

Ethical Standards Process

Overview

Moody's candidates agree to abide by the ethical standards established in the Code of Conduct. If it is alleged that a candidate violated the Code of Conduct, the allegation is referred to the Moody's Ethics Review Coordinator. After reviewing the evidence as well as the candidate's explanation of events, the case may be referred by the Review Coordinator to the Moody's Ethics Committee.

The Ethics Committee reviews alleged violations of the Code of Conduct. If the committee determines that a breach of the Code of Conduct occurred, the student may be assessed a penalty.

The student may appeal any decision of the Committee.

ROLE OF THE ETHICS REVIEW COORDINATOR (ERC)

The Ethics Review Coordinator (ERC) is a Moody's staff member appointed by Moody's. The Moody's Disciplinary Process vests the ERC with the authority to collect relevant information on alleged violations.

The ERC presents each case at the Ethics Committee meeting, and coordinates appeal requests.

COMPOSITION AND PURPOSE OF THE MOODY'S ETHICS COMMITTEE (EC)

The Ethics Committee (EC) consists of between three (3) and seven (7) members and is comprised of Moody's staff who are appointed by Moody's. A minimum of three (3) members of the Ethics Committee must be present to form a quorum at any committee meeting.

The purpose of the EC is to consider alleged violations of the Code of Conduct and to promptly, impartially, and fairly determine if the code has been breached. The EC considers all of the evidence presented, including any written explanations submitted by the student. The EC decides, through a majority rules vote, if a violation of the Code of Conduct has occurred and, if so, determines an appropriate penalty.

Students do not appear before, or participate in, the EC meeting (other than by written submissions).

CONFLICT OF INTEREST

A conflict of interest may impair the ability of the Ethics Review Coordinator and/or members of the Ethics Committee to act fairly and objectively. If the ERC concludes that he or she has a conflict of interest, a replacement ERC must be appointed by Moody's to handle the matter. If any EC member concludes that a conflict of interest exists, he or she will be excluded from hearing

the case. A conflict of interest may result from the ERC and/or any member of the EC having (or appearing to have):

- A financial (or other) interest in the outcome; or
- A relationship (personal, professional, or commercial) with the student

CASES HEARD BY THE ETHICS COMMITTEE

If it is determined by the ERC that the allegation falls within the scope of the Code of Conduct, the ERC will:

- Collect any additional information and/or evidence relevant to the allegation.
- Communicate with the candidate, advising of the allegation and requesting an explanation. The candidate must respond within thirty (30) days; if no response is received, the Ethics Committee will convene and rule on the case without the benefit of the candidate's explanation.
- Present the case to the Ethics Committee in an objective and unbiased manner.
- Send a letter to the candidate within fifteen (15) days of the Ethics Committee ruling. The letter will state the decision of the Ethics Committee, the reason for the decision, and any penalty that may be imposed.

The following table, though not exhaustive or binding, illustrates the types of penalties that the Ethics Committee has administered in the past, based on violations of the Code of Conduct. Please note that the conduct and the severity of conduct are taken into account before determining the appropriate penalty:

CONDUCT	PENALTY CLASSIFICATION	RANGE OF PENALTIES ADMINISTERED IN PAST CASES
Abusive behavior/ language directed at students/MA staff	Minor to Major, depending on circumstances and severity	Reprimand and apology, grade of zero, course suspension, course termination, course termination and prohibition on re-enrollment, notification sent to employer and regulatory body and/or professional organization.
Possession of study notes during an exam	Minor to Major, depending on circumstances and severity	Grade of zero, course suspension, course termination, course termination and prohibition on re-enrollment, notification sent to employer and regulatory body and/or professional organization.
Using study notes during an exam	Major	Course termination, course termination and prohibition on re-enrollment, notification sent to employer and regulatory body and/or professional organization.
Forging or altering official MA documents	Major	Course termination, course termination and prohibition on re-enrollment, notification sent to employer and regulatory body and/or professional organization.

APPEALING THE DECISIONS OF THE ETHICS COMMITTEE

If the EC imposes a penalty, the student has the right to appeal the decision. Penalties are not enforced until the appeal process is completed.

The student may appeal on one or more of the following grounds:

- a) The EC made a significant and material error regarding its interpretation of the facts or its application of policies or procedures.
- b) The candidate has material evidence that was not reasonably available at the time of the EC meeting.
- c) The EC gave insufficient reasons for its decision.
- d) The EC imposed a penalty that is manifestly unreasonable in light of the facts.

- What is required?
- Good and bad examples
- Practice rewrite
- Individual assignment: Find an example business description and risk analysis

COSTS OF THE APPEAL

Candidates are responsible for their own costs of the appeal, whether these be legal or travel or other such costs. Neither Moody's nor a candidate is entitled to claim costs from the other party, regardless of the outcome of the appeal.

FILING AN APPEAL

The Ethics Review Coordinator will carry out the administrative and secretarial functions for candidate appeals.

To file an appeal, candidate must send their request for appeal to the Ethics Review Coordinator within thirty (30) days from the date the notice of the Ethics Committee decision is sent to the candidate. The request must state the grounds of appeal and relevant reasons why the EC decision is not reflective of the situation and/or why the penalties imposed are unfair.

A candidate who files an appeal with reasonable grounds will be granted an appeal hearing with the Moody's Senior Director. Those present at the hearing will include the Moody's Senior Director, a representative of the Moody's Ethics Committee, the Ethics Review Coordinator, and the student who filed the appeal. The Moody's Ethics Committee representative shall present the evidence upon which the Ethics Committee based its decision.

The hearing will take place via teleconference. The candidate shall be given no less than fourteen (14) days' notice of the time, date, and contact information for the hearing and the purpose of the hearing with details of the alleged violation and the decision of the Ethics Committee. Any documentation to support the appeal must be provided to the ERC no later than ten (10) days before the appeal hearing. No other documents will be allowed at the hearing. All hearings with the Moody's Senior Director are confidential.

DECISION ON APPEAL BY MOODY'S SENIOR DIRECTOR

After affording all parties an opportunity to be heard, the Moody's Senior Director will confirm or vary the decision of the Ethics Committee and may exercise any of the powers granted to the Ethics Committee.

Any decision of the Moody's Senior Director shall be in writing and shall contain a concise statement of the reason for the decision. Copies of the decision and reasons shall be sent to the student within ten (10) days of the date of the hearing.

In the case of an appeal for a minor penalty, the Moody's Senior Director's decision shall be final and there shall be no further appeal or review of the decision.

In the case of an appeal for a major penalty, where the candidate does not agree with the decision handed down by the Moody's Senior Director, the candidate may file a second appeal to an Appeal Panel comprised of individuals who work in the financial services industry. To file an appeal with the Appeal Panel, students must send their written request for appeal to the Ethics Review Coordinator within fourteen (14) days from the date the notice of the Moody's Senior Director's decision is sent to the candidate.

COMPOSITION AND PURPOSE OF THE INDUSTRY APPEAL PANEL

Members of the Appeal Panel are appointed by Moody's. No employee of Moody's may sit on the Appeal Panel. The Panel consists of between three (3) and five (5) members and is formed on an ad hoc basis only when an appeal is filed against rulings by the Moody's Senior Director.

Members of the Appeal Panel must have at least one of the following qualifications:

- Holders of a Moody's Certification
- Employees of a relevant industry body
- Senior managers of Regulatory member firms or other financial institutions
- Lawyer

An Appeal Panel Chair may be appointed by Moody's to preside over the Appeal Panel Process.

The purpose of the Appeal Panel is to consider promptly, impartially and fairly any appeals against major penalty rulings made by the Moody's Senior Director.

APPEAL PANEL PROCESS

Once the student appeals the decision of the Moody's Senior Director, the Ethics Review Coordinator advises the candidate of receipt of the appeal request. At this time the ERC also advises the holder that any further documentation to support the appeal must be provided to the ERC no later than ten (10) days before the appeal hearing.

Proceedings of the Appeal Panel are held by telephone conference or in person at the discretion of the ERC. Participating persons are the Appeal Panel members, the student, a representative from the Moody's Ethics Committee and the ERC. The parties to the hearing may be represented by counsel or agent at their option and expense.

At the beginning of the hearing all participating persons must be present. The representative of the Ethics Committee presents the basis upon which the EC and Senior Director came to their decision and major penalty or penalties. The candidate, and/or his or her representative, then present their case. The Appeal Panel members may ask questions to both parties.

APPEAL PANEL DELIBERATION AND RULING

Once all relevant information has been provided by the parties, the Appeal Panel (Panel Chair and the Panel members) will meet in private to deliberate. Each Appeal Panel member, with the exception of the Chair, votes and the ruling is based on the majority vote. In the case of a tie, the Chair breaks the tie.

The Appeal Panel either confirms or modifies the decision of the Ethics Committee. The Appeal Panel may impose any penalties available to the EC, or any other penalty they feel is appropriate.

All decisions of the Appeal Panel are in writing and prepared by the Panel Chair. Copies of the decision and the reasons for the decision are sent to the Moody's Ethics Review Coordinator within fifteen (15) days of the date of the decision and the student is notified.

The decision of the Panel shall take effect immediately. The Appeal Panel ruling is final and there are no further appeals or reviews of the decision.

CONFIDENTIALITY

All proceedings and investigations are kept strictly confidential in nature. Exceptions to this confidentiality may only be made where required by law, where it is necessary to conduct the investigation into the relevant incident(s) or if the individuals participating have agreed to the release of information.

DEFINITIONS

Appeal Hearing

→ A proceeding to appeal a decision of the Moody's Ethics Committee.

Appeal Panel

→ The panel of individuals chosen to hear an appeal for major penalties.

Days

→ Calendar days. All days of the year including weekends and statutory holidays.

ERC

→ Ethics Review Coordinator. A Moody's staff member appointed by Moody's.