

Crestline Europe LLP

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MIFIDPRU Disclosures

31.12.2023

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# 1. Contents

Introduction.....	3
Remuneration policy and practices (MIFIDPRU 8.6) .....	4

## Introduction

### **Business Background**

Crestline Europe LLP (the “**Firm**”) is a Limited Liability Partnership incorporated on 2<sup>nd</sup> July 2015 with Company Number OC400638. The Firm was authorised by the Financial Services Authority as a BIPRU Firm on 5<sup>th</sup> January 2017 and is now regulated by the Financial Conduct Authority (“**FCA**”) as a MIFIDPRU Investment Firm with Firm Reference Number: 755022. The Firm’s primary function is to act as an investment advisor to its US parent entity, Crestline Management LP (“**US Parent**”), with respect to funds managed by them. As a MIFIDPRU Investment Firm, within scope of the Investment Firms Prudential Regime (“**IFPR**”), the Firm is required to comply MIFIDPRU section of the FCA handbook, including the disclosure requirements set out in MIFIDPRU 8.

Under MIFIDPRU, the Firm is classified as a Small and non-interconnected (“**SNI**”) Firm. This disclosure and the information provided herein is made in order to meet the requirements of MIFIDPRU 8 for SNI Firms and is deemed appropriate for the size and nature of the company.

### **Basis and Purpose of Disclosure**

This disclosure provides market participants with both qualitative and quantitative information regarding the Firm’s remuneration policies and processes to a level of detail which is appropriate to the Firm’s size, and to the nature, scope and complexity of its activities.

These disclosures are revised at least annually with additional updates prepared during periods of material change and published on the regulatory disclosures hosting website <https://www.regdisclosures.com/>. These disclosures have been prepared on a solo entity basis as at 31st December 2023, being the date the Firm has published its latest financial statements.

## **Remuneration policy and practices (MIFIDPRU 8.6)**

### **Requirements**

The members are responsible for the remuneration policies of the Firm and ensure compliance with the remuneration requirements set out in the IFPR. As the Firm is categorised as a SNI Firm, the Firm is subject to the concise version of the requirements in the FCA's Remuneration Code for MIFIDPRU firms, with the exception of the pay-out process provisions governing shares, instruments and alternative arrangements, retention policy, deferral, and discretionary pension benefits.

The Firm has ensured that its procedures and practices are appropriate and proportionate to the nature, scale and complexity of the risks inherent in its business model and activities. More generally, in complying with the FCA's Remuneration Code for MIFIDPRU firms, the Firm seeks to do so in a manner that:

- promotes sound and effective risk management;
- does not promote risk-taking which is inconsistent with the risk profile of the Firm; and
- is in line with the Firm's business strategy, objectives and aligns the individual's interests.

### **Approach**

The Firm has a Remuneration Policy which it follows in respect of staff remuneration, including the allocation and distribution partnership of profits to members.

Revenues (and ultimately profits if this exceed costs) are derived from the investment of funds under management by the US Parent. The firm provides investment management and advisory services to the US Parent for which it earns fees. It does not use its own balance sheet for investing activities.

The incentive or performance fee related to the performance of the investments is deferred until after the return of all capital to the investors in the funds and subject to a minimum performance threshold, such that the compensation earned by the firm, its partners, or paid to any employee is aligned with the interests of the investors (who have a prioritised interest in capital and minimum profit return)

### **Objectives**

In the long term, the firm's ability to raise third party capital is a function of the investment performance, which in turn drives the firm's profits and remuneration, therefore, the objective of the Firm's Remuneration Policy is to ensure the risk taking of the firm is entirely aligned with its remuneration and the longevity of the firm.

### **Decision Making and Remuneration Committee**

The firm has concluded that, based on its size and the nature, scale and complexity of its legal structure and business, it does not need to appoint a remuneration committee. Instead, the members are responsible for setting and applying the Firm's Remuneration Policy. The Firm has not and does not use external consultants in the development of its Remuneration Policy.

### **Fixed and Variable Remuneration**

The remuneration of all staff is made up of fixed base salary and variable component. The fixed base salary component is commensurate with the individual's seniority, experience and qualification and set at a level designed to enable a comfortable living standard without needing to rely on any variable component.

The variable component is paid at the discretion of the members and considers the Firms realised profits and capital and liquidity position as well as individual performance criteria that include non-financial as well as financial metrics.

Fixed compensation comprises salary or fixed drawings paid in cash and may include a range of benefits associated with employment including, but not limited to, private health insurance and pension contributions. Variable compensation may comprise bonuses, discretionary drawings or profit shares, paid in cash, as well as carry interest in funds managed by the US Parent.

**Quantitative Disclosures**

Aggregated quantitative information for all remuneration paid to all staff was as follows for the financial year ended on the date of this disclosure:

<b><u>Category of Remuneration</u></b>	<b><u>Year Ended 31<sup>st</sup> December 2023</u></b> <b>£</b>
Fixed Remuneration	3,516,807
Variable Remuneration	1,070,185
<b>Total Remuneration</b>	<b>4,586,992</b>