

## **MEDLEY MANAGEMENT INC.**

### **CODE OF BUSINESS CONDUCT AND ETHICS**

#### **I. INTRODUCTION**

This Code of Business Conduct and Ethics (this “**Code**”) has been adopted pursuant to Section 406 of the Sarbanes-Oxley Act of 2002 (“**SOX**”) and the applicable New York Stock Exchange (“**NYSE**”) rules to encourage the officers, directors and employees (collectively “**Personnel**”) of Medley Management Inc. and its subsidiaries (collectively, the “**Company**”) to act in a manner consistent with all applicable laws, rules and regulations, including state and federal securities laws, SOX and the NYSE rules and to conduct business with the highest level of integrity and honesty. This Code applies to all of the Company’s Personnel. Personnel should also refer to the Company’s other policies regarding business conduct, which policies supplement and are in addition to this Code.

#### **PURPOSES OF THE CODE**

The purposes of this Code are:

- to promote honest and ethical conduct by Personnel, including the ethical handling of actual or apparent conflicts of interest;
- to promote full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, the Securities and Exchange Commission (the “**SEC**”) or the NYSE and in other public communications made by the Company;
- to promote compliance with applicable laws, rules and regulations;
- to promote fair dealing practices;
- to deter wrongdoing;
- to promote the protection of the Company’s assets, corporate opportunities and confidential information;
- to encourage prompt internal reporting to an appropriate person of violations of this Code; and
- to ensure accountability for adherence to this Code.

#### **QUESTIONS ABOUT THE CODE**

The Company’s Chief Compliance Officer (the “**CCO**”) is designated to oversee compliance with, and shall serve as compliance officer for the implementation and administration of this Code. Questions about this Code should be directed to the CCO.

## **CONDUCT GUIDELINES**

The Company has adopted the following guidelines under which Personnel must perform their official duties and conduct the business affairs of the Company.

### **A. Ethical and Honest Conduct**

Personnel must act with integrity and honesty to avoid violations of this Code and promote ethical behavior in the work environment.

### **B. Conflicts of Interest**

Personnel must avoid any actual or apparent conflict between their personal interests and the Company's interests. A conflict exists when the personal interests of Personnel in any way interfere, or appear to interfere, with the interests of the Company or when Personnel take any action or have any interest that may make it difficult for them to objectively and effectively perform their jobs. Conflicts of interest may also arise when Personnel or a member of such Personnel's family receives improper personal benefits as a result of the Personnel's position in the Company. Loans to, or guarantees of obligations of, Personnel or their immediate family members may also create conflicts of interest.

Pursuant to this Code, Personnel must disclose to the CCO all actual or apparent conflicts of interest that Personnel may have with the Company, which could reasonably be expected to give rise to a violation of this Code.

If it is impractical to disclose the matter to the CCO, such actual or apparent conflicts of interest should be disclosed to the Company's Chief Executive Officer, Chairman, or another member of the Board of Directors of the Company (the "**Board**"). If Personnel are unsure of whether particular facts gives rise to a conflict of interest, the matter should be brought to the attention of the CCO.

### **C. Internal Controls and Disclosure of Information**

The reports and materials that the Company files with the SEC or the NYSE, and in other public communications made by the Company must comply with all applicable law, SEC rules and regulations and NYSE requirements. Personnel involved in the Company's financial reporting and disclosure process must be familiar with and comply with the Company's disclosure controls and procedures and its internal control over financial reporting. Personnel who contribute in any way to the preparation or verification of the Company's financial statements and other financial information must ensure that the Company's books, records and accounts are accurately maintained. Personnel must provide accurate, complete, objective, relevant, timely and comprehensive information and cooperate fully with the Company's internal accounting and audit staff, as well as the Company's independent public accountants and counsel.

Further, Personnel must report to the CCO any information concerning (a) deficiencies in the design or operation of disclosure and internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data or make accurate and

timely disclosures, or (b) any fraud, material or not, that involves the Company's internal controls or disclosure controls.

#### **D. Compliance with Laws**

Personnel must comply with all state and federal securities laws and all other laws and rules applicable to the Company. Any questions about compliance with applicable laws and rules should be addressed to the CCO.

#### **E. Insider Trading**

All Personnel are prohibited from:

- buying or selling the Company's securities at any time when in possession of material, non-public information (including transactions in securities held through employee benefits plans, such as 401(k) plans);
- buying or selling securities of any other company at any time when in possession of material, non-public information obtained as a result of the employment or relationship of the director, executive officer or employee to the Company;
- disclosing material, non-public information to any other person, including spouses, relatives, friends, co-habitants or business associates, who then trades in securities or passes the information on further ("tipping") or starting rumors related to material, non-public information; and
- engaging in trading activity in relation to the Company's securities that is not consistent with a long-term investment in the Company or that is designed to profit from fluctuations in the price of the Company's shares, including, but not limited to:
  - engaging in short-term investment activities or "day-trading" of the Company's securities;
  - engaging in "short-selling" of the Company's securities (i.e., selling Company securities that such person does not own and borrowing such securities to make delivery); and
  - buying or selling puts, calls, options or similar Company-based derivative securities, including for hedging purposes.

Generally, information is "non-public" if it has not been effectively made available to investors generally, and information is "material" if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell or hold a security or where it is likely to have a significant effect on the market price of the security. Both positive and negative information may be material. While it is not possible to compile an exhaustive list, information concerning any of the following items will likely be considered material:

- quarterly or annual results;
- guidance on earnings estimates and confirming or updating such guidance at a later date;
- mergers, acquisitions, tender offers, joint ventures or changes in assets;
- new products, services or discoveries;
- developments regarding customers or suppliers, including the acquisition or loss of an important contract;
- changes in control or in management;
- changes in compensation policy;
- change in independent registered public accounting firm or notification that the Company may no longer rely on such firm's report;
- financings and other events regarding the Company's securities (e.g., defaults on securities, calls of securities for redemption, repurchase plans, stock splits, public or private sales of securities, changes in dividends and changes to the rights of security holders);
- significant write-offs;
- significant litigation; and
- bankruptcy, corporate restructuring or receivership.

The term "securities" should be broadly construed and shall include, but not be limited to, stock, preferred stock, debt securities, such as bonds, notes and debentures, as well as puts, calls, options and other derivative instruments.

The rules above apply to all Personnel, regardless of whether they are located in the U.S. or abroad. Violation of these rules may expose both Medley Management Inc. and the director, officer or employee to criminal and civil sanctions. In addition, Personnel who involve themselves in the prohibited transactions listed above are subject to immediate termination. It should be noted that persons subject to the Code may not violate the rules above even indirectly. Accordingly, you should assume that your family members may not take any actions which you are prohibited from taking.

The Company has adopted a securities trading policy entitled "Policies and Procedures for Trading in Securities of Medley Management Inc. by Directors, Executive Officers and Access Employees." Each director, executive officer and Access Employee (as defined in such policies and procedures) should read such policies and procedures in their entirety and refer back to them periodically for additional guidance.

If you have any doubts as to the propriety of any transaction, you should seek advice

from the General Counsel's office before undertaking the sale or purchase of any Medley Management Inc. or other securities.

#### **F. Confidentiality of Information**

Personnel must respect and protect the confidentiality of information acquired in the course of their professional duties, except when authorized by the Company to disclose such information or where disclosure is otherwise legally mandated. Confidential information acquired in the course of work may not be used by Personnel for personal advantage. Confidential information includes all non-public information concerning the Company, including its businesses, financial performance, results or prospects or other information that might be used by competitors or that is harmful to the Company or its investors, if disclosed.

Confidential information about the Company, including information that can be reasonably expected to have an impact on the market for the Company's securities, such as forward-looking information like projections of revenue or earnings, may be released only in accordance with the Company's Policy and Procedures for Compliance with Regulation FD and applicable law. Contacts with news organizations should be handled in accordance with the Company's Media Communications Policy set forth in its Compliance Manual.

The obligation to protect confidential information does not end when Personnel leaves the Company.

#### **G. Public Dissemination of Company Information**

It is particularly important that external communications are accurate, consistent and do not violate the Company's confidentiality obligations or applicable laws, rules and regulations. Published information can have a significant effect on the Company's reputation as well as business and legal consequences. External communications include, but are not limited to, communications to the news media, financial and industry analysts, governmental entities, investors, the Company's industry colleagues, customers and other members of outside groups.

If you are approached by the media, an investor or an analyst or wishes to publish information or make an external presentation, you should contact the offices of the Co-Chief Executive Officers, the President, the Chief Financial Officer, the General Counsel, Head of Capital Markets and Strategy or the Head of Investor Relations for advice. You should also refer to the Company's Policy and Procedures for Compliance with Regulation FD and Media Communications Policy.

It is important for you to bear in mind that the ease of electronic communication means that information about the Company that you did not intend to become public may end up becoming widely disseminated through the Internet. Given this potentiality, you must exercise caution with respect to correspondence related to the Company. In the event of unintended disclosure of work-related information in violation of company policy or applicable laws, rules and regulations, you should promptly notify the CCO.

## **H. Standards for Recordkeeping**

Personnel must at all times endeavor to ensure that the Company's financial books and records are thoroughly and accurately maintained to the best of their knowledge in a manner consistent with applicable laws and this Code.

### **I. Corporate Opportunities**

All Personnel have a duty to advance the interests of the Company when the opportunity to do so presents itself. Therefore, they may not:

- take opportunities personally (or for the benefit of friends or family members), including investment opportunities discovered through the use of their position with the Company or through the use of any of the Company's assets, property or information; use any Company assets, property or information for personal gain (or the gain of a friend or family member); or
- compete, or prepare to compete, with the Company.

## **H. Fair Dealing**

All Personnel have a duty to deal fairly with the Company's investors, product and service providers, business partners or any other companies or individuals with whom Personnel come into contact in the course of performing their jobs, including directors, officers and employees of the Company or any of its affiliated entities, and its competitors. Personnel may not take advantage of these or any other parties by means of:

- manipulation;
- concealment;
- abuse of privileged information;
- misrepresentation of material facts; or
- any other unfair-dealing practice.

### **I. Protection and Proper Use of Company Assets**

Personnel should protect the Company's assets and ensure that they are used efficiently. The Company's assets are to be used only for legitimate business purposes, and Personnel should take measures to ensure against their theft, damage or misuse. Incidental personal use of telephones, fax machines, copy machines, personal computers and similar equipment is generally allowed if there is no significant added cost to the Company, it does not interfere with work duties and it is not related to an illegal activity or any outside business.

## **WAIVERS OF THIS CODE**

Any amendment or waiver of this Code for an executive officer or member of the Board of the Company must be made by the Company's Board or committee thereof. All other Personnel may request a waiver of a provision of this Code by submitting a request in writing to the CCO for review. An executive officer of the Company, or another appropriate person (such as a designated member of the Board or Audit Committee), will decide whether to grant a waiver. A log of all waivers to this Code made pursuant to this section shall be maintained by the CCO.

Any amendment or waiver for an officer or director must be disclosed within four (4) business days following such amendment or waiver by distributing a press release, providing website disclosure, or by filing a current report on Form 8-K with the SEC or in such other manner as may be required by applicable SEC and NYSE rules.

## **AFFIRMATION OF THE CODE**

All Personnel must certify through the execution of an acknowledgement and certification form (in the form attached as **Exhibit A** hereto), that they have received, read and understood this Code, and annually thereafter must affirm that they have complied with the requirements of this Code. To the extent necessary, the CCO will provide guidance on the conduct required by this Code and the manner in which violations or suspected violations must be reported and waivers must be requested.

## **REPORTING VIOLATIONS**

In the event that Personnel discover or, in good faith, suspect a violation of this Code, Personnel are obligated to immediately report the suspected violation to the CCO or the Company's Sarbanes Hotline at 800-656-6533 or [medleycapitalcorp.silentwhistle.com](mailto:medleycapitalcorp.silentwhistle.com). Personnel who report violations or suspected violations in good faith will not be subject to retaliation of any kind. Reported violations will be investigated and addressed promptly and will be treated as confidential to the extent possible. All Personnel are expected to cooperate with any such investigations. The CCO shall maintain a log of suspected violations and the results of any investigations resulting therefrom.

## **VIOLATIONS OF THE CODE**

A violation of this Code may result in disciplinary action, including termination of employment and/or referral to appropriate regulatory authorities.

Effective: September 23, 2014

**EXHIBIT A TO CODE OF BUSINESS CONDUCT AND ETHICS**  
**CERTIFICATION**

I, the undersigned, affirm as follows:

- I have received, read and understood the Company’s Code of Business Conduct and Ethics (the “**Code**”) to act in a manner consistent with all applicable laws, rules and regulations, including state and federal securities laws, Sarbanes-Oxley Act of 2002 and the applicable New York Stock Exchange rules and to conduct business with the highest level of integrity and honesty; and
  
- I further affirm that during the year prior to the date hereof I complied with the Code and will continue to comply with such Code.

**Acknowledged**

\_\_\_\_\_  
Print Full Name                      Title

\_\_\_\_\_  
Signature                              Date

\_\_\_\_\_  
Received by CCO                      Date