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Non-collateralised Structured Products

Launch Announcement for Callable Bull/Bear Contracts ("CBBCs") to be issued by



UBS AG

(incorporated with limited liability in Switzerland)

acting through its **London Branch**

Sponsor

UBS SECURITIES ASIA LIMITED

Particulars of CBBCs

We intend to issue the following CBBCs:

CBBCs	Series 1	Series 2	Series 3
Stock code	62740	62741	62783
Issue size	200,000,000 CBBCs	200,000,000 CBBCs	200,000,000 CBBCs
Type	European style cash settled category R callable bull contracts	European style cash settled category R callable bull contracts	European style cash settled category R callable bull contracts
Index	Hang Seng China Enterprises Index	Hang Seng China Enterprises Index	Hang Seng China Enterprises Index
Board Lot	10,000 CBBCs	10,000 CBBCs	10,000 CBBCs
Issue Price	HKD 0.250	HKD 0.250	HKD 0.250
Strike Level	10,950.00	10,600.00	11,600.00
Call Level	11,150.00	10,800.00	11,800.00
Index Currency Amount	HKD 1.00	HKD 1.00	HKD 1.00
Divisor	10,000	10,000	12,000
Launch Date	7 July 2015	7 July 2015	7 July 2015
Issue Date	13 July 2015	13 July 2015	13 July 2015
Listing Date	14 July 2015	14 July 2015	14 July 2015
Observation Commencement Date	14 July 2015	14 July 2015	14 July 2015
Expiry Date / Valuation Date⁺	26 February 2016	30 March 2016	28 January 2016
Effective Gearing*	4.89x	4.89x	3.96x
Gearing*	4.89x	4.89x	3.96x
Premium*	9.96%	7.10%	22.90%
Funding Cost as of Launch Date[#]	HKD 0.1219	HKD 0.0869	HKD 0.2267

⁺ If the day specified is not the day on which the relevant Index Futures Contracts expire on the Hong Kong Futures Exchange Limited (or its successor or assign), the day on which the relevant Index Futures Contracts will expire on the Hong Kong Futures Exchange Limited (or its successor or assign).

* This data may fluctuate during the life of the CBBCs and may not be comparable to similar information provided by other issuers of callable bull/bear contracts. Each issuer may use different pricing models.

[#] The funding cost is calculated in accordance with the following formula:

$$\text{Funding Cost} = \frac{\text{Strike Level} \times \text{funding rate} \times n / 365 \times \text{Index Currency Amount}}{\text{Divisor}}$$

Where,

- (i) “n” is the number of days remaining to expiration; initially, “n” is the number of days from (and including) the Launch Date to (and including) the trading day immediately preceding the Expiry Date; and
- (ii) the funding rate will fluctuate throughout the term of the CBBCs as further described in the relevant supplemental listing document in respect of the CBBCs. As of the Launch Date, the funding rates were 17.2908% for Series 1, 11.1653% for Series 2 and 41.7555% for Series 3.

How much will you receive upon occurrence of a Mandatory Call Event?

A Mandatory Call Event occurs when the Spot Level of the Index on any day on which the Index Exchange (being the Stock Exchange) is scheduled to be open for trading during the Observation Period is at or below the Call Level.

“**Spot Level**” means the spot level of the Index as compiled and published by Hang Seng Indexes Company Limited.

“**Observation Period**” means the period commencing from and including the Observation Commencement Date and ending on and including the close of the Trading Day immediately preceding the Expiry Date.

Subject to limited circumstances set out in the terms and conditions of the CBBCs in which a Mandatory Call Event may be reversed, upon the occurrence of a Mandatory Call Event, we must terminate the CBBCs and you may receive a Residual Value per Board Lot in Hong Kong dollars calculated as follows (if positive):

$$\text{Residual Value per Board Lot} = \frac{(\text{Minimum Index Level} - \text{Strike Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

If the Residual Value is at or below zero, you will lose all your investment in the CBBCs.

Where “**Minimum Index Level**” means the lowest Spot Level of the Index during the MCE Valuation Period (being the period immediately following the Mandatory Call Event and up to the end of the following trading session on the Index Exchange subject to any potential extension).

How much will you receive at expiry?

If no Mandatory Call Event occurs during the Observation Period, the CBBCs will be automatically exercised on the relevant Expiry Date if the Cash Settlement Amount is greater than zero. You will receive a Cash Settlement Amount per Board Lot in Hong Kong dollars calculated as follows (if positive):

$$\text{Cash Settlement Amount per Board Lot} = \frac{(\text{Closing Level} - \text{Strike Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

“**Closing Level**” means the final settlement price for settling the Hang Seng China Enterprises Index Futures Contracts that are scheduled to expire during the month in which the Expiry Date of the relevant series of the CBBCs is scheduled to fall (the “**Index Futures Contracts**”), determined pursuant to Regulation 012 of the Regulations for Trading Stock Index Futures Contracts and the Contract Specifications for Hang Seng China Enterprises Index Futures (as amended from time to time) of the Hong Kong Futures Exchange Limited (or its successor or assign).

Listing of the CBBCs

We will make an application to the Stock Exchange for listing of, and permission to deal in the CBBCs on the Stock Exchange.

Where do you obtain quotes?

You may request to obtain a quote for your CBBCs by calling the following telephone number:

Stock code:	62740	62741	62783
Name of Liquidity Provider:	UBS Securities Hong Kong Limited		
Address:	52/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong		
Broker ID Number:	9696	9696	9696
Telephone number:	+ 852 2971 6628		

We do not have any special arrangements in place with any brokers with respect to our CBBCs.

Where can you inspect the relevant documents?

The following documents (“**Listing Documents**”), each in separate English and Chinese versions, are available for inspection until the relevant Expiry Date at 52/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong :

- 1 our base listing document dated 2 April 2015 (as supplemented by an addendum dated 29 May 2015); and
- 2 the relevant supplemental listing document for each series of the CBBCs to be dated on or about 13 July 2015.

IMPORTANT INFORMATION

Unsecured nature of the CBBCs

The CBBCs constitute our general unsecured contractual obligations and of no other person. You are relying upon our creditworthiness and have no rights under the CBBCs against the index compiler. If we become insolvent or default on our obligations under the CBBCs, you may not be able to recover all or even part of the amount due under the CBBCs (if any).

Issuer

Our long term debt ratings are:

Rating Agency	Rating as of the Launch Date
Moody's Investors Service, Inc., New York	A2 (under review for downgrade)
Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies Inc.	A (stable outlook)

We are a licensed bank regulated by the Hong Kong Monetary Authority. We are also authorised and regulated by the Financial Market Supervisory Authority in Switzerland, and authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority in the United Kingdom.

Selling restriction

The CBBCs have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and will not be offered, sold, delivered or traded, at any time, indirectly or directly, in the United States or to, or for the account or benefit of, any U.S. person (as defined in the Securities Act).

Investment risk

The price of the CBBCs may fall in value as rapidly as it may rise and you may sustain a total loss of your investment. If the Cash Settlement Amount is less than or equal to zero, all CBBCs will expire worthless on the relevant Expiry Date.

We or the Liquidity Provider may be the only market participant for the CBBCs. The secondary market for the CBBCs may be limited.

You must:

- carefully study the risk factors set out in the relevant Listing Documents;
- fully understand the potential risks and rewards and independently determine whether the CBBCs are appropriate for you given your objectives, experience, financial and operational resources, and other relevant circumstances; and
- consult with such advisers as you deem necessary to assist yourself in making these determinations.

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Hong Kong, 7 July 2015