

Introduction

Liquidnet Europe Limited (“LNEL”) is an investment firm authorised and regulated by the Financial Conduct Authority (“FCA”). LNEL is required to comply with the FCA’s Remuneration Code (the ‘Code’) which is contained in the SYSC sourcebook of the FCA’s handbook. Under the FCA’s proportionality principle which divides firms into three proportional levels, the Code applies differently to the relevant proportionality level. The Company falls within level 3 (previously tier 4) and is therefore making this disclosure in accordance with the requirements for a Level 3 firm.

Determination of remuneration policy

Remuneration policy has been determined by the Compensation Department of Liquidnet Holdings, Inc, the Company’s ultimate parent, in accordance with the principles of the code. Due to the Company’s size and nature of its business, it is not required to appoint an independent remuneration committee. Company executives do not have input to the design of the components of their individual compensation packages nor into the amount of the awards made.

Remuneration policy and compensation schemes are reviewed annually to ensure that they are motivating the right type of behaviours and are amended as necessary.

Link between pay and performance

In addition to fixed pay, the Company operates bonus and commission plans under which cash amounts are paid to individual employees on the basis of the achievement of financial objectives related to the Company’s performance and individual objectives set as part of the employee’s performance review process. All performance metrics are consistent with the business growth and shareholders’ interests. No bonuses are guaranteed.

Equity awards of parent company stock are also made to all full time regular employees of the Company on joining (and employees are also eligible for subsequent equity grants awards) in order to align employees’ interests with those of the ultimate parent stockholders.

Aggregate quantitative information on remuneration

Ten of the Company’s employees are identified as FCA Remuneration Code staff on the basis that they are senior managers and control function staff who exercise significant control over the risk profile of the Company. In addition, total remuneration for nine of these employees in 2017 was £2,552,270 of which £1,080,250 was variable remuneration. The Company administrative services fee includes reimbursement to its ultimate parent for certain costs associated with the administrative involvement of Seth Merrin.