

**DRAFT 16.05.14 SUBJECT TO TRADING AND STRUCTURING COMMENTS AND US
LEGAL REVIEW**



Date: [●],
To: [Counterparty] ("Party B")
Attention: [●]
Fax: [●]
From: [UBS Limited / UBS AG, London Branch] ("Party A")
Re: OTC Commodity Index Swap Transaction
UBS Ref: [●]
[UTI Issuer: []]
[UTI: []]

The purpose of this communication (this "Confirmation") is to confirm the terms and conditions of the above referenced transaction entered into between Party A and Party B on the Trade Date specified below (the "Transaction"). This communication constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

The definitions and provisions contained in the 2006 ISDA Definitions (the "2006 Definitions"), the 2005 ISDA Commodity Definitions (the "Commodity Definitions") and, together with the 2006 Definitions, the "Definitions"), in each case as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between the 2006 Definitions and the Commodity Definitions, the Commodity Definitions will govern. In the event of any inconsistency between either set of Definitions and this Confirmation, this Confirmation will govern.

This Confirmation supplements, forms part of, and is subject to the ISDA Master Agreement dated as of [●] as amended and supplemented from time to time (the "Agreement"), between Party A and Party B. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms

Trade Date: [●] (time of execution available upon request)
Effective Date: [●]
Termination Date: [●]
Commodity Reference Price (the "Index"): [●] (Bloomberg: [●])

[UBS AG, LONDON BRANCH, 1 Finsbury Avenue, London EC2M 2PP
UBS AG is a member of the London Stock Exchange and is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. It is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority.
Representatives of UBS Limited introduce trades to UBS AG via UBS Limited.]

[UBS Limited, 1 Finsbury Avenue, London EC2M 2PP
UBS Limited is a subsidiary of UBS AG.
UBS Limited is a member of the London Stock Exchange and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.]

Index Sponsor:	[●]
Exchange:	Each principal commodities or commodities, futures and options exchange on which a Component Contract is principally traded, as determined by the Calculation Agent.
Component Contract:	In respect of each physical commodity comprised in the Index, each exchange traded future or exchange traded option contracts for that physical commodity, as determined by the Calculation Agent.
Business Days:	[●]
Business Day Convention	[●]
Valuation Time	The Scheduled Closing Time (or if the relevant Exchange closes prior to its Scheduled Closing Time, the actual closing time for its regular trading session.
Valuation Date	[]
Observation Start Date	[]
Observation End Date	[The Valuation Date]
Observation Date	[Each Scheduled Trading Day during the Observation Period, whether or not such day is a Disrupted Day.]
Non-Disrupted Observation Day	An Observation Date that is not a Disrupted Day
Observation Period:	The period from, but excluding, the Observation Start Date to, but excluding, the Observation End Date, and the Valuation Date
Non-Disrupted Day	An Observation Date that is not a Disrupted Day
Floating Amount:	
Floating Amount Payer:	Party [●] if the Floating Amount is positive. If negative Party [●] shall pay to Party [●] the absolute value of that negative amount.
Floating Amount:	Variance Amount x [Min(FRV ² , Variance Cap Amount) – Variance Strike Price]
Variance Strike Price:	[]
Variance Cap Amount:	[]
Final Realised Volatility (“FRV”):	An amount determined by the Calculation Agent in accordance with the following formula:

$$100 \times \sqrt{\frac{252 \times \sum_{t=1}^N \left[\ln \left(\frac{P_t}{P_{[t-1]}} \right) \right]^2}{N}}$$

where:

“ t ” means the relevant Observation Day;

“ N ” means [];

“ Ln ” means the natural logarithm;

“ P_t ” means, in respect of any Observation Day, the official level of the Index at the Valuation Time on such Observation Day;

“ P_{t-1} ” means:

(a) in respect of the first Observation Day, the official level of the Index at the Valuation Time on the Observation Start Date; and

(b) in respect of any Observation Day subsequent to the first Observation Day, P_t for the Observation Day immediately preceding such Observation Day.

Settlement Terms

Cash Settlement: Applicable

Currency: [●]

Settlement Date: The Floating Amount shall be paid [●] Business Day following the Valuation Date, subject to adjustment in accordance with the Business Day Convention.

If the Calculation Agent determines that an FX Disruption Event or an Interest Disruption Event has occurred during the time at which Party A unwinds its Hedge Position in connection with this Transaction, the Calculation Agent may in its sole discretion unilaterally postpone the Settlement Date to a date when such event no longer exists.

Market Disruption Events: Not Applicable, notwithstanding the Additional Provisions included below.

Additional Provisions:

Adjustment to Index: (a) If the Index is permanently cancelled or is not calculated and announced by the Index Sponsor but is (i) calculated and announced by a successor sponsor (the "Successor Sponsor") acceptable to the Calculation Agent, and/or (ii) replaced by a successor index (the "Successor Index") using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then the Index will be deemed to be the index so calculated and announced by the Successor Sponsor and/or the Successor Index, as the case may be.

(b) If on or prior to any Observation Date or Valuation Date, the Index Sponsor announces that it will (i) make a material change in the formula for or the method of calculating that Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain

the Index in the event of changes in constituent Component Contracts and weightings and other routine events) or (ii) permanently cancels the Index and no Successor Index exists or (iii) on any Pricing Date, the Index Sponsor fails to calculate and announce a relevant Index and the Calculation Agent determines that there is no Successor Sponsor and/or Successor Index, then the Calculation Agent may at its option (in the case of (i) and shall (in the case of (ii) and (iii)) (such events described in (i) (ii) and (iii) to be collectively referred to as "Index Disruption Events") calculate the official settlement price of the Index as at the applicable Pricing Date in accordance with the formula and method of calculating the Index last in effect prior to the relevant Index Disruption Event, but using only those Component Contracts that comprised that Index immediately prior to the relevant Index Disruption Event (other than those Component Contracts that have ceased to be listed on any relevant Exchange)

Disruption Event:

Means the occurrence or existence in respect of any Component Contract on any day or any number of consecutive days of any one or more of the following events:

(i) a limitation, suspension, or disruption of trading in one or more of the Component Contracts imposed on trading by the relevant Exchange or otherwise and whether by movements in price exceeding limits permitted by the relevant Exchange or otherwise;

(ii) the price for any Component Contract is a "limit price", which means that the price for such Component Contract has, at any point during the last fifteen minutes of trading on the Exchange, increased or decreased from the previous day's closing price by the maximum amount permitted under applicable Exchange rules;

(iii) failure by the applicable Exchange or other price source as applicable to announce or publish the settlement price in respect of any Component Contract;

(iv) the closure on any Exchange Business Day of any relevant Exchange in respect of a Component Contract, prior to its Scheduled Closing Time;

(v) any event (other than an early closure as described above) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for any Component Contract

Disrupted Day:

Any Scheduled Trading Day on which: (i) the Index Sponsor fails to publish the official closing level of the Index; (ii) an Exchange fails to open for trading during its regular trading session; or (iii) a Disruption Event has occurred which the Calculation Agent in its sole discretion and acting in good faith determines as being material. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the other party of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been an Observation Date or a Valuation Date (as applicable). Without limiting the obligation of the Calculation Agent to notify the parties as set forth in the preceding sentence, failure of the Calculation Agent to notify the parties of the occurrence of a Disrupted Day shall not affect the validity of the occurrence and effect of such Disrupted Day on this Transaction.

Consequences of a Disrupted Day:

In the event of a Disrupted Day having occurred on any Observation Date or Valuation Date (as applicable) the level of the Index will be determined by the Calculation Agent as follows:

If the Observation Date or Valuation Date (as applicable) is a Disrupted Day then the level of the Index shall not be determined by reference to the official closing level of the Index, if any, announced or published by the Index Sponsor on that Observation Date or Valuation Date (as applicable) but shall instead be determined by the Calculation Agent as follows:

(i) with respect to each Component Contract not affected by the occurrence of a Disrupted Day, the level of the Index will be based on the settlement price of such Component Contract on the relevant Observation Date or Valuation Date (as applicable);

(ii) with respect to each Component Contract which is affected by the occurrence of a Disrupted Day, the level of the Index will be based on the settlement prices of each such Component Contract on the first day following the applicable Observation Date or Valuation Date (as applicable) which is not a Disrupted Day with respect to such Component Contract, provided that, if the immediately following eight Scheduled Trading Days are all Disrupted Days then the price of such Component Contract to be used in calculating the level of the Index (which for the avoidance of doubt could be zero) shall be determined by the Calculation Agent in its sole discretion and acting in good faith on the eighth Scheduled Trading Day following the relevant Observation Date or Valuation Date (as applicable)

The Calculation Agent shall determine the level of the Index in respect of the applicable Observation Date or Valuation Date (as applicable) using the settlement prices determined in subparagraphs (i) and (ii) above in accordance with the formula for and method of calculating the level of the Index last in effect prior to the occurrence of the first Disrupted Day.

Scheduled Trading Day

Any day on which (a) the Index Sponsor(s) is scheduled to publish the official closing level of the Index and (b) the Calculation Agent is open for business.

Scheduled Closing Time

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

Exchange Business Day

Any Scheduled Trading Day on which an Exchange is open for trading during their respective regular trading sessions, notwithstanding any such Exchange closing prior to its Scheduled Closing Time.

To be included in any initial draft. Can be removed following counterparty request if suitable desk approval is received As per legal email 05/01/2012 [FX Disruption Event

Means the occurrence of any event on any day or any number of consecutive days as determined by the Calculation Agent in its sole and reasonable discretion that affects Party A's currency hedging (if any) with respect to the currency of this Transaction and (a) the currency in which the Index is denominated; and/or (b) the currency of a Component Contract.

Consequences of an FX Disruption Event:

Notwithstanding any other provisions contained herein the Calculation Agent may in its sole and reasonable discretion increase or decrease, as the case may be, the Floating Amount to account for any income, loss, costs (including hedging costs) and expenses that are in the Calculation Agent's sole and reasonable

discretion attributable to, or as a result of, the FX Disruption Event.]

To be included in any initial draft. Can be removed following counterparty request if suitable desk approval is received As per legal email 05/01/2012

[Interest Disruption Event:

Means the occurrence of any event on any day or any number of consecutive days as determined by the Calculation Agent in its sole and reasonable discretion which delays the release of an interest rate reference, or any other event which affects Party A's Hedge Position with respect to the interest component of the Index.

Consequences of an Interest Disruption Event:

Notwithstanding any other provisions contained herein then the Calculation Agent may in its sole and reasonable discretion adjust the official closing level of the Index with respect to any Observation Date or Valuation Date (as applicable) to account for any income, loss, costs (including any hedging costs) and expenses that are in the Calculation Agent's sole and reasonable discretion attributable to, or as a result of, the Interest Disruption Event.]

Additional Disruption Events:

(a) Change in Law:

Applicable. Determining Party is Party A.

"Change in Law" means that, on or after the Trade Date of any Transaction (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that [(X)] it has become illegal for a party to that Transaction to hold, acquire or dispose of Hedge Positions relating to such Transaction, [or (Y) a party to that Transaction will incur a materially increased cost of performing its obligations under such Transaction (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position)], provided that this shall not apply if the Calculation Agent determines that such party could have taken reasonable steps to avoid such illegality."

Consequences of Change in Law:

Notwithstanding any other provisions contained herein upon the occurrence of a Change in Law event the Determining Party will determine the Floating Amount in its sole and reasonable discretion and in a commercially reasonable manner.

(b) Hedging Disruption:

Means that the Hedging Party is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk of entering into and performing its obligations with respect to such Transaction, or (B) realize, recover or remit the proceeds of any such transaction(s) or asset(s).

[Hedging Party: Party A

Determining Party: Party A]¹

¹ Use if Counterparty is a Client

Consequences of Hedging Disruption: Notwithstanding any other provisions contained herein upon the occurrence of a Hedging Disruption event the Determining Party will determine the Floating Amount in its sole and reasonable discretion and in a commercially reasonable manner.

Hedge Positions: Means any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, options, futures, derivatives or foreign exchange, or (ii) other instruments or arrangements (howsoever described) by a party in order to hedge, individually or on a portfolio basis, a Transaction.

Calculation Agent: [●]

Index Disclaimer [●]

Account Details

Account for payments to Party A: UBS Limited

Account for payments to Party B: Please advise

Relationship Between Parties

Each party will be deemed to represent to the other party on the date on which it enters into this Transaction that (in the absence of any written agreement between the parties which expressly imposes affirmative obligations to the contrary for this Transaction):-

Non-Reliance. It is acting for its own account, and it has made its own independent decisions to enter into this Transaction and as to whether this Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into this Transaction, it being understood that information and explanations related to the terms and conditions of this Transaction will not be considered investment advice or a recommendation to enter into this Transaction. No communication (written or oral) received from the other party will be deemed to be an assurance or guarantee as to the expected results of this Transaction.

Assessment and Understanding. It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of this Transaction. It is also capable of assuming, and assumes, the risks of this Transaction.

Status of Parties. The other party is not acting as a fiduciary for or an adviser to it in respect of this Transaction.

Commodity Futures Modernization Act of 2000. It is an "eligible contract participant" under, and as defined in, the Commodity Futures Modernization Act of 2000 and it was not formed solely for the purposes of constituting an "eligible contract participant".

References in this clause to 'a party' shall, in the case of Party A and where the context so allows, include references to any affiliate of Party A.

Settlement

This Transaction has been entered into by a member of the UBS group ("UBS Party"). For the avoidance of doubt, any payment or delivery obligations of the UBS Party in respect of this Transaction ("Obligations") may be effected by either UBS Limited or UBS AG, London Branch (the "Settlement Agent"). UBS Party has authorised the Settlement Agent to act on its behalf in the same manner and with the same force and effect as UBS Party might or could do. In the event that any Obligations are settled by the Settlement Agent ("Settlement"), such Settlement shall be deemed to be settlement of all Obligations hereunder.

Contact Names at UBS Limited

Payments: Tel: +44 207 568 0092

Fax: +44 207 568 9251

Documentation:

Tel: +44 207 568 0673

Fax: +44 207 568 9895/ 9896

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us at your earliest convenience.

Yours faithfully,
for and on behalf of

[UBS Limited / UBS AG, London Branch]

Authorised Signatory

Agreed and accepted with effect as of the date first written above
for and on behalf of

[]

By: _____

Name:

Title:

By: _____

Name:

Title: