File note – meeting with Morgans Financial Limited - 22/7/2015

Attendees: Jennet Butler – Morgans Director, Market Compliance
Brian Sheehan – Morgans Managing Director
Hamish Dee – Morgans Director, Market Operations
Ian Bloemendal – Clayton Utz
David Carson – Compliance One
Andrew Stecher – ASIC Senior Manager, MET
Tracy Brasell – ASIC Manager, Participant Compliance Team
David De Carli – ASIC Senior Specialist
Diego Caldarola – ASIC Analyst
Anastasia Zafeirakopoulos – ASIC Lawyer

David De Carli gave an introduction of ASIC attendees and advised the reason for the meeting.

Ian Bloemendal requested we revisit what was discussed in the previous meeting in particular ASIC concerns as some were not present.

David De Carli discussed how the current matter needs to be looked at in the context of the issues from the previous years such as Burleigh Heads and Springwood. ASIC sees the potential for another one of these in the Morgans business model. This is the issue on a macro level. We're not seeing the right culture at all levels. Clearly it is there at the executive level because Morgans is here.

Andrew Stecher began discussing what his observations were from his experience. In the last six months there have been three matters involving Morgans. The first two are not significant by themselves but are when put together. The third matter is very significant. s 45 [redacted].

David De Carli added that although MET have looked at specific issues they have added to the view that we hold.

Ian Bloemendal advised that they had all come there to listen and get on the same page.

s 45 [redacted].

Andrew Stecher clarified that Morgans had always been helpful when dealing with ASIC.

David Carson discussed his involvement in the review. s 45 [redacted]

David De Carli asked if the timeframe indicated is adequate in particular s 45 [redacted] s 45 [redacted].

s 45 [redacted].

David De Carli asked about what resources and capacity David Carson has to conduct the review.

s 45 [redacted].

David De Carli advised that his first thoughts are s 45 [redacted].

s 45 [redacted].

David De Carli advised it would take about the month of August to execute the licence conditions and ToRs etc. the actual review could take around three months. Midpoint meeting should be held to at least verbally update all parties on the findings. There will also be delays in December/January. It may take a month to write the full report and so by the end of January it may be completed.

Further discussion around the time frame and availability of people. No fixed agreement on a timeframe.

David De Carli advised we would need to hear from David Carson about how long the review will take and then work out a timeframe from there. There will be further clarity on what ASIC's concerns are as they will be put to you.

Andrew Stecher had a few question for David De Carli about when the licence conditions will be put in place and how any recommendations will be put in place.

David De Carli advised the conditions are conditional on the findings

Andrew Stecher asked if multi stage process was used how this would work.

David De Carli said the conditions already have staged approach built into them.

s 45 [redacted].

Tracy Bradsell added that ongoing dialogue will be important and continue to be provided.

s 45 [redacted]

[redacted].

Further discussion about methodology and sample selection continued.

s 45 [redacted].

Further discussion on media releases and licence conditions which may affect the conduct of David Carson's work.

David Carson asked if the scope was limited to market matters only.

The nature of Morgans business was discussed s 45 [redacted]

Ian Bloemendal discussed his the confidentiality of the report and that licence conditions should outline that it is confidential subject to exceptions.

Further discussion around confidentiality of report in relation to ASIC's statutory obligations and FOI requests. Anastasia Zaferiakopoulos advised that there is a process in relation to FOI requests and that matters such as privacy and LPP are considered. It was mentioned that there is no benefit in the report becoming public. Also discussion about media releases and licence conditions being a public document.