

MESIROW FINANCIAL, INC.

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# Fees and costs brochure

## Transaction Based Compensation

As a brokerage relationship client, you will pay transaction-based fees, known as commissions for services at the time any security is purchased or sold in your account. Compensation includes commissions, sales concessions, transaction fees and sales charges.

## Revenue

Generally, our financial professionals and the firm will receive revenue on commissions, asset-based fees, mark-ups and mark-downs.

MFI also receives other payments and revenue share from National Financial Services (NFS) and Pershing based on client holdings in some fund shares. Financial professionals do not receive compensation off these other revenue sharing arrangements.

As a broker-dealer, we also receive revenue based on client's free credit balances, debit balances, margin balances, money market sweep funds and revenue based on other clearing or custody related fees. While MFI does not recommend a specific custodian, it has a relationship with NFS and Pershing, which allows it to share in custodial fees revenue, fund revenue sharing and easily onboard clients to the NFS or Pershing platforms.

Additionally, some fees listed on the fee sheets are marked up from the cost to us, or are additional fees not specifically tied to any of our cost, and the additional revenue is retained by us and used to offset costs of business operations.

## Affiliates

We or our affiliates receive additional compensation when you purchase investments that we or our affiliates sponsor.

## Financial Professional Compensation

Payouts for transaction-based commissions are based on the size of each individual ticket from the transaction, with no averaging.

Payouts for fee-based accounts consist of a percentage of advisory revenues paid by an account during a fiscal year. An additional bonus will be based on the aggregate advisory fees attributed to the individual financial professional. Customized pricing may exist for certain relationships with assets that are above certain thresholds and payouts may also be reduced for accounts with assets below certain thresholds. Financial professionals are incentivized to encourage an investor to open accounts and increase assets at the firm.

## Non-cash Compensation

Financial professionals can receive non-cash compensation such as meals, entertainment, occasional gifts (up to \$100 per vendor annually), and educational training from mutual fund companies, investment managers, or others who sponsor such events. The receipt of which can lead a financial professional to recommend the products and services of that vendor over others that do not offer the such things.

## Recruitment Compensation

Our firm will pay a financial professional to join our firm from a competitor. The financial professional is incentivized to recommend the transfer of assets to our firm. If your financial professional joins our firm from a competitor, you should discuss with him or her the reasons for the change, how services may differ, costs that you might incur by transferring your account and carefully consider whether a transfer is in your best interest.

## Margin Loans

Clients can utilize a margin account through our clearing firms, NFS and Pershing. You can use securities in your margin account as collateral for a loan and/or to purchase, carry or trade securities. You can also engage in short selling which will generally incur a charge for borrowing costs for that security. As a broker-dealer, we earn a portion of margin interest as a shared fee with clearing firms with whom we have a relationship (NFS and Pershing) – this means that we have an incentive to recommend that you maintain a margin account on these platforms. Financial professionals do not receive compensation on margin loans.

## Mutual Funds

As a broker-dealer, we receive 12b-1 fees from mutual funds as an additional source of compensation. Some fund shares do not pay 12b-1 fees. This creates a conflict as it encourages MFI to recommend clients buy shares with 12b-1 fees. Clients should carefully review a fund's prospectus and statement of additional information to understand the fees a fund charges, various types of other compensation paid to intermediaries like MFI and other conflicts and risks created by investment in the fund shares.

MFI also receives other payments and revenue share from NFS based on client holdings in some fund shares. Financial professionals do not receive compensation from these other revenue sharing arrangements.

## Sweep Programs

Free cash balances are automatically invested into an interest-bearing bank account or money market mutual fund based on your account eligibility and sweep election. You are not charged an additional fee for participation in a sweep program. MFI receives revenue sharing based on client's election to a sweep program.

MFI receives a portion of revenue from NFS and Pershing on free credit balances and debit balances.

## Post-employment Compensation Arrangement

A post-employment compensation arrangement is engaged to recognize significant financial professionals for their contributions to the firm and provide a financial reward to these individuals upon retirement.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any profits you make on investments over time. Most of the investment products that we offer are available through other broker-dealers, which may charge more or less than we do for the same products and services.

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