Investment Funds Distributor Due Diligence Questionnaire

SEPTEMBER 2023

This questionnaire is designed to assist fund sponsors/manufacturers in onboarding and ongoing due diligence of distribution channels.

# SECTION 1: General Information

Publicly listed companies should provide links from their website for the updated information required for this section.

**1.1** Financial institution / intermediary legal name

**1.2** Registered address

**1.3** Country of incorporation

**1.4** Legal Entity Identifier (LEI), if applicable

**1.5** Public website address

**1.6** Are you a regulated entity?

 Yes  No  N/A

1. If yes, please include the following information:

• Name of regulator

• Registration number

• Link to the regulator website

• What type of license you hold

1. If no, please provide extenuating rationale to act as an investment fund distributor:

1. Does the firm’s regulatory structure cover anti–money laundering (AML) and counterterrorism financing (CTF)?

 Yes  No

1. If yes, are you a MiFID entity?

 Yes  No

**1.7** Are you a wholly owned subsidiary of a regulated entity?

 Yes  No

1. If yes, please include the following information for the ultimate parent company:

• Full legal name

• Country of registration

1. If authorized and regulated to carry out investment activities, please provide:

• Name of regulator

• Registration number

• Link to the regulator website

• What type of license they hold

**1.8** List corporate events (mergers or acquisitions) over the past three years that are relevant to the investment fund distribution business.

1.9 Ultimate beneficial owner (UBO). Do you have any shareholder directly or indirectly owning 25 percent or more of the entity’s shares or exercising power or control through other means?

 Yes  No

1. If yes, please list any natural persons that directly or indirectly hold 25 percent or more of the
shares / voting rights of your firm’s shares and include the following information:

|  |  |
| --- | --- |
| Name | Percentage controlled |
|  |  |
|  |  |
|  |  |

**1.10** Please identify the senior managing official (executive director with significant responsibility for managing the legal entity and who has the power to act as its legal representative).

 N/A (for EU / EEA firms that provided UBO in question 1.9a above)

|  |  |
| --- | --- |
| Name | Percentage controlled or position |
|  |  |
|  |  |
|  |  |

1.11 Management structure.Please provide the details of your current board of directors. You can satisfy this question by submitting a separate document or website link detailing your current board of directors.

# SECTION 2: Business Model and Operations

**2.1** What is the level of assets that you currently distribute, manage, or make available to trade or introduce in investment funds as per the latest quarter or annual report available?

**a.** Select currency

 Euro

 USD

 GBP

**b.** AUD / AUM range

 1–50 million

 50–500 million

 500 million–5 billion

 5–10 billion

 >10 billion

**2.2** Please confirm how you will trade with the fund.

**a.** Method of trading and account registration (select all that apply):

 Direct (at the transfer agent of the fund)

 NSCC / FundSERV

 Clearing agent

 Omnibus trading

 Platform

 Custodian

 Others (please describe):

1. Will the entity act in a nominee name / operate an omnibus account:

 without sub-account designations

 with disclosed sub-accounts

 N/A

2.3 Business context.Please select the type(s) of business or distribution activity that best describe(s)
your business:

 Retail / private bank

 Financial adviser

 Wealth manager

 Fund platform

 Family office

 Pension scheme / provider

 Multi manager / fund of funds

 Insurance wrap

 Custodian

 Nominee

 Full-service broker-dealer

 Other (please describe):

**2.4** Please select the applicable types of services you provide to your clients (select all that apply):

 Discretionary portfolio management

 Investment advice (non MiFID Firm)

 Advisory as per MiFID

 Dependent investment advice (MiFID Firm)

 Independent investment advice (MiFID Firm)

 Execution only/brokerage (e.g., receive and transmit orders)

 Direct to retail execution only (e.g., D2C Platforms)

 Execution only with MiFID appropriateness assessment

 Investment account (own account)

 Investment (own account but related with structured products)

 Insurance business

 Insurance business, policyholder discretion

 Pension business

 Investment for products (pension fund or FoF)

 Private placement (no public distribution)

 Other (please describe)

**2.5** What type of underlying investors do you typically distribute investment funds to?

 Retail

 Professional

 Institutional (qualified / accredited investor)

 Eligible counterparty / financial regulated company

 Other (please describe):

**2.6** Can your firm restrict business by jurisdiction or product?

 Yes  No  N/A

If yes, can you restrict by jurisdiction, product, or any other parameter (select all that apply)?

 Jurisdiction

 Product

 Another parameter (please describe)

# section 3: Distribution, Suitability, and Marketing

Select N/A only if your firm is not directly distributing investment funds.

## Distribution and Sub-Distribution Including by Branches or Subsidiaries

**3.1** Does your firm have an internal process for the review and approval of new fund products to be distributed?

 Yes  No

**3.2** Do you ensure compliance with local registration requirements and with the legal documents of the fund?

 Yes  No

**3.3** Do you distribute or make available investment funds in any jurisdiction other than your domiciled country?

 Yes  No

1. If yes, please list the countries:

1. If yes, do you distribute or market investment funds in accordance with the applicable rules and regulations in the country where you are distributing / marketing?

 Yes  No

1. If yes to Question 3.3, are the funds offered from:

 your domiciled Jurisdiction

  *or*

 by way of local salesforce, whether internal or external?

**3.4** Does your firm offer investment funds in some countries other than those where the investment funds are registered for public distribution (e.g., private placement or reverse solicitation)?

 Yes  No

**3.5** Does your firm sell funds in any jurisdiction in a manner that is subject to limitation on the number of investors to be marketed to and/or where an investor count is required?

 Yes  No

**3.6** Do you have a remuneration policy reasonably designed to ensure members of staff responsible for the distribution of funds act in the best interest of investors and in compliance with local regulatory requirements?

 Yes  No

**3.7** Can you confirm that all fees or nonmonetary benefits collected for your distribution / placement activities of investment funds comply with applicable law and regulations?

 Yes  No

**3.8** Where required by law, do you disclose to investors any inducements your firm receives from fund manufacturers and all fees and nonmonetary benefits collected for distribution / placement activities?

 Yes  No

## Suitability

**3.9** Do you reasonably apply a suitability test or other applicable standard of care to determine that investment funds offered to customers meet their needs, risk profile, and objectives?

 Yes, suitability tests according to applicable law

 Yes, appropriateness tests according to applicable law

 No

 N/A (for platform with sub-distributors)

**3.10** Do you have controls in place to distribute investment funds to appropriate eligible investors including, where applicable, those as defined in the MiFID II manufacturer’s target market communicated via the European MiFID Template (EMT)?[[1]](#footnote-1)

 Yes  No  N/A

1. If yes, do such controls seek to prevent sales into the negative MiFID II target market?

 Yes  No  N/A

**3.11** Do you have systems, controls, and procedures reasonably designed to prevent investment funds from being offered to noneligible investors?

 Yes  No  N/A

**3.12** Do you provide regular reporting and/or MiFID target market confirmations to the investment fund manufacturer / sponsor?

 Yes  No  N/A

**3.13** Do you have a “target market” assessment to determine the compatibility of investment funds with the distribution channels through which they are made available?

 Yes  No

**3.14** Do you have internal processes to ensure you distribute investment funds, both with and without sustainability commitments, in line with investors’ ESG preferences and sustainability objectives?

 Yes  No

**3.15** Does the firm have a policy to undertake periodic reviews to reassess if the target market defined by the manufacturer for any investment fund is not appropriate (including ‘sustainability commitments’ where applicable)?

 Yes  No

## Marketing

**3.16** Do you create your own marketing material for the funds you distribute?

 Yes  No (use marketing materials provided by the fund)  N/A

**3.17** Are investment fund documents provided and made available to end investors / intermediaries as required by applicable law (e.g., KIIDs, prospectuses)?

 Yes  Yes, documents provided by the sub-distributor  No

**3.18** If applicable, in relation to your marketing activities in the European Union for alternative investment funds (AIFs), please confirm that you have procedures to ensure that they will be marketed only in jurisdictions where the management company has obtained an AIFMD marketing passport and that all investors are “professional investors” / “retail investors” as applicable and as defined in the AIFMD (the 2011//61/EU Alternative Investment Fund Managers Directive).

 Yes  No  N/A

**3.19** Do you systematically limit the distribution of funds to those jurisdictions contractually agreed with each investment fund manufacturer / sponsor?

 Yes  No (please provide rationale)

**3.20** Do you have processes in place to ensure you have the investment fund manufacturer’s / sponsor’s permission prior to registering an investment fund for distribution in any new jurisdictions?

 Yes  No

# section 4: Oversight of Sub-Distribution

This section is required when using a third-party sub-distribution network.

**4.1** Do you currently use or intend to use sub-distributors for the distribution of funds?

 Yes  No

1. If yes, are they internal or external to your group?

 Internal

 External

1. If no, please skip to Section 5 below.

**4.2** What type of sub-distributors do you rely on (select all that apply)?

 Retail / private bank

 Financial adviser

 Wealth manager

 Fund platform

 Family office

 Pension scheme / provider

 Multi manager / fund of funds

 Insurance wrap

 Custodian / nominee

 Other:

**4.3** Do you ensure that your sub-distributors are regulated for:

**a.** Distribution of investment funds?

 Yes  No

**b.** Purposes of anti–money laundering?

 Yes  No

**4.4** Do you enter into formal contracts with sub-distributors stating the respective obligations and compliance requirements? For example, contractual requirements, periodic reporting obligations, and/or monitoring programs.

 Yes  No (please provide rationale):

**a.** If yes, does the contract include liability clauses in case of material breach of contractual terms?

 Yes  No

**4.5** Do you perform an initial due diligence review on the sub-distributors, including a risk assessment, before appointment?

 Yes  No

1. If no, please explain:

**4.6** Do you perform ongoing monitoring on the sub-distributors to ensure that they are acting in accordance with the relevant agreements, and in compliance with local laws and regulations?

 Yes  No

**4.7** Do you require sub-distributors to certify that they meet the regulatory requirements that your firm is subject to for AML / KYC compliance?

 Yes

 Yes, through equivalent jurisdiction

 No (please provide rationale):

**4.8** Please list the countries of domicile and operating locations of your sub-distributors.

# section 5: Legal and Regulatory Oversight

**5.1** Within the past five years and in relation to investment funds’ distribution activities:

**a.** `Has your firm been sanctioned for failure to comply with stipulated regulations or legislation in relation to the distribution activities of investment funds (select all that apply)?

 Yes  No  The relevant information is publicly available

If yes, and the relevant information is publicly available, please provide website links or attach the full details, outlining corrective action taken to address deficiencies:

1. Has your firm been subjected to any fine, sanction, criminal prosecution, or regulatory investigation due to violations of financial crime laws / regulations that has resulted in an enforcement action or a significant adverse effect to the firm’s business dealings in investment funds?

 Yes  No

If yes, and the relevant information is publicly available, please provide website links, or attach an explanation addressing the details and the impact of an adverse decision on your business, operations, policies, and/or procedures:

**5.2** Have you implemented ongoing training and development programs for your sales teams and other employees reasonably designed to comply with local laws and regulations?

 Yes  No

**5.3** Do you conduct an independent audit that assesses the firm’s sales activities and practices on a regular basis?

 Yes, internal audit

 Yes, external audit

 No

**5.4** Were any material audit findings by the external auditors in the past three years relevant to the distribution of investment funds?

 Yes  No

1. If yes, were all the audit findings resolved?

 Yes  No (please explain):

**5.5** Do you have data protection policies and procedures, including record retention and deletion for investors’ records, in accordance with the applicable law?

 Yes  No (please explain):

# section 6: Risk Management and Controls

**6.1** Do you have an internal risk management function?

 Yes  No (please explain):

**6.2** Do you have an internal compliance function?

 Yes  No (please explain):

**6.3** Do you have tested controls for securing client data?

 Yes  No (please explain):

**6.4** Do you have a business continuity plan and disaster recovery plan that meets local regulatory requirements?

 Yes  No (please explain):

**6.5** Are your systems and IT infrastructure adequate to safeguard the security, integrity, and confidentiality required for data protection?

 Yes  No (please explain):

**6.6** If you outsource any of your primary functions—such as internal audit, risk, compliance, or
AML / CTF—to a third party, do you perform oversight and due diligence on those providers?

 Yes  No (please explain)  N/A

**6.7** Does your firm have an anti-corruption compliance program, including anti-corruption policies and procedures, and does it provide appropriate training to firm employees?

 Yes  No (please explain):

**6.8** Did you have an external or internal audit review of your activities, including the AML/CTF framework, in the last 12 months?

 Yes  No

**6.9** Has the internal audit review led to any material findings?

 Yes  No  N/A

# section 7: Anti-Money Laundering and Financial Crime

**7.1** Which of the following descriptions summarize your entity?

**a.**  A financial Institution that is based in a European Economic Area (EEA) / European Free Trade Association (EFTA)
 State who is subject to the latest Money Laundering Directive and is supervised for compliance

**b.**  A financial Institution that is based in a non-EEA State

 If (b), please specify which country:

**7.2** Do you presently perform, and will you continue to perform KYC / CDD on underlying clients?

 Yes  No (please provide rationale):

If yes, please include your Wolfsberg questionnaire.

**7.3** Does the entity have a requirement to collect information regarding its customers’ business activities?

 Yes  No (please provide rationale):

**7.4** Does the entity have a policy prohibiting accounts/relationships with shell banks/non-bank? (A shell bank is defined as a bank incorporated in a jurisdiction in which it has no physical presence, and which is unaffiliated with a regulated financial group.)

 Yes  No (please provide rationale):

**7.5** Does the entity have fully implemented and maintained controls, policies, and procedures to ensure compliance with Sanctions Laws and limit the risk of transactions that could be regarded as circumventing Sanctions Laws?

 Yes  No (please provide rationale):

**7.6** Does your company/entity have any dealings with customers (or their beneficial owners) who appear on a sanctions list?

 Yes  No

If yes, please provide the details:

**7.7** Where your company / entity has dealings with customers who appear on a sanctions list, will your firm notify the investment fund manufacturer/sponsor of such customers to the extent required by law?

 Yes  No  N/A

If no, please provide the rationale:

**7.8** Do you have fully implemented and regularly reviewed policies on the following (select all that apply).

**a.** Know your Client & Enhanced Due Diligence that includes:

 The identification and verification of clients and ultimate beneficial owners to FATF standards (25% threshold)

 The identification of all customers on whose behalf it maintains or operates accounts or conducts transactions

 Enhanced Due Diligence for high-risk clients

 An annual periodic review for high-risk clients

 A periodic review for low and medium-risk clients

1. Anti-Money Laundering-Counter Terrorist Financing processes that include the following:

 Initial and ongoing screening of clients against the following lists:

 EU

 UN

 OFAC

 OFSI

 Other (specify):

 Transaction monitoring and reporting

 Suspicious activity reporting

 PEP assessment process consistent with FATF standards

 Domestic PEPs included in the PEP definition (i.e., recognized PEPs within the jurisdiction that the entity operates)

 Client risk assessments

 An appointment of an AML / MLRO officer

 The provision of annual AML training to relevant employees

 The reporting of AML matters to your Board of Directors/senior management

**7.9** To the best of your knowledge, do you confirm you are unaware of any activities on the part of the underlying investors, their controlling parties and, where applicable, their beneficial owners which could lead us to believe in an involvement in tax evasion, bribery, corruption, criminal conduct, money laundering, or terrorist activities?

 Yes  No (please provide rationale):

**7.10** Do you maintain controls in place to prevent tax evasion?

 Yes  No (please provide rationale):

**7.11** For branches and subsidiaries, do you apply the parent company standards of AML / CTF policies both within and outside the domicile of the ultimate parent company where applicable?

 Yes  No  N/A

**7.12** Will your firm report any suspicious transactions involving shares / units of the funds to the extent required by law?

 Yes  No (please provide rationale):

**7.13** Are all records relating to AML / KYC maintained in accordance with the applicable local law, and will be made available upon request to the extent permitted by law?

 Yes  No (please provide rationale):

# section 8: Compliance

**8.1** Do you have fully implemented and regularly reviewed policies and procedures that cover the following (select all that apply)?

 Code of ethics / conduct (including insider dealing and personal transactions

 Anti-bribery and anti-corruption regulations

 Gift and hospitality

 Fraud prevention and fraud response plan

 Whistleblowing

 Data protection and confidentiality

 Tax evasion

 FATCA law and Common Reporting Standards (CRS)

 Anti-money laundering and financial crime

 Cybercrime

 Conflict of interest

**8.2** Do you have a fully implemented compliance monitoring program to ensure adherence to internal policies including Anti-Money Laundering, Counter Terrorism Financing, and Know Your Customer?

 Yes  No (please provide rationale):

**8.3** Is your compliance monitoring program tested independently, for example by internal or external audit, or consultant?

 Yes  No

**8.4** Has it been reviewed in the last 12 months?

 Yes  No

**8.5** Has the regular compliance monitoring led to any material findings in the last 12 months?

 Yes  No

**8.6** Are there any material findings made prior to this point that have not been remediated satisfactorily?

 Yes  No

**8.7** Do you have internal procedures for handling customer complaints?

 Yes  No

1. If yes, do the procedures contain an escalation process to the investment fund manufacturer / sponsor?

 Yes  No  N/A

1. For background about the European MiFID Template (EMT), please see FinDatEx at <https://findatex.eu/>. [↑](#footnote-ref-1)