case may be, a Basket Component generally constitute benchmarks and as such may be subject to supervisory law regulations and reform proposals; the same applies to certain other Underlyings or, as the case may be, Basket Components used for the purposes of the Securities, e.g. currency exchange rates or certain baskets (such Underlying or, as the case may be, Basket Component is also referred to as "**Benchmark**").

Innovations such as the ones introduced by IOSCO's Principles for Financial Benchmarks (the "**IOSCO Principles**") and the Regulation (EU) 2016/1011 on indices used as benchmarks in certain financial instruments and financial contracts or to measure the performance of investment funds (the "**EU Benchmarks Regulation**") may result in the different performance of the relevant Benchmarks. It may exclude Benchmarks from being used as Underlying or, as the case may be, Basket Component for example, because the indices may incur higher costs if regulatory requirements for the administrator are tightened or because certain uses by EU supervised entities of Benchmarks provided by administrators that are not authorised or registered (or, if located outside the EU, deemed equivalent or recognised or endorsed) is prohibited by the EU Benchmarks Regulation.

Benchmarks such as indices, reference rates or interest rates used as Underlying or, as the case may be, Basket Component may also be affected by regulatory guidance and reform or changes in policy at national, as well as at international level. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. For example, on 27 July 2017, the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the London Interbank Offered Rate ("**LIBOR**") benchmark

after 2021 (the "**FCA Announcement**"). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. This may, in particular, lead to a substitution of LIBOR as Underlying or, as the case may be, Basket Component in accordance with the Conditions of the Securities. Further national or international regulatory reforms may have other effects which are not foreseeable at present.

More generally, any of the above changes or any other consequential changes to LIBOR, EURIBOR, or any other Benchmark as a result of international, national, or other proposals for reform or other initiatives or investigations, or any further uncertainty in relation to the timing and manner of implementation of such changes, may have the effect of discouraging market participants from continuing to administer or participate in certain Benchmarks, trigger changes in the rules or methodologies used in certain Benchmarks or lead to the disappearance of certain Benchmarks. The disappearance of a Benchmark or changes in the manner of administration of a Benchmark could result in adjustments to the Conditions of the Securities, early redemption or termination, subject to discretionary valuation by the Calculation Agent, delisting or other consequences in relation to Securities linked to such Benchmark. In addition, fallback provisions specified in the Conditions of the Securities may apply or the Issuer may adjust the Conditions of the Securities in the event a Benchmark materially changes or ceases to be provided in order to comply with the provisions of the EU Benchmarks Regulation. Any such consequence could have a material adverse effect on the value, volatility of and return on any Securities based on or linked to a Benchmark. Potential investors should be aware that each of these changes may have a material adverse effect on the level or availability of the Benchmark and consequently on the value of the Securities.

2. Specific risks related to the Underlying or a Basket Component, as the case may be

In addition, the following risks are specifically related to the Underlying or a Basket Component, as the case may be:

In case of a **share as the Underlying or a Basket Component**, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

potential investors should consider the following **risks specifically related to shares as Underlying or a Basket Component**, as the case may be:

Specific risks related to the performance of shares

The performance of a share used as the Underlying or, as the case may be, a Basket Component depends on the performance of the company issuing the shares. But even regardless of the financial position, cash flows, liquidity and results of operations of the company issuing the shares, the price of a share can be subject to fluctuations or adverse changes in value. In particular, the development of the share price can be influenced by the general economic situation and market sentiment.

Similar risks to a direct investment in shares

The market price of Securities with a share used as the Underlying or, as the case may be, a Basket Component depends on the performance of the share. The performance of a share may be subject to factors like the dividend or distribution policy, financial prospects, market position, corporate actions, shareholder structure and risk situation of the issuer of the share, short selling activities and low market liquidity as well as to political influences. Accordingly, an investment in Securities with a share as Underlying or, as the case may be, a Basket Component may bear similar risks to a direct investment in shares.

The performance of the share may be subject to factors outside the Issuer's sphere of influence, such as the risk of the relevant company becoming insolvent, insolvency proceedings being opened over the company's assets or similar proceedings under the laws applicable to the company being commenced or similar events taking place with regard to the company, which may result in a total loss for the Securityholder, or the risk that the share price is highly volatile. The issuer's dividend or distribution policy, its financial prospects, market position, any capitalisation measures, shareholder structure and risk situation may also affect the share price.

In addition, the performance of the shares depends particularly on the development of the capital markets, which in turn are dependent on the global situation and the specific economic and political environment. Shares in companies with low or average market capitalisation may be subject to even

higher risks (e.g. with regard to volatility or insolvency) than shares in larger companies. Furthermore, shares in companies with a low market capitalisation may be extremely illiquid due to smaller trading volumes. Shares in companies having their seat or exerting their relevant operations in countries with a high legal uncertainty are subject to additional risks, such as the risk of governmental measures being taken or nationalisation taking place. This may result in the partial or total loss of the share's value. The realisation of these risks may result in Securityholders relating to such shares losing all or parts of the capital invested.

Investors in the Securities have no shareholder rights

The Securities constitute no interest in a share as the Underlying or, as the case may be, a Basket Component including any voting rights or rights to receive dividends, interest or other distributions, as applicable, or any other rights with respect to the share. The Issuer and any of its affiliates may choose not to hold the shares or any derivatives contracts linked to the shares used as Underlying or, as the case may be, a Basket Component. Neither the Issuer nor any of its affiliates is restricted from selling, pledging or otherwise conveying all right, title and interest in any shares or any derivatives contracts linked to the shares by virtue solely of it having issued the Securities.

No registration in the register of members in the case of physical delivery of Registered Shares

If the share used as the Underlying or, as the case may be, a Basket Component is a share that is registered in the name of the holder or if the shares contained in an Underlying (e.g. in an index or a Basket) are registered in the name of the holder (each a "**Registered Share**"), and if the Issuer is obliged, as specified in the applicable Conditions of the Securities, to physically deliver these shares to the investor in accordance with the Conditions of the Securities, the rights under the shares (e.g. participation in the annual general meeting and exercise of voting rights) may only be exercised by shareholders that are registered in the register of members or a comparable official shareholder register of the issuer of such Registered Shares. In the case of Registered Shares, any obligation incumbent upon the Issuer to deliver the shares is limited solely to the provision of the shares in a form and with features that allow for stock-exchange delivery and does not cover entry into the register of members. In such cases, any claims due to non-performance, in particular reversal of the transaction or damages, are excluded.

Currency risks

In case of investments of the company, the shares of which are used as the Underlying or, as the case may be, a Basket Component, being denominated in currencies other than the currency in which the share value is calculated, certain additional correlation risks may apply. These correlation risks depend on the degree of dependency of currency fluctuations of the relevant foreign currency to the currency in which the share value is calculated. Hedging transactions, if any, of the company may not exclude these risks.

Issuer's conflicts of interest with regard to the Shares

It is possible that the Issuer or any of its affiliates hold shares in the company which has issued the Underlying or, as the case may be, the Basket Component which may result in conflicts of interest. The Issuer and any of its affiliates may also decide not to hold the Underlying or, as the case may be, a Basket Component, or not to conclude any derivative contracts linked to the share. Neither the Issuer nor any of its affiliates are limited in selling, pledging or otherwise assigning rights, claims and holdings regarding the Underlying or, as the case may be, the Basket Component or any derivative contracts relating to the Underlying or, as the case may be, the Basket Component solely based on the fact that the Securities were issued.

In case of a **certificate representing shares as the Underlying or a Basket Component**, as the case may be, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

potential investors should consider the following **risks specifically related to certificates representing shares as Underlying or a Basket Component**, as the case may be:

Similar risks to a direct investment in certificates representing shares and the Underlying Shares respectively

The level of the Redemption Amount is determined by reference to the price of the certificate representing shares used as the Underlying or, as the case may be, a Basket Component. A certificate representing shares represents shares of a stock corporation (each a “**Underlying Share**”) and, as such, mirrors the performance of these Underlying Shares. Consequently, any investment in the Securities is, to a certain extent, subject to market risks similar to a direct investment in the certificate representing shares and the Underlying Shares respectively.

Potential investors should, as a result, also consider the **risks specifically related to shares as Underlying or a Basket Component**, as the case may be, related to the Underlying Shares when investing in the Securities.

In case of a **non-equity security as the Underlying or a Basket Component, as the case may be**, as specified in the applicable Product Terms in the definition of “Underlying”,

potential investors should consider the following risks **specifically related to non-equity securities as Underlying or a Basket Component**, as the case may be:

Similar risks to a direct investment in non-equity securities

The level of the Redemption Amount is determined by reference to the price of the non-equity security used as the Underlying or, as the case may be, a Basket Component. Consequently, any investment in the Securities is, to a certain extent, subject to market risks similar to a direct investment in the non-equity security.

Market Price Developments

The market price development of Securities using non-equity securities as the Underlying or, as the case may be, a Basket Component depends on the development of the non-equity securities which are subject to influences outside of the Issuer's sphere of influence, such as the risk that the issuer of the non-equity securities becoming insolvent or that the market price is subject to considerable fluctuations.

No endorsement of the issuer

Securities with non-equity securities used as the Underlying or, as the case may be, a Basket Component are not in any way sponsored, endorsed, sold or promoted by the issuer of the underlying non-equity securities and such issuer makes no warranty or representation whatsoever, express or implied, as to the future performance of the non-equity securities. Furthermore, the issuer of the non-equity securities used as the Underlying or, as the case may be, a Basket Component does not assume any obligations to take the interest of the Issuer of the Securities or those of the Securityholders into consideration for any reason. None of the issuers of the underlying non-equity securities are responsible for, and have participated in, the determination of the timing of, prices for or quantities of, the Securities.

In case of a **precious metal or commodity as the Underlying or a Basket Component, as the case may be**, as specified in the definition of “Underlying” contained in the section “Product Terms” of the relevant Final Terms,

potential investors should consider the following risks **specifically related to precious metals or commodities as Underlying or a Basket Component**, as the case may be:

Similar risks to a direct investment in the precious metals or commodities

An investment in Securities using precious metals or commodities as the Underlying or, as the case may be, a Basket Component may bear similar risks to a direct investment in the relevant underlying commodity(ies) or precious metal(s). Commodities (e.g. oil, gas, wheat, corn) and precious metals (e.g. gold, silver) are traded mainly on specialised exchanges or directly among market participants (over the counter). An investment in commodities and precious metals is associated with a greater risk than investments in e.g. bonds, currencies or stocks as prices in this asset category are subject to greater fluctuations (volatility) as trading in commodities and precious metals serves speculative reasons and may be less liquid than e.g. stock markets.

Dependence on the value of the precious metals or commodities

The following factors (which is a non-exhaustive list) may influence commodity and precious metal prices: supply and demand; speculations in the financial markets; production bottlenecks; delivery difficulties; few market participants; production in emerging markets (political disturbances, economic crises); political risks (war, terrorist actions); unfavourable weather conditions; natural disasters.

In cases of precious metals or commodities used as the Underlying, it should be noted that the values are traded 24 hours a day through the time zones of Australia, Asia, Europe and America. This may lead to a determination of different values of the relevant Underlying in different places. **Potential investors of the Securities should, therefore, be aware that a relevant limit, barrier or, as the case may be, threshold, if applicable, described in the Conditions of the Securities, may be reached, exceeded or fallen short at any time and even outside of local or the business hours of the Issuer, the Calculation Agent or the Managers.**

Cartels and regulatory changes

A number of companies or countries producing commodities and precious metals have formed organisations or cartels to control the offer and thus influence prices. On the other hand, the commodities and precious metals trade is subject to regulatory supervision or market rules the application of which may also have negative impacts on the pricing of the precious metals concerned.

Limited liquidity

Many commodities and precious metals markets are not particularly liquid and may therefore not be able to react swiftly and in a sufficient manner to changes to the offer or demand side. In case of a low liquidity, speculative investments of individual market participants may result in distorted prices.

Political risks

Precious metals are often extracted in emerging markets and acquired by industrialised nations. The political and economic situation of emerging markets, however, is less stable than in the industrialised nations. They are more likely to face risks of quick political change or cyclical downturns. Political crises may unsettle the confidence of Securityholders which, in turn, may affect the prices of the goods. Acts of war or conflicts may change the offer and demand sides of specific precious metals. It is also possible that industrialised nations lay an embargo on the import or export of precious metals and services which may directly or indirectly affect the price of a precious metal used as the Underlying or, as the case may be, a Basket Component.

In case of an **index as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

potential investors should consider the following risks **specifically related to indices as Underlying or a Basket Component**, as the case may be:

Similar risks to a direct investment in the index components

The market price of the Securities with an index used as the Underlying or, as the case may be, a Basket Component depends on the performance of the index. The performance of the index is subject to the performance of the components of the respective index. Accordingly, an investment in Securities with an index used as the Underlying or, as the case may be, Basket Component may bear similar risks to a direct investment in the index components.

Dependence on the value of the index components

The value of the index will be calculated on the basis of the value of its components. Changes to the prices of the index components, the composition of the index as well as other factors which (may) affect the value of the index components, will also affect the value of the Securities which are linked to the relevant index and may thus affect the return on any investment in such Securities. Fluctuations in the value of an index component may be set-off or enhanced by fluctuations in the value of other index components. The historic performance of the index does not constitute a guarantee of its future performance. An index used as the Underlying or, as the case may be, a Basket Component might not be available during the full term of the Securities, might be exchanged or continued to be calculated by the Issuer itself. In such or other cases as mentioned in the Conditions of the Securities, the Issuer is in accordance with the Conditions entitled to terminate the Securities.

It is possible that the Index used as Underlying or, as the case may be, a Basket Component only reflects the performance of assets in certain countries or certain industry sectors. In that case, the Securityholders are facing concentration risks. In case of unfavourable economic developments in a country or with regard to one industry sector such development may have negative impacts for the Securityholder. If several countries or sectors are represented in one index, it is possible that these are weighted in an uneven manner. This means that an unfavourable development in a country or one industry sector with high weighting in the index will affect the value of the index in an unproportionately negative manner.

Securityholders should be aware that selecting an index is not based on the expectations or evaluations of the Issuer or the Calculation Agent with regard to the future performance of the selected index. Securityholders should therefore assess the future performance of an index based on their own knowledge and the information available to them.

Influence of the Issuer or the index sponsor on the index

If the Issuer or any of its affiliates is not the index sponsor, the index composition of the respective index as well as the method of calculating the index is determined by the index sponsor alone or in cooperation with other entities. In this case, the Issuer has no influence on the composition or method of calculating the index. An amendment of the index composition may have an adverse impact on its performance. If, after an amendment by the index sponsor, the index is no longer comparable to the original index the Issuer has the right to adjust or terminate the Securities, if so specified in the Final Terms. Such an adjustment or termination may lead to losses for the Securityholders.

In accordance with the relevant index rules, the index sponsor may be entitled to make changes to the composition or calculation of the index, which may have a negative effect on the performance of the Securities, or to permanently discontinue the calculation and publication of the index used as the Underlying or, as the case may be, a Basket Component without issuing a successor index.

If the Issuer or any of its affiliates is not the index sponsor, Securities with an index as Underlying are not in any way sponsored, endorsed, sold or promoted by the index sponsor. Such index sponsor makes no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of the index or the value at which the index stands at any particular time. Such an index is determined, composed and calculated by its respective index sponsor, without regard to the Issuer or the Securities. Such an index sponsor is not responsible or liable for the Securities to be issued, the administration, marketing or trading of the Securities.

If the Issuer or any of its affiliates acts as index sponsor or as index calculation agent, conflicts of interests may arise, since any calculation and/or determination of the index sponsor or as index calculation agent has immediate impact on the amount payable under the Securities.

Potential investors in the Securities should furthermore be aware that the Issuer is in case that the calculation and/or publication of the index used as the Underlying is permanently discontinued, pursuant to the Conditions of the Securities, entitled to terminate and redeem the Securities in total prior to the scheduled maturity of the Securities.

Risks associated with new or notcustomary indices

Using a not customary or new index as Underlying or, as the case may be, Basket Component may involve a lower level of transparency as regards the composition, continuation and calculation of the index than using a customary index accepted in the financial markets would. Information concerning a not customary index may be less readily available and the composition of such an index may depend much more on subjective criteria than the composition of a customary index would.

Potential investors should be aware that each of these risks may have a material adverse effect on the level or availability of the index and consequently on the value of the Securities.

Adverse effect of fees on the index

An index used as the Underlying or, as the case may be, a Basket Component may in accordance with its index rules include fees (e.g. calculation fees or fees related to changes in the composition of the Index), which are taken into account when calculating the level of the Index. As a result, any of these

index fees reduce the level of the index and have an adverse effect on the index and on any amounts to be paid under the Securities.

Dividends are not taken into account / price index

If the index used as the Underlying or, as the case may be, a Basket Component is calculated as a so-called price index, dividends or other distributions, if any, that are paid out from the index components are not taken into account when calculating the level of the index and may have a negative impact on the price of the index, because the index components will be traded at a discount after the pay-out of dividends or distributions. Thus, Securityholders generally do not participate in any dividends or other distributions paid out or made on components contained in the index used as an Underlying or, as the case may be, as a Basket Component.

Risks in relation to the comparison of the performance of a price index and a performance or total return index

If, for the calculation or specification of amounts payable under the Securities, the performance of a price index is compared with the performance of a total return index potential investors should note that the calculation of the price index does – in contrast to a total return index – not take into account dividends or other distributions, if any, that are paid out from the index components. As a result, the performance of a total return index will - compared to the performance of a price index – always look more positive than the performance of the price index.

The basis of calculating the price of the Underlying or, as the case may be, the Basket Component may change during the term of the Security

The basis of calculating the price of the index used as the Underlying or, as the case may be, a Basket Component or of the index components may vary during the term of the Securities and may negatively affect the market value of the Securities.

Risk of country or sector related indices

If an index used as the Underlying or, as the case may be, a Basket Component reflects the performance only of assets in some countries or industries, this index is affected disproportionately negative in case of an unfavourable development in such a country or sector.

Currency exchange risk contained in the index

Index components may be listed in a different currency and therefore be exposed to different currency influences (this applies particularly for country or sector related indices). Also, it is possible that index components are converted first from one currency to the currency which is relevant for the calculation of the index only to then have to be converted again in order to calculate or specify an amount payable under the Securities. In such cases, Securityholders bear several currency risks, which may not be clearly recognisable for Securityholders.

Adverse effect of fees on the index level

If the index composition, specified in the relevant description of the index, changes, fees may arise, which reduce the level of the index used as the Underlying or, as the case may be, a Basket Component. This may have a negative effect on the performance of the index and on the amounts to be paid under the Securities. In case of indices which reflect certain markets or industry sectors by using certain derivative financial Securities, this may lead to higher fees and thus lower performance of the index than in case of a direct investment in these markets or industry sectors.

Publication of the index composition not constantly updated

Some index sponsors publish the composition of the relevant indices not completely or only after a time lag on a website or in other media specified in the Final Terms. In this case the composition shown might not always be the current composition of the respective index used for calculating the Securities. The delay may be substantial, may under certain circumstances last several months and the calculation of the Securities may be negatively affected.

In case of the **UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or a Basket Component, as the case may be**, as specified in the definition of “Underlying” contained in the section “Product Terms” of the relevant Final Terms,

potential investors should consider the following risks **specifically related to the UBS Multi Asset Portfolio T10 Total Return Index as Underlying or a Basket Component**, as the case may be:

Rules-Based Index

The UBS Multi Asset Portfolio T10 Total Return Index operates on the basis of predetermined rules. Accordingly, potential investors in Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component should determine whether those rules are appropriate in light of their individual circumstances and investment objectives.

No assurance can be given that the algorithm on which the UBS Multi Asset Portfolio T10 Total Return Index is based will be successful or that the UBS Multi Asset Portfolio T10 Total Return Index will outperform any alternative algorithm that might be employed.

Equity market risks may affect the market value of the UBS Multi Asset Portfolio T10 Total Return Index and the Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component.

Because the components of the UBS Multi Asset Portfolio T10 Total Return Index include equity securities, UBS expects that the UBS Multi Asset Portfolio T10 Total Return Index will fluctuate in accordance with changes in the financial condition of the relevant issuer(s) of the component stocks of the components of the UBS Multi Asset Portfolio T10 Total Return Index, the value of common stocks generally and other factors. The financial condition of the issuer(s) of the components of the UBS Multi Asset Portfolio T10 Total Return Index may become impaired or the general condition of the equity market may deteriorate, either of which may cause a decrease in the level of the UBS Multi Asset Portfolio T10 Total Return Index. Common stocks are susceptible to general equity market fluctuations, to speculative trading by third parties and to volatile increases and decreases in value as market confidence in and perceptions regarding the security or securities comprising the components of the UBS Multi Asset Portfolio T10 Total Return Index change. Investor perceptions regarding the issuer of an equity security comprising the components of the UBS Multi Asset Portfolio T10 Total Return Index are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic, and banking crises.

The UBS Multi Asset Portfolio T10 Total Return Index is not actively managed.

The UBS Multi Asset Portfolio T10 Total Return Index operates in accordance with a predetermined methodology and formulae, and the sponsor of the UBS Multi Asset Portfolio T10 Total Return Index exercises discretion in limited situations. The UBS Multi Asset Portfolio T10 Total Return Index is, therefore, not managed. The sponsor of the UBS Multi Asset Portfolio T10 Total Return Index is not acting as an investment adviser or performing a discretionary management role with respect to the UBS Multi Asset Portfolio T10 Total Return Index and, as a result, has no fiduciary duty to any person in respect of the UBS Multi Asset Portfolio T10 Total Return Index.

Commodity prices may change unpredictably, affecting the value of the UBS Multi Asset Portfolio T10 Total Return Index in unforeseeable ways.

Trading in futures contracts on physical commodities, including trading in certain components of the UBS Multi Asset Portfolio T10 Total Return Index (which are subindices composed of commodity futures contracts), is speculative and can be extremely volatile. Market prices of such components of the UBS Multi Asset Portfolio T10 Total Return Index, the underlying futures contracts and the underlying physical commodities may fluctuate rapidly based on numerous factors, including changes in supply and demand relationships (whether actual, perceived, anticipated, unanticipated or unrealized); weather; agriculture; trade; fiscal, monetary and exchange control programs; domestic and foreign political and economic events and policies; disease; pestilence; technological developments; changes in interest rates, whether through governmental action or market movements; and monetary and other governmental policies, action and inaction. The current or “spot” prices of the underlying physical commodities may also affect, in a volatile and inconsistent manner, the prices of futures contracts in respect of the relevant physical commodity. These factors may affect the value of the UBS Multi Asset Portfolio T10 Total Return Index, and different factors may cause the prices of the

components of the UBS Multi Asset Portfolio T10 Total Return Index, and the volatilities of their prices, to move in inconsistent directions at inconsistent rates.

Influence of Interest Rates

The components of the UBS Multi Asset Portfolio T10 Total Return Index are affected in changes in interest rates of the relative currencies and such movements would affect the performance of the UBS Multi Asset Portfolio T10 Total Return Index. Market prices of the components of the UBS Multi Asset Portfolio T10 Total Return Index, the underlying futures contracts and the underlying physical bonds may fluctuate due to volatility and trends in the interest rates markets based on numerous factors, including (but not limited to) investors perception of quality of the bond issuer; fiscal, monetary and exchange control programs; domestic and foreign political and economic events and policies; governmental action or market movements; and monetary and other governmental policies. These factors may affect the value of the UBS Multi Asset Portfolio T10 Total Return Index, and different factors may cause the prices of the components of the UBS Multi Asset Portfolio T10 Total Return Index, and the volatilities of their prices, to move in inconsistent directions at inconsistent rates.

Influence of Currency Exchange Rates

The components of the UBS Multi Asset Portfolio T10 Total Return Index may be denominated in currencies different from the currency of the UBS Multi Asset Portfolio T10 Total Return Index, and even if the components of the UBS Multi Asset Portfolio T10 Total Return Index are currency-hedged, some residual currency exposure could affect the performance of the UBS Multi Asset Portfolio T10 Total Return Index. Furthermore, Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component may also be denominated in currencies different from the currency of the UBS Multi Asset Portfolio T10 Total Return Index. An unfavourable performance of such currencies in relation to the currency of the UBS Multi Asset Portfolio T10 Total Return Index may have an adverse effect on the level calculated for the UBS Multi Asset Portfolio T10 Total Return Index at any given time or the value of the Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component (if such Securities are not currency-hedged).

Securityholders have no rights in the property, nor shareholder rights in any of the security or securities comprising the components of the UBS Multi Asset Portfolio T10 Total Return Index.

The UBS Multi Asset Portfolio T10 Total Return Index is purely synthetic. The exposure to each component of the UBS Multi Asset Portfolio T10 Total Return Index is purely notional and will exist only in the records held by the sponsor of the UBS Multi Asset Portfolio T10 Total Return Index. Investing in Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component will not make Securityholders holders of the security or securities comprising the components of the UBS Multi Asset Portfolio T10 Total Return Index. Neither the Securityholders nor any other holder or owner of the Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component will have any voting rights, any right to receive dividends or other distributions, or any other rights with respect to any property or securities of any issuer or with respect to any security or securities comprising the components of the UBS Multi Asset Portfolio T10 Total Return Index.

UBS obtained the information about the issuer of any securities comprising the components of the UBS Multi Asset Portfolio T10 Total Return Index from public sources.

UBS has derived all information about the issuer of the security or securities comprising any component of the UBS Multi Asset Portfolio T10 Total Return Index from publicly available documents. UBS has not participated and will not participate in the preparation of any of those documents. Nor has UBS made or will make any "due diligence" investigation or any inquiry with respect to the sponsor or issuer of the security or securities comprising any component of the UBS Multi Asset Portfolio T10 Total Return Index in connection with the maintenance of the UBS Multi Asset Portfolio T10 Total Return Index. UBS does not make any representation that any publicly available document or any other publicly available information about the issuer of the security or securities comprising any component of the UBS Multi Asset Portfolio T10 Total Return Index is accurate or complete. Furthermore, UBS does not know whether all events occurring before the date of this Prospectus, including events that would affect the accuracy or completeness of the publicly available documents referred to above or the level, value or price of any component of the UBS Multi Asset Portfolio T10 Total Return Index, have been publicly disclosed. Subsequent disclosure of any events of this kind or the disclosure of or failure to disclose

material future events concerning the issuer of the security or securities comprising any component of the UBS Multi Asset Portfolio T10 Total Return Index could affect the value of the UBS Multi Asset Portfolio T10 Total Return Index, and hence the value of any Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component.

As sponsor of the UBS Multi Asset Portfolio T10 Total Return Index, UBS will have the authority to make determinations that could materially affect the UBS Multi Asset Portfolio T10 Total Return Index in various ways and create conflicts of interest.

UBS is the sponsor of the UBS Multi Asset Portfolio T10 Total Return Index. The sponsor of the UBS Multi Asset Portfolio T10 Total Return Index is responsible for the composition, calculation and maintenance of the UBS Multi Asset Portfolio T10 Total Return Index and the components of the UBS Multi Asset Portfolio T10 Total Return Index. The sponsor of the UBS Multi Asset Portfolio T10 Total Return Index has the discretion in a number of circumstances to make judgments and take actions in connection with the composition, calculation and maintenance of the UBS Multi Asset Portfolio T10 Total Return Index and the components of the UBS Multi Asset Portfolio T10 Total Return Index, and any such judgments or actions may adversely affect the value of the Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component. The role played by UBS, as sponsor both of the UBS Multi Asset Portfolio T10 Total Return Index and the components of the UBS Multi Asset Portfolio T10 Total Return Index, and the exercise of the kinds of discretion described above could present it with significant conflicts of interest. The sponsor of the UBS Multi Asset Portfolio T10 Total Return Index has no obligation to take the needs of any buyer, seller or holder of interest in the UBS Multi Asset Portfolio T10 Total Return Index into consideration at any time.

The policies of the sponsor of the UBS Multi Asset Portfolio T10 Total Return Index and changes that affect the composition and the components of the UBS Multi Asset Portfolio T10 Total Return Index could affect the valuation of the UBS Multi Asset Portfolio T10 Total Return Index.

The policies of the sponsor and/or the calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index, as applicable, concerning the calculation of the level of the UBS Multi Asset Portfolio T10 Total Return Index and the values of the components of the UBS Multi Asset Portfolio T10 Total Return Index could affect the level of the UBS Multi Asset Portfolio T10 Total Return Index.

The sponsor and/or the calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index, as applicable, may modify the methodology for calculating the level of the UBS Multi Asset Portfolio T10 Total Return Index and the values of the components of the UBS Multi Asset Portfolio T10 Total Return Index. In addition under a number of circumstances the sponsor and/or the calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index, as applicable, may make certain changes to the way in which the UBS Multi Asset Portfolio T10 Total Return Index or any of the components of the UBS Multi Asset Portfolio T10 Total Return Index is calculated. The sponsor of the UBS Multi Asset Portfolio T10 Total Return Index may also discontinue or suspend calculation or publication of the UBS Multi Asset Portfolio T10 Total Return Index or any of the components of the UBS Multi Asset Portfolio T10 Total Return Index, in which case it may become difficult to determine the market value of the UBS Multi Asset Portfolio T10 Total Return Index. Any such changes could adversely affect the value of Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component.

If the level of the UBS Multi Asset Portfolio T10 Total Return Index cannot be calculated for any reason, the calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index may be required to make, in its sole discretion and acting in good faith, an estimate of the level of the UBS Multi Asset Portfolio T10 Total Return Index.

Use of leverage can amplify losses and gains on Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component

Because the UBS Multi Asset Portfolio T10 Total Return Index exposure will be based upon the performance of one or more reference assets multiplied by a leverage factor which can be over 100 per cent. or 1.00, the purchaser may participate disproportionately in any positive performance and/or may have a disproportionate exposure to any negative performance of the reference assets. Due to this leverage effect, the Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the

Underlying or, as the case may be, a Basket Component represent a very speculative and risky form of investment since any loss in the value of the reference assets carries the risk of a correspondingly higher loss.

The historical or hypothetical performance of the UBS Multi Asset Portfolio T10 Total Return Index or any component of the UBS Multi Asset Portfolio T10 Total Return Index is not an indication of future performance.

The historical or hypothetical performance of the UBS Multi Asset Portfolio T10 Total Return Index or any component of the UBS Multi Asset Portfolio T10 Total Return Index should not be taken as an indication of the future performance of the UBS Multi Asset Portfolio T10 Total Return Index or any component of the UBS Multi Asset Portfolio T10 Total Return Index. It is impossible to predict whether the future level, value or price of the UBS Multi Asset Portfolio T10 Total Return Index or any component of the UBS Multi Asset Portfolio T10 Total Return Index will fall or rise. Past fluctuations and trends in the UBS Multi Asset Portfolio T10 Total Return Index or any component of the UBS Multi Asset Portfolio T10 Total Return Index are not necessarily indicative of fluctuations or trends that may occur in the future.

Changes to a component of the UBS Multi Asset Portfolio T10 Total Return Index may affect the value of the Index.

Where a given component of the UBS Multi Asset Portfolio T10 Total Return Index ceases to exist or is no longer tradable, as determined by the sponsor and/or calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index in good faith, including where UBS and its affiliates would be prevented from entering into transactions in respect of components of a given component of the UBS Multi Asset Portfolio T10 Total Return Index by any applicable law or regulation, or where any constituent security of any component of the UBS Multi Asset Portfolio T10 Total Return Index is delisted, becomes insolvent or bankrupt, is the target of a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity that results in such entity or person purchasing, or otherwise obtaining, or having the right to obtain, by conversion or other means, greater than ten percent (10%) and less than one hundred percent (100%) of its outstanding shares, is subject to a merger or does not have its net asset value published by its management company for more than a short period of time which has a material effect on its shares, in each case as determined by the sponsor or calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index or sponsor of the component of the UBS Multi Asset Portfolio T10 Total Return Index, the sponsor and/or calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index may (but is not obliged to) substitute another component of the UBS Multi Asset Portfolio T10 Total Return Index (including without limitation one for which UBS or one of its affiliates is the sponsor or involved in the creation thereof) for the original one where it considers in good faith that a similar alternative is available. If the sponsor and/or calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index do not select any substitute component of the UBS Multi Asset Portfolio T10 Total Return Index, the component of the UBS Multi Asset Portfolio T10 Total Return Index in question will be assigned a zero weight in the Index. Any such substitution or assignment could alter the exposure provided by the UBS Multi Asset Portfolio T10 Total Return Index and materially affect the performance and value of the UBS Multi Asset Portfolio T10 Total Return Index.

Termination or Suspension of the UBS Multi Asset Portfolio T10 Total Return Index.

The calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index is under no obligation to continue the calculation, publication and dissemination of the UBS Multi Asset Portfolio T10 Total Return Index. The UBS Multi Asset Portfolio T10 Total Return Index may be terminated or temporarily suspended at any time. Should the UBS Multi Asset Portfolio T10 Total Return Index cease to exist, this may have a negative impact on the return on any investment in Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component.

Amendment or Modification to the Index

The Index may be amended, modified or adjusted from time to time by the Index Sponsor and/or the Index Calculation Agent, as applicable. Any such amendment may have an adverse effect on the level of the Index and may be made without the consent of investors in Index Products. The Index Calculation Agent shall apply the method described in this Index Manual for the composition and calculation of the Index. However it cannot be excluded that the market environment, supervisory, legal, financial or tax reasons may require changes to be made to this method. The Index Calculation Agent may also make changes to the terms and conditions of the Index and the method applied to

calculate the Index, which he deems to be necessary and desirable in order to prevent obvious or demonstrable error or to remedy, correct or supplement incorrect terms and conditions. Notice of such amendments shall be provided on the Bloomberg Page.

Index Calculation Agent and Index Sponsor Discretion

The UBS Multi Asset Portfolio T10 Total Return Index confers on the calculation agent and the sponsor of the UBS Multi Asset Portfolio T10 Total Return Index, as applicable, discretion in making certain determinations, calculations and corrections from time to time. Although any such determinations, calculations and corrections must be made by the sponsor and/or calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index, as applicable, in good faith, the exercise of such discretion in the making of calculations and determinations may adversely affect the performance of the Index. Any such determination by the sponsor and/or the calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index, as applicable, will be, in the absence of manifest error, final, conclusive and binding. The calculation agent and the sponsor of the UBS Multi Asset Portfolio T10 Total Return Index shall determine whether any such correction shall apply retrospectively or from the relevant date forward.

The role played by UBS, as calculation agent and sponsor of the UBS Multi Asset Portfolio T10 Total Return Index and the exercise of the kinds of discretion described above and could present it with significant conflicts of interest in light of the fact that UBS, of which the calculation agent and sponsor of the UBS Multi Asset Portfolio T10 Total Return Index are a division, is the issuer of products linked to the UBS Multi Asset Portfolio T10 Total Return Index. The calculation agent or sponsor of the UBS Multi Asset Portfolio T10 Total Return Index has no obligation to take the needs of any buyer, seller or holder of Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component into consideration at any time.

Change of Index Sponsor and Index Calculation Agent

The sponsor of the UBS Multi Asset Portfolio T10 Total Return Index may without the consent of investors in Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component replace the calculation agent of the UBS Multi Asset Portfolio T10 Total Return Index at its discretion, and furthermore, may also designate a successor index sponsor at its discretion – in case of such replacement, any reference to the “calculation agent” and/or the “index sponsor” shall be construed as a reference to the successor calculation Agent and the successor sponsor of the UBS Multi Asset Portfolio T10 Total Return Index, respectively.

Fees and Costs

The level of the UBS Multi Asset Portfolio T10 Total Return Index will be reduced by the accumulated management fees of 0.5% per annum and may be reduced by the borrowing cost for borrowed amounts. There will be a rebalancing cost of 0.08% on each rebalancing date. Prospective investors should understand that such fees and costs may have a material effect on the level of the UBS Multi Asset Portfolio T10 Total Return Index.

Simulated history

As limited historical performance data exist with respect to the Index, any Securities using the UBS Multi Asset Portfolio T10 Total Return Index as the Underlying or, as the case may be, a Basket Component which is linked to the UBS Multi Asset Portfolio T10 Total Return Index may involve greater risk than an exposure linked to indices or strategies with a proven track record. The UBS Multi Asset Portfolio T10 Total Return Index will be first calculated on or around the commencement date of the UBS Multi Asset Portfolio T10 Total Return Index and therefore lacks historical performance. All such retrospective closing levels are simulated and must be considered hypothetical and illustrative only.

The actual performance of the UBS Multi Asset Portfolio T10 Total Return Index may be materially different from the results presented in any simulated history relating to the UBS Multi Asset Portfolio T10 Total Return Index. Past performance should not be considered indicative of future performance.

In case of a **not exchange traded fund unit as the Underlying or a Basket Component, as the case may be**, as specified in the definition of “Underlying” contained in the section “Product Terms” of the relevant Final Terms,

potential investors should consider the following risks **specifically related to not exchange traded fund units as Underlying or a Basket Component**, as the case may be:

Similar risks to a direct investment in fund units

The level of the Redemption Amount, if any is determined by reference to the price of the fund units used as the Underlying or, as the case may be, a Basket Component. Consequently, any investment in the Securities is, to a certain extent, subject to market risks similar to direct investment in the Fund Units. **Potential investors should seek respective advice and familiarise themselves with the specific risk profile of the fund and the category of assets, in which the fund invests, and seek the advice of a professional, if necessary.**

Market risk

Given that reduced market prices or losses in value incurred by the securities or other investments held by the fund used as the Underlying or, as the case may be, a Basket Component, will be reflected in the price of individual fund units, there is a principal risk of a decrease in the unit prices. Even a broad variation and diversification of the fund's investments cannot avoid the risk that a decreasing overall development at certain markets or stock exchanges results in a decrease of fund unit prices.

Illiquid investments

The fund may invest in assets that are illiquid or subject to a minimum holding period. It may therefore be difficult for the fund to sell these assets at a reasonable price or at all if it is forced to do so in order to generate liquidity. The fund may suffer considerable losses if it needs to sell illiquid assets in order to redeem units and selling the illiquid assets is only possible at a very low price. This may negatively affect the value of the fund and thus of the Securities.

Investments in illiquid assets may also result in difficulties when calculating the net asset value of the fund and thus delay distributions in connection with the Securities.

Delayed publication of the net asset value

It may be possible in certain situations that the publication of the net asset value by a fund is delayed. This may result in a delay of the redemption of the Securities and have a disadvantageous effect on the value of the securities, for instance, in case of a negative market development. In addition, Securityholders face the risk that in case of a delayed redemption of the Securities they will be able to reinvest the relevant return only at a later point in time and, maybe at less favourable terms.

Liquidation of a fund

There is the risk that a fund is liquidated during the term of the Securities. In such case, the issuer shall be entitled to modify the relevant Conditions of the Securities accordingly. Such modifications may, in particular, consist of one fund being replaced by another fund. In addition, there is also the possibility of a premature termination of the Securities by the Issuer.

Concentration risks

The fund used as the Underlying or, as the case may be, a Basket Component may in accordance with its fund rules concentrate its assets with a focus on certain countries, regions or industry sectors. This can result in the fund being subject to a higher volatility as compared to funds with a broader diversification as regards countries, regions or industry sectors. The value of investments in certain sectors, countries or regions may be subject to strong volatility within short periods of time. This also applies to funds focusing their investments on certain asset classes such as commodities. Funds investing their assets in less regulated, small and exotic markets, are subject to certain further risks. Such risks may include the risk of government interventions resulting in a total or partial loss of assets or of the ability to acquire or sell them at the fund's discretion. Such markets may not be regulated in a manner typically expected from more developed markets. If a fund concentrates its assets in emerging markets, this may involve a higher degree of risk as exchanges and markets in these emerging market countries or certain Asian countries such as Indonesia may be subject to stronger volatility than exchanges and markets in more developed countries. Political changes, foreign currency exchange restrictions, foreign exchange controls, taxes, restrictions on foreign investments and repatriation of invested capital can have a negative impact on the investment result and therefore the value of the Fund Units in the fund.

Currency risks

In case of the investments of the fund used as the Underlying or, as the case may be, a Basket Component being denominated in different currencies or in case of the investment and the Fund Units being denominated in a currency other than the currency in which the net asset value is calculated,

certain additional correlation risks may apply. These correlation risks depend on the degree of dependency of currency fluctuations of the relevant foreign currency to the currency in which the net asset value is calculated. Hedging transactions, if any, of the fund may not exclude these risks.

Markets with limited legal certainty

The fund used as the Underlying or, as the case may be, a Basket Component may invest in markets with a low legal certainty and will then be subject to additional risks, such as the risk of reliable governmental measures, which may entail a loss in the fund's value.

Dependence on investment manager

The performance of the fund used as the Underlying or, as the case may be, a Basket Component depends on the performance of the investments chosen by the investment manager in order to implement the applicable investment strategy. In practice, the fund's performance strongly depends on the expertise of the investment manager responsible for making the investment decisions. If such investment manager leaves the fund or is replaced, this may result in losses and/or a liquidation of the fund concerned.

The investment strategies, the investment restrictions and investment objectives of a fund may allow for considerable room for an investment manager's discretionary decision when investing the relevant assets and no warranty can be given that the investment manager's investment decisions will result in profits or that these constitute an effective hedging against market or other risks. No warranty can be given that the fund will be able to successfully implement its investment strategy as outlined in its documentation. It is therefore possible that, despite funds with a similar investment strategy experiencing a positive performance, the performance of the fund underlying the Securities (and thus the Securities) undergo a negative development.

Conflicts of interest

In the operation of the fund used as the Underlying or, as the case may be, a Basket Component certain conflicts of interest may arise that can have negative impact on the fund's performance. For persons involved in the fund management or advisory activities in relation to the fund conflicts of interest can arise from retrocessions or other inducements. In addition, persons involved in the fund management or advisory activities to the fund or their employees may provide services such as management, trading or advisory services for third parties at the same time. Although they will usually aim to distribute the investment opportunities equally to their clients, the fund portfolio and portfolios of other clients may differ even if their investment objectives are similar. Any of these persons might be induced to allocate lucrative assets first to a portfolio involving the highest fees. Persons providing management, trading or advisory services to the fund may make recommendations or enter into transactions which are different to those of the fund or may even compete with the fund.

Fees on different levels

Fees charged by the fund used as the Underlying or, as the case may be, a Basket may have a significant negative impact on the value of the Fund Units and the net asset value of the fund. Fees charged in relation to a fund can be incurred on different levels. Usually fees, e.g. management fees, are incurred at fund level. In addition, expenses and cost may be incurred when the services of third parties are commissioned in connection with the fund administration. With respect to investments made by the fund, such as investments in other funds or other collective investment vehicles, further charges might be incurred. This may have a negative impact on these investments and, consequently, in the fund's performance.

Performance fees may be agreed upon on the level of the fund. Such fee arrangements can create an inducement to invest assets in a more risk oriented or speculative manner than would be the case if no performance fee arrangement existed. Performance fees may even be incurred where the overall fund performance is negative. Consequently performance fees can be incurred on the level of the fund even if an investment in the Securities results in a loss to the investor.

Limited Supervision

Funds may not be regulated or may invest in investment vehicles that are not subject to supervision. If unregulated funds become subject to supervision, this may negatively impact the value of the Fund, and, consequently, of the Securities.

In case of an **exchange traded fund unit as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

potential investors should consider the following risks **specifically related to exchange traded fund units in an exchange traded fund as Underlying or a Basket Component**, as the case may be:

Similar risks to a direct investment in fund units

The level of the Redemption Amount, if any is determined by reference to the price of so-called exchange traded funds used as the Underlying or, as the case may be, a Basket Component. Consequently, any investment in the Securities is, to a certain extent, subject to market risks similar to direct investment in the Fund Units. **Potential investors should seek respective advice and familiarise themselves with the specific risk profile of the fund and the category of assets, in which the fund invests, and seek the advice of a professional, if necessary.**

Concept of an Exchange Traded Fund; Listing

An exchange traded fund ("ETF" or the "Fund") is a fund managed by a domestic or non-domestic management company or, as the case may be, an estate organised as a corporate fund, whose fund units ("Fund Units") are listed on a securities exchange. There is the risk that such admission or listing will not be maintained during the whole life of the Securities. In addition, a listing does not imply that the Fund Units are liquid at any time and, hence, may be sold via the securities exchange at any time, since trading in the securities exchange may be suspended in accordance with the relevant trading rules.

Pricing Factors; Use of Estimates

The price of the ETF used as the Underlying or, as the case may be, a Basket Component mainly depends in the price per unit of the ETF and, consequently, on the aggregate value of assets held by the ETF less any liabilities, so-called net asset value. Any negative performance or losses of the securities or other investments made by the Fund for the purposes of replicating the performance of a benchmark (*cf.* below "Replication of the performance of a benchmark; tracking error") will result in a loss of the Fund and a decline in the value of the Fund Units. Even a broad spread of its investments and a strong diversification of the Fund's investments cannot exclude the risk that any negative development on certain markets or exchanges will lead to a decline in the price per unit of the ETF.

As ETFs generally calculate their net asset value on a daily basis only, the price of the ETF as continuously published by the securities exchange is usually based on the estimated net asset values. These estimates may differ from the final net asset value as subsequently published by the Funds. Therefore, the general risks during trading hours exists that the performance of the ETF and of its actual Net Asset Value may deviate.

Replication of the performance of a benchmark; tracking error

ETFs are designed to replicate as closely as possible the performance of an index, basket or specific single assets (each an "ETF-Benchmark"). However, the ETF conditions can allow an ETF-Benchmark to be substituted. Therefore, an ETF might not always replicate the original ETF-Benchmark.

For the purpose of tracking an ETF-Benchmark, ETFs can use full replication and invest directly in all components comprised in the ETF-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 ETF-Benchmark. There is the risk that the performance of the ETF differs from the performance of the ETF-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 ETF-Benchmark and its components. In case that the underlying ETF-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 an ETF-Benchmark typically entails further risks:

- An ETF using a full replication technique for tracking the performance of the ETF-Benchmark may not be able to acquire all components of that ETF-Benchmark or sell them at reasonable prices. This can affect the ETF's ability to replicate the ETF-Benchmark and may have a negative effect on the ETF's overall performance.
- ETFs using swaps for synthetic replication of the ETF-Benchmark may be exposed to the risk of a default of their swap counterparties. ETFs might retain substituting contractual rights in case of default of the swap counterparty. However, there is the risk that the ETF does not receive or not receive the full amount due to it if the Swap counterparty were not in default.
- ETFs replicating the ETF-Benchmark using sampling techniques (i.e. not using full replication and without using swaps) may create portfolios of assets which are not ETF-Benchmark components at all or do only comprise some components of the ETF-Benchmark. Therefore, the risk profile of such ETF is not necessarily consistent with the risk profile of the ETF-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 ETF-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 ETF-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 ETF-Benchmark may not be denominated in the fund's base currency. If the ETF-Benchmark is converted into the ETF currency in particular for determining fees and costs, currency exchange rate fluctuations may have a negative impact on the value of the Fund Units in the ETF.

Fees on different levels

Fees charged by the ETF may have a significant negative impact on the value of the Fund Units and the net asset value of the ETF. Fees charged in relation to an ETF can be incurred on different levels. Usually fees, e.g. management fees, are incurred at fund level. In addition, expenses and cost may be incurred when the services of third parties are commissioned in connection with the fund administration. With respect to investments made by the ETF, such as investments in other funds or other collective investment vehicles, further charges might be incurred. This may have a negative impact on these investments and, consequently, in the ETF's performance.

Performance fees may be agreed upon on the level of the ETF. Such fee arrangements can create an inducement to invest assets in a more risk oriented or speculative manner than would be the case if no performance fee arrangement existed. Performance fees may even be incurred where the ETF underperforms the ETF-Benchmark. Even if the ETF outperforms its ETF-Benchmark, performance fees might be triggered even though the overall fund performance is negative (for example where the ETF-Benchmark's performance is negative). Consequently performance fees can be incurred on the level of the ETF even if an investment in the Securities results in a loss to the investor.

Limited Supervision

Funds may not be regulated or may invest in investment vehicles that are not subject to supervision. If unregulated funds become subject to supervision, this may negatively impact the value of the Fund, and, consequently, of the Securities.

In case of a **futures contract as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

potential investors should consider the following risks **specifically related to futures contracts as Underlying or a Basket Component**, as the case may be:

Similar risks to a direct investment in futures contracts

The level of the Redemption Amount, if any is determined by reference to the price of the futures contract used as the Underlying or, as the case may be, a Basket Component. Consequently, any investment in the Securities is, to a certain extent, subject to market risks similar to direct investment in the futures contract.

Futures contracts are standardised transactions

Futures contracts used as the Underlying or, as the case may be, a Basket Component are standardised transactions relating to financial instruments (e.g. shares, indices, interest rates, currencies) - so-called financial futures- or to commodities and precious metals (e.g. oil, wheat, sugar, gold, silver) - so-called commodities futures.

A futures contract represents a contractual obligation to buy or sell a fixed amount of the underlying commodities, precious metals or financial instruments on a fixed date at an agreed price. Futures contracts are traded on futures exchanges and are standardised with respect to contract amount, type, and quality of the underlying, as well as to delivery locations and dates (where applicable). Futures, however, are normally traded at a discount or premium to the spot prices of their underlying.

Securities with rolling futures contracts as Underlying or, as the case may be, as Basket Component

For the purpose of trading on an exchange, futures contracts are standardised with respect to their term (e.g. 3, 6, 9 months). Futures contracts used as the Underlying or, as the case may be, a Basket Component may have an expiration date different from the term of the Securities. In such a case, the Issuer will replace the underlying futures contract by a futures contract which - except for its expiration date, which will occur on a later date - has the same contract specifications as the initial underlying (the "**Roll-over**"). Such a Roll-over can be repeated several times.

Contango and backwardation

The prices of the longer-term and the shorter-term futures contract used as the Underlying or, as the case may be, a Basket Component can differ even if all other contract specifications are the same. If the prices of longer-term futures contracts are higher than the price of the shorter-term futures contract to be exchanged (so-called contango), the number of futures contracts held is reduced with the Roll-over. Conversely, if the prices of short-term futures are higher (so-called backwardation), the number of futures contracts held is increased with the Roll-over (without taking into account roll-over expenses). In addition, expenses for the roll-over itself are incurred. This may result in a negative effect for the value of the Securities and the redemption.

Replacement or termination

If it is impossible to replace an expiring futures contract with a futures contract with identical features (except for the term to maturity), the Final Terms may provide for replacement with another,

potentially less advantageous, futures contract or termination by the Issuer. Therefore, Securityholder cannot rely on participating in the performance of the original futures contract throughout the entire term of the Securities.

No parallel development of spot price and futures price

Futures prices can differ substantially from the spot price of the underlying financial instrument (e.g. shares, indices, interest rates, currencies) or underlying commodity and precious metal (e.g. oil, wheat, sugar, gold, silver). Moreover, the investor in Securities linked to the futures price of a certain underlying (e.g. financial instrument, commodity or precious metal) must be aware of the fact that the futures price and, accordingly, the value of the Securities does not always move in the same direction or at the same rate as the spot price of such underlying. Therefore, the value of the Securities can fall substantially even if the spot price of the relevant underlying of the futures contract remains stable or rises.

In case of an **interest rate and a reference rate as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

potential investors should consider the following risks **specifically related to interest rates and reference rates as Underlying or a Basket Component**, as the case may be:

Similar risks to a direct investment in interest rates or, as the case may be, reference rates

The level of the Redemption Amount, if any is determined by reference to the price of the interest rate or, as the case may be, reference rate used as the Underlying or, as the case may be, a Basket Component. Consequently, any investment in the Securities is, to a certain extent, subject to market risks similar to direct investment in an interest rate or, as the case may be, a reference rate.

Interest rates and reference rates used as the Underlying or, as the case may be, a Basket Component are determined by offer and demand on the international money and capital markets, which in turn are influenced by economic factors, speculation and interventions by central banks and governments as well as other political factors. The interest rate level on the money and capital markets is often highly volatile. Securityholders are subject to the risk of changing interest rates, because an investment in the Securities linked to an interest rate as the Underlying or, as the case may be, a Basket Component may bear similar market risks to a direct investment in an interest rate.

In case of an **currency exchange rate as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

potential investors should consider the following risks **specifically related to currency exchange rates as Underlying or a Basket Component**, as the case may be:

Securities with currency exchange rates used as the Underlying or, as the case may be, a Basket Component refer to a specific currency or specific currencies. Payments depend on the performance of the underlying currency(ies) and may be substantially less than the amount originally invested by the Securityholder. An investment in Securities linked to currency exchange rates as the Underlying or, as the case may be, a Basket Component may bear similar market risks to a direct investment in the relevant underlying currency(ies). In particular, this will apply if the relevant underlying currency is the currency of an emerging market jurisdiction. Therefore, potential investors should be familiar with foreign exchange rates as an asset class. Furthermore, legal restrictions on the free exchangeability may adversely affect the value of the Securities.

In cases of currency exchange rates used as the Underlying or, as the case may be, a Basket Component, it should be noted that the values are traded 24 hours a day through the time zones of Australia, Asia, Europe and America. **Potential investors of the Securities should, therefore, be aware that a relevant limit or, as the case may be, threshold, if applicable, described in the Conditions of the Securities, may be reached, exceeded or fallen short at any time and even outside of local or the business hours of the Issuer, the Calculation Agent or the Manager.**

D. 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).

The distribution of the Base Prospectus, any Final Terms or any simplified prospectus in case Securities in Switzerland are not publicly distributed by listing them at SIX but by publishing a simplified prospectus pursuant to Article 5 Swiss Federal Act on Collective Investment Schemes (*Collective Investment Scheme Act, "CISA"*) (hereinafter a "**Simplified Prospectus**"), and any offering material relating to the Securities and the offering, sale and delivery of the Securities in certain jurisdictions may be restricted by law. Nobody may use the Base Prospectus or any Final Terms or any Simplified Prospectus for the purpose of an offer or solicitation if in any jurisdiction such use would be unlawful. Persons into whose possession the Base Prospectus or any Final Terms comes are required by the Issuer and the Manager to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Securities and on the distribution of the Base Prospectus or any Final Terms and other offering material relating to the Securities, see "*Subscription and Sale*". In particular, this document may only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the Financial Services and Markets Act 2000 does not apply. Additionally, Securities issued under the Base Prospectus will not be registered under the United States Securities Act of 1933, as amended, and will include Securities in bearer form that are subject to U.S. tax law requirements. Therefore, subject to certain exceptions, Securities may not be offered, sold or delivered within the United States or to U.S. persons.

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.

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 accents 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) and, in the case of a listing of Securities at the SIX

Swiss Exchange Ltd (the “**SIX**”), as required by and in a manner stipulated in the listing rules of the SIX (the “**SIX Listing Rules**”).

3. Third Party Information

Where this Base Prospectus contains information obtained from third parties (e.g. in relation to the rating of the Issuer), the Issuer confirms that 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.

4. 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 Luxembourg (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.

The applicable Final Terms in respect of any Series of Securities will specify whether the Issuer consents to the use of the Base Prospectus together with the relevant Final Terms in connection with a Public 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, if so specified in the relevant Final Terms, other than the Manager, 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 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.

E. 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
- securities, including securities without a denomination which provide for a 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 (including indices composed by the Issuer and other legal entities belonging to the UBS group, where each such index is also referred to as "**Proprietary Index**"), a currency exchange rate, a precious metal, a commodity, an interest rate, a non-equity security, an exchange traded fund unit, a not exchange traded 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.

There are no restrictions on the free transferability of the Securities.

2. Law governing the Securities

The Securities issued by the Issuer are, 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, Republic of 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 depositary for such Clearing System. The depositary on behalf of Euroclear and Clearstream Luxembourg, shall be a common depositary.

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 Central Securities Depositories and Financial Instruments Accounts Act (lag (1998:1479) om centrala värdepappersförvarare och 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 governed by German law, except for the legal effects of the registration of Swedish Securities with Euroclear Sweden.

Securities cleared through Euroclear Finland Ltd

Securities cleared through Euroclear Finland Ltd (“**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 and Settlement (*laki arvo-osuusjärjestelmästä ja selvitystoiminnasta*) and the Finnish Act on Book-Entry Accounts (827/1991) (*laki arvo-osuustileistä*). No physical securities, such as global temporary or permanent securities or definitive securities will be issued in respect of Finnish Securities.

Finnish Securities are 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 registered with Verdipapirsentralen ASA (“**VPS**”) as the relevant Clearing System (also the “**Norwegian Securities**”) are issued in uncertificated and dematerialised book-entry form, and registered with VPS in accordance with the Norwegian 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 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 Capital Markets Act (*Lov om kapitalmarkeder*), as amended and supplemented from time to time, and the Executive Order on Book Entry of Dematerialised Securities in a Central Securities Depository (*Bekendtgørelse om registrering af fondsaktiver i en værdipapircentral (CSD)*), 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 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 Ltd, 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 clearing system 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 two 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 Ltd

Euroclear Finland Ltd ("**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 two 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 Ltd, Urho Kekkosen katu 5 C, FI-00101 Helsinki, Finland.

Verdipapirsentralen ASA

Verdipapirsentralen 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 maintains the shareholder register and records 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.

Settlement of sale and purchase transactions effected by or through members of the Norwegian Securities Settlement System (which is operated by VPS and the Central Bank of Norway) in respect of Securities in the VPS (also the "**Norwegian Securities**") 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, Verdipapirsentralen ASA, P.O. Box 1174 Sentrum, 0107 Oslo, Norway.

VP Securities A/S

VP Securities A/S (“**VP**”) is a Danish limited liability company licensed as a central securities depository (CSD) pursuant to Regulation (EU) No. 909/2014 of the European Parliament and of the Council of 23 July 2014, as amended and supplemented 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 in accordance with market practice at the time of the transaction. Transfers of interests in Danish Securities will take place in accordance with the VP Rules. Secondary market clearance and settlement through Euroclear is possible through depository links established between the VP and Euroclear. Transfers of Danish Securities held in the VP through Clearstream, Germany or Clearstream, Luxembourg are only possible by using an account holding institute linked to the VP.

The address of VP is VP Securities A/S, Weidekampsgade 14, P.O. Box 4040, 2300 Koebenhavn S, 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 as well as any interests, including conflicting ones, of natural and legal persons involved that is material to the issue/offer of the Securities will be set out in the applicable Final Terms.

The Issuer does not intend to provide any post-issuance information.

7. Listing or Trading of the Securities

Application may be made for admission of the Securities to trading on one or more stock exchanges or multilateral trading facilities or markets, including but not limited to the Frankfurt Stock Exchange, the Luxembourg Stock Exchange, the Nasdaq Stockholm, the Nasdaq Helsinki, the Nordic Growth Market NGM AB – NDX (Nordic Derivatives Exchange), the SIX Swiss Exchange and on the platform of the SIX Structured Products Exchange AG. Securities which are neither admitted to trading nor listed on any market may also be issued.

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. In addition, and where applicable, the applicable Final Terms may also state the First Exchange Trading Day, the Last Exchange Trading Day and the Last Exchange Trading Time, as the case may be, and in case of a listing of the Securities at the SIX Swiss Exchange, the relevant SIX Symbol. 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 aggregate amount of the issue, 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.

Unless otherwise specified in the applicable Final Terms, the Securities will be offered to the category of qualified investors within the meaning of the Prospectus Directive as well as non-qualified investors.

The Issuer may grant sales and recurring commissions to distributors related to the amount/number of placed or sold Securities. 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. The applicable Final Terms will state the commissions paid by the Issuer, if any, in particular any underwriting and/or placing fee, selling commission and listing commission.

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 predefined 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. Unless already redeemed, repurchased and/or declared void, any rights conferred by the Securities shall be deemed exercised for the purpose of Art. 2 paragraph 1 m) ii) of the Prospectus Directive on the Maturity Date or, as the case may be, and as specified in the relevant Final Terms, on the Expiration Date without requiring any exercise notice, transfer of the Securities or the fulfilment of any other prerequisites.

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

General Early Redemption Right

The Issuer and the Securityholders will only have a general early redemption right in relation to the Securities prior to the Maturity Date, if so specified in the applicable Product Terms.

Issuer's Call Right

If so specified in the applicable Product Terms, the Issuer has a right to call the Securities for early redemption by giving notice to that effect on certain predefined dates. The redemption value can either be predefined or dependent on the Underlying(s) level, certain dates or other parameters.

Securityholder's Put Right

If so specified in the applicable 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.

12. Dependency on the Underlying in general

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

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Participation Factor**", "**Leverage Factor**", "**Multiplication Factor**" or, as the case may be, "**Multiplier**" is specified to be applicable,

potential investors should be aware that the application of the Participation Factor, Leverage Factor, Multiplication Factor or of the Multiplier, 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, Multiplication Factor or of the Multiplier.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Leverage**" is specified to be applicable,

potential investors should be aware that the so-called "**Leverage**" Effect is one of the key features of the Securities. Leverage allows Securityholders to participate disproportionately (with leverage) in the relevant development of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Basket Components. Consequently, any change in the value of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Basket Components may result in a disproportionate change in the value 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 "**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, or the Securities **increase in value**, if the price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Components, decreases. Consequently, there is the risk of a loss of the invested capital, if the price of the Underlying or, as the case may be, Basket Components increases correlatively. In addition, the potential return under each Security is, as a principle rule, limited, since the negative performance of the Underlying or, as the case may be, Basket Components may not exceed 100 %.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Express Structure**" is specified to be applicable,

potential investors should consider that the Securities may according to the Conditions of the Securities under certain circumstances expire prior to the Maturity Date without any notice or declaration by the Issuer or the Securityholder being required, so-called express structure. In case the Securities expire prior to the Maturity Date, the Securityholder is entitled to demand the payment of a cash amount and, if a "**Physical Delivery**" is specified to be applicable in the Final Terms, the delivery of the Physical Underlying in an appropriate number in relation to the early expiration. However, the Securityholder is not entitled to request any further payments on the Securities or, as the case may be, and if specified in the relevant Final Terms, the delivery of the Physical Underlying after such early expiration.

The Securityholder, therefore, bears the risk of not participating in the performance of the Underlying or, 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, predetermined in the Conditions of the Securities as Redemption Amount. If so specified in the relevant Final Terms, the application of thresholds, barriers or levels as specified in the relevant Final Terms may in accordance with the Conditions of the Securities even result in a Redemption Amount of zero (0). Otherwise the Securityholder participates in the performance of the Underlying or, as the case may be, the Basket Components and, therefore, bears the risks of a total loss of the invested capital.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Maximum Amount**" is specified to be applicable,

potential investors should consider that the Redemption Amount or, as the case may be, and as specified in the relevant Final Terms, the value of the Physical Underlying to be delivered in an appropriate number, if any, under the Securities is limited to the Maximum Amount multiplied, if so specified in the relevant Final Terms, by the Participation Factor, the Leverage Factor or the Multiplier, as specified to be applicable in the Final Terms. 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 multiplied, if so specified in the relevant Final Terms, by the Participation Factor, the Leverage Factor, the Multiplication Factor or the Multiplier, as specified to be applicable in the Final Terms.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Final Lock-In**" is specified to be applicable,

potential investors should be aware that, as far as the Conditions of the Securities provide for a "Final Lock-In" feature, certain amounts or performances, as specified in the Product Terms, will in the case of the occurrence of a predetermined lock-in event be "locked-in" to an extent that the participation of the Securityholders in the future performance of the Underlying or, as the case may be, the Basket Components is limited or even excluded.

Securityholder do in this case, not, or only to a limited extent, participate in any future performance of the Underlying or, as the case may be, the Basket Components.

In the case that in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms the product feature "**Relevant Underlying**" is specified to be applicable,

potential investors should consider that the calculation of the level of the Redemption Amount or, as the case may be, and as specified in the relevant Final Terms, the value of the Physical Underlying to be delivered in an appropriate number, if any, solely refers to the performance of the Relevant Underlying and, thereby, to the Underlying, showing a certain predetermined performance, e.g. the worst performance during an observation period.

Potential investors should, consequently, be aware that compared to Securities, which refer to only one underlying, the Securities show a higher exposure to loss. This risk may not be reduced by a positive or, as the case may be, negative performance of the remaining Underlyings, because the remaining Underlyings are not taken into account when calculating the level of the Redemption Amount or, as the case may be, and as specified in the relevant Final Terms, the value of the Physical Underlying to be delivered in an appropriate number.

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 predetermined performance, e.g. the worst performance during an observation period.

In the case of fixed 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 following features are examples describing the dependency of the value of the Securities from the Underlying, if any:

UBS Autocallable/Express Securities

UBS Autocallable/Express Securities are 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) reaches 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.

In addition, the Securityholder may, as specified in the relevant Product Terms, be entitled to receive on the relevant Interest/Coupon Payment Date payment of an Interest Amount/a Coupon: Such payment of an Interest Amount/a Coupon can either be unconditional (i.e. disregarding the performance of the Underlying(s)) or conditional, all as specified in the applicable Product Terms.

UBS Gearing Securities

UBS Gearing Securities allow Securityholders to participate disproportionately (with leverage) in the positive development of the Underlying(s). Conversely, Securityholders in UBS Gearing Securities may also participate disproportionately (with leverage) 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 disproportionately (with leverage) in the positive development of the Underlying relative to another Underlying. Conversely, Securityholders in UBS Gearing Securities may participate disproportionately (with leverage) in the negative development of the Underlying relative to another Underlying.

UBS Gearing Securities also exist in a so-called "Put" version. In such case Securityholders positively participate disproportionately (with leverage) in the negative development of the Underlying(s). Conversely, Securityholders in UBS Gearing Securities (Put) may also participate disproportionately (with leverage) in the positive development of the Underlying(s), as the UBS Gearing Securities (Put) may provide upside risk potential as specified in the applicable Product Terms. UBS Gearing Securities (Put) may also allow Securityholders to participate disproportionately (with leverage) in the negative development of the Underlying relative to another Underlying. Conversely, Securityholders in UBS Gearing Securities (Put) may participate disproportionately (with leverage) in the positive development of the Underlying relative to another Underlying.

UBS Gearing Securities may expire worthless upon the unfavourable development of the Underlying(s) beyond a certain value, as specified in the applicable Product Terms.

Securityholders receive on the Maturity Date a Redemption Amount in the Redemption Currency, the amount of which depends on the Reference Price or the Settlement Price of the Underlying(s), as specified in the relevant Product Terms. The Redemption Amount is typically calculated by multiplying the Nominal Amount or

such other amount as specified in the applicable Product Terms with the relevant performance of the Underlying(s), thereafter multiplied by the Participation Factor, the Leverage Factor or the Multiplier, but may also take other factors into account, as specified in the applicable Product Terms.

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

In addition, the Securityholder may, as specified in the relevant Product Terms, be entitled to receive on the relevant Interest/Coupon Payment Date payment of an Interest Amount/a Coupon: Such payment of an Interest Amount/a Coupon can either be unconditional (i.e. disregarding the performance of the Underlying(s)) or conditional, all as specified in the applicable 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 Protected Securities/UBS Partially Capital Protected Securities

UBS Capital Protected Securities/UBS Partially Capital Protected Securities have full or partial 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, UBS Capital Protected Securities/UBS Partially Capital Protected Securities (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 predetermined 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 level below the issue price, the amount equivalent to the issue price is not fully secured at maturity. For the difference between the level of capital protection and the issue price to be bridged, certain conditions, dependent on the Underlying(s) asset's price movements, will have to be met to 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.

In addition, the Securityholder may, as specified in the relevant Product Terms, be entitled to receive on the relevant Interest/Coupon Payment Date payment of an Interest Amount/a Coupon: Such payment of an Interest Amount/a Coupon can either be unconditional (i.e. disregarding the performance of the Underlying(s)) or conditional, all as specified in the applicable Product Terms.

The issue price of UBS Capital Protected Securities/UBS Partially Capital Protected Securities can also be above as well as below 100 per cent.

UBS Sprint Securities

UBS Sprint Securities allow Securityholders to participate in the positive development of the Underlying(s) within a predetermined range, i.e. between the Strike and the Cap multiplied by a participation, as specified in the relevant Product Terms. Conversely, Securityholders in UBS Sprint Securities may also participate in part of,

or the whole, negative development of the Underlying(s). UBS Sprint Securities also exist with unlimited upside potential, i.e. 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.

In addition, the Securityholder may, as specified in the relevant Product Terms, be entitled to receive on the relevant Interest/Coupon Payment Date payment of an Interest Amount/a Coupon: Such payment of an Interest Amount/a Coupon can either be unconditional (i.e. disregarding the performance of the Underlying(s)) or conditional, all as specified in the applicable Product Terms.

UBS Bonus Securities

UBS Bonus Securities allow Securityholders to participate in the positive development of the Underlying(s). Conversely, Securityholders in UBS Bonus Securities may also participate in the negative development of the Underlying(s). 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.

In addition, the Securityholder may, as specified in the relevant Product Terms, be entitled to receive on the relevant Interest/Coupon Payment Date payment of an Interest Amount/a Coupon: Such payment of an Interest Amount/a Coupon can either be unconditional (i.e. disregarding the performance of the Underlying(s)) or conditional, all as specified in the applicable 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.

In addition, the Securityholder may, as specified in the relevant Product Terms, be entitled to receive on the relevant Interest/Coupon Payment Date payment of an Interest Amount/a Coupon: Such payment of an Interest Amount/a Coupon can either be unconditional (i.e. disregarding the performance of the Underlying(s)) or conditional, all as specified in the applicable Product Terms.

UBS Reverse Convertible Securities/GOAL

Depending on whether the Reference Price or the Settlement Price of the Underlying(s), 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) as further 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.

In addition, the Securityholder may, as specified in the relevant Product Terms, be entitled to receive on the relevant Interest/Coupon Payment Date payment of an Interest Amount/a Coupon: Such payment of an Interest Amount/a Coupon can either be unconditional (i.e. disregarding the performance of the Underlying(s)) or conditional, all as specified in the applicable Product Terms.

UBS Kick-In GOAL/Barrier Reverse Convertible Securities

The UBS Kick-In GOAL/Barrier Reverse Convertible Securities offers a safety buffer that aims to provide protection from the Underlying(s) reaching certain predefined or variable levels. If the Underlying(s) do not breach a predefined 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 predefined 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 predefined 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 depending on the then current value of the Underlying(s) or the performance of the Underlying(s) (if applicable, adjusted by the respective ratio), as specified in the relevant Product Terms. The barrier can be observed either continuously or on predefined 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.

In addition, the Securityholder may, as specified in the relevant Product Terms, be entitled to receive on the relevant Interest/Coupon Payment Date payment of an Interest Amount/a Coupon: Such payment of an Interest Amount/a Coupon can either be unconditional (i.e. disregarding the performance of the Underlying(s)) or conditional, all as specified in the applicable Product Terms.

UBS Performance Securities

UBS Performance Securities allow investors to participate - if the applicable Product Terms specify a Management Fee to be applicable, considering the Management Fee - in the positive development of the Underlying(s). Conversely, investors in UBS Performance Securities also participate in the negative development of the Underlying(s).

UBS Performance Securities can be issued either as open end securities with no predefined Maturity Date or with a predefined Maturity Date. They may have an Issuer and/or Securityholder's right vested in the Securities that could be exercised and cause the Securities to redeem/expire at any time, 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.

In addition, the Securityholder may, as specified in the relevant Product Terms, be entitled to receive on the relevant Interest/Coupon Payment Date payment of an Interest Amount/a Coupon: Such payment of an Interest Amount/a Coupon can either be unconditional (i.e. disregarding the performance of the Underlying(s)) or conditional, all as specified in the applicable Product Terms.

UBS Leveraged Securities

With UBS Leveraged Securities, Securityholders can apply leverage, since UBS Leveraged Securities offer Securityholders the chance to participate disproportionately and without restriction in rising prices of the Underlying(s). This means that as of a predefined 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 Security 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, or as the case may be leveraged, investment and Securityholders participate in potential negative price development. In the described case (without agio) there is thus no disproportionate participation in potential losses.

To minimize the loss risk, UBS Leveraged Securities may have 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 UBS Leveraged Security without conditional partial protection.

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

In addition, the Securityholder may, as specified in the relevant Product Terms, be entitled to receive on the relevant Interest/Coupon Payment Date payment of an Interest Amount/a Coupon: Such payment of an Interest Amount/a Coupon can either be unconditional (i.e. disregarding the performance of the Underlying(s)) or conditional, all as specified in the applicable Product Terms.

UBS Zero Coupon Securities

UBS Zero Coupon Securities entitle their Securityholders to receive on the Maturity Date the payment of the Nominal Amount per Security. As result, UBS Zero Coupon Securities are 100% capital-protected at maturity. Such payment is not guaranteed by a third party, but promised by the Issuer and is therefore dependent on the Issuer's ability to meet its payment obligations.

The initial Issue Price of a UBS Zero Coupon Security is below its Nominal Amount. During the term of the UBS Zero Coupon Securities, the Securityholders is not entitled to receive any payments of interest.

UBS Fixed Rate Securities

UBS Fixed Rate Securities entitle their Securityholders to receive on the Maturity Date the payment of the Nominal Amount per Security. As result, UBS Fixed Rate Securities are 100% capital-protected at maturity. Such payment is not guaranteed by a third party, but promised by the Issuer and is therefore dependent on the Issuer's ability to meet its payment obligations.

During the term of the UBS Fixed Rate Securities, the Securityholder is entitled to receive on the relevant Interest/Coupon Payment Date the payment of the Interest Amount/the Coupon in relation to the preceding Interest/Coupon Calculation Period. The Interest Amount/the Coupon is calculated by applying the Interest Rate and the Day Count Fraction to the Nominal Amount per Security. The Interest Rate is fix for the whole term of the UBS Fixed Rate Securities.

UBS Floating Rate Securities

UBS Floating Rate Securities entitle their Securityholders to receive on the Maturity Date the payment of the Nominal Amount per Security. As result, UBS Floating Rate Securities are 100% capital-protected at maturity. Such payment is not guaranteed by a third party, but promised by the Issuer and is therefore dependent on the Issuer's ability to meet its payment obligations.

During the term of the UBS Floating Rate Securities, the Securityholder is entitled to receive on the relevant Interest/Coupon Payment Date the payment of the Interest Amount/the Coupon in relation to the preceding Interest/Coupon Calculation Period. The Interest Amount/the Coupon is calculated by applying the Interest Rate and the Day Count Fraction to the Nominal Amount per Security.

The Interest Rate in relation to each Interest Calculation Period(i) equals the Price of the Underlying, if so specified, either (i) plus or, as the case may be, (ii) minus a certain margin percentage, 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, if applicable.

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

In principle, the value of the Securities (disregarding any special features of the Securities) is likely to increase, in case the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Components, increases. In case the Price of the Underlying or Basket Components decreases, also the value of the Securities (disregarding any special features of the Securities) is likely to decrease.

In contrast thereto, Securities may, if so specified in the relevant Product Terms, provide for a so-called reverse structure. In this case the Securities (irrespective of the other features attached to the Securities or of any other factors, which may be relevant for the value of the Securities) **depreciate in value**, if the price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Components, increases, or the Securities **increase in value**, if the price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Components, decreases.

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 predefined or a variable and/or conditional cap. This means Securityholders accept a limitation of earning potential ("Cap") and may only participate in possible price increases (or decreases) of the Underlying(s) until a certain level is reached and no further. Additionally, performances can also have a predefined or a variable and/or conditional floor. This means Securityholders will have a minimum of earning potential ("Floor") and may only negatively participate in possible price decreases (or increases) of the Underlying(s) until a certain level is reached and no further.

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 condition is met.

Barriers can be either 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).

Lock-In and Final Lock-In

The relevant Product Terms may provide for a "Lock-In" feature, which means that certain amounts or performances, as specified in the Product Terms, will in the case of the occurrence of a predetermined lock-in event be "locked-in", i.e. fixed, set aside or otherwise economically preserved, as specified in the Product Terms. To the extent and under the conditions of applicable other features described in this section 13 of the

Base Prospectus and as further specified in the applicable Product Terms, Securityholders do still participate in the future performance of the Underlying or, as the case may be, the Basket Components.

If the relevant Product Terms specify that a "Final Lock-In" feature applies, certain amounts or performances, as specified in the Product Terms, will in the case of the occurrence of a predetermined lock-in event be "locked-in" to an extent that the participation of the Securityholders in the future performance of the Underlying or, as the case may be, the Basket Components is limited or even excluded.

Automatic Termination Feature

If the relevant Product Terms specify that the Automatic Termination feature applies, then the Securities may be terminated and redeemed early upon the occurrence of an automatic termination event (including, but not limited to, a Stop Loss Event or Knock Out Event).

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 Securities.

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 Securityholder's right vested in the Securities may be determined on the basis of a currency other than the Redemption Currency, currency unit or calculation unit, and also the value of the Underlying or, as the case may be, the Basket Components may be determined in such a currency other than the Redemption Currency, currency unit or calculation unit. The currency exchange rate to be used to determine the Redemption Amount can either be predefined (quanto feature) or variable.

Dual Currency

The Securityholders are entitled to receive payments in the pre determined currency specified in the applicable Product Terms as the Redemption Currency. If the relevant Product Terms, however, specify the product feature "Dual Currency" to be applicable, the Issuer is entitled to replace, either during the life of the Securities or at the final redemption, this pre determined currency by another currency specified for that purposes in the applicable Product Terms. All following payments to the Securityholder will then be made in such other currency. The Securityholder may be exposed to currency risk in such event.

Coupons/Interest Amounts/Other Proceeds

If the relevant Product Terms specify unconditional Coupon, Interest Amount or other proceeds to apply, the Securityholder is entitled to receive payment of the relevant Coupon, Interest Amount or other proceeds, as specified in the applicable Product Terms.

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

During their term products can therefore generate regular income. However, most products 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.

Maximum Amount

If the product feature "Maximum Amount" is specified to be applicable in the relevant Product Terms, the Settlement Amount is capped to the Maximum Amount multiplied, if so specified in the relevant Product Terms, by the Participation Factor, the Leverage Factor, the Multiplication Factor or the Multiplier, as specified to be applicable in the Product Terms.

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).

General Early Redemption Right

The Issuer and the Securityholders will only have a general early redemption right in relation to the Securities prior to the Maturity Date, if so specified in the applicable Product Terms.

Issuer's Call Right

If so specified in the applicable Product Terms, the Issuer has a right to call the Securities for early redemption by giving notice to that effect on certain predefined dates. The redemption value can either be predefined or dependent on the Underlying(s) level, certain dates or other parameters.

Securityholder's Put Right

If so specified in the applicable 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.

F. CONDITIONS OF THE SECURITIES

The Securities offered and/or listed on a regulated or another equivalent market under this Base Prospectus are issued either (i) under the Conditions of the Securities as contained on pages 157 to 241 of the Base Prospectus dated 23 June 2014 of UBS AG as filed with SFSA and incorporated by reference in this Base Prospectus, (ii) under the Conditions of the Securities as contained on pages 212 to 318 of the Base Prospectus dated 17 April 2015 of UBS AG as filed with SFSA and incorporated by reference in this Base Prospectus, (iii) under the Conditions of the Securities as contained on pages 192 to 289 of the Base Prospectus dated 8 January 2016 of UBS AG as filed with SFSA and incorporated by reference in this Base Prospectus, (iv) under the Conditions of the Securities as contained on pages 187 to 286 of the Base Prospectus dated 27 September 2016 of UBS AG as filed with SFSA and incorporated by reference in this Base Prospectus or (v) under the Conditions of the Securities as contained in this Base Prospectus.

1. Structure of the Conditions of the Securities

Securities offered and/or listed on a regulated or another equivalent market under the Base Prospectus 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

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2. Product Terms

The following “**Product Terms**” of the Securities shall, for the relevant Securities, amend and put in concrete terms the General Conditions for the purposes of such Securities. A version of these Product Terms as amended and completed for the specific issue will be contained in the applicable Final Terms and must be read in conjunction with the General Conditions.

The Product Terms are composed of

Part 1: Key Terms and Definitions of the Securities and

Part 2: Special Conditions of the Securities (for the individual types of Securities)

Product Terms and General Conditions together constitute the “**Conditions**” of the relevant Securities.

In the event of any inconsistency between these Product Terms and the General Conditions, these Product Terms shall prevail for the purposes of the Securities.

Part 1: Product Terms: Key Terms and Definitions of the Securities

The Securities use the following definitions and have, subject to an adjustment according to the Conditions of the Securities, the following key terms, both as described below in alphabetical order. The following does not represent a comprehensive description of the Securities, and is subject to and should be read in conjunction with the Conditions of the Securities. The following use of the symbol “*” in the Key Terms and Definitions of the Securities indicates that the relevant determination will be made by the Calculation Agent or the Issuer, as the case may be, and will be published without undue delay thereafter in accordance with the applicable legal requirements of the relevant jurisdiction.

A.

[Accumulated Borrowing Fee_(t)]: The Accumulated Borrowing Fee_(t) [means [•]] [(i) on any [Fund Business Day] [•]'t' which is not immediately following a Borrowing Rebalancing Date, (A) the sum of the Borrowing Fees calculated in respect of each [Fund Business Day] [•] in the period from but excluding the immediately preceding Borrowing Rebalancing Date or, if none, the [Fixing Date] [•] to but excluding the relevant [Fund Business Day] [•] 't' plus (B) the Borrowing Fee in respect of [Fund Business Day] [•] 't'; and (ii) on any [Fund Business Day] [•] 't' which is immediately following a Borrowing Rebalancing Date, the Borrowing Fee in respect of [Fund Business Day] [•] 't'.

The Accumulated Borrowing Fee and the Rate shall be reset on each [quarterly] [monthly] [•] Borrowing Rebalancing Date.]]

[Additional Termination Event]: Additional Termination Event [means [•]]

[, in relation to a currency exchange rate used as [the Underlying] [the Basket Component] means any of the following events:

- (i) The determination and/or publication of the price of a currency used in relation to the currency exchange rate is discontinued permanently, or the Issuer or the Calculation Agent obtains knowledge about the intention to do so.
- (iii) The currency used in connection with the currency exchange rate is, in its function as legal tender, in the country or jurisdiction, or countries or jurisdictions, maintaining the authority, institution or other body which issues such currency, replaced by another currency, or merged with another currency to become a common currency, or the Issuer or the Calculation Agent obtains knowledge about the intention to do so.
- (iv) A Relevant Country (aa) imposes any controls or announces its intention to impose any controls or (bb) (i) implements or announces its intention to implement or (ii) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer's and/or any of its affiliates' ability to acquire, hold, transfer or realise the currency used in connection with the currency exchange rate or otherwise to effect transactions in relation to such currency.
- (v) The occurrence at any time of an event, which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer and/or any of its affiliates from:

- (aa) converting the currency used in connection with the currency exchange rate into the Redemption Currency or into another currency through customary legal channels or transferring within or from any Relevant Country any of these currencies, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
- (bb) converting the currency used in connection with the currency exchange rate into the Redemption Currency or into another currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
- (cc) delivering the currency used in connection with the currency exchange rate from accounts inside any Relevant Country to accounts outside such Relevant Country; or
- (dd) transferring the currency used in connection with the currency exchange rate between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country.]

[and] [, in relation to a share used as [the Underlying] [the Basket Component] means any of the following events:

- (i) The Issuer obtains knowledge about the intention of the Company to distribute a dividend, where the ex dividend day of this distributions falls within the term of the Securities.
- (ii) 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.
- (iii) 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.
- (iv) 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.
- (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 cash settlement, to Securities other than shares or rights, which are not quoted on a stock exchange and/or in a trading system.]

[and] [, in relation to a certificate representing shares used as [the Underlying] [the Basket Component] means any of the following events:

- (i) The Issuer obtains knowledge about the intention to discontinue permanently the quotation of the certificate representing shares on the Relevant Exchange.
- (ii) An insolvency proceeding or any other similar proceeding under the jurisdiction applicable to and governing the company, which has issued the Underlying Shares is initiated with respect to the assets of such company.]

[and] [, in relation to a Fund Unit used as [the Underlying] [the Basket Component] means [the occurrence of a Fund Change in Law (§ 6 (i) (2) (n) of the Conditions of the Securities)] [the occurrence of a Potential Adjustment Event (as defined in § 6 [•] of the Conditions of the Securities)].]

[Aggregate Nominal Amount:

The Aggregate Nominal Amount equals [•]. [Indicative. The Aggregate Nominal Amount will be fixed on [the Fixing Date [at Fixing Time]] [the end of the Subscription Period depending on the demand for the Securities during the Subscription Period].*]]

[American Depositary Receipt:

American Depositary Receipt means a negotiable instrument issued by a United States commercial bank acting as a depository that represents a specified number of Underlying Shares issued by an entity organised outside the United States held in a safekeeping account with the depository's custodian.]

[Automatic Termination Event:

The Automatic Termination Event means [•].]

B.

Banking Day:

The Banking Day means [•] [each day on which the banks in [Frankfurt am Main, Federal Republic of Germany,] [and] [[•]] are open for business[, the Trans-European Automated Real-time Gross settlement Express Transfer System (“TARGET2”) is open] and the Clearing System settles securities dealings.]

[Barrier:

The Barrier

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] (“Barrier_(i=1)”), [•] and

the Barrier in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] (“Barrier_(i=n)”).]

[indicative. The Barrier [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].*]

[The term “Barrier” shall also refer to all Barriers_(i=1) to _(i=n).]

[Basket Component:

The Basket Component_(i=1) equals [, subject to a Roll Over in accordance with § 6 (j) of the Conditions of the Securities.] [Description of [the share or of the American Depositary Receipt, the Global Depositary Receipt or other depository receipt on the share] [the Index] [the currency exchange rate] [the precious metal] [the commodity] [the interest rate] [the non-equity security] [the exchange traded fund unit] [the not exchange traded fund unit] [the futures contract (if applicable,

including determination of the relevant expiration months)] [the reference rate]: [•]] [in the case of an Index as the Basket Component insert, if appropriate, the following text: (the "Index_(i=1)"), [as maintained, calculated and published by [•] (the "Index Sponsor_(i=1)") [as maintained by [•] (the "Index Sponsor_(i=1)") and calculated and published by [•] (the "Index Calculator_(i=1)")]] [in the case of a fund unit as the Basket Component insert, if appropriate, the following text: (the "Fund Unit_(i=1)") in the [•] (the "Fund_(i=1)") [in the case of a certificate representing shares as the Underlying insert, if appropriate, the following text: [(also "ADR_(i=1)") [(also "GDR_(i=1)") [(also "DR_(i=1)")]] (In such context, the Share_(i=1) underlying [the ADR_(i=1)] [the GDR_(i=1)] [the DR_(i=1)] is also referred to as the "Underlying Share_(i=1)"); [•] and

the Basket Component_(i=n) equals [•], subject to a Roll Over in accordance with § 6 (j) of the Conditions of the Securities.] [Description of [the share or of the American Depositary Receipt, the Global Depositary Receipt or other depositary receipt on the share] [the Index] [the currency exchange rate] [the precious metal] [the commodity] [the interest rate] [the non-equity security] [the exchange traded fund unit] [the not exchange traded fund unit] [the futures contract (if applicable, including determination of the relevant expiration months)] [the reference rate]: [•]] [in the case of an Index as the Basket Component insert, if appropriate, the following text: (the "Index_(i=n)"), [as maintained, calculated and published by [•] (the "Index Sponsor_(i=n)") [as maintained by [•] (the "Index Sponsor_(i=n)") and calculated and published by [•] (the "Index Calculator_(i=n)")]] [in the case of a fund unit as the Basket Component insert, if appropriate, the following text: (the "Fund Unit_(i=n)") in the [•] (the "Fund_(i=n)") [in the case of a certificate representing shares as the Underlying insert, if appropriate, the following text: [(also "ADR_(i=n)") [(also "GDR_(i=n)") [(also "DR_(i=n)")]] (In such context, the Share_(i=n) underlying [the ADR_(i=n)] [the GDR_(i=n)] [the DR_(i=n)] is also referred to as the "Underlying Share_(i=n)").

[The Basket Components are [expressed in] [converted into] [related to] [the Underlying Currency] [•]].]

[In this context, the individual underlying values or components of a Basket Component are referred to as a "Component" or, as the case may be, the "Components".]

The term "Basket Component" [or "Index"[, "Index Calculator"] and "Index Sponsor", as the case may be,] [or "Fund Unit" and "Fund", as the case may be] [•] shall also refer to all Basket Components_(i=1) to _(i=n) [and to all Indices_(i=1) to _(i=n)[, all Index Calculators_(i=1) to _(i=n)] and all Index Sponsors_(i=1) to _(i=n), as the case may be] [and to all Fund Units_(i=1) to _(i=n) and all Funds_(i=1) to _(i=n), as the case may be] [•].]

[In this context, [[each] [the] Index Sponsor has control over the provision of the Index (*administrator*) within the meaning of the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in certain financial instruments and financial contracts or to measure the performance of investment funds (the "EU Benchmarks Regulation"))] [•].]

[Basket
Calculation Date:

Component

The Basket Component Calculation Date means

[•]

[each day, on which [the Relevant Trading System] [,] [and] [the Relevant Exchange] [,] [and] [the Relevant Exchange Market] [and] [the Relevant Reference Market] [is] [are] open for trading [and] [the Price of the Basket Component is determined in accordance with the relevant rules]]

[in the case of an Index as the Basket Component insert, if applicable, the following text: [[or, as the case may be,] in relation to the Index] each day, on which [(i) [the Index Sponsor] [the Index Calculator] determines, calculates and publishes the official price of the Index, [and (ii) the Components, which are comprised in the Index are [, to the extent of at least [•] [80 %] [90 %] of the market capitalisation of all Components, which are comprised in the Index, or of the overall value of the Index,] available for trading and quotation [in the Relevant Trading System] [or] [on the Relevant Exchange]]]

[in the case of a fund unit as the Basket Component insert, if applicable, the following text: [[or, as the case may be,] in relation to a Fund Unit] each day on which the [respective] administrator of the Fund publishes the Net Asset Value for such Fund in accordance with the relevant Fund's prospectus and constitutional documents]

[in the case of a reference rate as the Basket Component insert, if applicable, the following text: [[or, as the case may be,] in relation to a reference rate] each day on which the [respective] Relevant Reference Agent determines the Price of the Basket Component in accordance with the relevant rules]].]

[Basket Performance:

The Basket Performance equals [•]

[Bonus Level:

The Bonus Level

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] (“**Bonus Level_(i=1)**”), [•] and

the Barrier in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] (“**Bonus Level_(i=n)**”).]

[indicative. The Bonus Level [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].*]

[The term “Bonus Level” shall also refer to all Bonus Levels_(i=1) to _(i=n).]

[Borrowing Fee:

The Borrowing Fee [means [•]] [Day Count Fraction x Rate x [•%]][•]]

[Borrowing Rebalancing Date:

The Borrowing Rebalancing Date [means [•]] [[•] in each year commencing on [•] to and including [•], or if any such day is not a [Fund Business Day] [•], the immediately following [Fund Business Day][•]]

[Business Day:

The Business Day means [•] [each day on which the banks in [Frankfurt am Main, Federal Republic of Germany,] [and] [[•]] are open for business.]]

C.

[Calculation Agent:

The Calculation Agent means [•] [UBS Europe SE, 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, 5 Broadgate, London EC2M 2QS, United Kingdom] [Jersey Branch, 24 Union Street, Saint Helier, Jersey JE4 8UJ]]].]

[Cap:

The Cap

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] (“**Cap_(i=1)**”), [•] and

the Cap in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] (“**Cap_(i=n)**”).]

[indicative. The Cap [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].*]

[The term “Cap” shall also refer to all Caps_(i=1) to _(i=n).]

[Cap Level:

The Cap Level

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] (“**Cap Level_(i=1)**”), [•] and

the Cap in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] (“**Cap Level_(i=n)**”).]

[indicative. The Cap Level [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].*]

[The term “Cap Level” shall also refer to all Cap Levels_(i=1) to _(i=n).]

CA Rules:

CA Rules means [[•]

[the Swedish Central Securities Depositories and Financial Instruments Accounts Act (*lag (1998:1479) om centrala värdepappersförvarare och kontoföring av finansiella instrument*)]

[the Finnish Act on the Book-Entry System and Clearing and Settlement (*laki arvoosuusjärjestelmästä ja selvitystoiminnasta*) and the Finnish Act on Book-Entry Accounts (827/1991) (*laki arvo-osuustileistä*)]

[the Norwegian Securities Register Act (*Lov av 5. Juli 2002 nr. 64 om registrering av finansielle instrumenter*)]

[the Danish Capital Markets Act (*Lov om kapitalmarkeder*) as amended and supplemented from time to time and the Executive Order on Book Entry of Dematerialised Securities in a Central Securities Depository (*Bekendtgørelse om registrering af fondsaktiver i en værdipapircentral (CSD)*), as amended and supplemented from time to time, issued pursuant thereto]

as well as] any regulation and operating procedure applicable to and/or issued by the Clearing System.

[Certificate Value_(t):

The Certificate Value_(t) equals [•] [on [Fund Business Day][•] 't', and

Certificate Value(0) is equal to [100%][•].]

[CIBOR:

CIBOR means [•]

Clearing System:

Clearing System means

[•]

[UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland (For the avoidance of doubt: The Securities can only be held in a securities account with UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland)]

[Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Federal Republic of Germany]

[Clearstream Banking S.A., Luxembourg (42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg)]

[Euroclear Bank S.A./N.V., Brussels, as operator of the Euroclear System (1 Boulevard du Roi Albert II, B - 1210 Brussels, Belgium)]

[Euroclear Sweden AB, Klarabergsviadukten 63, S-111 64 Stockholm, Sweden, in its capacity as central securities depository under the Swedish Central Securities Depositories and Financial Instruments Accounts Act (*Sw. lag (1998:1479) om centrala värdepappersförvarare och kontoföring av finansiella instrument*)]

[Euroclear Finland Ltd., Urho Kekkosen katu 5 C, FI-00101 Helsinki, Finland, in its capacity as central securities depository under the Finnish Act on the Book-Entry System and Clearing and Settlement (*laki arvo-osuusjärjestelmästä ja selvitystoiminnasta*) and the Finnish Act on Book-Entry Accounts (827/1991) (*laki arvo-osuustileistä*)]

[Verdipapirsentralen ASA, P.O. Box 1174 Sentrum, 0107 Oslo, Norway, in its capacity as central securities depository under the Norwegian Securities Register Act (*Lov av 5. Juli 2002 nr. 64 om registrering av finansielle instrumenter*)]

[VP Securities A/S, Weidekampsgade 14, P.O. Box 4040, 2300 Koebenhavn S, Denmark, in its capacity as central securities depository under Regulation (EU) No. 909/2014 of the European Parliament and of the Council of 23 July 2014, as amended and supplemented from time to time]

or any successor in this capacity. [The term "Clearing System" shall refer to all Clearing Systems.]

[Coupon:

[The Coupon equals [•] [the Nominal Amount multiplied by the Coupon Factor (as defined below), afterwards commercially rounded to [two] [•] decimal places]]

[The Coupon_(i=1) in relation to the Observation Date_(i=1) equals [•] [converted into the Redemption Currency] [commercially rounded to [two] [•] decimal places]. [indicative. The Coupon_(i=1) in relation to the Observation Date_(i=1) will be fixed on the Fixing Date [at the Fixing Time]*; [•] and

the Coupon_(i=n) in relation to the Observation Date_(i=n) equals [•] [converted into the Redemption Currency] [commercially rounded to [two] [•] decimal places]. [indicative. The Coupon_(i=n) in relation to the Observation Date_(i=n) will be fixed on the Fixing Date [at the Fixing Time]*.]

The term “Coupon” shall also refer to all Coupons_(i=1) to _(i=n).]]

[Coupon Barrier:

The Coupon Barrier

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] (“**Coupon Barrier_(i=1)**”), [•] and

the Coupon Barrier in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] (“**Coupon Barrier_(i=n)**”).]

[indicative. The Coupon Barrier [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].*]

[The term “Coupon Barrier” shall also refer to all Coupon Barriers_(i=1) to _(i=n).]]

[Coupon Day Count Fraction:

The Coupon Day Count Fraction, in respect of the calculation of an amount for any period of time (the “**Coupon Calculation Period**”) means [•] [the actual number of days in the Coupon Calculation Period divided by 360].]

[Coupon Determination Date:

The Coupon Determination Date means [•] [the [•] [Banking Day] [Fund Business Day] [[Underlying] [Basket Component] Calculation Date] before the start of the relevant Coupon Period].]

[Coupon Factor:

The Coupon Factor equals [•].]

[Coupon Payment Date:

The Coupon Payment Date means [•] [the [•] Banking Day after the [relevant] Observation Date].]

[If any Coupon Payment Date would fall on a day which is not a [Banking Day] [•], the payment date shall be:

[if Modified Following Business Day Convention insert: postponed to the next day which is a [Banking Day] [•] unless it would thereby fall into the next calendar month, in which event the Coupon Payment Date shall be the immediately preceding [Banking Day] [•])]

[if Following Business Day Convention insert: postponed to the next day which is a [Banking Day] [•])]

[if Preceding Business Day Convention insert: the immediately preceding [Banking Day] [•])]

(the “**Business Day Convention**”).]

[Coupon Period:

[The Coupon Period means [•] [the period, commencing on the [Issue Date] [Fixing Date] [•] [at [•] hrs local time [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland]] [•]] and ending [at [•] hrs local time [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland],

[•] on the [Expiration Date] [Valuation Date] [Final Valuation Date] [or] [latest of the Valuation Averaging Dates].]

[The Coupon Period_(i=1) means the period commencing at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [•] and ending at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland] on [•] [Observation Date_(i=1)] (including) [•] and the Coupon Period_(i=n) means the period commencing at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [•] [Observation Date_(i=n-1)] (excluding) and ending at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [•] [Observation Date_(i=n)] (including).]

D.
[Day Count Fraction:

The Day Count Fraction, in respect of the calculation of an amount for any period of time (the “**Calculation Period**”) means:

[in the case of “Actual/Actual (ICMA)”:

- (a) where the Calculation Period is equal to or shorter than the Interest Calculation Period during which it falls, the actual number of days in the Calculation Period divided by the product of (i) the actual number of days in such Interest Calculation Period and (ii) the number of Interest Calculation Periods in any calendar year; and
- (b) where the Calculation Period is longer than one Interest Calculation Period, the sum of: (i) the actual number of days in such Calculation Period falling in the Interest Calculation Period in which it begins divided by the product of (x) the actual number of days in such Interest Calculation Period and (y) the number of Interest Calculation Periods in any year; and (ii) the actual number of days in such Calculation Period falling in the next Interest Calculation Period divided by the product of (x) the actual number of days in such Interest Calculation Period and (y) the number of Interest Calculation Periods in any year.]

[in the case of “30/360”:

the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)).]

[in the case of “30E/360” or “Eurobond Basis”:

the number of days in the Calculation Period divided by 360 (unless, in the case of the final Calculation Period, [the Expiration Date] [the Valuation Date] [the Final Valuation Date] [if applicable, insert other relevant date: [•]] is the last day of the month of February, in which

case the month of February shall not be considered to be lengthened to a 30-day month).]

[in the case of "Actual/365" or "Actual/Actual (ISDA)":

the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365).]

[in the case of "Actual/365 (Fixed)":

the actual number of days in the Calculation Period divided by 365.]

[in the case of "Actual/360" or "Actual/360 (ISDA)":

the actual number of days in the Calculation Period divided by 360.]

[Delivery Date:

The Delivery Date means [•][Front Month]

[[•] [in respect of the Price of the Underlying the First Nearby Month, provided that if the Expiration Date or the Kick-In Observation Date is the same as or subsequent to the Last Trading Date or the First Notice Date in respect of the Underlying then the delivery date applicable to the Underlying shall be the Second Nearby Month.]

[In this context, "First Nearby Month" means the first following contract months (as specified in relation to the Underlying in the definition "Underlying") and the "Second Nearby Month" means the second following contract months (as specified in the definition "Underlying").]

[Delivery Disruption Amount:

The Delivery Disruption Amount equals [the Reference Price] [the Settlement Price] of [the Underlying] [if appropriate, insert different point of reference to an Underlying comprised in the Base Prospectus: [•]] [multiplied by [the Participation Factor] [the Leverage Factor] [the Multiplication Factor] [the Multiplier] [, expressed as a decimal number,]] [and] commercially rounded to [two] [•] decimal places.]

[Depository Receipt:

Depository Receipt means [•] [a negotiable instrument issued by [a commercial bank] [•] acting as a depository that represents a specified number of Underlying Shares issued by an entity organised outside [•] held in a safekeeping account with the depository's custodian].]

E.

[EURIBOR:

EURIBOR means [•]

[Exchange Business Day:

The Exchange Business Day means [•] [each day, on which the Relevant Exchange is open for trading and the Price of the Underlying is determined in accordance with the relevant rules].

[Exercise Date:

The Exercise Date means [•].]

[Exercise Period:

The Exercise Period [•] [starts on [•] and ends on [•] [at the Exercise Time]].]

[Exercise Time:

The Exercise Time equals [•] [hrs. (local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich,

Switzerland))] [•]]

[Expiration Date:

The Expiration Date means [•]. [If this day is not [a Fund Business Day] [[an Underlying] [a Basket Component] Calculation Date], the immediately [preceding] [succeeding] [Fund Business Day] [[Underlying] [Basket Component] Calculation Date] is the Expiration Date.]

Unless already redeemed, repurchased and/or declared void, any rights conferred by the Securities shall be deemed exercised for the purpose of Art. 2 paragraph 1 m) ii) of the Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) on the Expiration Date without requiring any exercise notice, transfer of the Securities or the fulfilment of any other prerequisites.]]

[Express Level:

The Express Level

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] (“**Express Level_(i=1)**”), [•] and

the Express Level in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] (“**Express Level_(i=n)**”).]

[indicative. The Express Level [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].*]

[The term “Express Level” shall also refer to all Express Levels_(i=1) to _(i=n).]]

F.

[Fee Determination Date:

The Fee Determination Date means [•] [the date which is [two (2)] [0] [Banking Days] [Business Days] [Fund Business Days] [[Underlying] [Basket Component] Calculation Dates]] prior to the first [Banking Day] [Business Day] [Fund Business Day] [[Underlying] [Basket Component] Calculation Date]] of the respective Roll Period.]]

[Final Valuation Date:

[The Final Valuation Date means [the Expiration Date] [•].]

[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] [•]].]

If this day is not [a Fund Business Day] [[an Underlying] [a Basket Component] Calculation Date] in relation to [the Underlying] [an Underlying_(i)] [a Basket Component_(i)], [•] [the immediately [preceding] [succeeding] [Fund Business Day] [[Underlying] [Basket Component] Calculation Date] is the relevant Final Valuation Date in relation to [the Underlying]

[the affected [Underlying_(i)] [Basket Component_(i)]]
[the aggregate [Underlyings] [Basket Components]]].]

[Fixing Date:

The Fixing Date means [•].

[the date which is [two (2)] [•] [Banking Days] [Business Days] [Fund Business Days] [[Underlying] [Basket Component] Calculation Dates]] [•]

prior to [the start] [the first [Banking Day] [Business Day] [Fund Business Day] [[Underlying] [Basket Component] Calculation Date]] [•]] of the respective [Roll Period] [Interest Calculation Period].]

[If this day is not [a Fund Business Day] [[an Underlying] [a Basket Component] Calculation Date] in relation to [the Underlying] [an Underlying_(i)] [a Basket Component_(i)], [•] [the immediately [preceding] [succeeding] [Fund Business Day] [[Underlying] [Basket Component] Calculation Date] is the relevant Fixing Date in relation to [the Underlying] [the affected [Underlying_(i)] [Basket Component_(i)]] [the aggregate [Underlyings] [Basket Components]]].]

[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_(i)] [by the Index Sponsor] [or the Index Calculator, as the case may be] [by the Relevant Reference Agent].] [•]]

[in the case of a Basket as the Underlying insert, if appropriate, the following text: [[•], relevant local time for each Basket Component_(i)] [the time of the official determination of the [Price] [[•] price] of each Basket Component_(i)] [by the Index Sponsor] [by the Relevant Reference Agent].] [•]]]

[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 Fund Value_(t) means [•] [the product of (A) the Number of Fund Units with respect to the immediately preceding [Fund Business Day][•] 't-1' or, if none, the [Fixing Date][•] and (B) the NAV on [Fund Business Day][•] 't' divided by the Initial NAV.]]

[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_(i=n)] [Valuation Date] [•] (“FX_{End}”), divided by the [•] currency exchange rate on the [Fixing Date] [•] (“FX_{Start}”).]

[The currency exchange rate is expressed in units [•] per 1 unit [•].]

[“FX_{Start}” and “FX_{End}” will be determined[, commercially rounded to [•][4] decimal places,] by the Calculation Agent at its reasonable discretion pursuant to § 317 of the German Civil Code (“BGB”), targeting the [•] currency exchange rate [resulting as the quotient of 1 divided by the [•] (“[•]”) currency exchange rate] as published [as daily

fixing] [•] at or about [•] hrs [•] [CET] on [Reuters] [Bloomberg] page “•” (or a substitute page thereof).]

[If a currency exchange rate is not determined or quoted in the manner described above or in case of, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB), a FX Market Disruption (as defined below), the Calculation Agent shall be entitled to identify a currency exchange rate, determined on the basis of the then prevailing market customs.]

[A “**FX Market Disruption**” means a limitation, suspension or disruption of or a restriction imposed on trading, the latter of which the Issuer and the Calculation Agent consider significant, on the foreign exchange market(s) in which the rates for the determination of the FX Factor are determined.]]

G.

[Global Depository Receipt:

Global Depository Receipt means a negotiable instrument issued by a commercial bank acting as a depository that represents a specified number of Underlying Shares issued by an entity and held in a safekeeping account with the depository's custodian.]

Governing Law:

German law governed Securities. Any reference to reasonable discretion in the Conditions shall be construed as references to reasonable discretion in accordance with § 315 BGB or §§ 315, 317 BGB, as the case may be.

I.

[Initial Strike:

The Initial Strike

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] (“**Initial Strike_(i=1)**”), [•] and

the Initial Strike in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] (“**Initial Strike_(i=n)**”).]

[indicative. The Initial Strike [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].’]

[The term “Initial Strike” shall also refer to all Initial Strikes_(i=1) to _(i=n).]]

[Initial Payment Date:

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

[Interest Amount:

The Interest Amount [means [•]] [is calculated by applying the Interest Rate and the Day Count Fraction to the Nominal Amount per Security, if applicable, commercially rounded to [two] [•] decimal places.]]

[Interest Amount Fixing Date:

The Interest Amount Fixing Date means [•].]

[Interest Amount Fixing Time:

The Interest Amount Fixing Time means [•] [[•] hrs [(local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom]).]]

[Interest Calculation Period:

The Interest Calculation Period means the period from [(including)] [(excluding)] one [Interest Payment Date] [•] to [(including)] [(excluding)] the next succeeding [Interest Payment Date] [•]. The initial Interest Calculation Period will be the period from the [Issue Date] [Initial

Payment Date] [●] [(including)] [(excluding)] to the first [Interest Payment Date] [●] [(including)] [(excluding)].]

[Interest Payment Date:

The Interest Payment Date means [●] [[●] of each calendar year [beginning on [●]]. The last Interest Payment Date equals the Maturity Date.]

[If any Interest Payment Date would fall on a day which is not a [Banking Day] [●], the payment date shall be:

[in case of Modified Following Business Day Convention insert: postponed to the next day which is a [Banking Day] [●] unless it would thereby fall into the next calendar month, in which event the Interest Payment Date shall be the immediately preceding Banking Day] [●]]

[in case of Following Business Day Convention insert: postponed to the next day which is a [Banking Day] [●]]

[in case of Preceding Business Day Convention insert: the immediately preceding [Banking Day] [●]]

(the “**Business Day Convention**”).]

[Interest Rate:

The Interest Rate equals [●]

[in case of fixed rate securities insert, if applicable:

[●] % [per annum]]

[in case of step-up or step-down securities insert, if applicable:

in relation to the Interest Calculation Period_(i=1) [●] % [per annum],

in relation to the Interest Calculation Period_(i=2) [●] % [per annum], [●]

in relation to the Interest Calculation Period_(i=n) [●] % [per annum]

[, as determined by the Calculation Agent by referring to the Relevant Screen Page (or a substitute page thereof) at or around the Fixing Time on the relevant Fixing Date]. [The Interest Rate is subject to a minimum of [●] [%] [per annum].]

[If the Relevant Screen Page at or around the Fixing Time is not available or if [the relevant interest rate] [●] is not displayed, [●] [[the relevant interest rate] [●] shall be the [[●] rate] [●] [(expressed as a percentage p.a.)] as displayed on the corresponding page of another financial information service. If [the relevant interest rate] [●] is no longer displayed in one of the above forms, the Issuer is entitled to specify at its reasonable discretion a Interest Rate [(expressed as a percentage p.a.)] calculated on the basis of the standard market practices applicable at that time. [In this case the Issuer is entitled but not obliged to request from reference banks selected at its reasonable discretion their respective quotes for [the relevant interest rate] [●] [(expressed as a percentage rate p.a.)] at or around the Fixing Time. If at least [two] [●] of the reference banks have provided a corresponding quote to the Issuer, the Calculation Agent is entitled but not obliged to determine the Interest Rate by using the [arithmetical] average calculated by it (if necessary rounded to the nearest one thousandth of

a percent) of the quotes specified by these reference banks.]]

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

Issuer: The Issuer means UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland [, acting through its [London Branch, 5 Broadgate, London EC2M 2QS, United Kingdom] [Jersey Branch, 24 Union Street, Saint Helier, Jersey JE4 8UJ]].

[Issuing Agent: The Issuing Agent means [Skandinaviska Enskilda Banken Stockholm (SEB), Kungsträdgårdsgatan 8, S-106 40 Stockholm, Sweden,] [Nordea Bank AB (publ), Finnish Branch, Satamaradankatu 5, FI-00020 NORDEA, Helsinki, Finland,] [Nordea Bank AB (publ), filial i Norge, Investor Solutions & Services, Essendropsgate 7, PO Box 1166 Sentrum, 0107 Oslo, Norway,] [Nordea Danmark, filial af Nordea Bank AB (publ), Sverige, (Nordea, Issuer Service DK) reg. 6428, Strandgade 3, 1401 Copenhagen K, Denmark,] [•] or any successor in this capacity. As long as any Security is outstanding, there will at all times be an Issuing Agent duly authorised as such under the CA Rules with regard to the Securities.]

K.

[Kick In Level: The Kick In Level

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] (“**Kick In Level_(i=1)**”), [•] and

the Kick In Level in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] (“**Kick In Level_(i=n)**”).]

[indicative. The Kick In Level [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].*]

[The term “Kick In Level” shall also refer to all Kick In Levels_(i=1) to _(i=n).]]

[Kick In Strike: The Kick In Strike

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] (“**Kick In Strike_(i=1)**”), [•] and

the Kick In Strike in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] (“**Kick In Strike_(i=n)**”).]

[indicative. The Kick In Strike [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time].*]

[The term “Kick In Strike” shall also refer to all Kick In Strikes_(i=1) to _(i=n).]]

[Kick In Threshold: The Kick In Threshold

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] (“**Kick In Threshold_(i=1)**”), [•] and

the Kick In Threshold in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] (“**Kick In Threshold_(i=n)**”).]

[indicative. The Kick In Threshold [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time]. *

[The term “Kick In Threshold” shall also refer to all Kick In Thresholds_(i=1) to _(i=n).]

[Kick Out Level:

The Kick Out Level

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] (“**Kick Out Level_(i=1)**”), [•] and

the Kick Out Level in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] (“**Kick Out Level_(i=n)**”).]

[indicative. The Kick Out Level [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time]. *

[The term “Kick Out Level” shall also refer to all Kick Out Levels_(i=1) to _(i=n).]

L.

[Last Trading Date:

The Last Trading Date means [•] [in respect of the Price of the Underlying, the last date on which the Underlying may be traded in accordance with the regulations and procedures of the Relevant Reference Market. The Last Trading Date shall be the date commonly understood in the market as applying to the Underlying and, in the event of any dispute, shall be the date specified and determined by the Calculation Agent.]]

[Leverage Factor:

[The Leverage Factor equals [•] [indicative. The Leverage Factor will be fixed on the Fixing Date [at Fixing Time].]

[The Leverage Factor represents the amount which will be invested into the Fund. The Leverage Factor will be set at [•%].*]]

[Leverage Value_(t):

The Leverage Value_(t) [means [•] [represents a notional borrowing by the Issuer to facilitate the allocation to Fund Units over [100%][•] of the Certificate Value_(t). On any [Fund Business Day][•] 't' this is equal to 200% (which is the Leverage Factor on Fund Business Day 't' minus [100%][•]).]]

[LIBOR:

LIBOR means [•]

[Lock-In Level:

The Lock-In Level

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] (“**Lock-In Level_(i=1)**”), [•] and

the Lock-In Level in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] (“**Lock-In Level_(i=n)**”).]

[indicative. The Lock-In Level [in relation to each [Underlying_(i)] [Basket

Component_(i) will be fixed on the Fixing Date [at the Fixing Time]. *

[The term “Lock-In Level” shall also refer to all Lock-In Levels_(i=1) to _(i=n).]

[Look-Back Level:

The Look-Back Level of [the Underlying] [an Underlying_(i)] [a Basket Component_(i)] equals [•] [the lowest of the [closing prices] [•] of [the Underlying] [an Underlying_(i)] [a Basket Component_(i)] on each of the Look-Back Dates within the Look-Back Period as determined by the Calculation Agent on the last Look-Back Date.]

For these purposes a “**Look-Back Date**” means each [Banking Day] [[Underlying] [Basket Component] Calculation Date] [Exchange Business Day] [•] within the Look-Back Period.]

[Look Back Period:

The Look-Back Period means [•] [the period, commencing on the [Issue Date] [Fixing Date] [•] [at [•] hrs local time [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland]] [•]] and ending [at [•] hrs local time [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], [•]] on the [Expiration Date] [Valuation Date] [Final Valuation Date] [or] [latest of the Valuation Averaging Dates].]

[Loss Threshold:

The Loss Threshold

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] (“**Loss Threshold_(i=1)**”), [•] and

the Loss Threshold in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] (“**Loss Threshold_(i=n)**”).]

[indicative. The Loss Threshold [in relation to each [Underlying_(i)] [Basket Component_(i)] will be fixed on the Fixing Date [at the Fixing Time]. *

[The term “Loss Threshold” shall also refer to all Loss Thresholds_(i=1) to _(i=n).]

M.

[Management Fee:

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

[The Management Fee will be published on each Fee Determination Date on [•] [UBS Quotes (<http://www.ubs.com/quotes>)]. The applicable Management Fee of [up to] [•][%] [per annum] will be charged and deducted on [•] [a daily basis (Act/360)] on the Redemption Amount per Security as of the respective previous Fee Determination Date, as determined by the Calculation Agent.]

[The [initial] Management Fee [(“**MF**”)] equals [•] [[•] % p.a., which is [calculated and] deducted [per calendar day] [•] [in arrears].] [This includes a Recurring Commission of [•] [[•] % p.a.]

[The Management Fee [(“**MF**”)] can be adjusted annually on and is effective as of the MF Adjustment Date.]

[The Management Fee [{"MF"}] will be fixed [•] [annually on the MF Fixing Date becoming effective on the MF Adjustment Date with a maximum of [•] [{"•}% p.a.]]

[The current Management Fee will be published on [•] [www.ubs.com/keyinvest].]

Maturity Date:

The Maturity Date means [•] [the [•] Banking Day (i) after the [relevant Valuation Date] [latest of the Valuation Averaging Dates] [, (ii) in the case of an early expiration in accordance with § [•] of the Conditions of the Securities, after the Early Expiration Date,] [{"(ii)"}] [{"(iii)"}] in the case of the occurrence of an automatic termination event in accordance with § [•] of the Conditions of the Securities, after [the Stop Loss Expiration Date] [the Knock Out Expiration Date] [•];] and ([•]) in the case of a termination by the Issuer in accordance with § 8 [•] of the Conditions of the Securities, after the Termination Date.

[Unless already redeemed, repurchased and/or declared void, any rights conferred by the Securities shall be deemed exercised for the purpose of Art. 2 paragraph 1 m) ii) of the Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) on the Maturity Date without requiring any exercise notice, transfer of the Securities or the fulfilment of any other prerequisites.]]

[Maximum Amount:

The Maximum Amount equals [•] [converted into the Redemption Currency] [multiplied by [the Participation Factor] [the Leverage Factor] [the Multiplication Factor] [the Multiplier]] [and] [commercially rounded to [two] [four] [•] 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₍₀₎] [a Basket Component₍₀₎], [•] [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₍₀₎] [Basket Component₍₀₎] [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₍₀₎] [a Basket Component₍₀₎], [•] [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₍₀₎] [Basket Component₍₀₎] [the aggregate [Underlyings] [Basket Components]]].]

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

[Minimum Amount:

The capital protected Minimum Amount equals [•] [converted into the Redemption Currency] [multiplied by [the Participation Factor] [the Leverage Factor] [the Multiplication Factor] [the Multiplier]] [and] [commercially rounded to [two] [four] [•] decimal places] [indicative. The

| | | |
|------------------------------------|-------------------|---|
| | | Minimum Amount will be fixed [at the Fixing Time] on the Fixing Date.*]]s |
| [Minimum Exercise Size: | | The Minimum Exercise Size equals [•].] |
| [Minimum Settlement Amount: | Settlement | The Minimum Settlement Amount equals [0.001] [•] in the Redemption Currency per Security.] |
| [Minimum Trading Size: | | The Minimum Trading Size equals [•].] |
| [Minimum Transferable Size: | | The Minimum Transferable Size equals [•] [Security] [Securities].] |
| [Multiplication Factor: | | The Multiplication Factor equals the factor [•] [indicative. The Multiplication Factor will be fixed on the Fixing Date [at Fixing Time].*]] |
| [Multiplier: | | The Multiplier equals [•] [[•], or expressed as a decimal number [•], i.e. [•] [Security relates] [Securities relate] to 1 Underlying [, respectively, 1 Security relates to [•] Underlying[s], as the case may be.]] [indicative. The Multiplier will be fixed [at the Fixing Time] on the Fixing Date.*]] |
| N. | | |
| [Net Asset Value: | | The Net Asset Value (“NAV”) means [the Fund's net asset value as calculated and published by the Fund's administrator in accordance with the relevant Fund's prospectus and constitutional documents by adding the value of all the assets of the Fund and deducting the total liabilities (including, in particular but not limited to, any fees (including an advisory fee and an incentive fee) payable to the Fund's advisor, the administrator, the bank and the custodian of the Fund, all borrowings, brokerage fees, provisions for taxes (if any), allowances for contingent liabilities and any other costs and expenses reasonably and properly incurred to the bank or the custodian of the Fund in effecting the acquisition or disposal of securities or in administering the Fund) of the Fund.] [•].] |
| [NIBOR: | | NIBOR means [•].] |
| [Nominal [(Denomination)]: | Amount | The Nominal Amount [(Denomination)] per Security equals [•].] |
| [Notional Investor: | | The Notional Investor means a hypothetical investor (in the same position as the Issuer) investing in the Fund Units of the Fund.] |
| [Number of Fund Units: | | The Number of Fund Units equals [•] [The initial number of Fund Units will correspond to the Leverage Factor. This decreases on a Borrowing Rebalancing Date on the basis that on the [Fund Business Day][•] immediately following a Borrowing Rebalancing Date the Number of Fund Units is reduced by a number of Fund Units equivalent to the Accumulated Borrowing Fee with respect to such immediately preceding Borrowing Rebalancing Date. On any other day the number of Fund Units equals the number of Fund Units on the preceding [Fund Business Day][•].] |
| O. | | |
| [Observation Date: | | The Observation Date means [•]. |
| | | If this day is not [a Fund Business Day] [[an Underlying] [a Basket Component] Calculation Date in relation to [the Underlying] [an Underlying _(i)] [a Basket Component _(i)], [•] [the immediately [preceding] [succeeding] [Fund Business Day] [[Underlying] [Basket Component] |

Calculation Date] is the relevant Observation Date in relation to
 [the Underlying]
 [the affected [Underlying_(i)] [Basket Component_(i)]]
 [the aggregate [Underlyings] [Basket Components]]].

[Observation Period:

[The Observation Period means [•] [the period, commencing on the [Issue Date] [Fixing Date] [•] [at [•] hrs local time [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland)] [•]] and ending [at [•] hrs local time [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], [•]] on the [Expiration Date] [Valuation Date] [Final Valuation Date] [or] [latest of the Valuation Averaging Dates].]

[The Observation Period_(i=1) means the period commencing at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [•] and ending at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland] on [•] [Observation Date_(i=1)] (including) [•] and the Observation Period_(i=n) means the period commencing at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [•] [Observation Date_(i=n-1)] (excluding) and ending at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [•] [Observation Date_(i=n)] (including).]

[Option Style:

The Option Style is [European][American].]

P.

[Participation Factor:

The Participation Factor equals [•] [The Participation Factor will be fixed on the Fixing Date [at Fixing Time].*]]

Paying Agent:

The Paying Agent means [•] [UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland [, acting through its [London Branch, 5 Broadgate, London EC2M 2QS, United Kingdom] [Jersey Branch, 24 Union Street, Saint Helier, Jersey JE4 8UJ]]] [UBS Limited c/o UBS Europe SE, Bockenheimer Landstrasse 2 - 4, 60306 Frankfurt am Main, Federal Republic of Germany] [, as well as the paying agents specified for the purposes in the applicable Final Terms under the heading "Part D – Country Specific Information". [The term "Paying Agent" shall also refer to all Paying Agents [including the Principal Paying Agent].]

[Payout Factor:

The Payout Factor equals [•]

[in relation to the Observation Date_(i=n) equals (indicative)]

[The term "Payout Factor" shall also refer to all Payout Factors_(i=n) to _(i=n)]

[The Payout Factor will be fixed on the Fixing Date.*]]

[Percentage Weighting:

The Percentage Weighting

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] ("Percentage Weighting_(i=1)"), [•] and

the Percentage Weighting in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [●] (“**Percentage Weighting_(i=n)**”).]]

[Physical Underlying:

The Physical Underlying means

[in the case of shares as the Physical Underlying insert, if appropriate, the following text: the shares of [●] with the ISIN [●]]

[in the case of an Index as the Physical Underlying insert, if appropriate, the following text: index securities linked to the performance of the Index with the ISIN [●]]

[in the case of a fund unit as the Physical Underlying insert, if appropriate, the following text: Fund Unit in the Fund with the ISIN [●]]

[in the case of precious metals or commodities as the Physical Underlying insert the following text: securities linked to the performance of the relevant Underlying with the ISIN [●]]

[●]

[in a number that considers [the Participation Factor] [the Leverage Factor] [the Multiplication Factor] [the Multiplier], expressed as a decimal number] [●].]

[Price of the Basket Component:

The Price of the Basket Component means

[●]

[the [●] price(s) of the respective Basket Component(s) as [continuously] determined [by the Relevant Trading System] [or] [on the Relevant Exchange]] [or]

[in the case of an Index as the Basket Component insert, if applicable, the following text: the [●] price(s) of the [relevant] Basket Component[s] as calculated and published by [the Index Sponsor] [the Index Calculator]] [or]

[in the case of a currency exchange rate as the Basket Component insert, if applicable, the following text: [●] [the [●] [bid] [mean] [ask] [●] price[s] of the [relevant] Basket Component[s] as [[continuously] determined on the Relevant Exchange Market] [and] [published on [[Reuters] [Bloomberg] on page [“EUROFX/1”] [●]] [the Relevant Screen Page], or a substitute page thereof.] [or]

[in the case of an interest rate as the Basket Component insert, if applicable, the following text: [●] [the [●] price[s] of the [relevant] Basket Component[s] as [[continuously] determined on the Relevant Reference Market] [and] [published on the Relevant Screen Page or a substitute page thereof]] [or]

[in the case of a fund unit as the Basket Component insert, if applicable, the following text: [●] [the Net Asset Value of the [relevant] Fund in relation to the Fund Unit, as calculated [and published] by [●] [the [relevant] administrator of the Fund] [or]

[in the case of a futures contract as the Basket Component insert, if

applicable, the following text: [•] [the [•]price[s] of the [relevant] Basket Component[s] as [[continuously] determined on the Relevant Reference Market] [and] [published on the Relevant Screen Page or a substitute page thereof]] [or]

[in the case of a reference rate as the Basket Component insert, if applicable, the following text: [•] [the [•]price[s] of the [relevant] Basket Component[s] as [[continuously] determined [on the Relevant Reference Market] [by the Relevant Reference Agent]] [and] [published on the Relevant Screen Page or a substitute page thereof].] [or]

[The Price of each Basket Component is [expressed in] [converted into] [related to] [the Underlying Currency] [•].]

[in the case of a currency exchange rate, interest rate, futures contract or a reference rate as Basket Component, as the case may be, insert, if applicable, the following text: [•] [If the [respective] Relevant Screen Page at the [respective] [Fixing Time] [or, as the case may be,] [Valuation Time] is not available or if the Price for the [respective] Basket Component is not displayed, the relevant Price shall be the [[•]rate] [[•]price] [•] [(expressed as a percentage p.a.)] as displayed on the corresponding page of another financial information service. If the Price of the [respective] Basket Component is no longer displayed in one of the above forms, the Issuer is entitled to specify at its reasonable discretion a [[•]rate] [[•]price] [•] [(expressed as a percentage p.a.)] calculated on the basis of the standard market practices applicable at that time as the relevant price. In this case the Issuer is entitled but not obliged to request from reference banks selected at its reasonable discretion their respective quotes for the [[•]rate] [[•]price] [•] corresponding to the [respective] Basket Component [(expressed as a percentage rate p.a.)] at the [respective] [Fixing Time] [or, as the case may be,] [Valuation Time] on the relevant [Valuation Date] [Final Valuation Date] [Valuation Averaging Date] [•]. If at least [two] [•] of the reference banks have provided a corresponding quote to the Issuer, the Calculation Agent is entitled but not obliged to determine the relevant price by using the [arithmetical] average calculated by it (if necessary rounded to the nearest one thousandth of a percent) of the quotes specified by these reference banks.]]]

[Price of the Underlying:

The Price of the Underlying means

[•]

[[the [•] price of the Underlying as [continuously] determined [in the Relevant Trading System] [or] [on the Relevant Exchange].]

[in the case of an Index as the Underlying insert, if applicable, the following text: the [•] price of the Underlying as calculated and published by [the Index Sponsor] [the Index Calculator].]

[in the case of a currency exchange rate as the Underlying insert, if applicable, the following text: [•] [the [•] [bid] [mean] [ask] [•] price of the Underlying as [[continuously] determined on the Relevant Exchange Market] [and] [published on [[Reuters] [Bloomberg] on page ["EUROFX/1" [•]] [the Relevant Screen Page], or a substitute page thereof.]

[in the case of an interest rate as the Underlying insert, if applicable, the following text: [•] [the [•] price of the Underlying as [[continuously]

determined on the Relevant Reference Market] [and] [published on the Relevant Screen Page or a substitute page thereof].]]

[in the case of a fund unit as the Underlying insert, if appropriate, the following text: [•] [the Net Asset Value of the Fund in relation to the Fund Unit, as calculated [and published] by the administrator of the Fund.]]

[in the case of a futures contract as the Underlying insert, if applicable, the following text: [•] [the [•] price of the Underlying as [[continuously] determined on the Relevant Reference Market] [and] [published on the Relevant Screen Page or a substitute page thereof].]]

[in the case of a reference rate as the Underlying insert, if applicable, the following text: [•] [the [•] price of the Underlying as [[continuously] determined [on the Relevant Reference Market] [by the Relevant Reference Agent]] [and] [published on the Relevant Screen Page or a substitute page thereof].]]

[in the case of a Basket as the Underlying insert, if applicable, the following text: [•] [the sum of the respective Prices of the Basket Components [each multiplied by the [Percentage] Weighting of the respective Basket Component within the Basket.]]

[in the case of a portfolio of Underlyings insert, if applicable, the following text: [•] [the sum of the respective Prices of the Underlyings [each multiplied by the [Percentage] Weighting of the respective Underlying within the portfolio] [, related to the Underlying Currency].]]

[The Price of the [respective] Underlying is [expressed in] [converted into] [related to] [the Underlying Currency] [•].]

[in the case of a currency exchange rate, interest rate, futures contract or a reference rate as the Underlying, as the case may be, add, if applicable, the following text: [•] [If the [respective] Relevant Screen Page at the [respective] [Fixing Time] [or, as the case may be,] [Valuation Time] is not available or if the Price for the [respective] Underlying is not displayed, the relevant Price shall be the [[•]rate] [[•]price] [•] [(expressed as a percentage p.a.)] as displayed on the corresponding page of another financial information service. If the Price of the [respective] Underlying is no longer displayed in one of the above forms, the Issuer is entitled to specify at its reasonable discretion a [[•]rate] [[•]price] [•] [(expressed as a percentage p.a.)] calculated on the basis of the standard market practices applicable at that time as the relevant price. In this case the Issuer is entitled but not obliged to request from reference banks selected at its reasonable discretion their respective quotes for the [[•]rate] [[•]price] [•] corresponding to the [respective] Underlying [(expressed as a percentage rate p.a.)] at the [respective] [Fixing Time] [or, as the case may be,] [Valuation Time] on the relevant [Valuation Date] [Final Valuation Date] [Valuation Averaging Date] [•]. If at least [two] [•] of the reference banks have provided a corresponding quote to the Issuer, the Calculation Agent is entitled but not obliged to determine the relevant price by using the [arithmetical] average calculated by it (if necessary rounded to the nearest one thousandth of a percent) of the quotes specified by these reference banks.]]

Principal Paying Agent:

The Principal Paying Agent means [•] [UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel,

Switzerland [, acting through its [London Branch, 5 Broadgate, London EC2M 2QS, United Kingdom] [Jersey Branch, 24 Union Street, Saint Helier, Jersey JE4 8UJ]].

R.

[Rate:

The Rate equals [•] [[•] + [•] [per annum]]]

[Record Date:

The Record Date means [•].]

Redemption Currency:

The Redemption Currency means [•]. [The product feature “**Currency Conversion**” applies.]

[The Issuer shall [at any time] [on the [Final] Valuation Date] [•] be entitled to replace [by giving notice to the Securityholders in accordance with § 14 of these Conditions] [•] by [•] [the Underlying Currency] and all following payments to the Securityholder will then be made in such other currency as Redemption Currency.][•] [The product feature “**Dual Currency**” applies.] [The product feature “**Currency Conversion**” applies.]

[Reference Banks:

The Reference Banks mean [•] [[four] [•] major commercial banks, which for the relevant time offering EURIBOR, STIBOR, LIBOR, NIBOR or CIBOR and are selected by the Issuer at its reasonable discretion.]]

[Reference Level:

The Reference Level [of the Underlying] [*in the case of a portfolio of Underlyings insert, if appropriate, the following text:* in relation to the relevant Underlying_(i)] equals

[•]

[[the Price of the Underlying [at the Fixing Time] on the Fixing Date] [•]. [indicative. The Reference Level of the Underlying will be fixed [at the Fixing Time] on the Fixing Date.] *]

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

[*in the case of a Basket as the Underlying insert, if appropriate, the following text:* the sum of the respective Reference Levels of the Basket Components [each multiplied by the [Percentage] Weighting of the respective Basket Component within the Basket] [, related to the Underlying Currency].]]

[Reference Price:

The Reference Price [of the Underlying] [*in the case of a portfolio of Underlyings insert, if appropriate, the following text:* in relation to the relevant Underlying_(i)] equals

[•]

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

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

[*in the case of a portfolio of Underlyings insert, if appropriate, the*

following text: the Price of [the relevant Underlying_(i)] [the Relevant Underlying] on [the Valuation Date] [the Final Valuation Date] [at the Valuation Time].]

[in the case of a portfolio of Underlyings insert, if appropriate, the following text: the [arithmetical] average of the Prices of [the relevant Underlying_(i)] [the Relevant Underlying] on each of the Valuation Averaging Dates [at the Valuation Time] as determined by the Calculation Agent.]

[If on the Valuation Date, in the opinion of the Calculation Agent at its reasonable discretion, there is not sufficient liquidity in relation to [the Underlying] [one or more of the Underlyings] [one or more of the Basket Components] or if the unwinding of any hedging transaction, due to such illiquidity or any other reason, has an inadequate impact on the Price of [the Underlying] [one or more of the Underlyings] [one or more of the Basket Components], the Calculation Agent shall determine the Reference Price based on the [arithmetical] [volume weighted] average of the [•] prices of the Underlying, as indicated by the unwinding of the related hedging transactions in [the Underlying] [the relevant Underlyings] [the relevant Basket Component], on [the Valuation Date] [the Final Valuation Date] [each of the Valuation Averaging Dates]. [The Calculation Agent shall determine [the closing dates on the Fixing Date and] the unwinding dates of the hedging transactions at its reasonable discretion.]]

[Reference Share(s) per Denomination[/Multiplication Factor]:

Reference Share(s) per Denomination[/Multiplication Factor] [means [•] share(s) per Security] [equals] [•] [multiplied by [the Participation Factor] [the Leverage Factor] [the Multiplication Factor] [the Multiplier]] [and] [commercially rounded to [two] [four] [•] decimal places].]

[Relevant Conversion Rate:

The Relevant Conversion Rate means [•] [the relevant [bid] [mean] [ask] rate [as determined by the Calculation Agent at its reasonable discretion] [as published on [•].]]

[(i) [the Valuation Date] [the Final Valuation Date] [the latest of the Valuation Averaging Dates] [Observation Date_(i=n)] 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] [Observation Date_(i=n)] 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] [Bloomberg] [•] on page [•] or a substitute page thereof.]

[If the Relevant Conversion Rate is not determined or quoted in the manner described above or if controversial [bid] [mean] [ask] rates are quoted, the Issuer shall be entitled to identify a Relevant Conversion Rate, determined on the basis of the then prevailing market customs.]]

[Relevant Country:

The Relevant Country means with respect to the [Underlying] [Basket Component], each of (i) any country (or any political or regulatory authority thereof) in which the currency used as [the Underlying] [the Basket Component] is the legal tender or currency; and (ii) any country (or any political or regulatory authority thereof) with which the currency

used as [the Underlying] [the Basket Component] has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to such factors as it may deem appropriate at its reasonable discretion.】

[Relevant Exchange:

The Relevant Exchange means

【●】

【in the case of an Index as the Underlying or Basket Component, as the case may be, insert, if appropriate, the following text: the stock exchange(s) on which the Components comprised in the Index are traded, as determined by [the Index Sponsor] [or] [the Index Calculator, as the case may be].】

【【●】 in relation to the [Underlying_(i=1)] [Basket Component_(i=1)], [●] and [●] in relation to the [Underlying_(i=n)] [Basket Component_(i=n)]. The term “Relevant Exchange” shall also refer to all Relevant Exchanges_(i=1) to _(i=n).】】

[Relevant Exchange Market:

The Relevant Exchange Market means

【●】

【the foreign exchange market[s], on which the [[Underlying[s]] [Basket Component[s]] [is] [are] primarily traded.】

【【●】 in relation to the [Underlying_(i=1)] [Basket Component_(i=1)], [●] and [●] in relation to the [Underlying_(i=n)] [Basket Component_(i=n)]. The term “Relevant Exchange Market” shall also refer to all Relevant Exchange Markets_(i=1) to _(i=n).】】

[Relevant Futures and Options Exchange:

The Relevant Futures and Options Exchange means

【●】

【【●】 in relation to the [Underlying_(i=1)] [Basket Component_(i=1)], [●] and [●] in relation to the [Underlying_(i=n)] [Basket Component_(i=n)].】

【The futures and options exchange[s], on which futures and option contracts on the [[Underlying[s]] [Basket Component[s]] are primarily traded]. [The term “Relevant Futures and Options Exchange” shall also refer to all Relevant Futures and Options Exchanges_(i=1) to _(i=n).】】

[Relevant Reference Agent:

The Relevant Reference Agent means

【●】

【【●】 in relation to the [Underlying_(i=1)] [Basket Component_(i=1)], [●] and [●] in relation to the [Underlying_(i=n)] [Basket Component_(i=n)]. The term “Relevant Reference Agent” shall also refer to all Relevant Reference Agents_(i=1) to _(i=n).】】

[Relevant Reference Market:

The Relevant Reference Market means

【●】

【【●】 in relation to the [Underlying_(i=1)] [Basket Component_(i=1)], [●] and [●] in relation to the [Underlying_(i=n)] [Basket Component_(i=n)]. The term “Relevant Reference Market” shall also refer to all Relevant Reference

| | |
|----------------------------------|---|
| | Markets _(i=1) to _(i=n) .]] |
| [Relevant Reference Rate: | The Relevant Reference Rate equals <i>[insert description of the reference rate: [•].]</i> |
| [Relevant Screen Page: | The Relevant Screen Page means [•] [[•] in relation to the [Underlying _(i=1)] [Basket Component _(i=1)], [•] and [•] in relation to the [Underlying _(i=n)] [Basket Component _(i=n)]. The term "Relevant Screen Page" shall also refer to all Relevant Screen Pages _(i=1) to _(i=n) .]] |
| [Relevant Trading System: | The Relevant Trading System means [•] <i>[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].]</i> <i>[in the case of a Fund Unit as the Underlying or Basket Component, as the case may be, insert, if appropriate, the following text: [the Fund] [•].]</i> [[•] in relation to the [Underlying _(i=1)] [Basket Component _(i=1)], [•] and [•] in relation to the [Underlying _(i=n)] [Basket Component _(i=n)]. The term "Relevant Trading System" shall also refer to all Relevant Trading Systems _(i=1) to _(i=n) .]] |
| [Relevant Underlying: | The Relevant Underlying means [•] [the Underlying _(i) , which has had, in relation to the other Underlyings, the worst performance during the Term of the Securities] [the Underlying _(i) , which has had, in relation to the other Underlyings, the best performance during the Term of the Securities].] |
| [Reverse Level: | The Reverse Level [equals [•].] [in relation to the [Underlying _(i=1)] [Basket Component _(i=1)] equals [•] (" Reverse Level_(i=1) "), [•] and the Reverse Level in relation to the [Underlying _(i=n)] [Basket Component _(i=n)] equals [•] (" Reverse Level_(i=n) ").] [indicative. The Reverse Level [in relation to each [Underlying _(i)] [Basket Component _(i)] will be fixed on the Fixing Date [at the Fixing Time].*] [The term "Reverse Level" shall also refer to all Reverse Levels _(i=1) to _(i=n) .]] |

[Roll Over Date:

Roll Over Date means [the last trading date] [the first trading date after the last trading date] [•] of the futures contracts in the Relevant Reference Market. If, at that date, the Issuer determines at its reasonable discretion that there is insufficient liquidity in the futures contract used as [the Underlying] [the Basket Component] in the Relevant Reference Market or that a comparable extraordinarily market situation prevails, the Issuer shall be entitled to determine at its reasonable discretion another day as Roll Over Date.]

**S.
Securities:**

Securities means the [specify designation of the Securities: [•]] issued by the Issuer in [the Issue Size] [the Aggregate Nominal Amount and with the denomination of the Nominal Amount per Security] with the following product feature:

| | |
|-------------------------------------|--|
| Participation Factor: | [Applicable] [Not Applicable] |
| Leverage Factor: | [Applicable] [Not Applicable] |
| Multiplier: | [Applicable] [Not Applicable] |
| Multiplication Factor: | [Applicable] [Not Applicable] |
| Leverage: | [Applicable] [Not Applicable] |
| Reverse Structure: | [Applicable] [Not Applicable] |
| Express Structure: | [Applicable] [Not Applicable] |
| Thresholds, Barriers or Levels: | [Applicable] [Not Applicable] |
| Maximum Amount: | [Applicable] [Not Applicable] |
| Relevant Underlying: | [Applicable] [Not Applicable] |
| Physical Delivery: | [Applicable] [Not Applicable] |
| Final Lock-In: | [Applicable] [Not Applicable] |
| Automatic Termination: | [Applicable] [Not Applicable] |
| Currency Conversion: | [Applicable] [Not Applicable] |
| Dual Currency: | [Applicable] [Not Applicable] |
| Capital Protection: | [Applicable] [Not Applicable] [Capital Protected Securities] [Partly Capital Protected Securities] |
| No predefined term: | [Applicable] [Not Applicable] |
| Time-lagged Valuation: | [Applicable] [Not Applicable] |
| Minimum Exercise Size: | [Applicable] [Not Applicable] |
| Securityholder's Termination Right: | [Applicable] [Not Applicable] |
| Quanto: | [Applicable] [Not Applicable] |
| Consideration of Components: | [Applicable] [Not Applicable] |
| Individual Determination: | [Applicable] [Not Applicable] |
| Collective Determination: | [Applicable] [Not Applicable] |
| Benchmark Adjustment: | [Applicable] [Not Applicable] |

The Securities are being [issued] [formed as] [in bearer form [as securities within the meaning of § 793 German Civil Code] [and will be represented on issue by [one or more permanent global bearer security/ies (each a "Global Security")] [a temporary global bearer security (each a "Temporary Global Security") exchangeable upon certification of non-U.S. beneficial ownership for a permanent global bearer security (each a "Permanent Global Security", and together with the Temporary Global Security, a "Global Security")]] [in uncertificated and dematerialised form to be registered in book-entry form at the Clearing System [(also the "Swedish Securities")] [(also the "Finnish Securities")] [(also the "Norwegian Securities")] [(also the "Danish Securities")] and will not be represented by definitive securities [as defined in article 965 CO].

| | |
|--|---|
| [Security Agent: | The Security Agent means [UBS Europe SE, Bockenheimer Landstrasse 2 - 4, 60306 Frankfurt am Main, Federal Republic of Germany.] [•] [The term "Security Agent" shall also refer to all Security Agents.] |
| [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: | <p>The Settlement Price [of the Underlying] [in the case of a portfolio of Underlyings insert, if appropriate, the following text: in relation to the relevant Underlying_(i)] equals</p> <p>[•]</p> <p>[the Price of the Underlying on [the Valuation Date] [the Final Valuation Date] [at the Valuation Time].]</p> <p>[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.]</p> <p>[in the case of a portfolio of Underlyings insert, if appropriate, the following text: the Price of [the relevant Underlying_(i)] [the Relevant Underlying] on [the Valuation Date] [the Final Valuation Date] [at the Valuation Time].]</p> <p>[in the case of a portfolio of Underlyings insert, if appropriate, the following text: the [arithmetical] average of the Prices of [the relevant Underlying_(i)] [the Relevant Underlying] on each of the Valuation Averaging Dates [at the Valuation Time] as determined by the Calculation Agent.]</p> <p>[If on the Valuation Date, in the opinion of the Calculation Agent at its reasonable discretion, there is not sufficient liquidity in relation to [the Underlying] [one or more of the Underlyings] [one or more of the Basket Components] or if the unwinding of any hedging transaction, due to such illiquidity or any other reason, has an inadequate impact on the Price of [the Underlying] [one or more of the Underlyings] [one or more of the Basket Components], the Calculation Agent shall determine the Settlement Price based on the [arithmetical] [volume weighted] average of the [•] prices of the Underlying, as indicated by the unwinding of the related hedging transactions in [the Underlying] [the relevant Underlyings] [the relevant Basket Component], on [the Valuation Date] [the Final Valuation Date] [each of the Valuation Averaging Dates]. [The Calculation Agent shall determine [the closing dates on the Fixing Date and] the unwinding dates of the hedging</p> |

| | |
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| | transactions at its reasonable discretion.]] |
| [Sprint Factor: | The Sprint Factor equals [the Price of the Underlying of] [•]. [indicative. The Sprint Factor will be fixed on the Fixing Date [at Fixing Time].*]] |
| [STIBOR: | STIBOR means [•]] |
| [Stop Loss Level: | The Stop Loss Level [equals [•].] [in relation to the [Underlying _(i=1)] [Basket Component _(i=1)] equals [•] (“ Stop Loss Level_(i=1) ”), [•] and the Stop Loss Level in relation to the [Underlying _(i=n)] [Basket Component _(i=n)] equals [•] (“ Stop Loss Level_(i=n) ”).] [indicative. The Stop Loss Level [in relation to each [Underlying _(i)] [Basket Component _(i)] will be fixed on the Fixing Date [at the Fixing Time].*] [The term “Stop Loss Level” shall also refer to all Stop Loss Levels _{(i=1) to (i=n)} .]] |
| [Stop Loss Event: | The Stop Loss Event means [•] [if on any [Fund Business Day][•] 't', the Certificate Value(t) is at or below the Stop Loss Level, the Certificates will expire on the next [Fund Business Day][•] on which a Notional Investor would have been able to redeem the Fund, if that investor had, by giving the appropriate notice, requested redemption (the “ Stop Loss Expiration Date ”).]] |
| [Stop Loss Early Redemption Amount: | The Stop Loss Early Redemption Amount means [•] [an amount in [SEK][EUR][•] as solely determined by the Calculation Agent to take into account any fees and charges and costs incurred by the Issuer (or any of its affiliates) of unwinding any underlying related hedging arrangement(s) or transaction(s). For avoidance of doubt, the Stop Loss Early Redemption Amount may not be equal to the Stop Loss Level.]] |
| [Stop Loss Early Redemption Payment Date: | The Stop Loss Early Redemption Payment Date means [•] [the Maturity Date] [[•] Business Days following the Stop Loss Expiration Date, subject to postponement in the event of a delay in the receipt by a Notional Investor of the full liquidation proceeds for the Fund, as determined by the Issuer in its reasonable discretion.]] |
| [Strike: | The Strike [of the Underlying] [<i>in the case of a portfolio of Underlyings insert, if appropriate, the following text:</i> in relation to the relevant Underlying _(i)] equals [•] [[the Price of the Underlying [at the Fixing Time] on the Fixing Date] [•]. [indicative. The Strike of the Underlying will be fixed [at the Fixing Time] on the Fixing Date.]*] [<i>in the case of a portfolio of Underlyings insert, if appropriate, the following text:</i> [the Price of [the relevant Underlying _(i)] [the Relevant Underlying] [at the Fixing Time] on the Fixing Date] [•]. [indicative. The Strike of the Underlying _(i) will be fixed [at the Fixing Time] on the Fixing |

Date.]*]

[in the case of a Basket as the Underlying insert, if appropriate, the following text: the sum of the respective Strikes of the Basket Components [each multiplied by the [Percentage] Weighting of the respective Basket Component within the Basket] [, related to the Underlying Currency].]

[Strike of the Basket Component:

The Strike of the Basket Component_(i=1) equals [the Price of the Basket Component_(i=1) [at the Fixing Time] on the Fixing Date] [•]. [indicative. The Strike of the Basket Component_(i=1) will be fixed [at the Fixing Time] on the Fixing Date.*] [•]

The Strike of the Basket Component_(i=n) equals [the Price of the Basket Component_(i=n) [at the Fixing Time] on the Fixing Date] [•]. [indicative. The Strike of the Basket Component_(i=n) will be fixed [at the Fixing Time] on the Fixing Date.*]]

T.

Termination Amount:

The Termination Amount equals [•] [an amount in the Redemption Currency, which is determined by the Calculation Agent 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 (j) of the Conditions of the Securities,] *[insert description of [the share or of the American Depositary Receipt, the Global Depositary Receipt or other depositary receipt on the share] [the Index] [the currency exchange rate] [the precious metal] [the commodity] [the interest rate] [the non-equity security] [the exchange traded fund unit] [the not exchange traded fund unit] [the futures contract (if applicable, including determination of the relevant expiration months)] [the reference rate] [the Basket] [the portfolio]: [•]]*

[in the case of an Index as the Underlying add the following text: (the "Index"), [as maintained, calculated and published by [•] (the "Index Sponsor")] [as maintained by [•] (the "Index Sponsor") and calculated and published by [•] (the "Index Calculator").]

[in the case of a certificate representing shares as the Underlying insert, if appropriate, the following text: [also "ADR"] [(also "GDR")] [(also "DR")]. In such context, the share underlying [the ADR] [the GDR] [the DR] is also referred to as the "Underlying Share".]

[in the case of a fund unit as the Underlying insert, if appropriate, the following text: (the "Fund Unit") in the [•] (the "Fund").]

[in the case of a Basket as the Underlying add the following text: (the “**Basket**”), comprising the Basket Components, as calculated and published by [●] [the Calculation Agent].]

[in the case of a portfolio of Underlyings insert, if appropriate, the following text: The Underlying_(i=1) equals [●], subject to a Roll Over in accordance with § 6 (j) of the Conditions,] [insert description of [the share or of the American Depositary Receipt, the Global Depositary Receipt or other depositary receipt on the share] [the Index] [the currency exchange rate] [the precious metal] [the commodity] [the interest rate] [the non-equity security] [the exchange traded fund unit] [the not exchange traded fund unit] [the futures contract (if applicable, including determination of the relevant expiration months)] [the reference rate]: [●]] [in the case of an Index as the Underlying insert, if appropriate, the following text: (the “**INDEX_(i=1)**”), [as maintained, calculated and published by [●] (the “**INDEX SPONSOR_(i=1)**”) [as maintained by [●] (the “**INDEX SPONSOR_(i=1)**”) and calculated and published by [●] (the “**INDEX CALCULATOR_(i=1)**”)]] [in the case of a fund unit as the Underlying insert, if appropriate, the following text: (the “**FUND UNIT_(i=1)**”) in the [●] (the “**FUND_(i=1)**”) [in the case of a certificate representing shares as the Underlying insert, if appropriate, the following text: [(also “**ADR_(i=1)**”) [(also “**GDR_(i=1)**”) “)] [(also “**DR_(i=1)**”)]] (In such context, the share_(i=1) underlying [the ADR_(i=1)] [the GDR_(i=1)] [the DR_(i=1)] is also referred to as the “**Underlying Share_(i=1)**”); [●] and the Underlying_(i=n) equals [●], subject to a Roll Over in accordance with § 6 (i) of the Conditions of the Securities,] [insert description of [the share or of the American Depositary Receipt, the Global Depositary Receipt or other depositary receipt on the share] [the Index] [the currency exchange rate] [the precious metal] [the commodity] [the interest rate] [the non-equity security] [the exchange traded fund unit] [the not exchange traded fund unit] [the futures contract (if applicable, including determination of the relevant expiration months)] [the reference rate]: [●]] [in the case of an Index as the Underlying insert, if appropriate, the following text: (the “**INDEX_(i=n)**”), [as maintained, calculated and published by [●] (the “**INDEX SPONSOR_(i=n)**”) [as maintained by [●] (the “**INDEX SPONSOR_(i=n)**”) and calculated and published by [●] (the “**INDEX CALCULATOR_(i=n)**”)]] [in the case of a fund unit as the Underlying insert, if appropriate, the following text: (the “**FUND UNIT_(i=n)**”) in the [●] (the “**FUND_(i=n)**”) [in the case of a certificate representing shares as the Underlying insert, if appropriate, the following text: [(also “**ADR_(i=n)**”) [(also “**GDR_(i=n)**”) [(also “**DR_(i=n)**”)]]. (In such context, the share_(i=n) underlying [the ADR_(i=n)] [the GDR_(i=n)] [the DR_(i=n)] is also referred to as the “**Underlying Share_(i=n)**”).]

The term “Underlying” [or “Index” [, “Index Calculator”] and “Index Sponsor”, as the case may be,] [or “Fund Unit” and “Fund”, as the case may be] [●] shall also refer to all Underlyings_(i=1) to _(i=n) [and to all Indices_(i=1) to _(i=n) [, to all Index Calculators_(i=1) to _(i=n)] and all Index Sponsors_(i=1) to _(i=n), as the case may be] [and to all Fund Units_(i=1) to _(i=n) and all Funds_(i=1) to _(i=n), as the case may be] [●].]

[[The Underlying is] [The Underlyings are] [expressed in] [converted into] [related to] [the Underlying Currency] [●].]

[In this context, the individual underlying values or components of [the] [an] Underlying are referred to as a “**Component**” or, as the case may be, the “**Components**”.]

[In this context, [[each] [the] Index Sponsor has control over the provision of the Index (*administrator*) within the meaning of the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in certain financial instruments and financial contracts or to measure the performance of investment funds (the “**EU Benchmarks Regulation**”)] [•.]]

[Underlying Calculation Date:

The Underlying Calculation Date means

[•]

[each day, on which [the Relevant Trading System] [,] [and] [the Relevant Exchange] [,] [and] [the Relevant Exchange Market] [and] [the Relevant Reference Market] [is] [are] open for trading [and] [the Price of the Underlying is determined in accordance with the relevant rules]]

[in the case of an Index as the Underlying insert, if applicable, the following text: [[or, as the case may be,] in relation to the Index] each day, on which [(i)] [the Index Sponsor] [the Index Calculator] determines, calculates and publishes the official price of the Index, [and (ii) the Components, which are comprised in the Index are [, to the extent of at least [•] [80 %] [90 %] of the market capitalisation of all Components, which are comprised in the Index, or of the overall value of the Index,] available for trading and quotation [in the Relevant Trading System] [or] [on the Relevant Exchange]]

[in the case of a fund unit as the Underlying insert, if applicable, the following text: [[or, as the case may be,] in relation to a Fund Unit] each day on which the [respective] administrator of the Fund publishes the Net Asset Value for such Fund in accordance with the relevant Fund's prospectus and constitutional documents]

[in the case of a reference rate as the Underlying insert, if applicable, the following text: [[or, as the case may be,] in relation to a reference rate] each day on which the [respective] Relevant Reference Agent determines the Price of the Underlying in accordance with the relevant rules].]

[Underlying Currency:

The Underlying Currency means [•.]]

V.

[Valuation Averaging Date:

[The Valuation Averaging Date means [•.]]

[The Valuation Averaging Date_(i=1) means the [•]; and

the Valuation Averaging Date_(i=n) means [the [•]] [(i) in the case of an exercise by the Securityholder in accordance with § [•] of the Conditions of the Securities, subject to an effective exercise procedure, [the relevant Exercise Date] [the day immediately succeeding the relevant Exercise Date] [•]] [and] [(ii) in the case of an Automatic Exercise in accordance with § [•] of the Conditions of the Securities [the Automatic Exercise Date] [the day immediately succeeding the Automatic Exercise Date] [•].]

The term “Valuation Averaging Date” shall also refer to all Valuation Averaging Dates_(i=1) to _(i=n).]

If one of these days is not [an Underlying] [a Basket Component]

Calculation Date in relation to [the Underlying] [an Underlying₍₀₎] [a Basket Component₍₀₎], [•] [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₍₀₎] [Basket Component₍₀₎] [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₍₀₎] [a Basket Component₍₀₎], [•] [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₍₀₎] [Basket Component₍₀₎] [the aggregate [Underlyings] [Basket Components]]].]

[Valuation Period:

[The Valuation Period means [•] [the period, commencing on the [Issue Date] [Fixing Date] [•] [at [•] hrs local time [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland] [•]] and ending [at [•] hrs local time [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], [•]] on the [Expiration Date] [Valuation Date] [Final Valuation Date] [or] [latest of the Valuation Averaging Dates].]

[The Valuation Period_(i=1) means the period commencing at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [•] and ending at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland] on [•] [Observation Date_(i=1)] (including) [•] and the Valuation Period_(i=n) means the period commencing at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [•] [Observation Date_(i=n-1)] (excluding) and ending at [•] hrs local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland], on [•] [Observation Date_(i=n)] (including).]

[Valuation Time:

The Valuation Time equals [•]

[[•] hrs [(local time [•] [Frankfurt am Main, Federal Republic of Germany] [London, United Kingdom] [Zurich, Switzerland]).]

[the time of the official determination of the [Price] [[•] price] of the [Underlying] [respective Underlying₍₀₎] [by the Index Sponsor] [or the Index Calculator, as the case may be] [by the Relevant Reference Agent].] [•]

[in the case of a Basket as the Underlying insert, if appropriate, the following text: [[•], relevant local time for each Basket Component_(i) [the time of the official determination of the [Price] [[•]] price of each Basket Component_(i) [by the Index Sponsor] [by the Relevant Reference Agent].] [•]]]

W.**[Warrant Agent:**

The Warrant Agent means [UBS Europe SE, Bockenheimer Landstrasse 2 - 4, 60306 Frankfurt am Main, Federal Republic of Germany.] [•] [The term "Warrant Agent" shall also refer to all Warrant Agents.]]

[Weighting:

The Weighting

[equals [•].]

[in relation to the [Underlying_(i=1)] [Basket Component_(i=1)] equals [•] ("Weighting_(i=1)"), [•] and

the Weighting in relation to the [Underlying_(i=n)] [Basket Component_(i=n)] equals [•] ("Weighting_(i=n)").]

[if applicable, insert further Key Terms and Definitions of the Securities]

Part 2: Product Terms: Special Conditions of the Securities

The Special Conditions of the Securities (for the individual types of Securities) consist of Section 1 – 3. The Special Conditions for the specific issue will be contained in the applicable Final Terms and must be read in conjunction with the General Conditions.

§ 1 See applicable Final Terms

§ 2 See applicable Final Terms

§ 3 See applicable Final Terms

3. General Conditions of the Securities

The following (“**General Conditions**”) of the Securities must be read in their entirety together with the section “Product Terms” of the relevant Final Terms (the “**Product Terms**” for the relevant Securities. The Product Terms 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) – (n) of the Conditions.

§ 4
Form of Securities; Title and Transfer;
Status

(1) Form of Securities

(a) In case the Securities (i) are as of the Issue Date represented by a **Global Security** as specified in the applicable Product Terms in the definition "**Securities**", and (ii) do not constitute Swedish Securities, Finnish Securities, Norwegian Securities, Danish Securities, the following applies:

The bearer Securities issued by the Issuer are represented by one or more permanent global bearer security/securities (the "**Global Security**") without coupons which shall be signed manually by two authorised signatories of the Issuer. No definitive securities will be issued. The right to request the delivery of definitive securities is excluded.

The Global Security is deposited with the Clearing System or, if specified in the applicable Product Terms in the definition "**Clearing System**", a common depository on behalf of the Clearing System in accordance with the applicable rules and regulations.

(b) In case the Securities (i) are initially represented by a **Temporary Global Security**, as specified in the applicable Product Terms in the definition "**Securities**", and (ii) do not constitute Swedish Securities, Finnish Securities, Norwegian Securities, Danish Securities, the following applies:

(i) The bearer Securities issued by the Issuer are initially represented by a temporary global bearer security (the "**Temporary Global Security**") without coupons which will be exchangeable for a permanent global bearer security (the "**Permanent Global Security**" and, together with the Temporary Global Security, each a "**Global Security**") without coupons. Each Global Security shall be signed manually by two authorised signatories of the Issuer. No definitive securities will be issued. The right to request the delivery of definitive securities is excluded.

(ii) The Temporary Global Security shall be exchanged for the Permanent Global Security on a date (the "**Exchange Date**") not earlier than 40 days after the Issue Date. Such exchange and any payment of interest on Securities represented by a Temporary Global Security shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Securities represented by the Temporary Global Security is not a U.S. person as defined by the U.S. Securities Act of 1933. Any such certification received by the Principal Paying Agent on or after the 40th day after the Issue Date will be treated as a request to exchange such Temporary Global Security as described above. Any securities delivered in exchange for the Temporary Global Security shall be delivered only outside of the United States.

Each Global Security is deposited with the Clearing System or, if specified in the applicable Product Terms in the definition "**Clearing System**", a common depository on behalf of the Clearing System in accordance with the applicable rules and regulations.

(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 not specified in the applicable Product Terms in the definition of "Securities" to be **Swedish Securities, Finnish Securities, Norwegian Securities** or **Danish Securities**, the following applies:

"**Securityholder**" means any holder of a proportionate co-ownership interest or right in the Permanent Global Security, acknowledged by German law as legal owner of the Securities. The Securityholder shall, for all purposes, be treated by the Issuer and the Security Agents (§ 12 (1)) as the person entitled to such Securities and the person entitled to receive the benefits of the rights represented by such Securities.

The Securities are transferable as co-ownership interests in the Permanent Global Security in accordance with applicable law and the relevant CA Rules and may be transferred within the collective securities settlement procedure in the Minimum Trading Size or an integral multiple thereof only. Such transfer becomes effective upon registration of the transfer in the records of the relevant Clearing System.

(b) In case the Securities are specified in the applicable Product Terms in the definition of "Securities" to be **Swedish Securities**, the following applies:

"**Securityholder**" means the person in whose name a Security is registered with the Clearing System (including a person duly authorised to act as a nominee and who is registered as such for the relevant Security) or any other person acknowledged as the holder of the Security pursuant to the CA Rules and, accordingly, where the relevant Securities are held through a duly authorised nominee, the nominee shall be the Securityholder. The Securityholder shall, for all purposes, be treated by the Issuer, if in the applicable Product Terms an "**Issuing Agent**" is specified, the Issuing Agent and the Security Agents (§ 12 (1)) as the person entitled to such Securities and the person entitled to receive the benefits of the rights represented by such Securities.

Title to the Securities will pass by transfer between accountholders at the Clearing System perfected in accordance with the relevant CA Rules.

The Issuer shall be entitled to obtain from the Clearing System information based on the Clearing System's register regarding the Securities for the purpose of performing its obligations pursuant to these Conditions.

(c) In case the Securities are specified in the applicable Product Terms in the definition of "Securities" to be **Finnish Securities**, the following applies:

"**Securityholder**" means the person in whose name a Security is registered with the Clearing System (including a person duly authorised to act as a nominee and who is registered as such for the relevant Security) or any other person acknowledged as the holder of the Security pursuant to the CA Rules and, accordingly, where the relevant Securities are held through a duly authorised nominee, the nominee shall be the Securityholder. The Securityholder shall, for all purposes, be treated by the Issuer, if in the applicable Product Terms an "**Issuing Agent**" is specified, the Issuing Agent and the Security Agents (§ 12 (1)) as the person entitled to such Securities and the person entitled to receive the benefits of the rights represented by such Securities.

Title to the Securities will pass by transfer between accountholders at the Clearing System perfected in accordance with the relevant CA Rules.

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

(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 not specified in the applicable Product Terms in the definition of "Securities" to be **Swedish Securities, Finnish Securities, Norwegian Securities** or **Danish Securities**, the following applies:

The Securities will, subject to a Market Disruption (§ 11), be redeemed on the relevant Maturity Date by payment of the Redemption Amount, of the Termination Amount or, if in the applicable Product Terms in the definition of "Securities" the product feature "**Securityholder's Termination Right**" is specified to be applicable, of the Securityholder Termination Amount, or of any other amount payable under the Conditions in relation to the relevant Maturity Date in the Redemption Currency or, if in §§ 1 – 3 of these Conditions a "**Physical Delivery**" applies, by delivery of the Physical Underlying in the appropriate number.

The Issuer shall, in all cases subject to any applicable fiscal or other laws and regulations in the place of payment or delivery, as the case may be, or other laws and regulations to which the Issuer agree to be subject, provide any performance due under these Conditions to the relevant Clearing System or the relevant intermediary or to its order for credit to the accounts of the relevant account holders of the Clearing System or the relevant intermediary.

The period of presentation as established in § 801 section 1 sentence 1 of the German Civil Code ("**BGB**") is reduced to ten years.

(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) – (n) 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, fees or other duties

All present and future taxes, fees or other duties in connection with the Securities shall be borne and paid by the Securityholders. 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 any such taxes, fees and/or duties payable by the Securityholder in accordance with the preceding sentence (including, for the avoidance of doubt, any withholding or deduction required by Sections 871(m) ("**871(m)**") and 1471 to 1474 ("**FATCA**") of the U.S. Internal Revenue Code of 1986, any treaty, law, regulation or other official guidance implementing FATCA, or any agreement (or related guidance) between the Issuer, the Paying Agent or any other person and the United States, any other jurisdiction, or any authority of any of the foregoing implementing FATCA) and none of the Issuer, the Paying Agent or any other person shall be required to pay any additional amounts with respect to any FATCA or 871(m) withholding or deduction imposed on or with respect to any Securities.

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 adjust any variable, calculation methodology, valuation, settlement, payment terms or any other terms in these Conditions in a manner and relation corresponding to the relevant adjustments made with regard to option and futures contracts on the share used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component traded on the Relevant Futures and Options Exchange (the "**Option Contracts**") provided that the Adjustment Record Date (as defined below) is prior to or on the Valuation Date, the Final Valuation Date or a Valuation Averaging Date, as the case may be, and as specified in the applicable Product Terms.

If no such Option Contracts are being traded on the Relevant Futures and Options Exchange, the adjustments may be made by the Issuer in a manner as relevant adjustments would be made by the Relevant Futures and Options Exchange if those Option Contracts were traded on the Relevant Futures and Options Exchange.

The "**Adjustment Record Date**" means the first trading day on the Relevant Futures and Options Exchange on which the adjusted Option Contracts on the Underlying are traded 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, subject to § 6 (b) (3) of these Conditions, the *de facto* or hypothetical decision of the Relevant Futures and Options Exchange that an Adjustment Event has occurred is conclusive:

- (i) The stock corporation, the share(s) of which is/are used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component (the "**Company**") increases its share capital against deposits/contributions granting a direct or indirect subscription right to its shareholders, capital increase out of the Company's own funds, through the issuance of new shares, directly or indirectly granting a right to its shareholders to subscribe for bonds or other securities with option or conversion rights to shares.
- (ii) The Company decreases its share capital through cancellation or combination of shares of the Company. No Adjustment Event shall occur, if the capital decrease is effected by way of reduction of the nominal amount of the shares of the Company.
- (iii) The Company grants exceptionally high dividends, bonuses or other cash or non-cash distributions ("**Special Distributions**") to its shareholders. The distributions of regular dividends, which do not constitute Special Distributions, do not create any Adjustment Event. With regard to the differentiation between regular dividends and Special Distributions, the differentiation made by the Relevant Futures and Options Exchange shall prevail.
- (iv) In the case of a stock split (reduction of the nominal amount and corresponding increase in the number of shares without a change in the share capital) or a similar measure.
- (v) Offer to the shareholders of the Company pursuant to the German Stock Corporation Act

(*Aktiengesetz*), the German Law regulating the Transformation of Companies (*Umwandlungsgesetz*) or any other similar proceeding under the jurisdiction applicable to and governing the Company to convert existing shares of the Company to new shares or to shares of another stock corporation.

- (vi) Take-over of shares of the Company by a shareholder in the course of a tender offer in accordance with the German Securities Acquisition and Take-over Act or with any other similar provision under the jurisdiction applicable to and governing the Company.
- (vii) The Company spins off any part of the Company so that a new independent enterprise is created or any part of the Company is absorbed by a third company, the Company's shareholders are granted shares in the new company or the absorbing company free of charge or at a price below the market price and therefore a market price or price quotation may be determined for the shares granted to the shareholders.
- (viii) The quotation of or trading in the shares of the Company on the Relevant Exchange is permanently discontinued due to a merger or a new company formation, or for any other comparable reason, in particular as a result of a delisting of the Company. The Issuer's right of termination in accordance with § 8 of these Conditions remains unaffected.

The provisions set out above shall apply *mutatis mutandis* to events other than those mentioned above, if the Issuer and the Calculation Agent, upon exercise of their reasonable discretion, determine that the economic effects of these events are comparable and may have an impact on the calculation value of the shares.

(3) Deviations by the Issuer from the Relevant Futures and Options Exchange

The Issuer shall be entitled to deviate from the adjustments made by the Relevant Futures and Options Exchange, should the Issuer consider it necessary in order to account for existing differences between the Securities and the Option Contracts traded on the Relevant Futures and Options Exchange. Irrespective of, whether or how adjustments are *de facto* effected by the Relevant Futures and Options Exchange, the Issuer is entitled to make adjustments to these Conditions for the purpose to reconstitute to the extent possible the Securityholders' economic status prior to the measures as described in § 6 (b) (2) of these Conditions.

(4) Successor Underlying or, as the case may be, Successor Basket Component

In the event that the share ceases to exist and/or is replaced by a successor share (by any parties other than the Issuer) (subject to § 6 (n) of these Conditions, a "**Replacement Event**"), 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**") and to replace the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the affected Basket Component by 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 Securities. The Issuer reserves the right to determine at its reasonable discretion in cases of doubt (i) the applicability of the adjustment rules of the Relevant Futures and Options Exchange and (ii) the required adjustment. Any adjustment or determination shall be published by the Issuer in accordance with § 14 of these Conditions and shall be final, conclusive and binding on all parties, except where there is a manifest error.

(8) Effectiveness of Adjustments and Determinations

Any adjustment and determination will become effective as of the time at which the relevant adjustments become effective on the Relevant Futures and Options Exchange or would become effective, if the Option Contracts were traded on the Relevant Futures and Options Exchange, as the case may be.

Only in case of a **certificate representing shares as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the following § 6 (c) of these Conditions applies:

§ 6 (c)

Adjustments in connection with a Certificate representing Shares

(1) Consequences of the occurrence of a Potential Adjustment Event

In the case of the occurrence of a Potential Adjustment Event (§ 6 (c) (2)) in relation to the certificate representing shares used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, as the Basket Component, the Issuer shall be entitled to adjust any variable, calculation methodology, valuation, settlement, payment terms or any other terms in these Conditions to account for the effect of such Potential Adjustment Event.

(2) Occurrence of a Potential Adjustment Event

"**Potential Adjustment Event**" means any following events or measures in relation to the certificate representing shares used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, as the Basket Component, provided that such event or measure is, at the reasonable discretion the Issuer and the Calculation Agent, material and adversely affects the Underlying or, as the case may be, the Basket Component or the calculation of the Price of the Underlying or, as the case may be, the Basket Component:

- (a) In the opinion of the Calculation Agent at its reasonable discretion, a material change
 - (i) has occurred in relation to the Relevant Exchange relevant for the calculation and determination of the price of the certificate representing shares used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, as the Basket Component, or
 - (ii) has occurred in relation to the relevant terms of either the certificate representing shares used as the Underlying or, as the case may be, the Basket Component or of the Underlying Shares.
- (b) Any measure in relation to the certificate representing shares, which gives reason, or would give reason, if option and futures contracts on the certificate representing shares used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, as the Basket Component traded on the Relevant Futures and Options Exchange (the "**Option Contracts**") were traded on the Relevant Futures and Options Exchange, as the case may be, to the Relevant Futures and Options Exchange for an adjustment to the strike, the contract volume of the underlying, the ratio of the underlying or to the quotation of the trading system, relevant for the calculation and determination of the price of the underlying.

(3) Successor Underlying or, as the case may be, Successor Basket Component

In the event that the certificate representing shares ceases to exist and/or is replaced by a successor certificate representing shares (by any parties other than the Issuer) (subject to § 6 (n) of these Conditions, a "**Replacement Event**"), the Issuer and the Calculation Agent shall, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions, determine at their reasonable discretion, after having made appropriate adjustments according to the paragraph above, which underlying, economically equal to the underlying concept of the certificate representing shares used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, as the Basket Component shall be applicable in the future (the "**Successor Underlying**" or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, the "**Successor Basket Component**") and to replace the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, the affected Basket Component by the Successor Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, the Successor Basket Component. The Successor Underlying or, as the case may be, the Successor Basket Component

and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

Any reference in these Conditions to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, to the Basket Component shall, to the extent appropriate, be deemed to refer to the Successor Underlying or, as the case may be, the Successor Basket Component.

(4) Determination of a Substitute Exchange

If the quotation of or trading in the certificate representing shares on the Relevant Exchange is permanently discontinued while concurrently a quotation or trading is started up or maintained on another stock exchange, the Issuer shall be entitled to stipulate such other stock exchange as new Relevant Exchange (the "**Substitute Exchange**") through publication in accordance with § 14 of these Conditions, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions. In the case of such a substitution, any reference in these Conditions to the Relevant Exchange thereafter shall be deemed to refer to the Substitute Exchange. The adjustment described above shall be published in accordance with § 14 of these Conditions upon the expiry of one month following the permanent discontinuation of the quotation of or trading in the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, the Basket Component on the Relevant Exchange, at the latest.

(5) Corrected Price

In the event that the price of the certificate representing shares used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, as the Basket Component as determined and published by the Relevant Exchange is subsequently corrected and the correction (the "**Corrected Price**") is published by the Relevant Exchange after the original publication, but still within one Settlement Cycle, the Issuer and the Calculation Agent shall be entitled to effect, under consideration of the Corrected Price, adjustments to these Conditions at their reasonable discretion, to account for the correction. The adjustment and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

(6) Making of Adjustments and Determinations; Publication

Adjustments and determinations pursuant to the paragraphs above shall be effected by the Issuer or, as the case may be, by the Calculation Agent, at its reasonable discretion, under consideration of the market conditions then prevailing and preserving the value of the 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 **non-equity security as the Underlying or a Basket Component, as the case may be**, as specified in the definition of “Underlying” contained in the section “Product Terms” of the relevant Final Terms, the following § 6 (d) of these Conditions applies:

§ 6 (d)

Adjustments in connection with a Non-Equity Security

(1) Consequences of the occurrence of a Potential Adjustment Event

If, in the opinion of the Calculation Agent at its reasonable discretion, a material change in the market conditions occurred in relation to the Relevant Trading System relevant for the calculation and determination of the price of the non-equity security used as the Underlying or, if in the applicable Product Terms in the definition of “Underlying” a “Basket” is specified to be applicable, as the Basket Component (a “**Potential Adjustment Event**”), the Issuer shall be entitled to adjust any variable, calculation methodology, valuation, settlement, payment terms or any other terms in these Conditions to account for the effect of these changed market conditions.

(2) Changes in the calculation; Making of Adjustments

Any changes in the calculation (including corrections) of the non-equity security, shall not lead to an adjustment unless the Issuer and the Calculation Agent, upon exercise of their reasonable discretion determine that the underlying concept and the calculation (including corrections) of the Underlying or, if in the applicable Product Terms in the definition of “Underlying” a “Basket” is specified to be applicable, of the Basket Component are no longer comparable to the underlying concept or calculation of the Underlying or, as the case may be, the Basket Component applicable prior to such change. Adjustments may also be made as a result of the termination of the Underlying or of the Basket Component and/or its substitution by another underlying.

For the purpose of making any adjustment, the Calculation Agent shall at its reasonable discretion determine an adjusted value per unit of the non-equity security as the basis of the determination of the Price of the Underlying or, if in the applicable Product Terms in the definition of “Underlying” a “Basket” is specified to be applicable, of the Basket Component, which in its result corresponds with the economic result prior to this change, and shall, taking into account the time the change occurred, determine the day, on which the adjusted value per unit of the non-equity security shall apply for the first time. The adjusted value per unit of the Underlying or, as the case may be, the Basket Component as well as the date of its first application shall be published without undue delay pursuant to § 14 of these Conditions.

(3) Successor Underlying or, as the case may be, Successor Basket Component

In the event that the non-equity security ceases to exist and/or is replaced by a successor non-equity security (by any parties other than the Issuer) (subject to § 6 (n) of these Conditions, a “**Replacement Event**”), 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**”) and to replace the Underlying or, if in the applicable Product Terms in the definition of “Underlying” a “Basket” is specified to be applicable, the affected Basket Component by 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 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 (e) of these Conditions applies:

§ 6 (e)

Adjustments in connection with a Commodity

(1) Consequences of the occurrence of a Potential Adjustment Event

In the case of the occurrence of a Potential Adjustment Event (§ 6 (e) (2)), the Issuer shall be entitled to adjust any variable, calculation methodology, valuation, settlement, payment terms or any other terms in these Conditions in a manner and relation corresponding to the relevant adjustments made with regard to option and futures contracts on the commodity used as the Underlying or, if in the applicable Product Terms in the definition of “Underlying” a “Basket” is specified to be applicable, as the Basket Component traded on the Relevant Futures and Options Exchange (the “**Option Contracts**”) provided that the Adjustment Record Date (as defined below) is prior to or on the Valuation Date, the Final Valuation Date or a Valuation Averaging Date, as the case may be, and as specified in the applicable Product Terms.

If no such Option Contracts are being traded on the Relevant Futures and Options Exchange, the adjustments may be effected by the Issuer in a manner as relevant adjustments would be made by the Relevant Futures and Options Exchange if those Option Contracts were traded on the Relevant Futures and Options Exchange.

The “**Adjustment Record Date**” will be the first trading day on the Relevant Futures and Options Exchange on which the adjusted Option Contracts on the Underlying are traded on the Relevant Futures and Options Exchange or would be traded if those Option Contracts were traded on the Relevant Futures and Options Exchange.

(2) Occurrence of a Potential Adjustment Event

“**Potential Adjustment Event**” means any measure in relation to the commodity, which gives reason, or would give reason, if the Option Contracts were traded on the Relevant Futures and Options Exchange, as the case may be, to the Relevant Futures and Options Exchange for an adjustment to the strike, the contract volume of the underlying, the ratio of the underlying or to the quotation of the trading system, relevant for the calculation and determination of the price of the underlying.

Adjustment Events are, *in particular*, but not limited to, the following measures, whereas, however, subject to § 6 (e) (3), the *de facto* or hypothetical decision of the Relevant Futures and Options Exchange is decisive:

- (i) The commodity is traded in the Relevant Trading System relevant for the calculation and determination of the Price of the Underlying or, if in the applicable Product Terms in the definition of “Underlying” a “Basket” is specified to be applicable, of the Basket Component in a different quality, in a different consistency (e.g. with a different degree of purity or a different point of origin) or in a different standard measuring unit.
- (ii) The occurrence of another event or action, due to which the commodity, as traded in the Relevant Trading System]relevant for the calculation and determination of the Price of the Underlying or, if in the applicable Product Terms in the definition of “Underlying” a “Basket” is specified to be applicable, of the Basket Component, is materially modified.

The provisions set out above shall apply *mutatis mutandis* to events other than those mentioned above, if the Issuer and the Calculation Agent, upon exercise of their reasonable discretion, determine that the economic effects of these events are comparable and may have an impact on the value of the commodity.

(3) Deviations by the Issuer from the Relevant Futures and Options Exchange

The Issuer shall be entitled to deviate from the adjustments made by the Relevant Futures and Options Exchange, should the Issuer consider it necessary in order to account for existing differences between the Securities and the Option Contracts traded on the Relevant Futures and Options Exchange. Irrespective of,

whether or how adjustments are *de facto* effected by the Relevant Futures and Options Exchange, the Issuer is entitled to make adjustments to these Conditions for the purpose to reconstitute to the extent possible the Securityholders' economic status prior to the measures in terms of § 6 (e) (2).

(4) Successor Underlying or, as the case may be, Successor Basket Component

In the event that the commodity ceases to exist and/or is replaced by a successor commodity (by any parties other than the Issuer) (subject to § 6 (n) of these Conditions, a "**Replacement Event**"), 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**") and to replace the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the affected Basket Component by 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 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 (f) of these Conditions applies:

§ 6 (f)

Adjustments in connection with a Precious Metal

(1) Consequences of the occurrence of a Potential Adjustment Event

In the case of the occurrence of a Potential Adjustment Event (§ 6 (f) (2)), the Issuer shall be entitled to adjust any variable, calculation methodology, valuation, settlement, payment terms or any other terms in these Conditions in a manner and relation corresponding to the relevant adjustments made with regard to option and futures contracts on the precious metal used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component traded on the Relevant Futures and Options Exchange (the "**Option Contracts**") provided that the Adjustment Record Date (as defined below) is prior to or on the Valuation Date, the Final Valuation Date or a Valuation Averaging Date, as the case may be, and as specified in the applicable Product Terms.

If no such Option Contracts are being traded on the Relevant Futures and Options Exchange, the adjustments may be effected by the Issuer in a manner as relevant adjustments would be made by the Relevant Futures and Options Exchange if those Option Contracts were traded on the Relevant Futures and Options Exchange.

The "**Adjustment Record Date**" will be the first trading day on the Relevant Futures and Options Exchange on which the adjusted Option Contracts on the Underlying are traded on the Relevant Futures and Options Exchange or would be traded if those Option Contracts were traded on the Relevant Futures and Options Exchange.

(2) Occurrence of a Potential Adjustment Event

"**Potential Adjustment Event**" means any measure in relation to the precious metal, which gives reason, or would give reason, if the Option Contracts were traded on the Relevant Futures and Options Exchange, as the case may be, to the Relevant Futures and Options Exchange for an adjustment to the strike, the contract volume of the underlying, the ratio of the underlying or to the quotation of the stock exchange, relevant for the calculation and determination of the price of the underlying.

Adjustment Events are, *in particular*, but not limited to, the following measures, whereas, however, subject to § 6 (f) (3), the *de facto* or hypothetical decision of the Relevant Futures and Options Exchange is decisive:

- (i) The precious metal is traded on the Relevant Exchange relevant for the calculation and determination of the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component in a different quality, in a different consistency (e.g. with a different degree of purity or a different point of origin) or in a different standard measuring unit.
- (ii) The occurrence of another event or action, due to which the precious metal, as traded on the Relevant Exchange relevant for the calculation and determination of the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Basket Component, is materially modified.

The provisions set out above shall apply *mutatis mutandis* to any other event or circumstance, which may have an impact on the value of the precious metal and which causes the terms of the Securities to no longer reflect the original commercial terms agreed by the Issuer and the Securityholders or adversely affects the economic basis on which the Issuer issued the Securities.

(3) Deviations by the Issuer from the Relevant Futures and Options Exchange

The Issuer shall be entitled to deviate from the adjustments made by the Relevant Futures and Options

Exchange, should the Issuer consider it necessary in order to account for existing differences between the Securities and the Option Contracts traded on the Relevant Futures and Options Exchange. Irrespective of, whether or how adjustments are *de facto* effected by the Relevant Futures and Options Exchange, the Issuer is entitled to make adjustments to these Conditions for the purpose to reconstitute to the extent possible the Securityholders' economic status prior to the measures in terms of § 6 (f) (2).

(4) Successor Underlying or, as the case may be, Successor Basket Component

In the event that the precious metal ceases to exist and/or is replaced by a successor precious metal (by any parties other than the Issuer) (subject to § 6 (n) of these Conditions, a "**Replacement Event**"), 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**") and to replace the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the affected Basket Component by the Successor Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Successor Basket Component. The Successor Underlying or, as the case may be, the Successor Basket Component and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

Any reference in these Conditions to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, to the Basket Component shall, to the extent appropriate, be deemed to refer to the Successor Underlying or, as the case may be, to the Successor Basket Component.

(5) Determination of a Substitute Exchange

If the quotation of or trading in the precious metal on the Relevant Exchange is permanently discontinued while concurrently a quotation or trading is started up or maintained on another exchange, the Issuer shall be entitled to stipulate such other exchange as the new relevant exchange (the "**Substitute Exchange**") through publication in accordance with § 14 of these Conditions, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions. In the case of such a substitution, any reference in these Conditions to the Relevant Exchange thereafter shall be deemed to refer to the Substitute Exchange. The adjustment described above shall be published in accordance with § 14 of these Conditions upon the expiry of one month following the permanent discontinuation of the quotation of or trading in the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, in the Basket Component on the Relevant Exchange, at the latest.

(6) Corrected Price

In the event that the price of the precious metal used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component as determined and published by the Relevant Exchange is subsequently corrected and the correction (the "**Corrected Price**") is published by the Relevant Exchange after the original publication, but still within one Settlement Cycle, the Issuer and the Calculation Agent shall be entitled to effect, under consideration of the Corrected Price, adjustments to these Conditions at their reasonable discretion, to account for the correction. The adjustment and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

(7) Making of Adjustments and Determinations; Publication

Adjustments and determinations pursuant to the paragraphs above shall be effected by the Issuer or, as the case may be, by the Calculation Agent, at its reasonable discretion, under consideration of the market conditions then prevailing and preserving the value of the 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 (g) of these Conditions applies:

§ 6 (g)

Adjustments in connection with an Index

(1) Successor Index Sponsor; Successor Index Calculator

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 permanently 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” an “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) Successor Underlying or, as the case may be, Successor Basket Component

In the event that

- (i) the authorisation of the Issuer or of the Calculation Agent, as the case may be, 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 otherwise ceases or
- (ii) the Index (or the publication thereof) has been permanently discontinued and/or replaced by a successor index (by any parties other than the Issuer),

(subject to § 6 (n) of these Conditions, a **“Replacement Event”**) 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”**) and to replace the Underlying or, if in the applicable Product Terms in the definition of “Underlying” a “Basket” is specified to be applicable, the affected Basket Component by 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 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 is subsequently corrected and the correction (the **“Corrected Price”**) is published 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 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 (h) of these Conditions applies:

§ 6 (h)

Adjustments in connection with an exchange traded Fund Unit

(1) Consequences of the occurrence of a Potential Adjustment Event

In the case of the occurrence of a Potential Adjustment Event (§ 6 (h) (2)) in respect to the exchange traded Fund Unit used as Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, as the Basket Component, the Issuer shall be entitled to make any adjustments to any variable, calculation methodology, valuation, settlement, payment terms or any other terms in respect of the Securities that they determine at their reasonable discretion to be appropriate to account for the effect of such Potential Adjustment Event.

(2) Occurrence of a Potential Adjustment Event

"**Potential Adjustment Event**" means any following measure in relation to the Fund Unit:

- (a) Conversion, subdivision, consolidation or reclassification of the Fund Units;
- (b) Payment of distributions, which contradict the standard distribution policy of the Investment Fund in relation to the Fund Units, or
- (c) any other event that may, in the Issuer's and the Calculation Agent's reasonable discretion, have a diluting or concentrative effect on the Fund Units.

(3) Adjustments made by the Relevant Futures and Options Exchange

The Issuer shall be entitled to in particular effect adjustments to these Conditions in a manner and relation corresponding to the relevant adjustments made with regard to option and futures contracts on the Fund Unit used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, as the Basket Component, traded on the Relevant Futures and Options Exchange (the "**Option Contracts**") provided that the Adjustment Record Date (as defined below) is prior to or on the Valuation Date, the Final Valuation Date or a Valuation Averaging Date, as the case may be, and as specified in the applicable Product Terms.

If no such Option Contracts are being traded on the Relevant Futures and Options Exchange, the adjustments may be effected by the Issuer in a manner as relevant adjustments would be made by the Relevant Futures and Options Exchange if those Option Contracts were traded on the Relevant Futures and Options Exchange.

The "**Adjustment Record Date**" will be the first trading day on the Relevant Futures and Options Exchange on which the adjusted Option Contracts on the Underlying are traded on the Relevant Futures and Options Exchange or would be traded if those Option Contracts were traded on the Relevant Futures and Options Exchange.

(4) Deviations by the Issuer from the Relevant Futures and Options Exchange

The Issuer shall be entitled to deviate from the adjustments made by the Relevant Futures and Options Exchange, should the Issuer consider it necessary in order to account for existing differences between the Securities and the Option Contracts traded on the Relevant Futures and Options Exchange. Irrespective of, whether or how adjustments are *de facto* effected by the Relevant Futures and Options Exchange, the Issuer is entitled to make adjustments to these Conditions for the purpose to reconstitute to the extent possible the Securityholders' economic status prior to the measures in terms of § 6 (h) (2).

(5) Consequences of the occurrence of a Replacement Event

If a Replacement Event (§ 6 (h) (6)) in respect of the Fund Unit used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, as the Basket Component occurs or is likely to occur, the Issuer and the Calculation Agent may, if they determine at their reasonable discretion, that such event is material and adversely affects the Fund Unit,

- (i) select an alternative investment fund, which the Issuer and the Calculation Agent determine at their reasonable discretion to have a similar strategy and liquidity (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**") and to replace the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the affected Basket Component by 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. and/or
- (ii) make any adjustments to any variable, calculation methodology, valuation, settlement, payment terms or any other terms in respect of the Securities that they determine at their reasonable discretion to be appropriate to account for the effect of such Replacement Event.

(6) Occurrence of a Replacement Event

Subject to § 6 (n) of these Conditions, "**Replacement Event**" means any of the following:

- (a) The investment strategy or investment objective of an Investment Fund (the "**Strategy**") differs substantially from the Strategy at the Issue Date or the date on which the Underlying was adjusted in accordance with these Conditions, as the case may be, or from the Strategy outlined in the prospectus or other documents prepared in connection with the marketing of the Investment Fund (together the "**Documents**") or from the rules in relation to the Investment Fund.
- (b) The Investment Fund introduces or increases charges or fees payable out of the assets of the Investment Fund or charges a subscription fee or redemption fee.
- (c) The operation or organisation of the Investment Fund (in particular structure, procedures or policies) or the application of such procedures or policies has changed from that at the Issue Date or the date on which the Underlying was adjusted in accordance with these Conditions, as the case may be.
- (d) The Investment Fund or its investment manager is or becomes subject to liquidation, dissolution, discontinuance or execution, or the investment manager indicates that the Strategy will not be met or proposes, recommends or initiates the liquidation, dissolution or discontinuance of the Investment Fund.
- (e) The Investment Fund or its investment manager or any of their employees are placed under review or investigation by any regulatory or other authority or are subject to any charges or prosecution.
- (f) The Issuer is the beneficial owner of 5 % or more of the Fund Units of the Investment Fund or a relevant class of the Investment Fund.
- (g) The Investment Fund or its investment manager becomes party to any litigation or dispute.
- (h) Resignation, termination, loss of registration or any other change in respect of the investment manager of the Investment Fund or any change in the personnel of the investment manager or in the service providers to the Investment Fund.

The provisions set out above shall apply *mutatis mutandis* to events other than those mentioned above, if the Issuer and the Calculation Agent, upon exercise of their reasonable discretion, determine that the economic effects of these events are comparable and may have an impact on the calculational value of the Fund Unit.

Any reference in these Conditions to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, as the Basket Component shall, to the extent appropriate, be deemed to refer to the Successor Underlying.

(7) Determination of a Substitute Exchange

If the quotation of or trading in the Fund Unit used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, as the Basket Component on the Relevant Exchange is permanently discontinued while concurrently a quotation or trading is started up or maintained on another stock exchange, the Issuer shall be entitled to stipulate such other stock exchange as new Relevant Exchange (the "**Substitute Exchange**") through publication in accordance with § 14 of these Conditions, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions. In the case of such a substitution, any reference in these Conditions to the Relevant Exchange thereafter shall be deemed to refer to the Substitute Exchange. The adjustment described above shall be published in accordance with § 14 of these Conditions upon the expiry of one month following the permanent discontinuation of the quotation of or trading in the Fund Unit used as the Underlying on the Relevant Exchange.

(8) Corrected Price

In the event that the price of the Fund Unit used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, as the Basket Component as determined and published by the Relevant Exchange is subsequently corrected and the correction (the "**Corrected Price**") is published by the Relevant Exchange after the original publication, but until the Maturity Date (exclusive), the Issuer and the Calculation Agent shall be entitled to effect, under consideration of the Corrected Price, adjustments to these Conditions at their reasonable discretion, to account for the correction. The adjustment and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

(9) Making of Adjustments and Determinations, Publication

Adjustments and determinations pursuant to the paragraphs above shall be effected by the Issuer or, as the case may be, by the Calculation Agent, at its reasonable discretion, under consideration of the market conditions then prevailing and preserving the value of the Securities. The Issuer reserves the right to determine at its reasonable discretion in cases of doubt the required adjustment. Any adjustment or determination shall be published by the Issuer in accordance with § 14 of these Conditions and shall be final, conclusive and binding on all parties, except where there is a manifest error.

(10) Effectiveness of Adjustments and Determinations

Any adjustment and determination will become effective as of the time at which the relevant adjustments become effective on the Relevant Futures and Options Exchange or would become effective, if the Option Contracts were traded on the Relevant Futures and Options Exchange, as the case may be.

Only in case of a **not exchange traded Fund Unit as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms, the following § 6 (i) of these Conditions applies:

§ 6 (i)

Adjustments in connection with a Fund Unit

(1) Consequences of the occurrence of a Potential Adjustment Event

If a Potential Adjustment Event (§ 6 (i) (2)) in respect of the Fund Unit used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "**Basket**" is specified to be applicable, as the Basket Component occurs or is likely to occur, the Issuer and the Calculation Agent may, if they determine at their reasonable discretion, that such event is material and adversely affects the Underlying or, as the case may be, the Basket Component or the calculation of the NAV of the Fund Unit,

- (a) make any adjustments to any variable, calculation methodology, valuation, settlement, payment terms or any other terms in respect of the Securities that they determine at their reasonable discretion to be appropriate to account for the effect of such Potential Adjustment Event, and/or
- (b) select, by using reasonable efforts for a period of no longer than five (5) Business Days from the date when such a Potential Adjustment Event has occurred, one or more suitable alternative funds with reasonably similar investment mandates – subject to the following suitability criteria – (each a "**Replacement Fund**") and replace the Fund by such fund(s).

The replacement of the Fund by one or more alternative Replacement Funds is only possible provided that all of the following suitability criteria are met:

- (i) The relevant fund management company/ies and fund manager(s) are willing to allow the fund to be referenced in the Securities.
- (ii) There is no legal or regulatory restriction on referencing the fund in respect of the Securities.
- (iii) The Issuer is able to 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 or redemption penalties applicable, or potentially applicable, to any such trading or any interest so acquired.
- (vi) The fund is constituted as an open-ended investment company incorporated in an OECD country.
- (v) The relevant fund management company / fund manager publishes the fund's net asset value or bid price on a daily basis.
- (vi) The Issuer is able to fully hedge its position with respect to the fund.

(2) Occurrence of a Potential Adjustment Event

"**Potential Adjustment Event**" means, subject to § 6 (n) of these Conditions, any of the following:

- (a) A material change in the investment strategy, underlying portfolio liquidity or the risk/return profile of the Fund, a material modification of or deviation from any of the investment objectives, investment restrictions, investment process or investment guidelines of the Fund (howsoever described, including the underlying type of assets in which the Fund invests) from those set out in the Fund offer documentation or other constitutional documents or any announcement regarding a potential modification or material deviation, except where such modification or deviation is of a formal, minor or technical nature;
- (b) the Fund or any service provider to the fund such as investment advisors, investment managers, custodians, depositaries, administrators, management companies etc. (each a "**Fund Service Provider**") (i) ceases trading and/or, in the case of a Fund Service Provider, ceases to provide its services to the Fund and is not immediately replaced in such capacity by a successor acceptable to

the Calculation Agent, (ii) is dissolved or has a resolution passed, or there is any proposal, for its dissolution, winding-up, official liquidation or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights (other than pursuant to a consolidation, amalgamation or merger); or (iii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an effect analogous to any of the events specified above;

- (c) any suspension, a change in the periodicity and/or material modification of the method of calculating the NAV per Fund Unit set out in the fund documents on the Fixing Date;
- (d) any change in the currency of denomination of the NAV of the relevant class of shares of the Fund, or the NAV of the Fund, as calculated by its administrator, 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) the creation by the Fund of any illiquid share class or unit howsoever described or if the Fund is part of an umbrella structure with more than one sub-fund, a cross-contamination or other failure to segregate the portfolio of assets held by the Fund occurs between different series, classes and/or sub-funds;
- (f) the regulatory, legal, accounting or tax treatment applicable with respect to the Issuer or the Fund is changed;
- (g) there exists any litigation against the Fund or a Fund Service Provider and/or an allegation of criminal or fraudulent activity is made in respect of the Fund, which in the reasonable determination of the Calculation Agent could materially affect the value of the Fund Units or the rights or remedies of any investor in such Fund Units;
- (h) any review or investigation of the activities of the Fund or any Fund Service Provider, 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 which in the reasonable determination of the Calculation Agent could materially affect the value of the Fund Units or the rights or remedies of any investor in such Fund Units;
- (i) a relevant authorisation or licence is revoked, lapses or is under review by a competent authority in respect of the Fund or a Fund Service Provider or new conditions are imposed, or existing conditions varied, with respect to any such authorisation or licence which in the reasonable determination of the Calculation Agent could materially affect the value of the Fund Units or the rights or remedies of any investor in such Fund Units;
- (j) the assets under management of the Fund falls below EUR 50,000,000 or the equivalent in any other currency;
- (k) the Issuer is the beneficial owner of 5 % or more of the Fund Units of the Fund or a relevant class of the Fund;
- (l) any arrangement between the Issuer and the Fund and/or a Fund Service Provider, including arrangements relating to subscriptions in and redemptions of Fund Units, being changed or terminated, where such change, modification or termination has a direct impact on the pricing of the Securities;
- (m) the occurrence of any event, which prevents, hinders or materially impairs the Issuer's ability to conduct its hedging activities, or materially increases the cost to the Issuer of hedging arrangements, in relation to its exposure under these Securities including but not limited to, any event that renders the Issuer unable to or makes it impracticable for the Issuer to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary to hedge the Issuer's obligations under the Securities or (B) to realise, recover or remit the proceeds of any such transaction or asset, including, without limitation, where such inability or impracticability has arisen by reason of (aa) any restrictions or increase in charges or fees imposed by the Fund on any investor's ability to redeem a Fund Unit, in whole or in part, or any existing or new investor's ability to make new or additional investments in such Fund Unit, or (bb) any mandatory redemption, in whole or in part, of such units in the Fund.

(n) The occurrence of a Fund Change in Law;

where a "**Fund Change in Law**" means that due to the occurrence, on or after the Issue Date of the Securities, of any of the following:

- (i) the adoption, taking effect or implementation of any law, order rule, regulation, decree, notice or treaty;
- (ii) any change in any law, order, rule, regulation, decree, notice or treaty or in the administration, interpretation, implementation or application thereof, whether formal or informal, by any court, tribunal, regulatory authority, governmental authority or similar administrative or judicial body; or
- (iii) the making or issuance of any request, rule, guideline or directive (whether formal or informal or not having the force of law) by any court, tribunal, regulatory authority, governmental authority or similar administrative or judicial body; provided that (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act, the European Market Infrastructure Regulation (*EMIR*) as amended by the Markets in Financial Instruments Regulation (*MiFIR*), the Markets in Financial Instruments Directives (*MiFID I* and *MiFID II*) or any structural reform regulation of the European banking sector and all requests, rules, guidelines, directives or interpretations thereunder or issued in connection therewith or the administration, interpretation, implementation or application thereof and (y) all requests, rules, guidelines, directives or interpretations promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority), the Swiss Financial Market Supervisory Authority or its successors (*FINMA*) or the United States or foreign regulatory authorities, or the administration, interpretation, implementation or application thereof shall each be deemed to be a "Fund Change in Law", regardless of the date enacted, adopted issued or applied,

at the reasonable discretion of the Issuer

- (i) the holding, acquisition or sale of the Fund Units of the Fund 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).
- (o) one or more of the key individuals involved with, or having supervision over, the Fund or a Fund Service Provider ceases to act in such capacity, and the relevant Fund Service Provider fails to appoint a replacement having similar qualifications to those of the key individual or individuals ceasing to act, provided that the Fund's offer documents or other constitutional documents contain provisions pertaining to the occurrence of such a key person event;
- (p) any other event or circumstance, which, in the reasonable determination of the Calculation Agent, causes the terms of these 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.
- (q) at any time on or after the Issue Date, the Issuer and/or any of its affiliates would incur an increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, reserve or similar requirement in relation to the Securities, capital and/or funding costs, expense or fee (other than brokerage commissions) or hedging costs (including, but not limited to, regulatory capital or operational requirements required from a Fund Change in Law) to maintain the Securities.

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 a Fund Service Provider on behalf the Fund is subsequently corrected and the correction (the "**Corrected Price**") is published by a Fund Service Provider or otherwise on behalf of 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 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 (j) of these Conditions applies:

§ 6 (j)

Adjustments in connection with a Futures Contract

(1) Expiration of the Futures Contract

Upon expiration of the futures contract used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the Basket Component, during the Term of the Securities, the futures contract will be replaced on the Roll Over Date by the futures contract with the next Expiration Date as relevant new Underlying or, as the case may be, Basket Component (the "**Current Underlying**" or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the "**Current Basket Component**"), (the "**Roll Over**"). If, at that time, the Issuer determines that there is no futures contract with the next Expiration Date, the terms or contractual characteristics of which match those of the futures contract used as the Underlying or, as the case may be, as the Basket Component to be replaced, paragraph (4) shall apply accordingly.

The Issuer shall be entitled to make at its reasonable discretion and considering the prices determined for the purpose of the Roll Over on the basis of the price of the futures contract used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component and of the Current Underlying or, as the case may be, the Current Basket Component on the Roll Over Date, adjustments to these Conditions to account for the Roll Over, to the extent as the Issuer considers such adjustment necessary when replacing the expiring future contract by the Current Underlying or, as the case may be, the Current Basket Component. At this, adjustments will be effected so that the economic value of the Securities is affected as less as possible by the Roll Over. The adjustments in the context of a Roll Over pursuant to the paragraphs above shall be effected by the Issuer at its reasonable discretion and shall be published on the website of the Issuer at www.ubs.com/keyinvest or a successor address. Any adjustment and determination shall be final, conclusive and binding on all parties, except where there is a manifest error.

(2) Material change in the market conditions

If, in the opinion of the Calculation Agent at its reasonable discretion, a material change in the market conditions occurred in relation to the Relevant Reference Market relevant for the calculation and determination of the price of the futures contract used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component, the Issuer shall be entitled to adjust any variable, calculation methodology, valuation, settlement, payment terms or any other terms in these Conditions to account for the effect of 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) Successor Underlying or, as the case may be Successor Basket Component

In the event that the futures contract ceases to exist and/or is replaced by successor futures contract (by any parties other than the Issuer) (subject to § 6 (n) of these Conditions, a "**Replacement Event**"), 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**") and to replace the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the affected Basket Component by 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 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 (k) of these Conditions applies:

§ 6 (k)

Adjustments in connection with the Interest Rate

(1) Material change in the market conditions

If, in the opinion of the Calculation Agent at its reasonable discretion, a material change in the market conditions occurred in relation to the Relevant Reference Market relevant for the calculation and determination of the price of the interest rate used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component, the Issuer shall be entitled to adjust any variable, calculation methodology, valuation, settlement, payment terms or any other terms in these Conditions to account for the effect of 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) Successor Underlying or, as the case may be Successor Basket Component

In the event that

- (i) the authorisation of the Issuer or of the Calculation Agent, as the case may be, to use 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, the Basket Component for the purposes of the Securities is terminated or otherwise ceases or
- (ii) the interest rate (or the publication thereof) has been permanently discontinued and/or replaced by a successor interest rate (by any parties other than the Issuer),

(subject to § 6 (n) of these Conditions, a "**Replacement Event**") the Issuer and the Calculation Agent shall determine at their reasonable discretion, after having made appropriate adjustments according to the paragraph above, which interest rate 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**") and to replace the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the affected Basket Component by 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 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.

(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 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 (l) of these Conditions applies:

§ 6 (l)

Adjustments in connection with a Currency Exchange Rate

(1) Material change in the market conditions

If, in the opinion of the Calculation Agent at its reasonable discretion, a material change in the market conditions occurred in relation to the Relevant Exchange Market relevant for the calculation and determination of the price of the currency exchange rate used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component, the Issuer shall be entitled to adjust any variable, calculation methodology, valuation, settlement, payment terms or any other terms in 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, (subject to § 6 (n) of these Conditions, a "**Replacement Event**") 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 (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**") and to replace the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the affected Basket Component by the Successor Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Successor Basket Component. The Successor Underlying or, as the case may be, the Successor Basket Component and the date it is applied for the first time shall be published without undue delay in accordance with § 14 of these Conditions.

Any reference in these Conditions to the Underlying or, if in the applicable Product Terms in the definition

of "Underlying" a "Basket" is specified to be applicable, to the Basket Component shall, to the extent appropriate, be deemed to refer to the Successor Underlying or, as the case may be, the Successor Basket Component.

(4) Determination of a Substitute Exchange 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.

(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 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 (m) of these Conditions applies:

§ 6 (m)

Adjustments in connection with a Reference Rate

(1) Material change in the market conditions

If, in the opinion of the Calculation Agent at its reasonable discretion, a material change in the market conditions occurred in relation to the Relevant Reference Market relevant for the calculation and determination of the price of the reference rate used as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, as the Basket Component, the Issuer shall be entitled to adjust any variable, calculation methodology, valuation, settlement, payment terms or any other terms in these Conditions to account for the effect of 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) Successor Underlying or, as the case may be Successor Basket Component

In the event that

- (i) the authorisation of the Issuer or of the Calculation Agent, as the case may be, to use 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, the Basket Component for the purposes of the Securities is terminated or otherwise ceases or
- (ii) the reference rate (or the publication thereof) has been permanently discontinued and/or replaced by a successor reference rate (by any parties other than the Issuer),

(subject to § 6 (n) of these Conditions, a "**Replacement Event**") the Issuer and the Calculation Agent shall determine at their reasonable discretion, after having made appropriate adjustments according to the paragraph above, which reference rate 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**") and to replace the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the affected Basket Component by 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 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.

(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 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 if in the applicable Product Terms in the definition of "Securities" a "**Benchmark Adjustment**" is specified to be applicable, the following § 6 (n) of these Conditions applies:

§ 6 (n)
Benchmark Adjustments

In the event that

- (i) the Issuer or the Calculation Agent, as the case may be, determines that the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, a Basket Component, 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 of which is used to determine (A) any amount payable under these Conditions or (B) the value of the Securities qualifies as a "benchmark" within the meaning of the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in certain financial instruments and financial contracts or to measure the performance of investment funds (the "**EU Benchmarks Regulation**", where the affected Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the affected Basket Component, is also referred to as "**Benchmark**"), and
- (ii) the Issuer or the Calculation Agent, as the case may be, is, due to the coming into effect (following any transitional provisions) of the EU Benchmarks Regulation on or after the Issue Date of the Securities,
 - (a) either no longer able to use the Benchmark as the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, Basket Component for the purposes of the Securities or
 - (b) has control over the provision of the Benchmark (*administrator*) within the meaning of the EU Benchmarks Regulation without having the appropriate authorisation, registration, recognition, endorsement, equivalence, approval or inclusion in any official register which, in each case, is required under any applicable law or regulation for the Issuer or the Calculation Agent, as the case may be, to perform its or their respective obligations under these Conditions,

this event shall also constitute a "**Replacement Event**" or, in case of § 6 (i) of these Conditions, a "**Potential Adjustment Event**" in relation to the affected Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the affected Basket Component, for the purposes of these Conditions.

§ 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 make 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 adjust 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 make 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 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) – (n) 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 Product Terms.
- (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, fees or other duties, 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 for purposes other than, if in the applicable Product Terms in the definition of “Underlying” an “Automatic Termination” is specified to be applicable, the determination of the occurrence of a Stop Loss Event, a Knock Out Event or, as the case may be, of another Automatic Termination Event (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) Continuance 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 (0)) on the basis of the latest Prices of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, Prices of the Basket Component or, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, prices of the affected Component available to the Issuer or the Calculation Agent, taking into account the economic position of the Securityholders.

If, in the opinion of the Calculation Agent at its reasonable discretion, an estimate in accordance with the preceding sub-paragraph is, for whatsoever reason, not possible, the Issuer and the Calculation Agent will, at their reasonable discretion and taking into account (i) the market conditions then prevailing, (ii) such other conditions or factors as the Issuer and the Calculation Agent reasonably consider to be relevant, (iii) the expenses of the Issuer, if any, caused by the Market Disruption and (iv) taking into account the economic position of the Securityholders, determine whether and in which amount, if applicable, the Issuer will make payment of a redemption amount in the Redemption Currency or, if in §§ 1 – 3 of these Conditions a "**Physical Delivery**" applies, whether and in which number, if any, the Issuer will deliver the Physical Underlying. The provisions of these Conditions relating to the Redemption Amount shall apply *mutatis mutandis* to such payment.

(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 (0)).

The Calculation Agent will determine the Price of the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, the Price of the (affected) Basket Component with respect to the relevant Scheduled Determination Date by using the prices of the Components determined pursuant to the aforementioned provisions relating to the Underlying or, if in the applicable Product Terms in the definition of "Underlying" a "Basket" is specified to be applicable, of the (affected) Basket Component in accordance with the formula for and method of calculating the Index applied by the Index Sponsor prior to the occurrence of the Market Disruption.

(3) Occurrence of Market Disruption

A "Market Disruption" shall mean

(A) in case of a **share as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the share

- (a) a suspension or a failure of the announcement of the price of the share on any day relevant for determining any amounts under these Conditions or
- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
 - (i) on the Relevant Exchange in general (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange), or
 - (ii) on the Relevant Exchange in the share provided that a major number or a major part in terms of market capitalisation is affected (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange),
 - (iii) on the Relevant Futures and Options Exchange, if Option Contracts on the share are traded there, or
 - (iv) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (v) due to a directive of an authority or of the Relevant Exchange (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Exchange is located, or due to any other reasons whatsoever.
- (c) The relevant price is a "limit price", which means that the price for the share for a day has increased or decreased from the immediately preceding day's relevant price by the maximum amount permitted under applicable rules of the Relevant Exchange.
- (d) The occurrence of any other event that, in the opinion of the Calculation Agent at its reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the share.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days

during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours on the Relevant Exchange announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours on the Relevant Exchange or (ii) the submission deadline for orders entered into the Relevant Exchange for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

(B) in case of a **Certificate representing shares as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the certificate representing shares:

- (a) a suspension or a failure of the announcement of the price of the certificate representing shares on any day relevant for determining any amounts under these Conditions or
- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
 - (i) on the Relevant Exchange in general (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange), or
 - (ii) on the Relevant Exchange in the certificate representing shares provided that a major number or a major part in terms of market capitalisation is affected (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange),
 - (iii) on the Relevant Futures and Options Exchange, if Option Contracts on the certificate representing shares are traded there, or
 - (iv) if in the applicable Product Terms in the definition of "Redemption Currency" a "**Currency Conversion**" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (v) due to a directive of an authority or of the Relevant Exchange (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Exchange is located, or due to any other reasons whatsoever.
- (c) The relevant price is a "limit price", which means that the price for the certificate representing shares for a day has increased or decreased from the immediately preceding day's relevant price by the maximum amount permitted under applicable rules of the Relevant Exchange.
- (d) The occurrence of any other event that, in the opinion of the Calculation Agent at its reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the certificate representing shares.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours on the Relevant Exchange announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours on the Relevant Exchange or (ii) the submission deadline for orders entered into the Relevant Exchange for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

(C) in case of a **non-equity security as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the non-equity security

- (a) a suspension or a failure of the announcement of the price of the non-equity security on any day relevant for determining any amounts under these Conditions or
- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
 - (i) in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, in general (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms) or
 - (ii) in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, in the non-equity security, provided that a major number or a major part is affected (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms), or
 - (iii) on the Relevant Futures and Options Exchange, if Option Contracts on the non-equity security are traded there, or
 - (iv) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (v) due to a directive of an authority or of the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms, (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Exchange or the Relevant Trading System is located, or due to any other reasons whatsoever.
- (c) The relevant price is a "limit price", which means that the price for the non-equity security for a day has increased or decreased from the immediately preceding day's relevant price by the maximum amount permitted under applicable rules of the Relevant Trading System or the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms.
- (d) The occurrence of any other event that, in the opinion of the Calculation Agent at its reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the non-equity security.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, or (ii) the submission deadline for orders entered into the Relevant Trading System or into the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

(D) in case of a **commodity as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the commodity

- (a) a suspension or a failure of the announcement of the price of the commodity on any day relevant for

determining any amounts under these Conditions or

- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
 - (i) in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, in general (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms) or
 - (ii) in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, in the commodity, provided that a major number or a major part is affected (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms), or
 - (iii) on the Relevant Futures and Options Exchange, if Option Contracts on the commodity are traded there, or
 - (iv) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (v) due to a directive of an authority or of the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms, (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Exchange or the Relevant Trading System is located, or due to any other reasons whatsoever.
- (c) The relevant price is a "limit price", which means that the price for the commodity for a day has increased or decreased from the immediately preceding day's relevant price by the maximum amount permitted under applicable rules of the Relevant Trading System or the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms.
- (d) The occurrence of any other event that, in the opinion of the Calculation Agent at its reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the commodity.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, or (ii) the submission deadline for orders entered into the Relevant Trading System or into the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

(E) in case of a **precious metal as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the precious metal

- (a) a suspension or a failure of the announcement of the price of the precious metal on any day relevant for determining any amounts under these Conditions or
- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed

on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,

- (i) in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, in general (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms) or
 - (ii) in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, in the precious metal, provided that a major number or a major part is affected (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms), or
 - (iii) on the Relevant Futures and Options Exchange, if Option Contracts on the precious metal are traded there, or
 - (iv) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (v) due to a directive of an authority or of the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms, (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Exchange or the Relevant Trading System is located, or due to any other reasons whatsoever.
- (c) The relevant price is a "limit price", which means that the price for the precious metal for a day has increased or decreased from the immediately preceding day's relevant price by the maximum amount permitted under applicable rules of the Relevant Trading System or the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms.
- (d) The occurrence of any other event that, in the opinion of the Calculation Agent at its reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the precious metal.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, or (ii) the submission deadline for orders entered into the Relevant Trading System or into the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

(F) in case of an **index as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the Index or, as the case may be, and if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, to each of its Components

- (a) a suspension or a failure of the announcement of the price of the Index or, as the case may be, and if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, of the price a Component on any day relevant for determining any amounts under these Conditions or
- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed

on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,

- (i) in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, or, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, on the stock exchange(s) or in the market(s) on/in which the Components are quoted or traded, in general (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms or, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, by the stock exchange(s) or the market(s) on/in which the Components are quoted or traded), or
 - (ii) in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, or, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, on the stock exchange(s) or in the market(s) on/in which the Components are quoted or traded, in the Index or, as the case may be, in the Components of the Index in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, or, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, in the market(s) on/in which the Components are quoted or traded, provided that a major number or a major part in terms of market capitalisation is affected (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, or by the stock exchange(s) or the market(s) on/in which the Components are quoted or traded), or
 - (iii) on the Relevant Futures and Options Exchange, if Option Contracts on the Index or, as the case may be, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, on the Components are traded there, or
 - (iv) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (v) due to a directive of an authority or of the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms, or, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, of the stock exchange(s) or of the market(s) on/in which the Components are quoted or traded, (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the Relevant Trading System, as the case may be, or by the stock exchange(s) or the market(s) on/in which the Components are quoted or traded) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Exchange or the Relevant Trading System is located, or due to any other reasons whatsoever.
- (c) The relevant price is a "limit price", which means that the price for the Index or, as the case may be, and if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, the affected Component for a day has increased or decreased from the immediately preceding day's relevant price by the maximum amount permitted under applicable rules of the Relevant Exchange or the Relevant Trading System, as the case may be, and as specified in the applicable Product Terms, or, if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, the stock exchange(s) or the market(s) on/in which the Components are quoted or traded.
 - (d) The occurrence of any other event that, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the Underlying or, as the case may be, and if in the applicable Product Terms in the definition of "Securities" a "Consideration of Components" is specified to be applicable, all Components.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours in the Relevant Trading System or on the Relevant Exchange, as the case

may be, and as specified in the applicable Product Terms, announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours in the Relevant Trading System or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, or (ii) the submission deadline for orders entered into the Relevant Trading System or into the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

(G) in case of an **index comprising commodities or precious metals as Components**, where a **"Consideration of Components"** is specified to be applicable, **as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Securities" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the Index comprising commodities or precious metals as Components or to each of its Components:

- (a) a suspension or a failure of the announcement of the price of the Index or, as the case may be, of the price a Component on any day relevant for determining any amounts under these Conditions or
 - (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
 - (i) on the Relevant Exchange or on the stock exchange(s) or in the market(s) on/in which the Components are quoted or traded, in general (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the stock exchange(s) or the market(s) on/in which the Components are quoted or traded), or
 - (ii) on the Relevant Exchange or on the stock exchange(s) or in the market(s) on/in which the Components are quoted or traded, in the Index or, as the case may be, in the Components of the Index, provided that a major number or a major part is concerned, (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange or the stock exchange(s) or the market(s) on/in which the Components are quoted or traded), or
 - (iii) on the Relevant Futures and Options Exchange, if Option Contracts on the Index or on the Components are traded there, or
 - (iv) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (v) due to a directive of an authority or of the Relevant Exchange (whether by movements in price exceeding limits permitted by the Relevant Exchange or otherwise) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Exchange is located, or due to any other reasons whatsoever.
 - (c) The relevant price is a "limit price", which means that the price for a Component has, at any point during the last fifteen minutes of trading on the Relevant Exchange, increased or decreased from the previous day's closing price by the maximum amount permitted under the applicable rules of the Relevant Exchange or the stock exchange(s) or the market(s) on/in which the Components are quoted or traded.
 - (d) The occurrence of any other event that, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the Underlying or, as the case may be, the affected Component.
- (4) Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours on the Relevant Exchange announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours on the Relevant Exchange or (ii) the

submission deadline for orders entered into the Relevant Exchange for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

(H) in case of an **exchange traded fund unit as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the **exchange traded** Fund Unit

- (a) a suspension or a failure of the announcement of the price of the Fund Unit on any day relevant for determining any amounts under these Conditions or
- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
 - (i) on the Relevant Exchange in general (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange), or
 - (ii) on the Relevant Exchange in the Fund 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 Exchange), 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.

(I) in case of a **not exchange traded fund unit as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the **not exchange traded** Fund Unit

- (a) a suspension or a failure of the announcement of the price of the Fund Unit on any day relevant for

determining any amounts under these Conditions or

- (b) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
- (c) The occurrence of any other event that, in the opinion of the Calculation Agent at its reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the Fund Unit.

(J) in case of a **futures contract as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the futures contract:

- (a) a suspension or a failure of the announcement of the price of the futures contract on any day relevant for determining any amounts under these conditions or
- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
 - (i) on the Relevant Reference Market or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, in general (e.g. due to movements in price exceeding limits permitted by the Relevant Reference Market), or
 - (ii) on the Relevant Reference Market or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, in the futures contract, provided that a major number or a major part is affected (e.g. due to movements in price exceeding limits permitted by the Relevant Reference Market or the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms), or
 - (iii) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (iv) due to a directive of an authority or of the Relevant Reference Market or the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, (e.g. due to movements in price exceeding limits permitted by the Relevant Reference Market or the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Reference Market or the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, is located, or due to any other reasons whatsoever.
- (c) a significant change in the method of price determination or in the trading conditions relating to the futures contract on the Relevant Reference Market or on the Relevant Exchange, as the case may be, and as specified in the applicable Product Terms, (e.g. in terms of the composition, the quantity or the dealing currency).
- (d) The occurrence of any other event that, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the futures contract.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading on the Relevant Reference Market announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours on the Relevant Reference Market or (ii) the submission deadline for orders entered into the Relevant Reference Market for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such

restriction continues until the end of trading hours on the relevant day.

(K) in case of an **interest rate as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the interest rate:

- (a) a suspension or a failure of the announcement of the price of the interest rate on any day relevant for determining any amounts under these Conditions or
- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
 - (i) on the Relevant Reference Market in general (e.g. due to movements in price exceeding limits permitted by the Relevant Reference Market), or
 - (ii) on the Relevant Reference Market in relation to the interest rate, provided that a major number or a major part is affected (e.g. due to movements in price exceeding limits permitted by the Relevant Reference Market), or
 - (iii) on a futures and options exchange, if option and futures contracts on the interest rate are traded there, or
 - (iv) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (v) due to a directive of an authority or of the Relevant Reference Market (e.g. due to movements in price exceeding limits permitted by the Relevant Reference Market) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Reference Market is located, or due to any other reasons whatsoever.
- (c) a significant change in the trading conditions relating to the interest rate on the Relevant Reference Market (e.g. in terms of the composition, the quantity or the dealing currency).
- (d) The occurrence of any other event that, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the interest rate.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading on the Relevant Reference Market announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours on the Relevant Reference Market or (ii) the submission deadline for orders entered into the Relevant Reference Market for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

(L) in case of a **currency exchange rate as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the currency exchange rate:

- (a) a suspension or a failure of the announcement of the price of the currency exchange rate on any day relevant for determining any amounts under these Conditions or
- (b) a Relevant Country (aa) imposes any controls or announces its intention to impose any controls or (bb) (i) implements or announces its intention to implement or (ii) changes or announces its intention

to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer's and/or any of its affiliates' ability to acquire, hold, transfer or realise the currency used in connection with the currency exchange rate or otherwise to effect transactions in relation to such currency, or

- (c) the occurrence at any time of an event, which the Issuer and the Calculation Agent determine at their reasonable discretion would have the effect of preventing, restricting or delaying the Issuer and/or any of its affiliates from:
- (i) converting the currency used in connection with the currency exchange rate into the Redemption Currency or into another currency through customary legal channels or transferring within or from any Relevant Country any of these currencies, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
 - (ii) converting the currency used in connection with the currency exchange rate into the Redemption Currency or into another currency at a rate at least as favourable as the rate for domestic financial institutions located in any Relevant Country;
 - (iii) delivering the currency used in connection with the currency exchange rate from accounts inside any Relevant Country to accounts outside such Relevant Country; or
 - (iv) transferring the currency used in connection with the currency exchange rate used between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country.
- (d) a limitation, suspension or disruption or a restriction imposed on trading, the latter of which is in the Issuer's and Calculation Agent's opinion significant,
- (i) in the currency used in connection with the currency exchange rate on the Relevant Exchange Market in general, or
 - (ii) on the Relevant Futures and Options Exchange, if Option Contracts on the currency used in connection with the currency exchange rate are traded there, or
 - (iii) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (iv) due to a directive of an authority or of the Relevant Exchange Market or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Exchange Market is located, or due to any other reasons whatsoever.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours on the Relevant Exchange Market announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours in the Relevant Exchange Market or (ii) the submission deadline for orders entered into the Relevant Exchange for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

(M) in case of a **reference rate as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

in relation to the reference rate:

- (a) a suspension or a failure of the announcement of the price of the reference rate on any day relevant for determining any amounts under these Conditions or

- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
- (i) on the Relevant Reference Market or the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms, in general (e.g. due to movements in price exceeding limits permitted by the Relevant Reference Market or the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms), or
 - (ii) on the Relevant Reference Market or the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms, in relation to the reference rate, provided that a major number or a major part is concerned (e.g. due to movements in price exceeding limits permitted by the Relevant Reference Market or the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms), or
 - (iii) on a futures and options exchange, if option and futures contracts on the reference rate are traded there, or
 - (iv) if in the applicable Product Terms in the definition of "Redemption Currency" a "Currency Conversion" is specified to be applicable, on the foreign exchange market(s) in which the rates for the Currency Conversion are determined, if applicable, or
 - (v) due to a directive of an authority or of the Relevant Reference Market or the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms, (e.g. due to movements in price exceeding limits permitted by the Relevant Reference Market or the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Reference Market or the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms, is located, or due to any other reasons whatsoever.
- (c) a significant change in the method of price determination or in the trading conditions relating to the reference rate on the Relevant Reference Market or the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms.
- (d) The occurrence of any other event that, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the reference rate.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours on the Relevant Reference Market or at the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms, announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours on the Relevant Reference Market or at the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms, or (ii) the submission deadline for orders entered into the Relevant Reference Market or at the Relevant Reference Agent, as the case may be, and as specified in the applicable Product Terms, for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

§ 12 Security Agents

(1) General

The Calculation Agent, the Security Agent, the Paying Agent and, if applicable, the Warrant Agent, each as specified in the applicable Product Terms, (the "**Security Agents**") shall assume the role as Security Agent in accordance with these Conditions.

(2) Vicarious Agent

Each of the Security Agents acts exclusively as vicarious agent of the Issuer and has no obligations to the Securityholder.

Each of the Security Agents is exempt from the restrictions under § 181 of the BGB.

(3) Replacement, Appointment and Revocation

The Issuer is entitled at any time to replace any or all of the Security Agents by another company, to appoint one or several additional Security Agents, and to revoke their appointments. Such replacement, appointment and revocation shall be notified in accordance with § 14 of these Conditions.

(4) Resignation of Security Agents

Each of the Security Agents is entitled to resign at any time from its function upon prior written notice to the Issuer. Such resignation shall only become effective if another company is appointed by the Issuer as Calculation Agent, the Security Agent or as Paying Agent, as the case may be. Resignation and appointment are notified in accordance with § 14 of these Conditions.

§ 13 Substitution of the Issuer

(1) Substitution of the Issuer

Provided that the Issuer is not in default with its obligations under the Securities, the Issuer is at any time entitled, without the consent of the Securityholders, to substitute another company within the UBS Group as issuer (the "**Substitute Issuer**") with respect to all obligations under or in connection with the Securities, if

- (i) the Substitute Issuer assumes all obligations of the Issuer under or in connection with the Securities,
- (ii) (A) the Issuer and the Substitute Issuer have obtained all necessary authorisations as well as consents

In case the Securities constitute, as specified in the applicable Product Terms in the definition "Securities", **Swedish Securities, Finnish Securities, Norwegian Securities or Danish Securities,**

in particular, where necessary, of the Clearing System,

and (B) may transfer to the Principal Paying Agent in the Redemption Currency and without being obligated to deduct or withhold taxes or other duties of whatever nature levied by the country, in which the Substitute Issuer or the Issuer has its domicile or tax residence, all amounts required for the fulfilment of the payment obligations arising under the Securities;

- (iii) the Substitute Issuer has agreed to indemnify and hold harmless each Securityholder against any tax, duty or other governmental charge imposed on such Securityholder in respect of such substitution
- (iv) the Issuer unconditionally and irrevocably guarantees the obligations of the Substitute Issuer.

(2) References

In the event of any such substitution, any reference in these Conditions to the Issuer shall from then on be deemed to refer to the Substitute Issuer. Furthermore, any reference to the country, in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substitute Issuer.

(3) Publication

The substitution of the Issuer shall be final, binding and conclusive on the Securityholders and will be published to the Securityholders without undue delay in accordance with § 14 of these Conditions.

§ 14 Publications

(1) General

To the extent these Conditions provide for a notice pursuant to this § 14 of these Conditions, these will be published on the website of the Issuer at www.ubs.com/keyinvest and/or the website specified for the purposes in the applicable Final Terms under the heading "Part D – Country Specific Information" and become effective vis-à-vis the Securityholders through such publication unless the notice provides for a later effective date.

If and to the extent that binding provisions of effective law or stock exchange provisions provide for other forms of publication, such publications must be made in addition and as provided for.

Any such notice shall be effective as of the publishing date (or, in the case of several publications as of the date of the first such publication).

(2) Notification to the Clearing System

The Issuer shall, to the extent legally possible, be entitled to effect publications by way of notification to the Clearing System for the purpose of notifying the Securityholders (as set forth in the applicable rules and regulations of the Clearing System), provided that in cases, in which the Securities are listed on a Security Exchange, the regulations of such Security Exchange permit this type of notice. Any such notice shall be deemed as having been effect as of the seventh day after the date of the notification to the Clearing System.

If and so long as the Securities are **listed at the SIX**, as specified in the applicable Final Terms under the heading "Listing and Trading",

and so long as the applicable rules so require, all notices concerning the Securities which are subject to reporting obligations of the Issuer towards SIX pursuant to the applicable rules, directives and regulations of SIX shall be submitted to SIX for their further distribution by SIX in accordance with its applicable rules, directives and regulations. The Issuer may publish information which shall be published either in print medias or through Internet Based Listing ("**IBL**") pursuant to the relevant rules, directives and circulars of SIX in connection with reporting obligations regarding the maintenance of a listing at SIX through IBL on SIX's websites.

§ 15
Issue of further Securities; Purchase of Securities, Cancellation

(1) Issue of further Securities

The Issuer is entitled at any time to issue, without the consent of the Securityholders, further securities having the same terms and conditions as the Securities so that the same shall be consolidated and form a single series with such Securities, and references to "Security" shall be construed accordingly.

(2) Purchase of Securities

The Issuer and any of its subsidiaries is entitled at any time to purchase, without the consent of the Securityholders, Securities at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Securityholders alike. Such Securities may be held, reissued, resold or cancelled, all at the option of the Issuer.

(3) Cancellation of Securities

All Securities redeemed in full shall be cancelled forthwith and may not be reissued or resold.

§ 16 Governing Law; Jurisdiction

(1) Governing Law

The form and content of the Securities as well as all rights and duties arising from the matters provided for in these Conditions shall, subject to § 16 (2) of these Conditions in every respect be governed by, and shall be construed in accordance with, the laws of the Federal Republic of Germany.

In case the Securities are issued as **Swedish Securities, Finnish Securities, Norwegian Securities or Danish Securities**, as specified in the applicable Product Terms under the heading "**Form of the Securities**", the following applies

The legal effects of the registration of the Securities with the Clearing System will be governed by applicable CA Rules and the laws of the jurisdiction, where the Clearing System has its registered seat.

(2) Jurisdiction

The District Court (*Landgericht*) of Frankfurt am Main shall have jurisdiction to settle any proceedings that may arise out of or in connection with any Securities and accordingly any proceedings may be brought in such court. The Issuer irrevocably submits to the jurisdiction of the District Court (*Landgericht*) of Frankfurt am Main and waives any objection to proceedings in such court on the ground of venue or on the ground that the proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of Securityholder and shall not affect the right of any Securityholders to take proceedings in any other court of competent jurisdiction nor shall the taking of proceedings in one or more jurisdictions preclude the taking of proceedings in any other jurisdiction (whether concurrently or not).

The Issuer hereby appoints UBS Europe SE, Bockenheimer Landstrasse 2 - 4, 60306 Frankfurt am Main, Federal Republic of Germany, as its agent in the Federal Republic of Germany to receive service of process in any proceedings under or in connection with the Securities in the Federal Republic of Germany (the "**Agent of Process**"). If, for any reason, such Agent of Process ceases to act as such or no longer has an address in the Federal Republic of Germany, the issuer agrees to appoint a substitute agent of process in the Federal Republic of Germany. Nothing herein shall affect the right to serve the process in any other manner permitted by law.

§ 17 Corrections; Severability

(1) Issuer's right for a Rescission

Obvious spelling and calculation errors as well as similar obvious inaccuracies in the Conditions, including those where the information provided clearly cannot be reconciled with the Issue Price or value-determining factors of the Security, entitle the Issuer for a rescission. Immediate notice of such rescission shall be given in accordance with § 14 of these Conditions as soon as the Issuer has become aware of the relevant error. The publication shall make reference to § 17 of these Conditions and indicate the information in the Conditions affected by the error. The term of the Securities ends with immediate effect as a result of the rescission.

(2) Corrections; Securityholder's Right for Termination

If the Issuer does not make use of its right of rescission, it may correct obvious spelling and calculation errors as well as similar obvious inaccuracies by correcting the Conditions. A correction of the Conditions is to be notified immediately in accordance with § 14 of these Conditions and with reference to this § 17 of these Conditions as soon as the Issuer becomes aware of the error concerned.

In this case, however, each Securityholder is entitled to terminate the Securities held by it prior to the correction of these Conditions taking effect. Such a termination must be made by notifying the Principal Paying Agent in writing within four weeks of the publication of the correction. The termination shall take effect upon receipt by the Issuer of the notice of redemption.

The Issuer determines the content of the correction on the basis of the information that would have been provided if the error had not occurred. The correction must be reasonable for the Securityholders taking into account the economic purpose of the Securities. This is only the case if, as a result of the correction, the economic value of the Securities is adjusted to their Issue Price at the time of issue. The correction takes effect four weeks after the day of notification and the publication must make reference to this four-week deadline and the Securityholders' redemption right.

(3) Compensation

In the event of a challenge by the Issuer in accordance with § 17 (1) of these Conditions or a termination by Securityholders in accordance with § 17 (2) of these Conditions, the affected Securityholders will receive an amount in the Redemption Currency equal to the market price of the Securities on the day, when the rescission or redemption becomes effective; the resulting payment is due on the fifth Business Day after this date.

If a Securityholder proves that the market price is lower than the amount he/she paid to acquire the Securities, less any payments already made by the Issuer, he/she will be entitled to the corresponding amount.

This does not affect the Securityholder's right to claim damages for any loss incurred as a result of negative interest (*Vertrauensschaden*) in accordance with § 122 (1) BGB.

For Securities listed in the regulated market or unregulated market segment at a stock exchange (referred to in the following as "**Listing**") the market price shall be the closing price published by the stock exchange on the relevant date. In the case of multiple stock exchanges this shall be the closing price at the stock exchange where the largest turnover of the Securities took place at last. If a closing price was not published on this date or if a Market Disruption occurred, the provisions of § 11 (2) of these Conditions shall apply *mutatis mutandis*.

In the case of Securities without a Listing, the market price shall be determined by the Calculation Agent in its reasonable discretion (in accordance with § 317 BGB) and in consultation with an independent expert named by the Calculation Agent.

(4) Abuse of Rights

If the obvious spelling and calculation errors as well as similar obvious inaccuracies in the Conditions, and its correct content, are clearly apparent to an expert investor for the relevant Security, and if the difference between the erroneous and correct content gives rise to a market price of the Security, based on the erroneous content, which is more than 30 % higher at the time of the initial issue of the Securities, the correct content shall apply in place of the erroneous content.

The Issuer may also invoke the unlawful application of an erroneous term against individual Securityholders where this is appropriate to the circumstances of individual cases.

(5) Invalidity in whole or in part

If any of the provisions of these Conditions is or becomes invalid in whole or in part, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision, which, to the extent legally possible, serves the economic purposes of the invalid provision. The same applies to gaps, if any, in these Conditions, resulting from the invalidity of any provisions of these Conditions (in whole or in part).

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

dated [•]

in connection with the Base Prospectus dated 12 October 2018
(as supplemented from time to time)

of

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

for [the offer] [the continued offer] [the increase of [the issue size] [the aggregate nominal amount]]
[and] [the listing on a regulated or another equivalent market]

of

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

ISIN [•]

[WKN [•]]

[Valor [•]]

[Common Code [•]]**[already issued and]****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 12 October 2018, 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 will be available for viewing at www.ubs.com/keyinvest (or any successor address notified

by the Issuer to the Securityholders for this purpose by way of publication on www.ubs.com/keyinvest). 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: [•]] [Valor: [•]] [Common Code:[•]]]

[In case of an offer of Securities initiated under the Base Prospectus dated 12 October 2018 that shall be continued beyond the validity of the Base Prospectus, the following is applicable:

The validity of the Base Prospectus dated 12 October 2018, under which the Securities described in these Final Terms have been [offered] [and] [listed on a regulated or another equivalent market], ends on [•] 2019. From this point in time these Final Terms [excluding the Securities which have either been terminated or expired early in accordance with the Conditions of the Securities by [•] 2019] are to be read in conjunction with the latest base prospectus of UBS AG for Securities which follows the Base Prospectus dated 12 October 2018.

The latest base prospectus of UBS AG for Securities will be available for viewing at www.ubs.com/keyinvest (or any successor address notified by the Issuer to the Securityholders for this purpose by way of publication on www.ubs.com/keyinvest).]

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“**MiFID II**”); (ii) a customer within the meaning of Directive 2002/92/EC (“**IMD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “**Prospectus Directive**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

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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

[In the case that the Securities are offered to the public, insert the following text:

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 (as defined in “II. Subscription, Purchase and Delivery of the Securities” below)] [the Offer Period] (as defined in “VI. Consent to Use of Prospectus” 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.]*

[In the case of a continued offer of the Securities to the public, add the following text:

The Securities have been offered to the public since *[specify start of the original offer of the Securities: [•]]*. These Final Terms are used to continue this offer of the Securities as of *[specify start of the continued offer of the Securities: [•].]*

[[The [Relevant] Manager (as defined below) shall be responsible for coordinating the entire Securities offering.]] *[specify name and address of the coordinator(s) of the global offer and of single parts of the offer and, to the extent known to the Issuer or to the offeror, of the placers in the various countries where the offer of the Securities takes place: [•]]*

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

[In the case that the Securities are not offered to the public, but listed on a regulated market, insert the following text:

The Securities are not offered to the public, but shall be admitted to trading on *[specify securities exchange: [•]].]*

| | |
|---|--|
| [Issue Size: | The Issue Size means [•] [Securities]. [indicative. The Issue Size 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 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].]] |
| Issue Date: | 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.] |
| Issue Price: | 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].] |
| [Fees | [•] |
| [Offer Period: | [specify Offer Period: [•]] |
| Manager: | The Manager means [•] [UBS Limited, 5 Broadgate, London EC2M 2QS, United Kingdom.] [The term “Manager” shall also refer to all Managers _(i=1) to _(i=n) .]] |
| [Relevant Manager: | The Relevant Manager means [specify name and address of the Relevant Manager: [•]] [The term “Relevant Manager” shall also refer to all Relevant Managers _(i=1) to _(i=n) .]] |
| Type and form of the Securities: | [Specify Security:[Certificates] [Notes] or [Warrants]] |
| Clearing System: | [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]

[Euroclear Finland Ltd., Urho Kekkosen katu 5 C, FI-00101 Helsinki, Finland]

[Verdipapirsentralen ASA, P.O. Box 1174 Sentrum, 0107 Oslo, Norway]

[VP Securities A/S, Weidekampsgade 14, P.O. Box 4040, 2300 Koebenhavn S, Denmark].

or any successor in this capacity.

Security identification number(s) of the Securities: ISIN: [•]
[WKN: [•]]
[Common Code: [•]]
[Valor: [•]]

Currency: The currency [of the Securities] [for each Series of the Securities] is [•].

II. Subscription, Purchase and Delivery of the Securities

Subscription, Purchase and Delivery of the Securities: and [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,] [the extension (if any)] of the Subscription Period 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,] [the extension (if any)] of the Offer Period shall be published *[specify public source: [●].]*]
- [Categories of potential investors to which the Securities are offered:** [Qualified investors within the meaning of the Prospectus Directive] [Non-qualified investors] *[specify other: [●]]*
- Prohibition of Sales to EEA Retail Investors:** [Applicable][Not Applicable][●]
- [Minimum Investment Amount:** The Minimum Investment Amount equals [●].]
- [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 [an abbreviation] [or] [an extension] of [the Subscription Period] [the Offer Period] the Initial Payment Date may be changed accordingly.]

PART C – OTHER INFORMATION

I. Applicable specific risks

Applicable specific risks:

In particular the specific risk factors, which are described in the Base Prospectus under the heading “Security specific Risks” and “Underlying specific Risks” related to the following product feature[s] are applicable to the Securities:

[“ risks related to Securities linked to an **Underlying** ”]

[“ product feature [“**Participation Factor**”] [“**Leverage Factor**”] [“**Multiplication Factor**”] [“**Multiplier**”] ”]

[“ product feature “**Leverage**” ”]

[“ product feature “**Reverse Structure**” ”]

[“ product feature “**Express Structure**” ”]

[“ product feature “**Thresholds, Barriers or Levels**” ”]

[“ product feature “**Maximum Amount**” ”]

[“ product feature “**Relevant Underlying**” ”]

[“ product feature “**Physical Delivery**” ”]

[“ product feature “**Final Lock-In**” ”]

[“ product feature “**Currency Conversion**” ”]

[“ product feature “**Dual Currency**” ”]

[“ product feature “**Capital Protection**” ”]

[“ product feature “**Automatic Termination**” ”]

[“ product feature “**No predefined term**” ”]

[“ product feature “**Time-lagged Valuation**” ”]

- [“
product feature “**Minimum Exercise Size**”
”]
- [“
product feature “**Securityholder's Termination Right**” does **not**
apply
”]
- [“
product feature “**Quanto**”
”]
- [“
risks related to a **share** as [the Underlying] [a Basket Component]
”]
- [“
risks related to a **certificate representing shares** as [the
Underlying] [a Basket Component]
”]
- [“
risks related to a **non-equity security** as [the Underlying] [a Basket
Component]
”]
- [“
risks related to a **precious metal** as [the Underlying] [a Basket
Component]
”]
- [“
risks related to a **commodity** as [the Underlying] [a Basket
Component]
”]
- [“
risks related to an **index** as [the Underlying] [a Basket Component]
”]
- [“
risks related to the **UBS Multi Asset Portfolio T10 Total Return
Index** as [the Underlying] [a Basket Component]
”]
- [“
risks related to a **not exchange traded fund unit** as [the
Underlying] [a Basket Component]
”]
- [“
risks related to an **exchange traded fund unit** as [the Underlying]
[a Basket Component]
”]
- [“
risks related to a **futures contract** as [the Underlying] [a Basket
Component]
”]
- [“
risks related to a **currency exchange rate** as [the Underlying] [a
Basket Component]
”]

II. Listing and Trading

Listing and Trading

[In the case that the Issuer or a Manager, as the case may be, intends to apply for a listing of the Securities (at any stock exchange other than SIX Swiss Exchange), insert the following text:

[The Issuer] [The [Relevant] Manager] intends to apply for [listing] [inclusion] [admission] of the Securities [to trading] on [the Regulated Market (*Regulierter Markt*) 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] [•]][•] [Nasdaq Stockholm][Nasdaq Helsinki][Nordic Growth Market NGM AB – NDX (Nordic Derivatives Exchange)] [*specify alternative exchange(s) or trading system(s)*]: [•]] [each a] [the] "**Security Exchange**". [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] [•].]]]

[*In the case that the Issuer intends to apply for a listing of the Securities at SIX Swiss Exchange, insert the following text:* [The Issuer] [The [Relevant] Manager (in its capacity as manager of the Issuer)] [•] intends to apply for the listing of the Securities at SIX Swiss Exchange ("**SIX**") and for admittance to trading on the platform of SIX Structured Products Exchange AG]

[*In the case that the Securities are already traded on a regulated or another equivalent market:*

The Securities are already admitted to trading on [*specify regulated or another equivalent market:* [•]].]

[*In the case that neither the Issuer nor a Manager intends to apply for a listing of the Securities, insert the following text:*

Not applicable. It is not intended to apply for inclusion of the Securities to trading on a securities exchange.]

[First Exchange Trading Day: The First Exchange Trading Day means [*specify first exchange trading day:* [•]].]

[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:* [•]].]

[SIX Symbol: The SIX Symbol means [*specify symbol:* [•]].]

[*if necessary, specify further information in the case of a listing of the Securities at SIX:* [•].]]

[Financial intermediaries secondary market: [Not Applicable] [*if applicable, specify financial intermediaries secondary market:* [•]].]

III. Commissions paid by the Issuer

Commissions paid by the Issuer:

- (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: [•]]*

IV. Any interests, including conflicting ones, of natural and legal persons involved that is material to the issue/offer of the Securities

Any interests, including conflicting ones, of natural and legal persons involved that is material to the issue/offer of the Securities: *[to be inserted*]*

[[Save for the [relevant] Authorised Offeror[s] regarding [its] [their] fees,] [as][As] far as the Issuer is aware, no person involved in the issue [and offer] [and listing] of [each Series of] the Securities has an interest material to the issue [and the offer] [and the listing].]

V. 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.]]

VI. Consent to Use of Prospectus

[Not applicable. The Securities are not offered to the public.]

[Not applicable. The Issuer does not consent to the use of the Base Prospectus.]

[The Issuer consents to the use of the Base Prospectus together with the relevant Final Terms in connection

with a public offer of the Securities (a “**Public Offer**”) by [UBS Limited, 5 Broadgate, London EC2M 2QS, United Kingdom] [and] [specify other manager: [●]], [each] in its role as manager in relation to the Securities, ([each a] [the] “**Manager**” [or, as the case may be, “**Authorised Offeror**”) [as well as] [specify further financial intermediaries: [●]] (together with the Manager[s] each an “**Authorised Offeror**”).]

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

| | |
|--|--|
| [Additional conditions:] | [if applicable, specify additional conditions: [●]] |
| [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][,] [and] [Norway][,] [and] [Finland][,] [and] [Luxembourg]] |
| [Financial Intermediaries:] | [specify financial intermediaries: [●]] |
| [Further conditions attached to the Consent:] | [if applicable, specify further clear and objective conditions: [●]] |

VII. 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:] | The yield is calculated according to the ICMA method. This is a method for calculating the yield in which the daily effective interest yield is taken into account. The interest accrued each day is thus added to the capital invested and included in the interest calculation for the following day in each case.] |

VIII. Other information about the Securities

| | |
|---|---|
| Procedure for redemption of Securities: | [Not Applicable] [if applicable, specify: [●]] |
| Disturbing events that affects the Underlying: | [Not Applicable] [As specified in § [11][●] of the General Conditions of the Securities of the Base Prospectus dated [●], as supplemented from time to time.] [if applicable, specify: [●]] |
| Adjustment rules for taking into account events that affects the Underlying: | [Not Applicable] [As specified in § [6][●] of the General Conditions of the Securities of the Base Prospectus dated [●], as supplemented from time to time.] [if applicable, specify: [●]] |
| Explanation of how the Underlying affects the Securities: | [Not Applicable] [if applicable, specify: [●]] |
| [Amortization:] | [Not Applicable] [if applicable, specify: [●]] |
| [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: | [specify names and addresses: [●]] |
| [Deposit Agent: | [Not Applicable] [if applicable, specify: [●]] |
| Calculation Agent: | [specify names and addresses: [●]] |
| 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], where in case of a Proprietary Index only reference to the relevant Proprietary Index as comprised in the Base Prospectus is made: [•]]

[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 and no Proprietary Index is used, insert a description of the Index [with ISIN, if available, and name of the relevant index sponsor]: [•]]

[If applicable and a Proprietary Index is used, insert reference to the Proprietary Index as comprised in the Base Prospectus: [•]]

[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]: [•]]

[If applicable, insert clear and prominent information stating whether the benchmark is provided by an administrator included in the register referred to in Article 36 of the EU Benchmarks Regulation: [•]]

ANNEX TO THE FINAL TERMS: ISSUE SPECIFIC SUMMARY

[In the case of Securities with a minimum denomination of less than EUR 100.000, or its equivalent in any other currency, insert completed summary by amending and completing the summary of the base prospectus as appropriate to the terms of the specific issue].

H. INFORMATION ABOUT THE UNDERLYING

The Securities may be based on the performance of a share (including a certificate representing shares), an index (including indices composed by the Issuer and other legal entities belonging to the UBS Group, where each such index is also referred to as "**Proprietary 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 case an index used as Underlying or, as the case may be, a Basket Component, is provided by a legal entity acting in association with, or on behalf of, the Issuer, **the complete set of rules of the index and information on the performance of the index will be freely accessible on the Issuer's website**. The governing rules (including methodology of each such index for the selection and the re-balancing of the components of such index, description of market disruption events and adjustment rules) are based on predetermined and objective criteria.

In case an Underlying or, as the case may be, a Basket Component, used to determine any amount payable under the Conditions qualifies as a benchmark within the meaning of the Regulation of the European Parliament and of the Council on indices used as benchmarks in certain financial instruments and financial contracts or to measure the performance of investment funds (the "**EU Benchmarks Regulation**"), the applicable Final Terms shall, if required in accordance with the EU Benchmarks Regulation, include clear and prominent information stating whether the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to article 36 of the EU Benchmarks Regulation. Furthermore transitional provisions in the EU Benchmarks Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the Final Terms. The registration status of any administrator under the EU Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the Final Terms to reflect any change in the registration status of the administrator.

The applicable Final Terms will specify the relevant Underlying, if any, 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.

As of the date of this Base Prospectus, the following Proprietary Index may be used as Underlying or, as the case may be, a Basket Component. It should be noted that additional Proprietary Indices will only be supplemented in accordance with the provisions of the Prospectus Directive and Chapter 2, section 34 of the Swedish Financial Instruments Trading Act (SFS 1991:980).

UBS Multi Asset Portfolio T10 Total Return Index

INVESTORS ARE REFERRED TO THE IMPORTANT DISCLAIMERS AND RISK FACTORS IN THIS DESCRIPTION OF THE UBS MULTI ASSET PORTFOLIO T10 TOTAL RETURN INDEX (the "Index Manual").

Section 1. Index Sponsor and Objectives of the Index

1. Introduction and Objectives of the Index

This Index Manual is intended to serve as a description of the rules and risks relating to the calculation and maintenance of the UBS Multi Asset Portfolio T10 Total Return Index.

For purposes of this Index Manual, the term "Index" refers to UBS Multi Asset Portfolio T10 Total Return Index. The Index is the intellectual property of the Index Sponsor. Before making any investment decisions, investors should carefully read "Section 2 – Risk Factors", "Section 4 – Adjustments, Extraordinary Events, Index Market Disruption Events and Force Majeure Events" and "Section 5 – Disclaimer, Licensing and Trademark". Please see "Section 6 – Definitions" for a list of defined terms and their definitions.

The Index is published on Bloomberg under the code "ULTAUM10 Index" (the "Bloomberg Page"). In respect of any Index Business Day, the closing level of the Index value shall be published on the immediately following London Business Day.

The objective of the Index is to track a diversified portfolio of futures and indices (the "Portfolio"). The Portfolio includes futures and indices from different financial market asset classes, such as equities, government bonds and commodities. The weight allocated to each index (each an "Index Constituent") within the Portfolio is determined with the aim of having an equal risk allocation (i.e. the riskier the Index Constituent, the lower the weight allocated to such Index Constituent within the Portfolio and the less risky the Index Constituent, the higher the weighting allocated to such Index Constituent within the Portfolio). The Index methodology will employ historical data and sentiment indicators to determine this allocation as further described herein.

The Index Level will be reduced by the Accumulated Management Fees of 0.5% per annum and may be reduced by the Borrowing Cost for borrowed amounts. There will be a Rebalancing Cost of 0.08% on each Rebalancing Date. Prospective investors should understand that such fees and costs may have a material effect on the Index Level.

On the first Index Business Day of each month (the "Determination Date") the weight allocated to each Index Constituent in the Portfolio will be determined in accordance with the following process:

- First, the sentiment of the market will be determined using the UBS Dynamic Equity Risk Indicator ("DERI"). The sentiment will be considered "volatile" if the DERI level is negative and "calm" otherwise.
- Secondly, the volatility of each Matched Risk Factor (as defined herein) will be determined using the daily returns of the last 500 days ("calm" or "volatile" as the case may be). The 500 daily returns considered might not be from the last 500 days immediately preceding the Determination Date but rather the last 500 "calm" days if the sentiment is "calm" or the last 500 "volatile" days if the sentiment is volatile.
- Thirdly, the weight of each Index Constituent within the Portfolio will be the product of (i) (a) 1 divided by (b) the relevant Matched Risk Factor volatility, and (ii) the relevant exposure adjustment factor (subject to the maximum weights as set out in this Index Manual).
- Lastly, the weights obtained will be normalized and any residual allocation will be invested in Cash in order that the sum of the weights allocated to the Index Constituents in the Portfolio is equal to 100%.

The new weight of the Index Constituents in the Portfolio as at 11 pm London time will be applied to the Index on the 5th Index Business Day of each month (the "Rebalancing Date").

The weight allocation process and formulae are further detailed in this Index Manual.

Finally, on each Index Business Day, the exposure of the Index to the Portfolio will be rebalanced in order to maintain an annualized volatility of the Index at or around 10% (the "Target Volatility" or "Target Vol") by reducing the exposure of the Index to the Portfolio when the realized volatility, as of any Index Business Day, of the Portfolio is greater than the Target Volatility or leveraging the exposure of the Index to the Portfolio up to 300%, when the realized volatility, as of any Index Business Day, of the Portfolio is lower than the Target Volatility. If the resulting exposure of the Index to the Portfolio is less than 100%, the excess will be notionally invested in a cash balance accruing interest.

On each Index Business Day, the Index Level shall reflect the value of the exposure to the Portfolio and the Cash comprising the Index. The Index is denominated in United States Dollars ("USD"). The Index shall have an initial value of 100 (the "Index Base Value") on 7th March 2002 (the "Index Base Date").

The information contained in this Index Manual is a summary of the methodology and material rules and risks relating to the Index. The Index Sponsor makes no representation or warranty that the Index will achieve its stated objectives.

2. Index Sponsor, Index Calculation Agent, Calculation Frequency and Publication

The term "Index Sponsor" refers to UBS or its relevant affiliate (or any successors thereto). The Index is calculated and maintained by UBS or its relevant affiliate (or any successors thereto) (the "Index Calculation Agent"). The Index is calculated by the Index Calculation Agent at the Valuation Time in accordance with the methodology set out herein and based on the published official closing level or the strategy level the Index Calculation Agent calculates for each Index Constituent on each Index Business Day, and will be published on Bloomberg and Reuters on the London Business Day following each Index Business Day. The Index shall be first published in respect of 07 June 2013 (the "Index Commencement Date"). All such retrospective closing levels are simulated and must be considered hypothetical and illustrative only.

On any day where the Index is not calculated, such as a Disrupted Day or otherwise, no value for the Index will be published in respect of such day, subject to the provisions set out below.

The Index shall be maintained by the Index Calculation Agent. The Index shall be governed by the Index Sponsor via its internal processes.

Section 2. Risk Factors

This Index Manual is not, nor does it purport to be, investment advice. The Index Sponsor and the Index Calculation Agent are not acting as investment advisors or providing advice of any nature and do not assume any fiduciary obligation to any investors buying products linked to the Index (the "Index Products"). Prospective investors should carefully consider whether the Index Products are suited to their particular circumstances.

Prospective investors in Index Products should note that the risks described below are not the only risks associated with the Index Products, the Index Sponsor, the Index Constituents or the Index, or which may arise because of the nature of any particular Index Product. In addition, each of the risks highlighted below could adversely affect the trading price of the Index Product or the rights of investors under the Index Product and, as a result, investors could lose some or all of their investment.

The Index Sponsor has described only those risks relating to their operations and to the types of Index Products which may be issued that it considers to be material. There may be additional risks that the Index Sponsor currently considers not to be material or of which it is not currently aware, and any of these risks could have the negative effects set forth above. Prospective investors should seek independent financial advice where they do not fully understand the risks related to the Index Products, the Index Sponsor, the Index Constituents or the Index itself.

1. Products linked to the Index may not be a suitable investment for all investors.

Each prospective investor in any Index Product must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor should: (a) have sufficient knowledge and experience to evaluate the Index Products, the merits and risks of investing in the Index Products and the information contained or incorporated by reference in the product documentation; (b) have access to, and

knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant product and the impact the Index Products will have on its overall investment portfolio; (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Index Products, including where the settlement currency is different from the prospective investor's currency or may be payable in one or more currencies; (d) understand thoroughly the terms of the Index Products and be familiar with any relevant assets, indices and financial markets; and (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

2. **Rules-Based Index**

The Index operates on the basis of predetermined rules. Accordingly, potential investors in Index Products should determine whether those rules as summarised in this Index Manual are appropriate in light of their individual circumstances and investment objectives.

There is the risk that the algorithm on which the Index is based will not be successful or that the Index will underperform any alternative algorithm that might be employed.

3. **Equity market risks may affect the market value of the Index and the Index Products.**

Because the Index Constituents include equity securities, UBS expects that the Index will fluctuate in accordance with changes in the financial condition of the relevant issuer(s) of the Index Constituents' component stocks, the value of common stocks generally and other factors. The financial condition of the issuer(s) of the components of the Index Constituents may become impaired or the general condition of the equity market may deteriorate, either of which may cause a decrease in the level of the Index. Common stocks are susceptible to general equity market fluctuations, to speculative trading by third parties and to volatile increases and decreases in value as market confidence in and perceptions regarding the security or securities comprising the Index Constituents change. Investor perceptions regarding the issuer of an equity security comprising the Index Constituents are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic, and banking crises.

4. **The Index is not actively managed.**

The Index operates in accordance with a predetermined methodology and formulae as further described herein, and the Index Sponsor exercises discretion in limited situations as described in "*Section 4 – Adjustments, Extraordinary Events, Index Market Disruption Events and Force Majeure Events*". The Index is, therefore, not managed. The Index Sponsor as the sponsor of the Index is not acting as an investment adviser or performing a discretionary management role with respect to the Index and, as a result, has no fiduciary duty to any person in respect of the Index.

5. **Commodity prices may change unpredictably, affecting the value of the Index in unforeseeable ways.**

Trading in futures contracts on physical commodities, including trading in certain Index Constituents (which are subindices composed of commodity futures contracts), is speculative and can be extremely volatile. Market prices of such Index Constituents, the underlying futures contracts and the underlying physical commodities may fluctuate rapidly based on numerous factors, including changes in supply and demand relationships (whether actual, perceived, anticipated, unanticipated or unrealized); weather; agriculture; trade; fiscal, monetary and exchange control programs; domestic and foreign political and economic events and policies; disease; pestilence; technological developments; changes in interest rates, whether through governmental action or market movements; and monetary and other governmental policies, action and inaction. The current or "spot" prices of the underlying physical commodities may also affect, in a volatile and inconsistent manner, the prices of futures contracts in respect of the relevant physical commodity. These factors may affect the value of the Index, and different factors may cause the prices of the Index Constituents, and the volatilities of their prices, to move in inconsistent directions at inconsistent rates.

6. **Influence of Interest Rates**

Index Constituents are affected in changes in interest rates of the relative currencies and such movements would affect the performance of the Index. Market prices of the Index Constituents, the underlying futures contracts and the underlying physical bonds may fluctuate due to volatility and trends in the interest rates markets based on numerous factors, including (but not limited to) investors perception of quality of the bond issuer; fiscal, monetary and exchange control programs; domestic and foreign political and economic events and policies; governmental action or market movements; and monetary and other governmental policies. These factors may affect the value of the Index, and different factors may cause the prices of the Index Constituents, and the volatilities of their prices, to move in inconsistent directions at inconsistent rates.

7. Influence of Currency Exchange Rates

Index Constituents may be denominated in currencies different from the Index Currency, and even if the Index Constituents are currency-hedged some residual currency exposure could affect the performance of the Index. Furthermore, Index Products may also be denominated in currencies different from the Index Currency. An unfavourable performance of such currencies in relation to the Index Currency may have an adverse effect on the level calculated for the Index at any given time or the value of the Index Products (if such Index Product is not currency-hedged).

8. Securityholders have no rights in the property, nor shareholder rights in any of the security or securities comprising the Index Constituents.

The Index is purely synthetic. The exposure to each Index Constituent is purely notional and will exist only in the records held by the Index Sponsor. Investing in Index Products will not make Securityholders holders of the security or securities comprising the Index Constituents. Neither the Securityholders nor any other holder or owner of the Index Products will have any voting rights, any right to receive dividends or other distributions, or any other rights with respect to any property or securities of any issuer or with respect to any security or securities comprising the Index Constituents.

9. UBS obtained the information about the issuer of any securities comprising the Index Constituents from public sources.

UBS has derived all information in this Index Manual about the issuer of the security or securities comprising any Index Constituent from publicly available documents. UBS has not participated and will not participate in the preparation of any of those documents. Nor has UBS made or will make any "due diligence" investigation or any inquiry with respect to the sponsor or issuer of the security or securities comprising any Index Constituent in connection with the maintenance of the Index. UBS does not make any representation that any publicly available document or any other publicly available information about the issuer of the security or securities comprising any Index Constituent is accurate or complete. Furthermore, UBS does not know whether all events occurring before the date of this Index Manual, including events that would affect the accuracy or completeness of the publicly available documents referred to above or the level, value or price of any Index Constituent, have been publicly disclosed. Subsequent disclosure of any events of this kind or the disclosure of or failure to disclose material future events concerning the issuer of the security or securities comprising any Index Constituent could affect the value of the Index, and the hence the value of any Index Product that the Securityholder will receive during the term of such Index Product or at maturity or at the payment or settlement date and, therefore, the market value of the Index Product.

10. As Index Sponsor, UBS will have the authority to make determinations that could materially affect the Index in various ways and create conflicts of interest.

UBS is the Index Sponsor. The Index Sponsor is responsible for the composition, calculation and maintenance of the Index and the Index Constituents. As described in this Index Manual, the Index Sponsor has the discretion in a number of circumstances to make judgments and take actions in connection with the composition, calculation and maintenance of the Index and the Index Constituents, and any such judgments or actions may adversely affect the value of the Index Products. For instance, the Index Sponsor may cancel the Index, see the section entitled "*Section 4 – Adjustments, Extraordinary Events, Index Market Disruption Events and Force Majeure Events – Termination*".

The role played by UBS, as Index Sponsor both of the Index and the Index Constituents, and the exercise of the kinds of discretion described above could present it with significant conflicts of interest. The Index Sponsor has

no obligation to take the needs of any buyer, seller or holder of interest in the Index into consideration at any time.

11. The policies of the Index Sponsor and changes that affect the composition and the Index Constituents could affect the valuation of the Index.

The policies of the Index Sponsor and/or the Index Calculation Agent, as applicable, concerning the calculation of the Index Level and the values of the Index Constituents could affect the level of the Index.

The Index Sponsor and/or the Index Calculation Agent, as applicable, may modify the methodology for calculating the Index Level and the values of the Index Constituents. In addition, as described herein, under a number of circumstances the Index Sponsor and/or the Index Calculation Agent, as applicable, may make certain changes to the way in which the Index or any of the Index Constituents is calculated. The Index Sponsor may also discontinue or suspend calculation or publication of the Index or any of the Index Constituents, in which case it may become difficult to determine the market value of the Index. Any such changes could adversely affect the value of Index Products.

If the Index level cannot be calculated for any reason, the Index Calculation Agent may be required to make, in its sole discretion and acting in good faith, an estimate of the Index Level. The circumstances in which the Index Calculation Agent will be required to make such a determination are described more fully under "Section 4 – Adjustments, Extraordinary Events, Index Market Disruption Events and Force Majeure Events".

12. Use of leverage can amplify losses and gains on Index Products

Because the Index exposure will be based upon the performance of one or more reference assets multiplied by a leverage factor which can be over 100 per cent. or 1.00, the purchaser may participate disproportionately in any positive performance and/or may have a disproportionate exposure to any negative performance of the reference assets. Due to this leverage effect, the Index Products represent a very speculative and risky form of investment since any loss in the value of the reference assets carries the risk of a correspondingly higher loss.

13. The historical or hypothetical performance of the Index or any Index Constituent is not an indication of future performance.

The historical or hypothetical performance of the Index or any Index Constituent should not be taken as an indication of the future performance of the Index or any Index Constituent. It is impossible to predict whether the future level, value or price of the Index or any Index Constituent will fall or rise. Past fluctuations and trends in the Index or any Index Constituent are not necessarily indicative of fluctuations or trends that may occur in the future.

14. Changes to an Index Constituent may affect the value of the Index.

Where a given Index Constituent ceases to exist or is no longer tradable, as determined by the Index Sponsor and/or Index Calculation Agent in good faith, including where UBS and its affiliates would be prevented from entering into transactions in respect of components of a given Index Constituent by any applicable law or regulation, or where any constituent security of any Index Constituent is de-listed, becomes insolvent or bankrupt, is the target of a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity that results in such entity or person purchasing, or otherwise obtaining, or having the right to obtain, by conversion or other means, greater than ten percent (10%) and less than one hundred percent (100%) of its outstanding shares, is subject to a merger or does not have its net asset value published by its management company for more than a short period of time which has a material effect on its shares, in each case as determined by the Index Sponsor, Index Calculation Agent or sponsor of the Index Constituent, the Index Sponsor and/or Index Calculation Agent may (but is not obliged to) substitute another Index Constituent (including without limitation one for which UBS or one of its affiliates is the sponsor or involved in the creation thereof) for the original one where it considers in good faith that a similar alternative is available. If the Index Sponsor and/or Index Calculation Agent do not select any substitute Index Constituent, the Index Constituent in question will be assigned a zero weight in the Index. Any such substitution or assignment could alter the exposure provided by the Index and materially affect the performance and value of the Index.

15. Termination or Suspension of the Index.

The Index Calculation Agent is under no obligation to continue the calculation, publication and dissemination of the Index. The Index may be terminated or temporarily suspended at any time. Should the Index cease to exist, this may have a negative impact on the return on any investment in any Index Product.

16. Amendment or Modification to the Index.

The Index may be amended, modified or adjusted from time to time by the Index Sponsor and/or the Index Calculation Agent, as applicable. Any such amendment may have an adverse effect on the level of the Index and may be made without the consent of investors in Index Products. The Index Calculation Agent shall apply the method described in this Index Manual for the composition and calculation of the Index. However, there is the risk that the market environment, supervisory, legal, financial or tax reasons may require changes to be made to this method. The Index Calculation Agent may also make changes to the terms and conditions of the Index and the method applied to calculate the Index, which he deems to be necessary and desirable in order to prevent obvious or demonstrable error or to remedy, correct or supplement incorrect terms and conditions. Notice of such amendments shall be provided on the Bloomberg Page.

17. Index Calculation Agent and Index Sponsor Discretion

The Index confers on the Index Calculation Agent and the Index Sponsor, as applicable, discretion in making certain determinations, calculations and corrections from time to time. Although any such determinations, calculations and corrections must be made by the Index Sponsor and/or Index Calculation Agent, as applicable, in good faith, the exercise of such discretion in the making of calculations and determinations may adversely affect the performance of the Index. Any such determination by the Index Sponsor and/or the Index Calculation Agent, as applicable, will be, in the absence of manifest error, final, conclusive and binding. The Index Calculation Agent and the Index Sponsor shall determine whether any such correction shall apply retrospectively or from the relevant date forward.

The role played by UBS, as Index Calculation Agent and Index Sponsor and the exercise of the kinds of discretion described above and could present it with significant conflicts of interest in light of the fact that UBS, of which the Index Calculation Agent and Index Sponsor are a division, is the issuer of products linked to the Index. The Index Calculation Agent or Index Sponsor has no obligation to take the needs of any buyer, seller or holder of Index Products into consideration at any time.

18. Change of Index Sponsor and Index Calculation Agent

The Index Sponsor may without the consent of investors in Index Products replace the Index Calculation Agent (the "Successor Index Calculation Agent") at its discretion, and furthermore, may also designate a successor index sponsor (the "Successor Index Sponsor") at its discretion – in case of such replacement, any reference to the "Index Calculation Agent" and/or the "Index Sponsor" shall be construed as a reference to the Successor Index Calculation Agent and the Successor Index Sponsor, respectively.

19. Fees and Costs

The Index Level will be reduced by the Accumulated Management Fees of 0.5% per annum and may be reduced by the Borrowing Cost for borrowed amounts. There will be a Rebalancing Cost of 0.08% on each Rebalancing Date. Prospective investors should understand that such fees and costs may have a material effect on the Index Level.

20. Simulated history

As limited historical performance data exist with respect to the Index, any Index Product which is linked to the Index may involve greater risk than an exposure linked to indices or strategies with a proven track record. The Index will be first calculated on or around the Index Commencement Date and therefore lacks historical performance. All such retrospective closing levels are simulated and must be considered hypothetical and illustrative only.

The actual performance of the Index may be materially different from the results presented in any simulated history relating to the Index. Past performance should not be considered indicative of future performance.

Section 3. Calculation of the Index and Rebalancing

1. Base Date and Value

| Index Base Date | Index Currency | Index Base Value |
|----------------------------|----------------|------------------|
| 7 th March 2002 | USD | 100 |

2. Index Equations

The Index shall consist of a synthetic investment in a portfolio composed of each of the Index Constituents (the "Portfolio") and Cash.

The level of the Index ("Index Level") will be determined in accordance with the following formula at the Valuation Time on each Index Business Day t:

$$Index_t = (PU_{t-1} \times Portfolio_t + CU_{t-1} \times Cash_t) - BU_{t-1} \times (1 + BorrowingCost_t) - AccumulatedManagementFees$$

where:

"Index_t" is the Index Level determined at the Valuation Time on Index Business Day t;

"Index₀" is the Index Base Value;

"PU_t" is the number of units representing the exposure to Portfolio t (the "Portfolio Unit") as determined in accordance with the methodology below:

- If on the immediately preceding Index Business Day t a Trigger Event HAS NOT occurred PU_t = PU_{t-1}

- If on the immediately preceding Index Business Day t a Trigger Event HAS occurred PU_t will be determined in accordance with the formula below:

$$PU_t = IdealPortfolioWeight_t \times \frac{Index_{t-1}}{Portfolio_{t-1}}$$

"IdealPortfolioWeight_t" is the ideal exposure in percentage to the Portfolio as determined in accordance with the formula below:

$$IdealPortfolioWeight_t = \min\left(300\%, \frac{TargetVol}{RealizedVolatility_{t-1}}\right)$$

"CU_t" is the number of units representing the exposure to Cash t (the "Cash Unit") as determined in accordance with the methodology below:

- If on the immediately preceding Index Business Day t a Trigger Event HAS NOT occurred CU_t = CU_{t-1}

- If on the immediately preceding Index Business Day t a Trigger Event HAS occurred CU_t will be determined in accordance with the formula below:

$$CU_t = \frac{\max(Index_t - PU_t \times Portfolio_t; 0.0)}{Cash_t}$$

"BU_t" is the notional borrowed amount as determined in accordance with the methodology below:

- If on the immediately preceding Index Business Day t a Trigger Event HAS NOT occurred BU_t = BU_{t-1}

- If on the immediately preceding Index Business Day t a Trigger Event HAS occurred BU_t will be determined in accordance with the formula below:

$$BU_t = \text{MAX}(PU_t \times \text{Portfolio}_t - \text{Index}_t; 0.0)$$

“TargetVol” is 10.0%;

“Trigger Event” means if RealizedVolatility t is:

- a) higher than the Deleverage Trigger t or
- b) lower than the Releverage Trigger t and the Ideal Portfolio Weight on the immediately preceding Trigger Event was less than 200%;

“Deleverage Trigger t” means, on any Index Business Day t, 11.0% divided by IdealPortfolioWeight as of the immediately preceding Index Business Day on which a Trigger Event HAS happened;

“Releverage Trigger t” means, on any Index Business Day t, 9.0% divided by IdealPortfolioWeight as of the immediately preceding Index Business Day on which a Trigger Event HAS happened;

“RealizedVolatilityt” is the annualized exponentially weighted volatility of the Portfolio over the last 40 Index Business Days and is calculated as follows:

$$\text{Realized Volatility}_t = \sqrt{254} \times \sqrt{\frac{\sum_{j=1}^{40} \left(\left(1 - \frac{3}{40}\right)^j \times \left(\frac{\text{Portfolio}_{t-j+1}}{\text{Portfolio}_{t-j}} - 1\right)^2 \right)}{\sum_{j=1}^{40} \left(1 - \frac{3}{40}\right)^j}}$$

“Cash t” or “Cash” represents an exposure to a synthetic cash balance in the Index Currency accruing interest on each Index Business Day at rate equal to the prevailing over night rate for the Index Currency on the immediately preceding Index Business Day;

“BorrowingCost t” represents the cost associated with the BU and is equal to the accrual of interest on each Index Business Day at a rate equal to the prevailing over night rate on the immediately preceding Index Business Day for the Index Currency increased by 100 bps. When Portfolio Units and/or Cash Units weighting is rebalanced this borrowing cost factor is reset to zero. The borrowing cost prior to rebalancing is accounted for by a reduction in the number of Portfolio Units and/or Cash Units;

“Portfolio t” is the value of a synthetic portfolio composed of each of the Index Constituents on Index Business Day t and is calculated as follows:

$$\text{Portfolio}_t = \sum_{u=1}^M \left[\text{UW}_t^u \times \left(\frac{\text{UL}_t^u}{\text{UL}_{RD}^u} - \left(\frac{(\text{FX}_t^u)^{\wedge \text{FXscalarU}}}{(\text{FX}_{RD}^u)^{\wedge \text{FXscalarU}}} - 1 \right) \right) \right] + \text{CW}_t \times \frac{\text{Cash}_t}{\text{Cash}_{RD}}$$

“Portfolio₀” is 100;

“M” is the Number of Index Constituents comprising the Portfolio at the Valuation Time on Index Business Day t;

“UL_t^u” means the Index Level for Index Constituent U determined at the Valuation Time on Index Business Day t determined in the Index Currency or converted into the Index Currency with reference to the FX Price Source;

“UL_{RD}^u” means the Index Level for Index Constituent U determined at the Valuation Time on last preceding Rebalancing Date determined in the Index Currency or converted into the Index Currency with reference to the FX Price Source;

“FX_t^u” means the Interpolated FX Forward Rate for the FX currency pair of the Index Currency and the currency Index Constituent U on Index Business Day t;

"**FX_{RD}^u**" means the 1 Month FX Forward Rate for the FX currency pair of the Index Currency and the currency Index Constituent U on the immediately preceding Rebalancing Date;

"**FXScalar^U**" means the FX Scalar for the Index Constituent U and can be equal to +1, -1 or 0 as set out below;

"**UW_t^u**" is the Underlying Weight of each Index Constituent U comprising the Portfolio, and determined in accordance with the following formula at the Valuation Time on each Index Business Day t:

- If the preceding Index Business Day t is not a Rebalancing Date, then $UW_t^u = UW_{t-1}^u$

- If the preceding Index Business Day t is a Rebalancing Date, then UW_t^u is defined as detailed in "Section 3 – Portfolio Determination and Rebalancing" for such Rebalancing Date;

"**Cash_{RD}^P**" means the level for Cash at the Valuation Time on the immediately preceding Rebalancing Date;

"**CW_t**" is the Cash Weight determined in accordance with the following formula at the Valuation Time on each Index Business Day t:

- If the preceding Index Business Day t is not a Rebalancing Date, then $CW_t = CW_{t-1}$

- If the preceding Index Business Day t is a Rebalancing Date, then CW_t is defined as detailed in "section 3 – Portfolio Rebalancing" for such Rebalancing Date.

"**Days_(RD)**" means the number of calendar days from and including the last preceding Rebalancing Date to and excluding the Index Business Day t;

"**Accumulated Management Fees**" means 0.5% per annum calculated on each Index Business Day as they accrue. When Portfolio Units or Cash Units weighting is rebalanced this fee factor is reset at zero. The management fees prior to rebalancing is accounted for by a reduction in the number of Portfolio Units and/or Cash Units.

3. Portfolio Determination and Rebalancing

The Index shall be rebalanced monthly. On the 1st Index Business Day of each calendar month (each a "**Determination Date**" or "**DD_t**"), the weight of each Index Constituent within the Portfolio shall be determined. As at 11 pm London time on the 5th Index Business Day of each month (each a "**Rebalancing Date**" or "**RD_t**"), such selection of new weights shall be applied to each Index Constituent within the Portfolio.

The Underlying Weights will be determined following the process detailed hereafter:

- a. Observation period

On each Risk Factor Business Day, the UBS Dynamic Equity Risk Indicator ("DERI") is published by UBS Equity Research.

The Positive Sentiment Time Series (the "**Positive Sentiment Series**") consists of the Daily Performance (as defined below) of the Matched Risk Factor R on any Risk Factor Business Day t ("**Perf_t^R**") for which the DERI level is greater or equal to 0.

The Negative Sentiment Series (the "**Negative Sentiment Series**") consists of the Daily Performance (as defined below) of the Matched Risk Factor R on any Risk Factor Business Day t ("**Perf_t^R**") for which the DERI level is lesser than 0.

"**Daily Performance**" means, in relation to Risk Factor Business Day t, the return of Matched Risk Factor R as calculated in accordance with the formula below:

$$Perf_t^R = \frac{MRF_t^R}{MRF_{t-1}^R} - 100\%$$

where:

"**MRF_t^R**" is the official level of the Matched Risk Factor R, as determined by the Index Calculation Agent on Risk Factor Business Day t

"**MRF_{t-1}^R**" is the official level of the Matched Risk Factor R, as determined by the Index Calculation Agent, on the immediately preceding Risk Factor Business Day.

"**Volatility Observation Period**" means:

A) If the DERI level is positive or equal to 0 on the relevant Determination Day ("**DD_t**"), the Volatility Observation Period is defined as the most recent 500 values of the Positive Sentiment Series up to, and including, Determination Day ("**DD_t**").

B) If the DERI level is negative on Determination Day ("**DD_t**"), the Volatility Observation Period is defined as the most recent 500 values of the Negative Sentiment Series up to, and including Determination Day ("**DD_t**").

b. Underlying Weight

On each Determination Date t ("**DD_t**"), the "500 Day Realized Volatility" of each Matched Risk Factor R ("**Vol_t^R**") is calculated in accordance with the formula below:

$$Vol_t^R = \sqrt{254} \times \sqrt{\frac{1}{n-1} \sum_{k=1}^n \left(Perf_k^R - \frac{1}{n} \sum_{i=1}^n Perf_i^R \right)^2}$$

where:

$n = 500$

$Perf_k^R$ and $Perf_i^R$ means the Daily Performance for $t = i$ or $t = k$ in the relevant Volatility Observation Period for the relevant Matched Risk Factor R;

On each Rebalancing Date t ("**RD_t**"), the Underlying Weight of each Index Constituent ("**UW_t^U**") is calculated in accordance with the formula below:

$$UW_t^U = \text{MIN} \left[\left(\frac{1}{\sum_{R=1}^{RF} Vol_{DD}^R} \right) \times Y^U ; UWCAP^U \right] \times Portfolio_{RD} \times (1 - \text{RebalancingCost})$$

Also, on each Rebalancing Date t ("**RD_t**"), the Cash Weight ("**CW_t**") is calculated in accordance with the following formula:

$$CW_t = Portfolio_{RD} \times (1 - \text{RebalancingCost}) - \sum_{u=1}^M UW_t^u$$

where:

"**Vol_{DD}^{MRF}**" is 500 Day Realized Volatility as calculated above for the Matched Risk Factor to the Index Constituent U on Determination Date t;

"**Vol_{DD}^R**" is 500 Day Realized Volatility as calculated above for the Matched Risk Factor R on Determination Date t;

"**RF**" is the number of Matched Risk Factors at the Valuation Time on Determination Date t;

"**Y^u**" is an exposure adjustment factor Y for the Index Constituent U as set out below;

"**UWCA^u**" is the maximum level for the Underlying Weight of Index Constituent U as set out below;

"**Portfolio_{RD}**" means the Portfolio _t at the Valuation Time on the first Rebalancing Date following the relevant Determination Date;

"**RebalancingCost**" means 0.08%.

"**M**" is the Number of Index Constituents comprising the Portfolio at the Valuation Time on Index Business Day t;

4. Index Constituents

| U | Index Constituent <i>u</i> | Bloomberg Code | FXScalar <i>u</i> | Index Sponsor | <i>Y^u</i> | UWCA <i>P^u</i> | Matched Risk Factor (" MRF ") | R |
|---|---|--|-------------------|---------------|----------------------|---------------------------|---|---|
| 1 | UBS 5Y US Treasury Total Return Index | UBCIUST5 Index | 0 | UBS | 0.25 | 20% | 25% First 5Y Treasury Note Future (Bloomberg: FV1 Comdty) +25% First 10Y Treasury Note Future (Bloomberg: TY1 Comdty) +25% First 5Y Euro Bobl Future (Bloomberg: OE1 Comdty) +) + 25% First 10Y Euro Bund Future (Bloomberg: RX1 Comdty) | 1 |
| 2 | UBS 5Y Euro Bond Total Return Index | UBCIEUT5 Index | 1 | UBS | 0.25 | 20% | | |
| 3 | UBS 10Y US Treasury Total Return Strategy | Not Available please see strategy description in Section 8.1 | 0 | N/A | 0.25 | 20% | | |
| 4 | UBS 10Y Euro Bond Total Return Strategy | Not Available please see strategy description in Section 8.2 | 1 | N/A | 0.25 | 20% | | |
| 5 | UBS RADA Long Europe Index Net Total Return (EUR) | ULTARLET Index | 1 | UBS | 0.5 | 20% | | |

| | | | | | | | | |
|---|--|--|---|-----|-----|-----|---|---|
| 6 | UBS RADA Long US Index Net Total Return (USD) | ULTARLUT Index | 0 | UBS | 0.5 | 20% | 500 TR Index (Bloomberg: SPTR Index) | |
| 7 | Momentum Rotator Strategy on UBS Bloomberg CMCI Composite USD Total Return | Not Available please see strategy description in Section 8.3 | 0 | N/A | 1.0 | 35% | Dow Jones UBS Commodity Index Total Return (Bloomberg: DJUBSTR Index) | 3 |

5. Rounding of Calculated Values

The Index Level shall be rounded to two decimal places. All other determinations shall not be rounded.

Section 4. Adjustments, Extraordinary Events, Index Market Disruption Events and Force Majeure Events

1. "Index Market Disruption Event" Definition

Any of the following will constitute an "Index Market Disruption Event":

- a suspension, absence or material limitation of trading in any Index Constituent or its constituents on their respective primary markets, in each case for more than two hours of trading or during the one hour before the close of trading in that market, as determined by the Index Calculation Agent in good faith and agreed by the Index Sponsor; or
- a suspension, absence or material limitation of trading in options or futures contracts relating to any Index Constituent or its constituents, if available, in the respective primary markets for those contracts, in each case for more than two hours of trading or during the one-half hour before the close of trading in that market, as determined by the Index Calculation Agent in good faith and agreed by the Index Sponsor; or
- any Index Constituent, its constituents or options or futures contracts relating to any Index Constituent or its constituents, if available, do not trade on what were the respective primary markets for those indices or contracts, as determined by the Index Calculation Agent in good faith and agreed by the Index Sponsor; or
- a change in law, such that on or after the Index Commencement Date (a) due to the adoption or announcement of any change in any applicable law or regulation (including, without limitation, any tax law or limitations on the repatriation of invested capital in the jurisdiction or the underlying), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Index Sponsor determines in good faith that (i) it would be illegal for the Index Sponsor and/or any of its affiliates to hold, acquire, deal or dispose of the securities, options, futures or derivatives included in the Index Constituents or (ii) market participants would incur a materially increased cost in performing their obligations of any Index Products (including, without limitation, due to any increase in tax liability, decrease in tax benefits or other adverse effect on their tax position); or
- the Index Calculation Agent is unable to obtain the price in respect of any Index Constituent within a reasonable amount of time;
- any material change in the formula for or the method of calculating the Index Constituents or any other changes which materially modifies the Index Constituents (other than a modification prescribed in that formula or method to maintain the Index Constituents in the event of changes in constituent stock and capitalisation and other routine events); or

- the Index Constituent is permanently cancelled and no successor index exists; or
- any material change in market conditions such that the Index Sponsor or its affiliates would incur a materially increased amount of costs or expenses to acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transactions or assets its deems necessary to hedge the risk of performing its obligations with respect to the Index or any Index Products,

and, in any of these events, the Index Calculation Agent determines in good faith, and agreed by the Index Sponsor, that the event could materially interfere with its ability or the ability of any of its affiliates to unwind all or a material portion of a hedge that could be affected with respect to the Index or any Index Product.

The following event will not be an Index Market Disruption Event:

- a limitation on the hours or number of days of trading, but only if the limitation results from a previously announced change in the business hours of the relevant market.

For purposes of determining whether an Index Market Disruption Event has occurred, an “absence of trading” in the primary securities market on which a component of the Index Constituents is traded or on which options or futures contracts relating to the components of the Index Constituents are traded will not include any time when that market is itself closed for trading under ordinary circumstances. In contrast, a suspension or limitation of trading in any component of the Index Constituents or in options or futures contracts relating to any component of the Constituents in the primary market for that component or those contracts, by reason of:

- a price change exceeding limits set by that market;
- a disruption in, or an impairment of, the ability of market participants in general to effect transactions in, or obtain market values for, that component of the Index Constituent or those contracts;
- an imbalance of orders relating to the components of the Index Constituent or those contracts; or
- a disparity in bid and ask quotes relating to that component of the Index Constituent or those contracts,

will constitute a suspension or material limitation of trading in that component of the Index Constituent or those contracts in that primary market.

2. **“Force Majeure Event” Definition**

A “Force Majeure Event” is an event or circumstance (including without limitation, a systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance) that is beyond the reasonable control of the Index Calculation Agent and/or the Index Sponsor and that the Index Calculation Agent and/or the Index Sponsor determines affects the Index, any of the Index Constituents or the methodology on which the Index is based.

3. **Consequences of a “Index Market Disruption Event” or “Force Majeure Event”**

If an “Index Market Disruption Event” or a “Force Majeure Event” occurs or is continuing on one or more Scheduled Trading Days (each a “Disrupted Day”) that, as determined in good faith by the Index Calculation Agent in consultation with the Index Sponsor, affects the Index or any of the Index Constituents or their components, the Index Calculation Agent, in consultation with the Index Sponsor, may:

- defer, cease or momentarily discontinue the publication of information relating to the Index until the next Index Business Day on which such Index Market Disruption or Force Majeure Event, as applicable, is not continuing; and
- if such calendar day is a Rebalancing Date, to postpone such rebalancing to the next Index Business Day on which such Index Market Disruption or Force Majeure Event, as applicable, is not continuing.

If an "Index Market Disruption Event" or a "Force Majeure Event" persists for each of the 5 Scheduled Trading Days immediately following the original Scheduled Trading day that is a Disrupted Day, then the Index Calculation Agent shall determine in consultation with the Index Sponsor what actions it may take, which includes, but shall not be limited to, the following:

- make such determinations and/or adjustments to the terms of the Index as it deems appropriate in order to determine the level of the Index on such day (if such day is an Index Business Day);
- calculate a substitute level for the Index based on but not restricted to the last published level of the disrupted Index Constituent and such Index Constituent level may be zero;
- make other adjustments to the Index in good faith in order to maintain the objectives of the Index; and
- discontinue supporting the Index or terminate the calculation of the Index value or the publication of the Index value.

4. **Change in Methodology**

While the Index Calculation Agent currently employs the methodology described in this Index Manual to compose and calculate the Index, it is possible that market, regulatory, juridical, financial, fiscal or other circumstances (including, but not limited to, any changes to or any suspension or termination of or any other events affecting any Index Constituents and/or the components of the Index Constituents) will arise that would, in the determination of the Index Calculation Agent, necessitate a modification or change of such methodology and the Index Calculation Agent shall be entitled, acting in good faith, to make any such modification or change to the Index, with the consent of the Index Sponsor. Any changes made to the methodology will be made in a commercially reasonable manner and in a manner that maintains the objectives of the Index. Any such determination by the Index Calculation Agent and/or the Index Sponsor, as applicable, will be, in the absence of manifest error, final, conclusive and binding.

Any change or modification to the methodology of the Index may be outside the technology employed by the Index Calculation Agent and thus, the Index Calculation Agent may not be able to calculate the Index, in which event the Index Sponsor may, in its sole discretion, appoint a successor Index Calculation Agent.

5. **Termination and Cancellation**

The Index Sponsor may at any time, terminate the calculation and publication of the value of the Index.

6. **Errors and Adjustments**

The Index Calculation Agent and Index Sponsor reserve the right to make adjustments to correct errors contained in previously published information relating to the Index, including but not limited to its value, and to publish the corrected information, but they are under no obligation to do so and shall have no liability in respect of any errors or omissions contained in any subsequent publication. The Index Calculation Agent, in consultation with the Index Sponsor, will determine in good faith whether to adjust or correct any previously published value in order to maintain the objectives of the Index. The Index Calculation Agent will provide notice of such adjustments on the Bloomberg Page. The Index

Calculation Agent will provide any information about any such adjustments it makes upon the investor's written request.

The Index Sponsor may, at any time, change the name of the Index, the place and time of the publication of its value and the frequency of publication of its value.

Section 5. Disclaimer, Licensing and Trademark

The mark and name of the Index is proprietary to UBS.

UBS does not make any warranty or representation or guarantee whatsoever, express or implied, either as to the results to be obtained as to the use of the Index or the figures or levels at which the Index stands at any particular day or otherwise. In addition, UBS is under no obligation to continue the calculation, publication and dissemination of the Index.

No responsibility or liability is accepted by UBS (whether for negligence or otherwise) in respect of the use of and/or reference to the Index by UBS or any other person in connection with securities, or for any inaccuracies, omissions, mistakes or errors in the computation of the Index (and UBS shall not be obliged to advise any person, including UBS or any investor, or any error therein) or for any economic or other loss which may be directly or indirectly sustained by UBS or any investors to securities or any other persons dealing with securities as a result thereof and no claims, actions or legal proceedings may be brought against UBS (including any of its subsidiaries or affiliates) in any manner whatsoever by any investor or other person dealing with securities. Any investor or other person dealing with securities does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on UBS.

This Index Manual contains data derived as a result of back-testing of data and is provided by UBS in good faith using UBS' standard methodology for information of this kind. That methodology relies on proprietary models, empirical data, assumptions and such other information that UBS believes to be accurate and reasonable. UBS makes, however, no representation as to the accuracy, completeness or appropriateness of such methodology and accept no liability for the investors' use of the information. Specifically, there is no assurance that other banks or brokers would derive the same results for the back-test period.

For avoidance of doubt, this Index Manual and the Index do not create any contractual or quasi-contractual relationship between any investor or other person and UBS and must not be construed to have created such relationship.

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Section 6. Definitions

"1 Month FX Forward Rate" means the spot foreign exchange rate, bid or ask as applicable, as published by Bloomberg for 5.00 p.m. London time plus the 1 Month Forward Points, bid or ask as applicable, as published by Bloomberg for the relevant currency pair for 5.00 p.m. London time.

"Bloomberg Page" means the page designated as "ULTAUM10 Index" on Bloomberg.

"DERI" means the UBS Dynamic Equity Risk Indicator ("ULTADERI Index" on Bloomberg)

"Determination Date" means the first Index Business Day of each month.

"Disrupted Day" means a Scheduled Trading Day on which an Index Market Disruption Event or a Force Majeure Event occurs or is continuing.

"Exchanges" means, in respect of each Index Constituent, the exchanges or quotation system in which trading of the Index Constituent, or futures or option contracts linked to the Index Constituent principally occurs, as determined by the Index Sponsor.

"Force Majeure Event" shall have the meaning given to it in "*Section 4 – Adjustments, Extraordinary Events, Index Market Disruption Events and Force Majeure Events*".

"FX Price Source" means the spot foreign exchange rate published by Bloomberg for 5.00 p.m. London time on the BFIX function, or any successor thereof.

"Index" means the UBS Multi Asset Portfolio T10 Total Return Index.

"Index Base Date" means 7th March 2002

"Index Base Value" means the value of the Index on the Index Base Date and shall equal to 100.

"Index Business Day" means any day (other than a Saturday or Sunday) that is a Scheduled Trading Day for all the Index Constituents but is not a Disrupted Day.

"Index Calculation Agent" means UBS AG, London Branch, a division of UBS AG (or any successor thereto).

"Index Commencement Date" means the date on which the level of the Index is first calculated and shall mean 07 June 2013.

"Index Constituent", and together **"Index Constituents"**, means UBS 5Y US Treasury Total Return Index, UBS 5Y Euro Bond Total Return Index, UBS 10Y US Treasury Total Return Strategy, UBS 10Y Euro Bond Total Return Strategy, UBS RADA Long Europe Index Net Total Return (USD), UBS RADA Long US Index Net Total Return (USD) and the Momentum Rotator Strategy on the UBS Bloomberg CMCI Composite USD Total Return Index.

"Index Currency" means the currency in which the Index is denominated and shall be United States Dollars (**"USD"**).

"Index Level" means the level of the Index determined in accordance with *"Section 3 – Calculation of the Index and Rebalancing – Index Equations"* at the Valuation Time on each Index Business Day t.

"Index Market Disruption Event" shall have the meaning given to it in *"Section 4 – Adjustments, Extraordinary Events, Index Market Disruption Events and Force Majeure Events"*.

"Index Products" means products linked to the Index.

"Index Sponsor" means UBS AG, London Branch, a division of UBS AG (or any successor thereto).

"Interpolated FX Forward Rate" means the spot foreign exchange rate, bid or ask as applicable, as published by Bloomberg for 5.00 p.m. London time plus the 1 Month Forward Points, bid or ask as applicable, as published by Bloomberg for the relevant currency pair for 5.00 p.m. London time multiplied by the ratio between the number of calendar days remaining to the immediately following Rebalancing Date and the total number of calendar days between the immediately preceding and the immediately following Rebalancing Date to the relevant Index Business Day. The Interpolated FX Forward Rate on any Rebalancing Date would be equal to the spot foreign exchange rate, bid or ask as applicable, as published by Bloomberg for 5.00 p.m. London time.

"London Business Day" means any day (other than a Saturday or Sunday) on which commercial banks settle payments and are open for general business in London.

"Number of Index Constituents" or **"M"** means, at any time, the number of Index Constituents included in the Portfolio which shall be equal to 7.

"Portfolio" means a synthetic investment into a basket composed of the Index Constituents allocated in accordance with *"Section 3 – Calculation of the Index and Rebalancing"*.

"Realized Volatility" means the annualized square root of the sum of the Daily Performances of an Index Constituent during a set time horizon.

"Rebalancing Date" means the 5th Index Business Day of each month.

"Risk Factor Business Day" means any day (other than a Saturday or Sunday) that is a Scheduled Trading Day for all the Risk Factor Constituents, but is not a Disrupted Day.

"Risk Factor Constituent", and together **"Risk Factor Constituents"**, means S&P United States 500 Total Return 1988 Index, Eurostoxx 50 Return Index, First 5Y Treasury Note Future, First 10Y Treasury Note, First 5Y Euro Bobl Future, First 10Y Euro Bund Future and the Dow Jones UBS Commodity Index Total Return.

"Scheduled Trading Day" means, in respect of each Index Constituent, a day on which the Exchanges are scheduled to be open for trading during their regular trading sessions.

"Target Volatility" means, in respect of the Index, the target expressed in annualized volatility used in the UBS Volatility Control Strategy.

"UBS" means UBS AG, acting through its London Branch (or any successors thereto).

"UBS Dynamic Equity Risk Indicator" means the dynamic equity risk indicator as determined by UBS and published on the Bloomberg Ticker ULTADERI Index.

"UBS Volatility Control Strategy" is an algorithmic strategy that aims to control the realized volatility of the Index through a dynamic allocation in the Portfolio.

"Underlying Weight" means, in respect of each Index Constituent, a weight expressed as units, in accordance with *"Section 3 Calculation of the Index and Rebalancing - Portfolio Rebalancing – Underlying Weight"*.

"Valuation Time" means 10.00 *pm* London time or such other time as the Index Sponsor and/or the Index Calculation Agent, as applicable, may determine.

Section 7. Description of Index Constituents

Treasury Index – The UBS 5Y Treasury Index reflects the performance of a future rolling strategy applied to the 5Y US Treasury Note Futures rolled every 3rd Friday of February, May, August and November.

The UBS 10Y US Treasury Strategy (as calculated according to Section 8.1) reflects the performance of a future rolling strategy applied to the 10Y US Treasury Note Futures rolled every February, May, August and November.

Euro Bond Index – The UBS 5Y Euro Bond Index reflects the performance of a future rolling strategy applied to the Euro Bobl Futures rolled every March, June, September and December.

The UBS 10Y Euro Bond Strategy (as calculated according to Section 8.2) reflects the performance of a future rolling strategy applied to the Euro Bund Futures rolled every March, June, September and December.

RADA - The UBS RADA Long Index (the **"RADA"**) reflects the performance of an algorithmic strategy that takes directional exposures to referenced equity index depending on current market sentiment as measured by the UBS Dynamic Equity Risk Indicator (**"DERI"**). DERI is an indicator which has been developed by UBS Equity Research aiming to measure the market sentiment, investor risk appetite and equity positioning. The DERI indicator is calculated and published on a daily basis.

The directional exposure of RADA means that the RADA can be long or flat the referenced equity index.

UBS RADA Europe Long Index references the Euro Stoxx 50[®] Index.

The Euro Stoxx 50[®] Index is a free-float market capitalization-weighted index of fifty European blue-chip stocks from those countries participating in the European Monetary Union. Each component's weight is capped at 10 per cent. of the index's total free float market capitalization.

UBS RADA US Long Index references the S&P 500[®] Index.

The S&P 500[®] Index is a free-float market capitalization-weighted index of 500 blue-chip stocks listed in the United States of America.

Momentum Rotator Strategy on the UBS Bloomberg CMCI Composite Index - The Momentum Rotator Strategy (as calculated according to Section 8.3) reflects the performance of an algorithmic strategy that takes directional exposures to the UBS Bloomberg CMCI Composite Total Return Index depending on the current market momentum of the index and current market sentiment as measured by the UBS Dynamic Equity Risk Indicator (**"DERI"**).

The current market momentum will be determined by observing the slow and fast moving average of the UBS Bloomberg CMCI Composite Total Return Index.

The directional exposure of the Momentum Rotator means that the strategy can be long or flat the UBS Bloomberg CMCI Composite Index depending of the signal determined by the current market momentum and sentiment.

The UBS Bloomberg CMCI Composite Index reflects the performance of the Constant Maturity Commodity Index methodology which aims to track commodity market performance by taking positions across various tenors in commodity futures and trying to minimize the commodity future roll cost.

Section 8. Calculation of Index Constituents

1. UBS 10Y US Treasuries Total Return Strategy

The UBS 10Y US Treasuries Total Return Strategy was developed by UBS to reflect the performance of a rolling investment into 10 year US Treasury Notes futures.

Calculation

On any *US Treasury Strategy Business Day* t' ,

$$Strategy(t') = Strategy(r) \times \left(\frac{Futures(t')}{Futures(r)} + \frac{Cash(t')}{Cash(r)} - 1 \right)$$

Base Value = 100 USD on 19th November 1999.

Where:

Cash(t') means, in relation to US Treasury Strategy Business Day t' , the value of an exposure to a synthetic cash balance in US Dollars accruing interest on each US Treasury Strategy Business Day at a rate equal to BBA Libor USD 1 Month as at the day falling two (2) US Treasury Strategy Business Days prior to the third Friday of each month or, if such day is not a US Treasury Strategy Business Day the immediately following US Treasury Strategy Business Day.

Futures(t') means, in relation to US Treasury Strategy Business Day t' , the settlement price of the current 10Y US Treasury Note Futures Contract on the Chicago Board of Trade.

Cash(r) means, in relation to any US Treasury Strategy Business Day t' , the value of an exposure on the immediately preceding Future Rolling Date to a synthetic cash balance in US Dollars accruing interest on each US Treasury Strategy Business Day at a rate equal to BBA Libor USD 1 Month as at the day falling two (2) US Treasury Strategy Business Days prior to the third Friday of each month or, if such day is not a US Treasury Strategy Business Day the immediately following US Treasury Strategy Business Day.

Futures(r) means, in relation to any US Treasury Strategy Business Day t' , the settlement price of the current 10Y US Treasury Note Futures Contract on the Chicago Board of Trade on the immediately preceding Future Rolling Date.

Strategy(r) means in relation to any US Treasury Strategy Business Day t' , the level of the UBS 10Y US Treasuries Total Return Strategy on the immediately preceding Future Rolling Date.

US Treasury Strategy Business Day t' means any London Business Day on which the relevant Exchange on which underlying future contracts are traded is open for trading. The UBS 10Y US Treasuries Total Return Strategy is calculated by UBS.

Futures Rolling Dates

Futures Rolling Dates are the third Friday of February, May, August and November provided that if any such day is not a US Treasury Strategy Business Day the relevant Future Rolling Date shall be the immediately following US Treasury Strategy Business Day.

On each Futures Rolling Date the current 10Y US Treasury Note Futures Contract shall roll from the front month contract to the next.

Rounding of Calculated Strategy Values

The UBS 10Y US Treasuries Total Return Strategy value shall be rounded to two decimal places. All other determinations shall not be rounded.

2. UBS 10Y Euro Bond Total Return Strategy

The UBS 10Y Euro Bond Total Return Strategy was developed by UBS to reflect the performance of a rolling investment into 10 year Euro Bund futures.

Calculation

On any *Euro Bond Strategy Business Day* t' ,

$$Strategy(t') = Strategy(r) \times \left(\frac{Futures(t')}{Futures(r)} + \frac{Cash(t')}{Cash(r)} - 1 \right)$$

Base Value = 100 EUR on 3rd December 1999.

Where:

$Cash(t')$ means, in relation to Euro Bond Strategy Business Day t' , the value of an exposure to a synthetic cash balance in Euros accruing interest on each Euro Bond Strategy Business Day at a rate equal to Euribor 1 Month on the first Euro Bond Strategy Business Day of each month.

$Futures(t')$ means, in relation to Euro Bond Strategy Business Day t' , the settlement price of the current 10Y Euro Bund Futures Contract on the Eurex.

$Cash(r)$ means, in relation to any Euro Bond Strategy Business Day t' , the value of an exposure on the immediately preceding Future Rolling Date to a synthetic cash balance in Euros accruing interest on each Euro Bond Strategy Business Day at a rate equal to Euribor 1 Month on the first Euro Bond Strategy Business Day of each month.

$Futures(r)$ means, in relation to any Euro Bond Strategy Business Day t' , the settlement price of the current 10Y Euro Bund Futures Contract on the Eurex on the immediately preceding Future Rolling Date.

$Strategy(r)$ means in relation to any Euro Bond Strategy Business Day t' , the level of the UBS 10Y Euro Bond Total Return Strategy on the immediately preceding Future Rolling Date.

Euro Bond Strategy Business Day t' means any London Business Day on which the relevant Exchange on which underlying future contracts are traded is open for trading. The UBS 10Y Euro Bond Total Return Strategy is calculated by UBS.

Futures Rolling Dates

Futures Rolling Dates are the third Euro Bond Strategy Business Day of March, June, September and December.

On each Futures Rolling Date the current 10Y Euro Bund Futures Contract shall be rolled from the front month contract to the next.

Rounding of Calculated Strategy Values

The UBS 10Y Euro Bond Total Return Strategy value shall be rounded to two decimal places. All other determinations shall not be rounded.

3. Momentum Rotator Strategy on UBS Bloomberg CMCI Composite USD Total Return

The Momentum Rotator Strategy on the UBS Bloomberg CMCI Composite USD Total Return Index was developed by UBS to reflect the performance of a strategy rotating between an exposure to the UBS Bloomberg CMCI Composite USD Total Return Index and a synthetic cash balance depending on a transparent momentum indicator as described in the section below.

Calculation

On any CMCI Momentum Rotator Strategy Business Day t':

A) If the value of the Fast Moving Average (FMA) on the preceding CMCI Momentum Rotator Strategy Business Day is higher than, or equal to, the Slow Moving Average (SMA) on such date or the value of the UBS Dynamic Equity Risk Indicator on the preceding CMCI Momentum Rotator Strategy Business Day is greater than or equal to -0.75, then the CMCI Momentum Rotator Strategy shall track the UBS Bloomberg CMCI Composite USD Total Return Index on close of CMCI Momentum Rotator Strategy Business Day t and the strategy level will be calculated as follows:

$$Strategy_{t'+1} = Strategy_t \times \left[1 + \left(\frac{UI_{t'+1}}{UI_t} - 1 \right) \right]$$

B) Otherwise the CMCI Momentum Rotator Strategy shall track a synthetic cash balance on close of CMCI Momentum Rotator Strategy Business Day t and the strategy level will be calculated as follows:

$$Strategy_{t'+1} = Strategy_t \times [1 + Libor_t \times Day(t') / 360]$$

Where:

Libor_t means the overnight LIBOR fixing for US Dollars on the CMCI Momentum Rotator Strategy Business Day t';

Day(t') means the number of calendar days between the CMCI Momentum Rotator Strategy Business Day t' and the CMCI Momentum Rotator Strategy Business Day t'+1;

UI_t: means the official closing level of the UBS Bloomberg CMCI Composite USD Total Return Index on CMCI Momentum Rotator Strategy Business Day t';

UI_{t'+1}: means the official closing level of UBS Bloomberg CMCI Composite USD Total Return Index on CMCI Momentum Rotator Strategy Business Day t'+1.

Fast Simple Moving Average (FMA) and Slow Simple Moving Average (SMA) on any CMCI Momentum Rotator Strategy Business Day t' are calculated as follows:

$$FMA_{t'} = \frac{1}{15} \sum_{k=t'-14}^{t'} UI_k$$

$$SMA_{t'} = \frac{1}{60} \sum_{k=t'-59}^{t'} UI_k$$

Base Value = 100 USD on 3rd December 1999.

CMCI Momentum Rotator Strategy Business Day t' means any day on which the UBS Bloomberg CMCI Composite USD Total Return Index is calculated by the sponsor of such index.

Rounding of Calculated Strategy Values

The Momentum Rotator Strategy value on the UBS Bloomberg CMCI Composite USD Total Return Index shall be rounded to two decimal places. All other determinations shall not be rounded.

I. INFORMATION ABOUT UBS AG

1. General Information on UBS AG

"UBS AG with its subsidiaries (together, "**UBS AG consolidated**", or "**UBS AG Group**"; together with UBS Group AG, which is the holding company of UBS AG, and its subsidiaries, "**UBS Group**", "**Group**", "**UBS**" or "**UBS Group AG consolidated**") provides financial advice and solutions to private, institutional and corporate clients worldwide, as well as private clients in Switzerland. The operational structure of the Group is comprised of the Corporate Center and the business divisions Global Wealth Management, Personal & Corporate Banking, Asset Management and the Investment Bank. UBS's strategy is centered on its leading Global Wealth Management business and its premier universal bank in Switzerland, which are enhanced by Asset Management and the Investment Bank. UBS focuses on businesses that, in its opinion, have a strong competitive position in their targeted markets, are capital efficient, and have an attractive long-term structural growth or profitability outlook.

On 30 June 2018, UBS Group's common equity tier 1 ("**CET1**") capital ratio was 13.4%, the CET1 leverage ratio was 3.75%, the total loss-absorbing capacity ratio was 32.3% on a fully applied basis, and the total loss-absorbing capacity leverage ratio was 9.0% on a fully applied basis.⁵ On the same date, invested assets stood at CHF 3,242 billion, equity attributable to shareholders was CHF 50,774 million and market capitalisation was CHF 59,072 million. On the same date, UBS employed 63,684 people⁶.

On 30 June 2018, UBS AG consolidated CET1 capital ratio was 13.4%, the CET1 leverage ratio was 3.73%, the total loss-absorbing capacity ratio was 31.7% on a fully applied basis, and the total loss-absorbing capacity leverage ratio was 8.8% on a fully applied basis.⁵ On the same date, invested assets stood at CHF 3,242 billion and equity attributable to UBS AG shareholders was CHF 49,961 million. On the same date, UBS AG Group employed 46,597 people⁶.

The rating agencies S&P Global Ratings Europe Limited ("**Standard & Poor's**"), Moody's Deutschland GmbH ("**Moody's**"), Fitch Ratings Limited ("**Fitch Ratings**"), and Scope Ratings GmbH ("**Scope Ratings**") have published solicited 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, Standard & Poor's and Scope Ratings 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 a long-term counterparty credit rating of A+ (outlook: stable) from Standard & Poor's, long-term senior debt rating of Aa3 (outlook: stable) from Moody's, long-term issuer default rating of AA- (outlook: stable) from Fitch Ratings and issuer rating of AA- (outlook: stable) from Scope Ratings.

⁵ All figures based on the Basel III framework as applicable to Swiss systemically relevant banks. Refer to the "*Capital management*" section of the Annual Report 2017, the UBS Group Second Quarter 2018 Report and the UBS AG Second Quarter 2018 Report, as defined herein, for more information.

⁶ Full-time equivalents.

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

| Standard & Poor's | | Moody's | | Fitch Ratings | | Scope Ratings | |
|--------------------------------------|--|------------------------------|---|---------------------------------|--------------------------|---------------|--|
| Long-Term counterparty credit rating | | Long-Term senior debt rating | | Long-Term Issuer Default Rating | | Issuer Rating | |
| AAA | Extremely strong capacity to meet financial commitments | Aaa | Highest quality | AAA | Highest credit quality | AAA | The safest, most stable and sustainable risk characteristics across the credit spectrum, extremely strong financial and business fundamentals |
| AA+ | Very strong capacity to meet financial commitments | Aa1 | High quality | AA+ | Very high credit quality | AA+ | Very strong and well-rounded business franchises, as well as viable, well-tested and sustainable business models |
| AA | | Aa2 | | AA | | AA | |
| AA- | | Aa3 | | AA- | | AA- | |
| A+ | Strong capacity to meet its financial commitments | A1 | Upper-medium grade | A+ | High credit quality | A+ | Attractive franchises, although in some instances some areas of activity in the business mix may be less convincing than others, potentially situations of weaker macroeconomic factors affecting some banks' performance, but overall viability is not threatened, as this relative weakness is well mitigated by good financial fundamentals, reliable management and risk-averse strategies |
| A | | A2 | | A | | A | |
| A- | | A3 | | A- | | A- | |
| BBB+ | Adequate capacity to meet its financial commitments | Baa1 | Medium grade | BBB+ | Good credit quality | BBB+ | For some banks in the BBB range, macroeconomic weakness affects performance, Overall prudential metrics are acceptable and risks are generally well managed and currently under control, Some institutions at the lower end of the BBB range may remain anchored in challenged franchises |
| BBB | | Baa2 | | BBB | | BBB | |
| BBB- | | Baa3 | | BBB- | | BBB- | |
| BB+ | Less vulnerable in the near term than other lower-rated obligors | Ba1 | Speculative, subject to substantial credit risk | BB+ | Speculative | BB+ | A mix of intrinsic weakness of several key risk indicators – asset quality, revenue generation and/or prudential metrics – and stressed macroeconomic factors |
| BB | | Ba2 | | BB | | BB | |
| BB- | | Ba3 | | BB- | | BB- | |
| B+ | More vulnerable than the obligors | B1 | Speculative, subject to high credit risk | B+ | Highly speculative | B+ | Generally affected by weak financial and business metrics, likely accompanied by borderline prudential |
| B | | B2 | | B | | B | |
| Significant speculative | | | | | | | |

| Standard & Poor's | | | Moody's | | Fitch Ratings | | Scope Ratings | |
|-------------------|------------------------------|-----------------------------|---------|---|---------------|-------------------------|--------------------|--------------------|
| B- | characteristics | rated 'BB' | B3 | Speculative, of poor standing and subject to very high credit risk | B- | Substantial credit risk | B- | metrics |
| CCC+ | | Currently vulnerable | Caa1 | | CCC | | | |
| CCC | | | Caa2 | | CC | | | |
| CCC- | | | Caa3 | | C | | | |
| 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 prospect for recovery of principal or interest | D | Default | D | Default-like event |
| SD | Selective Default | | | | | | | |
| D | Default | | | | | | | |

All the above-mentioned rating agencies are registered as credit rating agencies under Regulation (EC) No 1060/2009 as amended by Regulation (EU) No 513/2011.

Any statements regarding the competitive position of UBS AG, UBS AG Group or the Group contained in this Base Prospectus are made on the basis of the opinion of UBS AG or the Group, taking into consideration publicly available information and its own assessment of markets and market participants.

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 as an Aktiengesellschaft, a corporation limited by shares.

According to article 2 of the articles of association of UBS AG dated 26 April 2018 ("**Articles of Association**"), the purpose of UBS AG is the operation of a bank. Its scope of operations extends to all types of banking, financial, advisory, trading and service activities in Switzerland and abroad. UBS AG may establish branches and representative offices as well as banks, finance companies and other enterprises of any kind in Switzerland and abroad, hold equity interests in these companies, and conduct their management. UBS AG is authorized to acquire, mortgage and sell real estate and building rights in Switzerland and abroad. UBS AG may borrow and invest money on the capital markets. UBS AG is part of the group of companies controlled by the group parent

company UBS Group AG. It may promote the interests of the group parent company or other group companies. It may provide loans, guarantees and other kinds of financing and security for group companies.

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.

Share Capital

As reflected in its Articles of Association most recently registered with the Commercial Register of Zurich and the Commercial Register of Basel-City, UBS AG has (i) fully paid and issued share capital of CHF 385,840,846.60, divided into 3,858,408,466 registered shares with a par value of CHF 0.10 each (article 4), and (ii) conditional capital in the amount of CHF 38,000,000, comprising 380,000,000 registered shares with a par value of CHF 0.10 each that can be issued upon the voluntary or mandatory exercise of conversion rights and/or warrants (article 4a).

2. Business Overview

Business Divisions and Corporate Center

UBS operates as a group with four business divisions (Global Wealth Management³, Personal & Corporate Banking, 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 under "Our strategy" in the "Operating environment and strategy" section of the UBS Group AG and UBS AG Annual Report 2017 published on 9 March 2018 ("Annual Report 2017"); a description of the businesses, strategies, clients, organisational structures, products and services of the business divisions and the Corporate Center can also be found in the "Operating environment and strategy" section of the Annual Report 2017.

Global Wealth Management

Global Wealth Management provides comprehensive advice and tailored financial services to wealthy private clients around the world. Its clients benefit from the full spectrum of resources that a global firm can offer, including investment management, wealth planning, banking and lending, and corporate financial advice. Global Wealth Management's model gives clients access to a wide range of products from the world's leading third-party institutions that complement UBS's own offerings.

Personal & Corporate Banking

Personal & Corporate Banking provides comprehensive financial products and services to private, corporate and institutional clients in Switzerland and is among the leading players in the private and corporate loan market in Switzerland, with a well-collateralized and conservatively managed lending portfolio. Its business is central to UBS's universal bank delivery model in Switzerland. Personal & Corporate Banking works with the wealth management, investment bank and asset management businesses to help clients receive the best products and solutions for their specific financial needs. Personal & Corporate Banking is also an important source of growth for the other business divisions in Switzerland through client referrals. In addition, Personal & Corporate Banking manages a substantial part of UBS's Swiss infrastructure and banking products platform, both of which are leveraged across the Group.

Asset Management

Asset Management is a large-scale and diversified asset manager. It offers investment capabilities and investment styles across all major traditional and alternative asset classes, as well as platform solutions and advisory support, to institutions, wholesale intermediaries and wealth management clients around the world.

³ On 1 February 2018, Wealth Management and Wealth Management Americas were combined into the unified business division Global Wealth Management.

Investment Bank

The Investment Bank provides investment advice, financial solutions and capital market access, with principal offices in all major financial centres. It serves corporate, institutional and wealth management clients across the globe and partners with UBS's wealth management, personal and corporate banking and asset management businesses. The business division is organized into Corporate Client Solutions and Investor Client Services and also includes UBS Securities Research.

Corporate Center

Corporate Center provides services to the Group through the reporting units Corporate Center – Services and Group Asset and Liability Management ("**Group ALM**"). Corporate Center also includes the Non-core and Legacy Portfolio unit. Services consists of the Group Chief Operating Officer area (Group Corporate Services, Group Human Resources, Group Operations, Group Sourcing and Group Technology), Group Finance (excluding Group ALM), Group Legal, Group Risk Control, Group Communications & Branding, Group Regulatory & Governance, and UBS and Society. Group ALM manages the structural risks of UBS's balance sheet, including interest rate risk in the banking book, currency risk and collateral risk, as well as the risks associated with the Group's liquidity and funding portfolios. Group ALM also seeks to optimize the Group's financial performance by matching assets and liabilities within the context of the Group's liquidity, funding and capital targets and constraints. Group ALM serves all business divisions and other Corporate Center units through three main risk management areas, and its risk management is fully integrated into the Group's risk governance framework. Non-core and Legacy Portfolio manages legacy positions from businesses exited by the Investment Bank, and is overseen by a committee chaired by the Group Chief Risk Officer.

Competition

The financial services industry is characterised by intense competition, continuous innovation, restrictive, 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

1. UBS AG consolidated key figures

UBS AG derived the selected consolidated financial information included in the table below for the years ended 31 December 2017, 2016 and 2015 from the Annual Report 2017, which contains the audited consolidated financial statements of UBS AG, as well as additional unaudited consolidated financial information, for the year ended 31 December 2017 and comparative figures for the years ended 31 December 2016 and 2015. The selected consolidated financial information included in the table below for the six months ended 30 June 2018 and 30 June 2017 was derived from the UBS AG second quarter 2018 report, published on 27 July 2018 ("**UBS AG Second Quarter 2018 Report**"), which contains the UBS AG interim consolidated financial statements (unaudited), as well as additional unaudited consolidated financial information, for the six months ended 30 June 2018 and comparative figures for the six months ended 30 June 2017.

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**") and are stated in Swiss francs ("**CHF**"). Information for the years ended 31 December 2017, 2016 and 2015 which is indicated as being unaudited in the table below was included in the Annual Report 2017, but has not been audited on the basis that the respective disclosures are not required under IFRS, and therefore are not part of the audited financial statements. The Annual Report 2017 (to the extent indicated in the section "L. General Information – 7. Documents incorporated by Reference" of this Base Prospectus) and the UBS AG Second Quarter 2018 Report are incorporated by reference herein.

The section "*Measurement of performance*" of the Annual Report 2017 contains an explanation of the use by UBS Group AG of the information contained under the heading "*Key performance indicators*" in the table below and the definitions of each of these key performance indicators. Refer also to the respective footnotes for information on the definition and the reason for the use of these key performance indicators, except those

disclosed in accordance with applicable legislation, and of the metrics under the heading "Additional information - Profitability" in the table below.

Prospective investors should read the whole of this Prospectus and the information incorporated by reference herein and should not rely solely on the summarized information set out below:

| CHF million, except where indicated | As of or for the six months ended | | As of or for the year ended | | |
|---|-----------------------------------|---------|---------------------------------|----------|----------|
| | 30.6.18 | 30.6.17 | 31.12.17 | 31.12.16 | 31.12.15 |
| | unaudited | | audited, except where indicated | | |
| Results | | | | | |
| Operating income | 15,464 | 14,958 | 29,479 | 28,421 | 30,605 |
| Operating expenses | 12,128 | 11,876 | 24,481 | 24,352 | 25,198 |
| Operating profit / (loss) before tax | 3,336 | 3,082 | 4,998 | 4,069 | 5,407 |
| Net profit / (loss) attributable to shareholders | 2,553 | 2,354 | 845 | 3,207 | 6,235 |
| Key performance indicators | | | | | |
| Profitability and growth | | | | | |
| Return on tangible equity (%) ¹ | 11.7 | 10.4 | 2.0* | 6.9* | 13.5* |
| Cost / income ratio (%) ² | 78.2 | 79.2 | 82.7* | 85.6* | 82.0* |
| Net profit growth (%) ³ | 8.5 | 36.6 | (73.7)* | (48.6)* | 78.0* |
| Resources | | | | | |
| Common equity tier 1 capital ratio (%) ^{4,5} | 13.4 | 13.8 | 14.0* | 14.5* | 15.4* |
| Common equity tier 1 leverage ratio (%) ⁶ | 3.73 | 3.78 | 3.7* | 3.7* | 3.6* |
| Going concern leverage ratio (%) ^{7,8} | 4.5 | 4.2 | 4.2* | 4.2* | - |
| Additional information | | | | | |
| Profitability | | | | | |
| Return on equity (%) ⁹ | 10.1 | 9.0 | 1.6* | 5.9* | 11.7* |
| Return on risk-weighted assets, gross (%) ¹⁰ | 12.5 | 13.3 | 12.8* | 13.2* | 14.3* |
| Return on leverage ratio denominator, gross (%) ¹¹ | 3.5 | 3.4 | 3.4* | 3.2* | - |
| Resources | | | | | |
| Total assets | 945,296 | 891,763 | 916,363 | 935,353 | 943,256 |
| Equity attributable to shareholders | 49,961 | 51,735 | 50,718 | 53,662 | 55,248 |
| Common equity tier 1 capital ⁵ | 33,686 | 32,558 | 33,240 | 32,447 | 32,042 |
| Risk-weighted assets ⁵ | 251,648 | 236,552 | 236,606* | 223,232* | 208,186* |
| Going concern capital ratio (%) ⁸ | 16.2 | 15.3 | 15.6* | 16.3* | - |
| Total loss-absorbing capacity ratio (%) ⁸ | 31.7 | 29.7 | 31.4* | 29.6* | - |
| Leverage ratio denominator ¹² | 903,467 | 861,919 | 887,189* | 870,942* | 898,251* |
| Total loss-absorbing capacity leverage ratio (%) ⁸ | 8.8 | 8.1 | 8.4* | 7.6* | - |
| Other | | | | | |
| Invested assets (CHF billion) ¹³ | 3,242 | 2,911 | 3,179 | 2,810 | 2,678 |
| Personnel (full-time equivalents) | 46,597 | 48,476 | 46,009* | 56,208* | 58,131* |

* unaudited

¹ Net profit attributable to shareholders before amortization and impairment of goodwill and intangible assets (annualized as applicable) / average equity attributable to shareholders less average goodwill and intangible assets. This metric provides information on the profitability of the business in relation to tangible equity.

² Operating expenses / operating income before credit loss (expense) or recovery. This metric provides information on the efficiency of the business by comparing operating expenses with gross income.

³ Change in net profit attributable to shareholders from continuing operations between current and comparison periods / net profit attributable to shareholders from continuing operations of comparison period. This metric provides information on profit growth in comparison with prior period.

⁴ Common equity tier 1 capital / risk-weighted assets.

⁵ Based on the Basel III framework as applicable to Swiss systemically relevant banks ("SRB").

⁶ Common equity tier 1 capital / leverage ratio denominator. Calculated in accordance with Swiss SRB rules applicable as of 1 January 2020.

⁷ Total going concern capital / leverage ratio denominator.

⁸ Based on the Swiss SRB rules applicable as of 1 January 2020 that became effective on 1 July 2016. Figures for prior periods are not available.

⁹ Net profit attributable to shareholders (annualized as applicable) / average equity attributable to shareholders. This metric provides information on the profitability of the business in relation to equity.

¹⁰ Operating income before credit loss (annualized as applicable) / average fully applied risk-weighted assets. This metric provides information on the revenues of the business in relation to risk-weighted assets.

¹¹ Operating income before credit loss (annualized as applicable) / average fully applied leverage ratio denominator. From 31 December 2015 onward, the leverage ratio denominator calculation is aligned with the Basel III rules. For periods prior to 31 December 2015 the leverage ratio denominator is calculated in accordance with former Swiss SRB rules. Therefore the figure for the period ended on 31 December 2015 is not presented as it is not available on a fully comparable basis. This metric provides information on the revenues of the business in relation to leverage ratio denominator.

¹² From 31 December 2015 onward, the leverage ratio denominator calculation is aligned with the Basel III rules.

¹³ Includes invested assets for Personal & Corporate Banking.

2. Accounting, Regulatory and legal developments

Adoption of IFRS 9

Effective 1 January 2018, UBS adopted IFRS 9, Financial Instruments. The adoption of IFRS 9 has resulted in changes to the classification and measurement of certain financial instruments, which have been applied prospectively from 1 January 2018.

Swiss Parliament adopts FinSA and FinIA

In June 2018, the Swiss Parliament adopted the Financial Services Act ("**FinSA**") and the Financial Institutions Act ("**FinIA**"). Entry into force of both laws will likely be in January 2020 with various transition periods. FinSA addresses many of the investor protection topics covered in the Markets in Financial Instruments Directive II, Packaged Retail and Insurance-based Investment Products Regulation and the European Union ("**EU**") Prospectus Directive. In particular, FinSA introduces new investor protection rules, including enhanced information and documentation requirements to increase comparability and transparency of financial instruments and financial services provided by Swiss financial service providers, and depending on the circumstances, also by foreign financial service providers when providing financial services in Switzerland or to clients in Switzerland, covering all market segments. FinIA sets out new rules for the FINMA license approval and prudential supervision of financial institutions that are managed in or from Switzerland. UBS has begun preparing for implementation of the new rules ahead of their effective date.

Swiss Federal Council consults on amendments to Anti-Money Laundering Act

In June 2018, the Swiss Federal Council initiated a consultation on amendments to the Anti-Money Laundering Act, aiming to implement the recommendations from the Financial Action Task Force's Mutual Evaluation Report of Switzerland. The consultation proposes changes to enhance due diligence obligations for certain services, beneficial owner verification, and monitoring and reporting of suspicious activities. Implementation of these amendments may require changes to UBS's client onboarding and ongoing compliance processes and may lead to increased costs. The consultation ends in September 2018. The precise effect on UBS depends on the final law, which is subject to parliamentary debate.

Contingency measures to protect the Swiss stock exchange infrastructure

In 2017, Switzerland applied to the European Commission ("**EC**") to have its trading venues recognized as equivalent to EU venues, thereby allowing Swiss institutions access to European markets and allowing EU investment firms to trade shares within Switzerland. Switzerland received a temporary, one-year recognition of equivalence that expires in December 2018. In June 2018, the Swiss Federal Council adopted contingency measures to protect Switzerland's stock exchange infrastructure in the event that the EC does not extend recognition of equivalence at the end of the temporary period. The contingency plan would introduce a new Swiss standard recognizing non-EU foreign trading venues that admit Swiss shares to trading, but disallowing trading in Swiss shares on EU trading venues. If the EC does not extend recognition of Switzerland's stock market equivalence and the Swiss contingency measures come into effect, UBS would be required to significantly alter UBS's trading arrangements.

UK withdrawal from the EU

Although negotiations between the UK and the EU over the transition continue, UBS expects that the UK will leave the EU in March 2019, and that any transition arrangements will be agreed to only relatively close to the exit date. Given the continuing uncertainty on transition arrangements and the potential future restrictions on providing financial services into the EU from the UK, UBS has commenced the process of seeking regulatory approvals for the merger of UBS Limited, UBS's UK-headquartered subsidiary, into UBS Europe SE, UBS's German-headquartered European bank. UBS expects to complete the merger prior to the UK leaving the EU. Following completion of the merger, UBS expects that UBS Europe SE will become subject to direct supervision by the European Central Bank.

As reported in the Annual Report 2017, certain clients and other counterparties of UBS Limited would become clients or counterparties of UBS Europe SE through the planned merger of the two entities. During the third quarter of 2018, UBS expects to commence a business transfer proceeding in the UK to facilitate the transfer of client business in connection with the merger. UBS also expects to commence German merger proceedings in the same timeframe.

UBS anticipates that clients of UBS Limited who can be serviced by UBS AG, London Branch would generally be migrated to UBS AG, London Branch prior to this merger. In connection with the merger of UBS Limited into UBS Europe SE, some staff will be relocated, although the number of staff and roles have not yet been finally determined. UBS also expects to increase the capitalization of UBS Europe SE, primarily through internal subordinated debt issuance, to reflect the additional activities it would acquire. The timing and extent of the actions UBS takes may vary considerably from its current plan depending on regulatory requirements and the nature of any transition or successor agreements between the UK and the EU.

Developments related to the US financial regulatory framework

In April 2018, the Federal Reserve Board issued a proposal to introduce a bank-specific stress capital buffer ("**SCB**"), replacing the existing capital conservation buffer of 2.5% applicable to firms subject to the Comprehensive Capital Analysis and Review ("**CCAR**") and taking effect in October 2019. The SCB would apply to the CET1 and tier 1 leverage ratios and would be set at the higher of 2.5% or the difference between the starting and minimum projected level of the firm's CET1 capital ratio over the nine-quarter projection period under the supervisory severely adverse scenario. The Federal Reserve Board would no longer separately make quantitative objections to a covered firm's capital plans as any losses projected under the stress test would effectively become an additional minimum capital requirement. UBS Americas Holding LLC, UBS's US intermediate holding company, is expected to be subject to the SCB and to remain a covered firm under the Federal Reserve Board's CCAR program.

Separately, in June 2018, the Federal Reserve Board released the 2018 CCAR results and did not object to UBS Americas Holding LLC's capital plan.

In June 2018, the five agencies that administer the Volcker rule published a proposal to modify the existing regulation that was finalized in 2013. The proposal is intended to simplify and tailor the existing regulations and puts forth a number of revisions to the rule's proprietary trading and covered funds restrictions and questions on potential modifications regarding aspects of the proprietary trading prohibition and covered funds activities and investments. If amended as proposed, the revised rule would require changes to UBS's

compliance monitoring activities and may expand the pool of covered transactions that fall under the proposed trading account definition.

BCBS consults on revisions to market risk framework

A consultation on the Basel Committee on Banking Supervision's ("**BCBS**") market risk standard (Fundamental Review of the Trading Book ("**FRTB**")), previously finalized in 2016 but not yet in effect, ended in June 2018. Certain elements of the 2016 FRTB rules are likely to be revised by the BCBS based on the consultation. The probable revisions, while they may provide some relief compared with the 2016 version, would likely continue to lead to an increase in market risk risk-weighted assets as previously highlighted. The final standard is expected to be announced by the end of 2018 and expected to be in effect starting 1 January 2022.

Global cyber security developments

In April 2018, the Swiss Federal Council adopted the National strategy for Switzerland's protection against cyber risks 2018–2022. The financial sector is deemed a critical infrastructure and will be required to implement measures to strengthen its resilience in terms of cybersecurity and further enhance its cooperation with relevant public sector bodies as a result of the national strategy. Also in April 2018, the European Central Bank ("**ECB**") consulted on its cyber resilience oversight expectations for financial market infrastructures ("**FMI**s") and banks. The ECB proposal is based on global guidance by the Committee on Payments and Market Infrastructures and the International Organization of Securities Commissions and aims to avoid further fragmentation of approaches, but stops short of imposing a single set of standards. In addition, in July 2018, the UK Prudential Regulation Authority and Financial Conduct Authority published a joint discussion paper on an approach to improve the operational resilience of FMI that, among other things, envisages that boards and senior management can achieve better standards of operational resilience through increased focus on setting, monitoring and testing specific impact tolerances for key business services. Separately, the BCBS confirmed in its June 2018 update on the 2018–2019 work program that cyber risk and operational resilience remain priorities.

Developments related to the transition away from IBOR

Efforts to transition from the interbank offered rate ("**IBOR**") benchmarks to alternative benchmark rates are continuing in various jurisdictions, given that they are expected to be phased out after 2021. The working group on euro risk-free rates, led by the ECB, released a consultation in June 2018 aiming to assess the potential advantages and disadvantages of three euro risk-free rates, which could replace the Euro OverNight Index Average (EONIA) as of 2020. In July 2018, the International Swaps and Derivatives Association launched a market-wide consultation on technical issues related to new benchmark fallbacks for derivatives contracts that reference certain IBORs. The consultation sets out four options for adjustments that would apply to the fallback rate in the event an IBOR is permanently discontinued. UBS has significant contractual rights and obligations referenced to IBOR benchmarks. Discontinuance of, or changes to, benchmark rates as a result of these developments or other initiatives or investigations, as well as uncertainty as to the timing and manner of implementation of such changes or discontinuance, may require adjustments to agreements by UBS, its clients and other market participants, as well as to UBS's systems and processes.

Increase in stake in UBS Securities China

Following the announcement by the China Securities Regulatory Commission that foreign investors will be permitted to increase their ownership percentages in China affiliates to a cap of 51%, and may be allowed to increase their ownership up to 100% in 2021, UBS submitted in May 2018 a preliminary application to increase the shareholding in its China affiliate, UBS Securities Co. Limited ("**UBSS**"), from 24.99% to 51%. The transaction is subject to completion of a share purchase from existing shareholders and regulatory approval. If UBS acquires majority ownership, it would consolidate its investment in UBSS under IFRS and would be required to remeasure its current 24.99% holding in UBSS at fair value, likely resulting in a loss. The loss should not materially affect UBS's CET1 capital as the loss is expected to be largely offset by the release of a capital deduction for the goodwill included within the initial stake.

Refer to the "Recent developments" section of the UBS Group AG second quarter 2018 report published on 24 July 2018 ("**UBS Group Second Quarter 2018 Report**") and the "Note 1 Basis of accounting" and "Note 19 Transition to IFRS 9 as of 1 January 2018" to the "Consolidated financial statements" section of the UBS AG Second Quarter 2018 Report, as well as to "IFRS 9, Financial Instruments" and "IFRS 15, Revenue from

Contracts with Customers" in the "Significant accounting and financial reporting changes in 2018" section of the Annual Report 2017 for further information on key accounting, regulatory and legal developments.

3. Organisational Structure of the Issuer

UBS AG is a Swiss bank and the parent company of the UBS AG Group. It is 100% owned by UBS Group AG, which is the holding company of the UBS Group. UBS operates as a group with four business divisions and a Corporate Center.

In 2014, UBS began adapting its legal entity structure to improve the resolvability of the Group in response to too big to fail requirements in Switzerland and recovery and resolution regulation in other countries in which the Group operates. In December 2014, UBS Group AG became the holding company of the Group.

In 2015, UBS AG transferred its Personal & Corporate Banking and Wealth Management businesses booked in Switzerland to the newly established UBS Switzerland AG, a banking subsidiary of UBS AG in Switzerland, and UBS implemented a more self-sufficient business and operating model for UBS Limited, UBS's investment banking subsidiary in the UK. In 2016, UBS Americas Holding LLC was designated as the intermediate holding company for UBS's US subsidiaries and UBS merged its Wealth Management subsidiaries in various European countries into UBS Europe SE. Additionally, UBS transferred the majority of Asset Management's operating subsidiaries to UBS Asset Management AG.

UBS Business Solutions AG, a wholly owned subsidiary of UBS Group AG, was established in 2015 and acts as the Group service company. In 2017, UBS's shared services functions in Switzerland and the UK were transferred from UBS AG to UBS Business Solutions AG. UBS also completed the transfer of shared services functions in the US to its US service company, UBS Business Solutions US LLC, a wholly owned subsidiary of UBS Americas Holding LLC.

Given the continuing uncertainty on transition arrangements between the UK and the EU and the potential future restrictions on providing financial services into the EU from the UK, UBS has commenced the process of seeking regulatory approvals for the merger of UBS Limited into UBS Europe SE, UBS's German-headquartered European bank. During the third quarter of 2018, UBS expects to commence a business transfer proceeding in the UK to facilitate the transfer of client business in connection with the merger. UBS also expects to commence German merger proceedings in the same timeframe. The timing and extent of the actions UBS takes may vary considerably from its current plan depending on regulatory requirements and the nature of any transition or successor agreements between the UK and the EU.

Following the announcement by the China Securities Regulatory Commission that foreign investors will be permitted to increase their ownership percentages in China affiliates to a cap of 51%, and may be allowed to increase their ownership up to 100% in 2021, UBS submitted in May 2018 a preliminary application to increase the shareholding in its China affiliate, UBS Securities Co. Limited, from 24.99% to 51%. The transaction is subject to completion of a share purchase from existing shareholders and regulatory approval.

UBS continues to consider further changes to the Group's legal structure in response to regulatory requirements and other external developments. Such changes may include further consolidation of operating subsidiaries in the EU, and adjustments to the booking entity or location of products and services. Refer to the section "C. Risk Factors – 2. Security specific Risks – 6. UBS has announced its intention to make certain structural changes in light of regulatory trends and requirements and the Conditions do not contain any restrictions on the Issuer's or UBS's ability to restructure its business".

UBS Group AG's interests in subsidiaries and other entities as of 31 December 2017, including interests in significant subsidiaries, are discussed in "Note 28 Interests in subsidiaries and other entities" to the UBS Group AG's consolidated financial statements included in the Annual Report 2017.

UBS AG's interests in subsidiaries and other entities as of 31 December 2017, including interests in significant subsidiaries, are discussed in "Note 28 Interests in subsidiaries and other entities" to the UBS AG's consolidated financial statements included in the Annual Report 2017.

UBS AG is the parent company of, and conducts a significant portion of its operations through, its subsidiaries. UBS AG has contributed a significant portion of its capital and provides substantial liquidity to subsidiaries. In addition, UBS Business Solutions AG provides substantial services to group companies including UBS AG and its

subsidiaries. To this extent, UBS AG is dependent on certain of the entities of the UBS AG Group and of the UBS Group.

4. Trend Information

As indicated in the UBS Group Second Quarter 2018 Report, global economic growth prospects continue to provide a supportive backdrop to markets, although ongoing geopolitical tensions and rising protectionism have dampened investor confidence and remain a threat. UBS continues to expect US dollar interest rates to rise gradually, which, despite margin pressure, is likely to support net interest income in Global Wealth Management. In addition to typical seasonality factors in the third quarter, market volatility remains muted overall, which is usually less conducive to client activity. Funding costs related to long-term debt and capital instruments issued to comply with regulatory funding and liquidity requirements will be higher than in the previous year, but should be broadly stable compared with the second quarter. As in the first half of the year, UBS's diversified business model should help UBS make continued progress towards achieving its strategic and financial targets.

Refer to "Current market climate and industry trends" in the "Operating environment and strategy" section of the Annual Report 2017 and the section "C. Risk Factors – 1. Issuer specific Risks" of this Base Prospectus for more information.

5. Administrative, Management and Supervisory Bodies of UBS AG

UBS AG complies with all relevant Swiss legal and regulatory corporate governance requirements. As a foreign private issuer with debt securities listed on the NYSE, UBS AG also complies with the relevant NYSE corporate governance standards.

UBS AG operates under a strict dual board structure, as mandated by Swiss banking law. The Board of Directors ("**BoD**") exercises the ultimate supervision over management, whereas the Executive Board ("**EB**"), headed by the President of the Executive Board ("**President of the EB**"), has executive management responsibility. The functions of Chairman of the BoD and President of the EB are assigned to two different people, ensuring a separation of power. This structure establishes checks and balances and preserves the institutional independence of the BoD from the day-to-day management of UBS AG, for which responsibility is delegated to the EB under the leadership of the President of the EB. No member of one board may simultaneously be a member of the other.

Supervision and control of the EB remain with the BoD. The authorities and responsibilities of the two bodies are governed by the Articles of Association and the Organization Regulations of UBS AG with their annexes.

Board of Directors

The BoD is the most senior body of UBS AG. The BoD consists of at least five and no more than 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, which expires after the completion of the next AGM. Shareholders also elect the Chairman upon proposal of the BoD.

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

Members of the Board of Directors

| Member and business address | Title | Term of office | Current principal positions outside UBS AG |
|-----------------------------|----------|----------------|--|
| Axel A. Weber | Chairman | 2019 | Chairman of the Board of Directors of UBS Group AG; board member of the Swiss Bankers Association; Trustees Board member of Avenir Suisse; Advisory Board member of the "Beirat Zukunft Finanzplatz"; board member of the Swiss Finance Council; Chairman of the board of the Institute of International Finance; board member of the International Monetary Conference; member of the European Financial Services Round Table; member of the European Banking Group; member of the International Advisory Panel, Monetary |

| | | | |
|---|---------------------------|------|---|
| UBS AG, Bahnhofstrasse 45, CH-8001 Zurich | | | Authority of Singapore; member of the Group of Thirty, Washington, D.C.; Chairman of the Board of Trustees of DIW Berlin; Advisory Board member of the Department of Economics at the University of Zurich; member of the Trilateral Commission. |
| Michel Demaré UBS AG, Bahnhofstrasse 45, CH-8001 Zurich | Independent Vice Chairman | 2019 | Independent Vice-Chairman of the Board of Directors of UBS Group AG; board member of Louis-Dreyfus Commodities Holdings BV; board member of Vodafone Group Plc; Vice Chairman of the Supervisory Board of IMD, Lausanne; Advisory Board member of the Department of Banking and Finance at the University of Zurich. |
| David Sidwell UBS AG, Bahnhofstrasse 45, CH-8001 Zurich | Member | 2019 | Senior Independent Director of the Board of Directors of UBS Group AG; Senior Advisor at Oliver Wyman, New York; board member of Chubb Limited; board member of GAVI Alliance; Chairman of the Board of Village Care, New York. |
| Jeremy Anderson UBS AG, Bahnhofstrasse 45, CH-8001 Zurich | Member | 2019 | Member of the Board of Directors of UBS Group AG; trustee at UK Productivity Leadership Group. |
| Reto Francioni UBS AG, Bahnhofstrasse 45, CH-8001 Zurich | Member | 2019 | Member of the Board of Directors of UBS Group AG; professor at the University of Basel; board member of Coca-Cola HBC AG; Chairman of the board of Swiss International Air Lines AG; board member of Francioni AG; board member of MedTech Innovation Partners AG. |
| Ann F. Godbehere UBS AG, Bahnhofstrasse 45, CH-8001 Zurich | Member | 2019 | Member of the Board of Directors of UBS Group AG; board member of Rio Tinto plc (chairman of the audit committee); board member of Rio Tinto Limited (chairman of the audit committee); board member of Royal Dutch Shell plc. |
| Fred Hu UBS AG, Bahnhofstrasse 45, CH-8001 Zurich | Member | 2019 | Member of the Board of Directors of UBS Group AG; non-executive chairman of the board of Yum China Holdings; board member of Hong Kong Exchanges and Clearing Ltd.; chairman of Primavera Capital Limited; non-executive director of Dalian Wanda Commercial Properties Co Ltd.; board member of China Asset Management; board member of Minsheng Financial Leasing Co.; trustee of the China Medical Board; Governor of the Chinese International School; co-chairman of the Nature Conservancy's Asia Pacific Council; director and member of the Executive Committee of China Venture Capital and Private Equity Association Ltd.; Global Advisory Board member of the Council on Foreign Relations. |
| Julie G. Richardson UBS AG, Bahnhofstrasse 45, CH-8001 Zurich | Member | 2019 | Member of the Board of Directors of UBS Group AG; board member of The Hartford Financial Services Group, Inc. (chairman of the audit committee); board member of Yext (chairman of the audit committee); board member of Vereit, Inc. (chairman of the compensation committee). |
| Isabelle Romy Froriep Legal AG, Bellerivestrasse 201, CH-8034 Zurich | Member | 2019 | Member of the Board of Directors of UBS Group AG; partner and board member at Froriep Legal AG, Zurich; associate professor at the University of Fribourg and at the Federal Institute of Technology, Lausanne; vice chairman of the Sanction Commission of SIX Swiss Exchange; member of the Fundraising Committee of the Swiss National Committee for UNICEF; Supervisory Board member of the CAS program Financial Regulation of the University of Bern and University of Geneva. |
| Robert W. Scully UBS AG, Bahnhofstrasse 45, CH-8001 Zurich | Member | 2019 | Member of the Board of Directors of UBS Group AG; board member of Chubb Limited; board member of Zoetis Inc.; board member of KKR & Co LP; board member of the Dean's Advisors of Harvard Business School. |
| Beatrice Weder di Mauro Johannes Gutenberg-University Mainz, Jakob Welder-Weg 4, D-55099 Mainz | Member | 2019 | Member of the Board of Directors of UBS Group AG; distinguished fellow at INSEAD in Singapore; Supervisory Board member of Robert Bosch GmbH; board member of Bombardier Inc.; member of the ETH Zurich Foundation Board of Trustees. |
| Dieter Wemmer UBS AG, Bahnhofstrasse 45, CH-8001 Zurich | Member | 2019 | Member of the Board of Directors of UBS Group AG; board member of Ørsted A/S; member of the CFO Forum; member of the Systemic Risk Working Group of the European Central Bank and the Bank for International Settlements; member of the Berlin Center of Corporate Governance. |

Organizational principles and structure

Following each AGM, the BoD meets to appoint one or more Vice Chairmen, BoD committee 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 and the Risk Committee. The BoD has also established a Special Committee, which is an ad-hoc committee, called and held on an ad-hoc basis, focused on internal and regulatory investigations.

Audit Committee

The Audit Committee ("**AC**") consists of five BoD members, all of whom were determined by the BoD to be fully independent. As a group, members of the Audit Committee must have the necessary qualifications and skills to perform all of their duties and together must possess financial literacy and experience in banking and risk management.

The AC itself does not perform audits but monitors the work of the external auditors who in turn are responsible for auditing UBS AG's consolidated and standalone 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: (i) UBS AG's accounting policies, financial reporting and disclosure controls and procedures, (ii) the quality, adequacy and scope of external audit, (iii) UBS AG's compliance with financial reporting requirements, (iv) 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 Internal Audit in conjunction with the Chairman of the BoD.

Together with the external auditors and Internal Audit, the AC in particular reviews the annual financial statements of UBS AG and, where applicable, the quarterly financial statements as well as the consolidated annual and quarterly financial statements and consolidated annual report of UBS AG, as proposed by management, in order to recommend their approval to the BoD or propose any adjustments the AC considers appropriate.

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 to the rotation of the lead audit partner. The BoD then submits these proposals to the shareholders for approval at the AGM.

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

Executive Board

Under the leadership of the President of the EB, the EB has executive management responsibility for UBS AG and its business. All EB members (with the exception of the President of the EB) are proposed by the President of the EB. The appointments are made by the BoD.

Members of the Executive Board

| Member and business address | Function | Current principal positions outside UBS AG |
|---|----------------------------------|--|
| Sergio P. Ermotti UBS AG, Bahnhofstrasse | President of the Executive Board | Member of the Group Executive Board and Group Chief Executive Officer of UBS Group AG; board member of UBS Switzerland AG; Chairman of the Board of Directors of UBS Business Solutions AG; Chairman of the UBS Optimus Foundation board; Chairman of the Fondazione Ermotti, Lugano; Chairman and President of the board of the Swiss-American Chamber of Commerce; board member of the Fondazione Lugano per il Polo Culturale, Lugano; board member of the Global Apprenticeship Network; member of the Institut International D'Etudes Bancaires; member of the Saïd |

| | | |
|---|---|---|
| 45, CH-8001 Zurich | | Business School Global Leadership Council, University of Oxford. |
| Martin Blessing UBS AG, Bahnhofstrasse 45, CH-8001 Zurich | co-President Global Wealth Management | Member of the Group Executive Board and co-President Global Wealth Management of UBS Group AG; member of the Executive Board of Baden-Baden Entrepreneur Talks. |
| Christian Bluhm UBS AG, Bahnhofstrasse 45, CH-8001 Zurich | Chief Risk Officer | Member of the Group Executive Board and Group Chief Risk Officer of UBS Group AG; board member of UBS Business Solutions AG; board member of UBS Switzerland AG. |
| Markus U. Diethelm UBS AG, Bahnhofstrasse 45, CH-8001 Zurich | General Counsel | Member of the Group Executive Board and Group General Counsel of UBS Group AG; board member of UBS Business Solutions AG; Chairman of the Swiss-American Chamber of Commerce's legal committee; Chairman of the Swiss Advisory Council of the American Swiss Foundation; member of the Foundation Council of the UBS International Center of Economics in Society; member of the Professional Ethics Commission of the Association of Swiss Corporate Lawyers; member of the Supervisory Board of the Fonds de Dotation LUMA / Arles. |
| Kirt Gardner UBS AG, Bahnhofstrasse 45, CH-8001 Zurich | Chief Financial Officer | Member of the Group Executive Board and Group Chief Financial Officer of UBS Group AG; board member of UBS Business Solutions AG. |
| Robert Karofsky UBS AG, 1285 Avenue Of The Americas, New York, NY 10019, USA | Co-President Investment Bank | Member of the Group Executive Board and co-President Investment Bank at UBS Group AG; president and board member UBS Securities LLC; trustee of the UBS Americas Inc. Political Action Committee. |
| Sabine Keller-Busse UBS AG, Bahnhofstrasse 45, CH-8001 Zurich | Chief Operating Officer | Member of the Group Executive Board and Group Chief Operating Officer of UBS Group AG; board member of UBS Business Solutions AG; vice-chairman of the Board of Directors of SIX Group (Chairman of the nomination & compensation committee); Foundation Board member of the UBS Pension Fund; Foundation Board member of the University Hospital Zurich. |
| Ulrich Körner UBS AG, Bahnhofstrasse 45, CH-8001 Zurich | President Asset Management and President UBS Europe, Middle East and Africa | Member of the Group Executive Board, President Asset Management and President UBS Europe, Middle East and Africa at UBS Group AG; member of the Supervisory Board of UBS Europe SE; Chairman of the Foundation Board of the UBS Pension Fund; member of the UBS Optimus Foundation Board; Vice President of the board of Lyceum Alpinum Zuoz; member of the Financial Service Chapter Board of the Swiss-American Chamber of Commerce; Advisory Board member of the Department of Banking and Finance at the University of Zurich; member of the business advisory council of the Laureus Foundation Switzerland. |
| Tom Naratil UBS AG, 1200 Harbor Boulevard, Weehawken, NJ 07086 USA | co-President Global Wealth Management and President UBS Americas | Member of the Group Executive Board and co-President Global Wealth Management and President UBS Americas of UBS Group AG; CEO and Board member of UBS Americas Holding LLC; board member of the American Swiss Foundation; board member of the Clearing House Supervisory Board; member of the Board of Consultants for the College of Nursing at Villanova University. |
| Piero Novelli UBS AG, Bahnhofstrasse 45, CH-8001 Zurich | Co-President Investment Bank | Member of the Group Executive Board and co-President Investment Bank at UBS Group AG. |
| Kathryn Shih UBS AG, 2 International Finance Centre, 8 Finance Street, Central, Hong Kong | President UBS Asia Pacific | Member of the Group Executive Board of UBS Group AG and President UBS Asia Pacific; board member of Kenford International Ltd.; board member of Shih Co Charitable Foundation Ltd.; member of the Hong Kong Trade Development Council (Financial Services Advisory Committee). |

Potential Conflicts of Interest

Members of the BoD and the EB may act as directors or executive officers of other companies (for current principal positions outside UBS AG, if any, of BoD and EB members, please see sections *Members of the Board of Directors* and *Members of the Executive Board* above, respectively) and may have economic or other private interests that differ from those of UBS AG. Conflicts of interest may potentially arise from these positions or interests. For example, it cannot be excluded that a member of the BoD or EB has or will have a function within a company, the shares of which are or will be traded by UBS AG or which has or will have a business

relationship with UBS AG. UBS AG 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.

6. Major Shareholders

UBS Group AG owns 100% of the outstanding shares of UBS AG.

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

Historical Annual Financial Information

Detailed information about UBS AG consolidated and UBS AG assets and liabilities, financial position and profits and losses for financial year 2017 is available in the section "*UBS AG consolidated financial statements*" of the Annual Report 2017 and in the UBS AG's standalone financial statements for the year ended 31 December 2017 (the "**Standalone Financial Statements 2017**"), respectively; and for financial year 2016 it is available in the "*Consolidated financial statements*" section of the UBS Group AG and UBS AG annual report 2016, in English, published on 10 March 2017 ("**Annual Report 2016**") and in the UBS AG's standalone financial statements for the year ended 31 December 2016 (the "**Standalone Financial Statements 2016**"). The consolidated and standalone financial accounts are closed on 31 December of each year.

With respect to the financial year 2017, reference is made to:

- (i) the following parts of the Annual Report 2017: the UBS AG consolidated financial statements, in particular to the Income statement on page 470, the Balance sheet on page 473, the Statement of changes in equity on pages 474-477 (inclusive), the Statement of cash flows on pages 479-480 (inclusive) and the Notes to the consolidated financial statements on pages 481-622 (inclusive); and
- (ii) the following parts of the Standalone Financial Statements 2017: the Income statement on page 1, the Balance sheet on pages 2-3, the Statement of appropriation of retained earnings and proposed dividend distribution on page 4, and the Notes to the UBS AG standalone financial statements on pages 5-22 (inclusive).

With respect to the financial year 2016, reference is made to:

- (i) the following parts of the Annual Report 2016: the UBS AG consolidated financial statements, in particular to the Income statement on page 478, the Balance sheet on page 481, the Statement of changes in equity on pages 482-485 (inclusive), the Statement of cash flows on pages 487-488 (inclusive) and the Notes to the consolidated financial statements on pages 489-634 (inclusive); and
- (ii) the following parts of the Standalone Financial Statements 2016: the Income statement on page 1, the Balance sheet on pages 2-3 (inclusive), the Statement of appropriation of retained earnings and proposed dividend distribution out of capital contribution reserve on page 4, and the Notes to the UBS AG standalone financial statements on pages 5-21 (inclusive).

The annual financial reports form an essential part of UBS AG's reporting. They include the audited consolidated financial statements of UBS AG, prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. The annual reports also include discussions and analysis of the consolidated financial and business results of UBS, its business divisions and the Corporate Center. In addition, UBS AG prepares and publishes standalone financial statements in accordance with Swiss GAAP, as well as certain additional disclosures required under US Securities and Exchange Commission regulations.

Auditing of Historical Annual Financial Information

The consolidated financial statements and the standalone financial statements of UBS AG for financial years 2017 and 2016 were audited by Ernst & Young. The reports of the auditors on the consolidated financial

statements can be found on pages 463-469 (inclusive) of the Annual Report 2017 and on pages 471-477 (inclusive) of the Annual Report 2016. The reports of the auditors on the standalone financial statements of UBS AG can be found on pages 23-26 (inclusive) of the Standalone Financial Statements 2017 and on pages 22-25 (inclusive) of the Standalone Financial Statements 2016.

There are no qualifications in the auditors' reports on the consolidated financial statements of UBS AG and the standalone financial statements of UBS AG for the years ended on 31 December 2017 and 31 December 2016, which are incorporated by reference into this Base Prospectus.

Other than the consolidated financial statements of UBS AG and the standalone financial statements of UBS AG for financial years 2017 and 2016, no information in this Base Prospectus has been audited by the auditors.

Interim Financial Information

Reference is also made to (i) the UBS Group AG first quarter 2018 report published on 23 April 2018 ("**UBS Group First Quarter 2018 Report**") and the UBS AG first quarter 2018 report, published on 27 April 2018 ("**UBS AG First Quarter 2018 Report**"), which contain information on the financial condition and results of operations, including the interim financial statements, of UBS Group AG consolidated and UBS AG consolidated, respectively, as of and for the period ended 31 March 2018, and to (ii) the UBS Group Second Quarter 2018 Report and the UBS AG Second Quarter 2018 Report, which contain information on the financial condition and results of operations, including the interim financial statements, of UBS Group AG consolidated and UBS AG consolidated, respectively, as of and for the period ended 30 June 2018. The interim consolidated financial statements are not audited and no audit review report is produced.

8. Litigation, Regulatory and Similar Matters

UBS 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 and the timing of resolution are often difficult to predict, particularly in the earlier stages of a case. There are also situations where UBS 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 UBS 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. UBS 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 UBS 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. Where these factors are otherwise satisfied, a provision may be established for claims that have not yet been asserted against UBS, but are nevertheless expected to be, based on UBS's experience with similar asserted claims. If any of those conditions is not met, such matters result in contingent liabilities. If the amount of an obligation cannot be reliably estimated, a liability exists that is not recognized even if an outflow of resources is probable. Accordingly, no provision is established even if the potential outflow of resources with respect to such matters could be significant.

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 for 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 Provisions" of the UBS AG's interim consolidated financial statements included in the UBS AG Second Quarter 2018 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, that 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 it therefore cannot provide a numerical estimate of the future losses that could arise from litigation, regulatory and similar matters, UBS believes that the aggregate amount of possible future losses from this class that are more than remote substantially exceeds the level of current provisions. Litigation, regulatory and similar matters may also result in non-monetary penalties and consequences. For example, the Non-Prosecution Agreement ("NPA") described in item 5 of this section, which UBS entered into with the US Department of Justice ("DOJ"), Criminal Division, Fraud Section in connection with UBS's submissions of benchmark interest rates, including, among others, the British Bankers' Association London Interbank Offered Rate ("LIBOR"), was terminated by the DOJ based on its determination that UBS had committed a US crime in relation to foreign exchange matters. As a consequence, UBS AG pleaded guilty to one count of wire fraud for conduct in the LIBOR matter, paid a fine and is subject to probation through January 2020. A guilty plea to, or conviction of, a crime could have material consequences for UBS. Resolution of regulatory proceedings may require UBS to obtain waivers of regulatory disqualifications to maintain certain operations, may entitle regulatory authorities to limit, suspend or terminate licenses and regulatory authorizations and may permit financial market utilities to limit, suspend or terminate UBS's participation in such utilities. Failure to obtain such waivers, or any limitation, suspension or termination of licenses, authorizations or participations, could have material consequences for UBS.

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" section of the UBS Group Second Quarter 2018 Report.

Provisions for litigation, regulatory and similar matters by business division and Corporate Center unit¹

| <i>CHF million</i> | Global Wealth Manage- ment | Personal & Corporate Banking | Asset Manage- ment | Investment Bank | CC – Services | CC – Non- core and Legacy Portfolio | UBS |
|---|---|---|-----------------------------------|----------------------------|--------------------------|--|--------------|
| Balance as of 31 December 2017 | 555 | 79 | 1 | 345 | 240 | 0 | 2,444 |
| Balance as of 31 March 2018 | 546 | 79 | 1 | 323 | 216 | 0 | 2,331 |
| Increase in provisions recognized in the income statement | 69 | 0 | 0 | 3 | 1 | 0 | 154 |
| Release of provisions recognized in the income statement | (12) | 0 | 0 | 0 | 0 | 0 | (13) |
| Provisions used in conformity with designated purpose | (47) | (3) | 0 | (1) | 0 | 0 | (94) |
| Foreign currency translation / unwind of discount | 11 | 0 | 0 | 9 | 0 | 0 | 64 |
| Balance as of 30 June 2018 | 567 | 75 | 0 | 333 | 216 | 0 | 2,442 |

¹ Provisions, if any, for the matters described in this section are recorded in Global Wealth Management (item 3 and item 4), the Investment Bank (item 7) and Corporate Center – Non-core and Legacy Portfolio (item 2). Provisions, if any, for the matters described in items 1 and 6 of this section are allocated between Global Wealth Management and Personal & Corporate Banking, and provisions, if any, for the matters described in this section in item 5 are allocated between the Investment Bank, Corporate Center – Services and Corporate Center – Non-core and Legacy Portfolio.

1. Inquiries regarding cross-border wealth management businesses

Tax and regulatory authorities in a number of countries have made inquiries, served requests for information or examined employees located in their respective jurisdictions relating to the cross-border wealth management services provided by UBS and other financial institutions. It is possible that the implementation of automatic tax information exchange and other measures relating to cross-border provision of financial services could give rise to further inquiries in the future. UBS has received disclosure orders from the Swiss Federal Tax Administration ("**FTA**") to transfer information based on requests for international administrative assistance in tax matters. The requests concern a number of UBS account numbers pertaining to current and former clients and are based on data from 2006 and 2008. UBS has taken steps to inform affected clients about the administrative assistance proceedings and their procedural rights, including the right to appeal. The requests are based on data received from the German authorities, who seized certain data related to UBS clients booked in Switzerland during their investigations and have apparently shared this data with other European countries. UBS expects additional countries to file similar requests.

The Swiss Federal Administrative Court ruled in 2016 that, in the administrative assistance proceedings related to a French bulk request, UBS has the right to appeal all final FTA client data disclosure orders.

Since 2013, UBS (France) S.A., UBS AG and certain former employees have been under investigation in France for alleged complicity in having illicitly solicited clients on French territory, regarding the laundering of proceeds of tax fraud, and of banking and financial solicitation by unauthorized persons. In connection with this investigation, the investigating judges ordered UBS AG to provide bail ("*caution*") of EUR 1.1 billion and UBS (France) S.A. to post bail of EUR 40 million, which was reduced on appeal to EUR 10 million.

In February 2016, the investigating judges notified UBS AG and UBS (France) S.A. that they have closed their investigation. In July 2016, UBS AG and UBS (France) S.A. received the National Financial Prosecutor's recommendation ("*réquisitoire*"). In March 2017, the investigating judges issued the trial order ("*ordonnance de renvoi*") that charges UBS AG and UBS (France) S.A., as well as various former employees, with illicit solicitation of clients on French territory and with participation in the laundering of the proceeds of tax fraud, and that transfers the case to court. The trial is scheduled to start in October 2018. In October 2017, the Investigation Chamber of the Court of Appeals decided that UBS (France) S.A. shall not be constituted as a civil party in the guilty plea proceedings against the former UBS (France) S.A. Head of Front Office. UBS (France) S.A. has appealed this decision to the French Supreme Court ("*Cour de cassation*"). The appeal is pending, although the criminal court subsequently found the individual's guilty plea to be invalid.

In 2016, UBS was notified by the Belgian investigating judge that it is under formal investigation ("*inculpé*") regarding the laundering of proceeds of tax fraud, of banking and financial solicitation by unauthorized persons, and of serious tax fraud.

UBS has, and reportedly numerous other financial institutions have, received inquiries from authorities concerning accounts relating to the Fédération Internationale de Football Association (FIFA) and other constituent soccer associations and related persons and entities. UBS is cooperating with authorities in these inquiries.

UBS's balance sheet at 30 June 2018 reflected provisions with respect to matters described in this item 1 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.

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 totalled approximately USD 19 billion in original principal balance.

UBS was not a significant originator of US residential loans. A branch 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.

Lawsuits related to contractual representations and warranties concerning 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 the representations related or to indemnify certain parties against losses. In 2012, certain RMBS trusts filed an action ("**Trustee Suit**") in the US District Court for the Southern District of New York ("**SDNY**") seeking to enforce UBS RESI's obligation to repurchase loans in the collateral pools for three RMBS securitizations issued and underwritten by UBS with an original principal balance of approximately USD 2 billion. Approximately 9,000 loans were at issue in a bench trial in the SDNY in 2016, following which the court issued an order ruling on numerous legal and factual issues and applying those rulings to 20 exemplar loans. The court further ordered that a lead master be appointed to apply the court's rulings to the remaining loans. In 2017, UBS and certain holders of the RMBS in the Trustee Suit entered into an agreement under which UBS would have paid an aggregate of USD 543 million into the relevant RMBS trusts, plus certain attorneys' fees. The trustee for the RMBS trusts declined to become a party to the settlement and the agreement with the RMBS holders therefore lapsed. In July 2018, UBS and the trustee entered into an agreement under which UBS will pay USD 850 million to resolve this matter. A significant portion of this amount will be borne by other parties that indemnified UBS. The settlement remains subject to approval by the court and proceedings to determine how the settlement funds will be distributed to RMBS holders. After giving effect to this settlement, UBS considers claims relating to substantially all loan repurchase demands to be resolved, and believes that new demands to repurchase US residential mortgage loans are time-barred under a decision rendered by the New York Court of Appeals.

Mortgage-related regulatory matters: In 2014, UBS received a subpoena from the US Attorney's Office for the Eastern District of New York issued pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("**FIRREA**"), which seeks documents and information related to UBS's RMBS business from 2005 through 2007. In 2015, the Eastern District of New York identified a number of transactions that are the focus of their inquiry, and subsequently provided a revised list of transactions. UBS has provided information in response to this subpoena. UBS has also responded to inquiries 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 DOJ) and the US Securities and Exchange Commission ("**SEC**") relating to trading practices in connection with purchases and sales of mortgage-backed securities in the secondary market from 2009 through 2014. UBS is cooperating with the authorities in these matters.

UBS's balance sheet at 30 June 2018 reflected a provision with respect to matters described in this item 2 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.

3. Madoff

In relation to the Bernard L. Madoff Investment Securities LLC ("**BMIS**") investment fraud, UBS AG, UBS (Luxembourg) S.A. (now UBS Europe SE, Luxembourg branch) and certain other UBS subsidiaries have been subject to inquiries by a number of regulators, including 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 faced severe losses, and the Luxembourg funds are in liquidation. 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.

In 2009 and 2010, the liquidators of the two Luxembourg funds filed claims against UBS entities, non-UBS entities and certain individuals, including current and former UBS employees, seeking amounts aggregating

approximately EUR 2.1 billion, which includes amounts that the funds may be held liable to pay the trustee for the liquidation of BMIS ("**BMIS Trustee**").

A large number of alleged beneficiaries have filed claims against UBS entities (and non-UBS entities) for purported losses relating to the Madoff fraud. The majority of these cases have been filed in Luxembourg, where decisions that the claims in eight test cases were inadmissible have been affirmed by the Luxembourg Court of Appeal, and the Luxembourg Supreme Court has dismissed a further appeal in one of the test cases.

In the US, the BMIS Trustee filed claims against UBS entities, among others, in relation to the two Luxembourg funds and one of the offshore funds. The total amount claimed against all defendants in these actions was not less than USD 2 billion. In 2014, the US Supreme Court rejected the BMIS Trustee's motion for leave to appeal decisions dismissing all claims except those for the recovery of fraudulent conveyances and preference payments. In 2016, the Bankruptcy Court dismissed the remaining claims against the UBS entities. The BMIS Trustee appealed.

4. Puerto Rico

Declines since 2013 in the market prices of Puerto Rico municipal bonds and of closed-end funds ("**funds**") that are sole-managed and co-managed by UBS Trust Company of Puerto Rico and distributed by UBS Financial Services Incorporated of Puerto Rico ("**UBS PR**") have led to multiple regulatory inquiries, as well as customer complaints and arbitrations with aggregate claimed damages of USD 2.6 billion, of which claims with aggregate claimed damages of USD 1.6 billion have been resolved through settlements, arbitration or withdrawal of the claim. The claims are filed by clients in Puerto Rico who own the funds or Puerto Rico municipal bonds and / or who used their UBS account assets as collateral for UBS non-purpose loans; customer complaint and arbitration allegations include fraud, misrepresentation and unsuitability of the funds and of the loans. A shareholder derivative action was filed in 2014 against various UBS entities and current and certain former directors of the funds, alleging hundreds of millions of US dollars in losses in the funds. In 2015, defendants' motion to dismiss was denied.

Defendants' requests for permission to appeal that ruling were denied by the Puerto Rico Court of Appeals and the Puerto Rico Supreme Court. In 2014, a federal class action complaint also was filed against various UBS entities, certain members of UBS PR senior management and the co-manager of certain of the funds, seeking damages for investor losses in the funds during the period from May 2008 through May 2014. In 2016, defendants' motion to dismiss was granted in part and denied in part. In 2015, a class action was filed in Puerto Rico state court against UBS PR seeking equitable relief in the form of a stay of any effort by UBS PR to collect on non-purpose loans it acquired from UBS Bank USA in December 2013 based on plaintiffs' allegation that the loans are not valid. The trial court denied defendant's motion for summary judgment based on a forum selection clause in the loan agreements. The Puerto Rico Supreme Court reversed that decision and remanded the case back to the trial court for reconsideration. On reconsideration the trial court granted defendant's motion and dismissed the action.

In 2014, UBS reached a settlement with the Office of the Commissioner of Financial Institutions for the Commonwealth of Puerto Rico ("**OCFI**") in connection with OCFI's examination of UBS's operations from January 2006 through September 2013, pursuant to which UBS is paying up to an aggregate of USD 7.7 million in investor education contributions and restitution.

In 2015, the SEC and the Financial Industry Regulatory Authority ("**FINRA**") announced settlements with UBS PR of their separate investigations stemming from the 2013 market events. Without admitting or denying the findings in either matter, UBS PR agreed in the SEC settlement to pay USD 15 million and USD 18.5 million in the FINRA matter. UBS also understands that the DOJ is conducting a criminal inquiry into the impermissible reinvestment of non-purpose loan proceeds. UBS is cooperating with the authorities in this inquiry.

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 PR, which was named in connection with its underwriting and consulting services. Plaintiffs alleged that defendants violated their purported fiduciary duties and contractual obligations in connection with the issuance and underwriting of USD 3 billion of bonds by the System in 2008 and sought damages of over USD 800 million. In 2016, the court granted the System's request to join the action as a plaintiff, but ordered that plaintiffs must file an amended complaint. In 2017, the court denied defendants' motion to dismiss the amended complaint.

Beginning in 2015, and continuing through 2017, certain agencies and public corporations of the Commonwealth of Puerto Rico ("**Commonwealth**") defaulted on certain interest payments on Puerto Rico bonds. The funds hold significant amounts of those bonds and the defaults on interest payments have had, and are expected to continue to have, an adverse effect on dividends from the funds. Executive orders of the Governor of Puerto Rico that have diverted funds to pay for essential services instead of debt payments and stayed any action to enforce creditors' rights on the Puerto Rico bonds continue to be in effect. In 2016, US federal legislation created an oversight board with power to oversee Puerto Rico's finances and to restructure its debt. The oversight board has imposed a stay on the exercise of creditors' rights. In 2017, the oversight board placed certain of the bonds into a bankruptcy-like proceeding under the supervision of a Federal District Judge. These events, further defaults, any further legislative action to create a legal means of restructuring Commonwealth obligations or to impose additional oversight on the Commonwealth's finances, or any restructuring of the Commonwealth's obligations may increase the number of claims against UBS concerning Puerto Rico securities, as well as potential damages sought.

UBS's balance sheet at 30 June 2018 reflected provisions with respect to matters described in this item 4 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.

5. Foreign exchange, LIBOR and benchmark rates, and other trading practices

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 metals and related structured products businesses. Numerous authorities commenced investigations concerning possible manipulation of foreign exchange markets and precious metals prices. In 2014 and 2015, UBS reached settlements with the UK Financial Conduct Authority ("**FCA**") and the US Commodity Futures Trading Commission ("**CFTC**") in connection with their foreign exchange investigations, FINMA issued an order concluding its formal proceedings relating to UBS's foreign exchange and precious metals businesses, and the Board of Governors of the Federal Reserve System ("**Federal Reserve Board**") and the Connecticut Department of Banking issued a Cease and Desist Order and assessed monetary penalties against UBS AG. In addition, the DOJ's Criminal Division ("**Criminal Division**") terminated the 2012 Non-Prosecution Agreement ("**NPA**") with UBS AG related to UBS's submissions of benchmark interest rates and UBS AG pleaded guilty to one count of wire fraud, paid a fine and is subject to probation through January 2020. UBS has ongoing obligations to cooperate with these authorities and to undertake certain remediation measures. UBS has also been granted conditional immunity by the Antitrust Division of the DOJ ("**Antitrust Division**") and by authorities in other jurisdictions in connection with potential competition law violations relating to foreign exchange and precious metals businesses. Investigations relating to foreign exchange and precious metals matters by certain authorities remain ongoing notwithstanding these resolutions.

Foreign exchange-related civil litigation: Putative class actions have been filed since 2013 in US federal courts and in other jurisdictions against UBS and other banks on behalf of putative classes of persons who engaged in foreign currency transactions with any of the defendant banks. They allege collusion by the defendants and assert claims under the antitrust laws and for unjust enrichment. In 2015, additional putative class actions were filed in federal court in New York against UBS and other banks on behalf of a putative class of persons who entered into or held any foreign exchange futures contracts and options on foreign exchange futures contracts since 2003. The complaints assert claims under the Commodity Exchange Act ("**CEA**") and the US antitrust laws. In 2015, a consolidated complaint was filed on behalf of both putative classes of persons covered by the US federal court class actions described above. UBS has entered into a settlement agreement that would resolve all of these US federal court class actions. The settlement agreement, which has been preliminarily approved by the court and is subject to final court approval, requires, among other things, that UBS pay an aggregate of USD 141 million and provide cooperation to the settlement classes.

A putative class action has been filed in federal court in New York against UBS and other banks on behalf of participants, beneficiaries and named fiduciaries of plans qualified under the Employee Retirement Income Security Act of 1974 ("**ERISA**") for whom a defendant bank provided foreign currency exchange transactional services, exercised discretionary authority or discretionary control over management of such ERISA plan, or authorized or permitted the execution of any foreign currency exchange transactional services involving such

plan's assets. The complaint asserts claims under ERISA. The parties filed a stipulation to dismiss the case with prejudice. The plaintiffs have appealed the dismissal. In July, the Second Circuit affirmed the dismissal.

In 2015, a putative class action was filed in federal court against UBS and numerous other banks on behalf of persons and businesses in the US who directly purchased foreign currency from the defendants and their co-conspirators for their own end use. In March 2017, the court granted UBS's (and the other banks') motions to dismiss the complaint. The plaintiffs filed an amended complaint in August 2017. In March 2018, the court denied the defendants' motions to dismiss the amended complaint.

In 2016, a putative class action was filed in federal court in New York against UBS and numerous other banks on behalf of persons and entities who had indirectly purchased foreign exchange instruments from a defendant or co-conspirator in the US. The complaint asserts claims under federal and state antitrust laws. In response to defendants' motion to dismiss, plaintiffs agreed to dismiss their complaint.

In 2017, two new putative class actions were filed in federal court in New York against UBS and numerous other banks on behalf of different proposed classes of indirect purchasers of currency, and a consolidated complaint was filed in June 2017. In March 2018, the court dismissed the consolidated complaint. Plaintiffs have filed a motion seeking leave to file an amended complaint.

Putative class actions are also pending against UBS and other banks in federal court in New York and other jurisdictions on behalf of putative classes of persons who had bought or sold physical precious metals and various precious metal products and derivatives. The complaints in these lawsuits assert claims under the antitrust laws and the CEA, and other claims. In 2016, the court in New York granted UBS's motions to dismiss the putative class actions relating to gold and silver. Plaintiffs in those cases sought to amend their complaints to add new allegations about UBS, which the court granted. The plaintiffs filed amended complaints in 2017, and motions to dismiss the amended complaints are pending. In March 2017, the court in New York granted UBS's motion to dismiss the platinum and palladium action. In May 2017, plaintiffs in the platinum and palladium action filed an amended complaint that did not allege claims against UBS.

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 Hong Kong Monetary Authority ("**HKMA**"), FINMA, various state attorneys general in the US and competition authorities in various jurisdictions, have conducted or are continuing to conduct investigations regarding potential improper attempts by UBS, among others, to manipulate LIBOR and other benchmark rates at certain times. In 2012, UBS reached settlements relating to benchmark interest rates with the FSA, the CFTC and the Criminal Division of the DOJ, and FINMA issued an order in its proceedings with respect to UBS relating to benchmark interest rates. In addition, UBS entered into settlements with the European Commission (EC) and with the Swiss Competition Commission ("**WEKO**") regarding its investigation of bid-ask spreads in connection with Swiss franc interest rate derivatives. UBS has ongoing obligations to cooperate with the authorities with whom UBS has reached resolutions and to undertake certain remediation measures with respect to benchmark interest rate submissions. UBS has been granted conditional leniency or conditional immunity from authorities in certain jurisdictions, including the Antitrust Division of the DOJ and WEKO, in connection with potential antitrust or competition law violations related to certain rates. However, UBS has not reached a final settlement with WEKO as the Secretariat of WEKO has asserted that UBS does not qualify for full immunity. Investigations by certain governmental authorities remain ongoing notwithstanding these resolutions.

LIBOR and other benchmark-related civil litigation: A number of putative class actions and other actions are pending in 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. Also pending in the US and in other jurisdictions are a number of other actions asserting losses related to various products whose interest rates were linked to LIBOR and other benchmarks, including adjustable rate mortgages, preferred and debt securities, bonds pledged as collateral, loans, depository accounts, investments and other interest-bearing instruments. The complaints allege manipulation, through various means, of certain benchmark interest rates, including USD LIBOR, Euroyen TIBOR, Yen LIBOR, EURIBOR, CHF LIBOR, GBP LIBOR, USD and SGD SIBOR and SOR, Australian BBSW and USD ISDAFIX, and seek unspecified compensatory and other damages under varying legal theories.

USD LIBOR class and individual actions in the US: In 2013 and 2015, the district court in the USD LIBOR actions dismissed, in whole or in part, certain plaintiffs' antitrust claims, federal racketeering claims, CEA claims, and state common law claims. Although, the Second Circuit vacated the district court's judgment dismissing antitrust claims, the district court again dismissed antitrust claims against UBS in 2016. Certain plaintiffs have appealed that decision to the Second Circuit. Separately, in 2018, the Second Circuit reversed in part the

district court's 2015 decision dismissing certain individual plaintiffs' claims. UBS entered into an agreement in 2016 with representatives of a class of bondholders to settle their USD LIBOR class action. The agreement has received preliminary court approval and remains subject to final approval. In 2018, the district court denied plaintiffs' motions for class certification in the USD class actions for claims pending against UBS, and plaintiffs have sought permission to appeal that ruling to the Second Circuit. In July, the Second Circuit denied the petition to appeal of the class of USD lenders.

Other benchmark class actions and ISDAFIX class action in the US: In 2014, the court in one of the Euroyen TIBOR lawsuits dismissed certain of the plaintiff's claims, including federal antitrust claims for lack of standing. In 2015, this court dismissed the plaintiff's federal racketeering claims on the same basis and affirmed its previous dismissal of the plaintiff's antitrust claims against UBS. In 2017, this court also dismissed the other Yen LIBOR / Euroyen TIBOR action in its entirety on standing grounds, as did the court in the CHF LIBOR action. Also in 2017, the courts in the EURIBOR and the SIBOR / SOR lawsuits dismissed the cases as to UBS and certain other foreign defendants for lack of personal jurisdiction. Plaintiffs in the CHF LIBOR and SIBOR / SOR actions have filed amended complaints following the dismissals, which UBS and other defendants have moved to dismiss. UBS and other defendants have also moved to dismiss the GBP LIBOR and Australian BBSW actions. In 2017, UBS agreed to pay USD 14 million to resolve putative class actions filed in federal court in New York and New Jersey against UBS and other financial institutions on behalf of parties who entered into interest rate derivative transactions linked to ISDAFIX. The final settlement was approved in June 2018.

Government bonds: Putative class actions have been filed since 2015 in US federal courts against UBS and other banks on behalf of persons who participated in markets for US Treasury securities since 2007. A consolidated complaint was filed in 2017 in the SDNY alleging that the banks colluded with respect to, and manipulated prices of, US Treasury securities sold at auction and in the secondary market and asserting claims under the antitrust laws and for unjust enrichment. Defendants' motions to dismiss the consolidated complaint are pending.

Following filing of these complaints, UBS and reportedly other banks are responding to investigations and requests for information from various authorities regarding US Treasury securities and other government bond trading practices. As a result of its review to date, UBS has taken appropriate action.

With respect to additional matters and jurisdictions not encompassed by the settlements and orders referred to above, UBS's balance sheet at 30 June 2018 reflected a provision 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.

6. Swiss retrocessions

The Federal Supreme Court of Switzerland ruled in 2012, in a test case against UBS, that distribution fees paid to a firm 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 firm, absent a valid waiver.

FINMA has issued a supervisory note to all Swiss banks in response to the Supreme Court decision. UBS has met the FINMA requirements and has notified all potentially affected clients.

The Supreme Court decision has resulted, and may continue to result, in a number of client requests for UBS to disclose and potentially surrender retrocessions. Client requests are assessed on a case-by-case basis. Considerations taken into account when assessing these cases include, among other things, 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 30 June 2018 reflected a provision with respect to matters described in this item 6 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.

7. Investigation of UBS's role in initial public offerings in Hong Kong

The Hong Kong Securities and Futures Commission ("**SFC**") has been conducting investigations into UBS's role as a sponsor of certain initial public offerings listed on the Hong Kong Stock Exchange. The SFC has previously indicated that it intended to take enforcement action against UBS and certain employees in relation to certain of these offerings. In March 2018, the SFC issued a decision notice in relation to one of the offerings under investigation. The notice provides for a fine of HKD 119 million and a suspension of UBS Securities Hong Kong Limited's ability to act as a sponsor for Hong Kong listed initial public offerings for 18 months. UBS has appealed the decision.

The specific litigation, regulatory and other matters described above under items (1) to (7) include 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 as described in "*Note 14 Provisions and contingent liabilities*" to UBS AG interim consolidated financial statements included in the UBS AG Second Quarter 2018 Report. The proceedings indicated below are matters that have recently been considered material, but are not currently considered material, by UBS. Besides the proceedings described above and below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which UBS AG is aware) that may have, or have had in the recent past, significant effects on UBS AG Group's and/or UBS AG's financial position or profitability and are or have been pending during the last twelve months until the date of this document.

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. 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 challenged in administrative and judicial proceedings. In August 2017, UBS and BTG agreed to resolve the largest indemnification claim (UBS's portion of which was approximately BRL 2 billion) relating to a tax assessment that had disallowed goodwill amortization deductions. In connection with this resolution, UBS paid CHF 245 million to BTG, which then submitted the underlying tax assessment for resolution in a Brazilian tax amnesty program. In early 2018, the decision in favour of BTG on the largest remaining exposure (BRL 461 million) became final, leaving approximately BRL 278 million in remaining assessments subject to indemnification claims, all pending at various levels of the administrative or judicial court system.

Wealth management cross-border TEFRA inquiries: In 2015, UBS received inquiries from the US Attorney's Office for the Eastern District of New York ("**USAO EDNY**") and from the SEC, which were investigating potential sales to US persons of bearer bonds and other unregistered securities in possible violation of the Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**") and the registration requirements of the US securities laws. UBS cooperated with the authorities in these investigations. In 2018, UBS was informed by the USAO EDNY and the SEC that they have closed their investigations and that they will not take any action.

Puerto Rico 2012 claims: Beginning in 2012, two federal class action complaints, which were subsequently consolidated, were filed against various UBS entities, certain closed-end funds and certain members of UBS PR senior management, seeking damages for investor losses in the funds during the period from January 2008 through May 2012. In 2016, the court denied plaintiffs' motion for class certification. In March 2017, the US Court of Appeals for the First Circuit denied plaintiffs' petition seeking permission to bring an interlocutory appeal challenging the denial of their motion for class certification. In August 2017 the district court dismissed the case.

Other mortgage-related regulatory matters: UBS also received and responded to subpoenas from the New York State Attorney General ("**NYAG**") and other state attorneys general relating to UBS's RMBS business. In March 2018, UBS and the NYAG reached an agreement to resolve the NYAG's investigation, whereby UBS will pay USD 41 million and provide consumer relief in a stated amount of USD 189 million calculated as set forth in the settlement agreement.

BMIS customers' claims in the US: In 2014, several claims, including a purported class action, were filed in the US by BMIS customers against UBS entities, asserting claims similar to those made by the BMIS Trustee

described in item (3) - Madoff above, and seeking unspecified damages. These claims have either been voluntarily withdrawn or dismissed on the basis that the courts did not have jurisdiction to hear the claims against the UBS entities. In 2016, the plaintiff in one of those claims appealed the dismissal. In February 2018, the United States Court of Appeals for the Second Circuit affirmed the dismissal of the plaintiff's claim.

CFTC precious metals investigations: within the context of the investigations by authorities described in item (5) - Foreign exchange-related regulatory matters above, UBS reached in January 2018 a settlement with the CFTC in connection with the CFTC's precious metals investigations. As part of that settlement, UBS paid a USD 15 million civil monetary penalty.

9. 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 AG or UBS AG Group since 30 June 2018, which is the end of the last financial period for which financial information has been published.

There has been no material adverse change in the prospects of UBS AG or UBS AG Group since 31 December 2017.

No recent events particular to UBS AG have occurred, which are to a material extent relevant to the evaluation of UBS AG's solvency.

10. Material Contracts

No material contracts have been entered into outside of the ordinary course of UBS AG's or UBS AG Group's business, which could result in any member of the UBS AG 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.

11. Statutory Auditors

Based on article 31 of the Articles of Association, UBS AG shareholders elect the auditors for a term of office of one year. At the AGM of 4 May 2016, 2 March 2017 and 26 April 2018, Ernst & Young Ltd, Aeschengraben 9, CH-4002 Basel ("**Ernst & Young**") were elected as auditors for the consolidated and standalone financial statements of UBS AG for a one-year term.

Ernst & Young are a member of EXPERTsuisse, the Swiss Expert Association for Audit, Tax and Fiduciary.

J. 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(s) 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 Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States and are being sold pursuant to an exemption from the registration requirements of the Securities Act. Trading in the Securities has not been approved by the U.S. Commodity Futures Trading Commission under the Commodity Exchange Act or by the United States Securities and Exchange Commission or any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Securities or the accuracy or adequacy of this Base Prospectus. The Securities (or any rights thereunder) will be offered only outside of the United States and only to, or for the account or benefit of, 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.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Securities specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Manager has represented and agreed, and each further Manager appointed under the Base Prospectus will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
 - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"); and
- (b) the expression an "offer" includes 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.

If the Final Terms in respect of any Securities specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Manager has represented and agreed, and each further Manager appointed under the Base Prospectus will be required to represent and agree, in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") 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 150 offerees*: at any time to fewer than 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 (as amended), and includes any relevant implementing measure in the Relevant Member State.

Selling restriction addressing additional securities laws of the Grand Duchy of Luxembourg

The Manager has represented and agreed (and each additional Manager will be required to represent and agree) that the Securities may not be offered or sold to the public within the territory of the Grand Duchy of Luxembourg unless:

- (i) (a) a prospectus has been duly approved by the *Commission de Surveillance du Secteur Financier* (the “**CSSF**”) pursuant to part II of the Luxembourg law dated 10 July 2005 on prospectuses for securities, as amended (the “**Luxembourg Prospectus Law**”), implementing the Prospectus Directive, if Luxembourg is the home Member State as defined under the Luxembourg Prospectus Law; or
 - (b) if Luxembourg is not the home Member State, the CSSF and the European Securities and Markets Authority have been provided by the competent authority in the home Member State with a certificate of approval attesting that a prospectus in relation to the Securities has been drawn up in accordance with the Prospectus Directive and with a copy of the said prospectus; or
 - (c) the offer of the Securities benefits from an exemption from or constitutes a transaction not subject to, the requirement to publish a prospectus pursuant to the Luxembourg Prospectus Law, as amended from time to time; and
- (i) Regulation (EU) No 1286/2014 (“**PRIIPS**”) and any applicable legislation implementing PRIIPS or Directive 2014/65/EU (as amended) (“**MiFID II**”) in Luxembourg has been complied with.

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 Capital Markets Act (*Lov om kapitalmarkeder*), 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 Markets 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 publicly offer the Securities or bring the Securities into general circulation in Norway other than in compliance with all applicable provisions of the laws of Norway and especially in compliance with the Norwegian Securities Trading Act etc. (*Nw.: Verdipapirhandelloven*), and any regulation or rule made thereunder, as supplemented and amended from time to time.

K. 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, Finland, Norway and Luxembourg. 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. The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has a very broad scope and could, if introduced, apply to certain dealings in the Securities (including secondary market transactions) in certain circumstances. The issuance and subscription of Securities should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Securities where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

However, the FTT proposal remains subject to negotiation between Participating Member States. It may, therefore, be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective Securityholders are advised to seek their own professional advice in relation to the FTT.

2. Taxation in Sweden

The following discussion is a summary of certain material Swedish tax considerations relating to (i) Securities issued by the Issuer 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*), the summary does not cover the tax consequences in connection with an exercise of the bail-in tool/conversion and/or any other tools and/or powers under the Swiss law. 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, other than in a so-called closely held company, 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, broadly speaking, private individuals who have been residents of Sweden for tax purposes due to a habitual abode in Sweden or a stay in Sweden for six consecutive months at any time during the calendar year of disposal or redemption or the ten calendar years preceding the year of disposal or redemption are liable for capital gains taxation in Sweden upon disposal or redemption. In a number of cases though, the applicability of this rule is limited by the applicable tax treaty.

Swedish implementation of the OECD Common Reporting Standard

The US regime, Foreign Account Tax Compliance Act (FATCA), has been implemented into Swedish domestic legislation through a new local Swedish FATCA legislation. Inspired by FATCA, the Organisation for Economic Co-operation and Development ("OECD"), agreed on a standard for the automatic exchange of information between countries, Common Reporting Standard ("CRS"). As Sweden was part of the so called "Early Adopters group", the Swedish CRS rules were implemented into domestic legislation during 2016.

3. Taxation in Finland

The following summary is based on the tax laws of Finland as in effect on the date of this Base Prospectus. Amendments to tax legislation may also have regressive implications. The summary does not take into account the tax laws of any country other than those of Finland. The summary is intended only as general information for holders of the securities, who are resident or domiciled in Finland for tax purposes. The following summary does not purport to be a comprehensive description of all tax considerations as each series of the securities may be subject to a different tax treatment. Investors are advised to seek professional tax advice relating to the tax consequences of acquisition, ownership, and disposal of the securities.

Withholding Tax

Payments regarding the securities may be made without withholding on account of Finnish income tax. However, according to Finnish domestic tax legislation, in certain cases Finnish institutional payers may be obliged to withholding tax of 30 per cent on interest payments made to individuals with unlimited tax liability in Finland. Under these circumstances an account operator or its agent paying the interest withholds the tax.

Income taxation

Individuals

In income taxation, the securities will presumably be considered assets, the disposal of which will result in capital gain or loss. Individuals with unlimited tax liability and death estates will be subject to taxation on capital gains received from the disposal of the securities, unless the securities are deemed to consist a part of the

natural person's or death estate's business activities. In case the securities are not defined as securities for income tax purposes, they are considered as capital income. Capital income and capital gains of individuals and death estates are taxed at a tax rate of 30 per cent (34 per cent for the capital income exceeding EUR 30.000).

Capital gains or loss are calculated by deducting from the disposal received from the securities the sum total of the acquisition cost added with expenses incurred from the disposal of the securities. Acquisition cost of securities is considered to consist of the price paid for the securities added with possible expenses incurred from the acquisition.

Alternatively, when calculating capital gains natural persons and death estates may use a presumed acquisition cost, the amount of which is always a minimum of 20 per cent of the sales price. When using the presumed acquisition cost, sales expenses are not deductible.

Loss incurred from transfer may be deducted from the capital gains or other capital income within the same year and the five subsequent years after the transfer.

Legal entities

For legal entities, the income can be defined as capital gains or other business income. Capital gains accrued from the disposal of the securities that are included in the business assets of corporations with unlimited tax liability in Finland, are deemed income subject to taxation. Correspondingly, the depreciable acquisition cost of the securities is treated as a deductible expense in taxation. Thus the profit being the difference between the sales price and the depreciable acquisition cost of the securities is taxed as a corporate income of the legal entity.

In the event the securities are not included in a corporation's business assets, income accrued from them are taxed in the source of personal income or as capital gains or loss as described above, see "Individuals". However, a corporation may not use a presumed acquisition cost and the possible capital loss is deductible only from profit from the sale of property or assets during the same tax year and the five following years.

The corporate income is taxed at a tax rate of 20 per cent.

4. Taxation in Norway

The summary is solely related to holders of Securities who are resident in Norway for tax purposes ("Norwegian Security holders"). The summary is based upon the laws of Norway as it is interpreted and practised as of the date of the Base Prospectus, which may be amended from time to time, also with retroactive effect.

Certain specific tax consequences may occur for certain categories of Security holders, e.g. for Security holders to which certain tax regimes apply, in cases where benefits from Securities are connected to employment situations, if the Security holder ceases to be tax resident in Norway etc.

The following comments are of a general nature and included herein solely for information purposes. They are not intended to be, nor should they be construed to be, legal or tax advice. The purpose of this summary is to provide a high-level and general overview of the main tax consequences that may arise under Norwegian law, and does not purport to be exhaustive in respect of all tax issues of relevance for Norwegian Security holders. Due to the general nature of this summary, potential investors are advised to consult with and rely upon their own tax advisors as to the Norwegian or other tax consequences of the purchase, beneficial ownership and disposition of the Securities.

The Norwegian tax consequences depend inter alia on the classification of the Securities for Norwegian tax purposes. The summary outlines Norwegian tax consequences for Securities which for Norwegian tax purposes are classified as (i) debentures and (ii) equity Securities structured as derivatives with no capital protection and with shares in companies tax resident within the European Economic Area as underlying objects, or with indices which mainly derives its value from shares in companies tax resident within the European Economic Area as underlying objects, respectively.

Taxation on the redemption and realisation of Securities – Securities classified as debentures (debt securities)

Norwegian Security holders, both physical persons and companies, are taxable in Norway in respect of capital gains on the redemption or realisation of Securities classified as debentures, and have a corresponding right to deduct losses that arise from such redemption or realisation. The tax liability applies irrespective of how long the Securities have been owned and the number of Securities that have been redeemed or realised.

Gains or losses are calculated per Security, as the difference between the consideration received in respect of the Security and the tax basis of the Security. The tax basis of each Security is generally the Norwegian Security holder's purchase price for the Security. Costs incurred in connection with the acquisition, redemption or realisation of the Security may be deducted from the Norwegian Security holder's taxable ordinary income in the year of redemption or realisation.

Gains are taxable as ordinary income in the year of redemption or realisation, and losses can be deducted from ordinary income in the year of redemption or realisation. The tax rate for ordinary income is 24% (2017).

Taxation on the redemption and realisation of Securities – Derivatives with shares in companies tax resident within the European Economic Area as underlying objects etc. (equity securities)***Norwegian Individual Security holders***

Norwegian Security holders that are physical persons ("**Norwegian Individual Security holders**") are taxable in Norway in respect of capital gains upon redemption or realisation of the Securities which are classified as derivatives, with shares in companies tax resident within the European Economic Area as underlying objects, or indices which mainly derives its value from shares in companies tax resident within the European Economic Area as underlying objects. Such holders have a corresponding right to deduct losses that arise upon such redemption or realisation. The tax liability applies irrespective of how long the Securities have been owned and the number of Securities that have been redeemed or realised.

Gains or losses are calculated per Security, as the difference between the consideration received in respect of the Security and the tax basis of the Security. The tax basis of each Security is generally the Norwegian Individual Security holder's purchase price for the Security, including costs incurred in connection with the acquisition, redemption or realisation of the Security.

Gains are taxable as ordinary income in the year of redemption or realisation, and losses can be deducted from ordinary income in the year of redemption or realisation. The tax rate for ordinary income is currently 23% (2018).

Norwegian Corporate Security holders

Capital gains derived from Securities are generally subject to tax in Norway at the rate of 23% (2018). For Norwegian Security holders that are limited liability companies and similar entities ("**Norwegian Corporate Security holders**"), Securities which are classified as derivatives, with shares in companies tax resident within the European Economic Area as underlying objects, or indices which mainly derives its value from shares in companies tax resident within the European Economic Area as underlying objects, should be comprised by the Norwegian participation exemption method.

Provided that the requirements in the participation exemption method are fulfilled, capital gains upon redemption or realisation of the Securities are exempt from tax in Norway, and losses upon redemption or realisation of the Securities are not tax deductible in Norway.

Withholding tax

There is currently no Norwegian withholding tax (*kildeskatt*) applicable on interest payments made by an Issuer resident in Norway, or capital gains derived from realisation of debt securities or equity securities. The Norwegian Ministry of Finance has previously stated that a consultation paper relating to withholding tax on interest will be submitted for consultation during the spring of 2017, but such consultation paper has not yet been concluded and submitted for consultation. If such new legal rule is implemented it is expected to enter into force at the earliest from the fiscal year 2019.

To the extent such withholding tax is introduced in the future, Norway will nevertheless not levy withholding tax on payments on the Securities provided that the Issuer is not resident in Norway for Norwegian tax purposes nor has a permanent establishment in Norway.

Net wealth tax

Norwegian Corporate Security holders are not subject to net wealth taxation in Norway.

Norwegian Individual Security holders are subject to net wealth taxation in Norway. Securities are included as part of the taxable base for this purpose. The Securities will be valued at market value on 1 January in the year after the income year. The maximum aggregate rate of net wealth tax is currently 0.85% (2018).

Stamp duty

There is no stamp duty or other charges in Norway on the purchase, redemption or realisation of Securities.

Foreign taxes

Income taxes or capital gains taxes payable by Norwegian Security holders in other jurisdictions, or withholding tax payable on redemption amounts in respect of the Securities, may be deducted when calculating the Norwegian tax payable on the same income. The deduction is limited, however, to the corresponding amount of Norwegian tax applicable. The right for both Norwegian and other jurisdictions to tax Norwegian Security holders directly or through the application of withholding taxes may be limited by an applicable tax treaty.

5. Taxation in Luxembourg

The following is a general description of certain Luxembourg withholding tax considerations relating to the Securities. It does not purport to be a complete analysis of all tax considerations relating to the Securities, whether in Luxembourg or elsewhere. Prospective purchasers of the Securities should consult their own tax advisors as to which countries' tax laws could be relevant to acquiring, holding and disposing of the 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 Luxembourg. This summary is based upon the law as in effect on the date of the Base Prospectus. The information contained within this section is limited to withholding taxation issues, and potential investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Securities.

Withholding Tax

All payments of interest (including accrued but unpaid interest) and principal by the Issuer to a Securityholder in the context of the holding, disposal, redemption or repurchase of the Securities can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with the applicable Luxembourg law, subject however to the application as regards Luxembourg resident individuals of the Luxembourg law of 23 December 2005, as amended, which has introduced a 20% withholding tax on savings income paid by a paying agent, within the meaning of this law, established in Luxembourg.

Pursuant to the law of 23 December 2005 as amended, Luxembourg resident individuals can opt to self declare and pay a 20% tax on interest payments made by paying agents located outside Luxembourg, in a Member State of either the European Union or the European Economic Area.

The 20% withholding tax as described above or the 20% tax are final when Luxembourg resident individuals are acting in the context of the management of their private wealth.

6. Taxation / Section 871(m) of the U.S. Internal Revenue Code of 1986

U.S. Treasury Department regulations under Section 871(m) of the U.S. Internal Revenue Code of 1986, as amended ("**Section 871(m)**") require withholding of up to 30% (depending on whether an income tax treaty or other exemption applies) on payments or deemed payments made to non-U.S. persons on certain financial instruments (such as the Securities) to the extent that such payments (or deemed payments) are contingent upon or determined by reference to U.S.-source dividends. Under these regulations, certain payments or deemed payments to non-U.S. Securityholders with respect to certain equity-linked instruments that reference U.S. stocks or indices that include U.S. equities may be treated as dividend equivalents ("**Dividend Equivalents**") that are subject to U.S. withholding tax at a rate of 30% (or lower applicable rate).

Under these regulations, withholding may be required even in the absence of any actual dividend-related payment or adjustment made pursuant to the Conditions of the Securities and it may be difficult or not possible for investors to determine whether the Securities include Dividend Equivalents.

These rules differentiate between "Delta-One" and "Non-Delta-One" securities, *i.e.* whether the Securities track the relevant underlying 1:1 ("**Delta-One Securities**") or not ("**Non-Delta-One Securities**"). This withholding will not apply to Non-Delta-One Securities issued before 1 January 2019 ("**Grandfathered Securities**") unless the Grandfathered Securities are "significantly modified" (including as a result of changes to the Underlying or Basket Components, as the case may be, in accordance with the Conditions of the Securities) or re-issued after the relevant date. The Issuer's determinations as to whether the Securities are considered to be "Delta-One", the amount of any Dividend Equivalent, whether a significant modification or deemed reissuance has occurred and any other determination with respect to the application of Section 871(m) to the Securities will be binding on the Securityholders, but not on the United States Internal Revenue Service (the "**IRS**"). The rules of Section 871(m) require complex calculations in respect of the Securities that directly or indirectly reference U.S. equities, and significant aspects of the application of these regulations to the Securities are uncertain,

The Issuer will withhold 30 per cent. of any Dividend Equivalent payments payable under a Security (including possibly a portion of the payments at maturity of the Security). If the terms of the Security provide that all or a portion of the dividends on U.S. underlying equities are reinvested in such underlyings during the term of the Security, the terms of the Security may also provide that only 70 per cent. of a deemed dividend equivalent will be reinvested. The remaining 30 per cent. of such deemed Dividend Equivalent will be treated, solely for U.S. federal income tax purposes, as having been withheld from a gross Dividend Equivalent payment due to the investor and remitted to the IRS on behalf of the investor. The Issuer will withhold such amounts without regard to either any applicable treaty rule or the classification of an investor as a U.S. or a non-U.S. investor for U.S. federal income tax purposes.

Each Securityholder acknowledges and agrees that in the event that a Security references an index as the Underlying or Basket Component, then regardless of whether the relevant Underlying or Basket Component is a net price return, a price return or a total return index, the payments on the Securities (including any amounts deemed reinvested in the Security) will reflect the gross dividend payments paid by the issuers of the securities comprising the index less applicable withholding tax amounts in respect of such gross dividends, which in the case of U.S. source dividends, will be paid by or on behalf of the Issuer to the U.S. Internal Revenue Service in accordance with the U.S. withholding tax rules under Section 871(m).

The Issuer intends, if possible, to take any tax liability pursuant to Section 871(m) into account in the pricing of the Securities and to comply with the Section 871(m) withholding obligations. For Securities structured in such a way that expected Dividend Equivalents cannot be factored into the original pricing, the Issuer intends to take the tax liability into account in its continuous adjustments of other amounts, such as the underlying price to dividends paid and other factors. Investors should note that compliance with Section 871(m) in this manner

precludes the issue of tax certificates for tax payments rendered for individual investors by the Issuer and that investors should revert to their account custodian for any potential tax refund pursuant to the relevant U.S. provisions. The Issuer makes no representation regarding investors' eligibility to claim such a refund, and investors may not be able to obtain an IRS Form 1042 from the Issuer or any custodian that would assist investors in obtaining the refund.

Withholding in respect of Dividend Equivalent amounts will generally be required when the relevant payment is made on a Security or upon the date of maturity, lapse or other disposition by a non-U.S. investor of the Security. Securities may be treated as paying Dividend Equivalent amounts to the extent U.S.-source dividends are expected to be paid on the underlying equity securities, even if no corresponding payment on the Security is explicitly linked to such dividends and even if, upon maturity, lapse or other disposition by the non-U.S. investor, the investor realizes a loss. The U.S. Treasury Department regulations provide exceptions to withholding, in particular for certain instruments linked to certain broad-based indices. **In the event any withholding would be required pursuant to Section 871(m) with respect to payments on the Securities, neither the Issuer nor any paying agent or other person pursuant to the Conditions of the Securities would be obliged to pay additional amounts to the Securityholders as a result of the deduction or withholding, in which case the Securityholders would potentially receive less than expected.** It is possible that the withholding under Section 871(m) could exceed 30% of a given payment, or even reduce the payment to zero.

Prospective investors should consult their tax advisers regarding the application of Section 871(m) and the applicable regulations to the Securities as well as and any available options for a potential tax mitigation.

L. 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.

In respect of Securities to be listed on the SIX Swiss Exchange, the Base Prospectus and the applicable Final Terms will constitute the listing prospectus pursuant to the listing rules of the SIX Swiss Exchange.

2. Publication

The Base Prospectus has been published on the website of UBS at 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 (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 Luxembourg, 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 Luxembourg. 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.

It is expected that the Base Prospectus will be submitted to the SIX Swiss Exchange Ltd (the “**SIX**”) for registration as an “issuance programme” for the listing of the Securities on the SIX in accordance with the listing rules of the SIX (the “**SIX Listing Rules**”). If approved, in respect of any series of Securities to be listed

on the SIX during the 12 months from the date of the Base Prospectus, the Base Prospectus, together with the relevant Final Terms, will constitute the listing prospectus for purposes of the SIX Listing Rules.

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) the Articles of Association of UBS AG;
- (b) the annual report of UBS Group AG and UBS AG as of 31 December 2016, comprising the introductory section, as well as 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 statements (including the "Statutory auditor's report on the audit of the consolidated financial statements" and the "Report of Independent Registered Public Accounting Firm"), also comprising financial information for UBS AG and its subsidiary undertakings on a consolidated level, (6) Additional regulatory information, and the Appendix;
- (c) the UBS AG standalone financial statements and regulatory information for the year ended 31 December 2016 (including the "Report of the statutory auditor on the financial statements");
- (d) The annual report of UBS Group AG and UBS AG as of 31 December 2017, comprising the introductory section, as well as 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) Consolidated financial statements (including the "Statutory auditor's report on the audit of the consolidated financial statements" and the "Report of Independent Registered Public Accounting Firm"), (6) Standalone financial statements, (7) Significant regulated subsidiary and sub-group information, (8) Additional regulatory information, and the Appendix;
- (e) The UBS AG standalone financial statements and regulatory information for the year ended 31 December 2017 (including the "Report of the statutory auditor on the financial statements");
- (f) the quarterly result materials of UBS AG and UBS Group AG;
- (g) to the extent required to be made available to the general public in accordance with applicable local rules, historical financial information on UBS's subsidiary undertakings for each of the financial years ending 31 December 2016 and 31 December 2017 respectively, and
- (h) 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 reports and quarterly result materials of UBS AG and UBS Group AG are published on the UBS website, at 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 to the extent indicated below, incorporated by reference into this Base Prospectus and as such deemed to form a part of this Base Prospectus:

- (a) The annual report of UBS Group AG and UBS AG as of 31 December 2017 (other than the section "(1) Operating environment and strategy - Risk factors" on pages 45 to 56 (including)), comprising the introductory section, as well as 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) Consolidated financial statements (including the "Statutory auditor's report on the audit of the consolidated financial statements" and the "Report of Independent Registered Public Accounting Firm"), (6) Standalone financial statements, (7) Significant regulated subsidiary and sub-group information, (8) Additional regulatory information, and the Appendix; (published on the UBS website, at https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting/2017.html);
- (b) The UBS AG standalone financial statements and regulatory information for the year ended 31 December 2017 (including the "Report of the statutory auditor on the financial statements") (published on the UBS website, at https://www.ubs.com/global/en/about_ubs/investor_relations/disclosure-legal-entities.html);
- (c) The annual report of UBS Group AG and UBS AG as of 31 December 2016 (other than the section "(1) Operating environment and strategy - Risk factors" on pages 44 to 55 (including)), comprising the introductory section, as well as the sections (1) Operating environment and strategy (other than the section "Risk factors" on pages 44 to 55 (including)), (2) Financial and operating performance, (3) Risk, treasury and capital management, (4) Corporate governance, responsibility and compensation, (5) Financial statements (including the "Statutory auditor's report on the audit of the consolidated financial statements" and the "Report of Independent Registered Public Accounting Firm"), (6) Additional regulatory information, and the Appendix (published on the UBS website, at https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting/2016.html);
- (d) The UBS AG standalone financial statements and regulatory information for the year ended 31 December 2016 including the "Report of the statutory auditor on the financial statements" (published on the UBS website, at https://www.ubs.com/global/en/about_ubs/investor_relations/disclosure-legal-entities.html);
- (e) the annual report of UBS Group AG and UBS AG as of 31 December 2015 (other than the section "(1) Operating environment and strategy - Risk factors" on pages 59 to 74 (including)), comprising the introductory section, as well as the sections (1) Operating environment and strategy (other than the section "Risk factors" on pages 59 to 74 (including)), (2) Financial and operating performance, (3) Risk, treasury and capital management, (4) Corporate governance, responsibility and compensation, (5) Consolidated financial statements (including the "Report of the statutory auditor and the independent registered public accounting firm on the consolidated financial statements"), (6) Legal entity financial and regulatory information (including the "Report of the statutory auditor on the financial statements"), (7) Additional regulatory information, and the Appendix (published on the UBS website, at https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting/2015.html);
- (f) the UBS Group First Quarter 2018 Report and the UBS AG First Quarter 2018 Report (published on the UBS website, at https://www.ubs.com/global/en/about_ubs/investor_relations/quarterly_reporting/2018.html);
- (g) the UBS Group Second Quarter 2018 Report and the UBS AG Second Quarter 2018 Report (published on the UBS website, at https://www.ubs.com/global/en/about_ubs/investor_relations/quarterly_reporting/2018.html);

- (h) the Conditions of the Securities as contained on pages 157 to 241 of the Base Prospectus dated 23 June 2014 of UBS AG as filed with SFSA (published on the UBS website, at <http://keyinvest-eu.ubs.com/base-prospectus>);
- (i) the Conditions of the Securities as contained on pages 212 to 318 of the Base Prospectus dated 17 April 2015 of UBS AG as filed with SFSA (published on the UBS website, at <http://keyinvest-eu.ubs.com/base-prospectus>);
- (j) the Conditions of the Securities as contained on pages 192 to 289 of the Base Prospectus dated 8 January 2016 of UBS AG as filed with SFSA (published on the UBS website, at <http://keyinvest-eu.ubs.com/base-prospectus>);
- (k) the Conditions of the Securities as contained on pages 187 to 286 of the Base Prospectus dated 27 September 2016 of UBS AG as filed with SFSA (published on the UBS website, at <http://keyinvest-eu.ubs.com/base-prospectus>);
- (l) the Conditions of the Securities as contained on pages 147 to 246 of the Base Prospectus dated 21 June 2017 of UBS AG as filed with SFSA (published on the UBS website, at <http://keyinvest-eu.ubs.com/base-prospectus>), and
- (m) the Conditions of the Securities as contained on pages 149 to 252 of the Base Prospectus dated 1 March 2018 of UBS AG as filed with SFSA (published on the UBS website, at <http://keyinvest-eu.ubs.com/base-prospectus>)

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).

M. SIGNATORIES

Signed on behalf of the Issuer,

12 October 2018:

UBS AG

By:


(signed by Dr. Götz Galfenkamp)

By:


(signed by Christoph Felder)

ADDITIONAL INFORMATION IN CASE OF A LISTING OF THE SECURITIES ON THE SIX

[[In case of a listing of the Securities on the SIX, the following shall be added to the end of the relevant Final Terms:]]

1. Responsibility

UBS AG, having its registered offices at Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland as Issuer accepts responsibility for these Final Terms [and the Conditions of the Securities] and declares that the information contained in these Final Terms [and the Conditions of the Securities] is, to the best of its knowledge, accurate and that no material facts have been omitted.

2. Legal Basis

The Issuer accepts that following the date of publication of these Final Terms [and the Conditions of the Securities], events and changes may occur, which render the information contained in these Final Terms [and the Conditions of the Securities] incorrect or incomplete.

3. No Material Changes

Except as disclosed in this document as amended and supplemented as of the date hereof, there has been no material change in UBS's financial or trading position since [specify date: [•]].

4. Terms and Conditions of the Securities and Base Prospectus

[The Conditions of the Securities as set forth herein above have to be read in conjunction with the Base Prospectus of UBS AG dated 12 October 2018, as approved by the Swedish Financial Supervisory Authority (*Finansinspektionen*), (including any supplements thereto, if any). The Base Prospectus is for the purposes of any listing of the Securities at the SIX Swiss Exchange also approved by SIX Swiss Exchange.]