



RESEARCH INDEPENDENCE  
POLICY

---

# 1. Background and Purpose

## 1.1 Introduction

Moelis Australia Limited (“**Moelis Australia**”) operates a number of regulated business activities through various subsidiary companies including equities trading and research through Moelis Australia Securities Pty Ltd (“**Moelis Australia Securities**”), corporate advisory services (“**Moelis Australia Advisory**”) and asset management services (“**Moelis Australia Asset Management**”).

Moelis Australia Securities is comprised of an equities sales and trading desk (“**Equities Trading**”) and an equities research business (“**Equities Research**”).

Moelis Australia Securities, as an Australian Financial Service licence (“**AFSL**”) holder, is required to have adequate arrangements for managing conflicts of interest that may arise wholly or partially by the provision of financial services to its clients. Compliance with these obligations is ongoing.

Moelis Australia Securities must take reasonable steps to ensure that conflicts of interest:

- (a) do not compromise the integrity and objectivity of research analysts and of research reports;
- (b) do not result in Moelis Australia Securities breaching its legal obligations, including (but not limited to) the obligation to act efficiently, honestly and fairly; and
- (c) are adequately managed.

This Policy has been prepared taking into account Moelis Australia Securities’ obligations under the Corporations Act 2001 (Cth) (“**Corporations Act**”) and other applicable laws and regulations and having regard to the following:

- (a) ASIC Regulatory Guide 264 – Sell-side research (December 2017);
- (b) ASIC Regulatory Guide 79 – Research report providers: Improving the quality of investment research (December 2012);
- (c) ASIC Regulatory Guide 181 – Licensing: Managing Conflicts of Interest (August 2004);
- (d) ASIC Report 24 - Research Analyst Independence (August 2003);
- (e) ASIC Report 393 – Handling of Confidential Information: Briefings and unannounced corporate transactions (May 2014); and
- (f) ASIC Report 486 - Sell-side research and corporate advisory: confidential information and conflicts (August 2016).

Capitalised terms used in this Policy have the same meanings given to them in the ASIC Market Integrity Rules, ASX/Chi-X Operating Rules or the Corporations Act.

## 1.2 Purpose

The purpose of this Policy is to protect the independence and impartiality of Equities Research, and prevent analysts from being involved in activities that could conflict with their ability to produce objective research. This Policy is supplemented by detailed procedures.

This Policy, and the procedures underlying it, are also designed to:

- (a) identify conflicts of interest;
- (b) assess and evaluate those conflicts; and
- (c) detail procedures required to be followed.

## 1.3 Scope

This Policy applies to all research reports prepared by Equities Research. All Moelis Australia staff are required to abide by this Policy, as well as any additional or more stringent requirements imposed by Australian law or regulation.

Non-compliance with this Policy may lead to disciplinary action, including dismissal.

## 1.4 Objectivity

Research must have a reasonable basis and be balanced and objective. Analysts should not become involved in activities other than the preparation of research where such involvement is inconsistent with the maintenance of the analyst's objectivity.

## **1.5 Independence**

Equities Research produces research independently of other business areas. No analyst may permit him/herself to be biased or inappropriately influenced by the interests of any issuer, by any client, or by his/her personal interests. Research must not be used by Moelis Australia to advance its own interests over those of its clients, or to advance an analysts' own interests.

Research analysts are prohibited from reporting to any Moelis Australia Advisory, Moelis Australia Asset Management, and Equities Trading personnel. No member of Moelis Australia Advisory may participate in any performance review process or promotion decisions relating to an Equities Research analyst.

Moelis Australia Advisory, Moelis Australia Asset Management, and Equities Trading staff are prohibited from accessing the Equities Research workspace.

All employees from Moelis Australia Securities are prohibited from directly or indirectly offering favourable investment research, a specific rating, or a specific recommendation (or offering/threatening to change investment research, a rating, or a recommendation) to a client as consideration or inducement for the receipt of business or compensation.

Employees of Moelis Australia Advisory, Moelis Australia Asset Management, and Equities Trading are prohibited from influencing or seeking to influence, the contents and timing of an investment research report or the activities of research personnel. Similarly all research analysts are prohibited from accepting or offering to accept any inducement to produce favourable research or a specific rating or price target. Equities Research analysts are prohibited from disclosing the content and timing of a research report to any person other than to Legal & Compliance or for Equities Research peer review prior to its public release. Moelis Australia employees who are not employed by Equities Research are strictly prohibited from attempting to influence the content and timing of any research report.

Under no circumstances must the promise of research be used to secure a Moelis Australia Advisory mandate. Equities Research analysts are not permitted to participate in, including to attend, deal related pitches or transaction meetings of Moelis Australia Advisory or Moelis Australia Asset Management.

## **1.6 Analyst remuneration**

The remuneration of Equities Research staff is not at any time determined by management directly connected with another business unit. Remuneration is not contingent on:

- (a) analysts introducing new clients or retaining existing clients;
- (b) any specific investment banking, corporate advisory or dealing transaction; or
- (c) the level of any asset management fee.

There is no input by Moelis Australia Advisory, Equities Trading or the other Moelis Australia entities into the Equities Research budget and/or the allocation of Equities Research expenses. The budget and expenses are controlled by the Head of Equities in consultation with the Chief Financial Officer and Chief Executive Officer of Moelis Australia.

Analyst remuneration is to be based on the established criteria that is linked to the analyst's competency including the quality of the analyst's research and analysis, evaluations by Moelis Australia Securities' clients, the overall profit of Moelis Australia and rankings in independent surveys.

## **1.7 Coverage decisions**

Senior Moelis Australia executives (including the Head of Equities) are responsible for reviewing and approving all research coverage decisions. When making decisions on coverage, senior management will be advised by Legal & Compliance L. However, the final decision rests with the Head of Equities.

## **1.8 Interaction between Equities Research and other business areas**

Moelis Australia has implemented physical barriers between Equities Research, Equities Trading, Moelis Australia Advisory and Moelis Australia Asset Management, as well as detailed policies and procedures, to prevent

unauthorised flow of information between these areas and to ensure that research analysts are not subject to any inappropriate influences that might affect the independence, integrity and objectivity of their investment research.

Equities Research analysts are restricted from activities or interactions with staff from other business areas that could prejudice the independence of their research, but are otherwise free to use their expertise for the benefit of Moelis Australia's clients, subject to policies and procedures supplementing this Policy.

Dealings between employees of Equities Research and employees of Equities Trading, Moelis Australia Asset Management, and Moelis Australia Advisory are permitted only if they are:

- (a) in compliance with Moelis Australia's information barrier policies and procedures, in particular, its wall-crossing procedures; and
- (b) otherwise approved by Legal & Compliance and do not compromise the independence, integrity and objectivity of Equities Research and Moelis Australia Securities' commitment to providing research products to its clients.

## **1.9 Personal account trading**

Equities Research analysts' personal account trading activities are subject to the Moelis Australia Group Personal Trading Policy. In particular, research analysts must not trade in securities of an issuer they cover or intend to cover.

## **1.10 Distribution of Research Reports**

All Moelis Australia Securities research reports must be peer reviewed prior to distribution. Research reports are at no stage disclosed to other business units outside of Equities Research prior to their publication except, in limited circumstances, for fact checking after Legal & Compliance approval.

The timing and content of unpublished research reports must not be disclosed to anyone outside of Equities Research, until the information is broadly disseminated. Research reports are only distributed via the usual channel to ensure they are made available simultaneously to all Moelis Australia Securities clients.

In certain circumstances, such as when Moelis Australia Advisory has a significant role in an offering of securities or certain corporate transactions, the publication of research reports relating to an issuer may be restricted or limited for a certain period, including the use of black-out periods, to avoid any perceived conflict as well as any inconsistency between the research report and any offering documents.

## **1.11 Disclosures**

Moelis Australia Securities will make prominent, specific and meaningful disclosure of any interests it has in the research, or the issuer the subject of the research. This disclosure may include:

- (a) the identity of any person that commissioned and paid for the research;
- (b) material interests Moelis Australia or its employees have in the financial products the subject of the research;
- (c) benefits likely Moelis Australia Securities and its employees are likely to receive from the issuer or the report;
- (d) the relationship (if any) of Moelis Australia Securities and its related bodies corporate to the issuer (including any other services provided to the issuer); and
- (e) assistance provided by the issuer in the preparation of the research report.

Legal & Compliance has in place compliance controls and monitoring to ensure compliance.

## **1.12 Monitoring Compliance**

Moelis Australia Securities continuously monitors the drafting, reviewing, approving and distribution of all research reports.

In particular, Legal & Compliance is responsible for the monitoring of compliance with this Policy and the procedures concerning the independence of Moelis Equities Research and the production, issuance and distribution of all research reports.

## **1.13 Review**

This Policy will be reviewed annually or following a material change to the applicable law, regulations,

regulatory guidance or business so as to ensure that it continues to operate effectively and is still appropriate for Moelis Australia Securities' operations.