TRUSTMARK CORP
Form DEF 14A
March 16, 2015
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. __)

Filed by the Registrant þ

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
þ Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

Trustmark Corporation

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

þ No fee required.

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¨ Fee paid previously with preliminary materials

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The 2015 Annual Meeting of Shareholders of Trustmark Corporation (Trustmark) will be held as follows:

DATE AND TIME

Tuesday, April 28, 2015, at 2:00 p.m.

LOCATION

Trustmark Conference Center

Mississippi Sports Hall of Fame

1152 Lakeland Drive

Jackson, Mississippi 39216

ITEMS OF BUSINESS

1) To elect a board of eleven directors to hold office for the ensuing year or until their successors are elected and qualified.
2) To provide advisory approval of Trustmark s executive compensation.
3) To approve the Trustmark Corporation Amended and Restated Stock and Incentive Compensation Plan.
4) To ratify the selection of KPMG LLP as Trustmark s independent auditor for the fiscal year ending December 31, 2015.
5) To transact such other business as may properly come before the meeting.

RECORD DATE

Shareholders of record on February 17, 2015, are eligible to vote at the meeting in person or by proxy.

PROXY VOTING/REVOCATION

You are urged to vote your shares as soon as possible, whether or not you plan to attend the meeting. You may vote your shares by Internet by following the instructions on the Notice of Internet Availability or proxy card.

If you received a printed copy of the proxy statement, you may also vote your shares by signing and returning the enclosed proxy card in the enclosed reply envelope.

If you do attend the meeting, you may revoke your proxy prior to the voting thereof. You may revoke your proxy by following the instructions on page 2 of the proxy statement.

T. Harris Collier III
Secretary of the Board

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GENERAL INFORMATION

Solicitation by the Board of Directors

This proxy statement is being sent on or about March 16, 2015, in connection with the solicitation by the Board of Directors of Trustmark Corporation (Trustmark) of proxies to be voted at the 2015 Annual Meeting of Shareholders (the Annual Meeting) and at any adjournment or postponement thereof for the purposes set forth in the foregoing Notice of Annual Meeting of Shareholders.

Trustmark is furnishing this proxy statement over the Internet to most shareholders to lower the cost of this solicitation, expedite receipt of this proxy statement by shareholders and help conserve natural resources. These shareholders will not receive printed copies of the proxy statement and proxy card, and instead will receive a Notice of Internet Availability containing instructions on how to access the proxy materials over the Internet. If you received a Notice of Internet Availability, for additional information please see Availability of Proxy Materials on page 53.

Meeting Location, Date and Time

The Annual Meeting will be held in the Trustmark Conference Center at the Mississippi Sports Hall of Fame, located at 1152 Lakeland Drive, Jackson, Mississippi 39216, on Tuesday, April 28, 2015, at 2:00 p.m. To obtain directions to attend the meeting, contact the Secretary at 1-601-208-5088 or toll-free at 1-800-844-2000 (extension 5088).

Shareholders Entitled to Vote

Shareholders of record at the close of business on February 17, 2015, are entitled to notice of and to vote at the meeting in person or by proxy. On the record date, Trustmark had outstanding 68,114,841 shares of common stock.

Required Vote

A majority of the shares outstanding and entitled to vote constitutes a quorum. The eleven candidates who receive the highest number of affirmative votes will be elected as directors. In the election of directors, each shareholder may vote his shares cumulatively by multiplying the number of shares he is entitled to vote by the number of directors to be elected. This product constitutes the number of votes the shareholder may cast for one nominee or distribute among any number of nominees. For all other proposals, each share is entitled to one vote on each proposal. Any such proposal, including the advisory vote to approve Trustmark s executive compensation, approval of the Trustmark Corporation Amended and Restated Stock and Incentive Compensation Plan (the Amended and Restated Incentive Plan) and

ratification of the selection of KPMG LLP (KPMG) as independent auditor, will be approved if the votes cast in favor of the proposal exceed the votes cast opposing the proposal, if a quorum is present. While abstentions and broker non-votes are counted as shares present at the meeting for purposes of determining a quorum, they are not otherwise counted and, therefore, will have no effect on the outcome of the election of directors or any other proposal.

Applicable rules determine whether proposals presented at shareholder meetings are routine or non-routine. If a proposal is routine, a bank, broker or other holder of record which holds shares for an owner in street name generally

may vote on the proposal without receiving voting instructions from the beneficial owner. If a proposal is non-routine, the bank, broker or other holder of record generally may vote on the proposal only if the beneficial owner has provided voting instructions. A broker non-vote occurs when a broker or other entity returns a signed proxy card but does not vote shares on a particular proposal because the proposal is not a routine matter and the broker or other entity has not received voting instructions from the beneficial owner of the shares. The ratification of the selection of KPMG as independent auditor is considered a routine matter, while the election of directors, the advisory vote to approve Trustmark s executive compensation and the approval of the Amended and Restated Incentive Plan are considered non-routine matters.

All valid proxies received by Trustmark will be voted in accordance with the instructions indicated in such proxies. If no instructions are indicated in an otherwise properly executed proxy, it will be voted FOR the director nominees named in Proposal 1, FOR approval of Trustmark s executive compensation in Proposal 2, FOR approval of the Amended and Restated Incentive Plan in Proposal 3, FOR ratification of the selection of KPMG as independent auditor in Proposal 4 and on all other matters in accordance with the recommendations of the Board of Directors of Trustmark.

How to Vote

Shareholders of record can vote in person at the Annual Meeting or by proxy without attending the Annual Meeting.

To vote by proxy:

(1) If you received a printed copy of the proxy statement, complete the enclosed proxy card, sign, date and return it in the enclosed postage-paid envelope, or
(2) Vote by Internet (instructions are on the proxy card or the Notice of Internet Availability).

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If you hold your shares through a bank, broker or other holder of record, your bank, broker or agent will provide materials and instructions for voting your shares. If you hold your shares through a bank, broker or other holder of record, and you plan to vote in person at the meeting, you should contact your bank, broker or agent to obtain a legal proxy or broker s proxy card and bring it to the meeting in order to vote in person.

You will receive multiple Notices of Internet Availability or printed copies of the proxy materials if you hold your shares in different ways (e.g., individually, by joint tenancy, through a trust or custodial account, etc.) or in multiple accounts. Please vote the shares represented by each Notice of Internet Availability or proxy card you receive to ensure that all of your shares are voted.

Revocation of Proxies

A shareholder of record may revoke a proxy at any time before it is voted by written notice to the Secretary, by revocation at the meeting, by delivery to the Secretary of a subsequently dated proxy card or by submitting a later vote by Internet (instructions are on the proxy card or the Notice on Internet Availability). In the case of multiple submissions regarding the same shares, the proxy with the latest date will be counted.

If you hold your shares through a bank, broker or other holder of record, you should contact your bank, broker or agent to revoke your proxy or change your vote.

Voting on Other Matters

The Board of Directors is not aware of any additional matters to be brought before the meeting. If other matters do come before the meeting, the persons named in the accompanying proxy or their substitutes will vote the shares represented by such proxies in accordance with the recommendations of the Board of Directors of Trustmark.

Cost of Proxy Solicitation

Solicitation of proxies will be primarily by mail and electronic delivery. Associates of Trustmark and its subsidiaries may be used to solicit proxies by means of telephone or personal contact but will not receive any additional compensation for doing so. Banks, brokers, trustees and nominees will be reimbursed for reasonable expenses incurred in sending proxy materials to the beneficial owners of such shares. The total cost of the solicitation will be borne by Trustmark.

CORPORATE GOVERNANCE

Trustmark s governance structure enables the Board of Directors (the Board) to effectively and efficiently address key, specific issues such as business growth,

human capital, enterprise risk management and technology, among others. This is accomplished through five standing Board committees and through the effective utilization of the directors combined wisdom and diverse experience and business knowledge.

Provisions of Trustmark s governance structure include, among other things, a mandatory retirement age of 70, a minimum ownership of Trustmark stock, required notification of changes in professional responsibilities and residence, a directors attendance policy, as well as the authority to seek advice or counsel from external advisers on an

as-needed basis.

Board Mission

The role of the Board is to foster Trustmark s long-term success consistent with its fiduciary responsibilities to shareholders. As part of this role, Trustmark s Board is responsible for:

- Providing strategic guidance and oversight,
- Acting as a resource on strategic issues and in matters of planning and policy-making,
- Ensuring that management s operations contribute to Trustmark s financial soundness,
- Promoting social responsibility and ethical business conduct,
- Providing insight and guidance on complex business issues and problems in the banking and financial services industries,
- Providing oversight of risks facing Trustmark,
- Ensuring that an effective system is in place to facilitate the selection, succession planning and compensation of the Chief Executive Officer (CEO), and
- Ensuring Trustmark s compliance with all relevant legal and regulatory requirements.

The Board has adopted, and annually reviews, formal charters for the Board and its committees to address the governance guidelines and responsibilities of each. Likewise, the Board has adopted codes of conduct/ ethics for directors, senior financial officers (including the CEO) and associates. These materials are available on Trustmark s website at www.trustmark.com or may be obtained, without charge, by written request addressed to the Secretary of the Board, Trustmark Corporation, Post Office Box 291, Jackson, MS 39205.

Trustmark intends to provide required disclosure of any amendment to or waiver of its codes of conduct/ ethics that applies to the principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, on www.trustmark.com under *Investor Relations/Corporate Governance* promptly following any such amendment or waiver. Trustmark may elect to disclose any such

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amendment or waiver in a report on Form 8-K filed with the Securities and Exchange Commission (SEC) either in addition to or in lieu of the website disclosure. The information contained on or connected to Trustmark s website is not incorporated by reference in this proxy statement and should not be considered part of this or any other document that Trustmark files with the SEC.

Meetings of the Board of Directors

The Board met four times in 2014. Each director attended at least 75% of the total number of meetings of the Board and Board committees of which the director was a member in 2014.

Director Attendance at the Annual Meeting

Directors are expected to attend the annual meeting of shareholders, and in 2014, nine of the ten then serving directors were present, with Mr. Puckett not in attendance.

Director Independence

The Board has affirmatively determined that the following directors and director nominees are independent directors (within the meaning of Rule 5605(a)(2) of the NASDAQ Listing Rules):

Adolphus B. Baker
Tracy T. Conerly
Toni D. Cooley
Daniel A. Grafton
David H. Hoster II
John M. McCullouch
Richard H. Puckett
R. Michael Summerford
LeRoy G. Walker, Jr.

In conjunction with these independence determinations, the Board considered the relationships, including through business affiliates, that Messrs. Hoster and Puckett and Ms. Cooley have as customers of Trustmark National Bank s (the Bank) subsidiary, Fisher Brown Bottrell Insurance, Inc., and that Mrs. Conerly s employer has as a service-provider to the Bank, and in each case concluded that the business relationship did not interfere with the individual s ability to exercise independent judgment as a director of Trustmark.

Board Leadership

Under Trustmark s governance guidelines, the Board has the responsibility to determine the most appropriate leadership structure for the company, including whether it is best for the company at a given point in time for the roles of Board Chairman and CEO to be separate or combined.

Since January 1, 2011, Trustmark has operated under a board leadership structure with separate roles for Board

Chairman and CEO and, since May 10, 2011, Trustmark has had an independent Board Chairman.

The Board believes its current leadership structure is the most efficient and effective leadership structure for Trustmark at this time. The current leadership structure allows the CEO to focus on providing day-to-day leadership and management of the company, while, as an independent Board Chairman, Daniel A. Grafton, who has a broad business background and has developed extensive managerial and leadership skills through his business career, can provide guidance to the CEO, set the agenda for Board meetings (in consultation with the CEO and other members of

the Board), preside over meetings of the Board, serve as the primary communicator between the directors and the CEO and perform other administrative functions relating to the Board s activities. This separation of the roles also fosters greater independence between the Board and management.

The Board believes that maintaining separate Board Chairman and CEO positions permits Mr. Host to focus on managing Trustmark s business operations in his role as CEO while Mr. Grafton, as Board Chairman, maintains responsibility for leading the Board in its oversight function and consideration of broader corporate strategy. The Board believes that this leadership structure provides the appropriate balance between strategic development and independent oversight of management.

In the future, if the CEO were to also serve as Board Chairman, the governance guidelines contained in Trustmark s Board Charter provide that the independent chairman of the Executive Committee would serve as the Board s Lead Director with primary responsibility for chairing meetings of the non-management directors. The Lead Director would also be responsible for referring to the appropriate Board committee any issue brought to his attention by shareholders, directors or others and for serving as the primary communicator between the directors and the CEO. Mr. Grafton served as the Board s Lead Director from May 2010 until May 2011 when he became the independent Chairman of the Board.

Committees of the Board of Directors

There are five standing committees that collectively provide guidance on strategic issues, planning and policymaking: Audit and Finance, Enterprise Risk, Executive, Human Resources and Nominating. Currently, the committees are comprised solely of independent directors, with the exception of the Executive Committee.

Audit and Finance Committee

Under the terms of its Charter, the Audit and Finance Committee meets at least five times a year and is responsible for, among other things, the appointment, compensation and retention of the independent auditor, oversight of audit

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activities, financial reporting and regulatory compliance thereof, as well as review and approval of Trustmark s profit plan. The Committee meets with the independent and internal auditors without management present on a regular basis.

The Audit and Finance Committee Charter is posted on Trustmark s website at www.trustmark.com under *Investor Relations/Corporate Governance/Audit and Finance Committee Charter.*

Enterprise Risk Committee

The Enterprise Risk Committee has an essential role in Trustmark s Board oversight of risk management, as described in more detail below. In January 2015, Trustmark transitioned the Enterprise Risk Committee, formerly a committee of the Trustmark National Bank Board (Bank Board), into a joint committee of the Board and the Bank Board.

Executive Committee

The Executive Committee acts on behalf of the Board if a matter requires Board action before a meeting of the Board can be held. The Committee provides guidance to management on the strategic planning process and issues of strategic importance including business growth and expansion, material transactions and technology. Additionally, the Committee is responsible for reviewing the corporate governance structure and annually evaluating each director s performance against specific performance criteria. The Committee is also responsible for monitoring progress with Trustmark s long-term strategic and financial objectives.

Human Resources Committee

The role of the Human Resources Committee is to ensure that appropriate policies and practices are in place to facilitate the development of management talent, orderly CEO succession planning, corporate social responsibility and the setting of management compensation.

The Human Resources Committee Charter is posted on Trustmark s website at www.trustmark.com under *Investor Relations/Corporate Governance/Human Resources Committee Charter.*

Nominating Committee

The Nominating Committee is charged with the responsibility of seeking, interviewing and recommending to the Board qualified candidates for Board and committee membership.

The Nominating Committee Charter is posted on Trustmark s website at www.trustmark.com under

Investor Relations/Corporate Governance/Nominating Committee Charter.

Board Oversight of Risk Management

Trustmark believes that its governance and leadership structures allow the Board to provide effective risk oversight. The Enterprise Risk Committee is responsible for monitoring risks that are being taken by Trustmark, understanding the enterprise-wide effect of those risks and reporting on such risks to the Board and the Bank Board on at least a quarterly basis. The Committee also provides important oversight, review and approval of Trustmark s and the Bank s stress testing and other risk evaluation processes and receives reports from the Board s and the Bank Board s other committees about risks that are under the committees specific purview.

In addition to the reports from the Enterprise Risk Committee, Trustmark s directors receive and discuss regular reports prepared by Trustmark s senior management, including the Chief Financial Officer and the Chief Risk Officer. Through these reports, Trustmark s directors receive information on areas of material risk to the company, including credit, liquidity, market/interest rate, compliance, operational, technology, strategic, financial and reputational risks, and these reports enable Trustmark s directors to understand the risk identification, risk management and risk mitigation strategies employed by Trustmark s management and the Enterprise Risk Committee. The Board and the Enterprise Risk Committee will request supplemental reports from Trustmark s management with regard to risk management and risk mitigation strategies as appropriate. This reporting and governance structure ensures information from the Enterprise Risk Committee, the other committees of the Board and the Bank Board, and management is analyzed and reported to the Board, and enables the Board and its committees to coordinate the risk oversight role, particularly with respect to risk interrelationships.

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Committee Membership

The following table shows the current membership of each committee and the number of meetings held by each committee during 2014:

Director	Audit and Finance	Enterprise Risk *(1)*	Executive	Human Resources	Nominating
Adolphus Baker		X		X	
Toni D. Cooley		X			
Daniel A. Grafton			Chairman	X	X
Gerard R. Host			X		
David H. Hoster II	X	Chairman	X		X
John M. McCullouch		X	X	Chairman	Chairman
Richard H. Puckett	X		X		X
R. Michael Summerford	Chairman		X	X	X
LeRoy G. Walker, Jr.	X				
William G. Yates III					
2014 Meetings	**7**	**6**	**2**	**4**	**1**

(1) The Enterprise Risk Committee was constituted as a joint committee of the Boards of Directors of Trustmark and the Bank in January 2015. During 2014, this committee was a committee of the Bank Board, and the meetings indicated were held by the Bank committee.

Director Compensation

Non-employee director compensation is determined by the Board of Directors, based on the recommendation of the Human Resources Committee, which periodically reviews non-employee director compensation to determine if changes are needed. Associates of Trustmark who also serve as directors receive no compensation for Board or committee service. In 2013, the Human Resources Committee s compensation consultant, Pearl Meyer & Partners (PM&P) conducted a review of Trustmark s compensation of non-employee directors, and concluded that their average compensation was significantly below the market. To improve the competitiveness of Trustmark s non-employee director compensation and ensure that Trustmark has the ability to continue attracting and retaining outside directors with the necessary skills and experience, in September 2013 the Human Resources Committee recommended, and in October 2013 the Board approved, changes to the non-employee director compensation for 2014.

Beginning January 2014, non-employee directors receive an annual retainer of $13,000 for service on the Trustmark Board, an annual retainer of $12,000 for their service as a Bank Board director, as well as $1,500 for each Trustmark Board meeting attended. The Chairman of the Audit and Finance Committee receives an additional annual retainer of $12,000, the Chairman of the Human Resources Committee receives an additional annual retainer of $10,000, the Chairman of the Nominating Committee receives an additional annual retainer of $2,000 and the independent

Chairman of the Board receives an additional annual retainer of $36,000. All Board committee chairmen and committee members receive $1,000 for each committee meeting attended (including ad hoc committees). In addition, each director who serves as chairman of a committee of the Bank Board receives an additional annual retainer of $2,000. All Bank Board committee chairmen and committee members receive $750 for each committee meeting attended. For meetings wherein the director attends via teleconference, the director receives one-half of the meeting fee. In addition, directors who serve as advisory directors on Trustmark s Community Bank Advisory Boards of Directors receive a fee of $250 for each Advisory Board meeting attended, except for the Florida Community Bank Advisory Board of Directors, which receives a fee of $1,000 for each Advisory Board meeting attended and meets quarterly. Annual retainer and meeting fees are paid monthly. Directors are also eligible to be reimbursed for expenses incurred in attending Board and committee meetings. Trustmark maintains a Directors Deferred Fee Plan for non-employee directors who became directors prior to 2003, and who elected to participate in the plan. Under the plan, participating directors had to defer $12,000 of fees annually to fund a portion of the cost of their defined retirement benefits and death benefits. The amount of the retirement benefit and death benefit has been determined based upon the participant s annual contribution amount, the length of Board service and the age of the director at date of entry into the plan. In order to control costs, and based on peer company and broader market data provided by PM&P, that comparable organizations were not providing this benefit to directors, the Board amended the plan on April 28, 2009, to cease future benefit accruals under, and contributions by directors to the plan effective March 1, 2010. The plan requires retirement benefits to commence at a director s normal retirement date (March 1 following age 65). Thus, should a director continue service beyond normal retirement date, retirement benefits would begin prior to cessation of Board service. Depending on a number of factors, the vested annual benefit at retirement is payable for the longer of life or twenty-five years and, as of December 31, 2014, ranges from $51,000 to $78,000 (taking into account the March 1, 2010 benefit accrual freeze) for current directors who elected to participate in the plan. If a participating director dies prior to normal retirement, his beneficiary will receive a scheduled death benefit for ten years. Trustmark has purchased life insurance contracts on participating directors to fund the benefits under this plan.

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Non-employee directors are eligible to receive equity compensation awards under the Trustmark Corporation 2005 Stock and Incentive Compensation Plan. Consistent with an October 2013 determination that the annual awards of time-based restricted stock for the non-employee directors should be valued at approximately $42,500, on January 28, 2014, each non-employee director received 1,621 shares of time-based restricted stock, valued on a 10-day average closing stock price up to and including the date of the grant. Subject to accelerated vesting in full upon a change in control, upon retirement at or after age 65 or cessation of Board service at the end of an elected term, in each case with consent of the Human Resources Committee and where cause for termination is not present, or upon disability, death or termination without cause, the restricted shares vest on January 28, 2017, if the director is still serving at the time.

In addition to the $1,000 minimum ownership required to become a director (as discussed under Director Qualifications), the Board imposes a director stock ownership requirement that requires all directors to own a minimum number of shares of Trustmark stock. This minimum number was increased from 3,000 shares to 6,000 shares effective January 1, 2014. All of the current directors other than Ms. Cooley already meet the new minimum ownership requirement. Ms. Cooley and any new director will have up to five years from the date Board service begins to meet the ownership requirement. Until a director has reached the minimum requirement, the director is required to hold 100% of the shares received from any Trustmark stock awards.

To ensure that directors bear the full risks of stock ownership, Trustmark s insider trading policy prohibits directors, among others, from engaging in options trading, short sales or hedging transactions relating to Trustmark stock. With limited exceptions, directors are also prohibited from pledging or creating a security interest in any Trustmark stock they hold.

Non-employee directors may defer all or a part of their annual retainer and meeting fees pursuant to Trustmark s Non-Qualified Deferred Compensation (NQDC) Plan. The compensation deferred is credited to an account, which is deemed invested in and mirrors the performance of one or more designated investment funds available under the plan and selected at the option of the director. The deferred compensation account will be paid in a lump sum or in annual installments at a designated time, upon the occurrence of an unforeseen emergency or upon a director s retirement or cessation of service on the Board.

Director Compensation for 2014

The following table provides director compensation information for the year ended December 31, 2014:

me *(1)*	**Fees Earned or Paid in Cash** *(2)*	**Stock Awards** *(3)*	**Option Awards** *(4)*	**Non-Equity Incentive Plan Compensation**	**Change in Pension Value and Non-Qualified Deferred Compensation Earnings** *(5)*	**All Other Compensation** *(6)*	**Total**
	($)	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*
dolphus B. Baker	$ 40,500	$ 41,465	---	---	$118,044	$ 4,119	$ 204,128
ni D. Cooley	$ 37,371	$ 41,465	---	---	---	$ 2,949	$ 81,785
niel A. Grafton	$ 73,996	$ 41,465	---	---	---	$ 4,119	$ 119,580
vid H. Hoster II	$ 44,500	$ 41,465	---	---	---	$ 4,119	$ 90,084
nn M. McCullouch	$ 53,746	$ 41,465	---	---	---	$ 4,119	$ 99,330

chard H. Puckett	$ 46,500	$ 41,465	---	---	$181,584	$ 4,119	$ 273,66
Michael Summerford	$ 56,496	$ 41,465	---	---	---	$ 4,119	$ 102,08
Roy G. Walker, Jr.	$ 42,496	$ 41,465	---	---	$164,621	$ 4,119	$ 252,70
illiam G. Yates III	$ 34,500	$ 41,465	---	---	---	$ 4,119	$ 80,08

(1) Gerard R. Host, Trustmark s CEO, is not included in this table as he is an associate of Trustmark and thus received no compensation for his service as a director. The compensation received by Mr. Host as an associate of Trustmark is shown in the Summary Compensation Table on page 34.

(2) The amounts in this column include fees deferred pursuant to the voluntary Trustmark Corporation NQDC Plan. Where applicable, the amounts also include fees paid for attendance at Community Bank Advisory Board of Directors meetings and at committee meetings of the Bank Board.

(3) The amounts in this column reflect the aggregate grant date fair value of time-based restricted stock awards granted to the directors on January 28, 2014 (computed in accordance with ASC Topic 718 excluding the impact of estimated forfeitures). Assumptions used in the calculation of these amounts are included in Note 16 to Trustmark s audited financial statements for the year ended December 31, 2014, in Trustmark s Annual Report on Form 10-K filed with the SEC on March 2, 2015. At December 31, 2014, each non-employee director held 4,477 shares of unvested time-based restricted stock, except for Ms. Cooley, who held 3,205 shares of unvested time-based restricted stock.

(4) No stock option awards were made during 2014. At December 31, 2014, none of the non-employee directors had any options outstanding.

(5) The amounts in this column reflect the increase in actuarial present value of the directors accumulated benefits under Trustmark s Directors Deferred Fee Plan, determined using interest rate and mortality rate assumptions included in Note 15 to Trustmark s audited financial statements for the year ended December 31, 2014, in Trustmark s Annual Report on Form 10-K filed with the SEC on March 2, 2015.

(6) The amounts in this column reflect the dividends credited to shares of unvested time-based restricted stock held by the directors on each dividend payment date during 2014. These dividends are accumulated and will vest and be paid only when and to the extent the related restricted shares vest.

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Communications with Directors

Shareholders desiring to contact Trustmark s Board may do so by sending written correspondence to Board of Directors, Trustmark Corporation, Post Office Box 291, Jackson, MS 39205 or by email to boardofdirectors@trustmark.com.

Communications will be referred to the Executive Committee Chairman, who will determine the appropriate committee to receive the communication and take any action deemed necessary by that committee.

Pursuant to Trustmark s Whistleblower Policy, complaints relating to Trustmark s accounting, internal accounting controls or auditing matters should be directed to the Trustmark Hotline at 1-866-979-3769. Complaints will be investigated by Trustmark s General Counsel and reported to the Audit and Finance Committee.

Nomination of Directors

Nominations for election to the Board may be made by or on behalf of the Board or by any shareholder of any outstanding class of capital stock of Trustmark entitled to vote for the election of directors at an annual meeting. Nominations other than those made by or on behalf of the existing Board of Trustmark shall be made in writing and shall be delivered or mailed to Trustmark s Chairman of the Board and received (a) not less than sixty days nor more than ninety days prior to the first anniversary of the mailing date of Trustmark s proxy statement in connection with the last annual meeting of shareholders, or (b) if no annual meeting was held in the prior year or the date of the annual meeting has been changed by more than thirty days from the date of the prior year s annual meeting, not less than ninety days before the date of the annual meeting. Such notification shall contain the following information to the extent known to the notifying shareholder: (a) the name and address of each proposed nominee, (b) the principal occupation of each proposed nominee, (c) the total number of shares of capital stock of Trustmark that will be voted for each proposed nominee, (d) the name and residence address of the notifying shareholder, (e) the number of shares of capital stock of Trustmark owned by the notifying shareholder, (f) such other information regarding such proposed nominee as would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC had the proposed nominee been nominated by the Board, (g) a representation that the notifying shareholder is the owner of shares entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to nominate the proposed nominee, and (h) the written consent of each proposed nominee to serve as a director of Trustmark if so elected.

Nominations not made in accordance with the above procedure may be disregarded by the Chairman of the meeting at his discretion, and upon his instruction, all votes cast for each such nominee may be disregarded.

Trustmark s bylaws permit direct nominations by shareholders. Therefore, the Nominating Committee does not have a policy for considering nominations by shareholders through the process outlined above. However, if a shareholder wishes to recommend an individual for Board service, rather than directly nominate the individual as set forth above, the shareholder may submit the individual s name to the Nominating Committee in writing addressed to Trustmark Corporation Nominating Committee, Post Office Box 291, Jackson, MS 39205 or by email to boardofdirectors@trustmark.com. In order to give the Nominating Committee adequate time to consider any such individual for nomination as a director at the 2016 Annual Meeting of Shareholders, such recommendations should be delivered no later than October 1, 2015. In considering an individual recommended by a shareholder but not directly nominated, the Nominating Committee will use the same guidelines as set forth in the Director Qualifications section below.

When identifying potential candidates for director nominees, the Nominating Committee may solicit suggestions from incumbent directors, management or others. With regard to the proposed nominees for 2015, all nominees are current Board members, except for Mrs. Conerly, who was recommended by the CEO and the Chairman of the Board.

Director Qualifications

The Board believes that in order to appropriately carry out its roles, directors must demonstrate a variety of personal traits, leadership qualities and individual competencies. In considering nominees submitted by the Board or management and any recommendations submitted by shareholders, the Nominating Committee will use these personal traits, leadership qualities and individual competencies to assess future director nominees suitability for Board service. The Nominating Committee also evaluates each director nominee s qualities in the context of how that nominee would relate to the Board as a whole, in light of the Board s current composition and Trustmark s evolving needs. Although Trustmark has no formal policy regarding diversity, the Nominating Committee believes that the Board should include directors with diverse skills, experience and business knowledge, and whose backgrounds, ages, geographical representation and community involvement contribute to an overall diversity of perspective that enhances the quality of the Board s deliberations and decisions. The Nominating Committee may consider these factors as it deems appropriate in connection with the general qualifications of

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each director nominee. To be eligible to serve on the Board, each director is required to own in his or her own right, common or preferred stock of Trustmark having an aggregate par, fair market or equity value of not less than $1,000 as of the most recent of (i) the date of purchase, (ii) the date the person became a director, or (iii) the date of the director s most recent election to the Board. In addition, each director must own a minimum of 6,000 shares of Trustmark stock within five years of joining the Board. Upon attaining the age of 70, a director is required to retire from the Board effective upon completion of his or her then current term of office.

Personal Traits

Board service is an extremely important, high profile role and carries with it significant responsibility. For that reason, it is important that all directors possess a certain set of personal traits, including:

- Personal and Professional Integrity
- Accountability
- Informed Business Judgment
- Mature Confidence
- High Performance Standards
- Initiative and Responsiveness
- Business Credibility

Leadership Qualities

For individuals considered for Board leadership roles, the following skill sets are required:

- Communication Skills
- Crisis Management Skills
- Facilitation Skills
- Relationship Building/Networking Skills

Individual Competencies

There are certain competencies that must be represented collectively by the directors on each Board committee, but each individual director need not necessarily possess all of them. The specific competencies vary by committee, as illustrated in the chart below:

ndividual rector ompetencies	Board Committees Audit and Finance	Enterprise Risk	Executive	Human Resources

Calculation of Dividend Amounts

Each Dividend Amount will be determined as set forth in this section. These calculations are intended to provide to noteholder approximately the amount of dividends they would have receive had they been owners of the Reference Funds included in the Ind during the applicable Interest Calculation Period, as reduced by t

Participation Rate. Please see the definitions below for several capitalized terms that appear in this subsection.

For each Reference Fund, the Dividend Amount will be an amou in U.S. dollars equal to (a) the Note Value multiplied by (b) the applicable Target Rebalance Component Weight divided by (c) t Reference Fund Closing Price multiplied by (d) 100% of the ne cash distributions (including ordinary and extraordinary dividend per Reference Fund share declared by the applicable Reference Fund Issuer, where the date that the applicable Reference Share h commenced trading ex-dividend on its primary U.S. securities exchange (an "ex date") as to each relevant distribution occurs du the term of the notes, as described in more detail in the section below.

Target Rebalance Component Weight: For purposes of calculatin the Target Weight Rebalance Component Weight, (i) on a tradin day that occurs during a rebalancing period for the Index (as described in the section "The Index"), the target weight of the applicable Reference Fund on the trading day prior to the applicable ex date, or (ii) on a trading day that does not occur during a rebalancing period, the target weight of the applicable Reference Fund on the final trading day during the most recent rebalancing period.

Reference Fund Closing Price: For purposes of calculating the Reference Fund Closing Price, (i) on a trading day that occurs during a rebalancing period, the closing price of the applicable Reference Fund on the trading day prior to the applicable ex date (ii) on a trading day that does not occur during a rebalancing period, the closing price of the applicable Reference Fund on th final trading day during the most recent rebalancing period.

Note Value: On the pricing date, the "Note Value" equaled $950 each subsequent trading day, the Note Value will be equal to the product of (a) the Note Value as of the close of the immediately preceding trading day multiplied by (b) the Index Factor for tha trading day. For purposes of calculating a dividend amount, (i) on trading day that occurs during a rebalancing period, the Note Val will equal the Note Value on the day prior to the applicable ex da or (ii) on a trading day that does not occur during a rebalancing period, the Note Value will equal the Note Value as of the final trading day during the most recent rebalancing period.

Index Factor: On the pricing date, the Index Factor was set to 1. On any subsequent trading day, the Index Factor will equal (a) the closing level of the Index on that day divided by (b) the closing level of the Index on the immediately preceding trading day, as determined by the calculation agent. If a market disruption event occurs or is continuing on any trading day, the calculation agent will determine the Index Factor for the notes on each such day using an appropriate closing level of the Index for that day, taking into account the nature and duration of such market disruption event, and any other factors that it reasonably determines to be appropriate.

Please note that for purposes of these determinations, if a holder a share of a Reference Fund, in connection with any dividend payment, is entitled to choose additional shares of stock or a cas payment in lieu of such shares, the applicable dividend will be deemed to be made in cash.

Maturity Date

The maturity date will be September 30, 2021, unless that date i not a business day, in which case the final date will be the next following business day.

Certain Definitions

Business Day. A day of the week other than Saturday or Sunday that is neither a legal holiday nor a day on which banking institutions are authorized or obligated by law or executive order close in New York City, Toronto, or Montreal.

Trading Day. A "trading day" is any day, as determined by th calculation agent, on which trading is generally conducted on th primary market on which the Reference Funds included in the Index are listed for trading.

Unavailability of the Level of the Index on a Valuation Date

If the Index Sponsor discontinues publication of the Index and th Index Sponsor or another entity publishes a successor or substitu index that the calculation agent determines, in its sole discretion, be comparable to the discontinued index (such successor or substitute index being referred to in this section as a "successo index"), then any subsequent index closing level will be determi by reference to the published level of that successor index at the regular weekday close of trading on the applicable Valuation Dat

Upon any selection by the calculation agent of a successor index the calculation agent will provide written notice to the trustee of t selection, and the trustee will furnish written notice thereof, to ea noteholder, or in the case of global notes, the depositary, as hold of the global notes.

If a successor index is selected by the calculation agent, that successor index will be used as a substitute for the Index for all purposes, including for purposes of determining whether a mark disruption event exists with respect to that index.

If the Index Sponsor discontinues publication of an index comprising a part of the Index prior to, and that discontinuance i continuing on, any Valuation Date and the calculation agent determines, in its sole discretion, that no successor index is available at that time, then the calculation agent will determine th level of the Index for the relevant date in accordance with the formula for and method of calculating the index last in effect pri to the discontinuance, without rebalancing or substitution, using t closing level (or, if trading in the relevant underlying securities c components of the index have been materially suspended or materially limited, its good faith estimate of the closing level tha would have prevailed but for that suspension or limitation) at th close of the principal trading session of the relevant exchange o that date of each security or component most recently comprisin the index. Notwithstanding these alternative arrangements, discontinuance of the publication of an index comprising a part o the Index may adversely affect the value of your notes.

If at any time the method of calculating a closing level for the Ind or a successor index is changed in a material respect, or if the ind is in any other way modified so that the index does not, in the opinion of the calculation agent, fairly represent the level of the index had those changes or modifications not been made, then, from and after that time, the calculation agent will, at the close o business in New York City on the applicable Valuation Date, ma such calculations and adjustments as, in the good faith judgment the calculation agent, may be necessary in order to arrive at a lev of an index comparable to that index as if those changes or modifications had not been made. Accordingly, if the method o calculating the index is modified so that the value of that index is fraction of what it would have been if it had not been modified (e.g., due to a split in the index), then the calculation agent will

adjust the index in order to arrive at a value of that index as if it h not been modified (e.g., as if such split had not occurred).

Notwithstanding these alternative arrangements, discontinuance the publication of the Index may adversely affect the value of yo notes.

If any of the events occur that are described in the prior three paragraphs, we may determine that we and the calculation agen will not take the actions described there, and instead, we may ele to redeem the notes. In such a case, the redemption price will be determined based on the methodology described above for determining the payment at maturity. However, in such a case, th Final Level of the Index will be equal to the most recent closing level of the Index that the calculation agent reasonably determine was representative of the Index's construction and methodolog prior to the relevant events occurring. In such a case, holders of t notes will also receive the final interest payment, as calculated b the calculation agent.

Market Disruption Events

If a market disruption event occurs or is continuing on any scheduled Valuation Date (or Averaging Date) other than the Fin Valuation Date (or the final Averaging Date), the level of the Ind for that date will equal the closing level of the Index on the nex scheduled Valuation Date or Averaging Date, as applicable. For example, if a market disruption event occurs or is continuing on t first and second scheduled Valuation Dates, but not on the third scheduled Valuation Date, then the closing level of the Index on t third scheduled Valuation Date will also be deemed to be the closing level of the Index on the first and second scheduled Valuation Dates. If no further scheduled Valuation Dates (or Averaging Dates) occur after a Valuation Date (or Averaging Dat on which a market disruption event occurs or is continuing or if market disruption event occurs or is continuing on the Final Valuation Date (or final Averaging Date), then the closing level the Index for that Valuation Date (or Averaging Date) will be determined (or, if not determinable, estimated by the calculation agent in a manner which is considered to be commercially reasonable under the circumstances) by the calculation agent on that Final Valuation Date (or final Averaging Date), regardless o the occurrence or continuation of a market disruption event on th day. In such an event, the calculation agent will make a good fait estimate in its sole discretion of the closing level of the Index tha would have prevailed in the absence of the market disruption eve

A market disruption event means any event, circumstance or cau which we determine, and the calculation agent confirms, has or w have a material adverse effect on our ability to perform our obligations under the notes or to hedge our position in respect o obligations to make payment of amounts owing thereunder and more specifically includes the following events to the extent tha they have such effect with respect to the Index:

- a suspension, absence or limitation of trading in index componen constituting 20% or more, by weight, of the Index;

- a suspension, absence or limitation of trading in futures or option contracts relating to the Index on their respective markets;

- any event that disrupts or impairs, as determined by the calculati agent, the ability of market participants to (i) effect transactions or obtain market values for, index components constituting 20% more, by weight, of the Index, or (ii) effect transactions in, or obtain market values for, futures or options contracts relating to the Index on their respective markets;

- the closure on any day of the primary market for futures or optio contracts relating to the Index or index components constituting 20% or more, by weight, of the Index on a scheduled trading day prior to the scheduled weekday closing time of that market (without regard to after hours or any other trading outside of the regular trading session hours) unless such earlier closing time is announced by the primary market at least one hour prior to the earlier of (i) the actual closing time for the regular trading sessio on such primary market on such scheduled trading day for such primary market and (ii) the submission deadline for orders to be entered into the relevant exchange system for execution at the close of trading on such scheduled trading day for such primary market;

- any scheduled trading day on which (i) the primary markets for index components constituting 20% or more, by weight, of the Index or (ii) the exchanges or quotation systems, if any, on whic futures or options contracts on the Index are traded, fails to open for trading during its regular trading session; or

- any other event, if the calculation agent determines that the even interferes with our ability or the ability of any of our affiliates to unwind all or a portion of a hedge with respect to the notes that or our affiliates have effected or may effect as described below under “Use of Proceeds and Hedging” in this pricing supplement

Events of Default

In case an event of default with respect to the notes shall have occurred and be continuing, the amount declared due and payabl on the notes upon any acceleration of the notes will be determine by the calculation agent and will be an amount of cash equal to t amount payable as described under the caption “Key Terms of t Notes—Payment at Maturity,” calculated as if the date of accele were the Valuation Date. The Dividend Amount for each Referen Fund will only include dividends declared and paid through tha date.

If the maturity of the notes is accelerated because of an event o
default, we will, or will cause the calculation agent to, provide
written notice to the trustee at its New York office, on which noti
the trustee may conclusively rely, and to the depositary, of the
amount due with respect to the notes as promptly as possible and
no event later than two business days after the date of acceleratio

Role of the Calculation Agent

The calculation agent will make all determinations regarding the Redemption Amount, the Dividend Amounts, trading days, business days, market disruption events, the default amount, any required determinations as to the Index (including any successor index), and the amounts payable on your notes. Absent manifest error, all determinations of the calculation agent will be final and binding on you and us, without any liability on the part of the calculation agent. You will not be entitled to any compensation from us for any loss suffered as a result of any of the above determinations or calculations by the calculation agent.

Our subsidiary, BMOCM, is expected to serve as the calculation agent for the notes. We may change the calculation agent for your notes at any time after the date of this pricing supplement without notice and BMOCM may resign as calculation agent at any time upon 60 days written notice to us.

Listing

Your notes will not be listed on any securities exchange.

THE INDEX

The Raymond James CEFR Domestic Equity Index is a proprieta rules-based closed-end fund index. The rules for constructing an rebalancing the Index were developed by Raymond James & Associates, Inc. (the "Index Sponsor"). The Index level is calcul and published by a third-party independent calculation agent, Solactive AG (the "Index Calculation Agent"). The Index is published in both price and total return versions. The notes are linked to the price return version of the Index.

The Index is composed of closed-end funds selected in accordan with the methodology specified below by the Closed-End Fund Research Department of the Index Sponsor from a universe of approximately 560 U.S. closed-end funds that are included in eith the Morningstar U.S. Sector Equity category or the Morningsta U.S. Equity category.

The Index is the exclusive property of, and currently sponsored b the Index Sponsor, which has contracted with the Index Calculati Agent to maintain the Index and perform certain calculations.

Calculation of the Index

The Index seeks to measure at least 25 closed-end funds that me certain minimum market capitalization and daily average value traded characteristics. The closed-end funds are then given a modified volume weighting (each such closed-end fund, a "Constituent"). The Constituents are then ranked according to th respective discount to NAV, with those with the lowest discount NAV ranking higher in the Index. Eligibility for inclusion in the Index is not restricted by the types of securities or other instrume or the industries or sectors in which the Constituents invest or th types of investment strategies they may employ. As a result, the Constituents may invest in a variety of securities and industries sectors and employ a variety of different investment strategies. Funds may not apply, and may not be nominated, for inclusion i the Index.

The Index has a base date of July 1, 2013 and a base Index level 1,000 (the "Base Index Value").

The Index is calculated as follows:

$$Index_t = [() / (C_t \text{ x })] \text{ x Base Index Value}$$

$$= M_t/B_t \text{ x Base Index Value}$$

Where:

D_t = B_t/Base Index Value = divisor at time (t)

n = the number of closed-end fund stocks in the Index

p_{i0} = the closing price of Constituent stock i at the base date

q_{i0} = the number of shares of Constituent i at the base date

r_{i0} = I

f_{i0} = I

p_{it} = the price of Constituent stock i at time (t)

q_{it} = the number of shares of Constituent i at time (t)

r_{it} = I

f_{it} = I

C_t = the adjustment factor for the base date market capitalizati

t = the time the Index is computed

M_t = the market capitalization of the Index at time (t)

B_t = the adjusted base date market capitalization of the Index time (t)

For the total return index, cash dividend payments are reinvested without deductions for withholding taxes or otherwise, in the Constituents on a proportional basis.

Divisor Adjustments

Corporate actions affect the share capital of Constituents and, therefore, trigger increases or decreases in the Index. To avoid distortion, the divisor of the Index is adjusted accordingly. Chang in the Index's market capitalization due to changes in the composition (additions, deletions or replacements) or corporate actions (liquidations, conversions, mergers, spin-offs, rights offerings, repurchase of shares, public offerings, return of capita or special cash or stock distributions of other stocks) result in a divisor change on the ex date of the corporate action to maintain t Index's continuity. By adjusting the divisor, the Index value reta its continuity before and after the occurrence of the event. For rights offerings, the Index Calculation Agent will price the right during the subscription period, not before or after. Alternatively the Index Calculation Agent may start pricing the rights after the date and before the subscription period, provided that the rights a priced daily.

The following formulae will be used for divisor adjustments. (No
No divisor adjustments are necessary for stock splits, since mark
capitalization does not change and the share number and share pri
are adjusted prior to the opening of trading on the split's ex-date

$$D_{t+1} = D_t \times [\ ] /$$

Where:

D_t = the divisor at time (t)

D_{t+1} = the divisor at time (t+1)

p_{it} = the stock price of Constituent i at time (t)

q_{it} = the number of shares of Constituent i at time (t)

r_{it} = I

f_{it} = I
= the change in market capitalization calculated by adding ne
Constituents' market capitalization and adjusted market
capitalization (calculated with adjusted closing prices and share
effective at time (t+1)) and/or subtracting market capitalization c
Constituents to be deleted (calculated with closing prices and sha
at time (t))

If the current trading price of a Constituent is unavailable, the
previous trading session's closing price will be used. However,
the Constituent is affected by any corporate action that requires a
adjustment, then the adjusted price will be used.

Adjustments for Corporate Actions. An Index divisor may decrea
( ) or increase ( ) or keep constant ( ) when corporate actions
for a Constituent. Assuming shareholders receive "B" new shares
every "A" share held for the following corporate actions:

Constituent change	Adjustment to Divisor
	Decrease ( ) (applied for total return index only)
Cash dividend	
	adjusted price = closing price - dividend announced by the Constituent
	Decrease ( ) (applied for total return index only)
Special cash dividend	
	adjusted price = closing price - dividend announced by the Constituent
	Keep constant ( )
Share split and reverse share split	adjusted price = closing price * A / B new number of shares = old number of shares * B A
	Keep constant ( )
Rights offering	adjusted price = (closing price * A + subscription price * B) / (A + B) new numbe of shares =
	old number of shares * (A + B) / A
	Keep constant ( )
Stock dividend	adjusted price = closing price * A / (A + B) new number of shares = old number of share * (A + B) / A
Stock dividend of a different fund	Decrease ( )

security

adjusted price = (closing price * A - price of the different fund security * B) / A

Constituent change	Adjustment to Divisor
	Decrease ( )
Return of capital and share consolidation	adjusted price = (closing price - dividend announced by fund) * A / B new number shares = old number of shares * B / A
	Decrease ( )
Repurchase shares-self tender	adjusted price = [(price before tender * ol number of shares) - (tender price * numb of tendered shares)] / (old number of shar - number of tendered shares) new number of shares = old number of shares - number of tendered shares
Combination stock distribution (dividend or split) and rights offering	Increase ( )
	Shareholders receive B new shares from the distribution and C new shares from th rights offering for every A shares held:
	· If rights are applicable after stock distribution (one action applicable to other):
	adjusted price = [closing price * A + subscription price * C * (1 + B / A)] / [(A + B) * (1 + C / A)] new number of share = old number of shares * [(A + B) * (1 + / A)] / A

	· If stock distribution is applicable afte rights (one action applicable to other):
	adjusted price = [closing price * A + subscription price * C] / [(A + C) * (1 + I A)] new number of shares = old number o shares * [(A + C) * (1 + B / A)]
	Increase ( )
Stock distribution and rights (neither action is applicable to the other)	adjusted price = [closing price * A + subscription price * C] / [A + B + C] new number of shares = old number of shares * [A + B + C]

Eligibility Criteria for Closed-end Funds to Be Included in th Index

The following rules are applied to determine if a closed-end fund eligible for inclusion in the Index:

1. The closed-end fund must have average minimum net assets of over $100,000,000, measured over a 20-day period.
2. The closed-end fund must have an average $750,000 daily trading volume in any 50-day period.
3. Closed-end funds trading at a 10% premium to NAV or higher any 90-day period are excluded.
4. The closed-end fund must trade at a discount to the fund's NAV
5. The closed-end fund must publish either a weekly or daily NAV
6. Closed-end funds with less than a three-year trading history are excluded.

7. The closed-end funds must be included in either the Morningsta U.S. Sector Equity or Morningstar U.S. Equity category.

8. The closed-end fund must pay regular quarterly or monthly distributions; closed-end funds with annual or no distributions will be excluded.

9. The closed-end fund must be organized in the United States.

10. Each closed-end fund must be registered as an investment company under the Investment Company Act and have a class of equity securities listed on the NYSE, NYSE American or th Nasdaq.

11. Closed-end funds the securities of which trade on the over-the-counter market ("OTC") are excluded.

12. Physical commodity closed-end funds will be excluded.

Constituent Ranking

On each quarterly rebalancing date (as defined below), the Constituents are ranked as follows:

1. Eligible closed-end funds will be ranked by a 12-month Z-score from lowest to highest, with the lowest Z-score fund receiving a 1, the second lowest Z-score fund receiving a 2, etc.;

2. Eligible closed-end funds will be ranked by (current discount – 3-month average discount) with the lowest discount spread receiving a 1, the second lowest receiving a 2, etc.;

3. Eligible closed-end funds will be ranked by (current discount – 12-month average discount) with the lowest discount spread receiving a 1, the second lowest spread receiving a 2, etc.;

4. Eligible closed-end funds will be ranked by 3-year standard deviation with the lowest standard deviation receiving a 1, the second lowest receiving a 2, etc.

5. The four criteria listed above (1-4) will be summed.

a. Limit the number of Constituents that are designated as "sector specific" to two per sub-sector (including REITs). The two highest ranked funds per sub-sector will be included. All other funds in that sub-sector will be removed.

6. The top 25 closed-end funds (lowest sum) based on this ranking will be Constituents.

Rebalancing Date Adjustments

On each quarterly rebalancing date, the Constituents are selected in accordance with the following steps:

1. Remove those Constituents that do not meet the eligibility criteria described above.

2. Remove any Constituent that changes its "fundamental" investm objective.

3. Remove any Constituent that changes its investment adviser.

4. Remove any Constituent that either delists, converts to an open-end fund or liquidates.

5. Remove any Constituent that has an average market capitalization of less than $50,000,000 over the 20 Trading Day prior to the quarterly rebalancing date (the "Measurement Perio

6. Remove any Constituent that has a trailing 50-day average daily trading volume of less than $400,000 over the Measurement Period.

7. Remove any Constituent that has traded at an average 10% premium to NAV or higher during the Measurement Period.

8. Remove any Constituent that eliminates its distribution.

9. If any Constituent does not meet the eligibility criteria describe above, that constituent will be replaced with the next highest rated closed-end fund based on the ranking methodology described above under "—Constituent Ranking" that is not curr in the Index.

10. Limit the number of Constituents that are designated as "secto specific" to two per sub-sector (including REITs).

Z-score

A "Z-score" is used to measure a closed-end fund's discount o premium relative to its average discount or premium to NAV, an is measured in units of standard deviation. For example, a negati Z-score indicates that the closed-end fund's current discount is lower than average. A Z-score is calculated using the following equation:

$$\text{Z-score} = \frac{\text{Current Discount/Premium} - \text{Average Discount/Premium}}{\text{Standard Deviation of Discount/Premium}}$$

Constituent Weightings

The Index is rebalanced quarterly over a ten-day period to ensur
that rebalance transactions stay below the average daily trading
volumes. Beginning on the close of the first Trading Day of the fi
month of the quarter (the “quarterly rebalancing date”), and
continuing until the close of the tenth Trading Day of that month
the weights of the Constituents on the n^{th} day are set as follows

Where:

t_0 = First rebalancing day
$Weight_i(t)$ = Weight of Constituent i at time t
$Weight_i^*$ = Target weight of Constituent i after the rebalance
N = n^{th} day of the rebalancing period
D = Total number of days in the rebalancing period (10)

The first adjustment was made on April 1, 2015, based on the trading prices of the Constituents on the Record Date (as defined below).

Current Constituents

The table below lists the Constituents currently included in the Index, their trading symbols and the exchanges on which they are traded, their liquidity weighting, their equal base weighting and their total weighting as of the July 2018 rebalancing. All Constituents have an equal base weight of 0.4%, with the remaining weightings being a simple average liquidity weighting, resulting in an Index volume weighting of 90% and an equal Index base weighting of 10%.

Ticker	Fund Name	Primary Exchange	Liquidity Weighting	Base Weighting	Total Weight
ADX	Adams Diversified Equity Fund, Inc.	NYSE	4.73%	0.40%	5.13%
BCX	Blackrock Resources & Commodities Strategy Trust	NYSE	3.98%	0.40%	4.38%
BDJ	Blackrock Enhanced Equity Dividend Trust	NYSE	6.16%	0.40%	6.56%
BGY	Blackrock Enhanced	NYSE	2.56%	0.40%	2.96%

	BIF	International Dividend Trust Boulder Growth & Income Fund, Inc.	NYSE	3.07%	0.40%	3.47
	BOE	Blackrock Enhanced Global Dividend Trust	NYSE	4.08%	0.40%	4.48
	BTO	John Hancock Financial Opportunities Fund	NYSE	1.83%	0.40%	2.23
	CII	Blackrock Enhanced Capital & Income Fund, Inc.	NYSE	2.56%	0.40%	2.96
	ETJ	Eaton Vance Risk-Managed Diversified Equity Income Fund	NYSE	3.55%	0.40%	3.95
	FFA	First Trust Enhanced Equity Income Fund	NYSE	1.39%	0.40%	1.79
	GDV	Gabelli Dividend & Income Trust	NYSE	5.03%	0.40%	5.43
	GPM	Guggenheim Enhanced Equity Income Fund	NYSE	1.96%	0.40%	2.36
	HQL	Tekla Life Sciences Investors	NYSE	1.89%	0.40%	2.29
	IGD	Voya Global Equity Dividend and Premium Opportunity Fund	NYSE	3.44%	0.40%	3.84
	JMF	Nuveen Energy MLP Total Return Fund	NYSE	2.66%	0.40%	3.06
	JRS	Nuveen Real Estate Income Fund	NYSE	1.30%	0.40%	1.70

MGU	Macquarie Global Infrastructure Total Return Fund, Inc.	NYSE	1.22%	0.40%	1.62
NFJ	AllianzGI NFJ Dividend, Interest & Premium Strategy Fund	NYSE	5.30%	0.40%	5.70
RMT	Royce Micro-Cap Trust, Inc.	NYSE	1.93%	0.40%	2.33
RQI	Cohen & Steers Quality Income Realty Fund, Inc.	NYSE	5.13%	0.40%	5.53
RVT	Royce Value Trust, Inc.	NYSE	6.08%	0.40%	6.48

SMM	Salient Midstream & MLP Fund	NYSE	1.20%	0.40%	1.60%
THQ	Tekla Healthcare Opportunities Fund	NYSE	3.17%	0.40%	3.57%
USA	Liberty All-Star Equity Fund	NYSE	8.19%	0.40%	8.59%
UTF	Cohen & Steers Infrastructure Fund, Inc.	NYSE	7.58%	0.40%	7.98%
			90.00%	10.00%	100.00

Rules for Reconstitutions, Rebalancings and Index Changes

The Index is calculated by the Index Calculation Agent. The Inde Calculation Agent is also responsible for Index maintenance and price dissemination. The calculation, maintenance and dissemination rules are as follows:

Index Changes. Index changes take place on the quarterly rebalancing date, except as described below in the event of certa corporate actions, such as mergers, acquisitions and delistings. I those cases, the Index change is applied prior to the effective dat of the action, unless otherwise determined by the Index Sponsor Share increases and decreases are reflected on the rebalancing da Whenever possible, changes will be announced at least two business days prior to their implementation.

Index Rebalancings. The Index is rebalanced and reconstituted quarterly for additions and deletions to the Index over a ten-day period beginning on the close of the first Trading Day of the firs month of the quarter and continuing until the close of the tenth Trading Day of that month. Unless indicated otherwise above, th record date for meeting any eligibility criteria will be the second business day prior to the related quarterly rebalancing date.

Additions and Deletions due to Corporate Actions. Additions an deletions to the Index are made in ten proportional allocations i the event of the deletion of a Constituent due to a corporate actio When a Constituent is deleted, no replacement Constituent is added. Deletions are made at any time, in the event a closed-end fund is liquidated, delisted, files for bankruptcy, is acquired or

merges with another closed-end fund. Upon any deletion, the weight of the removed Constituent is reallocated proportionately the remaining Constituents. Additions are made only upon the effective date of the quarterly rebalancing.

Index Maintenance

In addition to the scheduled reviews, the Index is reviewed on a ongoing basis. Changes in Index composition and related weigh adjustments are necessary whenever there are extraordinary even such as liquidations, conversions, delistings, bankruptcies, merge or takeovers involving Constituents. In these cases, each event w be taken into account on its effective date. In the event a significa Constituent is affected pursuant to one of these events, that Constituent will be replaced by the next lowest ranked Constitue in the Index, and the closed-end fund that ranked 26th at the mos recent rebalancing will be added to the Index. Whenever possibl the changes in the Constituents will be announced at least two business days prior to their implementation date.

Changes of Eligible Securities. In the event that a Constituent n longer meets the eligibility requirements described above, it will removed from the Index on the effective date of the next rebalancing.

Changes of Sector Classification. Closed-end funds are eligible f inclusion in the Index based on their inclusion in an applicable sector. Mergers, takeovers and spin-offs, as well as changes in a closed-end fund's investment approach, may cause a closed-en fund to lose its eligibility. In such a circumstance, the Constituen will be removed from the Index on the effective date of the nex rebalancing. A Constituent's classification may also require an immediate change as the result of a special event such as a merge takeover or spin-off.

The Index Sponsor is using the Morningstar sector categorizatio for selecting and filtering Constituents. The Index Sponsor will default to Morningstar's most recent sector category, which is typically updated on a monthly basis. Should the Index Sponsor closed-end fund research department disagree with Morningstar categorization of a certain closed-end fund, the Index Sponsor w

formally submit a request for review with Morningstar and mak appropriate changes at the next rebalance date. However, the Ind Sponsor does not anticipate that this will be necessary. In the eve of a change in "fundamental" investment objective that would re a fund either eligible, or ineligible, for the Index, the Index Spons will make the appropriate adjustments to the Index at the next rebalance date. The Index Sponsor will make these changes regardless of a formal change in the Morningstar categorization

Mergers. If two Constituents merge, their component positions w be replaced by the surviving Constituent immediately. If a Constituent merges with a non-Index component, its componen position will be replaced by the non-Index component, if the non-Index component meets the eligibility criteria described abov In the event of mergers of equals, the combined trading history o the predecessor closed-end funds will be used for evaluation. If t combined closed-end fund fails to meet the eligibility criteria described above, it will be deleted. If deleted, the weight of the combined closed-end fund will be redistributed proportionately t the remaining Constituents.

Takeovers. If a Constituent is taken over by another Constituent the former will be removed from the Index immediately upon completion of the takeover. If a Constituent is taken over by a non-Index component, it will be replaced by the acquiring non-Index component immediately, if the acquiring non-Index component meets the eligibility criteria described above. If the acquiring non-Index component does not meet the eligibility criteria described above, the weight of the removed Constituent w be reallocated proportionately to the remaining Constituents.

Conversions. If a Constituent is converted to a corporate entity other than a closed-end fund, it will be removed from the Index fi business days following the effective date of the conversion, an the weight of the removed Constituent will be reallocated proportionately to the remaining Constituents.

Share Offerings, Tenders and Purchases. All share offerings, tenders and purchases that result in an increase or decrease of shares will be implemented at the quarterly rebalancings.

Removal of Constituents Due to Delisting or Extreme Financia Distress. If a Constituent is delisted by its primary market, or is extreme financial distress, it will be removed from the Index as follows:

- If a Constituent is delisted by its primary market due to failure to meet financial or regulatory requirements, it will be removed fro the Index and its weight will be reallocated to the remaining Constituents.
- If the Constituent appears to be in extreme financial distress, it w be removed from the Index to protect the integrity of the Index a the interests of investors in products linked to the Index.

Pricing of Constituents in Extreme Financial Distress. When a Constituent is suspended from trading due to financial distress a subsequently delisted by its primary market prior to resumption trading, the Index Calculation Agent will use the best-available alternate pricing source to determine the value at which the Constituent should be removed from the Index. If the Constituen

primary market price is no longer available due to its suspension delisting, a current price from another exchange, such as a region or electronic marketplace, may be used. In the absence of those prices in the case of U.S. securities, OTC Bulletin Board, OTC Equity (non-OTCBB stocks), and Pink Sheet traded prices could applied, in that order. If neither a traded price nor a bid/asked ran is available, or if the security is trading at less than $1 per share, will be removed from the Index at 0.01 times the local currency the stock.

Minimum Number of Constituents

At no time will the Index be comprised of fewer than 25 Constituents. The Index will be suspended if at any time ther are fewer than 25 Constituents.

Market Disruptions

If the closing price of any Constituent is not available on any Trading Day, the Index Calculation Agent will use that Constituent's last available closing price to calculate the level of Index.

Trading Day

For purposes of this section, a "Trading Day" is a day, as determ by the Index Calculation Agent, on which trading is generally conducted (or was scheduled to have been generally conducted, b for the occurrence of a market disruption event) on the NYSE American, Nasdaq, the Chicago Mercantile Exchange, the Chicag Board Options Exchange, and in the over-the-counter market fo equity securities in the United States, or any successor exchange market.

Administration of the Index

In administering the Index, the Index Calculation Agent and the Index Sponsor may exercise discretion when:

- exercising routine judgment in the administration of the methodology, provided that such judgment does not include deviations or alterations of the methodology that are designed to improve the financial performance of the Index;
- correcting errors in the implementation of the methodology or calculations made pursuant to the methodology; or

making an adjustment to respond to an unanticipated event outsi
of the Index Calculation Agent's or Index Sponsor's control,
including, but not limited to, a disruption in the financial market
for closed-end funds or in the United States generally, regulatory
compliance requirements, force majeure or any other unanticipat
event of similar magnitude and significance.

Index Data

The Index level is published by Solactive AG under the Bloombe
tickers "RJCEFPR" (price return) and "RJCEFTR" (total return
each Trading Day, after the end of that Trading Day.

Announcements

Announcements of changes to the Index or to the Index methodology will be published by the Index Sponsor within 14 days following the implementation of any such change.

Holidays

The Index is calculated only when U.S. equity markets are open

License Agreement

We and Raymond James & Associates, Inc. have entered into a
non-exclusive license agreement, granting us, and certain of ou
affiliates, in exchange for a fee, permission to use the Index in
connection with the offer and sale of the notes. We are not affiliat
with Raymond James; the only relationship between Raymond
James and us are the licensing of the use of the Raymond James
CEFR Domestic Equity Index (a trademark of Raymond James)
and trademarks relating to the Index, the payment of fees to

Raymond James by us or an affiliate in connection with the distribution of the notes by Raymond James. We do not accept a responsibility for the calculation, maintenance or publication of t Index or any successor index.

Licensing Fees. Under the license agreement, we have agreed to pay Raymond James & Associates, Inc. up to 1.00% of the Principal Amount over the term of the notes.

The notes are not sponsored, endorsed, sold or promoted by Raymond James Financial, Inc., or its subsidiaries or affiliates (collectively "RJF"). RJF makes no representation or warranty express or implied, to the owners of the notes or any member of t public regarding the advisability of investing in securities general or in the notes particularly or the ability of the Index to track general closed-end fund performance. RJF's only relationship to is the licensing of certain trademarks and trade names of RJF and the Index, which is determined, composed and calculated by RJ without regard to us or the notes. RJF and its third party licenso have no obligation to take our needs or the needs of the owners o the notes into consideration in determining, composing or calculating the Index. RJF is not responsible for and has not participated in the determination of the prices and amount of the notes or in the determination or calculation of the equation by which the notes is to be converted into cash. RJF has no obligatio or liability in connection with the administration, marketing or trading of the notes.

RJF DOES NOT GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS OR COMPLETENESS OF THE INDEX OR ANY DATA INCLUDED THEREIN OR ANY COMMUNICATIONS, INCLUDING BUT NOT LIMITED TO ORAL OR WRITTEN COMMUNICATIONS (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. RJF SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSION OR DELAYS THEREIN. RJF MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS AL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OR USE WITH RESPECT TO THE MARKS, THE INDEX OR ANY DATA INCLUDED THEREIN WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL RJF BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT

LIMITED TO LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY OR OTHERWISE.

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Disclaimer

The notes are not sponsored, promoted, sold or supported in any other manner by Solactive AG nor does Solactive AG offer any express or implicit guarantee or assurance either with regard to th results of using the Index and/or Index trade mark or the Index level at any time or in any other respect. The Index is calculated and published by Solactive AG. Solactive AG uses its best effort to ensure that the Index is calculated correctly. Irrespective of it obligations towards the Issuer, Solactive AG has no obligation t point out errors in the Index to third parties including but not limited to investors and/or financial intermediaries of the notes. Neither publication of the Index by Solactive AG nor the licensin of the Index or Index trade mark for the purpose of use in connection with the notes constitutes a recommendation by Solactive AG to invest capital in said notes nor does it in any wa represent an assurance or opinion of Solactive AG with regard t any investment in the notes.

Historical Performance of the Index

The following table sets forth the high and low closing levels fo the Index from January 1, 2014 through September 21, 2018.

The historical levels of the Index are provided for informationa purposes only. You should not take the historical levels of the Index as an indication of its future performance, which may be better or worse than the levels set forth below.

Closing Levels of the Raymond James CEFR Domestic Equit Price Return Index

2014	First Quarter	1,109.04	1,030.
	Second Quarter	1,151.23	1,073.
	Third Quarter	1,179.55	1,115.
	Fourth Quarter	1,203.19	1,060.

2015	First Quarter	1,181.35	1,123.
	Second Quarter	1,182.19	1,105.
	Third Quarter	1,123.77	975.27
	Fourth Quarter	1,072.55	976.05
2016	First Quarter	1,014.96	845.11
	Second Quarter	1,053.71	975.52
	Third Quarter	1,084.68	1,034.
	Fourth Quarter	1,058.69	970.89
2017	First Quarter	1,121.19	1,034.
	Second Quarter	1,140.89	1,101.
	Third Quarter	1,158.02	1,110.
	Fourth Quarter	1,180.71	1,125.
2018	First Quarter	1,226.91	1,080.
	Second Quarter	1,136.03	1,079.
	Third Quarter (through September 21, 2018)	1,177.47	1,124.

SUPPLEMENTAL TAX CONSIDERATIONS

Supplemental Canadian Tax Considerations

In the opinion of Torys LLP, our Canadian federal income tax counsel, the following summary describes the principal Canadia federal income tax considerations generally applicable to a purchaser who acquires from us as the beneficial owner the note offered by this document, and who, at all relevant times, for purposes of the application of the Income Tax Act (Canada) and t Income Tax Regulations (collectively, the "Tax Act"), (1) is not, is not deemed to be, resident in Canada; (2) deals at arm's lengt with us and with any transferee resident (or deemed to be residen in Canada to whom the purchaser disposes of notes, (3) is not affiliated with us, (4) does not receive any payment of interest on note in respect of a debt or other obligation to pay an amount to person with whom we do not deal at arm's length, (5) does not u or hold notes in a business carried on in Canada and (6) is not a "specified shareholder" of ours as defined in the Tax Act for th purpose or a non-resident person not dealing at arm's length wit such "specified shareholder" (a "Holder"). Special rules, which a discussed in this summary, may apply to a non-Canadian holde that is an insurer that carries on an insurance business in Canada and elsewhere.

Please note that this section supersedes and replaces in its entiret the section of the prospectus entitled "Canadian Taxation."

This summary is based on the current provisions of the Tax Act a on counsel's understanding of the current administrative policie and assessing practices of the Canada Revenue Agency publishe in writing prior to the date hereof. This summary takes into accou all specific proposals to amend the Tax Act publicly announced b or on behalf of the Minister of Finance (Canada) prior to the date this document (the "Proposed Amendments") and assumes that Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summar does not otherwise take into account or anticipate any changes i law or administrative policy or assessing practice whether by

legislative, administrative or judicial action nor does it take into account tax legislation or considerations of any province, territor or foreign jurisdiction, which may differ from those discussed herein.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular holder. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, prospective purchasers of the note should consult their own tax advisors having regard to their own particular circumstances.

Interest paid or credited or deemed to be paid or credited by us on note (including amounts on account of, or in lieu of, or in satisfaction of interest) to a Holder will not be subject to Canadia non-resident withholding tax, unless any portion of such interes (other than on a "prescribed obligation," as defined in the Tax Ac this purpose) is contingent or dependent on the use of or producti from property in Canada or is computed by reference to revenue profit, cash flow, commodity price or any other similar criterion by reference to dividends paid or payable to shareholders of any class or series of shares of the capital stock of a corporation. The administrative policy of the Canada Revenue Agency is that inter paid on a debt obligation is not subject to withholding tax unless, general, it is reasonable to consider that there is a material connection between the index or formula to which any amount payable under the debt obligation is calculated and the profits of t issuer. With respect to any interest on a note, or any portion of th principal amount of a note in excess of the issue price, such intere or principal, as the case may be, paid or credited to a Holder shou not be subject to Canadian non-resident withholding tax.

Generally, there are no other taxes on income (including taxabl capital gains) payable by a Holder on interest, discount, or premiu in respect of a note or on the proceeds received by a Holder on th disposition of a note (including redemption, cancellation, purcha or repurchase).

Supplemental U.S. Federal Income Tax Considerations

The following, together with the discussion of U.S. federal incom taxation in the accompanying prospectus and prospectus supplement, is a general description of the material U.S. tax

considerations relating to the notes. It does not purport to be a complete analysis of all tax considerations relating to the notes. Prospective purchasers of the notes should consult their tax advisors as to the consequences under the tax laws of the country which they are resident for tax purposes and the tax laws of Canada and the U.S. of acquiring, holding and disposing of the notes and receiving payments under the notes. This summary is based upon the law as in effect on the date of this pricing supplement and is subject to any change in law that may take effe after such date.

The following section supplements the discussion of U.S. federa income taxation in the accompanying prospectus and prospectu supplement with respect to United States holders (as defined in t accompanying prospectus). It applies only to those holders who a not excluded from the discussion of U.S. federal income taxation the accompanying prospectus. It does not apply to holders subje to special rules including holders subject to Section 451(b) of th Code. In addition, the discussion below assumes that an investor the notes will be subject to a significant risk that it will lose a significant amount of its investment in the notes. Bank of Montre intends to treat contingent interest payments with respect to the notes as U.S. source income for U.S. federal income tax purpose

You should consult your tax advisor concerning the U.S. federa income tax and other tax consequences of your investment in th notes in your particular circumstances, including the application state, local or other tax laws and the possible effects of changes i federal or other tax laws.

NO STATUTORY, JUDICIAL OR ADMINISTRATIVE AUTHORITY DIRECTLY DISCUSSES HOW THE NOTES SHOULD BE TREATED FOR U.S. FEDERAL INCOME TAX PURPOSES. AS A RESULT, THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTE ARE UNCERTAIN. BECAUSE OF THE UNCERTAINTY, YO SHOULD CONSULT YOUR TAX ADVISOR IN DETERMINING THE U.S. FEDERAL INCOME TAX AND OTHER TAX CONSEQUENCES OF YOUR INVESTMENT I THE NOTES, INCLUDING THE APPLICATION OF STATE LOCAL OR OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN FEDERAL OR OTHER TAX LAWS.

We will not attempt to ascertain whether any Reference Fund whose stock is included in the Index or any of the entities whos stock is owned by that Reference Fund would be treated as a "passive foreign investment company" within the meaning of Sec 1297 of the Code or a "U.S. real property holding corporation" w the meaning of Section 897 of the Code. If any Reference Fund whose stock is included in the Index or any of the entities whos stock is owned by that Reference Fund were so treated, certain adverse U.S. federal income tax consequences could possibly

apply. You should refer to any available information filed with th SEC and other authorities by each Reference Fund whose stock included in the Index and the entities whose stock is owned by th Reference Fund and consult your tax advisor regarding the possib consequences to you in this regard, if any.

In the opinion of our counsel, Morrison & Foerster LLP, it woul generally be reasonable to treat a note with terms described in th pricing supplement as a pre-paid cash-settled contingent income-bearing derivative contract in respect of the Index for U. federal income tax purposes, and the terms of the notes require holder and us (in the absence of a change in law or an administrative or judicial ruling to the contrary) to treat the note for all tax purposes in accordance with such characterization. Although the U.S. federal income tax treatment of the contingen interest payments is uncertain, we intend to take the position, an the following discussion assumes, that such contingent interest payments (including any interest payment on or with respect to th maturity date) constitute taxable ordinary income to a United Stat holder at the time received or accrued in accordance with the holder's regular method of accounting. If the notes are treated a described above, subject to the discussion below concerning the potential application of the "constructive ownership" rules und Section 1260 of the Code, it would be reasonable for a United States holder to take the position that it will recognize capital ga or loss upon the sale or maturity of the notes in an amount equal the difference between the amount a United States holder receive at such time (other than amounts properly attributable to any interest payments, which would be treated, as described above, a ordinary income) and the United States holder's tax basis in the notes. In general, a United States holder's tax basis in the notes w be equal to the price the holder paid for the notes. Capital gain recognized by an individual United States holder is generally taxe at preferential rates where the property is held for more than one year and is generally taxed at ordinary income rates where the property is held for one year or less. The deductibility of capital losses is subject to limitations. The holding period for notes of a United States holder who acquires the notes upon issuance will generally begin on the date after the issue date (i.e., the settlemen date) of the notes. If the notes are held by the same United State holder until maturity, that holder's holding period will generall include the maturity date.

Potential Application of Section 1260 of the Code

While the matter is not entirely clear, to the extent a Reference Fund is the type of financial asset described under Section 1260 the Code (including, among others, any equity interest in pass-th entities such as regulated investment companies (including certa exchange-traded funds), real estate investment trusts, partnership trusts and passive foreign investment companies, each a "Sectio 1260 Financial Asset"), an investment in the notes will likely, i whole or in part, be treated as a "constructive ownership transact to which Section 1260 of the Code applies. If Section 1260 of th Code applies, all or a portion of any long-term capital gain recognized by a United States holder in respect of a note will be recharacterized as ordinary income (the "Excess Gain"). In addit an interest charge will also apply to any deemed underpayment o tax in respect of any Excess Gain to the extent such gain would have resulted in gross income inclusion for the United States hold in taxable years prior to the taxable year of the sale, exchange, o settlement (assuming such income accrued at a constant rate equ to the applicable federal rate as of the date of sale, exchange, or settlement).

If an investment in a note is treated as a constructive ownership transaction, it is not clear to what extent any long-term capital ga of a United States holder in respect of the note will be recharacterized as ordinary income. It is possible, for example, th the amount of the Excess Gain (if any) that would be recharacterized as ordinary income in respect of the note will equ the excess of (i) any long-term capital gain recognized by the United States holder in respect of the note and attributable to Section 1260 Financial Assets, over (ii) the "net underlying long-term capital gain" (as defined in Section 1260 of the Code such United States holder would have had if such United States holder had acquired an amount of the corresponding Section 126 Financial Assets at fair market value on the original issue date fo an amount equal to the portion of the issue price of the note attributable to the corresponding Section 1260 Financial Assets a sold such amount of Section 1260 Financial Assets upon the date sale, exchange, or settlement of the note at fair market value (an appropriately taking into account any leveraged upside exposure To the extent any gain is treated as long-term capital gain after application of the recharacterization rules of Section 1260 of the Code, such gain would be subject to U.S. federal income tax at th rates that would have been applicable to the net underlying long-term capital gain. United States holders should consult thei tax advisors regarding the potential application of Section 1260 o the Code to an investment in the note.

Under Section 1260 of the Code, there is a presumption that the n underlying long-term capital gain is zero (with the result that the recharacterization and interest charge described above would app to all of the gain from the notes that otherwise would have been long-term capital gain), unless the contrary is demonstrated by cle and convincing evidence. Holders will be responsible for obtainin information necessary to determine the net underlying long-term capital gain with respect to the corresponding Section 1260 Financial Assets, as we do not intend to supply holders with such information. Holders should consult with their tax advisor regarding the application of the constructive ownership transactio to their notes and the calculations necessary to comply with Secti 1260 of the Code.

Alternative Treatments

Alternative tax treatments of the notes are also possible and the Internal Revenue Service might assert that a treatment other tha that described above is more appropriate. For example, it would possible to treat the notes, and the Internal Revenue Service mig assert that the notes should be treated, as a single debt instrumen Such a debt instrument would be subject to the special tax rules governing contingent payment debt instruments. If the notes are treated, a United States holder would generally be required to accrue interest currently over the term of the notes irrespective o the contingent interest payments, if any, paid on the notes. In addition, any gain a United States holder might recognize upon t sale or maturity of the notes would be ordinary income and any lo recognized by a holder at such time would be ordinary loss to th extent of interest that same holder included in income in the curre or previous taxable years in respect of the notes, and thereafter, would be capital loss.

Because of the absence of authority regarding the appropriate ta characterization of the notes, it is also possible that the Internal Revenue Service could seek to characterize the notes in a manne that results in other tax consequences that are different from thos described above. For example, the Internal Revenue Service cou possibly assert that any gain or loss that a holder may recognize upon the sale or maturity of the notes should be treated as ordina gain or loss.

The Internal Revenue Service has released a notice that may affe the taxation of holders of the notes. According to the notice, the Internal Revenue Service and the Treasury Department are active considering whether the holder of an instrument such as the note should be required to accrue ordinary income on a current basis irrespective of any interest payments, and they sought taxpayer comments on the subject. It is not possible to determine what guidance they will ultimately issue, if any. It is possible, howeve that under such guidance, holders of the notes will ultimately be required to accrue income currently irrespective of any interest payments and this could be applied on a retroactive basis. The Internal Revenue Service and the Treasury Department are also considering other relevant issues, including whether additional ga or loss from such instruments should be treated as ordinary or capital and whether the special "constructive ownership rules" Section 1260 of the Code might be applied to such instruments. Holders are urged to consult their tax advisors concerning the significance, and the potential impact, of the above consideration We intend to treat the notes for U.S. federal income tax purposes accordance with the treatment described in this pricing supplem unless and until such time as the Treasury Department and Intern

Revenue Service determine that some other treatment is more appropriate.

Backup Withholding and Information Reporting

Please see the discussion under "United States Federal Income Taxation—Other Considerations—Backup Withholding and Info Reporting" in the accompanying prospectus for a description of applicability of the backup withholding and information reportin rules to payments made on your notes.

Non-United States Holders

The notes are not intended for purchase by any investor that is no United States person, as that term is defined for U.S. federal income tax purposes, and no dealer may make offers of the notes any such investor. Notwithstanding this intended restriction on purchases, the following discussion applies to non-United State holders of the notes. A non-United States holder is a beneficial owner of a note that, for U.S. federal income tax purposes, is a non-resident alien individual, a foreign corporation, or a foreign estate or trust.

While the U.S. federal income tax treatment of the notes (includi proper characterization of the contingent interest payments for U. federal income tax purposes) is uncertain, U.S. federal income ta at a 30% rate (or at a lower rate under an applicable income tax treaty) will be withheld in respect of the contingent interest payments paid to a non-United States holder unless such paymen are effectively connected with the conduct by the non-United Stat holder of a trade or business in the U.S. (in which case, to avoid withholding, the non-United States holder will be required to provide a Form W-8ECI). We will not pay any additional amoun in respect of such withholding. To claim benefits under an incom tax treaty, a non-United States holder must obtain a taxpayer identification number and certify as to its eligibility under the appropriate treaty's limitations on benefits article, if applicable (which certification may generally be made on a Form W-8BEN W-8BEN-E, or a substitute or successor form). In addition, speci rules may apply to claims for treaty benefits made by corporate non-United States holders. A non-United States holder that is eligible for a reduced rate of U.S. federal withholding tax pursua to an income tax treaty may obtain a refund of any excess amoun withheld by filing an appropriate claim for refund with the Intern Revenue Service. The availability of a lower rate of withholding an exemption from withholding under an applicable income tax treaty will depend on the proper characterization of the continge interest payments under U.S. federal income tax laws and wheth such treaty rate or exemption applies to such payments. No assurance can be provided on the proper characterization of the contingent interest payments for U.S. federal income tax purpose and, accordingly, no assurance can be provided on the availabilit of benefits under any income tax treaty. Non-United States holde must consult their tax advisors in this regard.

Except as discussed below, a non-United States holder will generally not be subject to U.S. federal income or withholding ta on any gain (not including for the avoidance of doubt any amoun properly attributable to any interest which would be subject to th rules discussed in the previous paragraph) upon the sale or matur of the notes, provided that (i) the holder complies with any applicable certification requirements (which certification may generally be made on a Form W-8BEN or W-8BEN-E, or a substitute or successor form), (ii) the payment is not effectively connected with the conduct by the holder of a U.S. trade or business, and (iii) if the holder is a non-resident alien individual such holder is not present in the U.S. for 183 days or more durin the taxable year of the sale or maturity of the notes. In the case o (ii) above, the holder generally would be subject to U.S. federal income tax with respect to any income or gain in the same mann as if the holder were a United States holder and, in the case of a holder that is a corporation, the holder may also be subject to a branch profits tax equal to 30% (or such lower rate provided by a applicable U.S. income tax treaty) of a portion of its earnings an profits for the taxable year that are effectively connected with it conduct of a trade or business in the U.S., subject to certain adjustments. Payments made to a non-United States holder may b subject to information reporting and to backup withholding unles the holder complies with applicable certification and identificatio requirements as to its foreign status.

A “dividend equivalent” payment is treated as a dividend fron sources within the U.S. and such payments generally would be subject to a 30% U.S. withholding tax if paid to a non-United Sta holder. Under U.S. Treasury Department regulations, payments (including deemed payments) with respect to equity-linked instruments (“ELIs”) that are “specified ELIs” may be treated dividend equivalents if such specified ELIs reference an interest an “underlying security,” which is generally any interest in an en taxable as a corporation for U.S. federal income tax purposes if payment with respect to such interest could give rise to a U.S. source dividend. Internal Revenue Service guidance provides tha withholding on dividend equivalent payments will apply to specified ELIs that are delta-one instruments issued on or after January 1, 2017 and to all specified ELIs issued on or after Janua 1, 2021. Because the delta of the notes with respect to the Index will be one, dividend equivalent payments will be subject to withholding. Although unlikely, the potential exists for dividend equivalent payments on the notes to exceed the interest paid. If th were the case, U.S. federal income tax at a 30% rate may be withheld in respect of other payments on the notes and a non-U.S holder of the notes may be liable for additional U.S. federal incor

tax at a 30% rate on the difference between the dividend equivale payments and the interest paid. We (or the applicable paying ager are entitled to withhold taxes on any payments treated as dividen equivalents without being required to pay any additional amount with respect to amounts so withheld.

As discussed above, alternative characterizations of the notes fo U.S. federal income tax purposes are possible. Should an alternative characterization, by reason of change or clarification the law, by regulation or otherwise, cause payments as to the not to become subject to withholding tax in addition to the withholdi tax described above, we will withhold tax at the applicable statut rate. The Internal Revenue Service has also indicated that it is considering whether income in respect of instruments such as th notes should be subject to withholding tax. Prospective investor should consult their own tax advisors in this regard.

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act imposes a 30% U.S withholding tax on certain U.S. source payments, including intere (and OID), dividends, other fixed or determinable annual or periodical gain, profits, and income, and on the gross proceeds fro a disposition of property of a type which can produce U.S. sourc interest or dividends ("Withholdable Payments"), if paid to a fore financial institution (including amounts paid to a foreign financi institution on behalf of a holder), unless such institution enters in an agreement with the Treasury Department to collect and provid to the Treasury Department substantial information regarding U. account holders, including certain account holders that are foreig entities with U.S. owners, with such institution. A note may constitute an account for these purposes. The legislation also generally imposes a withholding tax of 30% on Withholdable Payments made to a non-financial foreign entity unless such enti provides the withholding agent with a certification that it does no have any substantial U.S. owners or a certification identifying th direct and indirect substantial U.S. owners of the entity.

The U.S. Treasury Department and the Internal Revenue Servic have announced that withholding on payments of gross proceed from a sale or redemption of the notes will only apply to paymen made after December 31, 2018. If we determine withholding is appropriate with respect to the notes, we will withhold tax at the applicable statutory rate, and we will not pay any additional amounts in respect of such withholding. Account holders subject information reporting requirements pursuant to the Foreign Account Tax Compliance Act may include holders of the notes. Foreign financial institutions and non-financial foreign entities located in jurisdictions that have an intergovernmental agreemen with the United States governing the Foreign Account Tax Compliance Act may be subject to different rules. Holders are urged to consult with their own tax advisors regarding the possib implications of this legislation on their investment in the notes.

Use of Proceeds and Hedging

We will use the net proceeds we receive from the sale of the note for the purposes we describe in the accompanying prospectus an the accompanying prospectus supplement under "Use of Proceed We or our affiliates may also use those proceeds in transactions intended to hedge our respective obligations under the notes as described below.

We or our affiliates expect to enter into hedging transactions involving, among other transactions, purchases or sales of one o more of the Reference Funds, or listed or over-the-counter option futures and other instruments linked to the Index and/or the Reference Funds. In addition, from time to time after we issue th notes, we or our affiliates expect to enter into additional hedging transactions and to unwind those we have entered into in connection with the notes. Consequently, with regard to the note we or our affiliates from time to time expect to acquire or dispos of the Reference Funds or positions in listed or over-the-counte options, futures or other instruments linked to one or more of th Index and/or the Reference Funds.

We or our affiliates may acquire a long position in securities simi to the notes from time to time and may, in our or their sole discretion, hold, resell or repurchase those securities.

In the future, we or our affiliates expect to close out hedge positio relating to the notes and possibly relating to other securities or instruments with returns linked to the Index. We expect these ste to involve sales of instruments linked to the Index on or shortly before the Valuation Dates. These steps may also involve transactions of the type contemplated above. Notwithstanding th above, we are permitted to and may choose to hedge in any mann not stated above; similarly, we may elect not to enter into any suc transactions. Investors will not have knowledge about our hedgin positions.

We have no obligation to engage in any manner of hedging activi and will do so solely at our discretion and for our own account. N holder of any notes will have any rights or interest in our hedgin activity or any positions we or any counterparty may take in connection with our hedging activity.

SUPPLEMENTAL PLAN OF DISTRIBUTION (CONFLICT OF INTEREST)

We, either ourselves or through BMOCM as agent, have entered into an arrangement with Raymond James, whereby Raymond James will act as an agent in connection with the distribution of t notes. Such distribution may occur on or subsequent to the Issue Date. The notes sold by Raymond James to investors were offere at the issue price of $1,000 per note. Raymond James will receiv the compensation set forth on the cover page of this pricing supplement. Raymond James will also receive licensing fees for t use of the Index in connection with this offering, as described in "Description of the Index—License Agreement."

We own, directly or indirectly, all of the outstanding equity securities of BMOCM, the agent for this offering. In accordance with FINRA Rule 5121, BMOCM may not make sales in this offering to any of its discretionary accounts without the prior written approval of the customer.

You should not construe the offering of the notes as a recommendation of the merits of acquiring an investment linked the Index or investment advice, or as to the suitability of an investment in the notes.

We will deliver the notes on a date that is greater than two busine days following the pricing date. Under Rule 15c6-1 of the Securities Exchange Act of 1934, trades in the secondary marke generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly purchasers who wish to trade the notes more than two business da prior to the issue date will be required to specify alternative settlement arrangements to prevent a failed settlement.

BMOCM may, but is not obligated to, make a market in the note BMOCM will determine any secondary market prices that it is prepared to offer in its sole discretion.

We may use this pricing supplement in the initial sale of the note
In addition, BMOCM or another of our affiliates may use this
pricing supplement in market-making transactions in any notes
after their initial sale. ***Unless BMOCM or we inform you otherw***
in the confirmation of sale, this pricing supplement is being us
by BMOCM in a market-making transaction.

No Prospectus (as defined in Directive 2003/71/EC (as amended
the "Prospectus Directive")) will be prepared in connection with
notes. Accordingly, the notes may not be offered to the public i
any member state of the European Economic Area (the "EEA"),
any purchaser of the notes who subsequently sells any of the not
in any EEA member state must do so only in accordance with th
requirements of the Prospectus Directive, as implemented in tha
member state.

The notes are not intended to be offered, sold or otherwise mad
available to, and should not be offered, sold or otherwise made
available to, any retail investor in the EEA. For these purposes, t
expression "offer" includes the communication in any form and
any means of sufficient information on the terms of the offer an
the notes to be offered so as to enable an investor to decide to
purchase or subscribe the notes, and a "retail investor" means
person who is one (or more) of: (a) a retail client, as defined in
point (11) of Article 4(1) of Directive 2014/65/EU (as amended
"MiFID II"); or (b) a customer, within the meaning of Insuranc
Distribution Directive 2016/97/EU, as amended, where that
customer would not qualify as a professional client as defined i
point (10) of Article 4(1) of MiFID II; or (c) not a qualified inves
as defined in the Prospectus Directive. Consequently, no key
information document required by Regulation (EU) No 1286/20
(as amended, the "PRIIPs Regulation") for offering or selling t
notes or otherwise making them available to retail investors in th
EEA has been prepared, and therefore, offering or selling the not
or otherwise making them available to any retail investor in the
EEA may be unlawful under the PRIIPs Regulation.

Additional Information Relating to the Estimated Initial Valu of the Notes

Our estimated initial value of the notes that is set forth on the cov page of this pricing supplement equals the sum of the values of th following hypothetical components:

- a fixed-income debt component with the same tenor as the notes, valued using our internal funding rate for structured notes; and
- one or more derivative transactions relating to the economic term of the notes.

The internal funding rate used in the determination of the initial estimated value generally represents a discount from the credit spreads for our conventional fixed-rate debt. The value of these derivative transactions are derived from our internal pricing models. These models are based on interest rates and other factor As a result, the estimated initial value of the notes on the pricing date was determined based on market conditions on the pricing date.

Employee Retirement Income Security Act

A fiduciary of a pension, profit-sharing or other employee benef plan subject to the U.S. Employee Retirement Income Security A of 1974, as amended ("ERISA") (each, a "Plan"), should consid fiduciary standards of ERISA in the context of the Plan's particu circumstances before authorizing an investment in the notes. Among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the Plan, and whether the investment would involve a prohibited transaction under ERISA the Code.

Section 406 of ERISA and Section 4975 of the Code prohibit Pla as well as individual retirement accounts, Keogh plans, and any other plans that are subject to Section 4975 of the Code (also "Plans"), from engaging in certain transactions involving "plan a with persons who are "parties in interest" under ERISA or "disqualified persons" under the Code with respect to the Plan. violation of these prohibited transaction rules may result in excis tax or other liabilities under ERISA or the Code for those person unless exemptive relief is available under an applicable statutory regulatory or administrative exemption. Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA certain church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA) ("Non-ERISA Arrangements") are not subject to the requirement Section 406 of ERISA or Section 4975 of the Code but may be subject to similar provisions under applicable federal, state, loca non-U.S., or other laws ("Similar Laws").

The acquisition of notes by a Plan or any entity whose underlyin assets include "plan assets" by reason of any Plan's investment i entity (a "Plan Asset Entity") with respect to which we or certain our affiliates is or becomes a party in interest or disqualified pers may result in a prohibited transaction under ERISA or Section 49 of the Code, unless the notes are acquired pursuant to an applicab exemption. The U.S. Department of Labor has issued five prohibited transaction class exemptions, or "PTCEs," that ma provide exemptive relief if required for direct or indirect prohibit transactions that may arise from the purchase or holding of notes

These exemptions are PTCE 84-14 (for certain transactions determined by independent qualified professional asset managers PTCE 90-1 (for certain transactions involving insurance compan pooled separate accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 95-60 (for transactions involving certain insurance company general accounts), and PTCE 96-23 (for transactions managed by in-hou asset managers). In addition, ERISA Section 408(b)(17) and Section 4975(d)(20) of the Code provide an exemption for the purchase and sale of securities offered hereby, provided that neith the issuer of notes offered hereby nor any of its affiliates have o exercise any discretionary authority or control or render any investment advice with respect to the assets of any Plan involved the transaction, and provided further that the Plan pays no more a receives no less than "adequate consideration" in connection with transaction (the "Service Provider Exemption"). Any Plan fiduci relying on the Service Provider Exemption and purchasing the notes on behalf of a Plan must initially make a determination tha (x) the Plan is paying no more than, and is receiving no less than "adequate consideration" in connection with the transaction and neither we nor any of our affiliates directly or indirectly exercise any discretionary authority or control or renders investment advi with respect to the assets of the Plan which such fiduciary is usin to purchase, both of which are necessary preconditions to relianc on the Service Provider Exemption. If we or any of our affiliate provides fiduciary investment management services with respect a Plan's acquisition of the notes, the Service Provider Exemptio may not be available, and in that case, other exemptive relief wou be required as precondition for purchasing the notes. Any Plan fiduciary considering reliance on the Service Provider Exemption encouraged to consult with counsel regarding the availability of t exemption. There can be no assurance that any of the foregoing exemptions will be available with respect to any particular transaction involving the notes, or that, if an exemption is availab it will cover all aspects of any particular transaction.

Because we or our affiliates may be considered to be a party in interest with respect to many Plans, the notes may not be purchased, held or disposed of by any Plan, unless such purchas holding or disposition is eligible for exemptive relief, including relief available under PTCE 96-23, 95-60, 91-38, 90-1, or 84-14 the Service Provider Exemption, or such purchase, holding or disposition is not otherwise prohibited. Except as otherwise set forth in any applicable pricing supplement, by its purchase of an notes, each purchaser (whether in the case of the initial purchase in the case of a subsequent transferee) will be deemed to have represented and agreed by its purchase and holding of the notes offered hereby that either (i) it is not and for so long as it holds note, it will not be a Plan, a Plan Asset Entity, or a Non-ERISA

Arrangement, or (ii) its purchase and holding of the notes will no constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or, in the case of such a Non-ERISA Arrangement, under any Similar Laws.

In addition, any purchaser that is a Plan or a Plan Asset Entity or that is acquiring the notes on behalf of a Plan or a Plan Asset Entity, including any fiduciary purchasing on behalf of a Plan or Plan Asset entity, will be deemed to have represented, in its corporate and its fiduciary capacity, by its purchase and holding of the notes that (a) neither we nor any of our respective affiliates or agents are a "fiduciary" (under Section 3(21) of ERISA), or under final or proposed regulations thereunder, or with respect to a non-ERISA Arrangement under any Similar Laws with respect to the acquisition, holding or disposition of the notes, or as a result any exercise by us or our affiliates or agents of any rights in connection with the notes, (b) no advice provided by us or any of our affiliates or agents has formed a primary basis for any investment decision by or on behalf of such purchaser in connection with the notes and the transactions contemplated with respect to the notes, and (c) such purchaser recognizes and agrees that any communication from us or any of our affiliates or agents to the purchaser with respect to the notes is not intended by us or any of our affiliates or agents to be impartial investment advice and is rendered in our or our affiliates' or agents' capacity as a seller of such notes and not a fiduciary to such purchaser.

Due to the complexity of these rules and the penalties that may b imposed upon persons involved in non-exempt prohibited transactions, it is important that fiduciaries or other persons considering purchasing notes on behalf of or with the assets of ar Plan, a Plan Asset Entity or Non-ERISA Arrangement consult wi their counsel regarding the availability of exemptive relief unde any of the PTCEs listed above, the Service Provider Exemption the potential consequences of any purchase or holding under Similar Laws, as applicable. Purchasers of notes have exclusive responsibility for ensuring that their purchase and holding of not do not violate the fiduciary or prohibited transaction rules of ERISA or the Code or any similar provisions of Similar Laws. Tl sale of any notes to a Plan, Plan Asset Entity or Non-ERISA Arrangement is in no respect a representation by us or any of ou affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by any su Plans, Plan Asset Entities or Non-ERISA Arrangements generall or any particular Plan, Plan Asset Entity or Non-ERISA Arrangement or that such investment is appropriate for such Plan Plan Asset Entities or Non-ERISA Arrangements generally or ar particular Plan, Plan Asset Entity or Non-ERISA Arrangement.

VALIDITY OF THE NOTES

In the opinion of Osler, Hoskin & Harcourt LLP, the issue and sa of the notes has been duly authorized by all necessary corporate action of the Bank in conformity with the Senior Indenture, and when this pricing supplement has been attached to, and duly notated on, the master note that represents the notes, the notes wi have been validly executed and issued and, to the extent validity the notes is a matter governed by the laws of the Province of Ontario, or the laws of Canada applicable therein, and will be val obligations of the Bank, subject to the following limitations (i) th enforceability of the Senior Indenture may be limited by the Canada Deposit Insurance Corporation Act (Canada), the Winding-up and Restructuring Act (Canada) and bankruptcy, insolvency, reorganization, receivership, moratorium, arrangeme or winding-up laws or other similar laws affecting the enforceme of creditors' rights generally; (ii) the enforceability of the Senio Indenture may be limited by equitable principles, including the principle that equitable remedies such as specific performance ar injunction may only be granted in the discretion of a court of competent jurisdiction; (iii) pursuant to the Currency Act (Canad a judgment by a Canadian court must be awarded in Canadian

currency and that such judgment may be based on a rate of exchange in existence on a day other than the day of payment; ar (iv) the enforceability of the Senior Indenture will be subject to t limitations contained in the Limitations Act, 2002 (Ontario), an such counsel expresses no opinion as to whether a court may fin any provision of the Senior Debt Indenture to be unenforceable a an attempt to vary or exclude a limitation period under that Act This opinion is given as of the date hereof and is limited to the la of the Provinces of Ontario and the federal laws of Canada applicable thereto. In addition, this opinion is subject to customa assumptions about the Trustee's authorization, execution and delivery of the Indenture and the genuineness of signatures and certain factual matters, all as stated in the letter of such counsel dated April 27, 2017, which has been filed as Exhibit 5.3 to Ban of Montreal's Form 6-K filed with the SEC and dated April 27 2017.

In the opinion of Morrison & Foerster LLP, when the pricing supplement has been attached to, and duly notated on, the maste note that represents the notes, and the notes have been issued an sold as contemplated by the prospectus supplement and the prospectus, the notes will be valid, binding and enforceable obligations of Bank of Montreal, entitled to the benefits of the Senior Indenture, subject to applicable bankruptcy, insolvency ar similar laws affecting creditors' rights generally, concepts of reasonableness and equitable principles of general applicability (including, without limitation, concepts of good faith, fair dealin and the lack of bad faith). This opinion is given as of the date hereof and is limited to the laws of the State of New York. This opinion is subject to customary assumptions about the Trustee' authorization, execution and delivery of the Senior Indenture an the genuineness of signatures and to such counsel's reliance on t Bank and other sources as to certain factual matters, all as stated the legal opinion dated April 27, 2017, which has been filed as Exhibit 5.4 to the Bank's Form 6-K dated April 27, 2017.

ADDITONAL INFORMATION ABOUT THE NOTES, TH INDENTURE AND CANADIAN BANK RESOLUTION POWERS

Events of Default

Under the indenture, as it will be amended prior to the issue date the notes, the term "event of default" means *only* any of the following:

- we default in the payment of the principal of, or interest on, any the notes and, in each case, the default continues for a period of business days; or
- certain bankruptcy, insolvency or reorganization events occur.

Canadian Bank Resolution Powers

General

Under Canadian bank resolution powers, the CDIC may, in circumstances where we have ceased, or are about to cease, to b viable, assume temporary control or ownership of us and may b granted broad powers by one or more Orders, including the pow to sell or dispose of all or a part of our assets, and the power to carry out or cause us to carry out a transaction or a series of transactions the purpose of which is to restructure our business. A part of the Canadian bank resolution powers, certain provisions o and regulations under, the Bank Act, the CDIC Act and certain other Canadian federal statutes pertaining to banks, which we ref to collectively as the "*bail-in regime*," provide for a bank recapitalization regime for banks designated by the Superintende as D-SIBs, which include us.

The expressed objectives of the bail-in regime include reducing government and taxpayer exposure in the unlikely event of a failu of a D-SIB, reducing the likelihood of such a failure by increasin market discipline and reinforcing that bank shareholders and creditors are responsible for the D-SIBs' risks and not taxpayer and preserving financial stability by empowering the CDIC to quickly restore a failed D-SIB to viability and allow it to remain open and operating, even where the D-SIB has experienced seve losses.

Under the CDIC Act, in circumstances where the Superintendent of the opinion that we have ceased, or are about to cease, to be viable and viability cannot be restored or preserved by exercise o the Superintendent's powers under the Bank Act, the Superintendent, after providing us with a reasonable opportunity make representations, is required to provide a report to CDIC. Following receipt of the Superintendent's report, CDIC may requ the Minister of Finance for Canada (the "*Minister of Finance*") recommend that the Governor in Council (*Canada*) make an Ord and, if the Minister of Finance is of the opinion that it is in the public interest to do so, the Minister of Finance may recommen that the Governor in Council (Canada) make, and on that recommendation, the Governor in Council (*Canada*) may make one or more of the following Orders:

- vesting in CDIC, our shares and subordinated debt specified in th Order, which we refer to as a "*vesting order*";
- appointing CDIC as receiver in respect of us, which we refer to a a "*receivership order*";
- if a receivership order has been made, directing the Minister of Finance to incorporate a federal institution designated in the Ord as a bridge institution wholly owned by CDIC and specifying the date and time as of which our deposit liabilities are assumed, which we refer to as a "*bridge bank order*"; or
- if a vesting order or receivership order has been made, directing CDIC to carry out a conversion, by converting or causing us to convert, in whole or in part – by means of a transaction or series transactions and in one or more steps – our shares and liabilities are subject to the bail-in regime into our common shares or common shares of any of our affiliates, which we refer to as a "*conversion order*".

Following a vesting or receivership order, CDIC will assume temporary control or ownership of us and will be granted broad powers under that Order, including the power to sell or dispose o all or a part of our assets, and the power to carry out or cause us t carry out a transaction or a series of transactions the purpose of which is to restructure our business.

Under a bridge bank order, CDIC has the power to transfer certa of our assets and liabilities to a bridge institution. Upon the exerc of that power, any of our assets and liabilities that are not transferred to the bridge institution would remain with us, whic would then be wound up. In such a scenario, any liabilities of our including any outstanding notes (whether or not such notes are bail-inable notes) that are not assumed by the bridge institution could receive only partial or no repayment in our ensuing wind-u

The notes offered hereby are not bail-inable notes.