



## FAQ: Distributor Due Diligence

### Definition of Distributor

- Principles based regulations applicable to Product Manufacturers and Distributors in Europe and the UK set out a wide definition of “distribution”. Firms may therefore approach Product Governance using a proportionate, risk-based process appropriate for their own distribution model.
- Product Manufacturers must oversee the activity of their appointed Distributors to ensure that financial instruments are reaching the clients for whose needs, characteristics and objectives they are considered compatible (i.e. the target market). In turn Distributors are required to provide due diligence information and data to assist in this.
- abrdn has designed the below “Categories Table” confirming which counterparty types we view as distributing our funds, and the level of oversight and data exchange we require under our Product Governance Process:

Counterparty Category	Counterparty sub-category	Distributor	AML/KYC	ume onboarding	KPIs required
Platform	Advisory	✓	✓	✓	✓
Platform	Execution only	✓	✓	✓	✓
Platform	Technology platform (also referred to as order routing platform, clearing house or trading platform)	✗	✓	✗	✗
Investment / fund manager	Discretionary	✓**	✓	✓*	✗
	Advisory		✓		
Fund of Funds	N/A	✗	✓	✗	✗
Wrap arrangements / product manufacturers	Unit-linked products or with-profits policies	✗	✓	✗	✗
Independent Financial Adviser (“IFA”)	N/A	✓	✓	✓*	✗
Non-UK/EEA distributor	US broker dealer (other sub-categories may be introduced)	✓	✓	✓	✓
Introducer	N/A	✗	✓	✗	✗
Marketer/promoter	N/A	✗	✓	✗	✗

\*only where there is a direct and *historic* distribution agreement in place with abrdn

\*\*Although classed as a “distributor”, a risk based approach is taken to the legal document required, meaning a Terms of Business can be used, rather than a full Distribution Agreement

### What does this mean for you as our distributor?

We ask our distributors to:

- Complete an annual distributor due diligence questionnaire via the ume platform & answer any follow up queries
- Provide regular Distributor KPIs (see separate doc “**abrdn FAQ: Distributor KPIs**”)
- Take part in a Site Visit / Knowledge Share meeting if deemed necessary (e.g. for key strategic relationships or where a knowledge share is required in line with regulatory themes)

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### AML/KYC requirements

Please note that where abr dn is considering entering into a business relationship, some form of AML/KYC will always be required prior to a contract being finalised. Such AML/KYC must then be kept up to date on an ongoing basis once the contract goes live. This AML/KYC is required with all institutional clients and counterparties irrespective of whether they are deemed a Distributor or not in the table above.

### Contact Us

The abr dn Distributor Governance & Oversight Team is ready to assist you with any queries. You can also reach out to your dedicated abr dn Client Relationship Manager.

Distributors of UK Funds:	Distributors of Luxembourg Funds:	Send us your KPIs:
<a href="mailto:UKDistributorGovernance@abr dn.com">UKDistributorGovernance@abr dn.com</a>	<a href="mailto:LuxDistributionOversight@abr dn.com">LuxDistributionOversight@abr dn.com</a>	<a href="mailto:distributorKPIs@abr dn.com">distributorKPIs@abr dn.com</a>

