



Cboe BZX Exchange, Inc. Information Circular 18-019
Cboe BYX Exchange, Inc. Information Circular 18-019
Cboe EDGA Exchange, Inc. Information Circular 18-019
Cboe EDGX Exchange, Inc. Information Circular 18-019

Date: January 26, 2018

Re: Bank of Montreal Notes

Pursuant to the Rules of Cboe BZX Exchange, Inc., Cboe BYX Exchange, Inc., Cboe EDGA Exchange, Inc., and Cboe EDGX Exchange, Inc. (referred to hereafter as the “Exchanges”), this Information Circular is being issued to advise you that the following securities have been approved for trading pursuant to unlisted trading privileges (“UTP”) on the Exchanges as UTP Derivative Securities pursuant to Chapter XIV of the Exchange’s Rules.

<u>Securities (the “Notes”)</u>	<u>Symbol</u>
BMO REX Microsectors FANG+ Index 3X Leveraged Exchange Traded Notes due 2038	FNGU
BMO REX Microsectors FANG+ Index -3X Inverse Leveraged Exchange Traded Notes due 2038	FNGD

Commencement of Trading on the Exchanges: January 29, 2018

Issuer/Trust: Bank of Montreal

Primary Listing Exchange: NYSE Arca

The purpose of this information circular is to outline various rules and policies that will be applicable to trading in these new products on the Exchanges, as well as to provide certain characteristics and features of the Notes.

Background Information on the Notes

As more fully explained in the Preliminary Pricing Supplement dated January 22, 2018, Product Supplement dated April 27, 2017, and the Base Prospectus dated April 27, 2017 for the BMO REX MicroSectors™ FANG+™ Index 3X Leveraged Exchange Traded Notes due January 8, 2038 and BMO REX MicroSectors™ FANG+™ Index -3X Inverse Leveraged Exchange Traded Notes due January 8, 2038 (the “ETNs”) (File No. 333-217200), the return of the ETNs is linked to a daily compounded three times (3x) leveraged participation in the NYSE Fang+™ Index (the “Index”). The ETNs do not guarantee any return of principal at maturity. The investor may receive periodic interest payments under the circumstances described in the pricing supplement and a cash payment at maturity or upon early redemption based



on the performance of the Index. The ETNs are senior unsecured obligations of Bank of Montreal (the “Issuer”), which mature on January 8, 2038.

The NYSE FANG+ Index is an equal-dollar weighted index designed to represent a segment of the technology and consumer discretionary sectors consisting of highly-traded growth stocks of technology and tech-enabled companies such as Facebook, Apple, Amazon, Netflix, and Alphabet’s Google.

The Index is independently calculated by ICE Data Services. The value of the Index is reported on Bloomberg under ticker symbol “NYFANG”.

The ETNs are subject to early redemption or acceleration in whole or in part at any time. Additionally, the ETNs 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, the amount of which will vary depending on the performance of the Index and will be reduced by the accrued fees as of the last Business Day in the measurement period and may be zero.

The ETNs may be redeemed early, at the investor’s option, subject to a minimum redemption amount of 25,000 securities. Upon such early redemption, the investor will receive a cash payment that is based on the performance of the Index, less the accrued fees and the redemption fee.

The ETNs’ initial indicative value current value on the initial valuation date will equal \$100.00. The closing indicative value on any business day after the inception date will be based on a daily compounded three times leveraged participation in the performance of the Index.

The Intraday Indicative Value for the ETNs will be disseminated by market data vendors under the symbol FNGU.IV and FNGD.IV.

Additional information regarding the ETNs, including information about redemption procedures, fees, and dividends can be found in the Product Supplement.

Investment Risks

As described in the prospectus and prospectus supplement for each series of ETNs, investing in ETNs involves a number of risks not associated with an investment in conventional debt securities. An investment in ETNs involves significant risks and is not appropriate for every investor. Investing in ETNs is not equivalent to investing directly in the index underlying a series of ETNs. Accordingly, ETNs should be purchased only by knowledgeable investors who understand the terms of the investment in a particular series of ETNs and are familiar with the behavior of the Index and financial markets generally. ETNs are riskier than ordinary unsecured debt securities.

Interested persons are referred to the prospectus and prospectus supplement for each series of ETNs for a full description of risks associated with an investment in such series of ETNs. These risks may include, but are not limited to, issuer creditworthiness; loss of all or a substantial portion of an investment in ETNs; no guaranteed minimum payment at maturity or call, or upon acceleration or early redemption, no payment of interest or any coupon amount; risks associated with the applicable



index or reference asset; acceleration and redemption, resulting in a loss of all or a substantial portion of an investment; and restriction on the minimum number of ETNs that may be redeemed and on the procedures and timing for early redemption.

Exchange Rules Applicable to Trading in the Notes

Trading in the Notes on the Exchanges is subject to the Exchanges' equity trading rules.

Trading Hours

The Notes will trade on Cboe BZX Exchange, Inc. and Cboe BYX Exchange, Inc. between 8:00 a.m. and 5:00 p.m. ET. The Notes will trade on Cboe EDGA Exchange, Inc. and Cboe EDGX Exchange, Inc. between 8:00 a.m. and 8:00 p.m. ET.

Please note that trading in the Notes during the Exchanges' Pre-Opening and After Hours/Post Closing Trading 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 Market 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 Shares in those sessions may be at a disadvantage to market professionals.

Suitability

Trading in the securities on the Exchanges will be subject to the provisions of Exchange Rule 3.7. Members recommending transactions in the securities to customers should make a determination that the recommendation is suitable for the customer. Members should adopt appropriate procedures for the opening and maintaining of accounts, including the maintaining of records prescribed by any applicable regulatory organization and by the rules and regulations of the Commission.

Trading Halts

The Exchanges will halt trading in the shares of a security in accordance with Exchange 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 Information Circular is not a statutory prospectus. Members should consult the Prospectus for a security and the security's website for relevant information.

Please contact Listings Services at 913.815.7024 with any inquiries regarding this Information Circular.