

Introduction

BMO Capital Markets is a leading, full-service North American-based financial services provider, with over 2,800 professionals in 32 locations around the world, including 18 offices in North America, offering corporate, institutional and government client's access to a complete range of investment and corporate banking products and services. BMO Capital Markets is a part of BMO Financial Group (NYSE, TSX: BMO), one of the largest diversified financial services providers in North America with US\$836 billion total assets and approximately 47,000 employees as of October 31, 2022.

The precious metal business arm of Bank of Montreal ("BMO"/"Bank") serves the precious metal commodity needs of its clients. This business has a physical presence in Canada, US, UK, Hong Kong and China, but may serve clients globally. The purpose of these Terms of Business is to provide transparency on the way BMO conducts its precious metals business. They are not intended to be an exhaustive declaration of practices or policies. 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 BMO and the jurisdiction(s) in which we operate. BMO acts only as principal in all its precious metal dealings. BMO does not act as an agent or in any fiduciary capacity on behalf of its counterparties. BMO is dedicated to upholding a high level of integrity and adhering to the best practices and requirements published by relevant international groups and regulatory bodies in our dealings with counterparties. If a conflict of interest should arise between BMO and a counterparty, BMO will manage its activities in accordance with relevant policies, procedures and other controls to mitigate those conflicts.

BMO's precious metal salespersons and traders (precious metal professionals) do not serve as brokers or agents to a counterparty. BMO will be truthful in its statements about any facts, but its statements should not be construed as recommendation or advice. A counterparty is expected to evaluate the appropriateness of any transaction based on the counterparty's own facts and circumstances and its assessment of the transaction's merits.

Order Acceptance – Client Onboarding

It is necessary for a variety of reasons, including risk control and the need to meet legal obligations, for BMO to undertake 'know your client' (KYC) checks before dealing with clients. Once this has been satisfied, and providing appropriate credit limits are in place, orders may be accepted through one of the following client-dependent channels:

- verbally over the telephone (recorded phone lines only)
- via email (BMO address only)
- through industry accepted chatroom (e.g. ICE or Bloomberg); that BMO may support

BMO reserves the right to refuse to accept any order (including benchmark orders) based on prevailing market conditions (such as poor liquidity) or where such acceptance may potentially harm the Bank by any means.

Order Acceptance - Benchmark Orders A benchmark order is an order to buy or sell a specified amount of precious metal at the precious metal benchmark requested;

- Clients may provide orders based on industry benchmark reference data (e.g. LMBA Gold Price, LMBA Silver Price), to fulfil their respective obligations and needs. Only client orders will be traded at the official benchmark settings ("fixing")
- BMO is not a Direct Price Participant in any of the Precious Metals Benchmark settings,
- Benchmark precious metal orders taking place within 10 minutes of the window opening may only be accepted at the discretion of the Bank,
- Clients should recognize that there is a cost and risk to the Bank when executing benchmark precious metal orders. Hence, transacting such orders will be done at the discretion of the Bank.

Precious Metals Product Pricing, Order Execution and Management

Pricing offered to clients may be reflective of an array of factors, including, but not limited to, the relationship with the client, the client type, the product being sold, the volume, the current market conditions, client's creditworthiness, the competitive landscape, the potential risk to the Bank, costs incurred and services rendered to a particular counterparty. All final transaction prices may be inclusive of a mark-up by the Bank. As a result, different counterparties may receive different prices for the same products.

The Bank will strive for "best execution" for the client having regard to market conditions, when handling precious metal client orders. Best execution is the obligation to obtain the best possible result for the client, taking into account a range of execution factors when executing orders. Best execution is broader than "best price" and takes into account price, costs, speed, likelihood of execution and settlement, size, the specific instructions of the client and any other consideration relevant to the execution of the order. The Bank considers charging the client the total range traded during execution as inappropriate and unacceptable.

When agreed execution terms dictate that BMO exercise discretion in the execution of an order, BMO will assume a fiduciary obligation limited to achieving favourable execution of the order in line with your instructions, taking into account market conditions and BMO's available execution abilities.

Subject to relevant laws and regulations, precious metal professionals at the Bank may engage in appropriate market-making and risk-management activities, including sourcing liquidity in anticipation of customer needs. Pre-hedging and hedging are conducted in order to mitigate risk exposures resulting from a client order. The Bank's intention in pre-hedging is to facilitate order execution in a manner unlikely to disadvantage the counterparty or create undue market impact. Under no circumstances are precious metal professionals at the Bank allowed to use individual trade and position information of a counterparty or customer with the intent of adversely affecting the interests of that counterparty or customer.

The execution rate may reflect the cost and market risk taken by the Bank

It should be recognized that there will be heightened emphasis and sensitivity on market risk and credit management issues during times of market volatility.

Precious metal professionals at BMO will execute orders within the limits that are allocated to them by the Bank.

The Bank will endeavour to carry out precious metal orders sequentially and promptly in respect of the lowest marketable amount, giving due regard to achieving a fair and reasonable outcome

for the client. Where a non-marketable amount is left, any fill will be at the discretion of the Bank. A marketable amount is considered to be the smallest order amount.

In fulfilling any order, precious metal professionals at the Bank are not permitted to collude with any external party or undertake any activity with an attempt to manipulate the market price by executing large buy or sell orders.

Order Aggregation

Should the Bank receive multiple orders at, or around, the same time, the Bank may aggregate the orders and allocate the resulting fills as the aggregate order is executed. Orders may only be aggregated if it is unlikely that this will be disadvantageous to any client whose order is to be aggregated.

If in the process of executing an order for the Bank's own book, a client order is triggered, the Bank reserves the right to mitigate its own risk prior to filling the client order. Notwithstanding the foregoing, at no time are precious metal professionals at the Bank permitted to utilize information or positioning to the detriment of clients.

Should BMO's book position dictate that it execute an order from its own book in the same direction as a client order, BMO will endeavour to execute the client order in full ahead of BMO's own order, unless by aggregating the order, the Bank can demonstrate that the client will receive the same or better execution outcome. If BMO aggregates a client order with the Bank's own order and the aggregated order is partially executed, it will endeavour to allocate the resulting fills to the client in priority over BMO. However, if BMO is able to demonstrate on reasonable grounds that without the combination, BMO would not have been able to carry out the client's order on such advantageous terms or at all, BMO may allocate the transaction for its own account proportionally. Where the aggregated BMO account and client orders have been allocated, there must be no reallocation of trades in a way that is detrimental to the client. If BMO has been working orders for its own risk mitigation well in advance of receiving a client order, then the best practice is to fill the orders in the order in which they were received.

Stop-loss Orders

Stop-loss orders are worked on a best effort's basis by the Bank. No guarantees can be provided to the client. There will be no sequencing with stop-loss orders; they will be aggregated and worked as one order. When working stop-loss orders, the precious metal professional will endeavour to work in the interest of the client, while being cognizant of managing the Bank's risk. Both factors will be taken into account during execution.

Disclosure

Client-facing precious metal professionals at the Bank are to endeavour to be transparent with clients with respect to the market (e.g. managing a stop-loss order). Clients should engage in appropriate conversations with their precious metal point of contact at the Bank (especially at the onset of a relationship), to manage their expectations on order execution and management.

Information Handling / Confidentiality

BMO endeavours to protect client information. As such, client-specific precious metal flow information or trading strategies are not to be shared externally outside the Bank (unless requested to do so by a regulatory body or by an Audit function). This applies particularly to current orders or trading strategies but can also include past trading information. The Bank has policies and procedures in place which govern the protection of client information.