

# UBS Equity Goals

Offered under the UBS Australia Structured Note Program



# UBS Australia Structured Note Program

## Issuers:

UBS AG, acting through its Australia Branch or such other of its branches outside of Switzerland

UBS Investments Australia Pty Ltd (arranged by UBS Securities Australia Limited)

# Table of Contents

<b>Section 1 – Important Notice</b>	1
<b>Section 2 – Selling Restrictions</b>	6
<b>Section 3 – Documents incorporated by reference</b>	9
<b>Section 4 – Summary of the Program</b>	10
<b>Section 5 – Description of the Issuers, Arranger, Guarantor and the Guarantee</b>	16
<b>Section 6 – General Risk Factors</b>	20
<b>Section 7 – Taxation Summary</b>	27
<b>Section 8 – General Conditions</b>	32

# Section 1 – Important Notice

## Issuers

This document relates to a debt issuance program ("**Program**") established by UBS AG and UBS Investments Australia Pty Ltd (ABN 79 002 585 677) ("UBSIA"). UBS AG may act through its Australia Branch (ABN 47 088 129 613, AFSL 231087) or any of its other branches outside of Switzerland as it may from time to time determine. The Issuers are issuers of notes up to the then applicable Program Amount (as defined in the section entitled "Summary of the Program" below) under the Program (together referred to as "**Notes**"). UBS AG and UBSIA are together referred to as the "Issuers" and each an "Issuer". The Issuers together with their subsidiaries are referred to as "UBS AG Group".

## Issuer's responsibility

This document has been prepared by, and issued with the authority of, the Issuers. The Issuers accept responsibility for the information contained herein other than information provided by the Arranger, the Dealers and the Agent (in their capacity as such and each as defined in the section entitled "Summary of the Program" below) in relation to their respective descriptions in the section entitled "Directory" below.

To the best of its knowledge and belief, each Issuer confirms that the information contained in this document with respect to itself and the UBS AG Group is in accordance with the facts and does not omit anything likely to affect the import of such information.

## Place of issuance

Subject to applicable laws, regulations and directives, an Issuer may issue Notes under the Program in any country including Australia and countries in Europe and Asia but not in the United States of America unless such Notes are registered under the United States Securities Act of 1933 (as amended) ("U.S. Securities Act") or an exemption from the registration requirements of the U.S. Securities Act is available.

## Terms and conditions of issue

Each issue of Notes will be made pursuant to such documentation as the Issuer may determine. This document is referred to as Part 1 of the Information Memorandum for each issue of Notes ("**Part 1 IM**") and applies to all Notes issued under the Program. Certain Notes share certain common terms which are set out in a separate document referred to as Part 2 of the Information Memorandum for those Notes ("**Part 2 IM**"). Each Series of Notes is designated as being of a particular type of "Product" where the Information Memorandum ("**IM**") for that Product is comprised of this Part 1 IM and the Part 2 IM for that Product, as supplemented by any Supplementary Information Memorandum issued by the Issuer(s) from time to time.

Notes will be issued in series (each a "**Series**"). A pricing supplement will be issued for each Series of Notes (each a "**Pricing Supplement**"). A Pricing Supplement will contain details such as Product type, Underlying Asset, Issue Price, Issue Date, Valuation Dates, Observation Dates, details of any periodic or maturity payments, together with any other terms and conditions not set out in the Information Memorandum that may be applicable to that Series of Notes.

The General Conditions applicable to all Notes are set out in Section 8 of this Part 1 IM. Additional terms that are applicable to a particular type of Product are set out in the Part 2 IM, including the Underlying Asset Conditions in Section 1 of the Part 2 IM and the Specific Terms for the Product in Section 2 of the Part 2 IM. The General Conditions, the applicable Underlying Asset Conditions and the applicable Specific Terms are collectively referred to as the "**Product Conditions**" for the relevant Product.

The terms and conditions applicable to a Series of Notes comprise the Product Conditions applicable to Series, as supplemented, amended, modified or replaced by the Pricing Supplement applicable to the Series (together, the "**Terms**" for that Series of Notes).

## **Form of Notes and Clearing Arrangements**

Except as specified in the relevant Pricing Supplement, Notes will be issued in registered form and constituted by, and owing under, a deed poll executed by the Issuer. Notes may be lodged in a clearing system such as Clearstream Banking S.A. ("Clearstream") and transactions relating to interests in the Notes may be carried out through the relevant clearing and settlement system. The Issuer may determine to lodge Notes in any Clearing System it determines from time to time, as specified in the related Pricing Supplement.

As at the date of this Part 1 IM, the Issuers' intention is to lodge the Notes in the Clearstream System. However, Notes may be lodged in other clearing systems in future, e.g. the Euroclear System or Austraclear System, as specified in the Pricing Supplement.

The rights of a holder of interests in a Note held through a Clearing System are subject to the respective rules and regulations for accountholders of the Clearing System and the terms and conditions of agreements between the Clearing System and its nominee. In addition, any transfer of interests in a Note will be subject to the Corporations Act 2001 (Cth) ("Corporations Act") and the requirements for minimum consideration as set out herein and in the relevant Pricing Supplement.

The Issuer will not be responsible for the operation of the clearing arrangements which is a matter for the clearing institutions, their nominees, their participants and the investors.

## **Listing**

Unlisted Notes may be issued pursuant to the Program. Application may also be made to list Notes of a particular Series on a securities exchange. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes are intended to be listed on a securities exchange.

## **No independent verification**

The only role of the Registrar in the preparation of the Information Memorandum has been to confirm to the Issuer that its description in the section entitled "Directory" is accurate as at the Preparation Date (as defined below). Apart from that the Registrar has not independently verified the information contained in the Information Memorandum. Accordingly, no representation, warranty or undertaking, express or implied, is made and, no responsibility is accepted by the Registrar as to the accuracy or completeness of the Information Memorandum or any further information supplied by the Issuer in connection with the Program.

The Registrar expressly does not undertake to review the financial condition or affairs of the Issuer or any of its Affiliates at any time or to advise any holder of a Note of any information coming to their attention with respect to the Issuer and make no representations as to the ability of the Issuer to comply with its obligations under the Notes. The Registrar does not make any representation as to the performance of the Issuer, the maintenance of capital or any particular rate of return, nor does the Registrar guarantee the payment of capital or any particular rate of capital or income return, in each case, on the Notes.

## **Intending purchasers to make independent investment decision and obtain tax advice**

The Information Memorandum contains only the Terms applicable to a Series of Notes. Neither the information contained in the Information Memorandum nor any other information supplied in connection with the Program or the issue of any Notes is intended to provide the basis of any credit or other evaluation in respect of the Issuer or any Notes and should not be considered or relied on as a recommendation or a statement of opinion (or a report of either of those things) by any of the Issuer, the Arranger, the Dealers or any Agent that any recipient of the Information Memorandum or any other information supplied in connection with the Program or the issue of any Notes should subscribe for, purchase or otherwise deal in any Notes or any rights in respect of any Notes.

Each investor contemplating subscribing for, purchasing or otherwise dealing in any Notes or any rights in respect of any Notes should:

- (a) make and rely upon (and shall be taken to have made and relied upon) its own independent investigation of the financial condition and affairs of, and its own appraisal of the creditworthiness of, the Issuer and the Guarantor (if applicable);

- (b) determine for themselves the relevance of the information contained in the Information Memorandum and any other information supplied in connection with the Program or the issue of any Notes, and must base their investment decision solely upon their independent assessment and such investigations as they consider necessary; and
- (c) consult their own tax advisers concerning the application of any tax laws applicable to their particular situation.

No advice is given in respect of the suitability of Notes as an investment for a purchaser or in respect of the legal or taxation treatment of investors or purchasers in connection with an investment in any Notes or rights in respect of them. Each investor is advised to consult its own professional adviser to assess the financial, legal, taxation and other consequences of an investment in Notes taking into account their specific needs, objectives and circumstances.

### **Risks**

Section 6 of this Part 1 IM describes some of the general risks of investing in Notes. Different Products are likely to carry different risks – information on key risks relating to a particular Product is included in the Part 2 IM for that Product. Additional risk disclosures may also be included in the Pricing Supplement for a Series.

Neither the Information Memorandum nor any other information (including a Pricing Supplement) supplied in connection with the Program or the issue of any Notes describes all of the risks of an investment in Notes. Prospective investors should consult their own professional, financial, legal and tax advisers about risks associated with an investment in any Notes and the suitability of investing in the Notes in light of their particular circumstances.

### **No offer**

The Information Memorandum does not, and is not intended to, constitute an offer or invitation by or on behalf of the Issuer, the Arranger, the Dealers or any Agent to any person to subscribe for, purchase or otherwise deal in any Notes.

### **Selling restrictions and no disclosure**

Neither the Information Memorandum nor any other disclosure document in relation to the Notes has been, or will be, lodged with the Australian Securities and Investments Commission (“ASIC”) and no action has been taken which would permit an offering of the Notes in circumstances that would require disclosure under Parts 6D.2 or 7.9 of the Corporations Act. The Information Memorandum is not a prospectus or other disclosure document for the purposes of the Corporations Act.

The distribution and use of the Information Memorandum, including any Pricing Supplement, and any advertisement or other offering material, and the offer, sale or delivery of Notes may be restricted by law in certain jurisdictions and intending purchasers and other investors should inform themselves about them and observe any such restrictions. In particular, no action has been taken by any of the Issuer, the Arranger, the Dealers or any Agents which would permit a public offering of any Notes or distribution of the Information Memorandum or any such document in any jurisdiction where action for that purpose is required.

For a description of certain restrictions on offers, sales and deliveries of the Notes, and on the distribution of the Information Memorandum, any Pricing Supplement or other offering material relating to the Notes, see the section entitled “Selling Restrictions” below.

A person may not (directly or indirectly) offer for subscription or purchase or issue an invitation to subscribe for or buy Notes, nor distribute or publish the Information Memorandum or any other offering material or advertisement relating to the Notes except if the offer or invitation, or distribution or publication, complies with all applicable laws, regulations and directives.

### **No registration in the United States**

The Notes have not been, and will not be, registered under the U.S. Securities Act. The Notes may not be offered, sold, delivered or transferred, at any time, within the United States of America, its territories or possessions or to, or for the account or benefit of U.S. persons (as defined in Regulation S under the

U.S. Securities Act ("Regulation S")) except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act.

### **No authorisation**

No person has been authorised to give any information or make any representations not contained in or consistent with the Information Memorandum in connection with the Issuer, the Program or the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger, the Dealers, or any Agent.

### **Agency and distribution arrangements**

The Issuer has agreed to pay the Agents' fees for undertaking their respective roles and reimburse them for certain of their expenses incurred in connection with the Program.

The Issuer may also pay a fee to a Dealer in respect of the Notes subscribed by it or pay a fee to a distributor for distributing the Notes. The Issuer may agree to reimburse a Dealer or distributor for certain expenses incurred in connection with this Program and may indemnify any Dealer or distributor against certain liabilities in connection with the offer and sale of Notes.

The Issuer, the Arranger, the Dealers, any distributor and any Agent, and their respective related entities, directors, officers and employees may have pecuniary or other interests in the Notes and may also have interests pursuant to other arrangements and may receive fees, brokerage and commissions and may act as a principal in dealing in any Notes.

### **Currencies**

In the Information Memorandum:

- (a) references to "A\$" or "Australian dollars" or "AUD" are to the lawful currency of the Commonwealth of Australia;
- (b) references to "US\$" or "U.S. Dollars" or "USD" are to the lawful currency of the United States of America; and
- (c) references to "EUR" or "€" are reference to the lawful currency of the European Union.

### **Currency of information**

The information contained in each Information Memorandum is prepared as of its Preparation Date. Neither the delivery of the Information Memorandum nor any offer, issue or sale made in connection with the Information Memorandum at any time implies that the information contained in it is correct, that any other information supplied in connection with the Program or the issue of Notes is correct, or that there has been no change (adverse or otherwise) in the financial conditions or affairs of the Issuer, at any time subsequent to the Preparation Date. In particular, the Issuer is under no obligation to update such information at any time after an issue of Notes.

In this Information Memorandum, "Preparation Date" means:

- (a) in relation to the Part 1 IM, the date indicated on its face or, if this Part 1 IM has been amended or supplemented, the date indicated on the face of that amendment or supplement;
- (b) in relation to a Part 2 IM, the date indicated on its face or, if the Part 2 IM has been amended or supplemented, the date indicated on the face of that amendment or supplement;
- (c) in relation to annual reports and any financial statements incorporated in the Information Memorandum, the date up to or as at the date on which such annual reports and financial statements relate; and
- (d) in relation to any other item of information which is to be read in conjunction with the Information Memorandum, the date indicated on its face as being its date of release or effectiveness.

Investors should review, amongst other things, the documents which are deemed to be incorporated in the Information Memorandum by reference when deciding whether or not to purchase any Notes.

### **Stabilisation**

In connection with any issue of Notes outside Australia, the Dealer (if any) designated as stabilising manager in any relevant Pricing Supplement may over-allot or effect transactions outside Australia (as the case may be) and on a market operated outside Australia which stabilise or maintain the market price of the Notes of the relevant Series at a level which might not otherwise prevail for a limited period after the issue date and only if such transactions occur outside Australia and have no relevant jurisdictional connection to Australia. Such stabilising shall be in compliance with all relevant laws and regulations.

### **Priority of deposit liabilities and other amounts**

UBS AG, Australia Branch is a foreign Authorised Deposit-Taking Institution ("foreign ADI") under the Banking Act 1959 (Cth), and is supervised by the Australian Prudential Regulation Authority. UBSIA is not a foreign ADI under the Banking Act 1959 (Cth) and has minimal capital.

Notes are neither a deposit product nor any other form of deposit liability and, accordingly, are not covered by depositor protection provisions set out in Division 2 of the Banking Act 1959 (Cth).

In any event, provisions in the Banking Act 1959 (Cth) for the protection of depositors do not apply to foreign ADI including UBS AG, Australia Branch. For example, depositors with foreign ADIs do not receive the benefit of the following protections:

- Deposits are not covered by the financial claims scheme and are not guaranteed by the Australian Government.
- Deposits do not receive priority ahead of amounts owed to other creditors. This means that if a foreign ADI was unable to meet its obligations or suspends payment, its depositors in Australia would not receive priority for repayments of their deposits from the foreign ADI's assets in Australia.
- A foreign ADI is not required to hold assets in Australia to cover its deposit liabilities in Australia. This means that if the foreign ADI was unable to meet its obligations or suspends payment it is uncertain whether depositors would be able to access the full amount of their deposit.



## Section 2 – Selling Restrictions

Subject to the terms and on the conditions contained in the Program, the Notes may be offered by the Issuer to the Dealers.

The Issuer is entitled under the Program to appoint one or more Dealers as a dealer for a particular issue of Notes and may act as a Dealer itself. The Notes may be resold by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The offer or resale by a Dealer is subject to the terms and conditions of any applicable agreement between the Issuer and the Dealer.

### General

Each Dealer has represented and agreed that it will observe all applicable laws and regulations in any jurisdiction in which it may offer, sell or deliver Notes and that it will not directly or indirectly offer, sell, resell, reoffer or deliver Notes or distribute or publish the Information Memorandum, any prospectus, circular, advertisement or other offering material (including, without limitation, any supplement to the Information Memorandum) in relation to the Notes in or from any country or jurisdiction except under circumstances that will to the best of its knowledge and belief result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Notes by it will be made on the foregoing terms.

No action has been or will be taken in any jurisdiction that would permit a public offering of Notes, or possession or distribution of the Information Memorandum or other offering material, in any country or jurisdiction where action for that purpose is required.

Unless expressly permitted in the relevant Pricing Supplement, Notes may not be offered, sold or transferred in any jurisdiction other than Australia.

Persons into whose hands the Information Memorandum comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell, resell, reoffer or deliver Notes or have in their possession or distribute such offering material and to obtain any consent, approval or permission required by them for the purchase, offer, sale or delivery by them of any Notes under the law and regulations in force in any jurisdiction to which they are subject or in which they make such purchases, offers, sales, reoffers, resales or deliveries, in all cases at their own expense, and neither the Issuer, nor any Dealer, shall have responsibility for such matters. In accordance with the above, any Notes purchased by any person which it wishes to offer for sale or resale may not be offered in any jurisdiction in circumstances which would result in the Issuer being obliged to register any further prospectus or corresponding document relating to the Notes in such jurisdiction.

In particular, there are restrictions on the distribution of the Information Memorandum and the offer and sale of Notes in Australia and the United States of America as set out below.

### Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia) (“Corporations Act”) in relation to the Program or Notes has been (or will be) lodged with Australian Securities and Investments Commission (“ASIC”).

Section 708(19) of the Corporations Act provides that an offer of debentures for issue or sale does not need disclosure to investors in accordance with Part 6D.2 of the Corporations Act if the Issuer is an authorised deposit-taking institution (“ADI”) (as defined for the purposes of the Corporations Act). As at the date of this Part 1 IM, UBS AG, Australian Branch is a foreign ADI for the purposes of the Corporations Act.

Unless otherwise specified in any relevant Pricing Supplement, each Dealer has acknowledged that in relation to the relevant issue that:

- (a) no prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia) (“Corporations Act”) in relation to Notes or any Transaction Document has been lodged with the Australian Securities and Investments Commission or any other Government Agency; and

- (b) no action has been taken or will be taken in any jurisdiction which would permit a public offering of the Notes or possession or distribution of the Information Memorandum or any other offering material in relation to Notes, in any jurisdiction where action for that purpose is required.

Each Dealer has agreed to observe all applicable laws and regulations in any jurisdiction in which it may offer, sell or deliver Notes.

Each Dealer has also agreed that it will not directly or indirectly offer, sell or deliver Notes or distribute any prospectus, circular, advertisement or other offering material relating to the Notes in any jurisdiction except in accordance with the terms and conditions of, and subject to, the agreement with the Issuers and under circumstances that will result in compliance by the Dealer with the applicable laws and regulations of that jurisdiction including, without limitation:

- (a) the selling restrictions set out in the Information Memorandum;
- (b) any additional selling restrictions that the Issuer and the Dealer agree and which are set out in the Information Memorandum or any relevant Pricing Supplement; and
- (c) unless expressly permitted in the relevant Pricing Supplement, Notes may not be offered, sold or transferred in any jurisdiction other than Australia.

In connection with each issue of Notes (other than any issue which is specified in any relevant Pricing Supplement as not intended to be Public Offer Test Compliant), each Dealer has agreed that unless the program in respect of the Notes was quoted on an electronic source or made pursuant to the Information Memorandum, each Dealer will, for the purpose of placing the Notes within 30 days of issue:

- (a) offer, pursuant to an electronic source or, following the Information Memorandum being made publicly available in the relevant market, all those Notes issued to it; or
- (b) offer all those Notes issued to it to at least 10 persons each carrying on a business of providing finance, or investing or dealing in debentures, in the course of operating in financial markets and not known or reasonably suspected by the relevant employee of the Dealer making the offer, effecting the sale or otherwise directly involved in the sale, to be an Associate of any other person covered by this paragraph; or
- (c) offer all those Notes issued to it to at least 100 persons whom it is reasonable for the Dealer to regard as having acquired debentures in the past or being likely to be interested in acquiring debentures.

Each Dealer has represented and agreed that, in connection with the primary distribution of each issue of Notes (other than any issue which is specified in any relevant Pricing Supplement as not intended to be Public Offer Test Compliant), it will not (directly or indirectly) sell Notes to any person who is actually known by the officers of the Dealer responsible for trading of Notes to be an Associate (as defined in section 128F(9) of the Australian Tax Act) of the Issuer or to any person who is notified by the Issuer to it in writing at the time of issue of those Notes as being an Associate of the Issuer (other than an Associate of the Issuer acting in the capacity of a dealer, manager or underwriter in relation to the placement of those Notes). Each Dealer may (directly or indirectly) sell Notes to:

- (a) an Associate of the Issuer who is not referred to in section 128F(5)(b) of the Tax Act; or
- (b) an Associate of the Issuer who is referred to in section 128F(5)(b) of the Tax Act, but who is acting in a capacity referred to in section 128F(5)(c) of the Tax Act.

### **The United States of America**

Unless otherwise specified, terms used in this section titled "The United States of America" have the meanings given to them by Regulation S under the U.S. Securities Act 1933, as amended.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended ("U.S. Securities Act") and may not be offered, sold, delivered or transferred within the United

States or to, or for the account or benefit of, U.S. persons except in accordance with certain transactions exempt, or not subject to, the registration requirements of the U.S. Securities Act.

Each Dealer has represented and agreed that, except as permitted by the Program, it has not offered, sold or delivered, and it will not offer, sell or deliver, the Notes:

- (a) as part of their distribution at any time; and
- (b) otherwise until 40 days after completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of debt instruments on a syndicated basis, the lead manager,

within the United States of America or to, or for the account or benefit of, U.S. persons.

Each Dealer has also represented and agreed that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling commission, fee or other remuneration that purchases Notes from it a confirmation or notice to substantially the following effect:

*"The Notes covered hereby have not been registered under the United States Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. Terms used above have the meanings given to them by Regulation S under the Securities Act."*

Until 40 days after the completion of the distribution of all Notes of the Tranche of which those Notes are a part, an offer or sale of Notes within the United States of America by any Dealer or other distributor (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an applicable exemption from registration under the U.S. Securities Act.

Unless otherwise specified, terms used in this paragraph have the meanings given to them by Regulation S.

The tax treatment of the Notes is uncertain. Therefore, if you are a US taxpayer that is not a U.S. person (as defined under Regulation S under the U.S. Securities Act 1933, as amended) you are urged to consult with your own tax advisors to determine the appropriate characterization of the Notes for U.S. federal income tax purposes. Please contact UBS for any additional information that you may require in making your determination.

### **Jurisdictions outside of Australia and the United States**

The offer, sale and delivery of the Notes and the distribution of the Information Memorandum and other material in relation to any of the Notes will be strictly subject to such restrictions as may apply in any country in connection with the offering and sale of any Notes.

Additional applicable selling restrictions may be specified in a Pricing Supplement for any offer, sale or delivery of Notes in any other jurisdiction.

As noted above, unless expressly permitted in the relevant Pricing Supplement, Notes may not be offered, sold or transferred in any jurisdiction other than Australia.

### **Further restrictions**

If as a result of a change in or the making of any law, treaty or official directive or request (whether or not having the force of law, but, if not having the force of law, compliance with which is in accordance with the practice of responsible financial institutions in the country concerned) the Issuer reasonably determines that the selling restrictions set out above require amendment or variation to ensure compliance with such law, treaty or official directive or request, the Issuer may by 30 days notice to each Dealer notify new selling restrictions which shall take effect as if set out in this schedule from the date specified in such notice.

## Section 3 – Documents incorporated by reference

The Information Memorandum is to be read in conjunction with all documents which are deemed to be incorporated into it by reference as set out below. This Information Memorandum shall, unless otherwise expressly stated, be read and construed on the basis that such documents are so incorporated and form part of the Information Memorandum. References to “Information Memorandum” include any other document incorporated by reference.

The following documents are incorporated in, and taken to form part of, the Information Memorandum:

- (a) the most recent of UBS AG’s Annual Report (available at [www.ubs.com](http://www.ubs.com))
- (b) all amendments and supplements to the Information Memorandum prepared by the Issuer from time to time; and
- (c) all documents issued by the Issuer and stated to be incorporated in the Information Memorandum by reference including, in the case of any Series of Notes, a Pricing Supplement.

Any statement contained in the Information Memorandum shall be modified or superseded in the Information Memorandum to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement (including whether expressly or by implication).

Except as provided above, no other information, including information on the internet sites of the Issuer or in any document incorporated by reference in any of the documents described above, is incorporated by reference into the Information Memorandum.

Copies of documents incorporated by reference in the Information Memorandum may be obtained from the Issuer on request.

## Section 4 – Summary of the Program

The following is a brief summary only and should be read in conjunction with the rest of the Information Memorandum and, in relation to any Notes, with the applicable Terms including any relevant Pricing Supplement. A term used below but not otherwise defined has the meaning given to it in the Product Conditions. A reference to a "Pricing Supplement" does not limit the provisions or features of this Program which may be supplemented, amended, modified or replaced by a Pricing Supplement in relation to a particular Series of Notes.

**Issuer:** The entity specified as the issuer in the relevant Pricing Supplement, being either:

- UBS Investments Australia Pty Ltd (ABN 79 002 585 677) ("UBSIA"); or
- UBS AG, acting through its Australia Branch (ABN 47 088 129 613, AFSL 231087) or such other of its branches outside Switzerland.

Where UBSIA is the Issuer, "Guarantee" means the guarantee deed poll granted by UBS AG, Zurich on 4 January 2011 in favour of investors in Notes issued by UBSIA, which terms are summarised in Section 5 of this Part 1 IM, and "Guarantor" means UBS AG, Zurich.

In respect of any issue of Notes under the Program, the Issuer is the entity (or branch of the entity) which is a party to a Subscription Agreement and has signed a Pricing Supplement in respect of those Notes.

**Program:** A non-underwritten debt issuance program under which, subject to applicable laws, regulations and directives, the Issuer may elect to issue notes (collectively, "Notes") in registered form.

Subject to all applicable laws, regulations and directives, the Issuer may issue Notes in Australia but not in the United States unless such Notes are registered under the U.S. Securities Act or an exemption from the registration requirements of the U.S. Securities Act is available.

The subscription for Notes is a loan to the Issuer which is repaid or otherwise discharged in accordance with the Terms of the Note. The Holder will be taken to have lent the Notional Amount per Note to the Issuer, notwithstanding the Issue Price of the Notes may be more or less than the Notional Amount.

**Program Amount:** Not applicable.

**Program Term:** The term of the Program continues until terminated by the Issuers together giving 30 days notice to the Dealers then appointed to the Program generally or earlier by agreement between all parties to the Dealer Agreement.

**Program arranger:** The Issuer may appoint a Program arranger for the offer of a particular Series of Notes.

**Dealers:** UBS AG, Australia Branch (ABN 47 088 129 613)  
UBS Investments Australia Pty Ltd (ABN 79 002 585 677)

Additional Dealers may be appointed by the Issuer from time to time for a specific Series of Notes or to the Program generally.

<b>Registrar and authentication agent:</b>	The Hongkong and Shanghai Banking Corporation Limited and/ or such other person appointed by the Issuer to undertake authentication duties with respect to Global Certificates, perform registry functions and establish and maintain a Register (as defined below) in or outside Australia on the Issuer's behalf from time to time ("Registrar"). Details of additional appointments in respect of a Series will be notified in the relevant Pricing Supplement.
<b>Issuing and Paying Agent:</b>	UBS AG, Australia Branch
<b>Calculation Agent:</b>	If a Calculation Agent is required for the purpose of calculating any amount or making any determination under a Note, such appointment will be notified in the relevant Pricing Supplement. The Issuer may terminate the appointment of the Calculation Agent, appoint additional or other Calculation Agents or act as Calculation Agent itself.
<b>Agents:</b>	Each Registrar, Issuing and Paying Agent, Calculation Agent and any other person appointed by the Issuer to perform other agency functions with respect to any Series of Notes (details of such appointment may be set out in the relevant Pricing Supplement).
<b>Form of Notes:</b>	<p>The Notes will be issued in registered form and, except as otherwise set out in any relevant Pricing Supplement, will be debt obligations of the Issuer issued as debentures and constituted by, and owing under, the Note Deed Poll dated 24 April 2019, as amended or supplemented from time to time.</p> <p>Notes take the form of entries in a register ("Register") maintained by the Registrar.</p> <p>Each Tranche of Notes will have issued in respect of it either a Global Certificate or an Individual Certificate, in each case as specified in the relevant Pricing Supplement. Each Global Certificate will be deposited on or around the relevant issue date with a depositary or a common depositary for the relevant Clearing System and registered in the name of a nominee for such depositary and will be exchangeable for Individual Certificates in accordance with its terms.</p>
<b>Status and Ranking:</b>	<p>Notes will be direct, unconditional, unsubordinated and unsecured debt obligations of the Issuer.</p> <p>UBS AG is a foreign ADI under the Banking Act 1959 (Cth), and is supervised by the Australian Prudential Regulation Authority. Notes are not a deposit product or other deposit liability and are not covered by depositor protection provisions set out in Division 2 of the Banking Act 1959 (Cth).</p> <p>In any event, provisions in the Banking Act 1959 (Cth) for the protection of depositors do not apply to foreign ADIs including UBS AG. For example, depositors with foreign ADIs do not receive the benefit of the following protections:</p> <ul style="list-style-type: none"> <li>• Deposits are not covered by the financial claims scheme and are not guaranteed by the Australian Government.</li> <li>• Deposits do not received priority ahead of amounts owed to other creditors. This means that if a foreign ADI was unable to meet its obligations or suspends payment, its depositors in Australia would not receive priority for repayments of their deposits from the foreign ADI's assets in Australia.</li> <li>• A foreign ADI is not required to hold assets in Australia to cover its deposit liabilities in Australia. This means that if the foreign ADI was</li> </ul>

unable to meet its obligations or suspends payment it is uncertain whether depositors would be able to access the full amount of their deposit.

UBSIA is an Australian private company and a wholly-owned subsidiary of UBS AG. UBS Group AG is the holding company of UBS AG and therefore the ultimate holding company of UBSIA. UBSIA has minimal capital and it is not an ADI under the Banking Act 1959 (Cth). The obligations of UBSIA are unsecured obligations which rank equally with all of its other unsecured obligations, and in a winding up of UBSIA Holders may not receive amounts owed under the Notes issued by UBSIA. However, UBSIA's obligations in respect of the Notes are guaranteed by the Guarantor (UBS AG, Zurich) subject to certain qualifications. The Guarantee is more fully described in Section 5 of this Part 1 IM.

**Ranking:** Subject to all applicable laws and regulations, the payment obligations of the Issuer under the Notes will at all times rank *pari passu* amongst themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer, other than statutory preferred obligations.

**Issuance in Series:** The Notes will be issued in Series. Each Series may comprise one or more Tranches. The Notes of each Tranche of a Series are intended to be fungible with the other Tranches of Notes of that Series.

**Issue Price:** Notes may be issued at any price on a fully or partly paid basis, as specified in the relevant Pricing Supplement.

**Currencies:** Subject to all applicable laws and regulations, Notes will be denominated in Australian dollars or such other currencies as may be specified in the relevant Pricing Supplement.

**Denominations:** Subject to all applicable laws and regulations, Notes will be issued in such denominations as may be specified in the relevant Pricing Supplement.

**Maturities:** Subject to all applicable laws and regulations, Notes may have any maturity as may be specified in the relevant Pricing Supplement.

**Redemption:** Notes may be redeemed prior to scheduled maturity under certain circumstances as more fully set out in the Terms.

Notes entered in a Clearing System will be redeemed through that Clearing System in a manner that is consistent with the rules and regulations of that Clearing System.

Assuming there is no early maturity and Physical Delivery is not applicable, Notes will be redeemed by payment of the Maturity Redemption Amount at maturity and the payment of each Note's Maturity Redemption Amount will redeem the Note in full and discharge all of the Issuer's obligations in connection with the money lent to the Issuer on issuance of the Note. If Physical Delivery is applicable to a Series then the Issuer's obligation to pay the Maturity Redemption Amount will be satisfied by delivery of Entitlement Shares to the Holder.

**Interest:** Notes may or may not bear interest. Interest (if any) may be a fixed amount or amounts, may be calculated at a fixed or floating rate, may be linked to the performance of one or more Underlying Assets and in each case may vary during the lifetime of the relevant Series.

**Periodic Coupons:** Notes may or may not pay one or more periodic coupons. These amounts may be fixed or calculated by reference to the performance of an Underlying Asset or some other variable and in each case may vary during the lifetime of the relevant Series.

**Certain types of Notes which may be issued under the Program:**

Equity Linked Notes, Equity Index Linked Notes, Fund Linked Notes, FX Linked Notes, Credit Linked Notes and Other Notes which are linked to such other Underlying Asset(s) as specified in the relevant Pricing Supplement.

Payments (whether in respect of principal, interest or otherwise and whether at maturity or otherwise) may be linked to a number of different Underlying Assets.

Underlying Asset Conditions applicable to a Product are set out in the Part 2 IM for the relevant Product. Series specific information (including formulae) relating to valuation, adjustments, extraordinary events, payments and other matters affecting the Notes are set out in the Part 2 IM and the Pricing Supplement for those Notes.

**Underlying Assets:**

May include a share or security (including a preference share), an index (whether share index, commodity index, credit index, inflation index or otherwise), a fund, a commodity, a foreign exchange rate, credit risk of a reference entity, an interest rate, any other financial, economic or other measures or instruments including the occurrence or non-occurrence of any event or circumstances, baskets of any of the foregoing, a derivative contract in relation to any of the foregoing, any other combination of any of the foregoing.

**Other Notes:**

The Issuer may from time to time issue additional Part 2 IMs for Notes to be issued as a new Product type.

The Issuer may also from time to time issue Notes in a form not specifically contemplated in this Part 1 IM. Terms applicable to any other type of Note that the Issuer and any relevant Dealer(s) or other investor(s) may agree to issue under the Program will be set out in the relevant Product Conditions and Pricing Supplement.

**Clearing Systems:**

Notes may be transacted either within or outside a Clearing System and the Clearing System may be inside or outside Australia as specified in the relevant Pricing Supplement.

For example, the Issuer may apply to Clearstream Banking S.A. and Euroclear S.A./N.V. for approval for Notes to be traded on the clearing and settlement system operated by it.

Approval by a Clearing System is not a recommendation or endorsement by the Clearing System of such Notes.

**Title:**

Entry of the name of the person in the Register in respect of a Note in registered form constitutes the obtaining or passing of title and is conclusive evidence that the person so entered is the registered holder of that Note subject to correction for fraud or error.

Title to Notes which are held in a Clearing System will be determined in accordance with the rules and regulations of the relevant Clearing System. For example, Notes which are held in the Clearstream System will be registered in the name of the nominee for the common depository of Clearstream.

Each Tranche of Notes will have issued in respect of it either a Global Certificate or an Individual Certificate, in each case as specified in the relevant Pricing Supplement. Each Global Certificate will be deposited on or around the relevant issue date with a depository or a common depository for the relevant Clearing System and registered in the name of a nominee for such depository and will be exchangeable for Individual Certificates in accordance with its terms.



Title to other Notes will depend on the form of those Notes as specified in the relevant Pricing Supplement.

**Payments and Record Date:**

Payments to persons who hold Notes through a Clearing System will be made in accordance with the rules and regulations of the relevant Clearing System.

If any Notes are not lodged in a Clearing System, payments in respect of those Notes will be made to the account of the registered holder noted in the register as at 5:00pm (Sydney time) on the relevant Record Date. If no account is notified, then payments will be made by cheque mailed on the relevant payment date to the registered holder at its address appearing in the Register on the Record Date or in such other manner as the Issuer considers appropriate.

The Record Date is the date which is the close of business in the place where the Register is maintained on the Business Day immediately preceding the payment date or such other date specified in the Terms applicable to the Note.

**Tax Consequences:**

A brief overview of the Australian taxation treatment of payments of interest on Notes is set out in Section 7 of this Part 1 IM. It is a summary only and generic in nature and investors should obtain their own independent taxation advice regarding the taxation status of investing in any Notes. Further commentary on general taxation consequences of investing in a particular Product may be included in the Part 2 IM for that Product.

**Listing:**

It is not currently intended that Notes will be listed on any stock exchange. An application may be made for the Issuer to be admitted to the official list of, and/or Notes of a particular Series be quoted on, the Australian Securities Exchange operated by ASX Limited (ABN 98 008 624 691) ("ASX") or another stock exchange (in accordance with applicable laws and regulations).

Any Notes which are quoted on the ASX will not be transferred through, or registered on, the Clearing House Electronic Sub-Register System (CHES) operated by ASX Settlement Pty Limited (ABN 49 008 504 532) and will not be "Approved Financial Products" for the purposes of that system.

The applicable Pricing Supplement in respect of the issue of any Series or Tranche of Notes will specify whether or not such Notes will be quoted on the ASX or any other stock exchange.

**Governing Law:**

The Notes and all related documentation will be governed by the laws in force in New South Wales and the Commonwealth of Australia.

**Selling Restrictions:**

The offer, sale and delivery of Notes and the distribution of the Information Memorandum and other material in relation to any Notes are subject to such restrictions as may apply in any country in connection with the offer and sale of a particular Series of Notes.

In particular, restrictions on the offer, sale and delivery of Notes in Australia and the United States of America are set out in Section 2 – "Selling Restrictions".

Restrictions on the offer, sale and/or distribution of Notes may also be set out in the relevant Pricing Supplement.

Unless expressly permitted in the relevant Pricing Supplement, Notes may not be offered, sold or transferred in any jurisdiction other than Australia.

**Transfer Procedure:**

Notes may only be transferred in whole and not in part.

Unless otherwise specified in any relevant Pricing Supplement, Notes may only be transferred if:

- (a) in the case of Notes to be transferred in Australia:
  - (i) (A) the offer or invitation giving rise to the transfer is for an aggregate consideration of at least A\$500,000 (or its equivalent in an alternative currency, and in either case, disregarding moneys lent by the transferor or its associates to the transferee), or (B) the offer or invitation for the transfer does not require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act; and
  - (ii) any Notes issued by UBS AG are not offered, issued or resold to persons or non-incorporated entities for an aggregate amount payable of less than A\$250,000 (or its foreign currency equivalent) in Australia; and
  - (iii) the transfer is not to a "retail client" as defined for the purpose of section 761G of the Corporations Act; and
- (b) at all times, the transfer complies with all applicable laws of the jurisdiction where the transfer takes place.

Transfers of Notes held in a Clearing System will be made in accordance with the rules and regulations of the relevant Clearing System.

Restrictions on the transfer of Notes may also be set out in the relevant Pricing Supplement.

Unless expressly permitted in the relevant Pricing Supplement, Notes may not be offered, sold or transferred in any jurisdiction other than Australia.

**Use of Proceeds:**

The net proceeds of the issue of each Series of Notes will be used by the Issuer for its general corporate purposes.

**Stamp Duty:**

Any stamp duty incurred at the time of issue of Notes will be for the account of the Issuer. Any stamp duty incurred on a transfer of Notes will be for the account of the transferor or transferee (as determined amongst themselves).

As at the date of this Part 1 IM, no Australian stamp duty is payable on the issue, transfer or redemption of the Notes and no Swiss stamp duty is payable on the issue of the Notes. However, investors are advised to seek independent advice regarding any stamp duty or other taxes imposed by another jurisdiction upon the transfer of Notes, or interests in Notes, in any jurisdiction.

Any stamp duty incurred on delivery of Entitlement Shares to the Holder at maturity or redemption of the Notes will be for the account of the Holder.

**Investor to obtain independent advice with respect to investment and other risks:**

Section 6 of this Part 1 IM contains a description of general risk factors applicable to an investment in Notes. Further information on specific risk factors in relation to a Product may be included in the Part 2 IM for the Product. Those descriptions do not represent a full description of all of the risks arising from an investment in a Series of Notes. Prospective investors should consult their own professional, financial, legal and tax advisers about risks associated with an investment in a particular Series of Notes and the suitability of investing in the Notes in light of their particular circumstances.

## Section 5 – Description of the Issuers, Arranger, Guarantor and the Guarantee

The information set out below is intended to be a brief summary only of UBS AG and UBS Investments Australia Pty Limited (as Issuers), UBS Securities Australia Limited (as Arranger) and UBS AG (as Guarantor). Investors must make their own assessment of the ability of the Issuer and the Guarantor (if applicable) to meet their obligations in relation to the Notes. Nothing in this Information Memorandum is or may be relied upon as a representation as to any future event or a promise as to the future.

### **UBS AG (an 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.

UBS AG with its subsidiaries (together, "UBS AG Group"; together with UBS Group AG, which is the holding company of UBS AG, and its subsidiaries, "UBS Group", "Group" or "UBS") 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.

UBS AG is incorporated and domiciled in Switzerland and operates under the Swiss Code of Obligations as an *Aktiengesellschaft*, a corporation limited by shares.

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.

The Issuers will provide a copy, free of charge, of any of the following documents to any person who requests such copies during the life of this Information Memorandum, by contacting UBS on 1800 633 100:

- the latest available annual financial report of UBS AG; and
- the latest available quarterly financial report of UBS AG.

UBS AG's latest available annual and quarterly financial reports can also be downloaded from <http://www.ubs.com/1/e/investors.html>.

Additional information and details of the management and supervisory bodies of UBS can be obtained at [www.ubs.com/investors](http://www.ubs.com/investors).

Any statements regarding the competitive position of UBS AG, UBS AG Group or the Group contained in this document are made on the basis of the opinion of UBS AG or the Group.

In Australia, UBS AG is a foreign Authorised Deposit-Taking Institution ("foreign ADI") under the *Banking Act 1959* (Cth), and is supervised by the Australian Prudential Regulation Authority. A Note is not a deposit product or other deposit liability and is not covered by the depositor protection provisions in the *Banking Act 1959* (Cth).

In any event, provisions in the *Banking Act 1959* (Cth) for the protection of depositors do not apply to foreign ADIs including UBS AG. For example, depositors with foreign ADIs do not receive the benefit of the following protections:

- Deposits are not covered by the financial claims scheme and are not guaranteed by the Australian Government.

- Deposits do not receive priority ahead of amounts owed to other creditors. This means that if a foreign ADI was unable to meet its obligations or suspends payment, its depositors in Australia would not receive priority for repayment of their deposits from the foreign ADI's assets in Australia.
- A foreign ADI is not required to hold assets in Australia to cover its deposit liabilities in Australia. This means that if the foreign ADI was unable to meet its obligations or suspends payment it is uncertain whether depositors would be able to access the full amount of their deposit.

Investors are encouraged to take this information into account when making a decision to invest in any Notes.

UBS AG holds an Australian financial services licence (AFSL number 231087). UBS AG's address in Australia is:

Level 16, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000  
Australia

### **UBS Investments Australia Pty Limited (an Issuer)**

UBS Investments Australia Pty Limited ("UBSIA") is an Australian private company and a wholly owned subsidiary of UBS AG. UBS Group AG is the holding company of UBS AG and therefore the ultimate holding company of UBSIA. UBSIA has minimal capital and it is not an ADI under the Banking Act 1959 (Cth). The obligations of UBSIA are unsecured obligations which rank equally with all of its other unsecured obligations, and in a winding up of UBSIA you may not receive amounts owed in respect of Notes issued by it. However, UBSIA's obligations in respect of the Notes are guaranteed by the Guarantor (UBS AG, Zurich) subject to certain qualifications. The Guarantee is more fully described in Section 5 of this Part 1 IM.

UBS Investment Australia Pty Ltd's address is:

Level 16, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000  
Australia

### **UBS Securities Australia Limited (Arranger for UBS Investments Australia Pty Ltd)**

UBSIA does not have an Australian Financial Services Licence. The issue of the Information Memorandum by UBSIA in Australia is arranged by UBS Securities Australia Limited ("Arranger" or "UBSSA") (ABN 62 008 586 481; AFSL 231098) pursuant to an intermediary authorisation for the purposes of section 911A(2)(b) of the Corporations Act. Pursuant to that section, for a Series of Notes issued by UBSIA, UBSIA will issue the Notes in accordance with the offer made by the Arranger to arrange for such issue of Notes.

The Arranger is an Australian unlisted public company, a wholly owned but non-guaranteed subsidiary of UBS AG, and is ultimately owned by UBS Group AG. The Arranger is an Australian Financial Services Licensee under the Corporations Act 2001, a Market Participant of ASX and Chi-X, a participant of ASX Clear (the clearing facility for ASX and Chi-X), and an ASX Settlement Participant (the settlement facility for equity and equity-related securities in Australia).

### **UBS AG (Guarantor)**

UBS AG, Zurich has granted a Guarantee in respect of certain obligations of UBSIA as issuer of Notes. Information on UBS AG is found under the heading "UBS AG (an Issuer)" in this Section 5.

### **Description of Guarantee provided by UBS AG, Zurich**

*What is the Guarantee and what does it cover?*

UBS AG, Zurich (the "Guarantor") has provided a Guarantee in favour of each Holder of Notes issued by UBSIA (other than another UBS entity) except where:

- (i) the Guarantor provides notice to UBSIA and UBSIA, as agent for the Guarantor, advises the person to whom the obligations will be owed that the Guarantee will not apply and the notice is provided before the obligation is incurred; or
- (ii) it relates to an obligation incurred by UBSIA on or after the date on which the Guarantor directly or indirectly ceased to beneficially own all of the shares of UBSIA.

As at the date of this Part 1 IM, the Guarantor has not provided notice to UBSIA under (i) above, and the Guarantor continues to beneficially own all of the shares of UBSIA. If UBSIA receives notice from the Guarantor that the Guarantee will not apply to any further Notes to be issued under this Information Memorandum, or if the Guarantor ceases to own all of the shares of UBSIA, then UBSIA will notify the Holder and withdraw the offer of Notes.

If such events do not occur before the Notes in a Series are issued, the Guarantee will cover the obligations of UBSIA to the Holder under the Terms.

Under the terms of the Guarantee, if UBSIA fails to meet a guaranteed obligation, such as an obligation to make a payment or deliver assets, then the Guarantor will pay the amount or make the delivery on demand by the Holder.

It is important to note that the Guarantee operates in respect of UBSIA's payment and delivery obligations in respect of the Notes, but it is not a guarantee of the performance of any Series of Notes or the performance of the underlying asset(s) of a Series.

*How does a Holder make a claim under the Guarantee?*

A Holder may make a claim under the Guarantee if UBSIA fails to meet a guaranteed obligation as described above. For example, this may occur if UBSIA fails to make a payment in accordance with the Terms, or fails to deliver any assets in accordance with the Terms. To make a claim, the Holder must provide notice of the claim in writing to UBS AG, Australia Branch (at the address set out below), which will act as the Guarantor's agent. If a Holder holds the Notes via a nominee, custodian or third party then the Holder may have to direct its nominee or custodian to make the claim against the Guarantor on its behalf, depending on the terms of the agreement between the Holder and its nominee, custodian or third party. The notice must:

- (i) include the Holder's full name and contact details;
- (ii) indicate that the Holder is making a claim under the Guarantee;
- (iii) indicate that the claim is made in respect of the Holder's holding in Notes issued under the terms of this Information Memorandum and relevant Pricing Supplement, the description of the Series of Notes held, and the number of Notes in that Series held by the Holder;
- (iv) provide all information relevant to the claim, including:
  - the obligation or obligations which UBSIA has failed to satisfy;
  - the due date for the obligation or obligations the subject of the claim; and
  - the monetary amount or particular assets the subject of the claim.

The Holder must also provide any information reasonably required by the Guarantor in order to assess and settle the claim.

Notices to UBS AG, Zurich in relation to the Guarantee must be sent to:

General Counsel  
c/o UBS AG, Australia Branch  
Level 16, Chifley Tower,  
2 Chifley Square  
Sydney, NSW 2000 Australia

or such other address as notified by UBSIA or the Guarantor from time to time.

For valid claims, the Guarantor will then make a payment under the Guarantee either by mailing a cheque to the Holder to their address as notified to UBSIA, or paying the money into the account according to the

details notified by the Holder to UBSIA. For a delivery of assets the Guarantor will make the delivery in the same manner as was originally required of UBSIA. Once the payment or delivery is made, this shall discharge absolutely the obligation of the Guarantor to make that payment or delivery to the Holder (and any investor on whose behalf the Holder holds Notes) and the Holder and investor will have no further recourse to UBSIA or the Guarantor for such payment or delivery.

*Other information*

The Guarantee is unconditional and irrevocable and the obligations of the Guarantor under the Guarantee (subject to applicable laws and equitable principles affecting creditors' rights generally) will at all times rank at least equally with all its unsecured and unsubordinated indebtedness and monetary obligations, present and future.

The Guarantor is an overseas entity and no assurance can be given in relation to the enforceability in an overseas jurisdiction of any Australian judgment obtained in relation to any default by them. However, the Guarantee is governed by NSW law and the Guarantor submits to the non-exclusive jurisdiction of the NSW courts in respect of the Guarantee.

The Guarantee is not supported by a charge or other form of security over the assets of the Guarantor. The Guarantee represents general and unsecured contractual obligations of the Guarantor and will rank equally with all of its other unsecured and unsubordinated indebtedness and monetary obligations and in a winding up of the Guarantor you may not receive these amounts.

Investors can obtain a copy of the Guarantee free of charge by contacting UBSIA on 1800 633 100.

## Section 6 – General Risk Factors

This section describes the general risks of investing in Notes. Key risks which are relevant to a specific Product are described in the Part 2 IM for the Product. Additional risks may also be disclosed in the Pricing Supplement for a Series. The risk disclosure in the Information Memorandum and the Pricing Supplement does not cover all risks and does not take into account the specific circumstances of an investor. Prospective investors should seek independent advice on the financial, legal, taxation and other consequences of an investment in Notes which takes into account their circumstances, needs and objectives.

### **No principal protection**

Notes are not deposits with the Issuer and should not be treated as a substitute for a deposit. Notes are not covered by depositor protection provisions set out in Division 2 of the Banking Act 1959 (Cth).

There is no guarantee that investors will be able to liquidate their Notes at an amount that is at least equal to the original amount that they invested.

One or more of the Maturity Redemption Amount, Periodic Coupons, Maturity Coupon and other amounts payable under the Note may be linked to the performance of an Underlying Asset, e.g. shares in a company. The value of the Notes will therefore fluctuate with changes in the value of the Underlying Asset. Even where the Maturity Redemption Amount is expressed to be or could potentially be 100% of the Principal Amount of the Note, there is no guarantee that the value of the Note will be at least 100% of the Principal Amount prior to maturity and may in fact be significantly less.

Different Products and different Series of Notes have different (and potentially significantly different) Terms. Key risks which are specific to a Product or a Series will be disclosed in the relevant Part 2 IM or Pricing Supplement.

### **Changes in Note value may be rapid and unpredictable**

The value of Notes will fluctuate over time. Whilst the Note value is linked to one or more Underlying Assets and will be influenced (positively or negatively) by such underlying asset(s) any change may not be comparable and may be disproportionate. For example, depending on the specific Terms, investors may be exposed to the risk of a fall in the Underlying Asset price but have their exposure to any positive performance of the Underlying Asset capped at a certain level. In other cases, Notes may provide a leveraged exposure to upside and/or downside performance of the Underlying Asset(s), or an increase in the Underlying Asset value may result in a decrease in the Note value.

Investing in Notes is not the same as investing in the Underlying Asset(s) – for example, an investor will not have any ownership rights in the Underlying Asset(s) and the price of the Note may be more volatile or less volatile than the price of the Underlying Asset(s). Since there is a defined maturity date for a Note, the investor must generally be correct about the direction, timing and magnitude of changes in the Underlying Asset(s) performance in order to derive a gain from an investment in Notes. Depending on the specific Terms, the value of a Note can fall to a de minimus amount (e.g. \$0.01 per Note), thus resulting in a loss of practically the entire amount invested.

The Issuers expect to issue multiple Series of Notes with different Terms. Some Notes may appear similar, especially Notes of the same Product type (which are subject to the same Product Conditions) but the Note may be supplemented and varied by the Pricing Supplement so investors must refer to the Product Conditions and the specific Pricing Supplement for a Series before making an investment in the Series.

Notes issued under the Information Memorandum are structured investments so changes in the price or level of the Underlying Assets may not lead to a corresponding change in the value of the Notes of the same magnitude or even any change at all. The value of a Note may be impacted by multiple factors, for example:

- performance of the Underlying Asset(s);
- correlation between the performance of Underlying Assets;
- volatility of prices of the Underlying Asset(s);
- changes in interest rates and exchange rates;
- distribution yield from Underlying Asset(s);
- time remaining to the maturity of the Notes;

- creditworthiness of the Issuer and the Guarantor, which can influence the Issuer's credit margin; or
- other factors which affect financial markets or the economy in general.

More than one risk factor may have simultaneous effects with regard to the Notes such that the effect of a particular risk factor may be unpredictable.

In addition, more than one risk factor may have a compounding effect which may be unpredictable. No assurance can be given as to the effect that any combination of risk factors may have on the value of the Notes.

### **Underlying Asset performance risk**

Periodic returns and/or the Maturity Redemption Amount of Notes are linked to the performance of the Underlying Asset. It is impossible to predict whether the Underlying Asset value will rise or fall and past performance is not an indicator of future performance of the Underlying Asset(s) during the investment term of the Notes.

Underlying Asset values may be influenced by complex and interrelated financial, economic, political and other factors, including but not limited to:

- actual and expected profitability of the issuers of the Underlying Assets and their distribution payment policies;
- general movements in local and international security markets;
- changes in interest rates and exchange rates;
- changes in law affecting the Underlying Assets;
- where the Underlying Asset is a commodity or commodities index, the price of the commodity or prices of the commodities contracts and prices of physical commodities; or
- other factors which affect financial markets or the economy in general.

The Issuer does not guarantee the performance of the Underlying Asset or the Notes and nothing in the Information Memorandum is a recommendation by the Issuer concerning an investment in Notes or the Underlying Assets. Holders do not acquire any interest in or rights to the Underlying Assets by investing in Notes.

### **Liquidity risk**

The Notes are not listed unless the Pricing Supplement for a Series specifically states that the Series of Notes will be listed. The Issuers expect the vast majority of Notes to be unlisted. Furthermore, the transfer of the Notes can only be made in accordance with the relevant transfer and selling restrictions set out in the Information Memorandum and the relevant Pricing Supplement which may further limit the liquidity of the Notes.

The Issuers and Dealers are not obliged to buy back Notes. As such, any secondary market in Notes made by the Dealer or any repurchase by the Issuer will be made on a reasonable efforts basis only and subject to market conditions, law, regulation and internal policy. Furthermore, any secondary market may not be liquid enough to support the sale by an investor of their particular holding, and a bid offer spread is expected to apply (that is, the price at which Notes can be sold will be lower than the price at which Notes can be purchased by investors at the same time).

If a secondary market does not exist then investors will have to hold the Notes to final maturity, potentially with no income in the interim if the Notes do not provide for any periodic returns prior to maturity. If a Note is sold in the secondary market, the price may be significantly less than the Principal Amount of the Note and will be net of any related costs and taxes. The secondary market price will also be dependent on the quantum of proceeds derived by the Issuer from unwinding its hedges for the Note, which will vary over time.

### **Credit risk exposure to Issuer and Guarantor**

Investors are exposed to counterparty risk in relation to the Issuer which is a risk that the Issuer may default on its obligations under the Terms. The obligations of the Issuer are unsecured obligations which rank equally with all other unsecured obligations of the Issuer, and in a winding up of the Issuer, investors may not receive all the amounts owed to them.



Where the Issuer is UBS Investments Australia Pty Ltd ("UBSIA"), investors are also exposed to counterparty risk in relation to the Guarantor, being UBS AG. UBSIA only has nominal capital so in the event of a default by UBSIA investors may make a claim against the Guarantor. The Guarantee is not supported by a charge or other form of security over the assets of the Guarantor – it represents general and unsecured contractual obligations of the Guarantor and will rank equally with all of its other unsecured obligations. Investors should note that the Guarantor is an overseas entity and no assurance can be given in relation to the enforceability in an overseas jurisdiction of any Australian judgment obtained in relation to any default by the Guarantor. However, the Guarantee is governed by NSW law and the Guarantor submits to the non-exclusive jurisdiction of the NSW courts in respect of the Guarantee.

You must make your own assessment of the ability of the Issuer and the Guarantor to meet their obligations and their general creditworthiness. You can assess the Issuer's and the Guarantor's ability to meet their counterparty obligations by reviewing their financial information. Please refer to the "Description of the Issuer, Arranger and the Guarantor" in Section 5 of this Part 1 IM for more detail and information about how to access the financial information of the Issuer and the Guarantor.

**If UBS experiences financial difficulties, the Swiss Financial Market Supervisory Authority (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 (including payments relating to the Notes issued under this Program). 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 recapitalize UBS AG or such other subsidiary.

### **Opportunity cost and time value of money**

An investment in Notes may produce a return that is less than that offered by other investments of the same maturity. The actual return from Notes is variable and could be negative so there is a risk investors will lose all the money they have invested. In addition, it is likely that the return from Notes will not be the same as what an investor would earn if the investor had invested directly in the Underlying Asset(s).

When interest rates in the Specified Currency and inflation rate are positive, one unit of the Specified Currency received at a future date is worth less than one unit of Specified Currency received today because of the interest that an investor could have earned on investing the money between today and the future date. This is often referred to as the "time value of money" and should be taken into account when assessing an investment in Notes, especially Notes which do not pay any periodic returns prior to maturity and only pays a Maturity Coupon and/or Maturity Redemption Amount on a future date.

### **Calculation Agent's discretion**

The Calculation Agent has a broad discretionary authority to make various determinations and adjustments under the Notes, any of which may have an adverse effect on the value and/or the amounts payable under the Notes. For example, upon occurrence of an event which has a diluting, concentrative or other effect on the actual or theoretical value of an Underlying Asset for a Note, the Calculation Agent may make adjustments to the Terms of the Notes as it determines appropriate (in its sole and absolute discretion) to account for that diluting or concentrative effect.

Prospective investors should be aware that any determinations made by the Calculation Agent may therefore have an impact on their financial return from Notes. Where the Calculation Agent is required to make a determination it will do so in good faith but it is not obliged to take into account the interests of the investors. It is possible for an adjustment to have an adverse effect on the value and liquidity of the affected Notes.

In the absence of manifest error, the Calculation Agent's determination is final, conclusive and binding on the Holders and the Issuer. None of the Calculation Agent, the Issuer or the Guarantor or any Agents (as applicable) shall have responsibility to Holders or any other person for good faith errors or omissions in the Calculation Agent's calculations and determinations, whether caused by negligence or otherwise, as provided in the Terms of the Notes. No person shall be entitled to make any claim against the Calculation Agent, the Issuer or the Guarantor (as applicable) for such good faith errors or omission.

### **Early redemption risk**

In addition to Mandatory Redemption Events, the Issuer may exercise its discretion to redeem a Series of Notes early if certain other events occur, such as an Extraordinary Event, Potential Adjustment Event or if the Issuer would be required to make any withholding or deduction in respect of Taxes applicable to the Notes. In such cases, the Early Redemption Amount will be determined based on then prevailing market conditions and the value that the Issuer has derived or is able to derive from unwinding its Hedge Positions in respect of the Note. The Early Redemption Amount cannot be calculated with certainty until the redemption is implemented and may be less than 100% of the Principal Amount of the Note.

## **Possible conflict of interests**

The Issuer and its affiliates may conduct transactions as principal or agent in various assets, indices and other investments including the Underlying Asset(s) to which the Notes are linked. These trading activities may affect (positively or negatively) the value or liquidity of the Underlying Asset(s) and may therefore affect the return from an investment in Notes.

Investors should ensure that they understand and accept the identities of the parties and the roles they play in relation to the Notes. For example, the Issuer, a Dealer and certain named Agents (e.g. the Calculation Agent and the Issuing and Paying Agent) may be the same or affiliated corporate entities, although performing different functions in respect of the issue of the Notes and the structure underlying them. In particular, in their respective roles, the Issuer or the various named Agents may retain various powers of discretion which may have a material impact on the value and performance of the Notes, for example, the ability to adjust the Terms of the Notes following a Potential Adjustment Event or the ability to declare an early redemption of the Notes as a result of an Extraordinary Event. Such discretions may create conflicts of interest due to the capacities in which the Issuer or the agents are acting and these discretions may be exercised (or not be exercised) in a way that could adversely affect the Holders.

## **Tax risk**

If an amount is required by law to be withheld or deducted from a payment due to a Holder under a Note for or on account of any Taxes then the Issuer or any person with the authority or obligation to withhold Taxes in respect of that payment will either withhold the relevant amount before the remainder is paid to the Holder, or if payment is made without deduction or withholding then the Issuer is entitled to recover the amount withheld or deducted from the Holder as a full recourse debt and may be deducted from future payments due to the Holder. Unless specifically provided for in the Terms, there will be no gross up for any Taxes deducted so investors will derive a lower return from their Notes if withholding is applicable. For example, if the Issuer is required to withhold any amount pursuant to Australian interest withholding tax, FATCA or Section 871(m) of the U.S. Tax Code, the Issuer will not be required to pay additional amounts with respect to the amount so withheld.

Under the terms of the Notes, the Issuer is also entitled to early redeem the Notes if the Issuer is required to deduct or withhold any Taxes. In such circumstances, investors may receive an amount which is less than the Principal Amount of the Notes.

## **Foreign exchange risk**

If the Specified Currency of the Note is different to the denomination of the Underlying Asset(s), or if Physical Delivery is applicable and the Delivery Shares are denominated in a currency different to the Specified Currency then the value of the Note and the financial return under the Notes may be subject to fluctuations of the exchange rate between the Specified Currency and the currency denomination of the Underlying Asset or Delivery Share. The relevant exchange rate may fluctuate as a result of market and political conditions and economic factors and may go up as well as down. There is no assurance that the level of the relevant exchange rate at any given time will be at a level which will result in a favourable financial return for the investor.

## **Consequences of the Notes being represented by Global Certificate**

For so long as the Notes are represented by the Global Certificate, the Notes will be held and traded through the applicable Clearing System. For the purposes of payments and delivery of notices required to be made by the Issuer to a Holder of the Notes, such payments and notices will be given by delivery to the relevant Clearing System for communication and delivery by it to entitled accountholders, and therefore investors will have to rely on the relevant participant in the Clearing System and their custodian banks to credit his/her/its account with payments credited to it and/or to distribute the notices which it receives through the applicable Clearing System from the Issuer.

## **Limited Recourse**

The Issuer's obligation to pay any amounts due hereunder shall be reduced and/or delayed accordingly if the Issuer (or its Affiliates), 1) fails to receive any amount/securities in full or 2) experiences a delay in the receipt

of any amount/securities, in each case under the transactions entered into by the Issuer (or its Affiliates) for hedging the Notes.

### **Risks related to Notes which are linked to “benchmarks”**

#### *LIBOR discontinuation*

Since April 2013, the U.K. Financial Conduct Authority (“**FCA**”) has regulated the London Interbank Offered Rate (“**LIBOR**”), the “benchmark” to which certain payments on Notes issued under the Program may be linked. Efforts to transition from LIBOR to alternative benchmark rates are under way in several jurisdictions.

The FCA announced in July 2017 that it will not intervene beyond 2021 to sustain LIBOR and urged users to plan the transition to alternative reference rates. 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. 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 recently announced its decision to develop, before 2020, a euro unsecured overnight interest rate based on transaction data already reported to the ECB by banks. As a result, there can be no guarantee that LIBOR will be determined after 2021 on the same basis at present, if at all. 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 LIBOR that may be implemented in the United Kingdom or elsewhere.

#### *The Benchmark Regulation*

Interest rates and indices which are deemed to be “benchmarks” are the subject of recent national and international regulatory guidance and proposals for reform. 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. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a “benchmark”.

The Benchmark Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the European Union. It, among other things, (i) requires benchmark administrators to be authorised or registered (or, if not based in the European Union, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by European Union supervised entities of “benchmarks” provided by administrators that are not authorised or registered (or, if not based in the European Union, not deemed equivalent or recognised or endorsed).

The Benchmark Regulation could have a material impact on any Notes linked to or referencing a “benchmark”, in particular, if the methodology or other terms of the “benchmark” are changed in order to comply with the requirements of the Benchmark Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the “benchmark”.

In addition, the occurrence of an Administrator/Benchmark Event (as defined in the Part 2 IM) may cause early redemption, cancellation or adjustment of the Notes. An Administrator/Benchmark Event may occur in any of the following circumstances: (i) if a benchmark is changed or cancelled, (ii) the relevant authorisation, registration, recognition, endorsement, equivalence or approval in respect of the benchmark or the administrator of the benchmark is not obtained, (iii) an application for authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register is rejected or (iv) any authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended or inclusion in any official register is withdrawn.

In the event that the Notes are early redeemed as a result of an Administrator/Benchmark Event, the proceeds of sale and/or the proceeds of termination of any Notes, as applicable, may not be sufficient to fund in full the amount payable in respect of each Note in connection with early redemption as a result of an Administrator/Benchmark Event, where such an amount is calculated in accordance with the Product Conditions, and investors may receive a return significantly less than their initial investment (or even zero).

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the following effects on certain "benchmarks": (i) discourage market participants (or prohibit a particular market participant) from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark" and/or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a "benchmark" and the Issuer may be entitled to redeem the Notes prior to their scheduled maturity date or to require the Calculation Agent to make corresponding adjustments to the Terms and Conditions of the Notes.

## Section 7 – Taxation Summary

### Australian Taxation

The following is a summary of the taxation treatment under the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997 ("ITAA 1936", "ITAA 1997", and together, "Australian Tax Act"), and any relevant regulations, rulings or judicial or administrative pronouncements, at the date of this Part 1 IM of certain payments and features of Notes issued under the Program. References to "Issuer" in the following sections are to UBS AG or UBS Investments Australia Pty Ltd, as applicable. References to "investors" are to persons who hold a beneficial interest in the Notes which are lodged in the Clearing System. Investors should consult their tax advisors in relation to the tax treatments of Notes issued by other UBS branches.

This summary does not constitute legal or taxation advice, is not exhaustive and does not purport to be a complete analysis of all tax and stamp duty considerations relating to the Notes. Furthermore, the tax treatment of a particular Series of Notes may differ from the tax treatment of another Series of Notes, and most likely so if the Series are of a different Product type because the terms of issue are different. Prospective investors should consult their professional advisers on the tax implications of an investment in a Series of Notes in their particular circumstances.

The comments in this tax summary are made on the assumption that:

- (a) payments made by the Issuer to the Clearing System will be passed on by the clearing participants to the investors;
- (b) unless specified otherwise, the investor can be either a resident or non-resident but does not include an investor who carries on business at or through a permanent establishment outside their home countries;
- (c) the investor is not a dealer in securities, a custodian, or a person who holds Notes on behalf of other persons and did not acquire the Notes for the purpose of resale at a profit;
- (d) the investor does not have the intention to (when the Note is purchased), and will not, dispose of the Note prior to the Maturity Settlement Date; and
- (e) the investor acquires and holds the Note on capital account and does not hold the Note as trading stock.

### Payments and deliveries under particular Series of Notes

Depending on the specific terms of a Series of Notes, certain payments or deliveries may be made to the investor, on a conditional or unconditional basis. Comments on the general Australian tax consequences of investing in Notes of a particular Product type are included in the Part 2 IM for that Product. Those comments do not constitute legal or taxation advice and are not exhaustive. Prospective investors should seek professional advice before making an investment in Notes, taking into account their particular circumstances.

The following are general comments which are expected to be relevant to most Series of Notes.

### Interest withholding tax

- Nature of payment

The Australian Tax Act characterises securities as either "debt interests" (for all entities) or "equity interests" (for companies) including for the purposes of Australian interest withholding tax ("IWT") and dividend withholding tax. IWT is payable at a rate of 10% of the gross amount of interest paid by the Issuer (or the Guarantor, if relevant) to a non-resident of Australia (other than a non-resident acting at or through a permanent establishment in Australia) or a resident acting at or through a permanent establishment outside Australia unless an exemption is available. For these purposes, interest is defined in section 128A(1AB) of the Australian Tax Act to include amounts in the nature of, or in substitution for, interest and certain other amounts. As an example, Periodic Coupons and Maturity Coupons are expected to be characterised as interest or an amount in the nature of interest paid on a Note.

IWT may also be payable at the rate of 10 per cent on payments of interest paid on an overdue amount by the Issuer or Guarantor to non-Australian residents.

If Coupons and other payments in relation to a Series of Notes are not so characterised, further information on the material Australian tax consequences relating to those payments, including interest withholding tax, will be

specified in the relevant Part 2 IM or Pricing Supplement (or another relevant supplement to the Information Memorandum).

- Exemption

An exemption from IWT is available in respect of interest paid on the Notes if the requirements of section 128F of the Australian Tax Act are satisfied.

The requirements under section 128F for an exemption from IWT in respect of the Notes are as follows:

- (a) where the Issuer is UBS AG, Australia Branch, the Issuer is a non-resident of Australia carrying on business at or through a permanent establishment in Australia when it issues the relevant Notes and when interest is paid, and where the Issuer is UBS Investments Australia Pty Ltd, the Issuer is a resident of Australia when it issues the relevant Notes and when interest is paid;
- (b) the Notes are issued in a manner which satisfies one of the public offer tests set out in section 128F(3);
- (c) the Issuer does not know, or have reasonable grounds to suspect, at the time of issue, that the Notes or an interest in the Notes was being, or would later be, acquired, directly or indirectly, by an "associate" of the Issuer, except as permitted by section 128F(5) of the Australian Tax Act; and
- (d) at the time of the payment of interest, the Issuer does not know, or have reasonable grounds to suspect, that the payee is an "associate" of the Issuer, except as permitted by section 128F(6) of the Australian Tax Act.

In summary, the issue of Notes satisfies the public offer test if the issue resulted from the Notes being offered for issue:

- to 10 or more unrelated financiers or securities dealers;
- to 100 or more investors;
- as a result of the Notes being accepted for listing on a stock exchange;
- as a result of negotiations commencing via publicly available information sources such as Bloomberg, Reuters or by circulating an Information Memorandum; or
- to a dealer, manager or underwriter who offers to sell such Notes within 30 days by one of the preceding methods.

- Compliance with section 128F of the Australian Tax Act

Unless otherwise specified in a relevant Pricing Supplement (or another relevant supplement to this Information Memorandum), the Issuer intends to issue the Notes in a manner which will satisfy the requirements of section 128F of the Australian Tax Act.

### **Other withholding taxes**

Pursuant to section 12-140 of Schedule 1 to the Taxation Administration Act 1953 of Australia ("TAA"), TFN/ABN withholding tax is imposed on the payment of interest and other income to investors who are Australian residents unless the investor has quoted an Australian tax file number ("TFN") or an Australian Business Number ("ABN") (if applicable) or provided proof of some other exemption (as appropriate). The rate of TFN/ABN withholding tax is currently 47%. The Issuer is not under any obligation to gross up any payments under the Notes for TFN/ABN withholding tax applicable to an investor. Furthermore, if the full amount of the payment subject to TFN/ABN withholding has been paid to the investor then the Issuer is entitled to recover the TFN/ABN withholding amount from the investor as a full recourse debt.

Payments in respect of the Notes can be made free and clear of the "supply withholding tax" imposed pursuant to section 12-190 of Schedule 1 to the TAA.

## **Foreign Account Tax Compliance Act**

The Foreign Account Tax Compliance Act ("FATCA") was enacted on March 18, 2010, and imposes a 30% U.S. withholding tax on "withholdable payments" (i.e., certain U.S. -source payments, including interest (and original issue discount), dividends, other fixed or determinable annual or periodical gain, profits, and income, and on the gross proceeds from a disposition of property of a type which can produce U.S.-source interest or dividends) and "passthru payments" (i.e., certain payments attributable to withholdable payments) made to certain foreign financial institutions (and certain of their affiliates) unless the payee foreign financial institution agrees (or is required), among other things, to disclose the identity of any U.S. individual with an account of the institution (or the relevant affiliate) and to annually report certain information about such account. FATCA also requires withholding agents making withholdable payments to certain foreign entities that do not disclose the name, address, and taxpayer identification number of any substantial U.S. owners (or do not certify that they do not have any substantial U.S. owners) to withhold tax at a rate of 30%. Under certain circumstances, a holder may be eligible for refunds or credits of such taxes.

Pursuant to final and temporary Treasury regulations and other IRS guidance published after the date FATCA was originally enacted, the withholding and reporting requirements under FATCA will generally apply to certain "withholdable payments", will not apply to gross proceeds on a sale or disposition, and will apply to certain foreign passthru payments only to the extent that such payments are made after the date that is two years after final regulations defining the term "foreign passthru payment" are published. If withholding is required, we (or the applicable paying agent) will not be required to pay additional amounts with respect to the amounts so withheld. Foreign financial institutions and non-financial foreign entities located in jurisdictions that have an intergovernmental agreement with the U.S. governing FATCA may be subject to different rules.

Investors should consult their tax advisors about the application of FATCA, in particular if they may be classified as financial institutions (or if they hold their Securities through a foreign entity) under the FATCA rules.

### **Withholding related to Section 871(m) of the U.S. Tax Code**

A 30% withholding tax is imposed on certain "dividend equivalents" paid or deemed paid to a Non-U.S. Holder 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. Treasury 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 specified equity-linked instruments") issued after 2016 and to all dividend equivalents paid or deemed paid on all other specified equity-linked instruments issued after 2020.

The Issuer will determine whether dividend equivalents on the Notes are subject to withholding as of the close of the relevant market(s) on the pricing date and the relevant Pricing Supplement will indicate whether the Notes are specified equity-linked instruments that are subject to withholding on dividend equivalents. If withholding is required, the Issuer (or the applicable paying agent) will withhold 30% in respect of dividend equivalents paid or deemed paid on the Notes and will not pay any additional amounts with respect to any such taxes withheld. 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 the Notes are not specified equity-linked instruments that are subject to withholding on dividend equivalents, it is possible that the Notes could be deemed to be reissued for tax purposes upon the occurrence of certain events affecting the Underlying Assets or the Notes, and following such occurrence the Notes 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 Section 871(m) tax could apply to the Notes under these rules if a Non-U.S. Holder enters, or has entered, into certain other transactions in respect of the Underlying Assets. As describe above, if withholding is required, the Issuer will withhold 30% in respect of dividend equivalents paid or deemed paid on the Notes and will not pay any additional amounts with respect to any such taxes withheld.

Additionally, in the event that withholding is required, the Issuer hereby notifies each investor that for purposes of Section 871(m), that we will withhold in respect of dividend equivalents paid or deemed paid on the Notes on the dividend payment date as described in Treasury 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). No assurance can be given that an investor will be able to successfully claim a refund of the tax withheld in excess of the tax rate that would otherwise apply to such payments.

Investors acknowledge that in the event the Note references an index, then regardless of whether the index is a net price return, a price return or a total return index, the payments made under the Note (including any amounts deemed reinvested in the calculation of the index or in the Note) 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 UBS or its affiliate, in its capacity as a withholding agent, to the Internal Revenue Service in accordance with the US withholding tax rules under section 871(m) of the Internal Revenue Code.

Investors 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 Notes, including a Non-U.S. Holder that enters, or has entered, into other transactions in respect of the Underlying Assets.

### **No gross up**

Holders who are Australian residents for tax purposes should be aware that if they do not provide either their Tax File Number or Australian Business Number or proof of an exemption, the Issuer or an Australian intermediary (e.g. a custodian) who holds the Notes on their behalf will be required to deduct tax at the highest marginal tax rate (plus Medicare levy) on any interest income derived by the Holder.

If an amount is required by law to be withheld or deducted from a payment under a Note for or on account of any Taxes then the Issuer or any person with the authority or obligation to withhold Taxes will either withhold the relevant amount before the remainder is paid to the investor, or if an amount has been paid to the investor without withholding or deduction then the Issuer is entitled to recover from the investor as a full recourse debt the amount that has been or is required to be remitted to the taxing authority and the investor must pay that amount to the Issuer promptly on demand. The Issuer may, but is not obliged to, deduct any unpaid amount from any Coupons, Maturity Redemption Amount or Early Redemption Amount payable to the Holder under the Terms of the Note.

Unless specifically provided for in the Terms for a particular Series of Notes, there will be no gross up for any Taxes deducted so investors will derive a lower return from their Notes if withholding is applicable.

### **Foreign Exchange**

Where a series is denominated in a currency other than Australian dollars, all amounts received from the Notes should be converted into Australian dollars at the foreign exchange rate prevailing at the time the investor derives that assessable income. When a non-AUD denominated Note is redeemed or disposed of prior to maturity, a forex realisation gain or loss may also arise under Division 775 of the Australian Tax Act. Forex realisation gains and losses recognised under those provisions are assessable income or deductible expenses for Australian residents subject to certain exceptions.

Investors should consult their tax advisors as to the implications under the foreign exchange provisions of the Australian Tax Act and regulations when investing in a non-AUD Series.

### **Taxation of Financial Arrangements ("TOFA")**

Division 230 of the Australian Tax Act generally operates to tax gains and losses arising from certain "financial arrangements" on revenue account and in some cases on a compounding accruals basis. A Note is likely to be a "financial arrangement" for the purposes of Division 230 of the Australian Tax Act.

Investors who are individuals should be exempt from the application of TOFA. Other entities, including superannuation funds, managed investment schemes and financial entities which are considered small may also qualify for an exemption unless they make an election for TOFA to apply to them.

Investors should consult their tax advisors as to the potential implications of TOFA in light of their own individual facts and circumstances.

### **Stamp duty and similar taxes**

No ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue or transfer of any Notes.

### **Goods and Services tax ("GST")**

None of the acquisition, disposal or redemption of a Note will give rise to a liability for GST in Australia on the basis that the supply of a Note comprises either an input taxed financial supply or, in the case of a non-resident investor, a GST-free supply. Furthermore, none of the payment of the Maturity Redemption Amount, Early Redemption Amount, Periodic Coupons and Maturity Coupon by the Issuer, nor the delivery of Entitlement Shares, would give rise to any GST liability in Australia.

### **Garnishee directions by the Commissioner of Taxation**

The Commissioner may give a direction requiring the Issuer to deduct from any payment to an investor any amount in respect of Australian tax payable by the investor. If the Issuer is served with such a direction, then the Issuer will comply with that direction and make any deduction required by that direction.

### **Common Reporting Standard**

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information ("CRS") will require certain financial institutions to report information regarding certain accounts (which may include a Note) to their local tax authority and follow related due diligence procedures. Investors may be requested to provide certain information and certifications to ensure compliance with the CRS. A jurisdiction that has signed a CRS Competent Authority Agreement may provide this information to other jurisdictions that have signed the CRS Competent Authority Agreement.

The Australian Government has enacted legislation amending, among other things, the Taxation Administration Act 1953 of Australia to give effect to the CRS. The CRS applies to Australian financial institutions with effect from 1 July 2017.

# Section 8 – General Terms and Conditions applicable to all Notes ("General Conditions")

## 1 Interpretation

In the General Conditions, unless the contrary intention appears:

- (a) a reference to "Australian Dollars", "AUD" or "A\$" is a reference to the lawful currency of the Commonwealth of Australia;
- (b) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (c) a reference to the "Corporations Act" is to the Corporations Act 2001 of Australia;
- (d) the singular includes the plural and vice versa;
- (e) the word "person" includes an individual, a firm, body corporate, an unincorporated association or an authority;
- (f) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns;
- (g) a reference to any thing (including, without limitation, any amount) is a reference to the whole and each part of it and a reference to a group of persons is a reference to all of them collectively and to each of them individually;
- (h) the words "including", "for example" or "such as" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind;
- (i) a reference to a deed poll, deed, agreement or another instrument includes any variation or replacement of it;
- (j) a reference to a time of day is a reference to that time in Sydney;
- (k) a reference to an accounting term is a reference to that term as it is used in accounting standards under the Corporations Act, or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia; and
- (l) a reference to giving notice is a reference to giving notice in accordance with the terms of General Condition 16.

## 2 Headings

Headings are inserted for convenience and do not affect the interpretation of the General Conditions.

## 3 References to particular terms

Unless the contrary intention appears, in the Terms of a Note:

- (a) a reference to an Agency Agreement is a reference to each Agency Agreement applicable to the Notes of the relevant Series;
- (b) a reference to a Note is a reference to a Note of a particular Series issued by the Issuer as specified in the relevant Pricing Supplement;
- (c) a reference to a Holder is a reference to the holder of Notes of a particular Series;

- (d) a reference to a Pricing Supplement is a reference to the relevant Pricing Supplement applicable to the Notes of the particular Series specified in that Pricing Supplement; and
- (e) if the Notes are Zero Coupon Notes, references to interest are not applicable.

#### **4 References to principal and interest**

Unless the contrary intention appears, in the General Conditions:

- (a) the principal amount of a Note which is to vary by reference to a schedule or formula (where such determination has been previously made in accordance with the Product Conditions) is to be taken as at any time to equal its varied amount; and
- (b) the principal amount of an Instalment Note at any time is to be taken to be its Denomination less the total instalments repaid to the extent that such instalments relate to a repayment of principal.

#### **5 Terms defined in Pricing Supplement**

Terms which are defined in the relevant Pricing Supplement as having a defined meaning have the same meaning when used in the Product Conditions but if the Pricing Supplement specifies that the definition is "Not Applicable", then that definition is not applicable to the Notes.

#### **6 Definitions**

**Affiliate** means in relation to any entity (the "First Entity"), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes "control" means ownership of a majority of the voting power of an entity.

**Agent** means the Registrar, the Calculation Agent or the Issuing and Paying Agent, as the context requires or permits.

**Agency Agreement** means:

- (a) the agreement entitled "Agency and Registry Services Agreement" dated 24 April 2019 between the Issuers and The Hongkong and Shanghai Banking Corporation Limited;
- (b) any other agreement between the Issuers and a Registrar in relation to the establishment and maintenance of a Register (and/or the performance of any payment or other duties) for any issue of Notes; and
- (c) any other agency agreement between the Issuers and an Agent in connection with any issue of Notes.

**Applicable Business Day Convention** means the Business Day Convention specified in the relevant Terms as applicable to any date in respect of a Note or, if none is specified, the Applicable Business Day Convention for such purpose is, the Following Business Day Convention for Equity Linked Notes and Index Linked Notes and the Modified Following Business Day Convention for all other Notes. Different Business Day Conventions may apply to, or be specified in relation to, a date on which a calculation or determination needs to be made or an action needs to be taken in respect of a particular Series of Notes.

**Austraclear** means Austraclear Limited (ABN 94 002 060 773).

**Austraclear System** means the clearing and settlement system operated by Austraclear.

**Australian Tax Act** means the *Income Tax Assessment Act 1936* (Cth) and the *Income Tax Assessment Act 1997* (Cth), jointly or as applicable, and any associated regulations or replacement legislation.

**Business Day** means:

- (a) if an action other than payment, calculation or valuation needs to be taken on such Business Day (for example, without limitation, the giving of notice), a day other than a Saturday or Sunday or public holiday in the place at which the relevant action needs to be taken; and
- (b) if a payment or delivery is to be made on such Business Day:
  - (i) where the payment in respect of any Note to be made is:
    - A. in Australian dollars, a day on which commercial banks settle payments in Sydney; or
    - B. in any currency other than Australian dollars, a day on which commercial banks settle payments in the principal financial centre in the country of the currency in which the payment is to be made; and
  - (ii) where a delivery or settlement of securities is to occur via a Clearing System, a Clearing System Business Day for the relevant Clearing System.

**Business Day Convention** means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day and the following Business Day Conventions, where specified in the relevant Pricing Supplement in relation to any date applicable to any Note, have the following meanings:

- (a) "Following Business Day Convention" means that the date is postponed to the first following day that is a Business Day;
- (b) "Modified Following Business Day Convention" means that the date is postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date is the first preceding day that is a Business Day;
- (c) "Preceding Business Day Convention" means that the date is brought forward to the first preceding day that is a Business Day; and
- (d) "No Adjustment" means that the relevant date must not be adjusted in accordance with any Business Day Convention.

**Calculation Agent** means, in respect of a Note, the Issuer or any other person specified in the Terms or Pricing Supplement as the party responsible for calculating the Interest Rate and other amounts required to be calculated under the Product Conditions and the relevant Pricing Supplement. The Calculation Agent must be the same for all Notes in a Series.

**Clearing System** means:

- (a) in respect of a Series of Notes, the clearing and settlement system specified in the Pricing Supplement for the Series of Notes which may include the clearing and settlement system operated by Clearstream, Euroclear or Austraclear; and
- (b) in respect of equity securities, the clearing system specified as such for such equity security in the Pricing Supplement or any successor to such clearing system as determined by the Calculation Agent, and if the Pricing Supplement does not specify a Clearing System, the Clearing System for the relevant equity security will be the principal domestic clearance system customarily used for settling trades in the relevant equity security.

**Clearing System Business Day** means, in respect of a Clearing System, any day on which such Clearing System (or, but for the occurrence of a Settlement Disruption Event, would have been) open for acceptance and execution of settlement instructions;

**Clearstream** means Clearstream Banking S.A.

**Clearstream System** means the clearing and settlement system operated by Clearstream.

**Commodities Linked Note** means a Note specified as such in the relevant Pricing Supplement.

**Coupon** means a Periodic Coupon, a Maturity Coupon or any other amount specified as a "Coupon" in the Terms of a Series of Notes.

**Credit Linked Note** means a Note specified as such in the relevant Pricing Supplement.

**Day Count Fraction** means, in respect of the calculation of interest on a Note for any period of time ("Calculation Period"), the day count fraction specified and described in the relevant Pricing Supplement.

**Dealer** means any of the entities described as such in Section 4 "Summary of the Program" of this Part 1 IM and appointed by the Issuer(s) under an agreement ("**Dealer Agreement**") to act as a dealer of Notes issued under the Program.

**Deed Poll** means:

- (a) the deed poll entitled "Deed Poll" and dated 24 April 2019; and
- (b) such other deed poll that supplements, amends, amends and restates, modifies or replaces the deed poll referred to above, or which is otherwise acknowledged in writing to be a deed poll for the purposes of the Program,

in each case, executed by the Issuer.

**Delivery Share** for a Series is defined in the Underlying Asset Conditions if it is applicable.

**Denomination** means the amount specified as such in the Pricing Supplement for a Note. A reference to "a Note", "each Note" or "per Note" is a reference to a notional amount of Notes equal to the Denomination.

**Early Maturity Settlement Date** means the earlier of (a) the date on which the Issuer pays the Holder the Early Redemption Amount and (b) the date specified as such in the notice given by the Issuer to the Holder to advise them of the Early Redemption Amount.

**Early Maturity Valuation Date** means the date as of when the Calculation Agent calculates the Early Redemption Amount.

**Early Redemption Amount** means, in respect of a Note and as the context requires:

- (a) the Optional Redemption Amount (Call) or the Optional Redemption Amount (Put), as determined in accordance with General Conditions 11.6 and 11.7 respectively; or
- (b) the amount payable by the Issuer to the Holder as a result of a Mandatory Redemption Event, as determined by the Calculation Agent using the methodology set out in the Part 2 IM and/or Pricing Supplement for the Note; or
- (c) any amount specified as an "Early Redemption Amount" under the Product Conditions, as determined by the Calculation Agent using the methodology set out in the Product Conditions and/or Pricing Supplement for the Note; or
- (d) if no method of calculation or determination is set out in the Product Conditions and/or Pricing Supplement for the Note, the amount determined by the Calculation Agent acting in good faith and a commercially reasonable manner as the value of the obligations owed by the Issuer to the Holder as at the Early Maturity Valuation Date, which may take into account the value that the Issuer has derived or is able to derive from unwinding its Hedge Positions in respect of those obligations.

**Entitlement Shares** means, if applicable to a Product, the securities referred to as such in the Part 2 IM for that Product.

**Equity Linked Note** means a Note specified as such in the relevant Pricing Supplement.

**Euroclear** means Euroclear Bank S.A./N.V.

**Euroclear System** means the clearing and settlement system operated by Euroclear.

**Event of Default** means the happening of any event set out in General Condition 15 (*Events of Default*).

**Ex Date** means, in respect of an interest amount or Coupon, the date from which the Note will cease to confer on a purchaser of the Note an entitlement to that interest amount or Coupon.

**Extraordinary Event** means, in respect of a Note, an event specified as such in the Product Conditions.

**Extraordinary Resolution** has the meaning given in the Meetings Provisions.

**Final Valuation Date** means, if applicable to a Series, the date specified as such in the Terms of the Note.

**Fund Linked Note** means a Note specified as such in the relevant Pricing Supplement.

**FX Linked Note** means a Note specified as such in the relevant Pricing Supplement.

**General Conditions** mean the terms and conditions in Section 8 of this Part 1 IM.

**Global Certificate** means, in respect of a Note, the paper certificate evidencing a Holder's interest in a Note and in or substantially in the form set out in the Agency Agreement.

**Hedge Positions** mean any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, options, futures, derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) by the Issuer in order to hedge, individually or on a portfolio basis, its obligations under a Note.

**Holder** means, in respect of a Note, the person in whose name the Note is registered. For the avoidance of doubt, where a Note is held in a Clearing System, references to a Holder includes the operator of that system or a nominee for such operator or a common depository for one or more Clearing Systems (in each case acting in accordance with the rules and regulations of the relevant Clearing System or Clearing Systems).

**Index Linked Note** means a Note specified as such in the relevant Pricing Supplement.

**Individual Certificate** means, in respect of a Note, the paper certificate evidencing a Holder's interest in a Note and in or substantially in the form set out in the Agency Agreement.

**Information Memorandum** means, in respect of a Product:

- (a) the Part 1 Information Memorandum (**Part 1 IM**) dated 24 April 2019 and the Part 2 Information Memorandum (**Part 2 IM**) for the relevant Product type or the then latest version of the Part 1 IM or Part 2 IM which replaces the relevant document, as supplemented by any Supplementary Information Memorandum issued by the Issuer(s) from time to time; or
- (b) the information memorandum or other offering document referred to in the Pricing Supplement for a Note of that Product type,

in each case, prepared by, or on behalf of, and approved in writing by, the Issuer in connection with the issue of Notes of that Product type and all documents incorporated by reference in it, and in respect of a specific Series of Notes, also includes the Pricing Supplement for that Series and any other amendments or supplements to it.

**Initial Valuation Date** means, if applicable to a Series, the date specified as such in the Terms of the Note.

**Instalment Note** means a Note as described in General Condition 11.3 (*Instalment Notes*).

**Interest Amount** means, for a Note, the amount of interest payable, if any, in respect of that Note specified in the relevant Pricing Supplement or calculated or determined in accordance with the Product Conditions as supplemented, amended, modified or replaced by the relevant Pricing Supplement.

**Interest Commencement Date** means, in respect of a Note, the Issue Date or any other date so specified in the Pricing Supplement.

**Interest Payment Date** means each date specified as such in, or determined in accordance with, the Pricing Supplement (and adjusted, if necessary, in accordance with the Applicable Business Day Convention).

**Interest Period** in respect of a Series of Notes means, unless specified otherwise in the Terms of that Series of Notes, each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However:

- (a) the first Interest Period commences on (and includes) the applicable Interest Commencement Date; and
- (b) the final Interest Period ends on (but excludes) the Maturity Settlement Date or any other date so specified in the Pricing Supplement.

**Issue Date** means, in respect of a Note, the date on which the Note is, or is to be, issued as may be specified in, or determined in accordance with, the relevant Pricing Supplement.

**Issue Price** means, in respect of a Note, the issue price of such Note specified in, or determined in accordance with, the relevant Pricing Supplement.

**Issuer** means either (i) UBS AG, acting through its Australia Branch or such other of its branches outside Switzerland as determined by the Issuer from time to time, and, in respect of any Note, is that branch which has signed the Pricing Supplement applicable in respect of that Note, or (ii) UBS Investments Australia Pty Limited, as specified in the relevant Pricing Supplement for a Series.

**Issuing and Paying Agent** means a person appointed by the Issuer to act as issuing and paying agent on the Issuer's behalf with respect to a Series of Notes. The Issuing and Paying Agent is UBS AG, Australia Branch unless another person is specified in the Pricing Supplement for a Series of Notes.

**Liabilities** mean the non-consolidated total liabilities of the Issuer, all as shown by the latest published audited balance sheet of the Issuer but adjusted for contingencies and for subsequent events.

**Mandatory Redemption Event** for a Series of Notes means an event specified as such in, or determined in accordance with, the Product Conditions, the occurrence of which will result in all of the Notes in the Series being redeemed in full on or prior to the scheduled Maturity Settlement Date for the amount per Note specified in the Product Conditions and/or relevant Pricing Supplement.

**Margin** means the margin specified in, or determined in accordance with, the relevant Pricing Supplement.

**Maturity Redemption Amount** means, in respect of a Note, the amount specified as such in, or determined in accordance with, the Product Conditions. If no such amount or determination method is specified in the Part 2 IM or the Pricing Supplement for the Note then the Maturity Redemption Amount is the Outstanding Principal Amount of the Note. For the avoidance of doubt, a Maturity Redemption Amount is not payable if an Early Redemption Amount is payable or has been paid.

**Maturity Coupon** in respect of a Note is as specified in, or calculated in accordance with the Product Conditions and relevant Pricing Supplement. There may be different types of Maturity Coupons. Unless specified otherwise, a Maturity Coupon is not payable if an Extraordinary Event or Event of Default has occurred.

**Maturity Coupon Payment Date** means the date on which a Maturity Coupon is to be paid, as specified in or determined in accordance with the Specific Terms or relevant Pricing Supplement, or if none is specified for that Maturity Coupon then it is the Maturity Settlement Date or Early Maturity Settlement Date (as applicable).

**Maturity Settlement Date** means, in respect of a Note, the date specified in, or determined in accordance with, the Part 2 IM or Pricing Supplement for the Note as the date on which the Note is to be redeemed and the Maturity Redemption Amount paid by the Issuer to the Holder or, in the case of an Instalment Note, the date on which the last instalment of principal is payable, both as adjusted, if necessary, in accordance with the Applicable Business Day Convention. If no date or methodology for determining a date is specified in the Part 2



IM or Pricing Supplement then the Maturity Settlement Date is the third Business Day after the Final Valuation Date for the Note.

**Meetings Provisions** means the provisions for the convening of meetings of, and passing of resolutions by, Holders set out in the schedule to the Deed Poll.

**Note** means a note being a debt obligation of the Issuer constituted by, and owing under, the Deed Poll to a Holder, the details of which are recorded in, and evidenced by entry in, the Register. References to any particular type of "Note" or "Notes" shall be read and construed accordingly. All references to Notes must, unless the context otherwise requires, be read and construed as references to the Notes of a particular Series.

**Notional Amount** per Note means 100% of the Denomination for the Note unless specified otherwise in the Pricing Supplement for the Note.

**Offshore Associate** means an associate (as defined in section 128F of the Australian Tax Act) of the Issuer that is either:

- (a) a non-resident of Australia which does not acquire the Notes in carrying on a business at or through a permanent establishment in Australia; or
- (b) a resident of Australia that acquires the Notes in carrying on a business at or through a permanent establishment outside Australia.

**Outstanding Principal Amount** means, in respect of each Note which has not been repaid or redeemed in full at the relevant time, the Denomination of the Note less the aggregate of any part of the Principal Amount of that Note that has been paid or otherwise satisfied by the Issuer or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement.

**Part 1 IM** means the Part 1 Information Memorandum dated 24 April 2019.

**Part 2 IM** means the Part 2 Information Memorandum dated 24 April 2019.

**Periodic Coupons** in respect of a Note are as specified in, or calculated in accordance with the Product Conditions and relevant Pricing Supplement.

**Physical Delivery** has the meaning as described in the Underlying Asset Conditions.

**Potential Adjustment Event** means, in respect of a Note, an event specified as such in the Product Conditions.

**Pricing Supplement** means the document titled "Pricing Supplement" for a Series of Notes, prepared and issued by the Issuer on or prior to the Issue Date of those Notes, setting out certain key commercial terms of that Series of Notes.

**Principal Amount** per Note means the amount as specified in, or determined in accordance with, the Part 2 IM or Pricing Supplement for a Series of Notes, or if not specified then the Principal Amount per Note is equal to the Denomination per Note.

**Product** means Notes which are subject to common terms as set out in the same Part 2 IM.

**Product Conditions** means, in respect of a Note of a particular Product type, the General Conditions, the Underlying Asset Conditions and the Specific Terms applicable to the relevant Product type.

**Program** means the uncommitted program of the Issuer for the issuance of Notes described in the Information Memorandum.

**Program Amount** means, if applicable, an amount specified by the Issuers from time to time.

**Rate of Interest** means, for a Note, the rate or rates (expressed as a percentage per annum) or amount or amounts (expressed as a price per unit of relevant currency) of interest payable, if any, in respect of that

Note specified in the relevant Pricing Supplement or calculated or determined in accordance with the Product Conditions as supplemented, amended, modified or replaced by the relevant Pricing Supplement.

**Record Date** means, in respect of a Coupon, the close of business in the place where the Register is maintained on the Business Day immediately preceding the payment date of the Coupon or any other date so specified in the relevant Pricing Supplement in respect of a payment to be made under the Terms of the Note.

**Register** means the register, including any branch register, of Holders established and maintained by, or on behalf of, the Issuer under the relevant Agency Agreement.

**Registrar** means The Hongkong and Shanghai Banking Corporation Limited or any other person appointed by the Issuer to establish and maintain the Register in respect of a Series of Notes on the Issuer's behalf from time to time.

**Relevant Date** means the date on which a payment in respect of the Notes first becomes due, except that if the full amount payable has not been received by the Registrar on or before the due date, it means the date on which the full amount having been so received.

**Relevant Financial Centre** means the city so specified in the relevant Pricing Supplement or, if none, the city most closely connected with the reference rate specified in, or determined in accordance with, the relevant Pricing Supplement.

**Relevant Jurisdiction** means:

- (a) Australia and Switzerland, in relation to UBS Investments Australia Pty Ltd and UBS AG acting through its Australia Branch; or
- (b) any other jurisdiction in which the Issuer in respect of a payment of principal or interest in respect of a Note is or becomes subject to any withholding, deduction or tax,

and, in all cases, any political subdivision thereof or any taxing authority therein having the power to tax.

**Series** means an issue of Notes made up of one or more Tranches all of which form a single Series and are issued on the same Terms.

**Settlement Disruption Event** has the meaning as described in the Underlying Asset Conditions.

**Specific Terms** means, in respect of a Product or a Series of Notes, specific terms and conditions set out in Section 2 of the Part 2 IM for the relevant Product or Series.

**Specified Currency** means the currency of the Denomination as stated in the Pricing Supplement for a Series of Notes.

**Subscription Agreement** means an agreement between the Issuer and a Dealer pursuant to which the Dealer subscribes for a Series of Notes.

**Taxes** mean any taxes, levies, duties, charges, deductions or withholding of any nature whatsoever, now or hereafter imposed, levied, collected, withheld or assessed in or on behalf of a Relevant Jurisdiction or such other place as may be specified in the relevant Pricing Supplement, in respect of a payment or delivery made under the Terms of a Note.)

**Terms** mean, in respect of a Series, the Product Conditions applicable to the Series as supplemented, amended, modified or replaced by the relevant Pricing Supplement.

**Tranche** means an issue of Notes specified as such in the Pricing Supplement for that Tranche and issued on the same Terms as other Tranches of Notes in the same Series (other than, to the extent relevant, in respect of the Issue Price and the first payment of interest).

**Underlying Asset Conditions** means, in respect of a Product or a Series of Notes, the terms and conditions set out in Section 1 of the Part 2 IM for the relevant Product or Series.

**Underlying Asset(s)** means the underlying asset(s) that is/are referenced in a Note, which may include a share or security (including a preference share), an index (whether share index, commodity index, credit index, inflation index or otherwise), a fund, a commodity, a foreign exchange rate, credit risk of a reference entity, an interest rate, any other financial, economic or other measures or instruments including the occurrence or non-occurrence of any event or circumstances, baskets of any of the foregoing, a derivative contract in relation to any of the foregoing, any other combination of any of the foregoing.

**Zero Coupon Note** means a Note which does not carry entitlement to periodic payment of interest or Coupons before the redemption date of the Note and which is issued at a discount to its Principal Amount.

## **7 Form, status, denomination**

### **7.1 Program**

- (a) Notes are issued under the Program.
- (b) Notes are issued in Series and each Series may comprise one or more Tranches.

### **7.2 General Conditions, Product Conditions and Pricing Supplement**

- (a) The Notes are issued on these General Conditions together with the terms set out in the Product Conditions, in each case as supplemented, amended, modified or replaced by the relevant Pricing Supplement applicable to those Notes. When interpreting and defining the Terms of a Note:
  - (i) to the extent of any inconsistency between the General Conditions and the Underlying Asset Conditions – the Underlying Asset Conditions will prevail;
  - (ii) to the extent of any inconsistency between the Underlying Asset Conditions and the Specific Terms to the Series of Notes – the Specific Terms applicable to the Series of Notes will prevail; and
  - (iii) to the extent of any inconsistency between the Specific Terms applicable to the Series of Notes and the Pricing Supplement applicable to the Series of Notes – the Pricing Supplement applicable to the Series of Notes will prevail.
- (b) Copies of the relevant Pricing Supplement are available for inspection upon request by a Holder or prospective Holder during normal business hours at the specified office of the Issuer or the Registrar or are otherwise available on reasonable request from the Issuer or the Registrar.

### **7.3 Status**

- (a) The subscription for Notes is a loan to the Issuer which is repaid or otherwise discharged in accordance with the Terms of the Note. The Holder will be taken to have lent the Notional Amount per Note to the Issuer, notwithstanding the Issue Price of the Notes may be more or less than the Notional Amount.
- (b) The Notes are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank pari passu among themselves and (save for certain debts required to be preferred by law) equally with all other outstanding unsecured and unsubordinated obligations of the Issuer.
- (c) Subject to applicable law, no Holder may exercise or claim any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer, arising under or in connection with the Notes and each Holder shall, by virtue of the subscription, purchase or holding of any Note, be deemed to have waived all such rights of set-off, compensation or retention.

### **7.4 Form of Notes**

- (a) The Notes are registered debt obligations of the Issuer constituted by, and owing under, the Deed Poll and take the form of entries in the Register. Each entry in the Register constitutes a separate and

individual acknowledgment to the relevant Holder of the indebtedness of the Issuer to that Holder. Each Tranche of Notes will be represented by either a Global Certificate or an Individual Certificate, in each case as specified in the relevant Pricing Supplement.

- (b) Each Global Certificate will be deposited on or around the relevant Issue Date with a depository or a common depository for the relevant Clearing System and registered in the name of a nominee for such depository and will be exchangeable for Individual Certificates in accordance with its terms.
- (c) If the relevant Pricing Supplement specifies the relevant Notes as being represented by Individual Certificates, then the Notes will at all times be in the form of Individual Certificates issued to each Holder in respect of such Holder's entire holding. Each Individual Certificate will be numbered serially with an identifying number which will be recorded in the Registrar.
- (d) If the relevant Pricing Supplement specifies the relevant Notes as being represented by Global Certificates which are exchangeable for Individual Certificates, then the Notes will initially be represented by a Global Certificate which will be exchanged by the relevant Issuer (in whole but not in part only) for Individual Certificates:
  - (i) if an Event of Default occurs in respect of any Notes of the relevant Series; or
  - (ii) if Clearstream or any other relevant Clearing System is closed for business for a continuous period of fourteen days (other than by reason of public holidays) or announces an intention to cease business permanently or in fact does so.
- (e) The terms and conditions applicable to any Individual Certificate will be endorsed on that Individual Certificate and will consist of the Terms including the provisions of the relevant Pricing Supplement which supplement, amend and/or replace those terms and conditions.

#### 7.5 Denomination and issue restrictions

Notes in each Series are issued in the Denomination specified in the Pricing Supplement for that Series. Notes can only be issued and interests in Notes can only be transferred in an integral number of Notes (referred to as the "Minimum Trading Size" in the relevant Pricing Supplement). Unless otherwise specified in the relevant Pricing Supplement, may only be offered (directly or indirectly) for issue or applications invited for the issue of Notes if all of the following conditions are satisfied:

- (a) the offer or invitation for the issue of the Notes does not require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act;
- (b) the offer or invitation does not constitute an offer to "retail clients" for the purposes of Chapter 7 of the Corporations Act;
- (c) the offer or invitation (including any resulting issue) complies with all other applicable laws in the jurisdiction in which the issue takes place; and
- (d) any Notes issued by UBS AG are not offered, issued or resold to persons or non-incorporated entities for an aggregate amount payable of less than A\$250,000 (or its foreign currency equivalent) in Australia.

#### 7.6 Independent obligations

The obligations of the Issuer in respect of each Note issued by it constitute separate and independent obligations which the Holder to whom those obligations are owed is entitled to enforce without having to join any other Holder or any predecessor in title of a Holder.

#### 7.7 Currency

Subject to compliance with all applicable legal and regulatory requirements, Notes may be denominated in Australian Dollars or an alternative currency, in each case as specified in the Pricing Supplement.

## **8 Title**

### 8.1 Register

The Registrar will establish and maintain the Register in accordance with the Agency Agreement.

### 8.2 Register conclusive

Each entry in the Register in respect of a Note constitutes conclusive evidence that the person so entered is the registered owner of that Note subject to rectification for fraud or error. The person(s) registered in the Register as a Holder of a Note will be treated by the Issuer and the Registrar as absolute owner of that Note for all purposes whether or not the relevant Note is overdue and notwithstanding any notice of ownership. In addition, in relation to any Note, neither the Issuer nor the Registrar are, except as ordered by a court of competent jurisdiction or as required by law, obliged to take notice of any other claim to a Note. Neither the Issuer nor the Registrar shall be required to obtain any proof of ownership of the relevant Note or the identity of the relevant Holder.

### 8.3 Holder absolutely entitled

Upon a person acquiring title to any Note by virtue of becoming registered as the owner of that Note, all rights and entitlements arising by virtue of the Deed Poll in respect of that Note vest absolutely in the registered owner of the Note, such that no person who has previously been registered as the owner of the Note has or is entitled to assert against the Issuer or the Registrar or the registered owner of the Note for the time being and from time to time any rights, benefits or entitlements in respect of the Note.

### 8.4 Clearing Systems

If the Notes are held in a Clearing System, the rights of a person holding an interest in those Notes are subject to the rules and regulations of the Clearing System. The Issuer is not responsible for anything the Clearing System does or omits to do.

## **9 Transfers**

### 9.1 Limit on transfer

- (a) Notes may only be transferred in whole and may not be transferred in part.
- (b) Unless expressly permitted in the relevant Pricing Supplement, Notes may not be offered, sold or transferred in any jurisdiction other than Australia.
- (c) Unless otherwise specified in the Product Conditions, Notes may only be transferred if:
  - (i) in the case of Notes to be transferred in Australia:
    - A. the offer or invitation for the transfer does not require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act; and
    - B. the transfer is not to a retail client for the purpose of section 761G of the Corporations Act; and
  - (ii) at all times, the transfer complies with all applicable laws or directives of the jurisdiction where the transfer takes place.

### 9.2 Transfer procedures

- (a) All transactions involving the Notes (including transfers), in the open market or otherwise, must be effected through an account with the Clearing System specified in the relevant Pricing Supplement. Notes entered in a Clearing System will be transferable only in accordance with the rules and regulations of that Clearing System. If a Note is lodged in a Clearing System, neither the Issuer nor the

relevant Registrar will recognise any such interest other than the interest of the Clearing System as the Holder while that Note is lodged in the Clearing System.

- (b) Unless Notes are lodged in a Clearing System, application for the transfer of Notes must be made by the lodgement of a transfer form with the Registrar. If required, the Issuer undertakes to make transfer forms available from either itself or the Registrar. Each form must be accompanied by such evidence as may be required to prove the title of the transferor or the transferor's right to transfer the Note and be signed by both the transferor and the transferee.
- (c) Interests in the Notes may only be transferred in at least the Denomination and in integral multiples of the Denomination.

### 9.3 Registration of transfer

The transferor of a Note remains the Holder of that Note until the name of the transferee is entered in the Register in respect of that Note. The Issuer intends to instruct the Registrar to refrain from registering transfers of Notes which are not lodged in a Clearing System during the period from the Ex Date until the Business Day after the Relevant Date for payment.

### 9.4 No charge on transfer

Transfers will be registered without charge provided taxes, duties or other governmental charges (if any) imposed in relation to the transfer have been paid.

### 9.5 Estates

A person becoming entitled to a Note as a consequence of the death or bankruptcy of a Holder or of a vesting order or a person administering the estate of a Holder may, upon producing such evidence as to that entitlement or status as the Issuer of that Note and the Registrar considers sufficient, transfer the Note or, if so entitled, become registered as the holder of the Note.

### 9.6 Unincorporated associations

A transfer of a Note to an association that is an unincorporated association is not permitted.

### 9.7 Transfer of unidentified Notes

Where the transferor executes a transfer of less than all Notes registered in its name, and the specific Notes to be transferred are not identified, the Registrar may register the transfer in respect of such of the Notes registered in the name of the transferor as the Registrar thinks fit, provided the aggregate principal amount of the Notes registered as having been transferred equals the aggregate Principal Amount of the Notes expressed to be transferred in the transfer and the transfer is otherwise in accordance with the Product Conditions.

### 9.8 Stamp Duty

The Issuer must bear any stamp duty payable on the issue and subscription of the Notes which it issues.

The Holder is responsible for any stamp duties or other similar taxes which are payable in any jurisdiction in connection with any transfer, assignment or any other dealing with the Notes.

The Holder is responsible for any stamp duties or other taxes which are payable in any jurisdiction in connection with any transfer or delivery of assets relating to the redemption of Notes.

## 10 Adjustments

- (a) If the Calculation Agent determines in its absolute discretion that an event has occurred which has a diluting, concentrative or any other effect on the actual or theoretical value of an Underlying Asset for a Series of Note, then following each such event, the Calculation Agent shall determine the corresponding adjustment (if any) to the Terms of the affected Series of Notes (including adjusting the

amount or method of calculating the Maturity Redemption Amount, Early Redemption Amount, Periodic Coupons, Maturity Coupons, Entitlement Shares or any other payment or delivery applicable to the Notes), as the Calculation Agent in its sole and absolute discretion determines is appropriate to account for that diluting, concentrative or other effect, and determine the effective date of that adjustment.

- (b) General Condition 10(a) does not limit the Issuer's or the Calculation Agent's discretion to make adjustments or determinations under the Product Conditions or Pricing Supplement applicable to a specific Series of Notes.
- (c) For the avoidance of doubt, the Issuer's right to effect early redemption is not affected by the Calculation Agent's right to make adjustments under this General Condition 10(a).

## **11 Redemption and purchase**

### 11.1 Final redemption

- (a) At maturity, unless previously redeemed or purchased and cancelled, each Note in a Series will be redeemed or repaid (as the case may be) by the Issuer at its Maturity Redemption Amount. The Maturity Redemption Amount will be determined by the Calculation Agent or the Issuer (as applicable) in accordance with the Product Conditions as supplemented by the Pricing Supplement for the relevant Series and is payable by the Issuer to the Holder on the Maturity Settlement Date.
- (b) Assuming there is no early redemption or Mandatory Redemption Event, the payment of each Note's Maturity Redemption Amount will redeem the Note in full and discharge all of the Issuer's obligations in connection with the money lent to the Issuer on issuance of the Note. If Physical Delivery is applicable to a Series then the Issuer's obligation to pay the Maturity Redemption Amount will be satisfied by delivery of Entitlement Shares to the Holder.

### 11.2 Purchase of Notes

The Issuer or any of its subsidiaries or Affiliates may at any time purchase one or more Notes at any price in the open market, by tender, by private treaty or otherwise. All unmatured Notes purchased in accordance with this General Condition 11.2 may be held, resold, reissued or cancelled at the discretion of the Issuer, subject to compliance with all legal and regulatory requirements.

### 11.3 Instalment Notes

If the Notes are repayable in instalments ("Instalment Notes"), they will be redeemed in the instalment amounts specified in the relevant Pricing Supplement and on the instalment dates specified in the relevant Pricing Supplement. In the case of early redemption, the Optional Redemption Amount (Call) or the Optional Redemption Amount (Put) will be determined as relevant pursuant to General Conditions 11.6 (*Early redemption at the option of the Issuer*) and 11.7 (*Early redemption at the option of the relevant Holders*) respectively.

### 11.4 Redemption for taxation reasons

- (a) If the Issuer, on the occasion of the next payment due in respect of the Notes, would be required to make any withholding or deduction referred to in General Condition 12.5 (*Taxation and Fiscal laws*) or the Issuer is required to pay any Additional Amounts under General Condition 12.6 (*Additional Amounts*), then the Issuer may, but is not obliged to, redeem all (i.e. not some only) of the Notes at the Early Redemption Amount for each Note on the Early Maturity Settlement Date. The Issuer has discretion to designate the Early Maturity Valuation Date and must give not more than 60 or less than 30 days' prior notice to the Registrar, the Issuing and Paying Agent and the relevant Holders in accordance with General Condition 16 (*Notices*) of the Early Maturity Valuation Date. To the extent the Issuer or its Affiliates has paid or is required to pay any amount as a result of any withholding or deduction on account of Taxes referred to in General Condition 12.5, the Early Redemption Amount payable by the Issuer shall be reduced by such amount paid or payable. For the avoidance of doubt, no Periodic Coupon or Maturity Coupon will be paid in addition to the Early Redemption Amount.

- (b) Prior to publication of any such notice of redemption, the Issuer shall deliver to the Registrar a certificate signed by an authorised person of the Issuer to notify the Registrar that the conditions precedent to the right of the Issuer to redeem the Notes have occurred.
- (c) Any notice given under this General Condition 11.4 (*Redemption for taxation reasons*) is irrevocable and obliges the Issuer to redeem the Notes at the time and in the manner specified in the notice.

#### 11.5 Redemption for other reasons

The Terms of a Series of Notes may specify additional circumstances under which the Issuer may require the Series of Notes to be redeemed prior to the scheduled Maturity Settlement Date for taxation reasons.

#### 11.6 Early redemption at the option of the Issuer

- (a) If this General Condition 11.6 (*Early redemption at the option of the Issuer*) is specified in the relevant Pricing Supplement as being applicable then the Issuer having given at least the minimum period (if any) (but not more than the maximum period (if any)) of notice specified in the relevant Pricing Supplement to the relevant Holders in accordance with General Condition 16 (*Notices*) (which notice must comply with the following paragraph and shall be irrevocable) and subject to satisfaction of any relevant conditions specified in the relevant Pricing Supplement, may redeem all (but not, unless and to the extent that the relevant Pricing Supplement specifies otherwise, some only) of the Notes on any Business Day (being, in the case of interest bearing Notes (unless otherwise specified in the relevant Pricing Supplement), an Interest Payment Date) at their Early Redemption Amount applicable for calls by the Issuer (such amount being the "Optional Redemption Amount (Call)").
- (b) The Optional Redemption Amount (Call) is the Outstanding Principal Amount per Note or such other Optional Redemption Amount (Call) as is specified in, or determined in accordance with, the relevant Pricing Supplement plus or net of any other amounts specified in the relevant Pricing Supplement.
- (c) The notice referred to in the preceding paragraph shall specify:
  - (i) the Series of Notes subject to redemption;
  - (ii) subject to the relevant Pricing Supplement specifying that a partial redemption is permissible, whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of the Notes of the relevant Series which are to be redeemed;
  - (iii) the due date for redemption;
  - (iv) the Optional Redemption Amount (Call) at which such Notes are to be redeemed; and
  - (v) whether or not accrued interest or other amounts are to be paid upon redemption and, if so, the amount thereof or the basis or method of calculation thereof, all as provided in the relevant Pricing Supplement.
- (d) In the case of a partial redemption of Notes, the Notes to be redeemed will be selected by the Registrar, and notice of the Notes selected for redemption will be given in accordance with General Condition 16 (*Notices*) not less than 15 days (or such other period specified in the relevant Pricing Supplement) prior to the date fixed for redemption.
- (e) Any notice given under this General Condition 11.6 (*Early redemption at the option of the Issuer*) is irrevocable and obliges the Issuer to redeem the Notes at the time and in the manner specified in the notice.

#### 11.7 Early redemption at the option of the relevant Holders

- (a) If this General Condition 11.7 (*Early redemption at the option of the relevant Holders*) is specified in the relevant Pricing Supplement as being applicable and provided the relevant Holders have given at least the minimum period (if any), but not more than the maximum period (if any), of notice specified in the relevant Pricing Supplement to the Issuer (as the case may be), which notice must be in



the form of the redemption notice mentioned in the paragraph below and shall be irrevocable, then, subject to satisfaction of any relevant conditions specified in the relevant Pricing Supplement, at the option of the Holder, the Issuer will redeem the relevant Note(s) on any Business Day (being, in the case of interest bearing Notes (unless otherwise specified in the relevant Pricing Supplement) an Interest Payment Date) at the Early Redemption Amount applicable for puts (such amount being the "Optional Redemption Amount (Put)").

- (b) The Optional Redemption Amount (Put) is the Outstanding Principal Amount per Note or such other Optional Redemption Amount (Put) as is specified in, or determined in accordance with, the relevant Pricing Supplement plus or net of any other amounts specified in the relevant Pricing Supplement.
- (c) To exercise such option, the Holder must complete, sign and deliver to the specified offices of each of the Issuer and the Registrar not less than 45 days (or such other period specified in the relevant Pricing Supplement) before the redemption date (or such other period as may be specified in the relevant Pricing Supplement), a redemption notice (in the form obtainable from the Issuer) together with such evidence as the Registrar may require to establish the rights of that Holder to the relevant Notes.

#### 11.8 Early redemption

- (a) The Product Conditions or Pricing Supplement may specify:
  - (i) circumstances under which the Notes in a Series will be redeemed on or prior to the scheduled Maturity Settlement Date following the occurrence of a Mandatory Redemption Event;
  - (ii) the Issuer's obligations under the Notes if a Mandatory Redemption Event occurs; and
  - (iii) if and when notice is to be provided to Holders in respect of a Mandatory Redemption Event.
- (b) The Product Conditions or Pricing Supplement may also specify circumstances under which the Issuer has discretion to redeem the Notes prior to the scheduled Maturity Settlement Date, and if the Issuer elects to exercise this discretion, the Issuer must:
  - (i) designate an Early Maturity Valuation Date, which is the date as of which the Issuer or Calculation Agent (as applicable) will determine the Early Redemption Amount per Note;
  - (ii) promptly notify the Holders of the Early Redemption Amount once it is determined; and
  - (iii) specify the Early Maturity Settlement Date on which the Early Redemption Amount will be paid to the Holder.

## 12 Payments

### 12.1 Record Date

Payments to holders of Notes will be made according to the particulars recorded in the Register on the relevant Record Date.

### 12.2 Joint holders

When a Note is held jointly, payment will be made to the holders in their joint names unless requested otherwise.

### 12.3 Method of payments

Payments in respect of each Note issued by the Issuer will be made:

- (a) where the Notes are in a Clearing System, in accordance with the rules and regulations of that Clearing System; or

- (b) if the relevant Notes are not in a Clearing System, by crediting on the payment date the amount then due to an account previously notified by the Holder in respect of that Note to the Issuer and the Registrar. If the Holder has not notified the Issuer and the Registrar of such an account by close of business on the relevant Record Date or upon application by the Holder of the relevant Note to the Issuer and the Registrar no later than close of business on the relevant Record Date, payments in respect of the relevant Note will be made by cheque, mailed on the relevant payment date in the case of payments of interest or Coupons, or on the due date for redemption or repayment in the case of payments of principal, at the risk of the Holder (or to the first named of joint registered Holders) of such Note at the address appearing in the Register as at the Record Date. Cheques to be dispatched to the nominated address of a Holder will in such cases be deemed to have been received by the Holder on the relevant payment date and no further amount will be payable by the Issuer in respect of the relevant Note as a result of payment not being received by the Holder on the due date.

#### 12.4 Business Days

All payments in respect of a Note will be made in accordance with the Applicable Business Day Convention.

#### 12.5 Taxation and Fiscal laws

- (a) This General Condition 12.5 (*Taxation and Fiscal Laws*) applies to a Series of Notes unless it is specifically stated as inapplicable in the Product Conditions or the Pricing Supplement for the Series of Notes. In General Conditions 12.5 and 12.6, for the purpose of determining whether an amount needs to be withheld or deducted on account of Taxes, "Holder" includes the person whose name appears on the Register and anyone on whose behalf an interest in the Note is held.
- (b) Payments in respect of principal, interest and amounts in the nature of interest on the Notes are subject in all cases to applicable provisions of fiscal and other laws and regulations.
- (c) If an amount is required by law to be withheld or deducted from a payment due to a Holder under a Note for or on account of any Taxes (including, without limitation, as a result of an Australian resident Holder failing to supply an appropriate Australian tax file number, Australian Business Number or details of an applicable exemption from those requirements) then the Issuer or any person with the authority or obligation to withhold Taxes in respect of that payment may withhold such applicable amount of Taxes and pass that amount on to the relevant taxing authority before the remainder (if any) of the payment amount is paid to the Holder. Alternatively, if payment is or has been made to the Holder without deduction or withholding then the Issuer is entitled to recover from the Holder as a full recourse debt the amount that has been or is required to be remitted to the taxing authority and the Holder must pay such amount to the Issuer promptly on demand. The Issuer may, but is not obliged to, deduct any unpaid amount from any Coupons, Maturity Redemption Amount or Early Redemption Amount payable to the Holder.
- (d) Unless General Condition 12.6 (*Additional Amounts*) is specified in the relevant Product Conditions or Pricing Supplement as applicable to a Series of Notes, nothing imposes any obligation or liability whatsoever on the Issuer or any other person to reimburse, compensate or make any payment to a Holder of those Notes for, or in respect of, any Taxes withheld or deducted either by the Issuer itself or by a third party.
- (e) If there is no requirement to withhold or deduct any Taxes from a payment due to a Holder then the Issuer will pay the amount due to the Holder in one or more payments by whatever electronic means it deems appropriate, which may or may not involve processing through the Clearing System.
- (f) Notwithstanding any other provisions contained herein, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of section 871(m) of the U.S. Internal Revenue Code (the "Code") (or any amended or successor provisions (relating to withholding or dividend equivalent payments) or sections 1471 through 1474 of the Code, or any amended or successor provisions, pursuant to any intergovernmental agreement or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service ("FATCA withholding") as a result of a holder, beneficial owner or an intermediary that is not an agent of the Issuer not being entitled to receive payments free of FATCA withholding. The

Issuer will have no obligation to pay additional amounts or otherwise indemnify a Holder for any such withholding deducted or withheld by the Issuer, the Issuing and Paying Agent or any other party.

## 12.6 Additional Amounts

- (a) This General Condition 12.6 (*Additional Amounts*) does not apply to a Series of Notes unless it is specifically stated as applicable in the Product Conditions or the Pricing Supplement for the Series of Notes. If this General Condition 12.6 (*Additional Amounts*) is applicable to a Series of Notes and a Tax is levied and payable on a payment of principal, interest, Periodic Coupons or Maturity Coupons in respect of a Note by a Relevant Jurisdiction, the Issuer will pay such additional amounts (“Additional Amounts”) as may be necessary in order that the net amount received by the relevant Holder after such withholding or deduction equals the respective amounts which would otherwise have been received by the Holder in respect of the relevant Notes in the absence of such withholding or deduction, except that no Additional Amounts are payable in relation to any payments in respect of any Note:
- (i) to, or to a third party on behalf of, a Holder who is liable to such Taxes in respect of such Note by reason of the Holder having some connection with a Relevant Jurisdiction other than the mere holding of such Note or receipt of principal or interest in respect of it. A Holder is not regarded as being connected with the Commonwealth of Australia for the reason that such a holder is a resident of the Commonwealth of Australia within the meaning of the Australian Tax Act where, and to the extent that, such tax is payable by reason of section 128B(2A) of the Australian Tax Act;
  - (ii) where such withholding or deduction is imposed on a payment to an individual or a residual entity and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income, the related agreements between the EU Member States with certain territories dependent or associated with an EU Member State or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000, or any law implementing or complying with, or introduced in order to conform to, such Directive including, but not limited to, the agreement between the European Union and Switzerland of 26 October 2004, providing for measures equivalent to those laid down in such Directive;
  - (iii) to, or to a third party on behalf of, a Holder who would have been able to avoid such withholding or deduction by arranging to receive payment through another Issuing and Paying Agent in an EU Member State;
  - (iv) to, or to a third party on behalf of, a Holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or similar cause for exemption to any tax authority in the place where payment under the Note is made;
  - (v) presented for payment more than 30 days after the Relevant Date except to the extent that a Holder would have been entitled to Additional Amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Business Day;
  - (vi) to, or to a third party on behalf of, a Holder who is liable to the Taxes in respect of a Note by reason of the Holder being an Offshore Associate of the Issuer for the purposes of section 128F(6) of the Australian Tax Act;
  - (vii) to, or to a third party on behalf of an Australian resident Holder, if that person has not supplied an appropriate Australian tax file number, Australian Business Number or details of an applicable exemption from these requirements; and
  - (viii) in such other circumstances as may be specified in the relevant Pricing Supplement.
- (b) In respect of the exclusions set out in subparagraphs (i) to (viii) of General Condition 12.6(a), if payment has been made by the Issuer without deduction or withholding then the Issuer is entitled to recover from the Holder as a full recourse debt the amount that is actually or is required to be withheld or deducted and the Holder must pay such amount to the Issuer promptly on demand. The Issuer may,

but is not obliged to, deduct any unpaid amount from any Coupons, Maturity Redemption Amount or Early Redemption Amount payable to the Holder.

- (c) There shall be no more than one Additional Amount payable by the Issuer in respect of a payment that is subject to a Tax as described in this General Condition 12.6. The Issuer may pay the Additional Amount by whatever electronic means it deems appropriate to the Holder, which may or may not involve processing through the Clearing System.
- (d) Notwithstanding any other provisions contained herein, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of section 871(m) of the U.S. Internal Revenue Code (the "Code") (or any amended or successor provisions (relating to withholding or dividend equivalent payments) or sections 1471 through 1474 of the Code, or any amended or successor provisions, pursuant to any intergovernmental agreement or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service ("FATCA withholding") as a result of a holder, beneficial owner or an intermediary that is not an agent of the Issuer not being entitled to receive payments free of FATCA withholding. The Issuer will have no obligation to pay additional amounts or otherwise indemnify an investor for any such withholding deducted or withheld by the Issuer, the paying agent or any other party.

### **13 Currency indemnity**

The Issuer waives any rights that it has in any jurisdiction to pay an amount other than in the currency in which it is due. However, if a Holder receives an amount in a currency other than that in which it is due:

- (a) it may convert the amount received into the due currency (even though it may be necessary to convert through a third currency to do so) on the day and at such rates (including spot rate, same day value rate or value tomorrow rate) as it reasonably consider appropriate. It may deduct its usual costs in connection with the conversion); and
- (b) the Issuer satisfies its obligations to pay in the due currency only to the extent of the amount of the due currency obtained from the conversion after deducting the costs of the conversion.

### **14 Prescription**

A claim against the Issuer for a payment under a Note is void unless such claim is made within a period of 10 years in the case of principal, and 5 years in the case of payments other than principal, of the due date, or, if later, the date on which the payment is fully provided for by the Issuer making payments to the Registrar in accordance with General Condition 12.3(b) (*Methods of payment*).

### **15 Events of Default**

#### 15.1 Events of Default - Notes

The following events shall constitute an "Event of Default" for the purposes of the Notes:

- (a) there is a default for more than 30 days in the payment of any principal, interest, Periodic Coupon, Maturity Coupon, or Maturity Redemption Amount, Early Redemption Amount or in any Physical Delivery in respect of the Notes;
- (b) there is a default in the performance by the Issuer of any other obligation under the Notes 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 Holder to the Issuer;
- (c) any order shall be made by any competent court or other authority or resolution passed by the Issuer for the dissolution or winding-up of the Issuer or for the appointment of a liquidator, receiver, administrator or manager of the Issuer or of all or a substantial part of its assets, or anything analogous occurs, in any jurisdiction, to the Issuer, other than in connection with a solvent reorganisation, reconstruction, amalgamation or merger; 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.

#### 15.2 Consequences of an Event of Default

Subject to General Condition 15.3 (*Rectification*) if, any Event of Default occurs with respect to a Note and is continuing in relation to that Note, then a Holder may, by written notice to the Issuer (with a copy to the Registrar), declare the Early Redemption Amount (together with all accrued interest (if any)) applicable to each relevant Note held by the Holder to be due and payable immediately or on such other date specified in the notice. For the avoidance of doubt, accrued interest does not include any Coupon.

#### 15.3 Rectification

A relevant Holder's right to declare such Notes due terminates if the situation giving cause to it has been cured before such right is exercised.

#### 15.4 Notification of Event of Default

If an Event of Default occurs, the Issuer must promptly after becoming aware of it notify the Registrar of the occurrence of the Event of Default (specifying details of it) and procure that the Registrar promptly notifies the relevant Holders of the occurrence of the Event of Default by registered post to the address of the relevant Holder recorded in the Register.

### 16 Notices

#### 16.1 To the Issuer and the Registrar

A notice or other communication in connection with a Note to the Issuer, the Registrar or the relevant Issuing and Paying Agent must be in writing and may be given by prepaid post or delivery to the address of the addressee or by email to the email address of the addressee:

- (a) in the Information Memorandum; or
- (b) as otherwise agreed between those parties from time to time and notified to the Holders.

#### 16.2 To Holders

A notice or other communication in connection with a Note to the Holder must be in writing and may be given:

- (a) by email to the Holder at the email address provided by the Holder to the Issuer or Registrar; or
- (b) by email to the Registrar at the email address provided by the Registrar to the Issuer; or
- (c) by prepaid post (airmail if posted to or from a place outside Australia) or delivery to the address of each Holder as shown in the Register at the close of business 3 Business Days prior to the dispatch of the relevant notice or communication; or
- (d) in a manner consistent with the rules and regulations of the Clearing System in which the Notes are lodged; or
- (e) by such other means as agreed between the Issuer and the Holder from time to time.

#### 16.3 Effective on receipt

Unless a later time is specified in it, a notice, approval, consent or other communication takes effect from the time it is received, except that if it is received after 5:00pm in the place of receipt or on a non-

business day in that place, it is to be taken to be received at 9:00am on the next succeeding business day in that place.

#### 16.4 Proof of receipt

Subject to General Condition 16.3 (*Effective on receipt*), proof of posting of a letter or of dispatch of an email or of publication of a notice is proof of receipt:

- (a) in the case of a letter, on the third (seventh, if outside Australia) day after posting;
- (b) in the case of an email, on conclusion of transmission provided no delivery error message is received by the provider of the notice; and
- (c) in the case of publication, on the date of such publication.

#### 16.5 Non-receipt of notice

In the event that there are two or more Holders, the non-receipt of any notice by, or the accidental omission to give any such notice to, a Holder does not invalidate the giving of that notice.

### **17 Meetings of Holders**

17.1 Meetings of Holders may be convened in accordance with the Meetings Provisions. Any such meeting may consider any matters affecting the interests of Holders, including, without limitation, the variation of the terms of the Notes by the Issuer and the granting of approvals, consents and waivers, and the declaration of an Event of Default.

17.2 A resolution duly passed at a meeting convened in accordance with the Meetings Provisions will be binding on all the Holders (whether present at the meeting or not).

### **18 Invalidity and Amendments**

#### 18.1 Invalidity

Should any of the provisions contained in the Product Conditions be or become invalid, the validity of the remaining provisions shall not be affected in any way.

#### 18.2 On a Series-by-Series basis

The Product Conditions may be amended or supplemented to the extent to which they apply to a Series of Notes issued after the date of amendment by the terms of such Pricing Supplements as may be applicable to that Series.

#### 18.3 To cure ambiguities

The Product Conditions and Pricing Supplement applicable to a Series of Notes may be amended by the Issuer without the consent of any Holder or the Investors for the purposes of curing any ambiguity, or correcting or supplementing any provisions therein in any manner which the Issuer may deem necessary or desirable provided that such modification is not materially prejudicial to the interests of the Holders as at the date of the amendment. To the extent an update to the Information Memorandum is not materially adverse to Investors (as determined by the Issuer in its sole reasonable opinion), the Issuer will provide such update via the posting of a notice of the change on its website at [www.ubs.com/equitysolutions](http://www.ubs.com/equitysolutions). The Issuer will provide a paper copy of the updated information upon reasonable request.

#### 18.4 Approval by Holders

The Product Conditions and the relevant Pricing Supplement may otherwise be varied by the Issuer in so far as they apply to Notes issued by it with the approval of the Holders by Extraordinary Resolution. No other variation to the Terms has effect in relation to the Holders who hold relevant Notes at the date of any

amending deed, unless they otherwise agree in writing. A variation which affects only a particular Series of Notes may be approved solely by the Holders of the relevant Series and will take effect in relation to, and bind, all subsequent Holders of Notes in that Series.

## **19 Further Issues**

The Issuer may, from time to time, without the consent of any Holder, issue further Notes having the same terms and conditions as the Notes of any Series so as to form a single Series and be fungible with the Notes of that Series.

## **20 Limited Recourse**

To the extent the Issuer (or its Affiliates or nominees) enter into securities, futures or derivatives transaction(s) ("Hedge Transactions") with any party in any jurisdiction, including, without limitation, an entity affiliated, related to or controlled by the Issuer or any entity through which the Issuer or its Affiliates or nominees purchase and/or hold interests in Underlying Assets or other relevant securities or contracts ("Hedge Counterparty") to hedge the Issuer's position under the Notes and the Hedge Counterparty for such transactions fails or delays for any reason (including a default by the local exchange or clearinghouse, a change in laws, rules or regulations applicable to the holding of the Underlying Assets or Notes, or a failure by the underlying issuer to pay or deliver any dividend, distribution of any kind or other property receivable pursuant to corporate actions or other matters affecting the Underlying Assets) to make any payment or delivery with respect to a Hedge Transaction, then the Issuer's obligation to pay any amounts or make any delivery due hereunder shall be reduced and/or delayed accordingly.

## **21 Benefit of Agreement**

References to the Issuer include references to their successors, including, without limitation, an entity which assumes the rights and obligations of the relevant party by operation of the law of the jurisdiction of incorporation or domicile of such party.

## **22 Calculation Agent**

In the absence of manifest error, the Calculation Agent's determination is final, conclusive and binding on the Holders and the Issuer. None of the Calculation Agent, the Issuer or the Guarantor or any Agents (as applicable) shall have responsibility to Holders or any other person for good faith errors or omissions in the Calculation Agent's calculations and determinations, whether caused by negligence or otherwise, as provided in the Terms of the Notes. No person shall be entitled to make any claim against the Calculation Agent, the Issuer or the Guarantor (as applicable) for such good faith errors or omission.

## **23 Agents**

- (a) The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint other or additional Agents provided that there shall always be at least one Issuing and Paying Agent and one Calculation Agent. Notice of any such termination or appointment and of any changes in the specified office of any Agent will be given to the Holders.
- (b) Each Agent is acting solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, any Investor or the Holder.

## **24 Registrar**

### 24.1 Role of the Registrar

In acting under the applicable Agency Agreement in connection with the Notes, the Registrar acts solely as agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for or with any of the Holders.

### 24.2 Change of Registrar

The Issuer reserves the right at any time to terminate the appointment of the Registrar in accordance with the applicable Agency Agreement and to appoint successor or additional registrars. Notice of any such termination of appointment will be given to the Holders in accordance with General Condition 16 (*Notices*).

### 24.3 Appointment of replacement Registrar

If a then current Registrar ceases to be Registrar (whether as a result of termination under General Condition 24.2 (*Change of Registrar*), resignation as a result of the Notes ceasing to be lodged in the applicable Clearing System or otherwise), the Issuer must ensure that a replacement Registrar is appointed with effect from the relevant date.

### 24.4 No benefit

Nothing in the Terms, express or implied, is intended or will be construed to confer upon, or to give or grant to, any person or entity (other than the Issuer, the Registrar and the Holders) any right, remedy or claim under or by reason of the Terms or any covenant, condition or stipulation set out in these, and all covenants, stipulations, promises and agreements in the Terms contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar and the Holders.

## **25 Information Disclosure**

Details of the Notes (including the identity of the Holder) may, (a) upon request or order by any competent authority, regulatory or enforcement organisation, governmental or otherwise, including the stock exchange on which any Underlying Assets are listed, (b) as required by applicable law, rules, regulations, codes or guidelines (whether having the force of law or otherwise), be disclosed in accordance with such request, order, law, rules, regulations, codes or guidelines (whether such disclosure is to be made to third parties or otherwise). By purchasing the Notes, the Holder agrees to such disclosure and releases the Issuer and its subsidiaries and Affiliates from any duty of confidentiality owed to it in relation to such information.

## **26 Governing law, jurisdiction and service of process**

### 26.1 Governing law

The Notes are governed by the laws in force in New South Wales and the Commonwealth of Australia.

### 26.2 Jurisdiction

The Issuer irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales and courts of appeal from them. The Issuer waives any right it has to object to an action being brought in those courts, to claim that the action has been brought in an inconvenient forum, or to claim that those courts do not have jurisdiction.

### 26.3 Service of process

Without preventing any other mode of service, any document in an action (including, without limitation any writ of summons or other originating process or any third or other party notice) may be served on the Issuer or the Guarantor by being delivered to or left for it at its address for service of notices specified in General Condition 16 (*Notices*).





## Directory

### Issuers and Dealers

UBS AG, Australia Branch

UBS Investments Australia Pty Ltd

Level 16 Chifley Tower 2 Chifley Square SYDNEY NSW 2000	Level 16 8 Exhibition Street MELBOURNE VIC 3000
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[www.ubs.com/equitysolutions](http://www.ubs.com/equitysolutions)

### Arranger

UBS Securities Australia Limited

Level 16 Chifley Tower 2 Chifley Square SYDNEY NSW 2000	Level 16 8 Exhibition Street MELBOURNE VIC 3000
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### Guarantor

UBS AG, Zurich  
C/O General Counsel  
UBS AG, Australia Branch  
Level 16, Chifley Tower,  
2 Chifley Square  
Sydney, NSW 2000 Australia

### Registrar

The Hongkong and Shanghai Banking Corporation Limited  
Attn: Issuer Services  
Level 24, HSBC Main Building  
1 Queen's Road Central  
Hong Kong

### Issuer's Solicitors

Ashurst

Level 11  
5 Martin Place  
SYDNEY NSW 2000

# UBS Equity Goals

Offered under the UBS Australia Structured Note Program

# Table of Contents

<b>Introduction</b>	1
<b>Section 1 – Equity Conditions</b>	2
<b>Section 2 – Specific Terms of UBS Equity Goals</b>	17
<b>Section 3 – Product Specific Risk Factors</b>	24
<b>Section 4 – Hypothetical Examples</b>	28
<b>Section 5 – Taxation Summary</b>	47

# Introduction

This is a "**Part 2 IM**" issued by UBS AG through one of its branches outside Switzerland and UBS Investments Australia Pty Limited (as "**Issuers**") and should be read with Part 1 of the Information Memorandum dated 24 April 2019 ("**Part 1 IM**") for the UBS Australia Structured Note Program and any Supplementary Information Memorandum issued by the Issuer(s) from time to time (together, the "**IM**").

This Part 2 IM relates to the offer of a Product referred to as "UBS Equity Goals" which are Equity Linked Notes offered by the relevant Issuer under the IM. The Issuer of a particular Series of Notes will be specified in the Pricing Supplement for that Series. The General Conditions in the Part 1 IM, the Equity Conditions in Section 1 of this Part 2 IM and the Specific Terms in Section 2 of this Part 2 IM make up the Product Conditions applicable to UBS Equity Goals.

The terms of each Series of UBS Equity Goals are set out in the Product Conditions as supplemented, amended, modified or replaced by the Pricing Supplement for that Series of UBS Equity Goals. Different Series of UBS Equity Goals may have different Underlying Assets and features and depending on those Underlying Assets and features, a Series may be described as, for example (without limitation):

- Equity Basket Kick-in Goal with Periodic Coupon
- Callable Equity Basket Kick-in Goal with Periodic Coupon
- Equity Basket Kick-in Goal with Final Maturity Coupon
- Callable Equity Basket Kick-in Goal with Snowball Coupon
- Callable Equity Basket Kick-in Goal with Snowball Coupon and Absolute Return Coupon
- Equity Single Stock Goal with Final Maturity Coupon
- Equity Single Stock Goal with Periodic Coupon
- Callable Equity Single Stock Goal with Snowball Coupon
- Equity Single Stock Kick-in Goal with Periodic Coupon
- Callable Equity Single Stock Kick-in Goal with Periodic Coupon
- Equity Single Stock Kick-in Goal with Final Maturity Coupon
- Callable Equity Single Stock Kick-in Goal with Snowball Coupon

References in this Part 2 IM to "Notes" or "Series" are to Notes or Series of Notes which are UBS Equity Goals. A reference to "a Note", "each Note" or "per Note" is a reference to a notional amount of Notes equal to the Denomination for that Series of Notes.

# Section 1 – Equity Conditions

## 1 Interpretation

This section sets out the Underlying Asset Conditions applicable to Equity Linked Notes offered under the Information Memorandum. These terms and conditions are also referred to as Equity Conditions.

To the extent of any inconsistency between the General Conditions and these Equity Conditions, these Equity Conditions shall prevail. To the extent of any inconsistency between these Equity Conditions and Section 2 of this Part 2 IM ("Specific Terms"), the Specific Terms shall prevail. To the extent of any inconsistency between the Product Conditions and the Pricing Supplement for a Series, the Pricing Supplement shall prevail.

Capitalised terms not otherwise defined in these Equity Conditions have the meaning given in the General Conditions or Specified Terms.

## 2 Definitions

For the purposes of these Equity Conditions:

**Additional Disruption Event** means those events defined in Equity Condition 6.

**Averaging Date** means each date specified as an Averaging In Date, Averaging Out Date or Averaging Date in the Terms of a Note or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day:

- (a) if "Omission" is specified as applying in the Terms of a Note, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant price, level or amount, provided that, if through the operation of this provision no Averaging Date would occur for the purpose of determining the relevant price, level or amount to be calculated by reference to observations taken on the Averaging Dates, then the provisions of the definition of "Valuation Date" will apply for purposes of determining the relevant price, level or amount on the final Averaging Date, as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if "Postponement" is specified as applying in the Terms of a Note, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price, level or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if "Modified Postponement" is specified as applying in the Terms of a Note then:
  - (i) where the Notes relate to a single Share, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the Scheduled Averaging Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of "Valuation Date" below; and
  - (ii) where the Notes relate to a Basket of Shares, the Averaging Date for each Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Averaging Date and the Averaging Date for each Share affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Share. If the first succeeding Valid Date in relation to such Share has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A)

that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in relation to such Share, and (B) the Calculation Agent shall determine the relevant price for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of "Valuation Date" below,

For the purposes of paragraph (c), "Valid Date" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

**Basket of Shares** or **Basket** means, in respect of a Series where the Underlying Asset comprises more than one Share, all of those Shares.

**Closing Price** means, in respect of a Share and a Scheduled Trading Day, the closing price of such Share as published by the relevant Exchange for that day, or if such price is not published for whatever reason other than as a result of the occurrence of a Disrupted Day, the value of a Share as of the actual closing time of the relevant Exchange on that Scheduled Trading Day, determined by the Calculation Agent in good faith.

**Delivery Share** means the share, unit or other security selected by the Issuer as the share, unit or other security that is deliverable by the Issuer as Entitlement Shares if Physical Delivery applies.

**Disrupted Day** means, in respect of a Share, any Scheduled Trading Day on which the relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

**Early Closure** means, in respect of a Share, the closure on any Exchange Business Day of the relevant Exchange or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange or Related Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange or Related Exchange on such Exchange Business Day, and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time, on such Exchange Business Day.

**Entitlement Shares** mean, if Physical Delivery is applicable to a Note, the quantity of Delivery Shares per Note that the Issuer is obliged to deliver to the Holder or as the Holder directs on the Maturity Delivery Date, as specified in or determined by the Calculation Agent in accordance with the Terms of the Note.

**Exchange** means, in relation to a Share, each exchange or quotation system specified as such for such Share in the applicable Pricing Supplement or, where not so specified, the primary exchange(s) or quotation system(s) on which the Shares are listed any successor to any such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange), each as determined by the Calculation Agent.

**Exchange Business Day** means any Scheduled Trading Day on which the Exchange and each Related Exchange for a Share is open for trading during its regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**Exchange Disruption** means, in respect of a Share, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Shares on the Exchange, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Share on any Related Exchange.

**Extraordinary Event** means, in respect of a Note, a Merger Event, Tender Offer (if Tender Offer is specified as applicable in the Specific Terms or the Pricing Supplement), Nationalisation, Insolvency or Delisting (as those events are defined in Equity Conditions 5), any Additional Disruption Event or any other event specified as an Extraordinary Event in the Terms of a Note.

**Final Valuation Date** means the date specified as such in the Pricing Supplement for a Note, as adjusted (if at all) in accordance with the Equity Conditions and Specific Terms.

**Initial Valuation Date** means the date specified as such in the Pricing Supplement for a Note, as adjusted (if at all) in accordance with the Equity Conditions and Specific Terms.

**Market Disruption Event** means, in relation to a Share, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material for such Share, at any time during the one hour period that ends at the Valuation Time, or (iii) an Early Closure.

**Maturity Delivery Date** means the date specified in the Pricing Supplement for the Note, or if none is specified then the Maturity Delivery Date is the fifth Business Day after the Final Valuation Date for the Note, provided that if a Settlement Disruption Event occurs and is subsisting on that day then the Maturity Delivery Date will be adjusted in accordance with the Physical Delivery Conditions.

**Observation Cut-Off Date** means, in respect of each Scheduled Observation Date of a Note, the eighth Scheduled Trading Day immediately following the relevant Scheduled Observation Date, unless a different date is specified in the Specific Terms or the Pricing Supplement for the Note.

**Observation Date** means a Kick-in Event Observation Date, a Call Event Observation Date and each other date specified as an Observation Date in the Terms of a Note, or if such date is not a Scheduled Trading Day for a Share, the first Scheduled Trading Day thereafter for that Share unless, in the opinion of the Calculation Agent such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) where the Note relates to a single Share, that Observation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day. In that case, (i) the Observation Cut-Off Date shall be deemed to be that Observation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the relevant price of the Share shall be determined by the Calculation Agent in its sole discretion as its good faith estimate of the price of the Share as of the Valuation Time on the Observation Cut-Off Date; or
- (b) where the Note relates to a Basket of Shares, that Observation Date for each Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Observation Date and the Observation Date for each Share affected by the occurrence of a Disrupted Day (each an "Affected Share") shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Share, unless each of the Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day relating to the Affected Share. In that case, (i) the Observation Cut-Off Date shall be deemed to be that Observation Date for the Affected Share (notwithstanding the fact that such day is a Disrupted Day) and (ii) the relevant price of the Affected Share shall be determined by the Calculation Agent in its sole discretion as its good faith estimate of the price of the Affected Share as of the Valuation Time on the Observation Cut-Off Date.

**Physical Delivery** means an election by the Issuer to deliver Entitlement Shares to the Holder of a Note in satisfaction of the Issuer's obligation to pay the Holder the Maturity Redemption Amount on the Maturity Settlement Date. Such election must be made in accordance with and subject to the conditions set out in the Terms of the Note.

**Physical Delivery Conditions** means Equity Conditions 13 to 15 (inclusive).

**Potential Adjustment Event** means those events defined in Equity Condition 4.

**Related Exchange** means each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent in its sole discretion) on the overall market for futures or options contracts relating to a Share.

**Scheduled Averaging Date** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been an Averaging Date.

**Scheduled Closing Time** means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**Scheduled Observation Date** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been an Observation Date.

**Scheduled Trading Day** means (i) in relation to the Delivery Share, Scheduled Trading Day (Single Share Basis), or (ii) in the case of Notes with a single Share as the Underlying Asset, Scheduled Trading Day (Single Share Basis), or (iii) in the case of Notes relating to a Basket of Shares: (a) Scheduled Trading Day (All Shares Basis) or (b) Scheduled Trading Day (Per Share Basis), as specified in the Terms of the Note or otherwise applicable in accordance with these Equity Conditions, provided that, if no such specification is made in the Specific Terms or Pricing Supplement for the Note then Scheduled Trading Day (Per Share Basis) will apply to the Note.

**Scheduled Trading Day (All Shares Basis)** means, in respect of a Basket of Shares, any day on which the Exchange and each Related Exchange in respect of all such Shares comprised in the Basket of Shares are scheduled to be open for trading during their respective regular trading sessions(s).

**Scheduled Trading Day (Per Share Basis)** means, in respect of a Share included in the Basket of Shares, any day on which the relevant Exchange and each Related Exchange in respect of such Share is scheduled to be open for trading for their respective regular trading session(s).

**Scheduled Trading Day (Single Share Basis)** means any day on which the Exchange and each Related Exchange in respect of the Share or Delivery Share are scheduled to be open for trading during their respective regular trading session(s).

**Scheduled Valuation Date** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

**Settlement Cycle** means, in respect of a Share, the period of Clearing System Business Days following a trade in the Share on the Exchange in which settlement will customarily occur according to the rules of such Exchange.

**Share(s)** means, in respect of a Series of Notes and subject to adjustment in accordance with the Product Conditions, the share(s), unit(s) and/or other security/securities specified in the Pricing Supplement as the Underlying Asset for the Series.

**Share Price** means, in respect of a Share and a time on a Scheduled Trading Day and subject to these Equity Conditions, the price of such Share at such time on such day as determined by the Calculation Agent.

**Trade Date** means, in respect of a Series, the date specified as such in the Pricing Supplement for that Series.

**Trading Disruption** means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise relating to the Share on the Exchange or futures or options contracts relating to the Share on any Related Exchange.

**Underlying Entity** means, in respect of a Share, the company, trustee or other entity that has issued such Share.

**Valuation Cut-Off Date** means, in respect of each Scheduled Valuation Date, the eighth Scheduled Trading Day immediately following the relevant Scheduled Valuation Date, unless a different date is specified in the Specific Terms or the Pricing Supplement for the relevant Note.

**Valuation Date** means an Initial Valuation Date, a Final Valuation Date, an Early Maturity Valuation Date or each date specified as a Valuation Date for a Share in the Terms of a Note or if that is not a Scheduled Trading Day the first Scheduled Trading Day thereafter unless, in the opinion of the Calculation Agent such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) where the Notes relate to a single Share, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days immediately following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is a



Disrupted Day. In that case, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the relevant price of the Share shall be determined by the Calculation Agent in its sole discretion as its good faith estimate of the price of the Share as of the Valuation Time on the Valuation Cut-Off Date; or

- (b) where the Notes relate to a Basket of Shares, the Valuation Date for each Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Share affected by the occurrence of a Disrupted Day (each an "Affected Share") shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Share, unless each of the Scheduled Trading Days immediately following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is a Disrupted Day relating to the Affected Share. In that case, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date for the Affected Share (notwithstanding the fact that such day is a Disrupted Day) and (ii) the relevant price of the Affected Share shall be determined by the Calculation Agent in its sole discretion as its good faith estimate of the price of the Affected Share as of the Valuation Time on the Valuation Cut-Off Date.

**Valuation Time** means the Valuation Time on the relevant Valuation Date, Observation Date or Averaging Date, as the case may be, specified in this Part 2 IM or the applicable Pricing Supplement or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date, Observation Date or Averaging Date, as the case may be, in relation to each Share to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time or, where the Share Price is to be determined during any period, each relevant time at which the Share Price is so determined.

### **3 Correction to Share Prices**

If the price of a Share published on any Valuation Date, Observation Date, Averaging Date or any other date for Share valuation or observation, as the case may be, by the relevant Exchange and which is utilised for any calculation or determination made for the purposes of the Notes (a "Relevant Calculation") is subsequently corrected and the correction (the "Corrected Share Price") published by the relevant Exchange no later than two Business Days prior to the date of payment of any amount or making of any delivery to be calculated by reference to the Relevant Calculation then such Corrected Share Price shall be deemed to be the relevant price for such Share on such Averaging Date, Observation Date, Valuation Date or other relevant date, as the case may be, and the Calculation Agent shall use such Corrected Share Price in determining the relevant price.

### **4 Potential Adjustment Events**

4.1 "Potential Adjustment Event" means any of the following:

- (a) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event or, if Tender Offer is specified as applicable in the Specific Terms or the relevant Pricing Supplement, a Tender Offer) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (b) a distribution, issue or dividend to existing holders of the relevant Shares of (A) such Shares or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Underlying Entity equally or proportionately with such payments to holders of such Shares or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Underlying Entity as a result of a spin-off or other similar transaction or (D) property other than cash, shares or rights relating to any Shares or (E) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;
- (c) an extraordinary dividend or distribution, whether in cash or other property, as determined by the Calculation Agent;
- (d) a call by a Underlying Entity in respect of relevant Shares that are not fully paid;

- (e) a repurchase by the Underlying Entity or any of its subsidiaries, as the case may be, of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
  - (f) in respect of an Underlying Entity an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Underlying Entity pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights;
  - (g) an amendment or supplement is made to the terms of the ADR/GDR Deposit Agreement; or
  - (h) any other event having, in the opinion of the Calculation Agent, an economic effect on the Notes or a diluting or concentrative effect on the theoretical value of the relevant Shares.
- 4.2 If an Underlying Entity declares, on or before the Final Valuation Date, the terms of a Potential Adjustment Event in respect of a Share, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Share and, if so, it may make a corresponding adjustment, if any, to any one or more of the terms of the Product Conditions and/or the applicable Pricing Supplement as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect (including adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share or the Note) and determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange or any adjustment made by the ADR/GDR Depository under the ADR/GDR Deposit Agreement.
- 4.3 Upon the making of any such adjustment, the Issuer shall give notice as soon as reasonably practicable to the Holders stating the adjustment to the terms of the Product Conditions and/or the applicable Pricing Supplement and giving brief details of the Potential Adjustment Event, provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such adjustment.
- 4.4 If the Calculation Agent determines that no adjustment to the Notes under the terms of Equity Condition 4.2 that it could make will produce a commercially reasonable result, the Calculation Agent may elect to treat the Potential Adjustment Event as an Extraordinary Event to which the consequences in Equity Conditions 5.2(a) or 5.2(b) shall apply, as selected by the Calculation Agent.

## **5 Merger Event, Tender Offer, Delisting, Nationalisation and Insolvency**

### **5.1 For the purposes of the Equity Conditions:**

"Announcement Date" means, (i) in the case of a Merger Event, the date of the first public announcement of a firm intention to engage in a transaction that is expected to lead to a Merger Event (whether or not subsequently amended), or (ii) in the case of a Tender Offer, the date of the first public announcement of a firm intention to purchase or otherwise obtain the requisite number of voting shares that is expected to lead to a Tender Offer (whether or not subsequently amended), (iii) in the case of a Nationalisation, the date of the first public announcement to nationalise (whether or not subsequently amended) that leads to the Nationalisation; (iv) in the case of Insolvency, the date of the first public announcement of the institution of a proceeding or presentation of a petition or passing of a resolution (or other analogous procedure in any jurisdiction) that leads to the Insolvency, and (v) in the case of a Delisting, the date of the first public announcement by the Exchange that the Shares will cease to be listed, traded or publicly quoted on the Exchange.

"Delisting" means, the ADR/GDR Depository announces that the ADR/GDR Deposit Agreement is (or will be) terminated and/or, in respect of any relevant Shares, the Exchange announces that pursuant to the rules of such Exchange, such Shares cease (or will cease) to be listed, traded or publicly

quoted on the Exchange for any reason (other than as a result of a Merger Event or, if Tender Offer is specified as applicable in the Specific Terms or the relevant Pricing Supplement, a Tender Offer) and are not immediately re-listed, re-traded or re-quoted on (A) where the Exchange is located in the United States, any of the New York Stock Exchange, the American Stock Exchange or the NASDAQ National Market System (or their respective successors) or (B) an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union).

"Insolvency" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the Underlying Entity (A) all the Shares of that Underlying Entity are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares of that Underlying Entity become legally prohibited from transferring them.

"Merger Date" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

"Merger Event" means, in respect of any relevant Shares, any (A) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (B) consolidation, amalgamation, merger or binding share exchange of an Underlying Entity with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Underlying Entity is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), (C) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Shares of the Underlying Entity that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (D) consolidation, amalgamation, merger or binding share exchange of the Underlying Entity or its subsidiaries with or into another entity in which the Underlying Entity is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Shares immediately following such event, in each case if the Merger Event Date is on or before the Maturity Settlement Date or Maturity Delivery Date (as applicable) or any other date on which the Notes are due to be redeemed in full.

"Merger Event Date" means, in respect of a Merger Event, the date of occurrence of such Merger Event, which shall be deemed to be the Announcement Date or such other date as the Calculation Agent determines is commercially reasonable in the circumstances.

"Nationalisation" means that all the Shares or all or substantially all the assets of the Underlying Entity are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

"Tender Offer" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10% and less than 100% of the outstanding voting shares, units or other securities of the Underlying Entity as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant, in each case if the Tender Offer Event Date is on or before the Maturity Settlement Date or Maturity Delivery Date (as applicable) or any other date on which the Notes are due to be redeemed in full.

"Tender Offer Date" means, in respect of a Tender Offer, the date on which voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Calculation Agent).

"Tender Offer Event Date" means, in respect of a Tender Offer, the date of occurrence of such Tender Offer, which shall be deemed to be the Announcement Date or such other date as the Calculation Agent determines is commercially reasonable in the circumstances.

- 5.2 If, prior to the Final Valuation Date, (x) the Announcement Date of a Merger Event, Delisting, Nationalisation or Insolvency occurs in relation to a Share, and/or (y) if Tender Offer is specified as applicable in the Specific Terms or the relevant Pricing Supplement, the Announcement Date of a Tender Offer occurs, or (z) the Calculation Agent makes a determination under Equity Condition 4.4 to treat a Potential Adjustment Event as an Extraordinary Event, then the Issuer in its sole and absolute discretion may take the action described in (a) or (b) below:
- (a) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any terms of the Product Conditions and/or the applicable Pricing Supplement to account for the Delisting, Merger Event, Tender Offer (if applicable), Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but need not) determine the appropriate adjustment and the effective date of the adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer (if applicable), Delisting, Nationalisation or Insolvency made by any options exchange to options on the Shares traded on that options exchange and the relevant adjustments may include, without limitation, adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares which occur at any time on or after the date that is 15 Exchange Business Days prior to the Announcement Date. The adjustment may include a replacement of the affected Share with a different Share selected by the Calculation Agent ("Replacement Share"), in which case (x) from and including the effective date of such replacement (as determined by the Calculation Agent in its sole and absolute discretion), the Replacement Share will be taken to be a "Share" and the issuer of the Replacement Share will be taken to be an "Underlying Entity" of the Replacement Share for the purposes of the Notes and (y) the Calculation Agent may determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the terms of the Product Conditions and/or the applicable Pricing Supplement to account for such replacement of the affected Share; or
  - (b) give notice to the Holders to designate an Early Maturity Valuation Date and redeem all (i.e. not some only) of the Notes, with each Note being redeemed at the Early Redemption Amount on the Early Maturity Settlement Date specified by the Issuer.
- 5.3 For the purposes of determining the Early Redemption Amount payable under Equity Condition 5.2(b), the Calculation Agent may take into account changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares which occur at any time on or after the date that is 15 Exchange Business Days prior to the Announcement Date (as determined by the Calculation Agent), as well as the value that the Issuer has derived or is able to derive from unwinding its Hedge Positions in respect of the Note.
- 5.4 Upon the occurrence of a Merger Event, Delisting, Nationalisation, Insolvency or, if applicable, Tender Offer, the Issuer shall give notice as soon as practicable to the Holders, stating the occurrence of the Merger Event, Delisting, Tender Offer (if applicable), Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto (including without limitation, in the case of a replacement of the affected Share, details of the Replacement Share and the effective date of the replacement) provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such Merger Event, Tender Offer (if applicable), Delisting, Nationalisation or Insolvency, as the case may be.
- 5.5 The earliest date that the Issuer may specify as the Early Maturity Valuation Date is, in respect of:
- (a) a Potential Adjustment Event described in Equity Conditions 4.1(a) to 4.1(g), the date the Underlying Entity announces the relevant event;
  - (b) a Potential Adjustment Event described in Equity Condition 4.1(h), the date determined by the Calculation Agent as commercially reasonable in the circumstances; and
  - (c) an Extraordinary Event, the Announcement Date of the relevant Extraordinary Event.

## **6 Additional Disruption Events**

- 6.1 For the purposes of these Equity Conditions:

"Additional Disruption Event" means any of Change in Law, FX Disruption, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Loss of Stock Borrow, Failure to Deliver,

Administrator/Benchmark Event, Relevant Benchmark Modification/Cessation and/or Insolvency Filing, in each case if specified as applicable in the Specific Terms or the relevant Pricing Supplement.

"Administrator/Benchmark Event" means, in relation to a Relevant Benchmark, any authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register in respect of such Relevant Benchmark or the administrator or sponsor of such Relevant Benchmark has not been, or will not be, obtained or has been, or will be, rejected, refused, suspended or withdrawn by the relevant competent authority or other relevant official body, in each case with the effect that the Issuer, the Calculation Agent or any other entity is not, or will not be, permitted under any applicable law or regulation to use such Relevant Benchmark to perform its or their respective obligations in respect of the Notes.

"Change in Law" means that, on or after the Trade Date of the Note, (1)(i) due to the adoption of or any change (including a future change) in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change (including a future 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 Calculation Agent determines in its sole and absolute discretion that (A) it has become illegal to hold, acquire or dispose of any relevant Share or any transaction(s) or other asset(s) that the Issuer and/or any of its Affiliates or agents deems necessary or desirable to hedge the equity or other price risk of the Issuer in connection with the Notes; and/or (B) the Issuer and/or any of its Affiliates or agents will incur a materially increased cost in performing its obligations in relation to the Notes and/or, as applicable, in acquiring, entering into and/or maintaining any transaction(s) that the Issuer and/or any of its Affiliates or agents deems necessary or desirable to hedge the equity or other price risk of the Issuer in connection with the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates); and/or (2) the Issuer and/or any of its Affiliates or agents carrying out relevant hedging arrangements in respect of the Notes is or will be required to be regulated by any additional jurisdiction or regulatory authority or is or will be subject to any additional legal requirement or regulation considered by the Calculation Agent to be materially onerous.

"Failure to Deliver" means the failure by the Issuer to deliver, when due, the Entitlement Shares where such failure to deliver is due to illiquidity in the market for such shares.

"FX Disruption" means the occurrence or existence of any event or circumstance, as determined by the Calculation Agent in its sole and absolute discretion, with respect to any currency in which any Share is traded, quoted or settled (each an "Event Currency") that has the effect of preventing or delaying the Issuer and/or any of its Affiliates or agents directly or indirectly from: (i) converting the Event Currency into the Specified Currency through customary legal channels; (ii) converting the Event Currency into the Specified Currency at a rate at least as favourable as the rate for domestic institutions located in any jurisdiction which uses the Event Currency as its primary currency (an "Event Currency Jurisdiction"); (iii) delivering the Specified Currency from accounts inside the Event Currency Jurisdiction to accounts outside the Event Currency Jurisdiction; (iv) delivering the Event Currency between accounts inside the Event Currency Jurisdiction or to an entity that is a non-resident of the Event Currency Jurisdiction; or (v) effectively realising in the Specified Currency the value of any hedging arrangement in respect of the Notes at any time.

"Hedging Disruption" means that the Issuer and/or any of its Affiliates or agents is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk (including, but not limited to, currency risk) of the Issuer issuing and performing its obligations with respect to the Notes, or (ii) realise, recover, remit or transfer the proceeds of Hedge Positions between accounts within the jurisdiction of the Hedge Positions (the "Affected Jurisdiction") or from accounts within the Affected Jurisdiction to accounts outside of the Affected Jurisdiction. Without limitation such transaction(s) or assets may include any Exchange-traded Contract(s).

"Hedging Shares" means the number of Shares that the Calculation Agent deems necessary to buy, sell or maintain a long or short position in to hedge the equity or other price risk of entering into and performing its obligations with respect to the Notes.

"Increased Cost of Hedging" means that the Issuer and/or any of its Affiliates or agents acting on its behalf would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk (including, but not limited to, currency risk) of the Issuer issuing and performing its obligations with respect to the Notes, or (ii) realise, recover, remit or transfer the proceeds of Hedge Positions between accounts within the jurisdiction of the Hedge Positions (the "Affected Jurisdiction") or from accounts within the Affected Jurisdiction to accounts outside of the Affected Jurisdiction, provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates or agents shall not be deemed an Increased Cost of Hedging.

"Increased Cost of Stock Borrow" means that the Issuer and/or any of its Affiliates would incur a rate to borrow Shares that is greater than the Initial Stock Loan Rate.

"Initial Stock Loan Rate" means, in respect of a Series of Notes and a Share that is an Underlying Asset for the Series, the Initial Stock Loan Rate specified in relation to such Share in the Specific Terms or the relevant Pricing Supplement.

"Insolvency Filing" means that an Underlying Entity institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Underlying Entity shall not be deemed an Insolvency Filing.

"Loss of Stock Borrow" means that the Issuer and/or any Affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Share in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

"Maximum Stock Loan Rate" means in respect of a Series of Notes and a Share that is an Underlying Asset for the Series, the Maximum Stock Loan Rate specified in the Specific Terms or the relevant Pricing Supplement.

"Relevant Benchmark Modification/Cessation" means in respect of a Relevant Benchmark:

- (a) the administrator or sponsor of such Relevant Benchmark makes, or announces that it will make, a material change in the formula for or the method of calculating the Relevant Benchmark or in any other way materially modifies such Relevant Benchmark; or
- (b) the permanent cancellation of, or cessation in the provision of, such Relevant Benchmark.

"Relevant Benchmark" means any measure constituting an index (or a combination of indices) under any applicable law or regulation, by reference to which any amount payable under the Notes is calculated (as determined by the Calculation Agent).

6.2 If Additional Disruption Events are specified in the Specific Terms or the relevant Pricing Supplement, then if an Additional Disruption Event occurs at any time on or before the Maturity Settlement Date or Maturity Delivery Date (as applicable) or any other date on which the Notes are due to be redeemed in full, the Issuer in its sole and absolute discretion may take the action described in (a) or (b) below:

- (a) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of the Terms of the Note to account for the Additional Disruption Event and determine the effective date of that adjustment; or
- (b) give notice to Holders to designate an Early Maturity Valuation Date and redeem all (i.e. not some only) of the Notes, at the Early Redemption Amount per Note on the Early Maturity Settlement Date specified by the Issuer.

- 6.3 For the purposes of determining the Early Redemption Amount payable under Equity Condition 6.2(b), the Calculation Agent may take into account changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares which occur at any time on or after the date that is 15 Exchange Business Days prior to the date the Additional Disruption Event occurred (as determined by the Calculation Agent), as well as the value that the Issuer has derived or is able to derive from unwinding its Hedge Positions in respect of the Note.
- 6.4 Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Holders stating the occurrence of the Additional Disruption Event giving details thereof and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event.

## **7 Calculations and Determinations**

- 7.1 Unless otherwise specified, the Calculation Agent will make the calculations and determinations as described in these Equity Conditions in such a manner as the Calculation Agent determines is appropriate acting in good faith and in a commercially reasonable manner (having regard in each case to the criteria stipulated in the Equity Conditions and the Issuer's hedging arrangements in respect of the Notes, including hedging via the Issuer's Affiliates).
- 7.2 Notwithstanding that certain calculations, determinations and adjustments in these Equity Conditions may be expressed to be on a certain date, the Calculation Agent may make such calculations, determinations and adjustments in respect of that date on a date after that date determined by it in its discretion.
- 7.3 Pursuant to these Equity Conditions the Calculation Agent has a number of discretions. These are necessary since in certain circumstances it is not reasonably practicable or otherwise not appropriate for certain valuations to be carried out in relation to relevant Underlying Assets and in these circumstances the Calculation Agent also may exercise certain discretions.
- 7.4 Any discretion exercised by, and all calculations, adjustments and determinations made by Calculation Agent shall (in the absence of manifest error) be final and binding on the Issuer and all Holders.
- 7.5 If Equity Condition 3 is applicable, the Issuer and/or Calculation Agent shall not have any responsibility for any errors or omissions in the calculation and determination of the Closing Price(s) of the Share(s) or for any determination made as a result of such errors or omissions.

## **8 Deferral as a result of Disrupted Day**

- (a) If an Averaging Date, Observation Date or Valuation Date is deferred as a result of an event that has resulted in a Disrupted Day and a payment amount or delivery quantity is to be calculated based on observations, valuations or calculations to be taken or performed on the relevant Averaging Date, Observation Date or Valuation Date, then such payment or delivery will be deferred until the fifth Business Day after the date the relevant payment amount or delivery quantity is determined in accordance with the relevant Product Conditions and Pricing Supplement.
- (b) If the Underlying Asset is a Basket of Shares and Scheduled Trading Day (Per Share Basis) is specified in the Terms of the Note or is otherwise applicable in accordance with these Equity Conditions, where any date for payment or delivery is determined by reference to any Averaging Date (the "Relevant Averaging Date"), Observation Date (the "Relevant Observation Date") or Valuation Date (the "Relevant Valuation Date"), such Relevant Averaging Date, Relevant Observation Date or Relevant Valuation Date, as applicable, will be deemed to be the last such Relevant Averaging Date, Relevant Observation Date or Relevant Valuation Date to occur in respect of any Share in the Basket taking into account the adjustments in the definition of Averaging Date, Observation Date or Valuation Date, as applicable.

## **9 GDR/ADR Linked Notes**

9.1 If a Note is specified as a "GDR/ADR Linked Note" in the Specific Terms or the relevant Pricing Supplement, the provisions in Equity Conditions 9, 10 and 11 shall apply (in each case subject to completion and/or amendment in the Specific Terms or Pricing Supplement).

9.2 For the purposes of Conditions 10 and 11:

"ADR/GDR Depository" means the issuer of the ADRs or GDRs, as applicable.

"ADR/GDR Deposit Agreement" means, in relation to the ADRs or GDRs, as applicable, the agreement(s) or other instrument(s) constituting the ADRs or GDRs and/or relating to the Underlying Shares as amended or supplemented from time to time.

"Replacement DRs" means depository receipts other than the relevant ADRs or GDRs over the same Underlying Shares.

"Share Event" means each of the following events:

- (i) written instructions have been given by the Underlying Share Issuer to the depository of the Underlying Shares to withdraw or surrender the Underlying Shares; and/or
- (ii) the termination of the ADR/GDR Deposit Agreement in respect of the Underlying Shares.

"Underlying Shares" mean the shares or other securities underlying the ADRs or GDRs, as the case may be.

"Underlying Share Issuer" means the issuer of the Underlying Shares.

## **10 General Provisions in respect of GDR/ADR Linked Notes**

The Equity Conditions shall apply to GDR/ADR Linked Notes as follows:

- (a) where "Partial Lookthrough" is specified as applicable in the Specific Terms or relevant Pricing Supplement, the Equity Conditions shall apply to the Notes as if references therein to "Shares" were to the Global Depositary Receipts (GDRs) and/or American Depositary Receipts (ADRs) and/or the Underlying Shares, as applicable, and references to the "Exchange" were to the primary exchange or quotation system on which the GDRs, ADRs or Underlying Shares are listed; or
- (b) where "Full Lookthrough" is specified as applicable in the applicable Product Conditions or Pricing Supplement, the Equity Conditions shall apply to the Notes as if references therein to "Shares" were to the Underlying Shares and references to the "Exchange" were to the primary exchange or quotation system on which the Underlying Shares are listed,

and in each case with such additional or alternative modifications as the Calculation Agent may consider necessary or otherwise desirable to account for the relevant GDRs and/or ADRs.

## **11 Share Event in respect of GDR/ADR Linked Notes**

A Share Event shall be deemed to be an Extraordinary Event to which the provisions of Equity Condition 5 shall apply and upon the occurrence of a Share Event, the Issuer may take the action described in items (a) or (b) set out in Equity Condition 5.2. The Issuer shall give notice as soon as practicable to Holders stating the occurrence of the Share Event, giving details thereof and the action proposed to be taken in relation thereto. If an event may constitute both a Share Event and an Additional Disruption Event, the Calculation Agent shall determine which of these events such event constitutes.



## 12 Non-euro Quoted Shares

In respect of Notes relating to Shares originally quoted, listed and/or dealt as of the Trade Date in a currency of a member state of the European Union that has not adopted the single currency in accordance with the Treaty, if such Shares are at any time after the Trade Date quoted, listed and/or dealt exclusively in euro on the relevant Exchange or, where no Exchange is specified in the applicable Pricing Supplement, the principal market on which those Shares are traded, then the Calculation Agent will adjust any of the terms of the Product Conditions and/or the applicable Pricing Supplement as the Calculation Agent determines in its sole and absolute discretion to be appropriate to preserve the economic terms of the Notes. The Calculation Agent will make any conversion necessary for purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this provision will affect the currency denomination of any payment obligation arising out of the Notes.

## 13 Delivery of Entitlement Shares

- 13.1 If the Specific Terms or the Pricing Supplement applicable to a Series of Note specifies that the Issuer may make an election for Physical Delivery (which may or may not be subject to conditions), the Issuer may, instead of paying the Maturity Redemption Amount to the Holder, elect to deliver Entitlement Shares to the Holder or as the Holder directs. Upon delivery of Entitlement Shares to the Holder or as the Holder directs, the Issuer's obligation to the Holder to pay the Maturity Redemption Amount under the Note will be fully satisfied and extinguished.
- 13.2 If an election for Physical Delivery becomes effective, the Issuer shall at the risk of the relevant Holder deliver to the Holder or as the Holder directs, the Entitlement Shares per Note. Such delivery shall be made on the Maturity Delivery Date in such commercially reasonable manner as the Issuer shall, in its sole discretion, determine to be appropriate for such delivery, subject as provided below.
- 13.3 Delivery of the Entitlement Shares is conditional on the Issuer having received in a timely manner all such information and instructions (the "Required Information") it requires in its sole discretion to be able to make delivery of the Entitlement Shares. Required Information may include, without limitation, the name and contact information of the Holder, details of the account(s) to which the Entitlement Shares are to be delivered and any related cash amounts are to be paid or from which any Expenses (as defined below) may be deducted and matching instructions to allow the delivery of the Entitlement Shares. Holders may contact the Issuer (a) by means of a Clearing System notice where the relevant Clearing System procedures provide for this or (b) otherwise, or where Notes are in definitive form, by written notice to the Paying Agent at its specified office. If the Issuer has not received the Required Information by 5:00 pm (Sydney time) on the day that is two Clearing System Business Days prior to the Maturity Delivery Date (or such other time that the Issuer has specified), a Settlement Disruption Event will be deemed to have occurred and the provisions of Equity Condition 14 (Settlement Disruption Event) will apply.
- 13.4 All expenses including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities, transfer and/or other taxes or duties (together "Expenses") arising from the redemption of the Notes and the delivery of any Entitlement Shares shall be for the account of the relevant Holder and deducted from any cash amount due to be paid by the Issuer to the Holder with any balance to be paid in full by the Holder on or prior to delivery or transfer of any Entitlement Shares. The Issuer has no obligation to deliver and/or transfer any Entitlement Shares until all Expenses have been paid to the satisfaction of the Issuer by the relevant Holder.
- 13.5 By providing the Required Information, the Holder represents to the Issuer that delivery of the Entitlement Shares to the Holder will not result in a breach of any laws or regulations applicable to the Holder. Furthermore, the Holder is deemed to certify that (A) the beneficial owner of each Note is not a 'US Person' as defined in Rule 902(k) of Regulation S under the United States Securities Act of 1933, as amended, which term is deemed to include any person that does not meet the definition of 'Non-United States Person' in Rule 4.7 promulgated by the United States Commodity Futures Trading Commission (the "CFTC") under the United States Commodity Exchange Act, as amended (the "CEA") ("US Person"), (B) the Note is not being redeemed within the United States or on behalf of a US Person and (C) no cash, securities or other property have been or will be delivered within the

United States or to, or for the account or benefit of, a US Person in connection with any redemption thereof.

- 13.6 In the absence of fraud or wilful misconduct on its part, the Issuer shall not be liable to any person with respect to any action taken or omitted to be taken by it in connection with its determination that it does not have the Required Information.
- 13.7 Delivery of the Entitlement Shares in respect of the Notes is subject to all applicable laws, regulations and practices in force on the day on which the Entitlement Shares is to be delivered in accordance with the Terms of the Notes including these Physical Delivery Conditions, and none of the Issuer or any of its Affiliates or agents or the Paying Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer or any of its Affiliates or agents or the Paying Agent shall under any circumstances be liable for any acts or defaults of the relevant Clearing System in relation to the performance of their duties in relation to the Notes.
- 13.8 If a Settlement Disruption Event occurs and any person other than the relevant Holder shall continue to be the legal owner of the shares, units or other securities comprising the Entitlement Shares, neither the Issuer nor any other such person shall be:
- (i) under any obligation to deliver or procure delivery to the relevant Holder or any subsequent beneficial owner of such Note any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such securities or obligations;
  - (ii) under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such securities or obligations whilst the Settlement Disruption Event is subsisting; or
  - (iii) under any liability to the relevant Holder or any subsequent beneficial owner of such Note in respect of any loss or damage which the relevant Holder or subsequent beneficial owner may sustain or suffer as a result, whether directly or indirectly, of that person being the legal owner of such securities or obligations whilst the Settlement Disruption Event is subsisting.

A Settlement Disruption Event ceases when the Entitlement Shares are delivered to the Holder or as the Holder directs.

- 13.9 A Holder will not have any entitlement to any dividend or other distribution in respect of the Delivery Share until the Entitlement Shares are registered in their name. If delivery of Entitlement Shares is delayed as a result of a Settlement Disruption Event and an ex-distribution date in respect of the Delivery Share occurs after the quantity of Entitlement Shares per Note is determined by the Issuer or Calculation Agent but before the actual delivery date then the Issuer will make an additional payment to the Holder in respect of each Delivery Share that makes up the Entitlement Shares, equal to the cash amount of the distribution (i.e. without gross up for any franking credits) corresponding to that ex-distribution date (expressed as an amount per Delivery Share), less any Taxes that would apply to the Issuer if it were the record date holder of the Delivery Share for that distribution.
- 13.10 Notwithstanding any other provision of these Physical Delivery Conditions, the Issuer may from time to time in its sole discretion notify and/or confirm to one or more Holder(s) any details of the process (or any alternative process) to be followed in order for the Holder to obtain delivery of the Entitlement Shares(s) in respect of any Note, including as to the nature of and procedure for delivery of Required Information.

#### **14 Settlement Disruption Event**

- (a) If, prior to the delivery of the Entitlement Shares in respect of any Note in accordance with these Physical Delivery Conditions, a Settlement Disruption Event is subsisting, then the Maturity Delivery Date in respect of such Note shall be postponed until the next Clearing System Business Day for the relevant Clearing System relevant for delivery of the Entitlement Shares(s) (as determined by the Calculation Agent) on which no Settlement Disruption Event is subsisting.

- (b) Holders are not entitled to any payment, whether of interest or otherwise as a result of any delay in the delivery of Entitlement Shares caused by a Settlement Disruption Event. Where delivery of the Entitlement Shares has been postponed as provided in these Physical Delivery Conditions the Issuer shall not be in breach of these Physical Delivery Conditions and no liability in respect thereof shall attach to the Issuer.
- (c) Notwithstanding any other provision hereof, at any time when a Settlement Disruption Event is subsisting, the Issuer may elect in its sole discretion to pay to the relevant Holder the Disruption Cash Settlement Amount not later than the fifth Business Day following the date on which it makes such election, in lieu of delivery of the Entitlement Shares. Upon payment of the Disruption Cash Settlement Amount to the Holder or as the Holder directs the Issuer's obligation to the Holder to pay the Maturity Redemption Amount or deliver the Entitlement Shares under the Note will be fully satisfied and extinguished.

## **15 Physical Delivery Definitions**

For the purposes of the Physical Delivery Conditions:

"Disruption Cash Settlement Amount" for each Note means, an amount equal to the fair market value of the Entitlement Shares as at the time the Issuer makes the election to pay the Disruption Cash Settlement Amount, less the cost to the Issuer and/or its Affiliates or agents of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including the cost of funding in respect of such hedging arrangements), all as calculated by the Calculation Agent in its sole and absolute discretion.

"Settlement Disruption Event" means, as of any relevant time, an event beyond the control of the Issuer as a result of which, in the sole opinion of the Calculation Agent, delivery of Delivery Shares by or on behalf of the Issuer in accordance with the Physical Delivery Conditions and/or this Part 2 IM or the applicable Pricing Supplement is not practicable at such time. Without limitation, a Settlement Disruption Event may include an event as a result of which the relevant Clearing System cannot clear the transfer of Delivery Shares, a suspension of trading in the Delivery Share or a general suspension of trading on the Exchange for the Delivery Share, and a failure by the Holder to provide the Required Information to the Issuer in a timely manner as set out in Equity Condition 13.3.

## Section 2 – Specific Terms of UBS Equity Goals

### 1 Definitions

In this Section 2, a capitalised term not defined below has the meaning given to it in the General Conditions or Equity Conditions:

If **Absolute Return Coupon Feature** is specified as applicable to a Series then the Maturity Coupon for the Note will be an **Absolute Return Coupon** calculated and payable in accordance with terms of the Pricing Supplement.

**Calculation Amount** means an amount equal to the Notional Amount divided by the Strike Price Percentage.

**Call Event Observation Dates** mean the dates specified as such in the Pricing Supplement for a Series of Callable Goals.

**Call Event Observation Period** means the time period specified as such in the Pricing Supplement for a Series of Callable Goals.

A Series of UBS Equity Goals has a **Call Feature** if Call Event Observation Date(s) or Call Event Observation Period(s) are specified in the Pricing Supplement for the Series.

**Call Level** means, in respect of a Series of Callable Goals and each Share referenced in that Series, the amount specified in or calculated in accordance with the Pricing Supplement as the Call Level for that Share, as adjusted, if applicable, in accordance with the Equity Conditions.

**Callable Goal** means a UBS Equity Goal with a Call Feature.

**Coupon Period** means:

- (a) in respect of a Periodic Coupon, each period from, and including, one Periodic Coupon Payment Date to, but excluding, the next Periodic Coupon Payment Date, except that the first Coupon Period will commence on, and include, the Issue Date and will end on, but exclude, the first Periodic Coupon Payment Date; and
- (b) in respect of a Maturity Coupon, the period from, and including, the Issue Date to, but excluding, the Maturity Coupon Payment Date.

**Equity Basket Goal** means a UBS Equity Goal with a Basket of Shares as its Underlying Asset.

**Equity Single Stock Goal** means a UBS Equity Goal with one Share rather than a Basket of Shares as its Underlying Asset.

**Final Level** means, in respect of each Share referenced in a Series, the amount specified in or calculated in accordance with the relevant Pricing Supplement as the Final Level for that Share, as adjusted, if applicable, in accordance with the Equity Conditions.

**Final Level (S)** is the Final Level of the underlying Share for an Equity Single Stock Goal.

**Final Level (W)** is the Final Level of the Lowest Performing Share in the Basket of an Equity Basket Goal.

**Final Maturity Coupon** means the amount described as such and calculated in accordance with the Terms that is payable on the Maturity Settlement Date of a Series of UBS Equity Goals.

**Final Price Percentage** for a Share (Share<sub>i</sub>) is calculated as follows:

$$\text{Final Price Percentage of Share}_i = \text{Final Level of Share}_i \div \text{Initial Level of Share}_i$$

**Initial Level** means, in respect of each Share referenced in a Series, the amount specified in or calculated in accordance with the relevant Pricing Supplement as the Initial Level for that Share, as adjusted, if applicable, in accordance with the Equity Conditions.

**Initial Level (S)** is the Initial Level of the underlying Share for an Equity Single Stock Goal.

**Initial Level (W)** is the Initial Level of the Lowest Performing Share in the Basket of an Equity Basket Goal.

**Kick-in Event Observation Dates** mean the dates specified as such in the relevant Pricing Supplement, or if none are specified and "Kick-In Event – Periodic Closing Price Observation" is applicable, mean every Scheduled Trading Day from and excluding the Initial Valuation Date to and including the Final Valuation Date of the Series.

**Kick-in Event Observation Period** for a Series means the time period specified as such in the relevant Pricing Supplement, or if none is specified and "Kick-In Event – Continuous Observation" is applicable, means (a) for an Equity Basket Goal, the period from when the first of the Initial Levels of the Shares in the Basket is determined to the time when the last of the Final Levels of the Shares in the Basket is determined, or, (b) for an Equity Single Stock Goal, the period from the time when Initial Level (S) is determined to the time when Final Level (S) is determined.

A Series of UBS Equity Goals has a **Kick-in Feature** if Kick-in Event Observation Date(s) or Kick-in Event Observation Period(s) are specified in the Pricing Supplement for the Series.

**Kick-in Level** means, in respect of each Share referenced in a Series, the amount specified in or calculated in accordance with the relevant Pricing Supplement as the Kick-in Level for that Share, as adjusted, if applicable, in accordance with the Equity Conditions.

**Lowest Performing Share** means, for a Series of Equity Basket Goals, the Share in the Basket that has the lowest Final Price Percentage as calculated by the Calculation Agent on the Final Valuation Date, provided that if two or more Shares have the same lowest Final Price Percentage when rounded to the nearest 0.1% then the Calculation Agent shall determine which Share shall be the Lowest Performing Share.

**Maturity Coupon** means, if applicable to a UBS Equity Goal, a Final Maturity Coupon, an Absolute Return Coupon, a Snowball Coupon or any other amount specified as a "Maturity Coupon" in the Terms of the Note or all of these, as the context requires.

**Maturity Coupon Floor** for a UBS Equity Goal with an Absolute Return Coupon Feature is equal to the Notional Amount multiplied by the Maturity Coupon Floor Rate.

**Maturity Coupon Floor Rate** is a percentage figure specified as such in the Pricing Supplement for a Series of UBS Equity Goals with an Absolute Return Coupon Feature.

**Maturity Redemption Amount** per Note is the amount calculated in accordance with the Pricing Supplement for the Series.

**Periodic Coupon** means, if applicable to a UBS Equity Goal, the amount payable by the Issuer on each Periodic Coupon Payment Date as determined by the Calculation Agent in accordance with this Part 2 IM and the Pricing Supplement of the relevant Series.

**Periodic Coupon Determination Date** means each date specified as such in the relevant Pricing Supplement, without adjustment if that day is not a Business Day or is a Disrupted Day.

**Periodic Coupon Payment Date** means, in respect of a Periodic Coupon, unless specified otherwise in the relevant Pricing Supplement, the third Business Day after the Periodic Coupon Determination Date for that Periodic Coupon, subject to adjustment in accordance with the Applicable Business Day Convention.

**Periodic Coupon Rate** means the percentage specified as such in the relevant Pricing Supplement.

**Principal Amount** per Note in a Series of UBS Equity Goals means 100% of the Notional Amount unless otherwise specified in the Pricing Supplement.

**Scheduled Trading Day** means, in respect of Equity Single Stock Goals, Scheduled Trading Day (Single Shares Basis) and in respect of Equity Basket Goals, Scheduled Trading Day (Per Share Basis).

If **Snowball Coupon Feature** is specified as applicable to a Series then the coupon that is payable upon occurrence of a Call Event in respect of the Series is a **Snowball Coupon** which is calculated and payable in accordance with the Pricing Supplement.

**Snowball Coupon Rate** means a percentage figure specified in the Pricing Supplement for a Series of Callable Goals which has a Snowball Coupon Feature.

**Strike Price Percentage** means, in respect of a Series of Equity Single Stock Goals, the percentage amount specified as such in the Pricing Supplement.

**Strike Price** means, in respect of a Series of Equity Single Stock Goals, the product of the Strike Price Percentage and Initial Level (S).

**UBS Equity Goal** means an Equity Basket Goal or an Equity Single Stock Goal or both, as the context requires.

## 2 Initial Level and Final Level

The Initial Level and Final Level of each Share are as specified in, or determined in accordance with the Pricing Supplement for the relevant Series of UBS Equity Goals.

## 3 Periodic Coupons

If Periodic Coupon Payment Dates are specified in the Pricing Supplement for a Series of UBS Equity Goals:

- (a) the Issuer will pay a Periodic Coupon per Note outstanding as at 11:59pm (Sydney time) on the day before the Periodic Coupon Determination Date for that Periodic Coupon, and the amount of the Periodic Coupon will be calculated by the Calculation Agent in accordance with the Pricing Supplement;
- (b) each Periodic Coupon is payable in respect of the Coupon Period to which it relates and will be calculated as at the Periodic Coupon Determination Date and paid to the Holder on the corresponding Periodic Coupon Payment Date;
- (c) if a Periodic Coupon Determination Date is also a Call Event Observation Date then the Periodic Coupon in respect of that Periodic Coupon Determination Date is payable regardless of whether a Call Event occurs on that Call Event Observation Date, provided that, if a Call Event does occur, the Periodic Coupon will be paid on the Early Maturity Settlement Date; and
- (d) no Periodic Coupons will be paid in respect of Periodic Coupon Determination Dates that occur after the date of a Call Event.

## 4 Maturity Coupons

- 4.1 A Series of UBS Equity Goals will pay either Periodic Coupons or a Maturity Coupon. There are three types of Maturity Coupons – Final Maturity Coupon, Snowball Coupon and Absolute Return Coupon, one or more of which may apply to a Series of UBS Equity Goals as specified in the Pricing Supplement for the Series.
- 4.2 If a Maturity Coupon is applicable then the Issuer will pay the Maturity Coupon calculated by the Calculation Agent in accordance with the Product Conditions and the Pricing Supplement. Each Maturity Coupon is payable in respect of the Coupon Period to which it relates.
- 4.3 A Maturity Coupon is payable by the Issuer in addition to, and not as part of, the Maturity Redemption Amount or the Early Redemption Amount payable following a Call Event. Except as

otherwise specified in the Pricing Supplement, a Maturity Coupon is not payable if an Early Redemption Amount is or becomes payable as a result of an Extraordinary Event, Additional Disruption Event or a Potential Adjustment Event.

- 4.4 A Final Maturity Coupon or Absolute Return Coupon is payable on the Maturity Settlement Date. A Snowball Coupon is payable on the Early Maturity Settlement Date.

## **5 Kick-in Event Observation**

Unless otherwise specified in the Pricing Supplement, the observation of a Kick-in Event for a UBS Equity Goal with a Kick-in Feature is subject to the following provisions:

- (a) each Kick-in Event Observation Date is an Observation Date for the purposes of the Equity Conditions and is therefore subject to adjustment in accordance with the Equity Conditions if it is not a Scheduled Trading Day and/or is a Disrupted Day; and
- (b) the Observation Cut-Off Date for a Kick-in Event is, in respect of each Scheduled Observation Date, the eighth Scheduled Trading Day immediately following the relevant Scheduled Observation Date.

## **6 Kick-in Event**

- 6.1 If "Kick-In Event – Maturity Closing Price Observation" is specified as applicable to a Series in the Pricing Supplement, a Kick-in Event occurs in respect of that Series if:

- (a) for an Equity Basket Goal, the Closing Price of one or more Shares in the Basket is less than the Kick-in Level for that Share on the Final Valuation Date; or
- (b) for an Equity Single Stock Goal, the Closing Price of the underlying Share is less than the Kick-in Level for that Share on the Final Valuation Date.

- 6.2 If "Kick-in Event – Periodic Closing Price Observation" is specified as applicable to a Series in the Pricing Supplement, a Kick-in Event occurs in respect of that Series if:

- (a) for an Equity Basket Goal, the Closing Price of one or more Shares in the Basket is less than the Kick-in Level for that Share on any Kick-in Event Observation Date; or
- (b) for an Equity Single Stock Goal, the Closing Price of the underlying Share is less than the Kick-in Level for that Share on any Kick-in Event Observation Date.

- 6.3 If "Kick-in Event – Continuous Observation" is specified as applicable to a Series in the Pricing Supplement, a Kick-in Event occurs in respect of that Series if:

- (a) for an Equity Basket Goal, the Share Price of one or more Shares in the Basket is less than the Kick-in Level for that Share at any time (including on a Disrupted Day) during the Kick-In Event Observation Period; or
- (b) for an Equity Single Stock Goal, the Share Price of the underlying Share is less than the Kick-in Level for that Share at any time (including on a Disrupted Day) during the Kick-In Event Observation Period.

## **7 Redemption at Maturity**

- 7.1 To the extent not previously redeemed (including as a result of a Call Event on or before the Final Valuation Date) or purchased and cancelled, each Note will be redeemed by payment of the Maturity Redemption Amount by the Issuer to the Holder on the Maturity Settlement Date.

- 7.2 The Maturity Redemption Amount of an Equity Basket Goal with a Kick-in Feature may be less than the Principal Amount if a Kick-in Event occurs.

- 7.3 The Maturity Redemption Amount of an Equity Single Stock Goal without a Kick-in Feature will be less than the Principal Amount if the Final Level of the underlying Share is less than the Strike Price.

- 7.4 The method for calculating the Maturity Redemption Amount for a Series is specified in the Pricing Supplement. The Maturity Redemption Amount will be calculated as at the Final Valuation Date, subject to adjustment in accordance with the Equity Conditions.
- 7.5 A Maturity Redemption Amount is not payable if an Early Redemption Amount is payable or paid, including when an Early Redemption Amount is payable as a result of a Call Event.

## **8 Call Event Observation**

Unless otherwise specified in the Pricing Supplement, the observation of a Call Event for a Series of Callable Goals is subject to the following provisions:

- (a) each Call Event Observation Date is an Observation Date for the purposes of the Equity Conditions and is therefore subject to adjustment in accordance with the Equity Conditions if it is not a Scheduled Trading Day and/or is a Disrupted Day; and
- (b) the Observation Cut-Off Date for a Call Event is, in respect of each Scheduled Observation Date, the eighth Scheduled Trading Day immediately following the relevant Scheduled Observation Date.

## **9 Call Event**

- 9.1 This clause 9 applies to Callable Goals. A Call Event is a Mandatory Redemption Event for Callable Goals.
- 9.2 If "Call Event – Concurrent Call" is specified as applicable in the Pricing Supplement for a Series of Equity Basket Goals then a Call Event occurs in respect of that Series on a Call Event Observation Date if the Closing Prices of all of the Shares in the Basket on that Call Event Observation Date are equal to or greater than their respective Call Levels.
- 9.3 If the observation of the Closing Price of one or more Shares in the Basket on a Call Event Observation Date is deferred as a result of a Disrupted Day then a Call Event occurs if the Closing Price of each Share that is eventually observed or determined in respect of the same original scheduled Call Event Observation Date is equal to or greater than its Call Level, and the Call Event shall be deemed to occur on the latest of the deferred Call Event Observation Dates.
- 9.4 If "Call Event – Memory Call" is specified as applicable in the Pricing Supplement for a Series of Equity Basket Goals then a Call Event occurs in respect of that Series on a Call Event Observation Date if, on that or any prior Call Event Observation Date(s), the Closing Price of each Share is or has been, equal to or greater than the Call Level for that Share on any such Call Event Observation Dates.
- 9.5 If "Call Event – Concurrent Call – Continuous Observation" is specified as applicable in the Pricing Supplement for a Series of Equity Basket Calls then a Call Event occurs if the Share Prices of all of the Shares in the Basket are equal to or greater than their respective Call Levels at the same time (including on a Disrupted Day) during the Call Event Observation Period.
- 9.6 If "Call Event – Memory Call – Continuous Observation" is specified as applicable in the Pricing Supplement for a Series of Equity Basket Calls then a Call Event occurs if the Share Price of each Share is or has been, equal to or greater than the Call Level for that Share at any time (including on a Disrupted Day) during the Call Event Observation Period.
- 9.7 If a Call Feature is applicable to a Series of Equity Single Stock Goals and Call Event Observation Date(s) is/are specified in the Pricing Supplement then a Call Event occurs in respect of that Series if the Closing Price of the Share on a Call Event Observation Date is equal to or greater than its Call Level.
- 9.8 If a Call Feature is applicable to a Series of Equity Single Stock Goals and a Call Event Observation Period is specified in the Pricing Supplement then a Call Event occurs in respect of that Series if the Share Price of the Share is equal to or greater than its Call Level at any time (including on a Disrupted Day) during the Call Event Observation Period.



9.9 A Call Event can occur even though a Kick-in Event has previously occurred or occurs on the same day.

## **10 Mandatory Redemption – Call Event**

This clause 10 applies to Callable Goals. If a Call Event occurs in respect of a Series of Callable Goals then, regardless of whether or not the Series has a Kick-in Feature or a Kick-In Event has previously occurred or occurs on the same day:

- (a) all of the Notes which have not previously been redeemed or purchased and cancelled shall be redeemed for the Early Redemption Amount per Note;
- (b) the Early Redemption Amount per Note is 100% of the Principal Amount of the Note, unless a different amount is specified in the Pricing Supplement;
- (c) the Early Maturity Settlement Date is the third Business Day following the date of the Call Event;
- (d) any Periodic Coupon attributable to a Periodic Coupon Determination Date occurring on or before the date of the Call Event that is not yet paid will be paid by the Issuer on the Early Maturity Settlement Date;
- (e) any applicable Snowball Coupon will be paid on the Early Maturity Settlement Date; and
- (f) no Maturity Redemption Amount is payable on the Early Maturity Settlement Date.

## **11 Physical Delivery at Maturity**

11.1 The Issuer may, during the period from the last to occur of the Scheduled Closing Times of the Exchanges on the Final Valuation Date to 5:00pm (Sydney time) on the second Business Day after the Final Valuation Date, give notice to the Holders via email to the Registrar or electronic message to the Clearing System of its election to deliver the Entitlement Shares per Note on the Maturity Delivery Date in satisfaction of its obligation to pay the Maturity Redemption Amount per Note on the Maturity Settlement Date.

11.2 The Issuer may, in its absolute discretion, specify that the election under clause 11.1 will only be effective if certain conditions are satisfied. Any such conditions will be specified in the Pricing Supplement for the relevant Series of Notes. An election to apply Physical Delivery will become effective when the last applicable condition is satisfied and notice is given by the Issuer in accordance with clause 11.1.

11.3 If the Issuer's election to apply Physical Delivery becomes effective then the Issuer must select the Delivery Share when, or as soon as practicable after, the election becomes effective. The Delivery Share is selected by the Issuer in its sole discretion, which must be a share, unit or other security that is a component of the S&P/ASX 200 Index, the MSCI World Index or such other index specified in the Pricing Supplement for the purpose of this clause (or if the relevant index is no longer published, an alternative index selected by the Issuer).

11.4 If Physical Delivery applies:

- (a) the quantity of Entitlement Shares per Note will be calculated in accordance with clause 11.5 or as otherwise specified in the Pricing Supplement; and
- (b) the Issuer shall arrange for delivery of the Entitlement Shares on the Maturity Delivery Date in accordance with the Physical Delivery Conditions.

11.5 The quantity of Delivery Shares that comprise the Entitlement Shares per Note shall be determined as follows and rounded down to the nearest whole number:

$$\text{Quantity of Delivery Shares} = \text{Maturity Redemption Amount} \times \text{FX}(\text{final}) \div \text{Delivery Price}$$

where:

"FX(final)" is:

- (i) 1, if the Specified Currency is the same as the denomination of the Delivery Share; or
- (ii) if the Specified Currency is different to the denomination of the Delivery Share, the exchange rate (expressed as the number of the local currency in which the Delivery Share is traded on the relevant Exchange per unit of the Specified Currency) as determined by the Calculation Agent in its sole and absolute discretion on the Final Valuation Date.

"Delivery Price" is:

- (i) if the Delivery Share selected by the Issuer is the Lowest Performing Share for an Equity Basket Goal or the underlying Share for an Equity Single Stock Goal, the Final Level of the Lowest Performing Share or the underlying Share, respectively; or
- (ii) if the Delivery Share selected by the Issuer is not the Lowest Performing Share for an Equity Basket Goal or the underlying Share for an Equity Single Stock Goal, the price determined by the Issuer as the price at which it has purchased or is able to purchase Delivery Shares on the Final Valuation Date or the first Scheduled Trading Day after the Final Valuation Date.

11.6 To the extent the quantity of Delivery Shares is rounded down under the calculation in clause 11.5, the Issuer shall pay to the Holder on the Maturity Delivery Date, a cash amount per Note equal to the quantity of the Delivery Share rounded down multiplied by the Delivery Price, as determined by the Calculation Agent.

## **12 Section 871(m) of the U.S. Tax Code**

If Section 871(m) of the U.S. Tax Code is applicable to a Series of UBS Equity Goals, the Issuer will withhold in respect of dividend equivalents paid or deemed paid on the UBS Equity Goals on the dividend payment date, as described in Treasury regulations section 1.1441-2(e)(4) and Revenue Procedure 2017-15 §3.03(B), as applicable.

## Section 3 – Product Specific Risk Factors

Prospective investors are advised to carefully read the following information on key risk factors associated with UBS Equity Goals. The risk factors set out in this section are additional to the general risks of investing in Notes set out in the Part 1 IM.

The general risk factors described in Section 6 of the Part 1 IM are applicable to UBS Equity Goals and include:

- no principal protection
- changes in Note value may be rapid and unpredictable
- Underlying Asset performance risk
- liquidity risk
- credit risk exposure to Issuer and Guarantor
- FIMA intervention
- opportunity cost and time value of money
- Calculation Agent's discretion
- early redemption Risk
- potential conflict of interests
- tax risk
- foreign exchange risk
- consequences of the Notes being represented by Global Certificate
- limited recourse
- risks related to Notes which are linked to “benchmarks”

Risk factors described in the Part 1 IM and Part 2 IM are not, and are not intended to be, a complete list of all risks and considerations relevant to Notes or a decision to purchase Notes. Additional risk factors may also be disclosed in the Pricing Supplement for a specific Series. More than one risk factor may be applicable at the same time and have a compounding adverse impact on the value of Notes. Prospective investors should consider all available information and obtain independent professional advice before making any investment decision.

### Capital Loss Risk

UBS Equity Goals are **not capital guaranteed**. The repayment of any amount invested in a UBS Equity Goal and any return on investment is variable and not guaranteed. The Maturity Redemption Amount payable by the Issuer is dependent on the performance of the Share(s) and fluctuations in the prices of the Share(s) will affect the value of the UBS Equity Goal before and at maturity.

Holders may lose almost the entire amount initially invested because UBS Equity Goals may be redeemed for substantially less than the Principal Amount (potentially down to an amount of say, \$0.01 per Note) if a Kick-In Event occurs or the Final Level of the Share in an Equity Single Stock Goal is less than the Strike Price, and a Call Event (if applicable) does not occur. Investors who want to invest in a product with a capital protection feature should not invest in UBS Equity Goals.

If a Series has a Kick-in Feature then depending on the terms of the specific Series, the observation of a Kick-in Event may occur on one or multiple dates. If the Final Valuation Date is the only Kick-in Event Observation Date and a Kick-in Event occurs then the Holder will sustain a loss that reflects the negative performance of the Lowest Performing Share for an Equity Basket Goal or the negative performance of the underlying Share for an Equity Single Stock Goal. If there is more than one Kick-in Observation Date and a Kick-in Event occurs on one or more of those dates, or a Kick-in Event occurs during a Kick-in Observation Period, then:

- the Holder will not suffer any capital loss if the Closing Price of the Lowest Performing Share in the Basket or the Closing Price of the Share (as applicable) is equal to or higher than its Initial Level on the Final Valuation Date;

- the Holder will not suffer any capital loss if a Call Event occurs and the UBS Equity Goal is mandatorily redeemed; or
- if neither of the above is applicable, the Holder will sustain a capital loss, calculated based on the Calculation Amount, that reflects the negative performance of the Lowest Performing Share in the Basket or the negative performance of the underlying Share (as applicable).

If a Series of Equity Single Stock Goals does not have a Kick-in Feature then the Holder will suffer a capital loss if the Final Level of the Share on the Final Valuation Date is less than the Strike Price for the Series. That loss is equal to the Calculation Amount multiplied by the negative performance of the underlying Share.

Even if a Kick-In Event has not occurred, if the UBS Equity Goal is sold or redeemed prior to scheduled maturity (other than as a result of a Call Event if applicable) the proceeds or Early Redemption Amount payable to the Holder may be substantially less than the Principal Amount per Note.

### **Capped returns and mismatched performance**

Except where an Absolute Return Coupon is applicable and the Absolute Performance of the Lowest Performing Share is greater than the Maturity Coupon Floor, the return from UBS Equity Goals is capped and would not exceed the sum of the Periodic Coupons or the Maturity Coupon (whichever is applicable). Even in the case of an Absolute Return Coupon which is usually only offered with Callable Goals, the Absolute Return Coupon is only payable if the Note has not been called prior to the Final Valuation Date, yet the positive performance required to create a positive Absolute Performance is also likely to have led to a Call Event prior to the Final Value Date. If a Call Event occurs then a Snowball Coupon (which is less than the Notional Amount multiplied by the Maturity Coupon Floor) will be paid instead which means the total return from the Note remains capped.

For all Series which do not pay an Absolute Return Coupon, the return is always capped and the Holder will not participate in any gains from positive performance of the Share(s) but that positive performance could trigger a Call Event if the Series has a Call Feature. If a Call Event occurs, the UBS Equity Goal will be redeemed early so any Periodic Coupons attributable to Periodic Coupon Determination Dates which occur after the date of the Call Event will not be paid, or, if the Series has a Snowball Coupon Feature, the amount of any Snowball Coupon will be lower the earlier a Call Event occurs.

The return to the Holder of an Equity Basket Goal will depend on the Lowest Performing Share in the Basket, increasing the risk that the Equity Basket Goal will underperform compared to the broader equity market.

### **Call Event**

A Call Event is only possible if the Share(s) perform positively after the Initial Valuation Date but if a Call Event does occur, the Holder will only receive the specified Early Redemption Amount and any applicable Coupons and will not benefit from any of the positive movement in the Share prices. The Holder's financial return may therefore be less than what the Holder would have derived if they had invested in the Share(s) directly.

### **Reinvestment risk**

If a Call Event occurs and the UBS Equity Goals are redeemed early then Holders may not be able to reinvest the proceeds into another product or instrument that delivers similar or more favourable returns as the UBS Equity Goals.

### **Market Risk**

The price of a UBS Equity Goal may be volatile and can change significantly within a short period of time, such as when the price of any of the underlying Shares breaches its Kick-in Level. From an economic perspective, UBS Equity Goals have a profile similar to a zero coupon bond and an option. Movements in interest rates will have an impact upon both the value of the zero coupon bond and the option. As interest rates move upwards, the value of the UBS Equity Goals will generally fall. Moreover, the longer the tenor of the Notes, the more sensitive the UBS Equity Goals value will be to interest rate changes. Factors which influence the price of options will also impact on the price of UBS Equity Goals, e.g. volatility of the Share

prices and dividend yield of the Shares.

The actual size of the impact of these factors on the price of UBS Equity Goals is not quantifiable at the time the Notes are issued and will change over time. However, the general effect of those factors on the price of a UBS Equity Goal (assuming all other factors remain constant) can be summarised as follows:

Variable	Change in variable	Change in UBS Equity Goal value
Interest rates in the Specified Currency	↑	↓
The Issuer's and the Guarantor's Credit Margin	↑	↓
Share price	↓	↓
Share price volatility	↑	↓
Correlation between price movements of the Shares for an Equity Basket Goal	↑	↑
Distribution yield on Shares	↑	↓
Kick-in Event	Yes	↓
Call Event	Yes	Early redemption at 100% of Principal Amount*

\* Unless a different amount is specified in the Pricing Supplement.

It is important to note that the impact of changes in multiple variables can compound or offset each other so a change in any one factor may not fully explain a change in the UBS Equity Goal price.

### Disrupted Days

A Market Disruption Event or circumstance giving rise to a Disrupted Day may cause significant swings in the price of a Share and any price observed during such time may differ significantly from the price which would have prevailed if that disruption had not occurred. This may make it more likely for a Kick-in Event to occur, especially if "Kick-in Event – Continuous Observation" is applicable to an Equity Basket Goal or a Kick-in Observation Period is specified for an Equity Single Stock Goal. The date of any payment or delivery may also be delayed if any relevant Observation Date or Valuation Date is a Disrupted Day for one or more of the Shares.

### Physical Delivery and Settlement Disruption Events

If the Issuer elects to apply Physical Delivery and any applicable conditions are satisfied, the Holder will receive Entitlement Shares instead of a cash payment equal to the Maturity Redemption Amount per Note. For example, the Issuer may specify that Physical Delivery will only apply if the Maturity Redemption Amount is less than 100% of the Principal Amount.

If Physical Delivery applies then the quantity of Entitlement Shares will be determined on or shortly after the Final Valuation Date and will not change between that time and the Maturity Delivery Date unless a Potential Adjustment Event or Extraordinary Event occurs after that determination is made. Since it will take time to deliver the Entitlement Shares to the Holder, the value of the Entitlement Shares is likely to be different to the Maturity Redemption Amount by the time the Entitlement Share are delivered to the Holder. The Holder is required to pay all expenses, duties, charges and taxes related to the transfer of Entitlement Shares to its account.

The Entitlement Shares are made up of Delivery Shares which must be a component share, unit or other security in the S&P/ASX200 Index, MSCI World Index or such other index specified in the Pricing Supplement as at the Final Valuation Date (or if the relevant index is no longer published, an alternative index selected by the Issuer). The Issuer has sole discretion in selecting the Delivery Share and as at the date of this Part 2 IM, the Issuer expects that in respect of an Equity Basket Goal, it will select a Delivery Share that is one of the underlying Shares for the Series of Equity Basket Goals. The Issuer does not give any assurance as to the performance of the Delivery Share or the suitability of the Delivery Share as an

investment for the Holder so Holders must make their own decisions on whether it will hold or sell the Entitlement Shares.

If a Settlement Disruption Event occurs then delivery of Entitlement Shares to the Holder may be delayed. A Settlement Disruption Event includes a failure by the Holder to provide to the Issuer on a timely basis the necessary information required to facilitate the transfer. Whilst the Settlement Disruption Event is subsisting, the Issuer may elect to pay the Holder the Disruption Cash Settlement Amount per Note instead of delivering the Entitlement Shares per Note. The Disruption Cash Settlement Amount will be based on the then prevailing value of the Entitlement Shares and may be less than the value of the Maturity Redemption Amount.

## Section 4 – Hypothetical Examples

This section provides examples of the Kick-in Feature and Call Feature for UBS Equity Goals. It also contains examples of the calculation of coupons, Maturity Redemption Amount and Entitlement Shares.

The following examples are provided to illustrate certain basic concepts only and are not based on any specific Series of UBS Equity Goals. Furthermore, the examples do not cover all of the features included in the Specific Terms of UBS Equity Goals set out in Section 2 of this Part 2 IM, nor do they cover all of the potential combinations of features that can be found in a Series of UBS Equity Goals. You should seek independent advice on the risks and returns in respect of a specific Series of UBS Equity Goals before you invest to ensure that you understand each feature and how those features will work together to determine the outcome of the investment. Please read these examples together with the Pricing Supplement for the Series of UBS Equity Goals that you are interested in, the Part 1 IM and the rest of this Part 2 IM to obtain an understanding of the full terms.

Investors should note that the calculation method and conditions of payment of Periodic Coupons, Maturity Coupons, Maturity Redemption Amount, Early Redemption Amount and all other amounts for a Series of UBS Equity Goals are set out in the Terms of that Series. For example, a description of the different types of Kick-in Features and Call Features is included in the Specific Terms in the Part 2 IM whilst the exact type of Kick-in Feature and/or Call Feature that is applicable to a Series will be found in the Pricing Supplement for the Series. Key details such as formulae for calculating Coupons and Maturity Redemption Amounts are also expected to be included in the Pricing Supplement.

The examples below are based on the stated assumptions only – the method for calculating actual amounts payable in respect of a specific Series may be different to the examples in this section so potential investors must refer to the Terms of the specific Series when making an investment decision.

Potential investors should not rely on these examples as descriptions of particular Series of UBS Equity Goals and none of the examples are intended to be a complete illustration of the risks and returns in respect of any particular Series of UBS Equity Goals. The following examples are provided for illustrative purposes only and are not based on any historical period or actual data relating to a particular Share or Series of Notes. The assumptions used should not be relied upon as a forecast of future performance of any Share or Series of UBS Equity Goals, which may be very different to these examples.

For all of the examples in this section, unless specified otherwise in the example, assume:

- the Notional Amount is \$1,000;
- the Principal Amount is \$1,000;
- the Strike Price Percentage is as specified in the example;
- the Calculation Amount is the Notional Amount divided by the Strike Price Percentage;
- the Strike Price is the Initial Level multiplied by the Strike Price Percentage;
- type and calculation of coupons are as set out in the example;
- if a Kick-in Feature is applicable, the Kick-in Level for each Share is 65% of the Initial Level of that Share and the Kick-in Event Observation Dates or Kick-in Event Observation Period are as specified in the example;
- if a Call Feature is applicable, the Call Level for a Share is 100% of the Initial Level of that Share and the Call Event Observation Dates or Call Event Observation Period are as specified in the example;
- if a Call Event occurs then the Early Redemption Amount is 100% of the Principal Amount; and
- none of the relevant Observation Dates or Valuation Dates is a Disrupted Day.

### Equity Basket Goals

Assume for the following examples relating to Equity Basket Goals the Calculation Amount is the same as the Notional Amount (i.e. Strike Price Percentage is 100%) and is equal to 100% of the Principal Amount.

Assume also that for each Note, the Maturity Redemption Amount is:

- (a) if a Kick-in Event has not occurred, 100% of the Principal Amount; or
- (b) if a Kick-in Event has occurred, an amount which is the greater of:
  - (i) \$0.01; and
  - (ii) Calculation Amount x Final Price Percentage of Lowest Performing Share, subject to a maximum of 100% of the Principal Amount.

### Kick-in Feature

A Series has a Kick-in Feature if Kick-in Event Observation Date(s) or Kick-in Event Observation Period(s) are specified in the Pricing Supplement for the Series.

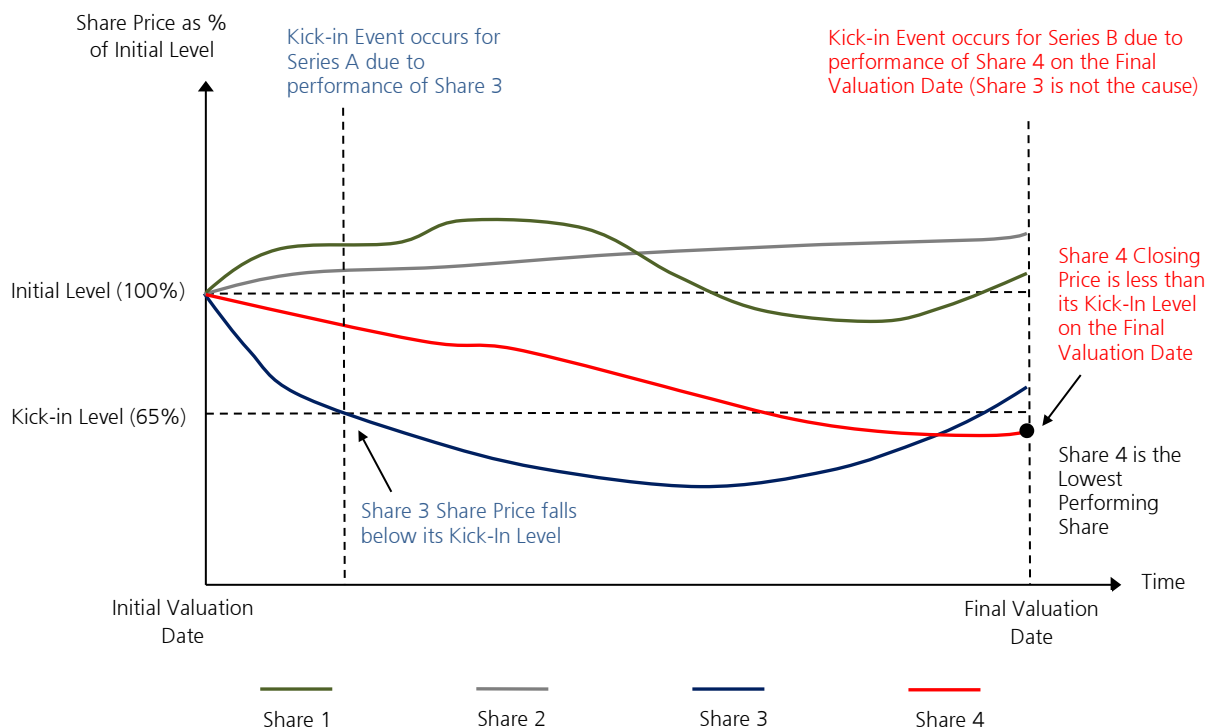
### Kick-in Event occurs

Assume:

- Two Series are issued (Series A and Series B).
- Both Series refer to the same Underlying Assets (Shares 1 to 4 in the Basket) but the type of Kick-in Feature is different for each Series.
- Series A: "Kick-in Event – Continuous Observation" is specified and the Terms state that a Kick-in Event occurs in respect of the Series if the Share Price of one or more Shares is less than the Kick-In Level for that Share at any time during the Kick-in Event Observation Period. Assume the Kick-in Event Observation Period is specified as the period from but excluding the Initial Valuation Date to and including the Final Valuation Date.
- Series B: "Kick-in Event – Maturity Closing Price Observation" is specified and the Terms state that a Kick-in Event occurs in respect of the Series if the Closing Price of one or more Shares is less than the Kick-In Level for that Share on the Final Valuation Date.

Diagram 1 illustrates how a Kick-in Event could occur for Series A and Series B.

**Diagram 1 – Kick-in Event occurs**





### Series A

For Series A, the observation of a Kick-in Event occurs continuously throughout the term of the Equity Basket Goal. A Kick-in Event occurs in respect of the Series as soon as the Share Price of a Share falls below its Kick-in Level – whatever happens to the Share Price of that or any of the other Shares in the Basket after that time will not change the fact that a Kick-in Event has occurred. In Diagram 1, Share 3 triggered the Kick-in Event prior to the Final Valuation Date – the fact that its Share Price subsequently rises back above its Kick-in Level, or the fact that Share 4 is ultimately the Lowest Performing Share, does not change the outcome that a Kick-in Event has occurred.

### Series B

For Series B, the only Kick-in Observation Date is the Final Valuation Date. A Kick-in Event does not occur if the Closing Price of any Share in the Basket is less than the Kick-in Level for that Share prior to the Final Valuation Date (for example, Share 3). In Diagram 1, a Kick-in Event has occurred because the Closing Price of Share 4 is less than its Kick-in Level on the Final Valuation Date.

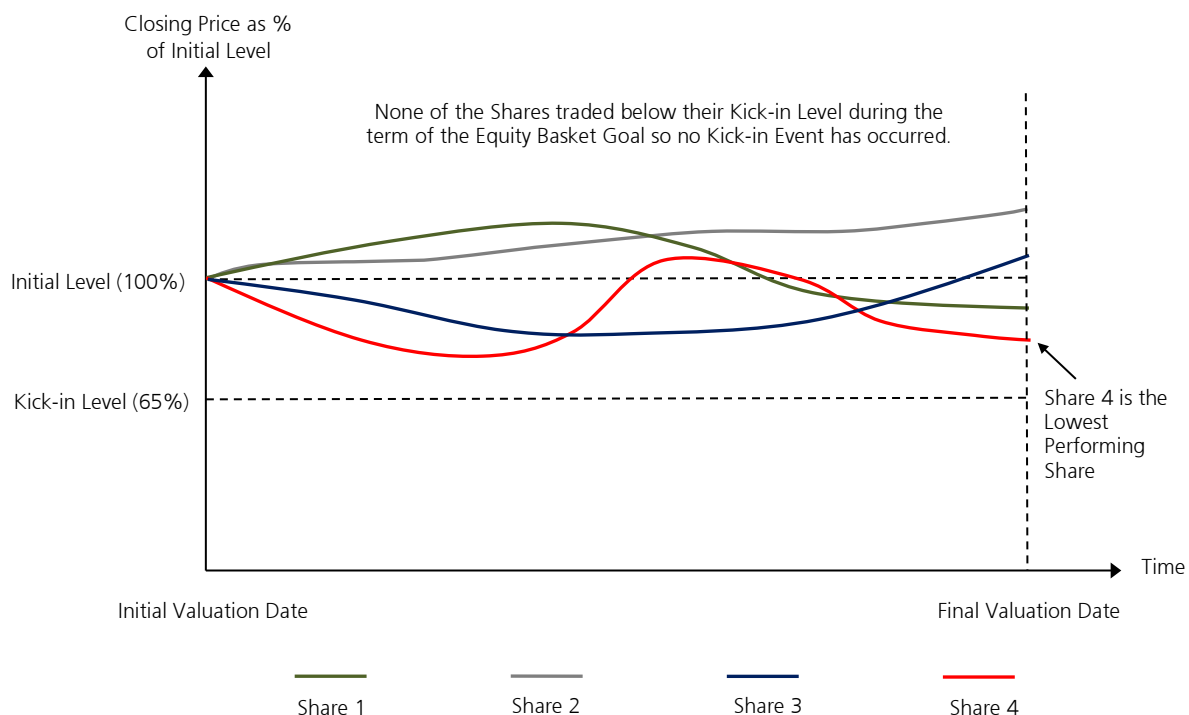
### Lowest Performing Share

If a Kick-in Event has occurred, the Maturity Redemption Amount will be calculated by reference to the performance of the Lowest Performing Share. The Lowest Performing Share for an Equity Goal is identified at maturity based on the Final Price Percentage. In Diagram 1, Share 4 is the Lowest Performing Share. This is so even though the performance of Share 3 was worse than Share 4 during the term of the Equity Basket Goal and was the Share that triggered the Kick-in Event for Series A because the price of Share 3 has recovered by the Final Valuation Date. Since a Kick-in Event has occurred, the Maturity Redemption Amount will reflect the negative performance of the Lowest Performing Share (being Share 4) and will be less than the Principal Amount in this situation. Refer to the section titled "Maturity Redemption Amount" for a numerical example of how the Final Price Percentage and Maturity Redemption Amount are calculated.

### Kick-in Event does not occur

Assume a scenario where some of the Shares fall in value during the term of the Equity Basket Goal but none of the Share Prices falls below the Kick-in Level for that Share. Regardless of the observation method (whether on the Final Valuation Date only or throughout the term), no Kick-in Event will occur.

Diagram 2 – Kick-in Event does not occur



As illustrated in Diagram 2, none of the Shares have traded below their respective Kick-in Level at any time during the term of the Equity Basket Goal and hence a Kick-in Event has not occurred.

#### *Lowest Performing Share*

The Lowest Performing Share in this case is Share 4. However, since no Kick-in Event has occurred, the Maturity Redemption Amount per Note is 100% of the Principal Amount, even though the Final Levels of Share 2 and Share 4 are less than their Initial Level.

### **Call Feature**

A Series has a Call Feature if Call Event Observation Date(s) or Call Event Observation Period(s) are specified in the Pricing Supplement for the Series.

There are two ways to describe a Call Event – a Concurrent Call or a Memory Call. Observations can be taken on specific Call Event Observation Date(s) or during specified Call Event Observation Period(s) to determine whether a Call Event has occurred in respect of the Series.

A Call Event is a Mandatory Redemption Event for Callable Goals.

A Call Event can occur even though a Kick-in Event has previously occurred or occurs on the same day. Furthermore, a Call Event can occur on the Final Valuation Date if that date is a Call Event Observation Date or part of the Call Event Observation Period as specified in the Pricing Supplement.

If a Call Event occurs, each Note in the Series will be redeemed for the Early Redemption Amount which is 100% of the Principal Amount unless specified otherwise in the Pricing Supplement.

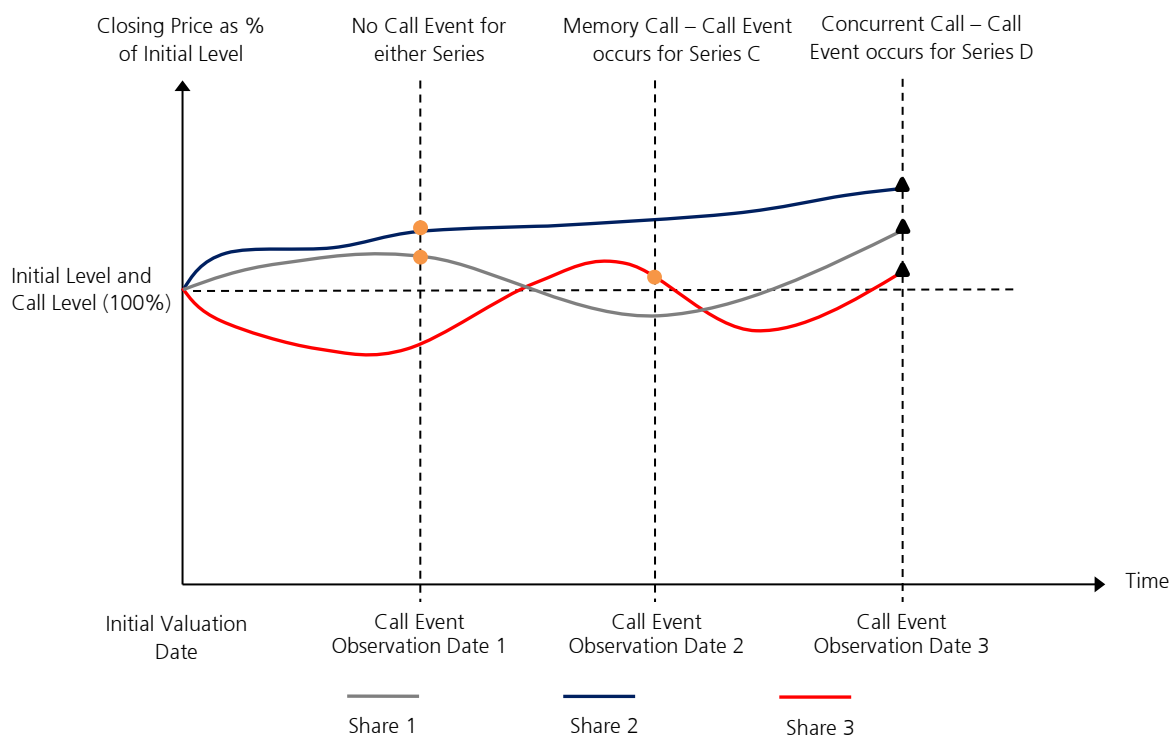
### **Call Event occurs**

Assume:

- Two Series are issued (Series C and Series D).
- Both Series refer to the same Underlying Assets (Shares 1 to 3 in the Basket) but the type of Call Feature is different for each Series.
- Series C: "Call Event – Memory Call" is specified and the Terms state that a Call Event occurs on a Call Event Observation Date if, on that or any prior Call Event Observation Date(s), the Closing Price of each Share is or has been, equal to or greater than the Call Level for that Share on any such Call Event Observation Dates.
- Series D: "Call Event – Concurrent Call" is specified and the Terms state that a Call Event occurs if the Closing Prices of all of the Shares in the Basket are equal to or greater than their respective Call Levels on the same Call Event Observation Date.
- There are 3 Call Event Observation Dates. The Call Event Observation Dates are the same for Series C and Series D.

Diagram 3 illustrates how a Call Event could occur for Series C and Series D.

**Diagram 3 – Call Event occurs**



*Series C*

For Series C, a Call Event occurs on Call Event Observation Date 2 because:

- the Closing Prices of Share 1 and Share 2 were greater than their respective Call Level on Call Event Observation Date 1; and
- the Closing Price of Share 3 was greater than its Call Level on Call Event Observation Date 2.

If the Call Event is described as a Memory Call then once the Closing Price of a Share has been at or above its Call Level on a Call Event Observation Date, that event will be "memorised" and it will not matter what happens to the performance of that Share on subsequent Call Event Observation Dates for the purpose of determining whether a Call Event occurs. For example, the price of Share 1 fell after Call Event Observation Date 1 and was below its Call Level on Call Event Observation Date 2 but this did not stop a Call Event from happening on Call Event Observation Date 2 when the Closing Price of Share 3 was observed as being above its Call Level.

*Series D*

For Series D, a Call Event did not occur on Call Event Observation Date 1 nor Call Event Observation Date 2 but did occur on Call Event Observation Date 3 because the Closing Prices of all of the Shares were equal to or greater than their respective Call Levels on that day.

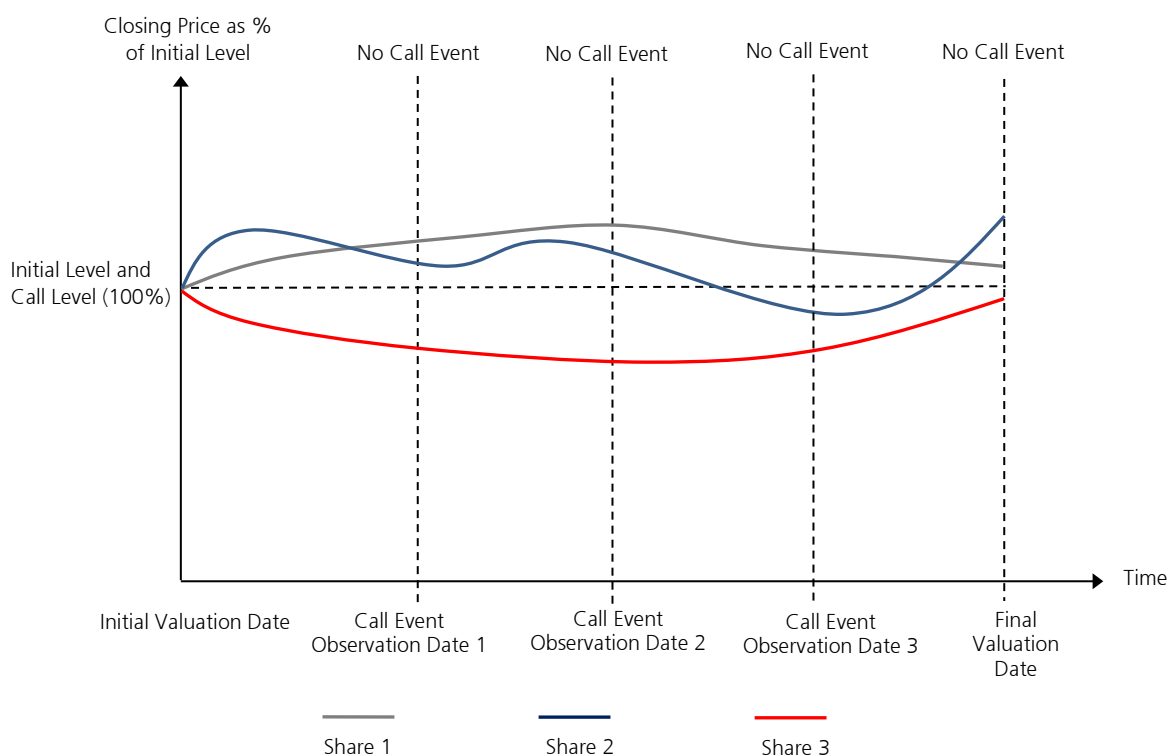
When a Call Event occurs, the Series will be redeemed by payment of the Early Redemption Amount, which is equal to 100% of the Principal Amount per Note. No Periodic Coupon will be paid in respect of Periodic Coupon Determination Dates which occur after a Call Event. A Snowball Coupon may be paid if it is specified in the Pricing Supplement for the Series.

**Call Event does not occur**

Assume an alternative scenario where one or more Shares do not trade above their Call Levels on any of the Call Event Observation Dates. Regardless of whether the Call Event is based on a Memory Call or a Concurrent Call, no Call Event will occur in this situation.

As illustrated in Diagram 4, Share 3 has not traded above its Call Level at any time during the term of the Equity Basket Goal and hence a Call Event has not occurred.

**Diagram 4 – Call Event does not occur**



If a Call Event does not occur then the Series will mature by payment of the Maturity Redemption Amount on the Maturity Settlement Date. The Maturity Redemption Amount will be 100% of the Principal Amount if a Kick-in Event has not occurred, or, if a Kick-in Event has occurred then the Maturity Redemption Amount will be less than 100% of the Principal Amount if the Final Level of the Lowest Performing Share is less than its Initial Value.

### **Call Event occurs at the same time as or after a Kick-in Event**

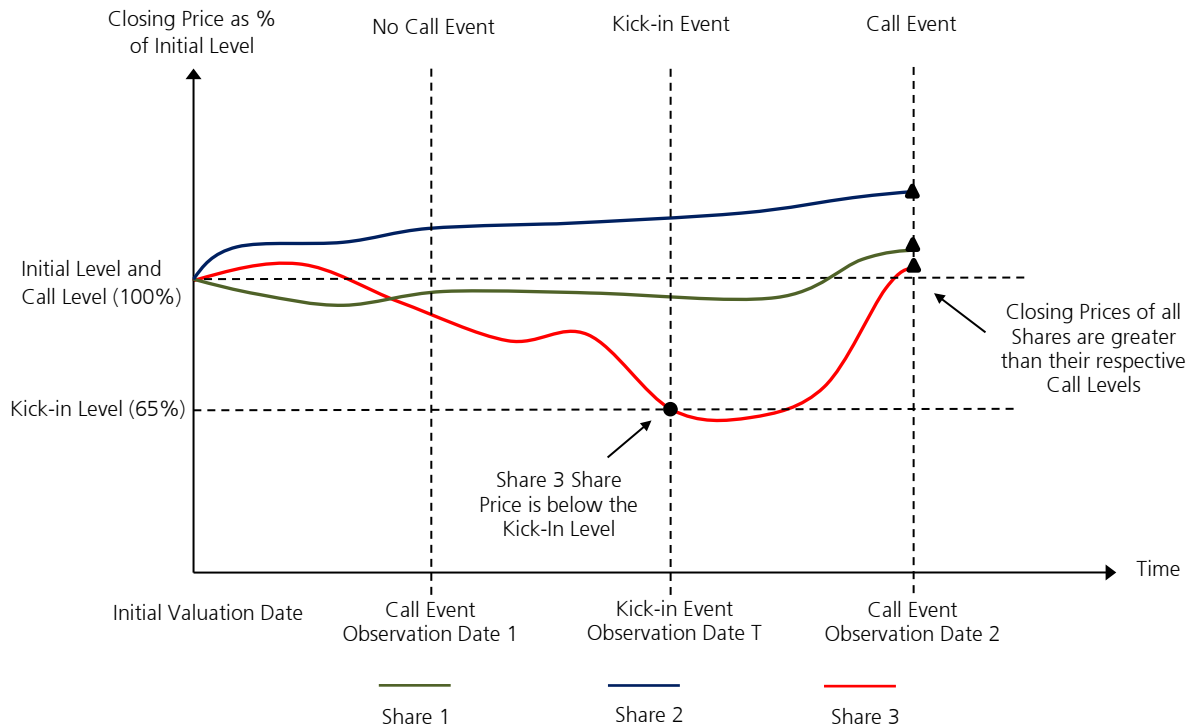
If a Kick-in Event has occurred but a Call Event also occurs either on the same date or on a later date then each Note in the Series will be redeemed at that time for the Early Redemption Amount of 100% of the Principal Amount.

To illustrate this, refer to Diagram 5 below and assume "Kick-in Event – Periodic Closing Price Observation" and "Call Event – Concurrent Call" are specified in the Pricing Supplement. Assume every day from but excluding the Initial Valuation Date to and including the Final Valuation Date is a Kick-in Event Observation Date and there are a number of Call Event Observation Dates.

In this example, the Closing Price of Share 3 fell below its Kick-in Level on Kick-in Event Observation Date T hence a Kick-in Event has occurred in respect of the Series.

Subsequently, on Call Event Observation Date 2, the Closing Prices of all of the Shares were equal to or greater than their respective Call Levels and hence a Call Event occurred. Determination of the Early Redemption Amount is not impacted by the Kick-in Event so the Note will redeem at 100% of the Principal Amount. Alternatively, if the Note is not called on or before the Final Valuation Date (assuming the Final Valuation Date is also a Call Event Observation Date) then the Maturity Redemption Amount will be impacted by the performance of the Lowest Performing Share and will be less than 100% of the Principal Amount if the Final Level of the Lowest Performing Share is less than its Initial Level. In both cases, the Early Redemption Amount or Maturity Redemption Amount (whichever is applicable) is capped at 100% of the Principal Amount which means the Holder will not benefit from any positive performance of Shares 1, 2 and 3 over the term of the investment.

**Diagram 5 – Call Event after Kick-in Event**



### Equity Single Stock Goals

Some Equity Single Stock Goals do not have a Kick-in Feature or a Call Feature. Some may have one but not the other feature. The concept of Strike Price Percentage is particularly relevant for Equity Single Stock Goals because it is often an amount other than 100%. If that is the case then the Calculation Amount will be different to the Notional Amount and Principal Amount and that will in turn impact on the calculation of the Maturity Redemption Amount. A Strike Price Percentage other than 100% also means the Strike Price will be different to the Initial Level for the Share – this is important to bear in mind because the Strike Price is used to determine certain outcomes at maturity.

The examples below are based on the stated assumptions only – the method for calculating actual amounts payable in respect of a specific Series of UBS Equity Goals may be different to these examples so potential investors must refer to the Terms of the specific Series when making an investment decision.

#### Example 1 – Equity Single Stock Goal without a Kick-in Feature or Call Feature

Assume:

- Notional Amount = \$1,000 per Note
- Strike Price Percentage = 95%
- Initial Level (S) = \$5.00
- Term = 9 months
- No Kick-in Feature
- No Call Feature
- Final Maturity Coupon = Notional Amount x Final Maturity Coupon Rate x T

- Final Maturity Coupon Rate = 8%
- $T = 0.75$ , being the number specified in the Pricing Supplement as an approximation of the number of years from the Initial Valuation Date to the Final Valuation Date
- Maturity Redemption Amount is defined as an amount calculated as follows:
  - (a) if Final Level ( $S$ ) is equal to or greater than the Strike Price, 100% of the Principal Amount; or
  - (b) if Final Level ( $S$ ) is less than the Strike Price, an amount which is the greater of:
    - (i) \$0.01; and
    - (ii) Calculation Amount x Final Price Percentage of the Share, subject to a maximum of 100% of the Principal Amount.

Based on above terms:

- Strike Price = Initial Level x Strike Price Percentage =  $\$5.00 \times 95\% = \$4.75$
- Calculation Amount = Notional Amount  $\div$  Strike Price Percentage =  $\$1,000 \div 95\% = \$1,052.63$
- Final Maturity Coupon =  $\$1,000 \times 8\% \times 0.75 = \$60$  per Note

*Scenario 1: Final Level ( $S$ ) is \$5.50*

- since Final Level ( $S$ ) is greater than the Strike Price, the Maturity Redemption Amount is 100% x Principal Amount = \$1,000
- the Final Maturity Coupon of \$60 is payable on the Maturity Settlement Date
- total amount payable to the Holder on the Maturity Settlement Date is therefore \$1,060 per Note

*Scenario 2: Final Level ( $S$ ) is \$4.10:*

- since Final Level ( $S$ ) is less than the Strike Price, the Maturity Redemption Amount is calculated in accordance with paragraph (b) above
- Final Price Percentage =  $\$4.10 \div \$5.00 = 82\%$
- Maturity Redemption Amount = Calculation Amount x Final Price Percentage (subject to maximum of 100% of the Principal Amount) =  $\$1,052.63 \times 82\% = \$863.16$
- the Final Maturity Coupon of \$60 is payable on the Maturity Settlement Date
- total amount payable to the Holder on the Maturity Settlement Date is therefore \$923.16 per Note.

It is worth noting that, based on Scenario 2 of this example, whilst the Share price has fallen by 18% since the Initial Valuation Date, the Maturity Redemption Amount of the Equity Single Stock Goal has fallen by 13.684% of the Principal Amount and when the Final Maturity Coupon is taken into account, the total loss from the investment in the Equity Single Stock Goal is 7.684%.

On the other hand, if the Share performs positively as in Scenario 1, the Holder will not participate in any of the positive return, and even after taking into account the Final Maturity Coupon, the gain from the investment in the Equity Single Stock Goal is 6% ( $\$1,060 \div \$1,000 - 100\%$ ) compared to the gain in the Share price of 10% ( $\$5.50 \div \$5.00 - 100\%$ ).

Given this risk versus return profile, a UBS Equity Goal is unlikely to suit investors who believe the Share will perform strongly during the term of the investment because their maximum gain is capped at the sum of Coupons paid, and a UBS Equity Goal is more likely to appeal to investors who believe the Share performance will stay within a mildly positive to a mildly negative range.

## **Example 2 – Callable Equity Single Stock Goal with Snowball Coupon Feature and no Kick-in Feature**

Assume:

- Notional Amount = \$1,000 per Note
- Strike Price Percentage = 95%
- Initial Level (S) = \$5.00
- Term = 9 months
- No Kick-in Feature
- Call Feature applies, Call Level = 100% x Initial Level
- Two Call Event Observation Dates, first at the end of third month and second at the end of sixth month
- Snowball Coupon payable if a Call Event occurs before (but not on) the Final Valuation Date
- Snowball Coupon = Notional Amount x Snowball Coupon Rate x N
  - Snowball Coupon Rate = 3%
  - N = 1 if Call Event occurs on first Call Event Observation Date
  - N = 2 if Call Event occurs on second Call Event Observation Date
- If Call Event does not occur then Final Maturity Coupon is payable on the Maturity Settlement Date
- Final Maturity Coupon = Notional Amount x Final Maturity Coupon Rate x T
- Final Maturity Coupon Rate = 12%
- T = 0.75, being the number specified in the Pricing Supplement as an approximation of the number of years from the Initial Valuation Date to the Final Valuation Date
- Maturity Redemption Amount is defined as an amount calculated as follows:
  - (a) if Final Level (S) is equal to or greater than the Strike Price, 100% of the Principal Amount; or
  - (b) if Final Level (S) is less than the Strike Price, an amount which is the greater of:
    - (i) \$0.01; and
    - (ii) Calculation Amount x Final Price Percentage of the Share, subject to a maximum of 100% of the Principal Amount.

Based on above terms:

- Strike Price = Initial Level x Strike Price Percentage = \$5.00 x 95% = \$4.75
- Calculation Amount = \$1,000 ÷ 95% = \$1,052.63
- Snowball Coupon if Call Event occurs on Call Event Observation Date 1 = \$1,000 x 3% x 1 = \$30
- Snowball Coupon if Call Event occurs on Call Event Observation Date 2 = \$1,000 x 3% x 2 = \$60
- Final Maturity Coupon (payable if Call Event does not occur) = \$1,000 x 12% x 0.75 = \$90

### **Below are various scenarios based on hypothetical price assumptions:**

*Scenario 1: Closing Price on first Call Event Observation Date is \$5.60*

- Call Event occurs on first Call Event Observation Date, the Early Redemption Amount is payable, equal to 100% x Principal Amount = \$1,000
- Snowball Coupon of \$30 is payable
- total amount payable to the Holder on the Early Maturity Settlement Date is \$1,030 per Note

*Scenario 2: Closing Price on first Call Event Observation Date is \$4.80, Closing Price on second Call Event Observation Date is \$5.20*

- No Call Event on first Call Event Observation Date
- Call Event occurs on second Call Event Observation Date, the Early Redemption Amount is payable, equal to  $100\% \times \text{Principal Amount} = \$1,000$
- Snowball Coupon of \$60 is payable
- total amount payable to the Holder on the Early Maturity Settlement Date is \$1,060 per Note

*Scenario 3: Closing Price on first Call Event Observation Date is \$4.80, Closing Price on second Call Event Observation Date is \$4.95*

- No Call Event on first Call Event Observation Date or second Call Event Observation Date, Snowball Coupon is not payable
- Final Maturity Coupon of \$90 is payable
- Maturity Redemption Amount is dependent on Final Level (S):
  - assume Final Level (S) is \$6.00:
    - Final Level (S) is greater than Strike Price
    - Maturity Redemption Amount =  $100\% \times \text{Principal Amount} = \$1,000$
    - Total amount payable on Maturity Settlement Date = \$1,090
  - assume Final Level (S) is \$4.00:
    - Final Level (S) is less than Strike Price
    - Final Price Percentage =  $\$4.00 \div \$5.00 = 80\%$
    - Maturity Redemption Amount = Calculation Amount x Final Price Percentage =  $\$1,052.63 \times 80\% = \$842.11$
    - Total amount payable on Maturity Settlement Date =  $\$842.11 + \$90 = \$932.11$

Please note the above illustrates one specific combination of Call Feature, Snowball Coupon and Final Maturity Coupon only. Other potential combinations include:

- Final Valuation Date is also a Call Event Observation Date and no Coupon is payable if a Call Event does not occur on or before the Final Valuation Date
- Final Valuation Date is not a Call Event Observation Date and there is no Final Maturity Coupon, which means a return can only be derived if a Call Event occurs before the Final Valuation Date and a Snowball Coupon is paid.

### **Example 3 – Callable Equity Single Stock Goal with Periodic Coupon and Kick-in Feature**

Assume three Series are issued with the following terms but with different Underlying Assets (e.g. Series X is linked to Share X, Series Y is linked to Share Y and Series Z is linked to Share Z):

- Notional Amount = \$1,000
- Strike Price Percentage = 100%
- Term = 2 years
- Kick-in Level =  $65\% \times \text{Initial Level}$
- "Kick-in Event – Continuous Observation" is applicable and the Terms specify that the Kick-in Event Observation Period is the period from but excluding the Initial Valuation Date to and including the Final Valuation Date
- Periodic Coupons are payable – each Periodic Coupon is an amount equal to  $\text{Notional Amount} \times \text{Periodic Coupon Rate} \div \text{Number of Periodic Coupons per annum}$



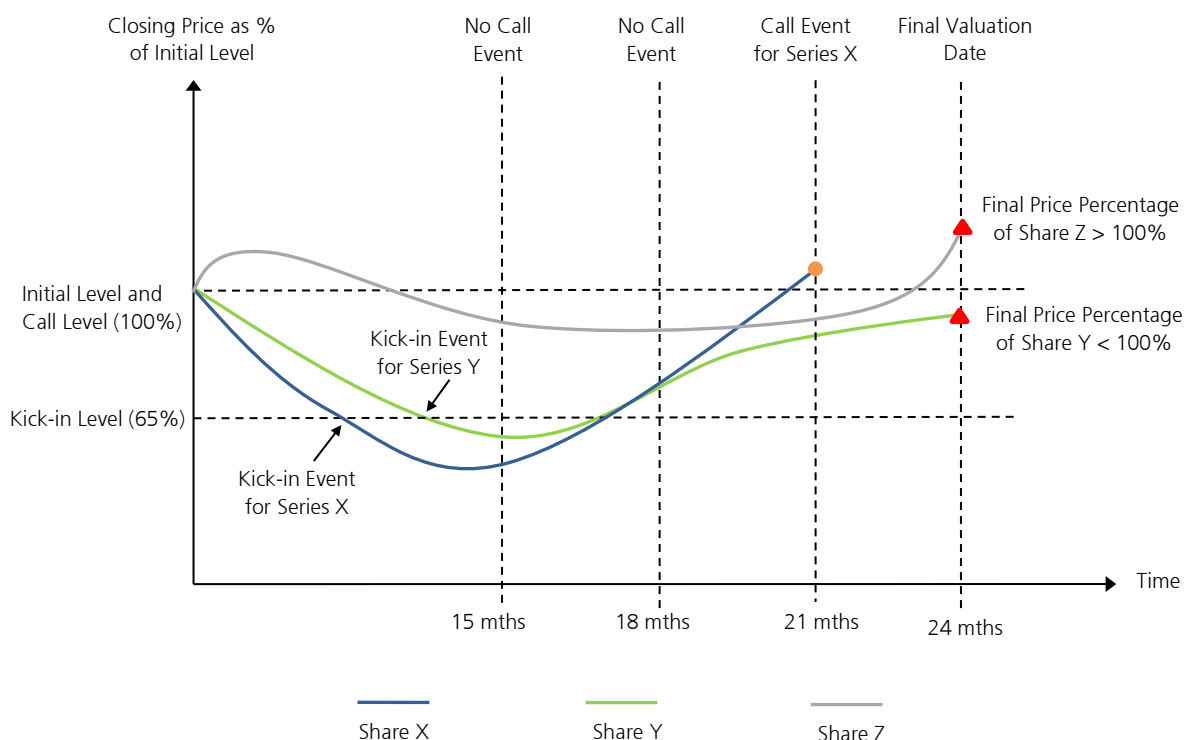
- Periodic Coupon Rate = 14%
- Periodic Coupon Determination Dates occur at the end of each quarter, including on the Final Valuation Date
- Call Event Observation Dates occur the at the end of 15 months, 18 months and 21 months (these three dates are also Periodic Coupon Determination Dates)
- Call Level = 100% x Initial Level
- If a Call Event occurs, the Early Redemption Amount payable is 100% x Principal Amount
- If Call Event does not occur then the Maturity Redemption Amount is calculated as follows:
  - (a) if a Kick-in Event has not occurred in respect of the Series, 100% of the Principal Amount; or
  - (b) if a Kick-in Event has occurred in respect of the Series, an amount which is the greater of:
    - (i) \$0.01; and
    - (ii) Calculation Amount x Final Price Percentage of the Share, subject to a maximum of 100% of the Principal Amount.

Based on above terms:

- Calculation Amount =  $\$1,000 \div 100\% = \$1,000$
- Each Periodic Coupon =  $\$1,000 \times 14\% \div 4 = \$35$  per Note

Depending on the performance of each Share, the outcome of an investment in the three Series could be as follows:

**Diagram 6 – Possible outcome of investment in Equity Single Stock Goals**



In Diagram 6, both Share X and Share Y traded below their respective Kick-in Levels during the term so a Kick-in Event has occurred in respect of both Series X and Series Y. A Kick-in Event has not occurred in respect of Series Z as Share Z did not trade below its Kick-in Level during the term.

#### *Series X*

Following the Kick-in Event for Series X, the Share Price of Share X recovered and was above its Call Level on the Call Event Observation Date at 21 months. Series X will be redeemed at that time for 100% of the Principal Amount.

Prior to the Call Event at 21 months for Series X, the Holder would have received 6 Periodic Coupons which were paid quarterly. The Holder will receive a 7th Periodic Coupon being the Periodic Coupon attributable to the Periodic Coupon Determination Date at 21 months (also the date of the Call Event). The Holder will not receive any Periodic Coupons after that. This equates to a total value of Periodic Coupons received of  $7 \times \$35 = \$245$ .

#### *Series Y*

Following the Kick-in Event for Series Y, the Share Price of Share Y recovered but Share Y never traded above its Call Level on a Call Event Observation Date. As a result, the Maturity Redemption Amount for Series Y will be determined based on the Final Price Percentage of Share Y, which was less than 100% in this case.

Since Series Y was not redeemed early, all Periodic Coupons were paid to the Holder, i.e. a total over the investment term of  $\$35 \times 8 = \$280$ . A Holder of a Series Y Note will suffer some capital loss because the Maturity Redemption Amount is less than the Principal Amount but the Periodic Coupons received will help buffer this loss of principal.

#### *Series Z*

The Share Price of Share Z never traded below its Kick-in Level and was not above its Call Level on any of the Call Event Observation Dates. Neither a Kick-in Event nor a Call Event has occurred. At the Final Valuation Date, the Final Level of Share Z is higher than its Initial Level. The Maturity Redemption Amount is therefore equal to 100% of the Principal Amount and the Holder would have received all eight Periodic Coupons.

### **Maturity Redemption Amount**

The Maturity Redemption Amount for UBS Equity Goals has two key attributes:

- a) it will never be more than the Principal Amount per Note; and
- b) it can be less than the Principal Amount depending on the performance of the Share (for Equity Single Stock Goals) or the Lowest Performing Share (for Equity Basket Goals).

If a Series has a Kick-in Feature then the risk of capital loss will generally arise if a Kick-in Event occurs, and, if the Series also has a Call Feature, a Call Event does not occur. Absence of a Kick-in Event and/or occurrence of a Call Event usually means the Maturity Redemption Amount is 100% of the Principal Amount.

If an Equity Single Stock Goal does not have a Kick-in Feature or a Call Feature then the Maturity Redemption Amount will generally be 100% of the Principal Amount if the Final Level of the Share is equal to or greater than the Strike Price.

Since terms can vary from Series to Series and may be different to the descriptions in the preceding paragraphs, potential investors should always refer to the Terms of the specific Series that they are interested in to confirm the conditions of payment and the method for calculating each payment amount because bespoke terms can be incorporated into a particular Series of UBS Equity Goals.

Earlier examples in this Section 4 illustrate when the Maturity Redemption Amount will become dependent on the performance of the Share or Lowest Performing Share.

The following examples illustrate:

- calculation of the Final Price Percentage;
- identification of the Lowest Performing Share for an Equity Basket Goal;
- calculation of the Strike Price and Calculation Amount of an Equity Single Stock Goal; and
- calculation of the Maturity Redemption Amount, based on the assumptions stated below.

### Equity Basket Goal Example

Assume:

- Notional Amount = \$1,000 per Note
- Term = 12 months (i.e. T = 1)
- Underlying Assets are 4 Shares in a Basket
- "Kick-in Event – Maturity Closing Price Observation" is applicable and the Terms specify that a Kick-in Event occurs in respect of the Series if the Closing Price of one or more Shares is less than the Kick-In Level for that Share on the Final Valuation Date
- Kick-in Level = 65% x Initial Level
- No Call Feature
- Final Maturity Coupon Rate = 11%
- Final Maturity Coupon is calculated as follows:  
Final Maturity Coupon = Notional Amount x Final Maturity Coupon Rate x T
- the Maturity Redemption Amount is defined as:  
"an amount which is the greater of:  
(i) \$0.01; and  
(ii) Calculation Amount x Final Price Percentage of the Lowest Performing Share, subject to a maximum of 100% of the Principal Amount."
- Each Share in the Basket has an Initial Level, Kick-in Level and Final Level as follows:

	Share 1	Share 2	Share 3	Share 4
<b>Initial Level</b>	\$12.00	\$20.00	\$15.00	\$10.00
<b>Kick-in Level</b> (65% x Initial Level)	\$7.80	\$13.00	\$9.75	\$6.50
<b>Final Level</b>	\$8.00	\$21.00	\$11.00	\$6.00

Based on above terms:

- Final Maturity Coupon = \$1,000 x 11% x 1 = \$110 per Note
- Final Price Percentage for a Share (Share<sub>i</sub>) is calculated as follows:  
Final Price Percentage of Share<sub>i</sub> = Final Level of Share<sub>i</sub> ÷ Initial Level of Share<sub>i</sub>

The Final Price Percentage for each Share is therefore:

	Share 1	Share 2	Share 3	Share 4
<b>Final Price Percentage</b>	66.67% (\$8 ÷ \$12)	105% (\$21 ÷ \$20)	73.33% (\$11 ÷ \$15)	60% (\$6 ÷ \$10)

A Kick-in Event has occurred because the Closing Price of Share 4 is less than its Kick-in Level on the Final Valuation Date.

Since a Kick-in Event has occurred, the Maturity Redemption Amount per Note is the Calculation Amount multiplied by Final Price Percentage, subject to a maximum of 100% of the Principal Amount. The Maturity Redemption Amount in this example is therefore \$1,000 x 60% (i.e. \$600 per Note) which is less than the Principal Amount.

### Equity Single Stock Goal Example

Assume:

- Notional Amount = \$1,000 per Note
- Term = 9 months (i.e. T = 0.75)
- Strike Price Percentage = 95%
- Calculation Amount = Notional Amount ÷ Strike Price Percentage
- No Kick-in Feature
- No Call Feature
- Final Maturity Coupon = 10%
- Final Maturity Coupon is calculated as follows:  

$$\text{Final Maturity Coupon} = \text{Notional Amount} \times \text{Final Maturity Coupon Rate} \times T$$
- the Maturity Redemption Amount is defined as:  
 "If the Final Level is equal to or greater than the Strike Price, 100% of the Principal Amount; or  
 If the Final Level is less than the Strike Price, an amount which is the greater of:  
 (i) \$0.01; and  
 (ii) Calculation Amount x Final Price Percentage,  
 subject to a maximum of 100% of the Principal Amount."
- Final Price Percentage for the Share is calculated as follows:  

$$\text{Final Price Percentage of Share} = \text{Final Level of Share} \div \text{Initial Level of Share}$$
- The Initial Levels, Final Levels and Final Price Percentages under three different scenarios are as follows:

	Scenario 1	Scenario 2	Scenario 3
<b>Initial Level</b>	\$10.00	\$10.00	\$10.00
<b>Final Level</b>	\$10.30	\$8.10	\$9.80
<b>Final Price Percentage</b>	103% (\$10.30 ÷ \$10)	81% (\$8.10 ÷ \$10)	98% (\$9.80 ÷ \$10)

Based on above terms:

- Calculation Amount = \$1,000 ÷ 95% = \$1,052.63
- Final Maturity Coupon = \$1,000 x 10% x 0.75 = \$75 per Note

*Scenario 1: Final Level is greater than the Strike Price of \$9.50*

- Maturity Redemption Amount is 100% of the Principal Amount, i.e. \$1,000
- Despite the Final Price Percentage of 103% being greater than 100%, the Holder will not benefit from the gain

*Scenario 2: Final Level is less than the Strike Price of \$9.50*

- Maturity Redemption Amount per Note is equal to the greater of \$0.01 and  $(\$1,052.6316 \times 81\%)$ , capped at \$1,000
- Maturity Redemption Amount is therefore  $\$1,052.6316 \times 81\% = \$852.63$

*Scenario 3: Even though the Final Level is less than the Initial Level, it is greater than the Strike Price of \$9.50*

- Maturity Redemption Amount per Note is 100% of the Principal Amount, i.e. \$1,000

In each of the above scenarios, the Final Maturity Coupon of \$75 per Note will be paid in addition to the relevant Maturity Redemption Amount.

### Entitlement Shares

The Issuer may, after the Final Valuation Date and subject to any conditions specified in the Terms, elect to deliver the Entitlement Shares per Note to the Holder in substitution for the payment of the Maturity Redemption Amount. If Physical Delivery applies then the Issuer will select in its discretion the Delivery Share which will make up the Entitlement Shares, subject to the Delivery Share being a component of the S&P/ASX 200 Index or the MSCI World Index or such other index specified in the Pricing Supplement. The Delivery Share may, but need not be, the underlying Share for an Equity Single Stock Goal or one of the underlying Shares for an Equity Basket Goal.

Assume for the purposes of these examples that clauses 11.5 and 11.6 of the Specific Terms apply, which means:

The quantity of Delivery Shares that comprise the Entitlement Shares per Note shall be determined as follows and rounded down to the nearest whole number:

$$\text{Quantity of Delivery Shares} = \text{Maturity Redemption Amount} \times \text{FX}(\text{final}) \div \text{Delivery Price}$$

where:

"FX(final)" is:

- (iii) 1, if the Specified Currency is the same as the denomination of the Delivery Share; or
- (iv) if the Specified Currency is different to the denomination of the Delivery Share, the exchange rate (expressed as the number of the local currency in which the Delivery Share is traded on the relevant Exchange per unit of the Specified Currency) as determined by the Calculation Agent in its sole and absolute discretion on the Final Valuation Date.

"Delivery Price" is:

- (iii) if the Delivery Share selected by the Issuer is the Lowest Performing Share for an Equity Basket Goal or the underlying Share for an Equity Single Stock Goal, the Final Level of the Lowest Performing Share or the underlying Share, respectively; or
- (iv) if the Delivery Share selected by the Issuer is not the Lowest Performing Share for an Equity Basket Goal or the underlying Share for an Equity Single Stock Goal, the price determined by the Issuer as the price at which it has purchased or is able to purchase Delivery Shares on the Final Valuation Date or the first Scheduled Trading Day after the Final Valuation Date.

To the extent the quantity of Delivery Shares is rounded down under the calculation in clause 11.5, the Issuer shall pay to the Holder on the Maturity Delivery Date a cash amount per Note equal to the value of the rounded down quantity of Delivery Shares. This cash amount is equal to the quantity of the Delivery Shares rounded down multiplied by the Delivery Price, as determined by the Calculation Agent.

The examples summarised in the following table illustrate how the quantity of Entitlement Shares per Note will be calculated and how the Issuer will deal with rounding.

These examples are based on the stated assumptions and prices only – the method for calculating the quantity of Delivery Shares and cash amount payable for rounding in respect of a specific Series of UBS Equity Goals may be different to these examples so potential investors must refer to the Terms of the specific Series when making their investment decision.

	Example 1	Example 2	Example 3	Example 4
Is Delivery Share the Lowest Performing Share (for an Equity Basket Goal) or Share (for an Equity Single Stock Goal)?	Yes	Yes	No	No
Specified Currency of Note	AUD	AUD	USD	USD
Denomination of Delivery Share	AUD	USD	USD	AUD
FX(final)	1.00	0.72	1.00	1.43
Delivery Price	Final Level AUD 5.00	Final Level USD 12.00	Purchase price of Delivery Share USD 21.50	Purchase price of Delivery Share AUD 6.25
Assumed Maturity Redemption Amount per Note (in Specified Currency)	AUD 900	AUD 900	USD 900	USD 900
Quantity of Delivery Shares that make up Entitlement Shares for a Note	180 (AUD 900 x 1.00 ÷ AUD 5.00)	54 (AUD 900 x 0.72 ÷ USD 12.00)	41 (USD 900 x 1.00 ÷ USD 21.50) rounded down	205 (USD 900 x 1.43 ÷ AUD 6.25) rounded down
Cash rounding difference per Note (in denomination of Delivery Share)	nil	nil	USD 18.50 (0.86 x USD 21.50)	AUD 5.75 (0.92 x AUD 6.25)

**Example 1 – Specified Currency is the same as the denomination of the Delivery Share, Delivery Share is the Lowest Performing Share or Share (as applicable) and there is no excess after rounding down**

- since the Delivery Share is the Lowest Performing Share or Share (as applicable), the Delivery Price used to calculate the quantity of Delivery Shares is the Final Level of the Lowest Performing Share or Share (as applicable) = AUD 5.00
- the quantity of Delivery Shares = AUD 900 x 1.00 ÷ AUD 5.00 = 180
- since the quantity of Delivery Shares is a whole number, no rounding cash amount is payable to the Holder on the Maturity Delivery Date
- the Holder will receive 180 Delivery Shares on the Maturity Delivery Date

**Example 2 – Specified Currency is different to the denomination of the Delivery Share, Delivery Share is the Lowest Performing Share or Share (as applicable) and there is no excess after rounding down**

- since the Delivery Share is the Lowest Performing Share or Share (as applicable), the Delivery Price used to calculate the quantity of Delivery Shares is the Final Level of the Lowest Performing Share or Share (as applicable) = USD 12.00
- the quantity of Delivery Shares =  $AUD\ 900 \times 0.72 \div USD\ 12.00 = 54$
- since the quantity of Delivery Shares is a whole number, no rounding cash amount is payable to the Holder on the Maturity Delivery Date
- the Holder will receive 54 Delivery Shares on the Maturity Delivery Date

**Example 3 – Specified Currency is the same as the denomination of the Delivery Share, Delivery Share is not the Lowest Performing Share or Share (as applicable) and quantity of Delivery Shares per Note is rounded down**

- since the Delivery Share is not the Lowest Performing Share or Share (as applicable), the Delivery Price used to calculate the quantity of Delivery Shares is the purchase price of the Delivery Share determined by the Issuer, which in this case is assumed to be USD 21.50
- the quantity of Delivery Shares is then calculated as  $USD\ 900 \times 1.00 \div USD\ 21.50 = 41.86$ . This is rounded down to the nearest whole number so that the actual quantity of Delivery Shares to be delivered is 41
- since the quantity of Delivery Shares is rounded down, the rounding cash amount payable to the Holder is equal to  $(\text{unrounded quantity of Delivery Shares} - \text{rounded quantity of Delivery Shares}) \times \text{Delivery Price} = (41.86 - 41.00) \times AUD\ 21.50 = USD\ 18.50$
- the Holder will receive 41 Delivery Shares and a cash amount of USD 18.50 per Note on the Maturity Delivery Date

**Example 4 – Specified Currency is different to the denomination of the Delivery Share, Delivery Share is not the Lowest Performing Share or Share (as applicable) and quantity of Delivery Shares per Note is rounded down**

- since the Delivery Share is not the Lowest Performing Share or Share (as applicable), the Delivery Price used to calculate the quantity of Delivery Shares is the purchase price of the Delivery Share determined by the Issuer, which in this case is assumed to be AUD 6.25
- the quantity of Delivery Shares is then calculated as  $USD\ 900 \times 1.43 \div AUD\ 6.25 = 205.92$ . This is rounded down to the nearest whole number so that the actual quantity of Delivery Shares to be delivered is 205
- since the quantity of Delivery Shares is rounded down, the rounding cash amount payable to the Holder is equal to  $(\text{unrounded quantity of Delivery Shares} - \text{rounded quantity of Delivery Shares}) \times \text{Delivery Price} = (205.92 - 205) \times AUD\ 6.25 = AUD\ 5.75$
- the Holder will receive 205 Delivery Shares and a cash amount of AUD 5.75 per Note on the Maturity Delivery Date

## Absolute Return Coupon

An Absolute Return Coupon is a type of Maturity Coupon for UBS Equity Goals. The Absolute Return Coupon is typically only payable if (a) it is specified as applicable in the Pricing Supplement of an Equity Basket Goal; (b) a Call Event has not occurred prior to the Final Valuation Date, and (c) the Maturity Redemption Amount is 100% of the Principal Amount (which implies that either a Kick-in Event has not occurred or if a Kick-in Event has occurred, the Final Level of the Lowest Performing Share is equal to or greater than its Initial Level).

If an Absolute Return Coupon is payable, the Holder will receive the Absolute Return Coupon in addition to 100% of the Principal Amount.

The Absolute Return Coupon for each Note is an amount equal to the Notional Amount multiplied by the greater of:

- (a) the Maturity Coupon Floor; and
- (b) the Absolute Performance, which is equal to either:
  - (i) if Final Level (W) is equal to or greater than Initial Level (W):  
$$\text{Final Level (W)} \div \text{Initial Level (W)} - 100\%$$
  - or
  - (ii) if Final Level (W) is less than Initial Level (W):  
$$100\% - \text{Final Level (W)} \div \text{Initial Level (W)}$$

The formulation of the Absolute Return Coupon means that the Maturity Coupon will be at least equal to the Notional Amount multiplied by the Maturity Coupon Floor. The Absolute Return Coupon may be greater than this value if the Absolute Performance of the Lowest Performing Share is greater than the Maturity Coupon Floor.

Whilst there is a possibility of benefiting from the Absolute Performance, a Holder will not receive the Absolute Return Coupon if a Call Event occurs on or prior to the Final Valuation Date or a Kick-in Event occurs and the Final Level of the Lowest Performing Share is less than its Initial Level. If a Call Event occurs, the Holder will receive a Snowball Coupon but it will be less than the Absolute Return Coupon. If a Kick-in Event occurs and the Maturity Redemption Amount is less than 100% of the Principal Amount then no coupon is payable at all.

The following examples illustrate the calculation of the Absolute Return Coupon based on the assumptions stated below.

Assume:

- Notional Amount = Principal Amount = \$1,000 per Note
- the Specified Currency is Australian Dollars
- a Call Event has not occurred; and
- a Kick-in Event has not occurred (which means the Maturity Redemption Amount is 100% of the Principal Amount)



	Example 1	Example 2	Example 3
Initial Level (W) of Lowest Performing Share	\$16.00	\$21.20	\$7.50
Final Level (W) of Lowest Performing Share	\$15.60	\$24.00	\$6.30
Absolute Performance	2.50%	13.21%	16%
Maturity Coupon Floor	15.00%	11%	12%
Absolute Return Coupon per Note	\$150.00	\$132.10	\$160.00

**Example 1 – Maturity Coupon Floor is greater than the Absolute Performance**

- since Final Level (W) is less than Initial Level (W), Absolute Performance =  $100\% - \$15.60 \div \$16.00 = 2.5\%$
- since the Absolute Performance is less than the Maturity Coupon Floor of 15%, the Absolute Return Coupon payable to the Holder is equal to (Notional Amount x Maturity Coupon Floor) =  $\$1,000 \times 15\% = \$150$  per Note

**Example 2 – Maturity Coupon Floor is less than the Absolute Performance and Final Level (W) is equal to or greater than the Initial Level (W)**

- since the Final Level (W) is equal to or greater than the Initial Level (W), Absolute Performance =  $\$24.00 \div \$21.20 - 100\% = 13.21\%$
- since the Absolute Performance is greater than the Maturity Coupon Floor of 11%, the Absolute Return Coupon payable to the Holder is equal to (Notional Amount x Absolute Performance) =  $\$1,000 \times 13.21\% = \$132.10$  per Note

**Example 3 – Maturity Coupon Floor is less than the Absolute Performance and Final Level (W) is less than the Initial Level (W)**

- since the Final Level (W) is less than the Initial Level (W), Absolute Performance =  $100\% - \$6.30 \div \$7.50 = 16\%$
- since the Absolute Performance is greater than the Maturity Coupon Floor of 12%, the Absolute Return Coupon payable to the Holder is equal to (Notional Amount x Absolute Performance) =  $\$1,000 \times 16\% = \$160.00$  per Note

# Section 5 – Taxation Summary

## Australian Taxation

The following is a summary of the taxation treatment under the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997 ("ITAA 1936", "ITAA 1997" and together, "Australian Tax Act"), and any relevant regulations, rulings or judicial or administrative pronouncements at the date of this Part 2 IM of certain payments and features of UBS Equity Goals issued under the Program. References to "Issuer" in the following sections are to UBS AG, Australia Branch or UBS Investments Australia Pty Ltd, as applicable. This Taxation Summary does not contain tax comments regarding the tax treatments of UBS Equity Goals issued by any other branches of UBS AG. For the purposes of this Taxation Summary, references to the Notes or UBS Equity Goals are to the interest under the customer agreements between the Clearing System, its common depository, the clearing participants and their investors. References to "investors" are to persons who hold such indirect interest in the Notes which are lodged in the Clearing System. Investors should consult their tax advisors in relation to the tax consequences of Notes issued by other UBS branches.

This summary does not constitute legal or taxation advice, is not exhaustive and does not purport to be a complete analysis of all tax and stamp duty considerations relating to UBS Equity Goals. This summary contains general comments regarding the tax treatment of UBS Equity Goals but that treatment may vary depending on the specific terms of a Series. Additional commentary may be provided in the Pricing Supplement for a particular Series of UBS Equity Goals. Investors should note that the tax treatment of one Product (e.g. UBS Equity Goals) may vary significantly from the tax treatment of other Products issued under the Program so prospective investors should always refer to the Taxation Summary in the Part 2 IM for the specific Product they are interested in and to the Pricing Supplement for the specific Series that they wish to invest in. Importantly, prospective investors should consult their professional advisers on the tax implications of an investment in each Series of UBS Equity Goals taking into account their particular circumstances.

The comments in this Taxation Summary are made on the assumption that:

- (a) payments made by the Issuer to the Clearing System and its common depository will in turn be passed on by the clearing participants to the investors;
- (b) unless specified otherwise, the investor can be either a resident or non-resident but does not include an investor who carries on business at or through a permanent establishment outside their country of residence;
- (c) the investor is not a dealer in securities, a custodian, or a person who holds UBS Equity Goals on behalf of other persons and did not acquire the Notes for the purpose of resale at a profit;
- (d) the investor does not have the intention to (when the UBS Equity Goal is purchased), and will not, dispose of the Note prior to the Maturity Settlement Date; and
- (e) the investor acquires and holds the UBS Equity Goal on capital account and does not treat it as a trading stock.

This Taxation Summary does not consider investors who are subject to taxation under Division 230 of the Income Tax Assessment Act 1997 dealing with "financial arrangements" (including as a result of an election for those provisions to apply to the investors).

## Australian Resident Investor

### (1) Characterisation of a UBS Equity Goal

- *Is it an Equity Interest?*

A UBS Equity Goal should not be an "equity interest" in UBS for income tax purposes. This is because:

- (a) a UBS Equity Goal does not represent an interest in UBS as a member of UBS;

- (b) neither the right to a return nor the amount of a return on the UBS Equity Goal is in substance or effect contingent on the economic performance of UBS or its connected entities, or at the discretion of UBS or its connected entities; and
- (c) it does not confer a right to be issued with an equity interest in UBS or its connected entity and will not convert into such an interest.

- ***Is it a Security?***

A UBS Equity Goal should be characterised as a "security" as defined in section 159GP of the ITAA 1936. A security is defined as:

- (a) stock, a bond, debenture, certificate of entitlement, bill of exchange, promissory note or other security;
- (b) a deposit with a bank or other financial institution;
- (c) a secured or unsecured loan; or
- (d) any other contract, whether or not in writing, under which a person is liable to pay an amount or amounts, whether or not the liability is secured.

A UBS Equity Goal is a contract under which the Issuer has an obligation to redeem the Note for its Maturity Redemption Amount at maturity and, where relevant, pay interest or coupons. Subject to certain conditions, the Issuer may elect to satisfy its obligation to pay the Maturity Redemption Amount by delivering Entitlement Shares.

The Maturity Redemption Amount for UBS Equity Goals may, in certain circumstances, be calculated by reference to the performance of a single Share or a number of Shares as specified in the Pricing Supplement and may be less than the Issue Price (which will generally equal the Principal Amount), subject to a minimum amount of \$0.01 per Note. In other circumstances, the full Principal Amount is required to be paid by the Issuer.

A UBS Equity Goal should be regarded as a security on the basis that it falls within paragraph (a) (as it is in the form of a note, which is generally recognised as a form of debt security) or paragraph (d) of the definition of "security" because UBS is liable to pay an amount or amounts of at least \$0.01 per Note under the UBS Equity Goal and the UBS Equity Goal has a number of debt-like features of the kind that would generally be recognised as being consistent with debt instruments. In particular, the UBS Equity Goal should be legally regarded as a "debt" as it gives rise to a debtor/creditor relationship between UBS and the investor. This is on the basis that the initial investor (as creditor) pays the Issue Price for a Note in consideration for a promise by UBS (as debtor) to redeem the UBS Equity Goal for the Maturity Redemption Amount on the Maturity Settlement Date (see *FCT v Radilo Enterprises Pty Ltd* 97 ATC 4151 at 4161). The fact that, in some circumstances, UBS may discharge its obligation by paying a Maturity Redemption Amount that is less than the Principal Amount should not prevent the UBS Equity Goal from legally being a debt. Relevantly, Taxation Ruling TR 96/14 states that "paragraph (a) of the definition of 'security' in subsection 159GP(1) of the Act includes securities which are generally recognised as debt instruments. Having regard to paragraphs (a), (b) and (c) of the definition, only those contracts that have debt like obligations will usually fall under paragraph (d) of the definition".

Notwithstanding the Issuer's view that a UBS Equity Goal should be a "security" as defined in subsection 159GP(1) of the ITAA 1936, the Australian Taxation Office (the "ATO") may have some reservations about whether the uncertainty as to the amount which is to be paid on maturity and the fact that this uncertainty is due to the performance of the Underlying Asset(s) makes the UBS Equity Goal sufficiently "debt-like" (as per the ATO's views in TR 96/14).

- ***Is it a Traditional or Qualifying Security?***

A security could be either a traditional security or a qualifying security for the purposes of Australian taxation law, depending on whether it will have an eligible return. If the term of a security exceeds one year and at the time of issuance, the security has an eligible return, the security would be a qualifying security. Otherwise it is a traditional security. There shall be taken to be an eligible return if at the time it is issued, it is reasonably likely for the sum of all payments (other than periodic interest) to exceed the Issue Price of the UBS Equity

Goal, with the excess being the amount of the eligible return. For the purposes of the discussion below, it is assumed that the Issue Price is 100% of the Principal Amount of the UBS Equity Goal.

#### *Periodic interest*

To be periodic interest, two conditions need to be satisfied:

- (a) the amount must be "interest"; and
- (b) the period between the commencement of the period in respect of which the amount is expressed to be payable and the time at which the amount is payable is less than or equal to one year.

Interest is a sum payable for the use of another sum (the principal) and is expressed as a percentage of the principal. Interest has been described by the courts as flowing from the principal sum (*Federal Wharf Co. Ltd v. DFCT* (1930) 44 CLR 24 at 28) and compensation to the lender for being kept out of the use and enjoyment of the principal sum (*Riches v. Westminster Bank Limited* (1947) AC 390 at 400).

In the context of interest withholding tax, the Full Federal Court in *Federal Commissioner of Taxation v Century Yuasa Batteries Pty Ltd* (1998) 82 FCR 288, referred to *Federal Commissioner of Taxation v. The Myer Emporium Ltd* (1987) 163 CLR 199 and stated (at FCR 291) that the ordinary meaning of "interest" is the return, consideration or compensation for the use or retention by one person of a sum of money belonging to, or owed to, another, and that interest must be referable to a principal.

A common feature of these definitions is that in order for a payment to be interest, it must be paid in respect of keeping a person out of the use and enjoyment of a principal sum. It must be paid in respect of an amount of money which the person can require to be repaid either upon demand or at a fixed date.

In relation to paragraph (b), the commencement of the first period is the Issue Date of the Equity Goal (which is likely to occur after the Initial Valuation Date), and the end of each period is the payment date of the relevant amount (rather than the date on which that amount is calculated).

#### *Periodic Coupons and Maturity Coupons*

Where each Periodic Coupon amount is fixed and the obligation to pay Periodic Coupons is not subject to the performance of Underlying Asset(s), the Periodic Coupons should be periodic interest provided condition (b) above is satisfied. If that is the case then given the Maturity Redemption Amount will not exceed the Principal Amount, a UBS Equity Goal which only pays Periodic Coupons does not have an "eligible return" and should be a traditional security. The discussion in this section assumes Periodic Coupons are "periodic interest" as defined above.

If a Maturity Coupon (e.g. Snowball Coupon, Final Maturity Coupon or Absolute Return Coupon) is payable then further analysis needs to be done to determine whether the Maturity Coupon is also periodic interest, whether there is an "eligible return" at the time of issuance and whether a UBS Equity Goal with that Maturity Coupon feature is a traditional security or a qualifying security.

If the obligation to pay the Maturity Coupon is not dependent on the performance of the Underlying Asset(s) and the Maturity Coupon Amount is calculated by reference to the Principal Amount then that Maturity Coupon should be regarded as interest. In these circumstances:

- in the case of a Series which pays a Maturity Coupon that satisfies condition (b) above, that Maturity Coupon should be regarded as periodic interest. Given the Maturity Redemption Amount is capped at 100% of the Principal Amount, a UBS Equity Goal with these features should have no eligible return and therefore be a traditional security.
- in the case of a Series which pays a Maturity Coupon that does not satisfy condition (b) above, that Maturity Coupon should not be regarded as periodic interest. Whether or not there is an eligible return depends on whether, at the time of issuance, it is reasonably likely that the sum of the Maturity Coupon and Maturity Redemption Amount will exceed the Issue Price. All UBS Equity Goals carry the risk that the sum of the Maturity Coupon and the Maturity Redemption Amount will be less than the Issue Price because the change in value of the Underlying Asset(s) is unpredictable. This risk will vary depending on the specific terms of the Series, including for example, variability of the Underlying

Asset values, the expected value of the Maturity Coupon, the term of the UBS Equity Goal, whether there is a Call Feature and/or Kick-in Feature, the Call Level, Kick-in Level, Observation Date and Strike Price of the Series.

If the obligation to pay the Maturity Coupon is subject to the performance of the Underlying Asset(s) and the consequences of a Kick-in Event (e.g. an Absolute Return Coupon), it may be arguable that the Maturity Coupon is not interest and, in turn, not periodic interest. Even if the Maturity Coupon is not regarded as periodic interest, it is still necessary to consider whether the relevant UBS Equity Goal has an eligible return. There may not be an eligible return in these circumstances where it is not reasonably likely that the sum of all payments under a Series (other than periodic interest) would exceed the Issue Price because it is not possible to predict with certainty the performance of the Underlying Asset(s). In this case, there may not be an eligible return and the UBS Equity Goal should be a traditional security.

In summary, the probability of an eligible return is higher if the Maturity Coupon does not satisfy condition (b) of the description of periodic interest above. If a UBS Equity Goal is not a traditional security then it would most likely be a qualifying security for the purposes of the Australian Tax Act. If a UBS Equity Goal is characterised as a qualifying security, the tax treatment of Periodic Coupons, Maturity Coupons, Maturity Redemption amount and transfer gain or loss for both resident and non-resident investors would be different to the tax treatment of a traditional security described in this Taxation Summary, and income amounts may be assessable on an accruals basis prior to maturity.

Given a variety of factors impact on the assessment of whether a UBS Equity Goal is a traditional security or a qualifying security, such as the assessment of whether there is an eligible return, investors should seek their own advice regarding this issue.

Comments made in the remaining sections of this Taxation Summary are based on the assumption that a UBS Equity Goal is a traditional security. Investors should seek specific advice on the tax consequences of investing in a qualifying security if they believe a UBS Equity Goal might be characterised as a qualifying security under the Australian Tax Act.

## **(2) Assessment of Periodic Coupons and Maturity Coupon**

Any Periodic Coupon and Maturity Coupon are expected to be included in the assessable income of an Australian resident investor at the time those amounts are derived. For a Series denominated in a non-AUD currency, the Periodic Coupons and Maturity Coupon will be converted into AUD at the exchange rate at the time they are derived.

## **(3) Cash Redemption at Maturity (including early redemption following a Call Event)**

If a Maturity Redemption Amount or an Early Redemption Amount is paid upon redemption of a UBS Equity Goal and that amount is different to the purchase price of the UBS Equity Goal paid by the investor then a gain made on redemption should be included in assessable income or a loss on redemption should be allowable as a deduction under section 26BB(2) or section 70B(2) of the ITAA 1936, respectively.

## **(4) Physical Delivery at Maturity**

Whilst the Issuer may elect for Physical Delivery to apply at maturity (potentially subject to certain conditions), delivery of Entitlement Shares is simply an alternative means of satisfying the Issuer's obligation to pay the Maturity Redemption Amount. It does not detract therefore, from the characterisation of the UBS Equity Goal as a traditional security. From the investor's perspective, this also means a UBS Equity Goal cannot be regarded as an agreement to buy shares even though it is possible for shares to be delivered to the investor at maturity.

The possibility of Physical Delivery does however mean a UBS Equity Goal is also an "exchangeable interest" under section 130-100 of the ITAA 1997 because it is a traditional security or qualifying security that is issued on the basis that it may be redeemed in exchange for shares in a company that is not the Issuer or its connected entity.

When the UBS Equity Goal is redeemed in exchange for Entitlement Shares:

- (a) a gain is not assessable and a loss is not deductible on redemption of the UBS Equity Goal;

- (b) the investor will acquire the Entitlement Shares at the time of redemption for the cost base of the UBS Equity Goal for capital gains tax purposes, and
- (c) any gain or loss attributable to the foreign exchange movement is disregarded at the time of redemption.

Further tax consequences will arise in respect of the Entitlement Shares delivered to the investor. Investors should seek their own advice on the tax consequences relating to the acquisition, holding and disposal of Entitlement Shares following maturity of the UBS Equity Goals.

#### **(5) Call Event**

If a Series has a Call Feature and a Call Event occurs prior to maturity, a UBS Equity Goal will be redeemed for an Early Redemption Amount equal to 100% of its Principal Amount. Physical Delivery will not apply if a Call Event occurs. Early redemption as a result of a Call Event does not change the conclusions set out above in relation to the tax treatment of Periodic Coupons and cash redemption.

#### **(6) Disposal or transfer prior to maturity**

A gain made on disposal is included in assessable income under section 26BB(2) of the Income Tax Assessment Act 1936 and a loss on disposal will be allowable as a deduction under section 70B(2) of the Income Tax Assessment Act 1936, when the disposal occurs.

#### **(7) Foreign Exchange**

In addition to the comments in Section 7 "Taxation Summary" of the Part 1 IM, a foreign exchange gain or loss should be disregarded to the extent that a gain or loss made on the UBS Equity Goal would be disregarded, such as where a UBS Equity Goal is a traditional security and Physical Delivery occurs.

Investors should consult their tax advisors as to the implications under the foreign exchange provisions of the Australian Tax Act and regulations when investing in a non-AUD Series.

#### **Non-resident Investors**

#### **(8) Interest Withholding Tax**

For interest withholding tax purposes, interest is defined in section 128A(1AB) of the ITAA 1936 to include amounts in the nature of, or in substitution for, interest. Although it is not without doubt, UBS considers it likely that Periodic Coupons, Maturity Coupons, and any portion of the Maturity Redemption Amount which is in excess of the Issue Price should be treated as interest for these purposes.

Accordingly, unless an exemption is available, Australian Interest withholding tax ("IWT") would be payable at a rate of 10% of the gross amount of Periodic Coupons, Maturity Coupons, and any portion of the Maturity Redemption Amount which is in excess of the Issue Price paid to a non-resident of Australia. For more information, see "Taxation Summary" in the Part 1 IM, and specifically, the section titled "Interest withholding tax". If a Series of UBS Equity Goals is not exempt from IWT and a Periodic Coupon or Maturity Coupon is payable to a non-resident investor then the Issuer or an Australian intermediary (e.g. custodian) holding an interest in the Note for the investor is entitled to withhold the applicable amount of IWT from a Periodic Coupon, Maturity Coupon, or gain before the balance is paid to the non-resident investor, or if the full amount of the Periodic Coupon, Maturity Coupon or sale or redemption proceeds has been paid, the Issuer is entitled to recover the amount that is actually or is required to be withheld or deducted from the investor as a full recourse debt. The Issuer is not under any obligation to gross up any payments under the UBS Equity Goal for IWT unless the Pricing Supplement specifically states otherwise.

The Issuer's intention as at the date of this Part 2 IM is to issue UBS Equity Goals in a manner which will satisfy the requirements of an exemption from IWT.

#### **(9) Withholding related to Section 871(m) of the U.S. Tax Code**

A 30% withholding tax (which may be reduced by an applicable income tax treaty) is imposed under Section 871(m) of the Code on certain "dividend equivalents" paid or deemed paid to a non-U.S. investor

with respect to a “specified equity-linked instrument” that references one or more dividend-paying U.S. equity securities or indices containing U.S. equity securities. The withholding tax can apply even if the instrument does not provide for payments that reference dividends. Treasury 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 specified equity-linked instruments”) issued after 2016 and to all dividend equivalents paid or deemed paid on all other specified equity-linked instruments issued after 2018. However, the IRS has issued guidance that states that the Treasury and the IRS intend to amend the effective dates of the Treasury regulations to provide that withholding on dividend equivalents paid or deemed paid will not apply to specified equity-linked instruments that are not delta-one specified equity-linked instruments and are issued before January 1, 2021.

The Issuer has determined that a UBS Equity Goal is not a specified equity-linked instrument and, therefore, will not be subject to withholding on dividend equivalent payments. The Issuer’s determination is not binding on the IRS, and the IRS may disagree with this determination. Furthermore, the application of Section 871(m) of the Code will depend on determinations made upon issuance of the UBS Equity Goal. If withholding is required, the Issuer (and/or the applicable withholding agent) will not make payments of any additional amounts.

Nevertheless, after issuance, it is possible that the UBS Equity Goal could be deemed to be reissued for tax purposes upon the occurrence of certain events affecting the Underlying Asset(s) or the UBS Equity Goal, and following such occurrence the UBS Equity Goal could be treated as delta one specified equity-linked instruments that are subject to withholding on dividend equivalent payments. It is also possible that withholding tax or other Section 871(m) tax could apply to the UBS Equity Goal under these rules if a non-U.S. investor enters, or has entered, into certain other transactions in respect of the Underlying Asset(s). If withholding is required, the Issuer (and/or the applicable withholding agent) will withhold 30% in respect of dividend equivalents paid or deemed paid on the UBS Equity Goal and will not pay any additional amounts with respect to any such taxes withheld. Additionally, in the event that withholding is required and such withholding is performed by the Issuer, the Issuer hereby notify each investor that for purposes of Section 871(m), that the Issuer will withhold in respect of dividend equivalents paid or deemed paid on the UBS Equity Goal on the dividend payment date as described in Revenue Procedure 2017-15 §3.03(B).

A non-U.S. investor that enters, or has entered, into other transactions in respect of the Underlying Asset(s) should consult its own tax advisor regarding the application of Section 871(m) to its interest in the UBS Equity Goal in the context of its other transactions. No assurance can be given that investors will be able to successfully claim a reduction in tax pursuant to an income tax treaty.

# Directory

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