Practices and Principles with Respect to Research Meetings/Material Prior to the Award of a Capital Markets Mandate

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1 Meetings between Research Analysts and Companies (including their owners, managers, IPO advisers) during a Solicitation Period

i) Background

In connection with IPOs, research analysts' interactions with companies who are potential capital market issuers, financial sponsors and/or their advisors in advance of the banker selection decision (i.e., "pre-mandate meetings" during the "Solicitation Period") serve a number of useful purposes for the research analysts, their respective firms and the research analysts' investor clients. For example, these interactions provide the research analyst a forum in which to ask questions. Such questions assist the research analyst in beginning to understand the company's business model and in making a preliminary assessment of the merits of the company and the proposed transaction. The research analyst will then be more informed to provide independent views to support their firm's decision whether to participate in the transaction and for the benefit of potential investors. Additionally, the information gathered by the research analyst in these meetings may be helpful to research management in making decisions regarding coverage (i.e., whether to cover the company, the identification of the sector of which the company is a part, and the selection of the appropriate research analyst).

As part of this preliminary assessment and information gathering process, research analysts frequently discuss general market, sector and macro perspectives with the company in order to provide the company context for the questions being asked and facilitate a more interactive and fulsome diligence for the research analyst. However, these pre-mandate meetings need to be conducted appropriately to avoid the perception that the research analyst is participating in investment banking activities such as corporate finance business and underwriting or in 'pitches' for new business which could compromise the objectivity of research. It is clearly not permitted for a research analyst to offer favourable research coverage or to provide indications of likely ratings for the company once listed. Nor should a research analyst tout their firm's ability to successfully execute an investment banking transaction which would be inconsistent with the role of the research analyst. Whether a particular communication between a research analyst and a company rises to the level of improper behaviour will depend on the facts and circumstances of the communication. In order to facilitate compliance with appropriate practice and applicable regulatory rules, the following suggested practices have been developed to help provide guidance for firms and their research analysts in managing discussions and other communications relating to these meetings and to help promote appropriate research analyst participation in a securities offering more generally.

i) **Content of meetings**

Broadly, topics of discussion that are consistent with conversations research analysts would typically have with buy-side clients about their sector, or help provide background to frame their due diligence discussion should be viewed as appropriate communications during the pre-mandate period or solicitation period. These topics could include:

- regional and sector coverage of the firm's existing research business;
- analytical framework and valuation methodologies usually employed in the sector;
- key drivers and risks for the region and sector;
- companies in the research analyst's sector of coverage and the research analyst's current published research view on such companies, including valuation methodology;
- investor concerns and sentiment on the sector and investor perception of companies in the sector, including key themes; and
- research analyst questions regarding the company's business and management and questions regarding the company's financing plans.

The following topics of discussion and materials carry an elevated risk that they could be viewed in hindsight as inappropriate. They may also be impermissible depending on the context and content of the research analyst's discussion:

- the research analyst's specific views of the company, including:
  - valuation or positioning of the company;
  - discussion of the company relative to comps (e.g. position or ranking of the company within the comps, expectation of trading to a premium/discount);
  - targets, forecasts or ratings of the company;
  - the ranking of the company in the sector; or
  - suggesting and/or providing company specific opinions or recommendation regarding optimal capital structures to the company.
- a selection of research reports brought to a pre-mandate meeting which suggest a likelihood of favourable coverage of the proposed IPO company, i.e. selecting to bring only buy-rated single name reports in the sector when there are appropriate neutral and sell single name reports recently published;
- discussing the company's intended marketing process (e.g. discussing how the company would best be positioned to investors, identifying how the company can improve investor sentiment towards them suggesting potential marketing themes or specifying key investor targets for the company).

ii) **Structure of meetings**

- Investment banking and research staff should not attend the same meeting with the company and its advisors during the Solicitation Period (for the avoidance of doubt this does not include attendance at widely attended events, such as conferences).

  Research analysts' meetings during the pre-mandate phase may also include meeting with significant shareholders (e.g., financial sponsors) as such shareholders can provide detailed information and a different view on the company from company management; however, given the purpose of such meetings as set out in the Background section above, attendance by analysts at meetings with advisers or other representatives at which neither company management nor significant shareholders are present are discouraged.

2 Responses to common RFP questions

- RFP responses should not commit to a specific research analyst for a transaction unless such research analyst has been assigned by research management;

- Biographical information of the research analysts should be limited to basic information, such as years with the firm, sector and coverage universe and may include published rankings if that information is generally available to investor clients;

- Responses should not commit to specific activities/process for the research analysts beyond a general intention to produce pre-deal research or pre-deal investor education ("PDIE"), i.e. broad statements of firm policy would be appropriate and the expectation that if a research analyst is appointed to provide pre-deal research such research analyst would normally conduct PDIE, however, responses should not provide specific commitments, for example to conduct a specific number of PDIE meetings, or to dedicate a certain number of hours to the process/presentations.

- Any exclusivity or conflict of interest clauses requested from firms in the RFP should not bind research; for example, a prohibition on involvement in any other IPO PDIE in the same sector during a certain period of time; and

- Firms should not respond to requests for an estimation/indication of research analysts' views, including expected valuation ranges. Investment banking should not represent the views of research.

Any request by companies, financial sponsors and/or their advisors to a research analyst seeking information or commitments that are not consistent with these principles or otherwise inappropriate should be rejected and such rejection communicated to the requesting party.