

Mesirow Financial International UK Ltd

Pillar 3 Disclosure

The Capital Requirements Directive (“CRD”) is the framework for implementing Basel II in the European Union. Basel II implements a risk sensitive framework for the calculation of regulatory capital. This was implemented in the United Kingdom through changes to the Financial Conduct Authority (“FCA”) Handbook of Rules and Guidance, and specifically through the creation of the General Prudential Sourcebook (“GENPRU”) and the Prudential Sourcebook for Banks, Building Societies and Investment Firms (“BIPRU”), specifically BIPRU 11.

The framework consists of three pillars:

- Pillar 1 – sets out the minimum capital requirements for the investment manager;
- Pillar 2 – deals with the Internal Capital Adequacy Assessment Process (“ICAAP”) undertaken by the Firm to assess the adequacy of capital held in relation to its material risks; and
- Pillar 3 – requires the Firm to publicly disclose its policies on risk management, capital resources and capital requirements.

The Pillar 3 disclosure of Mesirow Financial International UK Ltd (“MFIUK” or the “Firm”) is set out below. The regulatory aim of the disclosure is to improve market discipline.

MFIUK makes Pillar 3 disclosures annually, via either its website and/or the MFIUK Annual Report and Financial Statements filed at the UK Companies House. The information contained in this disclosure is accurate as at March 31, 2022. It has not been audited by MFIUK’s external auditors and does not constitute any form of financial statement.

Certain information relating to BIPRU 11.5 may be omitted on the basis that it has been deemed to be immaterial or proprietary/confidential. The Firm regards information as material in the disclosure if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions. The Firm regards information as proprietary/confidential if sharing that information with the public would undermine its competitive position. Proprietary/confidential information may include information on products or systems which, if shared with competitors, would render the Firm’s investments therein less valuable. Further, the Firm must regard information as confidential if there are obligations to customers or other counterparty relationships binding the Firm to confidentiality.

Background to the Firm

The Firm is authorised and regulated by the FCA and as such is subject to minimum regulatory capital requirements. The Firm is categorised by the FCA, for capital purposes, as a BIPRU firm. It is an investment management firm and has no trading book exposures. The Firm is not required to prepare consolidated reporting for prudential purposes.

Remuneration

MFIUK must comply with the BIPRU Remuneration Code (“the Code”). The purpose of the Code is to ensure that firms have risk focused remuneration policies, which are consistent with and promote effective risk management and do not expose themselves to excessive risk.

Senior management are responsible for setting the Remuneration Policy Statement for all staff and the Compliance Officer is a member of the senior management team. No external consultants have been engaged on remuneration matters.

The Code can be applied in a proportionate way and the FCA have stated that it will normally be appropriate to disapply certain rules. As such senior management has determined that the following rules are not proportionate to MFIUK and have not implemented these detailed rules:

- SYSC 19C.3.44 – Ratios between fixed and variable components of total remuneration;
- SYSC 19C.3.47 – Retained shares or other instruments;
- SYSC 19C.3.49 – Deferral; and
- SYSC 19C.3.51 – Performance adjustment

Variable remuneration is not based solely on the financial performance of the individual. Senior management also considered the individual’s overall (non-financial) performance to the whole team and the overall results of the firm. The performance of the individual is assessed over the entire year.

Quantitative Information

The following business areas received the following aggregate amount of remuneration for the 12-month period ending March 31, 2022:

Business Area*	Aggregate Remuneration (£'000s)
Marketing/Operations/Support	£1,438
Research/Portfolio Management	£941
Governance/Oversight	£840

* Includes partial year compensation for employees hired after April 1, 2021 or exiting before March 31, 2022 and compensation for non-UK employees attributable to functions being performed on behalf of MFIUK. Compensation for non-UK employees converted to GBP using GBP1:USD1.32 exchange rate.

Percentage of total remuneration of senior management and risk takers as follows*:

	Senior Management	Risk Takers
Total remuneration for the year	69%	54%

* Includes partial year compensation for employees hired after April 1, 2021 or exiting before March 31, 2022 and compensation for non-UK employees attributable to functions being performed on behalf of MFIUK. Compensation for non-UK employees converted to GBP using GBP1:USD1.32 exchange rate.