

# CONFLICT OF INTEREST DISCLOSURE

As of December 2022

## Introduction

BMO Capital Markets is the trade name for the capital markets business of Bank of Montreal and its affiliates, including BMO Nesbitt Burns Inc., in Canada (“**BMONBI**”).

This document describes potential material conflicts of interest and measures we take to manage potential material conflicts of interest as required by applicable securities laws.

BMO Capital Markets (“**BMOCM**”, “**us**”, “**our**” or “**we**”) has policies, procedures and the BMO Code of Conduct that are designed to help identify, disclose, manage and, where necessary, avoid potential, perceived or actual material conflicts of interests in relation to us, our clients and third parties. We will only enter into transactions where they are permitted under applicable securities laws. In situations where we may not be able to manage a particular conflict successfully, we must decline to act for a client.

## What is a conflict of interest?

When we provide recommendations to you as an investment dealer or your Advisor, we must act in your best interest and not put our interests ahead of yours. The way we earn revenue may create potential, perceived, or actual material conflicts with your interests. If material conflicts of interest are not identified and managed correctly, they can create the appearance of impropriety even if no unethical act has occurred which could undermine your confidence in us.

Please find below some examples of potential material conflicts and how we intend to address them. We will also strive to keep you informed in a timely fashion should we identify any other material conflicts that would adversely affect your interests in the future.

## Relationship Related Conflicts

**Material Business Relationships with Affiliates:** We are a member of BMO Financial Group (“**BMOFG**”), a highly diversified financial services provider based in North America. We and our affiliated financial services firms are wholly-owned subsidiaries of our parent, Bank of Montreal. In the course of providing services to you, we may enter into transactions with, or accept services from, other members of BMO Financial Group. We are compensated by providing products and services to you for which you pay us. We may also earn revenue from other sources, including from our affiliates, which may be seen as involving a conflict of interest or potential conflict of interest. In these situations of conflicts involving BMO Financial Group, we may be perceived to be financially motivated to encourage you to enter into transactions with other members of BMO Financial Group, or to enter into more transactions with us to our benefit. We will only enter into these transactions where they are permitted under applicable securities laws. We have policies and procedures to identify and manage these conflicts. Our policies include information barriers, either internal arrangements such as ethical walls or physical barriers to restrict flows of information between different areas or people. Information is also segregated between the “public” and “private” business areas.

**Related/Connected Issuers:** Where we act as your broker, advise you, or exercise discretion on your behalf with respect to securities issued by us or a related party or a connected party, in the course of trading or distribution, we must disclose to you our relationship with the issuer of the securities. We maintain a list of related and connected issuers ([link](#)), and which we disclose to you on your confirmations and monthly statements and which are also included in our research reports.

**Acting in Other Capacities:** We provide corporate, investment banking, treasury management, research and advisory services. In the course of providing services to our other clients and as a participant in global markets, we may engage in activities that compete with or could otherwise adversely affect your account or your investments. For example, we may obtain material non-public information that we are prevented from disclosing to you as a result of our internal policies, procedures and applicable securities laws, which if known by you could impact the way you make investment decisions or conduct transaction involving securities. We may recommend securities of a public company to you in instances where we have been retained to provide services to the public company. Our policies and procedures are reasonably designed to ensure information barriers are in place in such situations and we restrict trading when engaged by such public company clients in any distribution. Further, we conduct research on securities and may, in the ordinary course of business, provide research reports and investment advice to clients on investment matters. Our research reports contain conflicts disclosures which disclose situations where we were recently involved in a public offering of securities.

### **Trade Execution Related Conflicts:**

To address these potential conflicts, BMOCM has policies in place that are reasonably designed to ensure clients receive best execution, taking into consideration prevailing market conditions. BMO Capital Markets prides itself in delivering exceptional service and superior execution. For more information, refer to our Trade Execution Disclosure available [here](#):

**Principal Transactions:** We act as a trader of, and dealer in, securities both as principal and on behalf of clients and that in the ordinary course of its trading and dealing activities. When acting in our capacity as a broker dealer, we may buy securities from you, sell securities to you, or engage in derivative transactions with you for our own account. These transactions may conflict between our interests as buyer or seller and our responsibility not to put our interests ahead of yours. In addition, we may be incentivised to trade with you on a principal basis as we may earn more compensation than would otherwise receive when trading with you in our capacity as an agent.

**Agency Cross Transactions:** We have the ability to effect “agency cross” transactions (i.e., transactions for which we, or one of our affiliates, acts as a broker for both sides of the transaction when permitted by applicable law. We or our affiliates may receive compensation from each party to the transaction which may create the potential for diverging loyalties and conflicting division of responsibilities regarding the parties to the transaction.

**Hedging Transactions:** We may take positions in relation to our principal transactions with you to hedge our financial risks relating to such transactions, or we may engage in hedging transactions on behalf of our other clients. These hedging transactions may affect the price of the securities that you are purchasing or selling.

**Trade Execution:** In an effort to deliver best trade execution we route client orders to market centers, including national securities exchanges, alternative trading systems, market makers, and electronic communication networks. In doing so, we may receive compensation by sending trades to specific destinations, selecting execution venues for your orders (when we have not been instructed to route your order to a specific venue) to receive compensation or avoid charges and/or to a market center in which we or our affiliates may have a direct or indirect ownership interest. Clients can be confident that industry rules and regulations dictate our obligations to ensure best execution for our clients and that our policies and procedures are designed to ensure that we meet our best execution obligations. Refer to our [Trade Execution Disclosure](#).

## Other Examples of Potential Conflicts:

**Client Conflicts:** Conflicts can occur between our clients when the interests of two or more of our clients differ or are adverse to one another. Conflicts can also occur between us and our clients where we may be perceived to be financially motivated to encourage you to enter into transactions with other members of BMO Financial Group, or to enter into more transactions with us to our benefit.

**New Issue Fair Allocations:** In addition to factors such as a public company client's input, client hold profiles, and the amount of securities requested for allocation, we may take into account our relationship with you, including the relative revenue we earn from you and potential future revenue opportunities, when making new issue allocations. As a result, any allocation you receive may be based in part on how much business you conduct with us. Alternatively, you may not receive any allocation.

**Proprietary Products:** We may provide you products, or sponsor products, that are issued by our affiliates, such as Bank of Montreal, including but not limited to structured notes, securitizations, investment funds, and other securities and deposits for which we act as initial purchaser, agent, calculation agent, or manager and may act in the capacity as a underwriter. We and/or our affiliates receive compensation from these products, which gives us an incentive to recommend them to you over other products for which we may not earn as much revenue. This may be seen as involving a conflict of interest that we will prioritize the commercial interests of BMOFG ahead of yours. We address this conflict and other conflicts of interest for these products through disclosure and supervisory procedures. We ensure adequate information barriers are in place and we will only enter into securities transactions where they are permitted under applicable securities laws. We provide disclosure of applicable relationships and conflicts of interest in the offering documents for these products, so you can independently assess if they are significant to you.

**Outside Activities and Other Personal Conflicts:** Our employees are required to disclose paid or unpaid outside activities such as serving on a board of directors, outside employment etc. which could create potential, perceived or actual conflicts, or could be perceived to interfere with their work at BMOFG. We have policies and procedures which require disclosure of personal dealings/outside activities, and prior approvals must be obtained before engaging in such activities to allow us to identify and manage any potential conflicts with our clients, suppliers, and our interests. Our policies also include restrictions on borrowing or lending personal money, giving or receiving entertainment gifts, or other types of gifts or other economic benefits, or from investing in our clients (outside of publicly traded securities).

Furthermore, BMOFG employees, are generally prohibited from serving on a board of directors of a securities issuer.

BMO Capital Markets is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c., and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member [FINRA](#) and [SIPC](#)) and the agency broker dealer business of Clearpool Execution Services, LLC (Member [FINRA](#) and [SIPC](#)) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia. "Nesbitt Burns" is a registered trademark of BMO Nesbitt Burns Inc., used under license. "BMO Capital Markets" is a trademark of Bank of Montreal, used under license. "BMO (M-Bar roundel symbol)" is a registered trademark of Bank of Montreal, used under license.