



## Product Notice 2020-55

Date: March 12, 2021

Re: Bank of Montreal

Pursuant to the Rules of MEMX LLC ("MEMX or the "Exchange"), 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 the Exchange as UTP Derivative Securities pursuant to MEMX Rule 14.1.

### **Securities (the "Notes" or the "ETNs")**

### **Symbol**

Dorsey Wright MLP Index ETNs due December 10, 2036

BMLP

**Issuer/Trust:** Bank of Montreal

**Issuer/Trust Website:** [www.bmoetn.com/ETN/BMLP.O/](http://www.bmoetn.com/ETN/BMLP.O/)

**Primary Listing Exchange:** Nasdaq

The purpose of this Product Notice is to outline various rules and policies that will be applicable to trading in this new product pursuant to the Exchange's unlisted trading privileges, as well as to provide certain characteristics and features of the Notes. For a more complete description of the Issuer, the Shares and the underlying market instruments or indexes, visit the Issuer Website, consult the Prospectus available on the Issuer Website, examine the Issuer Registration Statement or review the most current information bulletin issued by the Primary Listing Exchange. The Issuer Website, the Prospectus, the Issuer Registration Statement and the Primary Exchange Circular are hereafter collectively referred to as the "Issuer Disclosure Materials."

### **Background Information on the Notes**

The Index includes 15 MLPs based on the proprietary Dorsey Wright Relative Strength Ranking Methodology. Relative strength measures how one security is performing in relation to another in an effort to identify which security is outperforming the other. By comparing the price relationship between each MLP, the Index seeks to determine which MLPs are currently showing outperformance relative to their peers within the Index universe. The top 15 MLPs meeting the eligibility criteria are included in the Index. The Index is an equally-weighted index. The Index is a price return index and is ordinarily calculated without regard to dividends on the Index Constituents. All Index calculations, however, reflect extraordinary cash dividends.

To be eligible for initial inclusion in the Index, an Index constituent must meet the following criteria: • it must be a MLP structured as a limited partnership; • it must be listed on a United States stock exchange; • it must have a minimum market capitalization of \$1 billion; • it must have a minimum one month average daily dollar trading volume of \$2 million per day on its primary exchange; • the security may not

be issued by an issuer currently in bankruptcy proceedings; and • the issuer of the security may not have entered into a definitive agreement or other arrangement which would likely result in the security no longer being Index eligible. MLPs classified as Financials according to the Industry Classification Benchmark (ICB) are ineligible for inclusion in the Index.

Relative strength. Using solely price data for the MLPs, the Index Sponsor determines whether the MLP has "positive relative strength," which generates a "buy" signal, or "negative relative strength," which generates a "sell" signal. All such calculations are based on the MLP's Last Sale Price (as defined below).

On a daily basis, the Index Sponsor computes the ratio of the Last Sale Price of each MLP as compared to each other MLP ("MLPA" versus "MLPB") as follows: Relative strength of MLPA versus MLPB = (MLPA Last Sale Price/MLPB Last Sale Price) x 100

The relative strength of each MLP, as compared to each other MLP, is tracked over time. Any MLP that has positive relative strength as compared to another MLP over time generates a buy signal. Conversely, any MLP that has negative relative strength as compared to another MLP over time generates a sell signal. Buy or sell signals are generated on a daily basis. The MLP with the highest number of buy signals is ranked #1, and appears at the top of the Relative Strength Matrix. The MLP with the lowest number of buy signals is ranked last and appears on the bottom of the Relative Strength Matrix.

Index evaluation. The eligibility criteria are applied using market data five business days prior to the end of each calendar month. The top 15 MLPs meeting the criteria are included in the Index. Security additions and deletions are made effective after the closing of trading on the last business day of each calendar month.

The value of the Index equals the aggregate value of the Index share weights, also known as the Index Shares, of each of the Index constituents multiplied by each such security's Last Sale Price, and divided by the Divisor of the Index. The Divisor is designed to scale such aggregate value to a lower order of magnitude, which may be more desirable for reporting purposes. The Divisor is adjusted to help ensure that changes in Index constituents either by corporate actions or index participation occurring outside of trading hours do not affect the value of the Index. All divisor changes occur after the close of the Index Markets (as defined below) represented in the Index.

Subject to your compliance with the procedures described under "Specific Terms of the Notes — Early Redemption at the Option of the Holders," upon early redemption, you will receive per note a cash payment on the relevant Redemption Date equal to (a) Reference Holder Value as of the Redemption Measurement Date plus (b) the Coupon Amount with respect to the Coupon Valuation Date immediately preceding the Redemption Measurement Date if on the Redemption Measurement Date the Coupon ExDate with respect to such Coupon Amount has not yet occurred, plus (c) the Adjusted Coupon Amount, if any, minus (d) the Adjusted Tracking Fee Shortfall, if any, minus (e) the Redemption Fee Amount. We refer to this cash payment as the "Redemption Amount."

### **Investment Risks**

Interested persons are referred to the discussion in the prospectus for the Fund of the principal risks of an investment in the Fund. These include tracking error risk (factors causing a Fund's performance to not

match the performance of its underlying index), market trading risk (for example, trading halts, trading above or below net asset value), investment style risk, sector risk, investment approach risk, non-diversification risk, issuer-specific risk, management risk, concentration risk, equity securities risk, sector risk and passive investment risk.

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

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

#### **Trading Hours**

The ETNs will trade on MEMX between 7:00 am and 5:00 pm (EST). Please note that trading in the ETNs 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 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 ETNs 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.