

**Question for written answer E-015025/2015
to the Commission**
Rule 130
Jakob von Weizsäcker (S&D)

Subject: Closet tracking

Current research suggests that a significant portion of funds in the Union are engaging in so-called closet tracking and, thereby, overcharging their investors. Investors pay for active fund management and the funds in question are very closely linked to a certain index¹. In the study *Indexing and Active Fund Management: International Evidence*, Cremers, Ferreira, Matos and Starks conclude: '[...] in countries in which investors have limited options of paying lower fees for beta exposure through passive management, many active fund managers are effectively closet indexers who charge higher fees and underperform.' Several national authorities have become active.

1. What action does the Commission plan to take, going beyond the gathering of more information, as pursued by the European Securities and Markets Authority (ESMA) for some time now?
2. Specifically, what criteria does the Commission deem to be best suited to identify closet tracking and to trigger a specific disclosure of such investment practices?
3. Would the Commission contemplate the introduction of a traffic-light system and the blacklisting of the worst offenders in this domain in order to protect consumers?

¹ Closet tracking: 'Gigantic mis-selling phenomenon', Financial Times, 15 November 2015.