



**Product Notice 2020-0864**

Date: September 18, 2020

Re: BMO Elkhorn DWA MLP Select Index Exchange Traded Notes Due December 10, 2036

MEMX LLC (“MEMX or the “Exchange”) was approved by the Securities and Exchange Commission as a registered national securities exchange on May 4, 2020. MEMX intends to commence trading and other operations in September of 2020. This Product Notice is being issued to advise you that the following securities have been approved for trading pursuant to unlisted trading privileges (“UTP”) on MEMX as UTP Derivative Securities pursuant to MEMX Rule 14.1.

<b><u>Security (the “Notes” or the “ETNs”)</u></b>	<b><u>Symbol</u></b>
BMO Elkhorn DWA MLP Select Index Exchange Traded Notes Due December 10, 2036	BMLP

Issuer/Trust: Bank of Montreal

Primary Listing Exchange: Nasdaq

The purpose of this Product Notice is to outline various rules and policies that will be applicable to trading in these new products pursuant to the Exchange’s unlisted trading privileges, as well as to provide certain characteristics and features of the Notes.

**Information on the Securities**

The Bank of Montreal (the “Issuer”) has issued Exchange Traded Notes (“ETNs” or “Notes” or “Securities”) due December 10, 2036 that are linked to the performance of the DWA MLP Select Index (the “Index”). The ETNs do not guarantee any return of principal at maturity, call or upon early redemption. Investors should be willing to lose up to 100% of their investment if the Index declines.

The Notes are senior unsecured medium-term notes with a return linked to the performance of the Index. The Index is an equally weighted index of MLPs, ranked by relative price performance, as measured by the Dorsey Wright Relative Strength Ranking Methodology. The Index is a price return index.

The Notes do not guarantee any return of principal at, or prior to, maturity or call, or upon early redemption. Instead, at maturity, investors will receive a cash payment equal to (a) the product of (i) the Indicative Note Value as of the close of the Index Business Day immediately preceding the Calculation Date multiplied by (ii) the Index Factor for the last Index Business Day in the Final Measurement Period minus (b) the Investor Fee for such last Index Business Day plus (c) the final Coupon Amount minus (d) the Accrued Tracking Fee as of such last Index Business Day, plus (d) the Stub Reference Distribution Amount as of such last Index Business Day, if any. The Issuer refers to this cash payment as the “Cash Settlement Amount.” This amount will not be less than zero. Investors may lose some or all of their investment at maturity. Because the Accrued Tracking Fee (including any Tracking Fee Shortfall) reduces the final payment, the level of the Index will need to have increased over the term of the Notes by an amount at

least equal to the percentage of the principal amount represented by the Accrued Tracking Fee, less any Coupon Amounts and any Stub Reference Distribution Amount, in order for investors to receive an aggregate amount over the term of the Notes equal to at least the principal amount of their Notes. If the increase in the level of the Index, as measured during the Final Measurement Period, is insufficient to offset the cumulative negative effect of the Accrued Tracking Fee, investors will lose some or all of their investment at maturity. This loss may occur even if the Index Closing Level at any time during the Final Measurement Period is greater than the Index Closing Level on the Initial Trade Date.

The Accrued Tracking Fee accrues on a daily basis at a rate of 0.85% per annum, applied to the Indicative Note Value on each Index Business Day. The Indicative Note Value reflects the cumulative performance of the Index from the Initial Trade Date of the Notes. If the Indicative Note Value increases, the Accrued Tracking Fee will increase, and if the Indicative Note Value decreases, the Accrued Tracking Fee will decrease.

Unlike ordinary debt securities, the Notes do not guarantee any return of principal at maturity or call, or upon early redemption. Investors are not guaranteed any coupon payment.

Please see the prospectus for the Notes for more details regarding the calculations and details regarding the Index.

It is expected that the market value of the Notes will depend substantially on the value of the Index and may be affected by a number of other interrelated factors including, among other things: the general level of interest rates, the volatility of the Index, the time remaining to maturity, the dividend yield of the stocks comprising the Index, and the credit ratings of the Issuer.

### **Investment Risks**

As described in the ETNs' Prospectus Supplement, investing in the ETNs involves a number of risks not associated with an investment in conventional debt securities. An investment in the ETNs involves significant risks and is not appropriate for every investor. Investing in the ETNs is not equivalent to investing directly in the Index. Accordingly, the ETNs should be purchased only by knowledgeable investors who understand the terms of the investment in the ETNs and are familiar with the behavior of the Index and financial markets generally.

Interested persons are referred to the Prospectus for a full description of risks associated with an investment in the ETNs. These risks include, but are not limited to, the fact that the ETNs do not pay interest or guarantee any return, the ETNs are highly speculative and highly risky, the ETNs are not suitable for investors with intermediate or longer-term investment objectives, risks associated with daily compounded leveraged long or leveraged inverse investment results, the ETNs are subject to the credit risk of the Issuer and Citigroup Inc., risks associated with automatic acceleration, risks associated with hedging activity, and risks associated with market disruption events. The ETNs are riskier than ordinary unsecured debt securities.

For a more complete description of the securities and the payment at maturity, valuation, fees and risk factors, consult the ETNs' Prospectus Supplement.

### **Exchange Rules Applicable to Trading in the Notes**

Trading in the Notes on MEMX is subject to MEMX trading rules.

### **Trading Hours**

The Notes will trade on MEMX between 7:00 a.m. and 8:00 p.m. Please note that trading in the Notes during the Exchange's Pre-Market and Post-Market Sessions ("Extended Market Sessions") may result in additional trading risks which include: (1) that the current underlying indicative value may not be updated during the Extended Market Sessions, (2) lower liquidity in the Extended Market Sessions may impact pricing, (3) higher volatility in the Extended Market Sessions may impact pricing, (4) wider spreads may occur in the Extended Markets Sessions, and (5) because the indicative value is not calculated or widely disseminated during the Extended Market Sessions, an investor who is unable to calculate an implied value for the Notes in those sessions may be at a disadvantage to market professionals.

### **Suitability**

Trading in the securities on the Exchange will be subject to the provisions of MEMX Rule 3.7 and other applicable suitability rules. Members recommending transactions in the securities to customers should make a determination that the recommendation is suitable for the customer.

### **Trading Halts**

The Exchange will halt trading in the Notes of a security in accordance with the Exchange's Rules. The grounds for a halt include a halt because the intraday indicative value of the security and/or the value of its underlying index are not being disseminated as required, a halt for other regulatory reasons or due to other conditions or circumstances deemed to be detrimental to the maintenance of a free and orderly market.

**This Product Notice is not a statutory prospectus. Members should consult the Prospectus for a security and the security's website for relevant information.**

Please contact MEMX Regulation at [regulation@memx.com](mailto:regulation@memx.com) with any inquiries regarding this Product Notice.