

Central Bank of Ireland report on delegation in the Irish funds sector

July 2026

What has been published by the Central Bank?

On 23 July 2026, the Central Bank of Ireland (**Central Bank**) published its **feedback report** on its review of delegation in the Irish funds sector (**Report**).

In its Report, the Central Bank acknowledges the improvements made by Irish fund management companies (**FMCs**) in response to previous Central Bank reviews. The Report highlights that, overall, FMCs operating a delegation model have established robust governance frameworks, controls, oversight processes and data capabilities.

These findings demonstrate important progress over recent years and the Central Bank notes that compliance with regulatory requirements was generally evident among the FMCs reviewed. It also confirms that the small number of FMCs which fell significantly short of expectations are now subject to risk mitigation programs designed to address these deficiencies.

FMCs are now required to conduct an analysis of the supervisory expectations and observations set out in the Report and put in place a time-bound plan by the end of 2026 to address any gaps identified in their day-to-day operational, resourcing and governance arrangements in respect of delegation.

The extent to which FMCs will be required to take action to align with the supervisory expectations outlined in the Report will depend on their operating model and existing frameworks. Many FMCs are unlikely to require significant changes to existing frameworks; other FMCs will have more work to do.

Our findings are encouraging and reflect the progress that has been made over recent years to evolve firms' approaches so that they are better resourced, and where strong levels of substance and decision making within the FMC is the norm.

- Central Bank of Ireland July 2026.

Central Bank's view of the delegation model

Noting that delegation and outsourcing are a core feature of the European asset management operating model, the Central Bank identifies advantages of delegation as including access to specialised expertise, enhanced global investment capabilities and improved operational efficiencies.

The Report notes that delegation arrangements can enhance investor outcomes by allowing FMCs to leverage the skills of experienced portfolio managers and service providers across different jurisdictions.

Importantly, the Central Bank recognises that delegation also supports the broader role of investment funds in channelling capital into European markets and the wider economy – currently a key focus of European legislators as they seek to strengthen the EU's long-term competitiveness.

What has the Central Bank outlined in its Report?

A high-level summary of the supervisory expectations including some observations noted by the Central Bank is outlined below. Supervisory expectations are drawn from existing legislation and the Central Bank's implementing standards and guidance set out in its **FMC Guidance**.

The Central Bank categorised these across five themes, namely (i) governance, (ii) portfolio management, (iii) risk management, (iv) delegate oversight and (v) data capabilities.

Theme	Supervisory Expectation	Related Observations from the Central Bank
Governance	• Governance frameworks must be fit for purpose, taking into account the FMC's business and operating model. • Effective fund management and sufficient decision-making authority. • Robust governance and control frameworks.	• Diverse and experienced boards with clear reporting facilitates oversight and challenge. • Local (rather than group-level) committees support regular oversight and challenge of delegates. • Designated persons should be sufficiently senior and have sufficient capacity. • Delegate oversight can be supported by leveraging group expertise, services and resources.
Portfolio management	• Effective oversight and control. • Appropriate due diligence by the FMC to ensure the delegate meets all relevant legal and regulatory requirements applicable to the FMC. • Decision-making must be fully informed and timely with documented governance processes and decisions for both delegated and retained portfolio management.	• Regular engagement, detailed performance analysis, comprehensive reporting and clear escalation facilitate robust and independent decision-making. • Appropriate contingency planning should be in place.
Risk management	• Effective, proportionate and tailored risk management function. • The risk management framework should distinguish between retained and delegated activities. • Documented governance should demonstrate active decision-making on the part of the FMC.	• Where risk management is retained, it should be a core function which enables the FMC to maintain independent oversight, set risk limits and monitor compliance appropriately. • Where risk management is delegated, FMCs should engage in independent verification of outputs, including independent checks with real-time data access and pre-trade compliance controls. Exclusive reliance on delegate reporting will not suffice. • Access to timely and accurate data is a material differentiator in the effectiveness of risk management frameworks.
Delegate oversight	• Robust oversight framework documenting clear decision-making authority and control. • Consistent due diligence methodology across all delegates and sub-delegates. • Appropriate level of on-site engagement, with defined objectives	• Delegate performance, compliance and operational status should be monitored through regular reporting including via SLA and KPIs. • Designated persons and operational risk functions play a key role in delegate oversight.

	• and triggers set by the FMC. • Exclusive reliance on due diligence questionnaires or delegate self-reporting is not sufficient.	• Conduct independent assessment of delegates and avoid overreliance on group for delegate due diligence.
Data capabilities	• Access to timely and accurate data. • Persistent data gaps should be addressed.	• Robust data management practices supported by clear governance frameworks and quality standards. • Data functions should be appropriately resourced. • Processes and contingency arrangements should be established.

Does the Central Bank plan on making any changes to its existing regulatory framework governing FMCs?

Yes. In the Report, the Central Bank has confirmed that it will review existing governance arrangements for Irish FMCs this year.

This review will include:

- (i) simplifying and making clearer its FMC Guidance;
- (ii) simplifying and reinforcing the pre-approval controlled function framework for FMCs
- (iii) enhancing its governance requirements; and
- (iv) considering how the Central Bank's Senior Accountability Framework (which currently only applies to Irish banks, Irish insurance companies and certain Irish investment firms) could be applied to the Irish funds sector.

The Central Bank intends to consult on these changes in early 2027.

Action to be taken

FMCs should now review the Report and initiate a gap analysis to identify any areas which fall short of the supervisory expectations outlined in the Report.

If gaps are identified, a time-bound plan should be put in place by the end of 2026 outlining the actions which will be taken to align with supervisory expectations.

The uplift required to align with the supervisory expectations outlined above is unlikely to be significant for the majority of FMCs which have already implemented sound governance, oversight and control frameworks.

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