

# Client Relationship Summary

## I. Introduction

BMO Capital Markets Corp. (“BMOCMC,” “we,” “our” or “us”) is dually registered with the Securities and Exchange Commission (“SEC”) as a broker-dealer and an investment adviser. BMOCMC is also a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation. We may offer services to a small number of retail investors. This client relationship summary addresses the services that we may make available to those retail investors. It is important that you understand that our brokerage and investment advisory services and fees differ. You can also find free and simple tools at the SEC’s website, [www.investor.gov/crs](http://www.investor.gov/crs), to research firms and financial professionals, and explore general educational materials about broker-dealers, investment advisers, and investing.

## II. What investment services and advice can you provide me?

### Overview of Brokerage Services

We may offer brokerage services to a small number of institutional clients and certain other high net worth clients that generally qualify as institutional accounts under applicable FINRA rules, but are considered retail investors for purposes of this client relationship summary. Our brokerage services include:

- Executing clients’ securities transactions on equities and options exchanges or over-the-counter and making markets for clients in equity-related securities and derivatives, including providing liquidity and hedging products.
- Executing clients’ transactions and making markets for clients in fixed income securities, currencies and commodities, including through derivative instruments.
- Originating, structuring, trading, and distributing securitized and structured products within the fixed-income market.
- Providing clients with securities lending services.

- Providing institutional clients with prime brokerage services, including clearing and settling transactions, maintaining custody of assets, and margin lending.
- Providing investment banking services, including advisory services (mergers, acquisitions, divestitures, joint ventures and other business combinations) and capital raising services (debt and equity underwriting, private placements and syndicated loans).
- Providing research to our clients that is incidental to our brokerage services and not for special compensation.

### Overview of Investment Advisory Services

Our investment advisory services consist of providing our clients with access to the following services for special compensation (*e.g.*, hard dollar payments): (i) proprietary equity research reports and certain other reports, which are prepared and published by our research department, and (ii) access to the research analysts and other professionals who prepare such research reports (collectively, the “Client Services”). If a client chooses to execute any transaction through BMOCMC, BMOCMC will be acting solely in the capacity of a broker-dealer and not an investment adviser, even if the client received Client Services. We do not provide investment advice, including the Client Services, that is tailored to any particular client and do not offer any other form of advisory services to Retail Clients. Unless expressly agreed to in writing, all Client Services are based on general considerations and do not purport to meet the objectives or needs of any specific recipient.

### Custody/Monitoring

We do not maintain custody of client funds or securities or provide ongoing monitoring of retail investor accounts in our capacity as a broker-dealer or investment adviser except in connection with providing custody services to our institutional prime brokerage clients.

### Discretionary Authority

We do not accept discretionary authority to transact on your behalf as a broker-dealer or investment advisor. All brokerage account transactions are self-directed; you must authorize every transaction and you make the ultimate decisions regarding the purchase and sale of investments. In

certain circumstances, you may give us limited or temporary authority to execute an order within set parameters with respect to the time, price and transaction size, but the ultimate decision to buy or sell with respect to those parameters will be made by you.

While we anticipate that most of our communications to you will not be recommendations, we may make recommendations to you regarding a security or securities transaction. You may also elect to transact with us without our recommendation (“unsolicited”).

#### Limited Investment Offerings

**Brokerage:** While we offer a wide range of products and services, the products and services available to you may be limited based on factors such as regulatory requirements and your financial resources.

**Investment Advisory:** The only investment advisory services that we offer retail investors are the Client Services. For more detailed information, see our Form ADV Part 2A: Firm Brochure (our “Brochure”) at <https://adviserinfo.sec.gov/firm/brochure/16686>.

#### Account Minimums and Other Requirements

We have no account minimums for our brokerage or investment advisory services. We do, however, have requirements for retail investors to open an account. A retail investor generally must have total assets of at least \$50 million to open an account with us. In connection with providing institutional clients with prime brokerage services, such prime brokerage accounts are subject to a minimum net equity requirement (\$500,000 for individual institutional accounts and \$100,000 for registered investment adviser accounts).

#### Additional Information

Our BMO Capital Markets website at <https://capitalmarkets.bmo.com/> includes additional information about our brokerage and investment advisory services, and this information is also available in our Regulation Best Interest Disclosure Statement and, with respect to our advisory services, our Brochure (including Items 4 and 7 of Part 2A) available at <https://adviserinfo.sec.gov/firm/brochure/16686>.

#### Questions to Ask Our Financial Professionals About Our Services:

- *Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?*

- *How will you choose investments to recommend to me?*
- *What is your relevant experience, including your licenses, education and other qualifications? What do those qualifications mean?*

### III. Summary of fees, costs, conflicts, and standards of conduct

#### What fees will I pay?

We earn transaction-based fees and sales charges for our brokerage services, while compensation for our investment advisory services is negotiated on a client-by-client basis.

#### Brokerage Fees and Costs

In connection with brokerage transactions, you will pay a fee (i.e., a commission, mark-up, mark-down or other sales-charge) based on the type of security or transaction and the size of such transaction, not the value of your account (we do not custody client funds or securities). These charges will generally be paid by you upon settlement of the transaction and reflected on trade confirmations or in an engagement letter or other mandate agreement, depending on the product. You may receive product-specific documentation that includes more information on specific charges associated with those products.

The more trades and/or larger volumes executed in your brokerage account and the more and larger investment banking transactions you execute with us, the more we and our financial professionals earn. We therefore have an incentive to encourage you to transact with us more often, in greater volumes, and in multiple products.

A portion of the transaction fees (i.e., soft dollars) may be used to pay for our research. You may also elect to pay for our research directly, in which case we will be providing you our research in our capacity as an investment adviser.

#### Investment Advisory Fees and Costs

Compensation for the Client Services is negotiated on a client-by-client basis and may be renegotiated at any time. Clients generally pay for Client Services on a quarterly basis in arrears. These arrangements may be terminated by either the client or BMOCMC at any time or, in certain instances, after a specified notice period. You will not pay any fees for advisory services unless you choose to pay directly for the Client Services by hard dollar payments or other special compensation.

*You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please*

*make sure you understand what fees and costs you are paying.*

#### **Additional Information**

Detailed information about our Fees, Costs and Conflicts are described in our Regulation Best Interest Disclosure Statement, and Item 5 of our Brochure available at <https://adviserinfo.sec.gov/firm/brochure/16686>.

*Questions to Ask Our Financial Professionals About Fees and Costs:*

- *Help me understand how your fees and costs might affect my investments. If I give you \$10,000, how much will go to fees and costs, and how much will be invested for me?*

**What are your legal obligations to me when providing recommendations as your broker-dealer or when acting as your investment advisor? How else does your firm make money and what conflicts of interest do you have?**

*When we provide you with a recommendation as your broker-dealer or your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice we provide you. Here are some examples to help you understand what this means.*

Proprietary Products: We may offer you investments in products that are issued by our affiliates, such as Bank of Montreal (our indirect parent), including senior and structured notes issuances, covered bonds and credit card and other securitizations for which we act as underwriter/initial purchaser/agent. We and our affiliates receive compensation from these products, which gives us an incentive to recommend them to you over other products for which we may not earn as much aggregate compensation.

Principal Transactions: In our capacity as broker, we sometimes buy securities from you, sell securities to you or engage in derivative transactions with you for our own account. These transactions create conflicts between our interests as buyer or seller and our responsibility not to put our interests ahead of yours. When trading on a principal basis, we may earn more compensation than when trading with you as an agent, which creates incentives for us to trade with you on a principal basis.

Agency Cross Transactions: We also have the authority to effect “agency cross” transactions (i.e., transactions for which we or one of our affiliates acts as a broker for both

the account and the counterparty to the transaction) when permitted by applicable law. We or our affiliates may receive compensation from each party to the transaction, and for that reason, we will have a potentially conflicting division of loyalties and responsibilities regarding the parties to the transaction.

Hedging Transactions: We may, from time to time, take positions in relation to our principal transactions with you to hedge our financial risks relating to the transactions, or we may engage in hedging transactions on behalf of our other clients. These hedging transactions may affect the price of the securities that you are purchasing or selling.

Market Center Payments: We, in our efforts to seek best execution, route client orders to market centers, including national securities exchanges, alternative trading systems, electronic communication networks and broker-dealers. These market centers may offer credits/rebates or charge fees based upon whether routed orders contribute liquidity to (or remove liquidity from) the market center. We may select execution venues for your orders, when we have not been instructed to route your order to a specific venue, to receive credits/rebates or avoid charges and/or to a market center in which we or our affiliates may have a direct or indirect ownership interest. As a result, we have an incentive to the extent possible to route orders to market centers that compensate us, directly or indirectly, more favorably.

Material Business Relationships with Affiliates: We have service agreements in place with our affiliates, including referral agreements, and we or one or more of our affiliates may receive fees or other compensation or economic benefits in connection with the provision of products or services that we may recommend, refer you to or make available to you. Our financial professionals generally are not compensated directly for referrals, except on a limited, exception-only basis.

Acting in Other Capacities: We are a full-service financial services provider of corporate and investment banking, treasury management, as well as research and advisory services. In providing services to our other clients and as a participant in global markets, we may engage in activities that compete with or otherwise adversely affect your account or your investments. For instance, we may obtain material non-public information that we cannot share with you as a result of our internal policies and procedures, which if known could otherwise have impacted the way you invest or transact in securities.

**New Issue Allocations:** In addition to factors such as an issuer's input, client hold profiles, and the amount of securities requested for allocation, we may take into account our relationship with you, including the relative revenue we earn from you and potential future revenue opportunities, when making new issue allocations. This means that any allocation you receive may be based in part on how much business you conduct with us, or you may not receive any allocation.

Generally, these conflicts are mitigated through disclosure, compensation structure, adherence to applicable exemptions or exceptions (e.g., Rule 206(3)-1 of the Investment Advisers Act of 1940, as amended, regarding principal and agency cross transactions) and supervisory procedures.

#### Additional Information

For more information on our conflicts of interest, see our Regulation Best Interest Disclosure Statement and our Brochure available at <https://adviserinfo.sec.gov/firm/brochure/16686>.

#### *Questions to Ask Our Financial Professionals About Conflicts:*

- *How might your conflicts of interest affect me, and how will you address them?*

#### How do your financial professionals make money?

Our financial professionals are compensated based on two elements: (i) base salary, reviewed annually, and (ii) variable incentive-based compensation, which generally consists of an annual discretionary cash incentive and may also include an annual deferred, equity-based component. The incentive-based compensation varies according to the performance of Bank of Montreal (our indirect parent), the financial professional's business group and the individual financial professional. Payment of the incentive compensation is performance-based and discretionary, except in limited circumstances.

Because our financial professionals receive compensation that is tied indirectly to the transactions they generate,

financial professionals have incentives that can conflict with your interest. The better our financial professionals perform, the more they are likely to get paid. This creates an incentive to maximize the number and value of the transactions in which they are involved.

#### IV. Do you or your financial professionals have legal or disciplinary history?

Yes. Please visit [www.investor.gov/CRS](http://www.investor.gov/CRS) or <https://brokercheck.finra.org/> for free and simple search tools to research us and our financial professionals.

#### *Questions to Ask Our Financial Professionals:*

- *As a financial professional, do you have any disciplinary history? For what type of conduct?*

#### V. Additional information about our brokerage and investment advisory services and to request a copy of this client relationship summary

You can obtain a copy of this client relationship summary as well as obtain additional information about our brokerage and investment advisory services by visiting our website at <https://capitalmarkets.bmo.com/>. Such services are also described in our Regulation Best Interest Disclosure Statement and, with respect to our advisory services, our Brochure, available at <https://adviserinfo.sec.gov/firm/brochure/16686>. You can also call us to request up-to-date information and a paper copy of this summary by contacting the BMOCMC Chief Compliance Officer at (212) 605-1504.

#### *Additional Questions to Ask Our Financial Professionals:*

- *Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?*

BMO Capital Markets is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Bank, N.A. (member FDIC), Bank of Montreal Europe p.l.c. and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Canadian Investor Regulatory Organization and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia. "Nesbitt Burns" is a registered trademark of BMO Nesbitt Burns Corporation Limited, used under license. "BMO Capital Markets" is a trademark of Bank of Montreal, used under license. "BMO (M-Bar roundel symbol)" is a registered trademark of Bank of Montreal, used under license. ® Registered trademark of Bank of Montreal in the United States, Canada and elsewhere. TM Trademark Bank of Montreal

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