

Trade Execution Disclosure

This trade execution disclosure is intended to provide a synopsis of the measures undertaken by BMO Financial Group to achieve 'best execution' for client orders. This document applies to products traded by Bank of Montreal's (BMO) entities including institutional and retail clients of BMO Nesbitt Burns Inc. and retail order execution only clients of BMO InvestorLine Inc.

This disclosure is applicable to trades in listed equities, fixed income, preferred shares, futures and options as well as securities traded over-the-counter (OTC) with standardized contract terms. This disclosure is not applicable to OTC securities with non-standardized contract terms that are customized to the needs of a particular client and for which there is no secondary market.

BMO diligently pursues the execution of each client order on the most advantageous execution terms reasonably available under the circumstances, taking into account prevailing market conditions, in accordance with our best execution obligation.ⁱ

The determination of whether best execution has been achieved is subject to reasonable efforts and should be interpreted in the context of a number of factors including:

- Price
- Speed of execution
- Certainty of execution
- Quality of execution
- Overall cost of execution

For trades in OTC securities, BMO conforms to the requirements identified in 'Fair Dealing' regulations and, as such, has policies and procedure to ensure that any trades in OTC securities are executed at prices that are fair and reasonable in relation to prevailing market conditions.

BMO currently transacts listed equity securities on all Canadian marketplaces. As these securities trade on one or more Exchanges or alternative trading system (ATS), BMO employs advanced smart order routing (SOR) technology to automate the decision making process when routing orders. BMO monitors market conditions and evaluates order routing options that might achieve best execution for client orders. This may include considering foreign markets, including U.S. marketplaces, if appropriate. BMO reserves the rights to amend, cancel, or reject any order that is not in compliance with regulatory requirements and/or to maintain market integrity. In the event a marketplace is not available, BMO may move orders to another marketplace.

In executing clients' orders, BMO may incur certain costs, or receive rebates or other payments, depending on the marketplace or intermediary, including a foreign intermediary, where orders are routed. BMO will consider cost of execution as one of the criteria in determining optimal routing of client orders and will consider marketplace fees and rebates in its SOR logic. Fees paid and/or rebates received are not passed on directly to clients.

BMO does not currently have any arrangement with intermediaries regarding order routing or execution. In the event an order is routed to an intermediary, it will be subject to the order handling and routing practices of the intermediary. BMO would review the order handling and routing practises of the intermediary to ensure they are reasonably designed to achieve best execution.

The following summary provides important information regarding trade execution for listed equity securities for clients of BMO. Please read carefully and keep a copy for your records.

Hours of Operation

Trading in listed equity securities will take place between the hours of 9:30 a.m. and 4:00 p.m. EST (“Regular Trading Session”), Monday through Friday, not including Canadian statutory holidays. Orders received outside of the Regular Trading Session will be handled as outlined below.

Default Marketplace

For all orders, BMO sets the Default Marketplace based on selected Best Execution criteria. This may be an Exchange or an ATS, as selected by BMO, and may differ from the primary listing Exchange.

Handling of Orders

Orders received for listed equity securities will be handled as follows:

1. Pre-Open

Orders received prior to the Regular Trading Session will be entered into the pre-open session of the Default Marketplace and will not be routed to an alternative marketplace unless otherwise requested by the client. Pre-open orders, if tradable, will receive the opening price of the Default Marketplace. Any unfilled portion of an order and passive limit orders ⁱⁱ will remain on the Default Marketplace for the Regular Trading Session until the order is filled, changed, or cancelled. Requests to change or cancel orders between 9:28 a.m. and 9:30 a.m. will be handled on a best efforts basis.

2. Regular Trading Session

Orders received during the Regular Trading Session will be routed to the marketplace with the best price. Any unfilled portion of an order and passive limit orders will be booked to the Default Marketplace and will remain there until the order is filled, changed, or cancelled. Day orders may participate in the market-on-close (MOC) or after hours trading sessions subsequent to the Regular Trading Session if not cancelled by the client. Unfilled day orders will expire at 5 p.m. on the day of entry.

3. Post-Close

Orders received after the Regular Trading Session will be entered into the pre-open of the Default Marketplace on the next business day unless otherwise requested by the client. Requests to route an

order to a marketplace other than the Default Marketplace will be handled on a best efforts basis and will expire at the close of trading of that marketplace on the day of entry.

Order Types

Orders may be entered as market orders, limit orders, or on-stop orders. Clients are encouraged to use aggressively priced limit orders in place of market orders to reduce the risk of an order trading at an unexpected price. BMO will attempt to accommodate client instructions the extent possible taking into consideration regulatory requirements and operational considerations. BMO reserves the right to convert market orders to limit orders or to make other amendment as necessary to avoid creating undue short-term volatility in stock prices or to otherwise mitigate potential for adverse impact on markets in accordance with our gatekeeper obligations.

Order Duration

Unless otherwise specified, all orders will be treated as day orders. Day orders will participate in all trading sessions subsequent to the time of entry and will expire at 5 p.m. on the day of entry. Good-Till-Cancelled (GTC) and Good-Till-Date (GTD) are also available to clients; however, the duration of these orders cannot exceed one calendar year.

Dark Marketplaces

Dark marketplaces differ from 'lit' or visible marketplaces in that they do not offer pre-trade transparency of orders. BMO may choose to access one or more dark marketplaces in an effort to achieve best execution for client orders.

ⁱ Best Execution is an obligation on Participants to diligently pursue the execution of each client order on the most advantageous execution terms reasonably available under the circumstances. The four general factors considered for best execution include i) price ii) speed of execution iii) certainty of execution and iv) the overall cost of the transaction. Participants are also required to take into account prevailing market conditions considering such factors as i) prices and volumes of the last sale and previous trades ii) direction of the market for the security iii) posted size on the bid and offer iv) the size of the spread and v) liquidity of the security.

ⁱⁱ Passive limit orders are orders that are not immediately executable