

ESMA Concerns Over KIID Disclosure

On 2 February 2016, the European Securities and Markets Authority (ESMA) issued a [statement](#) and [press release](#) in which it expressed concern over the number of “closet index tracking funds”.

Its concerns are based on the disclosure to clients of the risk-reward profile of the funds – with particular reference to the “objectives and investment policy” section of the KIID – and the charges clients are paying for what appear to be passive funds.

Based on the work by ESMA, between 5% and 15% of nominally “active” funds, depending on the threshold used, are actually hugging their benchmark index.

Under its next steps, **“ESMA will continue to work with national regulators to determine further actions as the analysis gives only a first indication of whether particular funds are closet index trackers”**.

If you are concerned that some of your funds may be affected and want to discuss using FE Kii Hub’s Regulatory Monitoring Service to review your KIIDs’ disclosure, please get in touch with us by calling 020 7337 2291 or by email at fe-kiihub@financialexpress.net.

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