

Central Bank outlines supervisory priorities for Irish funds sector

March 2026

Background

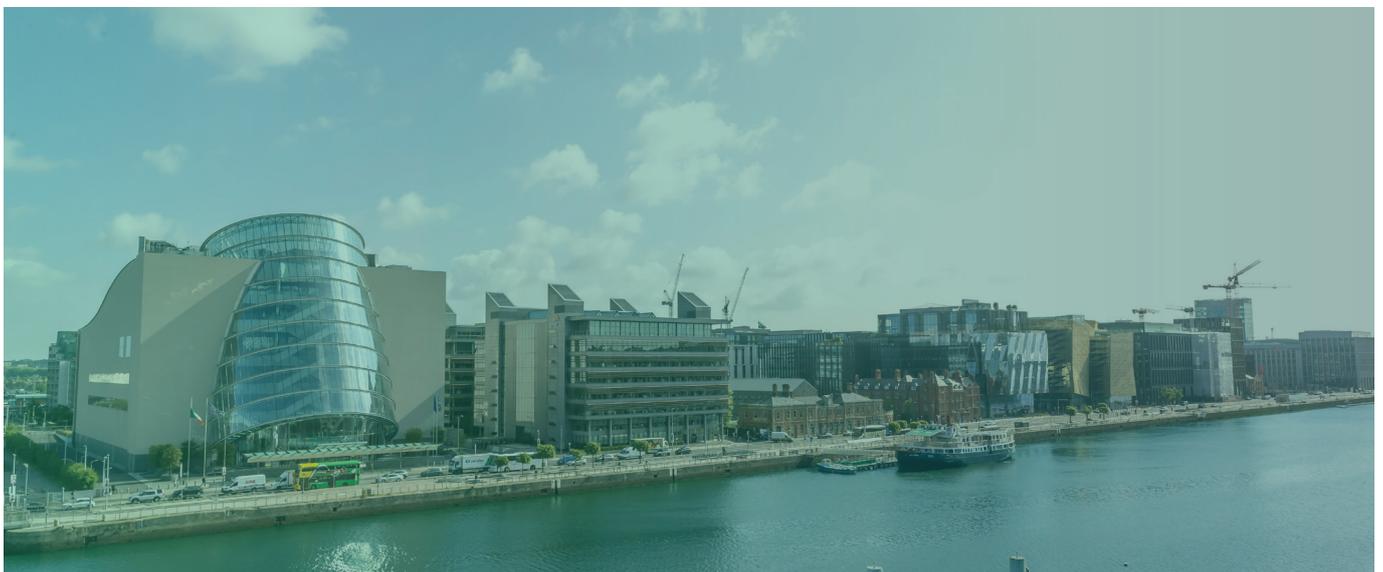
On 26 February 2026, the Central Bank of Ireland (**Central Bank**) published its third **Regulatory & Supervisory Outlook (Report)** in which it sets out the Central Bank's perspective on key trends and risks, as well as outlining its supervisory priorities across the whole of the financial sector for next two years.

The Report has been brought to the specific attention of all senior management teams of Irish regulated firms via a **"Dear CEO" letter** issued by the Central Bank on the same day.

Key Areas of Focus for 2026/2027

While the Report identifies key trends and risks applicable to the Irish financial sector more generally, it also provides a sector-by-sector view of the key risks it considers to be most material from a supervisory perspective for each sector that it regulates, including the funds sector. The Report also outlines the Central Bank's key supervisory activities for the next two years for each individual sector as well as identifying its key regulatory initiatives.

Below is an overview of the planned themed inspections and reviews relevant to Irish fund management companies (**Irish FMCs**) and Irish-domiciled funds from the Central Bank over the next 24 months. We also outline other areas of continued engagement as well as some of the key regulatory initiatives of the Central Bank relevant to the Irish funds sector.



| Topic of themed inspection/review | Commentary |
|---|---|
| Delegation frameworks in Irish FMCs | As part of its ongoing sectoral assessment of delegation in Irish FMCs, the Central Bank will issue its first industry communication from its review on delegation in Irish FMCs in H1 2026. |
| AML Transaction Monitoring and Suspicious Transaction Reporting | In the course of 2026, the Central Bank will carry out a themed inspection focused on AML transaction monitoring and suspicious transaction reporting. |
| Valuation of hard-to-value assets | The Central Bank will carry out a thematic review in 2026 on hard-to-value assets (including real estate, private equity, private credit and other illiquid securities) across selected Irish authorised funds and Irish FMCs as well as assessing the oversight role of the depositary in such valuations. |
| Liquidity risk management in bond funds | Over the next two years, the Central Bank will carry out a review on liquidity risk management in bond funds to assess how they manage the mismatch between investor redemptions and asset liquidity. |
| Liquidity risk management in property funds | The Central Bank will review the progress of relevant AIFMs on leverage reduction and maintenance plans across property funds. |
| UCITS VaR model review | This review, which will focus on UCITS using VaR, will be carried out in 2026 and will include an assessment of the levels of oversight by the depositary |

Other Areas of Supervisory Focus

In the Report, the Central Bank also outlines some other areas of supervisory focus which include:

- the implementation and monitoring of DORA including threat-led penetration testing by Irish FMCs
- considering the appropriateness of industry approaches and processes for monitoring investment restrictions and reporting regulatory breaches
- undertaking targeted reviews of the most leveraged AIFs and their Irish AIFMs
- monitoring of risk information on money laundering/terrorist financing risk and quality of AML/CTF controls via data received by the Central Bank through its enhanced Risk Evaluation Questionnaire
- continued engagement on costs and fees with a focus on value for money and ongoing supervisory engagement where breaches relating to inappropriate cost/fee structures or disclosures have been identified
- assessment of FMC's compliance with the SFDR and the ESMA Fund Naming Guidelines using the Central Bank's ESG dashboard tool
- continued engagement to understand firms' approach to and usage of AI in their business models
- continuing to enhance and use fund data and risk models to deliver a data-led, agile and risk-based approach to the effective and efficient oversight of the sector.

Key Regulatory Initiatives for 2026/2027

The Central Bank has identified the following key regulatory initiatives it will be working on over the next two years which are of particular relevance to Irish FMCs and Irish domiciled funds.

- Transposition of AIFMD II (which introduces changes to both the UCITS and AIFMD frameworks) into Irish law and revisions to the Central Bank AIF Rulebook and Central Bank UCITS Regulations
- Tokenisation within investment funds
- Review of the PCF framework within the Central Bank's Fitness and Probity regime
- EU Retail Investment Strategy
- UCITS Eligible Assets Review
- Reform of the SFDR¹
- Reform of the EU Securitisation Framework
- EU omnibus directives on regulatory simplification which will change existing legislation in a range of areas, including sustainability reporting and disclosures and use of digital tools such as AI
- EU Markets Integration & Supervision Package²

Contact Us

Should you have any queries in respect of the issues raised in this briefing, please get in touch with your usual contact in our Asset Management and Investment Funds Department.

¹ For a detailed overview of the proposal to reform the SFDR, please access our [briefing](#) on the topic.

² For a detailed overview of the European Commission's Markets Integration & Supervision Package, please access our [briefing](#) on the topic.

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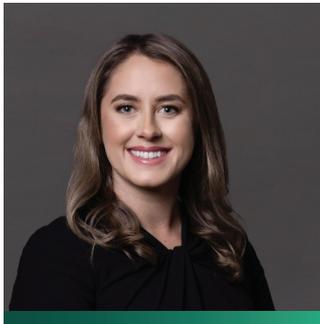
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