

# Pre-Hedging Disclaimer



## Overview

The purpose of this Disclosure Statement is to clarify the circumstances in which Bank of Montreal Global Markets division ('BMO') may engage in pre-hedging in the fulfilment of any order or transaction placed with us. This Disclosure Statement supplements and should be read in conjunction with any other disclosures or agreements regarding such matters as BMO may provide to or agree with you, including terms of business, any master agreement for financial transactions, BMO's general disclosures as a swap dealer, BMO's risk disclosures and other disclosures as may be provided by BMO from time to time. To the extent this disclosure statement conflicts with any agreement in place between you and BMO, the other agreement will govern. Any statements made by BMO should not be construed as recommendations or investment advice. You are expected to evaluate the appropriateness of any transaction based on your own assessment of the transaction's merits and all facts and circumstances in connection therewith. This disclosure is not intended to conflict with or override any relevant law, regulatory rule or other applicable requirement in any jurisdiction in which BMO operates, the terms of which may vary depending on the precise nature of your relationship with us and the jurisdiction(s) in which we operate.

Pre-hedging is the practice of managing the risk associated with one or more anticipated counterparty transactions. The information used by us for the purposes of pre-hedging may include, but is not limited to, your indicative interest in a potential transaction, requests for a quote or order details. We may use such information and engage in pre-hedging activity by dealing as principal with a view to facilitating a potential transaction and may execute portfolio risk management transactions, other counterparty transactions or other risk management activities ahead of your transaction. Any pre-hedging transactions may be executed before—including, but not limited to, immediately prior to the pricing or consummation of any directly or indirectly related Transactions between us, at a price that is different from, and more or less favorable than, the price at which we transact with you.

While pre-hedging activity is not designed or intended to disadvantage you, such pre-hedging activity may negatively impact market price or liquidity and adversely affect your transaction with us or with others with whom you trade.

This disclosure is not meant as a statement that we will engage or not engage in any pre-hedging activity or describe exactly how pre-hedging may impact any specific Transaction or market. The impact of pre-hedging may vary from one Transaction to the next or by type of Transaction or Transaction strategy.

If you have questions after reading this Disclosure Statement or concerning BMO's dealings with you, we encourage you to contact your BMO sales representative. This disclosure is also available at (<https://capitalmarkets.bmo.com/en/aboutus/regulatory/>) and may be updated from time to time in order to address changing regulatory, industry and other developments.