



MIS Australia Code of Professional Conduct

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Preamble

Financial markets must be efficient and fair to all market participants. Credit rating agencies play an important role in these markets. Moody's Investors Service, Inc. ("MIS") and its affiliate, Moody's Investors Service Pty Limited ("MIS Australia") provide information and opinions in the form of credit ratings and related research about the creditworthiness of issuers of securities and their financial obligations. Our credit ratings are forward-looking opinions that seek to measure relative credit loss. That is to say, they forecast the likelihood of default on a bond and the estimated severity of loss in the event of that bond's default.

Given the vast amount of information available to investors today MIS Australia helps investors and others sift through this information and analyze the credit risks they face when lending to a particular borrower, or when purchasing an issuer's debt or debt-like securities.¹ Subject to compliance with its AFSL, MIS Australia makes its public credit ratings available to all wholesale investors on a contemporaneous basis, free of charge.

In order to enhance market understanding and confidence in MIS Australia's credit ratings, MIS Australia has adopted this MIS Australia Code of Professional Conduct (the "MIS Australia Code" or the "Code"). Through this Code, MIS Australia seeks to protect the quality and integrity of the rating process, so that investors and Issuers are treated fairly, and to safeguard confidential information provided to us by Issuers. To use MIS Australia ratings effectively, the market must be informed of both their attributes and limitations. It is our responsibility to be as transparent as practicable with respect to our:

- » rating methodologies;
- » rating policies; and
- » overall track record.

This Code, as well as the policies referenced, are accessible on MIS's website, www.moodys.com.²

The MIS Australia Code is organized into five sections:³

- » Quality and Integrity of the Rating Process;
- » Independence and Avoidance of Conflicts of Interest;
- » Responsibilities to the Investing Public and Issuers;
- » Governance, Risk Management and Training; and
- » Enforcement and Disclosure of the MIS Code and Communications with Market Participants.

1 "Moody's assigns credit ratings to entities as well as different types of debts or financial obligations – including, for example, private loans, publicly and privately traded debt securities, preferred shares and other securities that offer a fixed or variable rate of return. For simplicity's sake, the term "debt and debt-like securities" is used herein to refer to debt securities, preferred shares, and other financial obligations of these sorts."

2 Although, in the interest of transparency, we have posted this Code and other related policies on MIS public website (s), MIS does not assume, as a result of such public disclosure, any responsibility or liability to any third party arising out of or relating to this Code or those policies. The MIS Code is not part of any contract with any third party, and no third party shall have any right to enforce any of its provisions. MIS also retains complete discretion to revise this Code at any time to reflect changes in MIS ratings policies and procedures or to address changes in market, legal, or regulatory circumstances

3 The MIS Code has been structured in this manner in order to track the IOSCO Code as closely as possible.

I. Defined Terms

For the purposes of this document, the terms below, organized by category, are defined as follows:

Documents

1. **Australian Financial Services Licence (“AFSL”)** is the Australian Financial Services Licence number 336969 issued to MIS Australia by the Australian Securities and Investments Commission (“ASIC”). The Code is to be read subject to the provisions of the AFSL, in particular licence condition 1 which states that MIS Australia is authorized to carry on a financial services business to provide general advice to wholesale clients only by issuing a credit rating.
2. The **International Organization of Securities Commissions’ Code of Conduct Fundamentals for Credit Rating Agencies (“IOSCO Code”)** is a framework Code of Conduct published on December 23, 2004 and subsequently revised in May 2008 and March 2015, by the International Organization of Securities Commissions. It was developed through cooperative efforts of international securities regulatory authorities, rating agencies, issuers, investors and other market participants. MIS has publicly endorsed the IOSCO Code. As required by ASIC, MIS Australia must adopt, publish and adhere to a code of conduct that complies with the IOSCO Code (with some amendments) with effect from 1st July 2010.
3. The **International Organization of Securities Commissions’ Principles Regarding the Activities of Credit Rating Agencies (“IOSCO Principles”)** is a set of broad principles developed by the international regulatory community and published on September 25, 2003. The IOSCO Principles is the document upon which the IOSCO Code is based. MIS has publicly endorsed the IOSCO Principles.
4. The **Moody’s Corporation Code of Business Conduct (“MCO Code”)** is the code of conduct adopted by Moody’s Corporation (“MCO”).
5. The **Moody’s Investors Service Code of Professional Conduct (“MIS Code”)** is the code of conduct for MIS. The MIS Code governs the conduct of MIS, all MIS Employees and those relevant MCO Employees who support the MIS ratings process.
 - a. MIS Australia;
 - b. all Employees whether employed by MIS Australia in a full-time or part-time capacity;
 - c. all directors of MIS Australia;
 - d. all responsible managers of MIS Australia appointed under its AFSL; and
 - e. those relevant MCO Employees who support the MIS Australia ratings process.in each case only to the extent that the provisions of this Code relate to that person’s role at MIS Australia.
8. **Rating Symbols and Definitions** is a reference guide that sets out the definitions of the rating symbols and rating scales used by MIS.
9. **Securities Trading Policy** is the Moody’s Corporation Policy for Securities Trading.

Employee Types

1. An **Analyst** is any MIS, including MIS Australia, Employee assigned to a ratings team with the title of Associate, Analyst or higher whose function is to a) assign or monitor Credit Ratings and, if applicable the related rating Outlook or rating Review, b) assist in drafting materials or developing deal specific models being considered for rating committees, or c) supervise MIS Employees included in (a) or (b) of this definition. The definition of “Analyst” excludes any MIS Employee assigned to a rating team who: (1) is not involved in the Credit Ratings process or (2) supports the Credit Rating process solely through administrative tasks, such as entering information into internal systems.
2. An **Employee** is any full-time or part-time employee of MCO or certain of its wholly owned subsidiaries, wherever located.

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3. The **Local Compliance Officer (LCO)** is responsible for MIS Australia's compliance function with respect to the policies and
 4. procedures described in this Code.
 5. **Management** or **Managers** are those Employees who have personnel management responsibilities.
 6. The term **MIS Australia Employee** means any full-time or part-time employee of MIS Australia.
 7. The term **MIS Employee** means any full-time or part-time employee of MIS.
Rating Personnel includes Analysts as well as any other MIS including MIS Australia Employees who have an analytical or Credit Policy role involving the development, review or approval of processes, methodologies or models used in providing

Organizational Structure

1. The **Commercial Group** is the MIS department that is responsible for business strategy and planning, new business origination, and business relationships with Issuers and Rated Entities.
2. The **Compliance Department** is the department that is responsible for assessing MIS Australia's and its Employees' compliance with the policies and procedures described in this Code.
3. The **Credit Standards and Strategy Group ("CSS")** comprises several functions: the Methodology Development Group ("MDG"), which includes the Rating Model Group, the Methodology Framework Group, Default & Ratings Analytics and CSS Tech; the Methodology Review Group ("MRG") which includes the Model Specifications Specialists Team; Ratings and Process Oversight Group ("RPO"); and Strategy & Research ("S&R"). Each function currently report to the MIS CCO.
4. **MCO** refers to Moody's Corporation and its majority-owned affiliates.
5. **MIS** refers to Moody's Investors Service, Inc., and its affiliates including MIS Australia, that issue Ratings under the "Moody's Investors Service" brand name.
6. The **MIS Board of Directors** (MIS Board) refers to the board of directors of Moody's Investors Service, Inc.

Services and Products

1. **Ancillary Services** are those products and services that may be offered by MIS Australia, that are not Credit Rating Services, and which may include market forecasts, estimates of economic trends, pricing analysis or other general data analysis as well as related distribution services.
2. A **Credit Rating** is an opinion from MIS Australia regarding the creditworthiness of an entity, a debt or financial obligation, debt security, preferred share or other financial instrument, or of an issuer of such a debt or financial obligation, debt security, preferred share or other financial instrument, issued using an established and defined ranking system of rating categories. (See also Section II below.)
3. A Credit Rating Action is any one of the items below:
 - i. the assignment of a Credit Rating to a Rated Entity or obligation, including Anticipated/Subsequent Credit Ratings;
 - ii. a change in a Credit Rating (i.e., upgrade or downgrade);
 - iii. placing a Credit Rating on Review, changing the direction of an existing Review or taking a Credit Rating off Review (i.e., Credit Rating Confirmation);
 - iv. the assignment or change in an Outlook associated with a Rated Entity or one or more Credit Ratings;
 - v. an Affirmation of a Credit Rating; and
 - vi. a Withdrawal of a Credit Rating.
4. **Credit Rating Announcements** is a written communications that may be used to announce the publication of a Credit Rating Action related to a public Credit Ratings, Unpublished Monitored Loan Ratings or Unpublished Monitored Private Placement Ratings. MIS Australia may also publish Credit Rating Actions related to public Credit Ratings moodys.com that is not accompanied by Credit Rating Announcements.

5. **Credit Rating Services** are those products and services offered with respect to Credit Ratings and, if applicable, the related rating Outlook or rating Review. Credit Rating Services specifically exclude all Ancillary Services or Other Permissible Services.
6. **The Disclosure Form** is a form that contains regulatory disclosures and is published on www.moodys.com for public Credit Ratings and in the rating folder of the Electronic Platform for Unpublished and Private Monitored Loan Ratings and Unpublished Monitored Private Placement Ratings at the time a Credit Rating Action is published.
7. **Non-Participating Credit Ratings** are published Credit Ratings in which the Issuer has declined (expressly or through failure to respond to) MIS Australia's offer to participate in the rating process on a going-forward basis.
8. **Other Permissible Services** are those products and services identified in MIS's Rating Symbols and Definitions, which are not Credit Rating Services or Ancillary Services.
9. **Rating Services** means any or all of the following: Credit Rating Services, Ancillary Services and/or Other Permissible Services.
10. An **Unsolicited Credit Ratings** is a Credit Rating that is initiated by MIS Australia and not requested by the Rated Entity and/or its Agents.

Other

1. An **Agent** is any party working on behalf of a Rated Entity, or working on behalf of an agent of the a Rated Entity
2. A **Family Member** is any of the following:
 - a. an Employee's spouse or domestic partner;
 - b. a person with whom an Employee cohabits (such as a shared living arrangement where the relationship is more than casual), whether or not they share financial responsibilities. This would not include typical roommate living arrangements;
 - c. an Employee's minor or dependent children;
 - d. any other relative sharing the same household as an Employee;
 - e. any persons who do not live in the same household as an Employee but whose Trades in Securities are directed by or are subject to the Employee's influence or control (either direct or indirect) (such as parents or children living in separate households who consult with the Employee before they Trade); and
 - f. any other natural or legal person, trust, entity or partnership (other than blind trusts, as defined in the Securities Trading Policy):
 - i. whose managerial responsibilities are discharged by,
 - ii. that is set up for the benefit of,
 - iii. that is directly or indirectly controlled by, or
 - iv. whose economic interests are substantially equivalent to, the Employee or Family Member.
3. **Fee Discussions** are any negotiations about fees for Rating Services and any discussions or correspondence (whether internal or external) relating to those negotiations.
4. **Form NRSRO** is the application filed by MIS with the U.S. Securities and Exchange Commission for registration as a Nationally Recognized Statistical Rating Organization (NRSRO).
5. An **Issuer** is any entity by which a Security has been issued, guaranteed, or by which the credit underlying a Security has been otherwise supported. The term "Issuer" also includes the corporate parent or majority-owned subsidiary of an Issuer.
6. **Issuer Confidential Information** is any information received by MIS from an Issuer, its affiliates or its agents in connection with the rating process or in connection with providing Ancillary Services or Other Permissible Services in respect of which MIS has received written notice specifically indicating the proprietary and confidential nature of the information. However, the term "Issuer Confidential Information" shall not include:
 - a. information that is publicly known;

- b. information available to MIS on a non-confidential basis prior to disclosure by the Issuer, its affiliates or its agents;
 - c. information that becomes available to MIS on a non-confidential basis from a third party not reasonably known by MIS to be bound by a confidentiality agreement with the Issuer or otherwise prohibited from making available such information;
 - d. information developed independently by MIS;
 - e. information that has been aggregated or transformed in such a way that it is no longer identified as relating to any individual Issuer; or
 - f. information that is approved for public disclosure in writing by the Issuer, its affiliates or its Agents.
7. **Non-Public Information** is information that has not been publicly disseminated (for example, through public filing with a securities regulatory authority; issuance of a press release; disclosure of the information in a national or broadly disseminated news service; or the issuance of a proxy statement or prospectus).
 8. The terms **Own, Owning** and **Ownership** refer to all methods by which an Employee may possess an interest in a Security or an account with a financial services institution, including direct ownership and beneficial ownership (i.e., sole or shared dispositive or voting power over a Security). For the purposes of this Code, direct ownership includes all Securities held in trust (other than a blind trust) and all Securities held in any individual retirement account (IRA) or 401(k) other than Moody's Profit Participation Investment Plan. For the purposes of this Code, Employees are deemed to be the beneficial owner of all Securities held by their Family Members.
 9. **Rated Entity (ies)** means any entity rated by MIS or any entity that issues securities rated by MIS or any entity that is seeking a Credit Rating from MIS.
 10. **Restricted List** is a list of Securities by industry, geography or regulation, which an Employee and any Family Members of that Employee may not Own or Trade.
 11. **Security (ies)** is any non-deposit financial instrument that is, or is derived from, any equity or fixed-income security. This includes, but is not limited to: stocks, bonds, debentures, options, equity securities, convertible securities, warrants, derivative instruments (including swaps, commodities and futures based on or linked to equity or fixed income securities), notes, collective investment schemes, fixed annuities, variable annuities, open- or closed-end mutual funds, exchange-traded funds and unit investment trusts.
 12. The term **Trade** (including Trades, Traded and/or Trading) refers to any transaction by which a person acquires or divests himself/herself from an interest or position in a Security, including but not limited to purchases, sales, repurchase agreements, short sales, spread betting (and other forms of gambling on Securities) and entering into derivative transactions, including put options, calls and equity swaps as well as liquidating such derivative positions through purchase, sale or exercise.

II. What Are Credit Ratings?

A Credit Rating is an opinion regarding the creditworthiness of an entity, a debt or financial obligation, debt security, preferred share or other financial instrument, or of an issuer of such a debt or financial obligation, debt security, preferred share or other financial instrument, issued using an established and defined ranking system of rating categories.

Credit Ratings are based on information obtained by MIS Australia from sources believed by MIS Australia to be accurate and reliable, including, but not limited to, Issuers and their Agents, as well as sources independent of the Issuer. MIS Australia relies on Issuers and their Agents to provide information that is true, accurate, timely, complete and not misleading.

MIS Australia adopts all necessary measures so that the information it uses in assigning a Credit Rating is of sufficient quality and from sources MIS Australia considers to be reliable, including, when appropriate, independent third-party sources. However, MIS Australia is not an auditor and cannot in every instance independently verify or validate information received in the rating process. Thus, in assigning a Credit Rating, MIS Australia is in no way providing a guarantee with regard to the accuracy, timeliness, or completeness of factual information reflected, or contained, in the Credit Rating or any related MIS Australia publication.

In the rating process, MIS Australia maintains independence in its relationships with Issuers, investors, and other interested entities. MIS Australia does not have a fiduciary relationship with the Issuer whose security is being rated (or any other party). Nor does MIS Australia act as an advisor to the Issuers it rates. MIS Australia may comment on the potential credit implications of proposed structural elements of a Security, but MIS does not participate in the actual structuring of any Security under consideration for a Credit Rating.

As a matter of policy, and in keeping with its role as an independent and objective publisher of opinions, MIS Australia retains complete editorial control over the content of its Credit Ratings, credit opinions, commentary, and all related publications. MIS Australia reserves the right at any time to suspend, modify, lower, raise or withdraw a Credit Rating, or place a rating on review in accordance with MIS policies and procedures. MIS and MIS Australia editorial control includes its right to decide whether, and when, to issue a Credit Rating or publish any information or commentary, except in those rare instances where the public disclosure of a Credit Rating has been contractually limited (see Provision 3.4 below) or limited by applicable laws and regulations.

III. The Provisions

1. Quality and Integrity of the Rating Process

As described in the IOSCO Principles, MIS Australia must endeavor to provide forward-looking opinions on the relative creditworthiness of Issuers of debt and debt instruments in order to help reduce the information asymmetry that exists between those Issuers and potential purchasers of their debt.

A. QUALITY OF THE RATING PROCESS

- 1.1 Since Credit Ratings are probabilistic opinions about future creditworthiness, the performance of an individual Credit Rating will not be judged on the basis of the individual outcome, but on whether the individual Credit Rating was formed pursuant to MIS Australia's established processes. Where possible, the performance of Credit Ratings collectively will be evaluated on the basis of how they perform on a statistical basis ex post (e.g., default studies, accuracy ratios, and stability measures).
- 1.2 MIS Australia must develop and maintain rigorous and systematic rating methodologies. Where possible, resulting Credit Ratings must be periodically subjected to objective validation based on historical experience. MRG will be responsible for monitoring the appropriateness and completeness of rating methodologies and procedures, and for the initial approval of any significant changes to MIS's rating methodologies and procedures. The MIS Board must approve new or materially changed methodologies before their use.
- 1.3 In assessing an Issuer's or obligation's creditworthiness, Analysts must use MIS's published methodologies, where appropriate. Analysts must apply a given methodology in a consistent manner, as determined by MIS Australia.
- 1.4 Credit Ratings must be determined by rating committees and not by any individual Analyst. Once a rating committee has determined the appropriate Credit Ratings to be assigned to a Rated Entity's debt classes (e.g., senior unsecured), or to debt issued under certain specific program documents, MIS Australia will assign such Credit Ratings to such classes unless and until a subsequent rating committee determines otherwise.
 - a. Debt issuance by a Rated Entity or under specific program documents may be routine (e.g., refinance), or may be material to the Rated Entity's creditworthiness or the program structure (e.g., a material change in the Rated Entity's leverage). It is the responsibility of the Analyst to monitor the Issuer's debt issuance and leverage and changes to program documents, and to bring material changes to the rating committee's attention. Credit Ratings that are:
 - » assigned to securities that are issued over time pursuant to programs, series or categories of debt that are subject to an existing Credit Rating, or
 - » based on the pass-through of a primary Rated Entity's Credit Rating,derive their Credit Rating exclusively from the existing Credit Rating of the program, series, category of debt or primary Issuer, as the case may be, and the rating committee for the existing Credit Rating incorporates future issuances into its analysis. Consequently, Credit Rating Actions with respect to these Credit Ratings are not subject to further analysis by a rating committee beyond the analysis conducted by the original rating committee for the existing Credit Rating.
 - b. In producing a Credit Rating, MIS Australia must consider all information known, and believed to be relevant by the applicable Analyst and rating committee about an Issuer, including information received from a source other than the Issuer or underwriter that the applicable Analyst and rating committee find credible and potentially significant to a rating decision in a manner generally consistent with MIS's published methodologies. MIS Australia must establish, maintain and enforce policies and controls to assure that the Credit Ratings it disseminates are based on a thorough analysis of all such information. In formulating Credit Ratings, MIS Australia will employ Analysts who, individually or collectively (for rating committees), have appropriate knowledge and experience in developing a rating opinion for the type of Issuer or credit being analyzed.
- 1.5 MIS Australia must comply with its record retention policies and applicable laws when maintaining records used to support its Credit Rating processes. MIS including MIS Australia must establish, maintain and enforce policies and controls so

that its Employees comply with MIS Australia's record retention policies and with applicable laws governing retention and disposition of records. Employees must familiarize themselves with MIS Australia's record retention policies, and periodically certify their compliance with such policies.

- 1.6 MIS Australia and its Analysts must establish, maintain and enforce policies and controls to avoid issuing any Credit Ratings that contain misrepresentations or are otherwise misleading as to the general creditworthiness of an Issuer or obligation.
- 1.7 MIS Australia must invest resources sufficient to carry out high-quality credit assessments of Issuers or obligations it rates. When deciding whether to rate or continue rating an obligation or Issuer, MIS Australia must assess whether it is able to devote sufficient personnel with appropriate skills to make a proper rating assessment, and whether its personnel likely will have access to sufficient information needed in order to make such an assessment. In its Credit Rating Announcements for Credit Ratings that present limited historical data, MIS Australia must make such limitation clear in a prominent place. MIS Australia adopts all necessary measures so that the information it uses in assigning a Rating is of sufficient quality and from sources MIS considers to be reliable including, when appropriate, independent third-party sources. In cases involving new types of financial products, MIS Australia must refrain from providing a Credit Rating unless it believes that it has sufficient information and the appropriate analytical skills to do so. MIS Australia must require The relevant functions within CSS to:
 - 1.7.1 review the feasibility of providing a Credit Rating for a type of structure that is materially different from the structures MIS Australia has rated;
 - 1.7.2 at least once every twelve months, MRG will review the methodologies (including the credit rating models, credit rating scorecards and key ratings assumptions contained within the methodologies) and models and significant
 - 1.7.3 changes to the methodologies (including the credit rating models, credit rating scorecards and key ratings assumptions contained within the methodologies) MIS Australia uses; and
assess whether existing methodologies and models for determining Credit Ratings of structured products are
- 1.8 MIS Australia must organize its rating committees to promote continuity and avoid bias in the rating process.

B. MONITORING AND UPDATING

- 1.9 MIS Australia must allocate adequate personnel and financial resources to monitoring and updating its Credit Ratings on a timely basis. Once a Credit Rating is published, and unless it is withdrawn, MIS Australia must:
 - a. at least once in any twelve month period, review the creditworthiness of the Issuer or other relevant entity or obligation; and
 - b. initiate a review of the status of the Credit Rating upon becoming aware of any information that might reasonably be expected to result in a Credit Rating Action (including withdrawing a Credit Rating) consistent with the applicable methodologies; and
 - c. update on a timely basis the Credit Rating, as appropriate, based on the results of such review referred to in a. or b. above. In addition, upon adoption of a new or revised rating methodology, MIS Australia must review the impact of the new or revised methodology to outstanding Credit Ratings and take any necessary Credit Rating Action, as applicable, within a reasonable period of time.

Where practicable, MIS Australia will leverage available information and expertise in the monitoring process. MIS Australia will apply changes in relevant key rating assumptions both to current and newly assigned Credit Ratings.

- 1.10 Where MIS Australia uses separate analytical teams for assigning initial Credit Ratings and for monitoring of such Credit Ratings, each team must have the requisite level of experience and resources to perform its respective functions in a timely

manner. MIS Australia will also evaluate internal processes and market trends in order to maintain operational flexibility to allocate resources needed to monitor existing Credit Ratings and conduct reviews on a timely basis.

- 1.11 MIS Australia must establish, maintain and enforce policies and controls relating to the publication of Credit Rating Announcements that announce Credit Rating Actions, including the withdrawal of a public Credit Rating on an Issuer or obligation (except for routine debt maturities, calls, or redemptions).

C. INTEGRITY OF THE RATING PROCESS

- 1.12 MIS Australia Employees must comply with all applicable laws and regulations governing their activities in the jurisdictions in which MIS Australia operates. For greater certainty, to the extent that a provision in the MIS Code or the MIS Australia Code is inconsistent with applicable laws and regulations in a jurisdiction in which MIS Australia operates, then that provision in the MIS Australia Code will not apply in that jurisdiction to the extent of the inconsistency.
- 1.13 MIS Australia and its Employees must deal fairly and honestly with Issuers, investors, other market participants, and the public.
- 1.14 MIS Australia must hold its Employees to high standards of integrity. MIS Australia must not knowingly employ any individuals with demonstrably compromised integrity, subject to applicable law.
- 1.15 MIS Australia and its Employees must not, either implicitly or explicitly, give any assurance or guarantee of a particular Credit Rating prior to a rating committee. This does not preclude MIS Australia from developing preliminary feedback in connection with its ratings analysis.

In addition, MIS Australia and its Employees must not make a promise or threat about potential Credit Rating Actions to influence Rated Entities, investors, or other market participants to pay for Credit Ratings or other services.

- 1.16 MIS Australia will not:
 - a. provide rating advisory services;
 - b. act as a broker or dealer engaged in the business of underwriting securities or money market instruments; or
 - c. have a financial or controlling interest in an entity rated by MIS Australia or any of its “Credit Rating Affiliates” identified in Item 3 of MIS’s Annual Certification of Form NRSRO available on MIS’s public website(s).
- 1.17 MIS Australia Employees are prohibited from making proposals or recommendations to an obligor or Issuer, underwriter or sponsor of an obligation about the corporate or legal structure, assets, liabilities or activities of an obligor or Issuer. Consistent with this prohibition, in assessing credit risk, MIS Australia Employees may properly hold a series of discussions with an Issuer, Rated Entity, or its Agents in order to:
 - a. understand and incorporate into their analysis the particular facts and features, and any modification thereof, as proposed by the Issuer, Rated Entity or its Agents; and
 - b. explain to the Issuer, Rated Entity, or its Agents the Credit Rating implications of MIS’s methodologies as applied to the Issuer or obligation.
- 1.18 While Employees are not expected to be experts in the law, they are expected (and in some cases required by applicable laws) to report activities of which they are aware that a reasonable person would question as a potential violation of the law or this Code. All MIS Australia Employees are obligated to report these issues promptly to the Compliance Department or through Moody’s Integrity Hotline. The Compliance Department must take appropriate action, as determined by the laws and regulations of the jurisdiction and the policies and procedures established by MIS.
- 1.19 Management prohibits retaliation by any Employee or by MIS Australia itself against any Employee who, in good faith, reports a possible violation of the law, regulation or this Code.

2. Independence and Avoidance of Conflicts of Interest

A. GENERAL

- 2.1 MIS Australia must not forbear or refrain from taking a Credit Rating Action, or from initiating or concluding a review of a

Credit Rating based on the potential effect (economic, political, or otherwise) of the action on MIS, an Issuer, Rated Entity, investor, or other market participant.

- 2.2 MIS Australia and its Employees must use care and professional judgment to maintain both the substance and appearance of independence and objectivity.
- 2.3 The determination of a Credit Rating must be influenced only by factors relevant to the credit assessment.
- 2.4 The Credit Rating MIS Australia assigns to an Issuer or obligation must not be affected by the existence of, or potential for, a business relationship between MIS Australia (or MCO) and the Issuer (or its affiliates), or any other party, or the non-existence of any such relationship.
- 2.5 MIS Australia must separate, operationally and legally, and if practicable, physically, its Rating Services and Analysts from any other business that may present a conflict of interest. MIS Australia must disclose on its public website(s) any Ancillary Services and Other Permissible Services it offers. If MIS Australia intends to offer new Other Permissible Services or Ancillary Services, MIS Australia must first consult with the Compliance and Legal Department. MIS Australia must establish, maintain and enforce policies and controls designed to minimize the likelihood that conflicts of interest with MIS's Credit Rating Services will arise or to appropriately manage those conflicts that may arise, in connection with MIS's provision of Ancillary Services and/or Other Permissible Services.

B. PROCEDURES AND POLICIES

- 2.6 MIS Australia must establish, maintain and enforce policies and controls to identify and eliminate, or manage and disclose, as appropriate, actual or potential conflicts of interest that may influence the determination of Credit Ratings or the approval of new or revised Credit Rating.
MIS Australia established policies to address and manage the following conflicts, among others:
 - a. MIS Australia is paid by Issuers or underwriters to determine Credit Ratings with respect to securities, obligations or money market instruments they issue or underwrite;
 - b. MIS Australia is paid by obligors to determine Credit Ratings of those obligors;
 - c. MIS Australia is paid by investors to determine Credit Ratings with respect to securities or money market instruments;
 - d. in addition to Credit Ratings, MIS Australia provides other services, including but not limited to Rating Assessment Services to issuers or obligors that may be subject to a Credit Rating by MIS. MIS is paid for these other services by the requesting Issuer or obligor;
 - e. MIS Australia may issue Credit Ratings covering, and/or requested by, entities that may have significant financial interest (i.e.5% or more of outstanding shares) in MCO, MIS's parent company; and
 - f. MIS Australia provides preliminary indications of credit quality to issuers or obligors prior to being contracted to determine the final credit rating for an issuer or obligor.
- 2.7 MIS Australia's disclosures of known actual and potential conflicts of interest must be complete, timely, clear, concise, specific, and prominently displayed. Such disclosures must be made on MIS Australia's public website(s) for public Credit Ratings. For private Credit Ratings, disclosure must be made in the same manner that the private Credit Rating is disclosed.
- 2.8 MIS Australia must disclose the general nature of its compensation arrangements with Rated Entities.
 - a. MIS Australia does not provide consulting services. MIS Australia does not receive from Rated Entities compensation unrelated to its Rating Services. If MIS Australia were to receive from a Rated Entity compensation unrelated to its Rating Services, MIS Australia would disclose the proportion such fees constitute against the fees MIS Australia receives from the Rated Entity for Rating Services.
 - b. MIS Australia must disclose if it receives 10 percent or more of its annual net billings⁴ from a single Issuer, originator,

⁴ MIS's accounting systems report earned revenue by product rather than by the customer billed for services. Therefore, in order to provide customer-level data we are using billings in this Code, as provided by MIS's billing systems. In addition, MIS does not capture data that indicates the capacity in which the person billed for the rating is acting. Therefore MIS Australia is able to disclose "Net Revenue" which represents all credit rating services billings, net of billing adjustments, made to an entity in any capacity (issuer, obligor, underwriter, and/or trustee, and/or any of their respective related parties) during a calendar year.

arranger or subscriber (including any affiliates of the Issuer, originator, arranger, or subscriber).

- 2.9 MIS Australia must not engage in any securities (including derivatives) trading that presents actual or potential conflicts of interest with MIS Australia's or its Employees' rating related activities.
- 2.10 In instances where Rated Entities or obligors (e.g., sovereign nations or states) have, or are simultaneously pursuing, oversight functions related to MIS Australia, the Rating Personnel who participate in the determination of Credit Ratings or approval of rating methodologies that apply to such Rated Entities or obligors will be separate from the Employees responsible for interacting with the officials of those Rated Entities or the obligors (e.g. government regulators) regarding supervisory matters.

C. ANALYST AND EMPLOYEE INDEPENDENCE

- 2.11 Reporting lines for Employees and their compensation arrangements must be organized to eliminate or effectively manage actual and potential conflicts of interest.
- a. Analysts must not be compensated or evaluated on the basis of the amount of revenue that MIS Australia derives from Rated Entities: (i) that the Analyst rates; (ii) with which the Analyst regularly interacts; or (iii) over which the analyst has approval or oversight responsibility
 - b. MIS Australia must conduct formal and periodic reviews of compensation policies and practices for Employees who participate in, or who might otherwise have an effect on, the Credit Rating process to determine that these policies and practices do not compromise the objectivity of the Credit Rating process or Employees.
- 2.12 MIS Australia has implemented a separation of its rating and commercial activities. Rating Personnel must not participate in Fee Discussions or sales and marketing activities, or be influenced by sales and marketing considerations. Employees in the MIS Australia Commercial Group must not participate in the determination or monitoring of Credit Ratings or in the development or approval of models or methodologies used in providing Rating Services.
- 2.13 As described in more detail in various policies, MIS Australia Employees must not approve, participate in or otherwise influence the determination of the Credit Rating of any particular Issuer, Rated Entity or obligation if the Employee:
- a. Owns or Trades Securities (including derivatives of Securities) issued, guaranteed or otherwise supported by the Rated Entity, its affiliates or any of the identified third parties;
 - b. has a Family Member who owns Securities (including derivatives of Securities) issued, guaranteed or otherwise supported by the Rated Entity, its affiliates or any of the identified third parties;
 - c. has had a recent employment or other significant business relationship with the Rated Entity, its affiliates or any of the identified third parties, that either constitutes a conflict of interest, or creates the impression of a conflict of interest that MIS Australia deems to be unacceptable;
 - d. has an immediate relation (i.e., a spouse, partner, parent, child, or sibling) who works for the Rated Entity, its affiliates or any of the identified third parties, in circumstances where this employment relationship either constitutes a conflict of interest, or creates the impression of a conflict of interest that MIS Australia deems to be unacceptable;
 - e. has, or had, any other relationship with the Rated Entity, its affiliates or any of the identified third parties, or any related entity thereof that either constitutes a conflict of interest, or creates the impression of a conflict of interest that MIS Australia deems to be unacceptable.
 - f. has, or had initiated, or participated in Fee Discussions with the Rated Entity, its affiliates or any of the identified third parties, (excluding accidental receipt of fee information with participation from the MIS Australia Employee and clearance in accordance with the Procedure for Fee Discussion);
 - g. has received gifts or entertainment or cash from the Rated Entity, its affiliates or any of the identified third parties, that either constitutes a conflict of interest, or creates the impression of a conflict of interest that MIS Australia deems

- unacceptable in accordance with the Policy for Solicitation or Acceptance of Money, Gifts, Favors or Entertainment.
- 2.14 In accordance with the Securities Trading Policy, Employees who are involved in the rating process and their Family Members are prohibited from buying, selling or engaging in any transaction in any Security (including a derivative of any Security) issued, guaranteed, or otherwise supported by any entity within such Employee's Restricted List(s).
 - 2.15 In accordance with the Policy for Solicitation or Acceptance of Money, Gifts, Favors or Entertainment, MIS Australia maintains prohibitions on soliciting or accepting money, gifts or favors, services or entertainment from any Rated Entity or sponsor of any Rated Entity or its Agents. All Rating Personnel are required to obey these prohibitions. In addition, all MIS Australia employees must comply with the gift provisions in the MCO Code.
 - 2.16 Any Analyst or Manager who becomes involved in any personal relationship that may create an actual or potential conflict of interest (including, for example, any personal relationship with an employee of a Rated Entity or Agent of such entity within his or her area of analytic responsibility), is required, subject to applicable law, to disclose such relationship to either his or her Manager and/or a member of the Compliance Department Based on the assessment of this information, MIS Australia must take appropriate steps to mitigate actual or potential conflict.
 - 2.17 Where an Analyst or any other Employee who participates in determining or monitoring Credit Ratings leaves the employ of MIS Australia and becomes an employee of a Rated Entity, underwriter, or sponsor of obligations the Analyst or other Employee was involved in rating or of a financial firm with which he or she had dealings as part of his or her duties at MIS Australia, MIS Australia will conduct a look back review of such Analyst's or Employee's work.

3. Responsibilities to the Investing Public and Issuers

A. TRANSPARENCY AND TIMELINESS OF RATINGS DISCLOSURE

- 3.1 MIS Australia must disclose as soon as practicable its Credit Rating Actions regarding the Issuers, debt and debt-like obligations it rates.
- 3.2 In accordance with the AFSL requirement that MIS Australia can only provide general advice to wholesale clients by issuing a Credit Rating, MIS Australia must make its public Credit Ratings and public Credit Rating Announcements available to wholesale clients only on a non-selective basis without cost and will provide transparency on how the relevant entity or obligation is rated Such public Credit Ratings and public Credit Rating Announcements must be posted on Moody's public website(s). MIS may also publish on its public website(s) a Credit Rating Action related to public Credit Ratings on Moody's public website that is not accompanied by a Credit Rating Announcement.
- 3.3 MIS Australia will encourage structured finance Issuers and originators of structured finance products to publicly disclose all relevant information regarding these products so that investors and other CRAs can conduct their own analyses independently of MIS Australia. MIS Australia will disclose in its Credit Rating Announcements whether the Issuer of a structured finance product has informed MIS Australia that it is publicly disclosing all relevant information about the product being rated or if the information remains non-public.
- 3.4 Upon the request of a Rated Entity, and at MIS Australia's sole discretion, MIS Australia may agree to keep a Credit Rating confidential. However, if an Issuer or obligation — including a tranche of a structured finance security — already carries a public Credit Rating from MIS Australia, all subsequent decisions to change or discontinue such Credit Rating must be made available to the public on a non-selective basis without cost except to the extent that Condition 1 of MIS Australia's Australian Financial Services Licence does not authorise MIS Australia to disclose a Credit Rating to the public.
- 3.5 MIS Australia must publicly disclose its policies for distributing and withdrawing Credit Ratings, and must keep such policies current.
- 3.6 For each of its Credit Rating Actions, MIS Australia must disclose in the Credit Rating Announcement and/or Disclosure Form certain information consistent with the law in the jurisdiction in which it operates, including but not limited to:

- a. a reference to the date of the last associated Credit Rating Announcement, if any (sometimes via referral to an alternative source);
 - b. a summary of the key elements of the rationale underlying the Credit;
 - c. a summary of the key rating assumptions/factors and sensitivity analysis of the relevant key rating assumptions/factors;
 - d. language to indicate which substantially material sources of information were used to prepare the Credit Rating;
 - e. a description of the attributes and limitations of the Credit Rating so as to indicate whether MIS Australia considers satisfactory the quality of information available on the Rated Entity and/or debt; and
 - f. a reference to the principal methodology(ies) and model(s) used to determine the Credit Rating. MIS Australia must explain if a Credit Rating is based on more than one principal methodology and if a review of only one methodology might cause financial market professionals to overlook other important aspects of the Credit Rating. In the Credit Rating Announcements, MIS Australia must indicate where methodologies and other important aspects factored into Credit Ratings can be found. The Credit Rating Announcement may refer to published documents on a MIS's public website(s) where applicable.
- 3.7 MIS Australia must publicly disclose sufficient information about its rating committee process, procedures, methodologies, and any assumptions about the published financial statements that deviate materially from information contained in the Issuer's published financial statements so that investors and other users of credit ratings can understand how a Credit Rating was determined. The rating symbols and rating scales used by MIS are publicly disclosed in its Rating Symbols and Definitions handbook available on MIS Australia public website(s).
- a. MIS Australia must publish sufficient information about its loss expectations and cash-flow analysis relating to a structured finance Credit Rating so that an investor allowed to invest in the product can understand the basis for the Credit Rating. Where practicable, MIS Australia must disclose the degree to which it analyzes how sensitive a structured finance Credit Rating is to changes in MIS Australia's underlying Credit Rating assumptions.
 - b. MIS Australia must insert "(sf)" into all of its new and existing Credit Ratings of structured finance instruments. The insertion of "(sf)" must appear following the Credit Rating in all of MIS Australia's Credit Rating Announcements and research reports -- (e.g. "Aa3(sf)") when referring to a specific Credit Rating.
 - c. MIS Australia must clearly indicate the attributes and limitations of Credit Ratings, the risk of unduly relying on them to make investment or other financial decisions and generally the extent to which MIS Australia verifies the information provided to it by the Issuer or originator of a rated security. This information should assist investors and other users of Credit Ratings in developing a greater understanding of what a Credit Rating is. MIS is subject to regulations in various markets globally and such regulations do not state or imply that the regulatory authorities endorse MIS Credit Ratings nor may MIS use its registration status to advertise the quality of its Credit Ratings.
- 3.8 Where required by law or otherwise feasible and appropriate, prior to issuing or revising a Credit Rating, MIS Australia must inform the Rated Entity of the critical information and principal considerations upon which the Credit Rating will be based and afford the Rated Entity an opportunity to submit additional factual information not previously available to MIS Australia or to clarify any likely factual misperceptions or other matters it considers relevant in order to produce a well-informed Credit Rating. MIS Australia must duly evaluate the Rated Entity's response. Where in particular circumstances MIS Australia has not informed the Rated Entity prior to issuing or revising a Credit Rating, MIS Australia must inform the Rated Entity as soon as practicable thereafter and, generally, must explain the reason for the delay.
- 3.9 Where not precluded by specific circumstances, MIS Australia must allow the Issuer a brief period of time, which may vary depending on the circumstances, to notify MIS Australia of the Issuer's desire to appeal the Credit Rating decision. Appeals may be granted where MIS is provided new or additional information that was not available to or considered by the rating committee.
- 3.10 In order to promote transparency and to enable the market to best judge the aggregate performance of Credit Ratings

on debt instruments, where possible, MIS Australia must publish sufficient information about its historical default rates by rating category, the transitions between rating categories, and periodic performance metrics so that financial market professionals can understand the historical performance of securities assigned to different rating categories. Where feasible, this information must include verifiable, quantifiable historical information about the performance of its rating opinions, organized and structured and, where possible, standardized in such a way to assist financial professionals in drawing performance comparisons between credit rating agencies.

Upon request, MIS must provide Credit Ratings data to regulatory authorities to allow those authorities to conduct their own evaluation of Credit Ratings performance.

- 3.11 In order to promote transparency regarding the nature of MIS Australia's interactions with Rated Entities, and in accordance with the MIS Policy on *Designating Non-Participating Rated Entities*, MIS Australia must publicly designate and disclose the names of Rated Entities that decline to participate in the rating process.
- 3.12 As a publisher of opinions about credit, MIS Australia reserves the right at any time to issue Unsolicited Credit Ratings if MIS Australia believes: (i) the Unsolicited Credit Rating would provide an informational benefit to market participants; or (ii) the amount of the total debt or debt-like obligations issued is significant; or (iii) the type of security or Rated Entity is new to the market; or (iv) the Credit Rating is analytically relevant for other analysis that MIS Australia provides to the market; and (v) it has sufficient information to support adequate analysis and, if applicable, ongoing monitoring. In accordance with MIS's policies and procedures on designating Unsolicited Credit Ratings when a Credit Rating is unsolicited, MIS Australia must not seek or accept remuneration for the relevant Credit Rating from the Issuer or its Agents for at least one year after the publication of such Credit Rating. MIS's policies on Unsolicited Credit Ratings can be accessed on MIS's public website.
- 3.13 MIS Australia must publicly disclose via press release and posting on MIS Australia's public website(s) any material modifications to its rating methodologies and related significant practices, procedures, and processes. Where feasible and appropriate or otherwise required by local law, disclosure of such material modifications must be made subject to a "request for comment" from market participants prior to their implementation. MIS Australia must carefully consider the various uses of Credit Ratings before modifying its rating methodologies, practices, procedures and processes.
- 3.14 As a publisher of credit research related to its Credit Ratings, MIS Australia must seek to provide clear, accurate, transparent, and high-quality research about Rated Entities and Issuers. Research sales will be separated from the research and rating process in ways that help protect the latter activities from improper conflicts of interest. As provided elsewhere in this section, Issuer Confidential Information and Non-Public Information about MIS Australia's future Credit Rating Actions

B. TREATMENT OF CONFIDENTIAL INFORMATION AND NON-PUBLIC INFORMATION

- 3.15 MIS Australia must:
- 3.15.1 Establish, maintain and enforce policies and controls to:
- Preserve the confidentiality of Issuer Confidential Information;
 - Prevent disclosure of Non-public Information related to Credit Ratings, including pending Credit Rating Actions; and
 - Prevent violations of applicable laws and regulations governing the treatment and use of Issuer Confidential Information and/or material Non-Public Information.
- 3.15.2 Refrain from publicly disclosing Issuer Confidential Information in Credit Rating Announcements, or through research, conferences, or conversations with investors, other Issuers, or any other persons unless MIS has received permission from the Issuer, its affiliates or its Agents.
- 3.15.3 Notwithstanding the foregoing, MIS Australia shall not be restricted from:
- publishing any Credit Rating or other opinion regarding a particular Security or transaction which incorporates

- Issuer Confidential Information as long as: (i) the Issuer Confidential Information is not specifically disclosed and (ii) the disclosure is made publicly so that the opinion is available to investors generally;
- b. using third party contractors or Agents bound by appropriate confidentiality obligations to assist in any aspect of the ratings process or related business activities;
 - c. disclosing information as required by any applicable law, rule, or regulation, or at the request of any governmental agency or authority; or
 - d. disclosing information to third parties with an independent legal right to receive it.
- 3.16 MIS Australia and its Employees must use Issuer Confidential Information only for purposes related to its Rating Services must maintain and enforce policies and controls to this effect.
- 3.17 MIS Australia must maintain and enforce policies and controls that require its Employees to take all reasonable measures to protect all property and records belonging to or in possession of MIS Australia from fraud, theft, or misuse.
- 3.18 In accordance with the MCO Code and the Securities Trading Policy, Employees and their Family Members are prohibited from engaging in transactions in Securities in relation to an Issuer (including derivatives) when the Employee possesses Non-Public Information related to the Issuer of such Securities, or information relating to pending Credit Rating Actions affecting either the Securities or the Issuer of such Securities.
- 3.19 Employees must familiarize themselves with the Securities Trading Policy, and periodically certify their compliance as required by such policy.
- 3.20 Employees must not disclose non-public information regarding pending Credit Ratings, except to the relevant Issuer or its Agents, as permitted, or as required by applicable laws or regulations.
- 3.21 MIS Australia Employees must not share Confidential Information or Non-Public Information within MIS except as necessary in connection with its business. MIS Australia Employees must not share Issuer Confidential Information with employees of any affiliated entities except to the extent such employees are acting as Agents or contractors of MIS with respect to Rating Services and require such information in order to carry out those duties, and are bound by appropriate confidentiality obligations.
- 3.22 MIS Australia Employees must not use or share Issuer Confidential Information for any purpose except as otherwise provided in this Code.
- 3.23 Except as required under any applicable law, rule, regulation, or at the proper request of any governmental agency or authority, Non-Public Information relating to a Credit Rating, including MIS Australia's internal deliberations and the identities of persons who participated in a rating committee must be kept strictly confidential and must not be disclosed to persons outside of MIS Australia except on a "need-to-know" basis and where such persons are bound by appropriate confidentiality provisions.

C. REFERRING TIPS TO LAW ENFORCEMENT OR REGULATORY AUTHORITIES

- 3.24 MIS Australia may be required to refer to appropriate law enforcement or regulatory authorities any information that MIS Australia has received from a third party and finds credible that alleges that an Issuer of Securities rated by MIS Australia has committed or is committing a violation of law that has not been adjudicated by the relevant court. MIS Australia is not required to verify the accuracy of the information alleging the material violation of law.

4. Governance, Risk Management and Training

- 4.1 Business management is responsible for the implementation and the enforcement of the MIS Australia Code. The MIS Board oversees these responsibilities.
- 4.2 MCO has established an Enterprise Risk Management Group charged with identifying principal risks across MCO, including within MIS's businesses.
- 4.3 MIS Australia must adopt and maintain an appropriate continuing education program for Analysts and will establish,

maintain and enforce appropriate policies and controls to verify that Analysts undergo required training. Within this continuing education program, analysts will receive training on content updates as they emerge and will be required to demonstrate their understanding of this content via periodic testing. MIS Australia must designate one or more appropriate Employees to implement and oversee the continuing education program. The Compliance Department will be responsible for periodic training in connection with the MCO Code and the MIS Australia Code, as well as other relevant Compliance Department policies, including those relating to securities trading and protection of confidential information and/or Non-Public Information. The Compliance Department also will establish controls to verify completion of such training.

5. Enforcement and Disclosure of the MIS Code and Communication with Market Participants

- 5.1 The provisions of this Code are derived primarily from the IOSCO Principles and the IOSCO Code. However, MIS Australia has made certain modifications to more closely align this Code with MIS's business model and practices, as well as the laws adopted by various regulators globally. Such modifications will be specifically identified and explained in a report outlining compliance with the MIS Code and explaining any material deviations that may exist between the MIS Code and the IOSCO Code.
- 5.2 With respect to the subjective standards that are incorporated in this Code, MIS Australia must use its good faith efforts in implementing such standards.
- 5.3 MIS Australia must publish in a prominent position on its public website(s) links to (1) the MIS Australia Code; (2) a general description of the methodologies MIS Australia uses in assigning Credit Ratings; and (3) information about MIS's historic Credit Rating(s) performance; and (4) any other such disclosures required under this Code.
- 5.4 The Compliance Department will be responsible for assessing adherence to the various procedural provisions of this Code. The reporting line of the Compliance Department will be independent of MIS's Credit Rating activities. Neither MIS's LCO, nor any other Employee within the Compliance Department, may: (1) perform Credit Ratings; (2) participate in the development of ratings methodologies or models; (3) perform sales and marketing functions; or (4) participate in establishing compensation levels, other than for Compliance Department Employees. In addition, all Employees in the Compliance Department will be required to certify to the MIS Code and its requirements upon commencement of their employment by MIS and annually thereafter. The LCO, with the support of the Compliance Department, is responsible for implementation and enforcement of these requirements within the Compliance Department. An Employee who becomes aware of a breach of this Code will be required to report such breach to the Compliance Department.
 - 5.4.1 Compensation of the LCO and MIS Compliance Department will not be linked to MIS's financial performance and will be arranged so as to promote and not impair the independence of the LCO and the Compliance Department.
 - 5.4.2 On an annual basis, the MIS Compliance Department reviews MIS Australia's compliance during the prior calendar year with MIS's policies and procedures that relate to ratings-related activities, including any material changes to the MIS Code, the MCO Code and MIS's conflict of interest policies, and prepare a confidential, annual compliance report.

- 5.6 The MIS Board of Directors oversees MIS's policies and procedures that relate to ratings-related activities and conflicts of interest, its internal control systems for such policies and procedures, and its compensation and promotion policies and practices.

MIS Australia must establish, maintain and enforce policies and controls for receiving, retaining, and handling complaints, including those that are provided on a confidential basis, as set forth in the Policy for the Receipt, Review and Retention of

Notes

Moody's Investors Service
7 World Trade Center at
250 Greenwich Street
New York, New York 10007

Questions and comments on the Code can be sent to the following email address:

MISCodeofConduct-Comments@moody's.com