



## INFORMATION CIRCULAR: BANK OF MONTREAL

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**TO:** Head Traders, Technical Contacts, Compliance Officers, Heads of ETF Trading, Structured Products Traders

**FROM:** Nasdaq / BX / PHLX Listing Qualifications Department

**DATE:** January 23, 2018

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### EXCHANGE-TRADED PRODUCT

### SYMBOL CUSIP #

BMO REX MicroSectors FANG+ Index -3X Inverse Leveraged ETNs	FNGD	063679864
BMO REX MicroSectors FANG+ Index 3X Leveraged ETNs	FNGU	063679872

### INFORMATION ON THE SECURITIES

Bank of Montreal (the “Issuer”) has issued Exchange Traded Notes (“ETNs” or “Notes” or “Securities”) that are linked to the performance of the NYSE FANG+ Index (the “Index”). The ETNs do not guarantee any return of principal. Investors should be willing to lose up to 100% of their investment if the Index declines.

The Notes are senior unsecured medium-term notes issued by Bank of Montreal with a return linked to either a three times leveraged (for FNGU) or a three times inverse leveraged (for FNGD) participation in the performance of the Index, compounded daily, less a daily investor fee, the daily financing charge and, if applicable, the redemption fee amount, which are all described in the prospectus for the Notes. The 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. The Index is a total 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, you will receive a cash payment equal to the arithmetic mean of the closing Indicative Note Values on each Index Business Day in the Final Measurement Period, all of which are described in the prospectus for the Notes.

The level of the Index is calculated and published by ICE Data Indices, LLC (the “Index Calculation Agent” and “Index Sponsor”) and disseminated by Bloomberg approximately every fifteen seconds (assuming the level of the Index has changed within such fifteen-second interval) from 9:30 a.m. to 6:00 p.m., New York City time. A daily Index Closing Level is published at approximately 4:30 p.m., New York City time, on each Index Business Day. Index information, including the Index level, is available from Bloomberg under the symbol “NYFANGT<Index>”. The historical performance of the Index is not indicative of the future performance of the Index or the level of the Index during the Final Measurement Period or on the applicable Redemption Measurement Date or Call Calculation Date, as the case may be.

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.

Trading in the Notes on NASDAQ is on a UTP basis and is subject to NASDAQ equity trading rules. Trading in the Notes on BX is on a UTP basis and is subject to BX equity trading rules. Trading in the Notes on PHLX's PSX system is on a UTP basis and is subject to PHLX rules. The Notes will trade on NASDAQ from 7:00 a.m. until 8:00 p.m. Eastern Time. The Notes will trade on BX from 8:00 a.m. until 7:00 p.m. Eastern Time. The Notes will trade on PSX from 9:00 a.m. until 5:00 p.m. Eastern Time. For trading during each market's pre-market and post-market sessions, market participants should note that additional risks may exist with respect to trading the Notes during these sessions, when the underlying index's value or similar value may not be disseminated.

NASDAQ will halt trading in the Notes in accordance with NASDAQ Rule 4120. BX will halt trading in the Notes in accordance with BX Equity Rule 4120. PHLX will halt trading in the Notes in accordance with PHLX Rule 3100. The grounds for a halt under each of these rules include a halt by the primary market because the value of the underlying index or a similar value is not being disseminated as required, or a halt for other regulatory reasons. In addition, NASDAQ, BX and PHLX will also stop trading the Notes if the primary market delists the Notes.

Trading of the Notes on NASDAQ is subject to the provisions of NASDAQ Rule 2310. Trading of the Notes on BX is subject to the provisions of BX Rule 2310. Members recommending transactions in the Notes to customers should make a determination that the securities are suitable for the customer. In addition, members must possess sufficient information to satisfy the "know your customer" obligation that is embedded in the NASDAQ Conduct Rules and BX Conduct Rules.

Members and member organizations recommending transactions in the Notes to customers should make a determination that the recommendation is suitable for the customer, as provided by PHLX Rule 763.

Nasdaq members, BX members and PHLX members and member organizations should also review NASD Notice to Members 03-71 for guidance on trading these products. The Notice reminds members of their obligations to: (1) conduct adequate due diligence to understand the features of the product; (2) perform a reasonable-basis suitability analysis; (3) perform customer-specific suitability analysis in connection with any recommended transactions; (4) provide a balanced disclosure of both the risks and rewards associated with the particular product, especially when selling to retail investors; (5) implement appropriate internal controls; and (6) train registered persons regarding the features, risk and suitability of these products.

**This Information Circular is not a statutory prospectus. NASDAQ members, BX members and PHLX members and member organizations should consult the registration statement or prospectus for the Notes for additional information.**

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Inquiries regarding this Information Circular should be directed to:

- Ben Haskell, Listing Qualifications, at 301.978.8092
- NASDAQ / BX/ PSX Market Sales at 800.846.0477