

Asset Management in Ireland in 2025: A Year in Preview

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With the new European Commission due to consider some key legislative reforms in the areas of eligible assets for UCITS funds and sustainable finance, an expected increase in the use of the ELTIF to house long-term investments which can be distributed throughout the EU on a cross-border basis to both professional and retail investors and the new EU digital operational resilience framework “going live” later this month, 2025 is shaping up to be another busy year for Irish fund management companies and their funds.

In this Dillon Eustace 2025 Year in Preview briefing we provide an overview of some key dates which should be appearing in the compliance calendars of Irish funds and their management companies for 2025 as well as a synopsis of some of the legal and regulatory developments we can expect in the next twelve months.¹²

Key Dates

Date	Matter	Suggested action to be taken
1 January 2025	<p>The Corporate Sustainability Reporting Directive³ (CSRD) and related European Sustainability Reporting Standards (ESRS) begin to apply for Irish fund management companies which constitute large companies⁴.</p> <p>The first sustainability statement of these companies, based on the ESRS templates, must then be published in 2026.</p> <p>Such in-scope fund management companies will also be required to comply with Article 8 of the Taxonomy Regulation⁵.</p>	Fund management companies falling within the scope of CSRD for the first time in respect of financial years beginning on or after 1 January 2025 should carry out the necessary materiality assessment to determine the data points against which they will report and build a framework to support such reporting in the course of this year in order to be in a position to produce a CSRD/ESRS-compliant sustainability report in respect of that financial year in 2026. This reporting framework should also allow the relevant fund management company to comply with its reporting obligations under Article 8 of the Taxonomy Regulation.
17 January 2025	Application date of the obligations imposed on fund management companies under the Digital Operational Resilience Act (DORA). See “ DORA ” below for further details.	Ensure that the existing operational resilience framework is assessed and updated to comply with the obligations imposed under DORA, taking into account the “Day 1/Day 2” implementation strategy referenced by the Central Bank in a recent speech .
17 January 2025	Deadline for submitting a response to the Department of Finance’s consultation on the transposition of the AIFMD/UCITS omnibus directive into Irish law. See “ Implementation of AIFMD II ” below for further details.	If desired, submit a response to the Department of Finance’s consultation by the applicable deadline.
27 January 2025	Deadline for responding to ESMA’s consultation on the conditions to be applied to the active account requirement which will be introduced under EMIR 3.0. See “ EMIR ” below for further details.	If desired, submit a response to the ESMA consultation by the applicable deadline.

1 References to “management companies” or “fund management companies” in this briefing include Irish UCITS management companies, AIFMs, self-managed UCITS funds and internally managed AIF funds unless otherwise indicated.

2 This briefing does not include filing requirements in respect of any filing where the filing date is determined with reference to the relevant entity’s annual accounting date (such as the filing of annual and semi-annual financial statements with the Central Bank) nor does it address any tax-related deadlines to which funds and fund management companies may be subject. Periodic reviews of matters such as the content of PRIIPS key investor documents or the risk management framework, business plan and policies and procedures of fund management companies as well as any other actions required to be taken under the Irish Funds Corporate Governance Code are also excluded from the remit of this briefing. In addition, it does not address other matters where a set date for compliance has not been applied, including for example (i) the obligation imposed on fund management companies which have chosen to implement a shareholder engagement policy under SRD II to provide shareholders with information on their website on how that policy has been implemented in the previous 12 months or (ii) the obligation imposed on Irish UCITS management companies (and Irish UCITS SMIC) by the Central Bank to carry out a viability and suitability assessment of each Irish-domiciled UCITS under management when assessing the investment manager’s annual presentation. Irish domiciled managers of MMFs will also be required to report certain prescribed information to the Central Bank of Ireland in accordance with Article 37 of the MMFR on a periodic basis during the course of 2025.

3 Regulation (EU) 2022/2464

4 As referenced in the European Union (Corporate Sustainability Reporting) Regulations 2024 as amended

5 Regulation (EU) 2020/852

Date	Matter	Suggested action to be taken
31 January 2025	Deadline for all fund management companies which provide MiFID II services (including individual portfolio management and investment advice) to retail investors to comply with the Central Bank's Dear CEO Letter issued on 10 October 2024.	In-scope fund management companies should carry out a review of their marketing and advertising practices against the ESMA report on CSA on marketing communications and the findings set out in Schedule 1 to the Central Bank's Dear CEO Letter and document an action plan of required steps to address any identified shortcomings. That action plan must be discussed and approved by the board of directors of the relevant management company by this date.
31 January 2025	Deadline for all Irish UCITS management companies and AIFMs to file annual confirmation of ownership with the Central Bank.	Filing of confirmation of ownership to be made with the Central Bank by the deadline.
2 February 2025	Obligation under Article 4 of the EU AI Act ⁶ on providers and deployers of AI systems to ensure a sufficient level of AI literacy of their staff and other persons dealing with the operation and use of AI systems takes effect.	Where relevant, fund management companies should ensure that staff operating and using AI systems are adequately trained to use the relevant AI system(s) and to understand the opportunities, risks and possible harm posed by such systems.
11 February 2025	Deadline for responding to IOSCO's consultation on its revised recommendations for liquidity risk management for collective investment schemes and its related consultation on guidance for open-ended funds for effective implementation of the recommendations for liquidity risk management.	If desired, submit a response to the IOSCO consultations by the applicable deadline.
20 February 2025	All UCITS which continue to prepare a UCITS KIID must file revised KIIDS which contain updated performance data for the period ended 31 December 2024 and which incorporate any other required revisions with the Central Bank no later than 20 February 2025.	Ensure that all UCITS KIIDs are updated and filed with the Central Bank by the applicable deadline.
28 February 2025	Irish fund management companies who have been included by the Central Bank in its mini-CSA on costs must submit their completed questionnaire by this date. For further details, see " Costs and charges " below.	Selected Irish fund management companies should implement an action plan to ensure that all required data has been collated, reviewed and approved by the relevant deadline.
28 February 2025	Deadline for filing the fund profile return for all Irish authorised sub-funds with the Central Bank.	Fund profile return to be prepared and filed with the Central Bank by the applicable deadline.
28 February 2025	Deadline for filing the annual F&P PCF confirmation and CF certifications for both Irish authorised UCITS management companies/AIFMs and Irish authorised investment funds with the Central Bank under its Fitness & Probity regime.	F&P PCF confirmation and CF certifications to be filed with the Central Bank by the applicable deadline. Further guidance provided by the Central Bank on these filings is available here .
28 February 2025	Deadline for responding to the FSB's consultation on proposed policy recommendations to address leverage in non-bank financial intermediation. For further details, please see " Macroprudential Policy Reform " below.	If desired, submit a response to the FSB consultation by the applicable deadline.
12 March 2025	Deadline for responding to the ESMA consultation on regulatory technical standards applicable to open-ended loan originating AIFs. For further details see " Implementation of AIFMD II " below.	If desired, submit a response to the ESMA consultation by the applicable deadline.

6 Regulation (EU) 2024/1689

Date	Matter	Suggested action to be taken
Quarter 2 2025	ESMA is due to provide its technical advices to the European Commission on its proposed reform of the UCITS Eligible Assets Directive . For further details see " UCITS Eligible Assets " below.	UCITS funds and their management companies should assess the advices provided by ESMA to the European Commission to determine any possible implications for their existing investment strategies if such advices are adopted by the European Commission in full.
4 April 2025	Deadline for Irish fund management companies to submit their completed "Registers of Information" on all contractual arrangements with ICT third party service providers to the Central Bank.	Irish fund management companies should ensure that their "Registers of Information" are completed in accordance with applicable EU delegated acts and submitted to the Central Bank by the applicable deadline.
16 April 2025	ESMA is due to deliver (i) its proposed regulatory technical standards on the characteristics of liquidity management tools and (ii) its proposed guidelines on the selection and calibration of LMTs to the European Commission. For further details see " Implementation of AIFMD II " below.	Once published, fund management companies should review the regulatory technical standards and guidelines proposed by ESMA to assess what changes they may need to make to their liquidity management framework and their existing fund documentation to ensure compliance with the finalised rules by April of 2026.
21 May 2025	The ESMA fund naming guidelines begin to apply to all in-scope funds established before 21 November 2024.	Fund management companies should carry out an inventory of funds under management to determine whether they fall within the scope of the ESMA fund naming guidelines and implement an appropriate action plan to ensure compliance by the applicable deadline.
30 June 2025	Deadline for fund management companies managing Irish UCITS ETF to ensure compliance with the supervisory expectations set down by the Central Bank in its Dear Chair Letter published in November 2024.	In-scope fund management companies should assess their existing frameworks relating to authorised participants and contracted market makers against the supervisory expectations outlined in the Dear Chair letter and implement any necessary changes to those frameworks to align with those expectations by this date.
30 June 2025	Fund management companies which (i) are obliged due to their size or (ii) which have chosen to report on the principal adverse impacts of investment decisions on sustainability factors under Article 4 of the SFDR must publish a full PAI statement on their website on or before this date.	In-scope fund management companies must prepare and publish the relevant PAI statement on their website by the applicable deadline. Regard should be had to best practices identified in the most recent ESA report on entity-level PAI reporting published in October 2024.
H2 2025	The European Commission is expected to publish its proposal to reform the SFDR regime in the second half of 2025. See " Sustainable Finance " below for further details.	Those fund management companies currently or intending to implement ESG investment strategies may want to keep a watching brief on these developments.

Legislative and Regulatory Developments and Areas of Focus in 2025



Implementation of AIFMD II

[Directive \(EU\) 2024/927](#), which amends both the UCITS and AIFMD directives and is commonly referred to as “AIFMD II”, was published in the Official Journal in March 2024 and the majority of its provisions will apply to fund management companies from April 2026. Some of the key reforms being introduced include the introduction of a pan-EU loan origination regime, (ii) new rules governing the use of liquidity management tools by fund management companies and (iii) the introduction of a new reporting regime relating specifically to delegation.

In the course of 2025, ESMA will be finalising related Level 2 measures to be published under AIFMD II which will contain the detailed rules on how fund management companies will be expected to comply with AIFMD II. On a domestic level, the Irish Department of Finance will also continue its work on the transposition of AIFMD II into Irish law in the course of 2025, including considering feedback from stakeholders on its [consultation](#) on the exercise of its national discretions under AIFMD II, including whether it should extend the list of ancillary activities and services that may be provided by an Irish fund management company.

i. Open-ended loan originating AIFs

AIFMD II introduces a new pan-EU loan origination framework which will set down a common set of rules for AIFMs managing AIFS which engage in lending to third parties. This includes providing for the possibility of a “loan-originating AIF” (being a fund whose investment strategy is mainly to originate loans or where the notional value of the AIF’s originated loans represents at least 50% of its NAV) being structured as an open-ended fund.

ESMA’s [consultation](#) on its proposed rules for open-ended loan originating AIFs closes in March 2025 and it must then deliver its finalised rules to the European Commission for its consideration by Quarter 3 or Quarter 4 of this year⁷.

Separately on a domestic level, the Central Bank has indicated in recent speeches that it will align the existing Irish loan origination regime or “L-QIAIF” regime with the new pan-EU framework. It is expected to publish a consultation on amendments to its AIF rulebook this year which will include its proposed changes to the domestic L-QIAIF regime.

ii. Liquidity management tools

Under reforms introduced under AIFMD II, fund management companies will be required to provide for at least two liquidity management tools (**LMTs**) in the fund documentation of each open-ended fund under management.

Following two separate [consultations](#) published in July 2024, ESMA is due to deliver its finalised draft regulatory technical standards on the characteristics of LMTs to the European Commission by 16 April 2025. It is also tasked with publishing its proposed guidelines on the selection and calibration of LMTs by that date⁸.

On a domestic level, following on from an initial review of use of LMTs by Irish fund management companies initiated in 2024, the Central Bank has [indicated](#) that it will continue this review in 2025 by issuing a more targeted questionnaire to a sample of Irish fund management companies and communicating its findings arising from this review to industry later this year.

⁷ For a detailed analysis of ESMA’s proposals for open-ended loan originating AIFs, please refer to our [briefing](#) on the topic.

⁸ For a detailed analysis of ESMA’s proposals for LMTs, please refer to our [briefing](#) on the topic.

iii. Delegation reporting framework

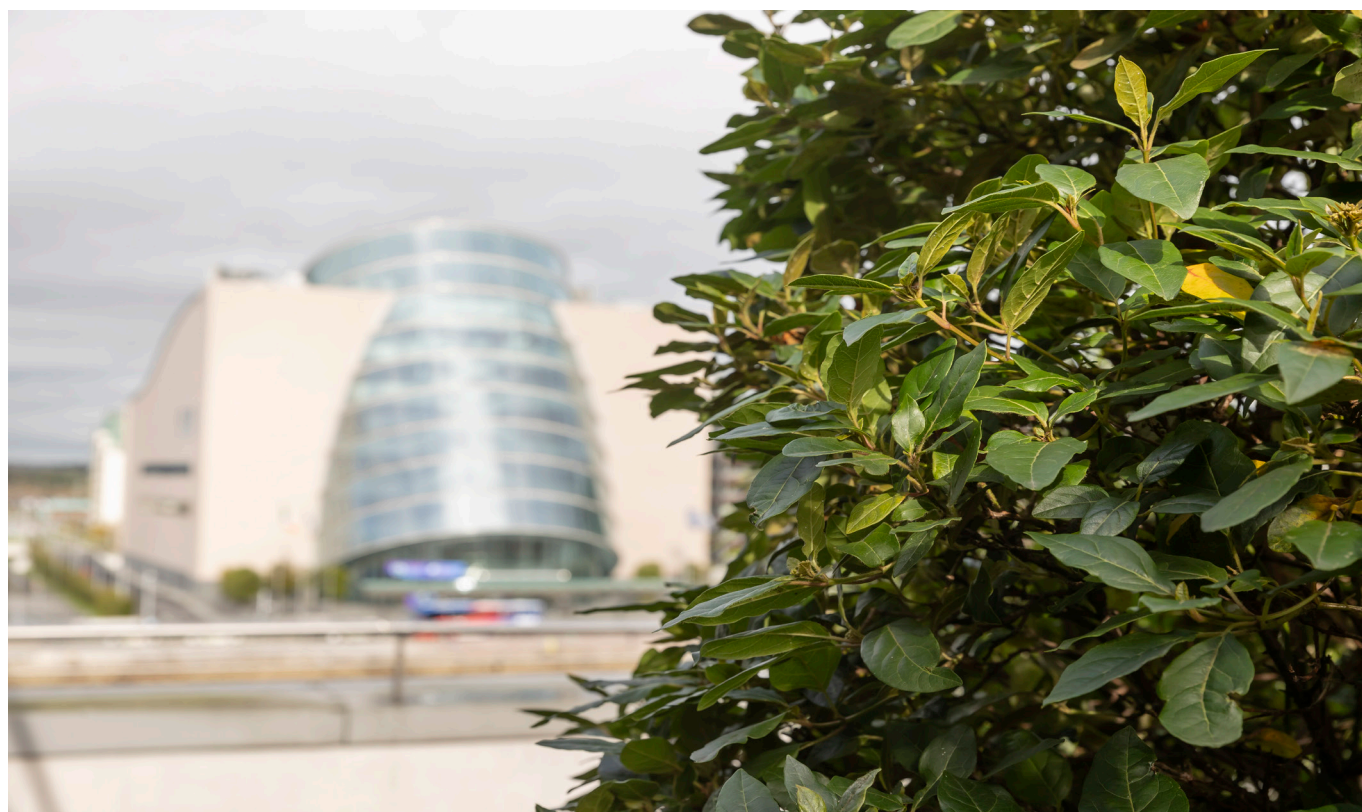
Under AIFMD II, fund management companies will be required, from April 2027, to provide detailed information to their home regulator on their delegation arrangements. This will include reporting on the amount and percentage of assets under management which are subject to delegation arrangements, the resourcing in place within the fund management company to oversee those delegation arrangements and providing details of the initial and ongoing due diligence carried out on its delegates. The purpose of this is to allow ESMA to provide the European Commission with a “reliable overview” of delegation activities within the EU.

Under the new framework, ESMA is tasked with preparing the prescriptive rules on the content and frequency of reporting on delegation arrangements by fund management companies to their home regulators. Given that those rules will not apply until April 2027, we do not expect ESMA to publish a consultation on delegation reporting this year. However, it has indicated that it may, if resources permit, conduct a follow-up peer review of relocation of firms following Brexit. From an Irish perspective, we would expect that peer review to assess the adequacy of the resourcing and oversight of the delegation framework implemented by Irish fund management companies which delegate portfolio management to UK firms.

UCITS Eligible Assets Review

Under the UCITS Directive⁹, a UCITS may only invest in specific asset classes, including certain transferable securities, money market instruments, other investment funds, bank deposits and financial derivative instruments. The UCITS Eligible Assets Directive (**EAD**) supplements the UCITS Directive by setting down specific criteria which must be satisfied by an instrument in order to be considered eligible for investment by a UCITS.

⁹ Directive 2009/65/EC as amended





In addition to the reforms being introduced as part of AIFMD II [detailed above](#), the European Commission is also carrying out a review of the EAD. It has tasked ESMA with providing technical advices on how the EAD should be revised to address any existing divergences in how individual EU Member States have implemented the EAD into national law. It also asked ESMA to consider whether it is appropriate for a UCITS to gain exposure to certain asset classes such as CoCo bonds, ABS and MBS as well as “newer” asset classes such as crypto assets and carbon emissions allowances and the appropriateness of a UCITS gaining exposure to asset classes not currently eligible for direct investment through the likes of structured notes.

Following on from its [Call for Evidence](#) published in May 2024, ESMA is required to provide its draft technical advices to the European Commission in Quarter 2 of this year. The European Commission will then need to consider those advices and decide on the direction of travel for policy reform in this area. Given the potential impact that reforms of the UCITS EAD could have on existing UCITS investment strategies, this is likely to be an area which is closely monitored by Irish UCITS management companies and UCITS funds this year.

Sustainable Finance

Sustainable finance is likely to remain a key regulatory focus for Irish fund management companies and their funds for 2025 with a number of EU and domestic initiatives to be tracked over the course of the next 12 months.

i. Domestic developments

ESMA fund naming guidelines

From a domestic perspective, the Central Bank has [indicated](#) that an area of supervisory focus will be compliance of Irish domiciled funds with the [ESMA fund naming guidelines \(Guidelines\)](#) which apply to existing funds¹⁰ from 21 May 2025. Consistent with its broader move towards data-led supervision, it has [confirmed](#) that it has developed proprietary tools to support its supervision team in assessing fund names against the portfolio composition and prospectus disclosures in the context of the ESG characteristics of a fund’s portfolio. In preparing for compliance with those Guidelines, fund management companies should, where relevant, have regard to the three [ESMA Q&As](#) published in mid-December which provide further guidance on the application of the PAB and CTB exclusion criteria to green bonds and other use-of-proceeds investments, the definition of “controversial weapons” for the purposes of complying with the PAB and CTB exclusion criteria and what is meant by “meaningful investment” for funds using the term “sustainable” in their names.

¹⁰ Existing funds in this context refers to in-scope Irish domiciled funds established before 21 November 2024

Central Bank guidance on SFDR disclosure obligations

The Central Bank is also expected to issue guidance setting down its supervisory expectations on how Irish fund management companies should comply with the SFDR disclosure framework in 2025.¹¹ Once published, this will require those in-scope fund management companies to determine whether existing disclosures already comply with the expectations of the Central Bank or whether certain amendments will need to be made to investor disclosures in order to align with that guidance.

Common supervisory action on sustainability risks and disclosures

The Central Bank has also confirmed that it will publish an industry communication setting out its findings from the common supervisory action it carried out in conjunction with ESMA and other national competent authorities on sustainability risks and disclosures in 2023 and 2024 (**CSA**) once ESMA has published its own report on the CSA which is expected to be published in Quarter 2 2025. We expect that this industry communication will mandate Irish fund management companies to carry out a review of existing arrangements and investor disclosures against its supervisory expectations and take appropriate actions to remedy any gaps identified within a specified timeframe.

ii. EU developments

Reform of SFDR Level 1

The new EU Commissioner for Financial Services and the Savings and Investments Unions has indicated that policy during her term will focus in particular on making the EU sustainable finance framework more useable and more proportionate while also reducing the risk of greenwashing practices within EU financial markets.

To this end, the European Commission is expected to issue its proposal on reforming SFDR Level 1 in the second half of 2025. We understand that proposed reforms to the existing SFDR regime will likely include the introduction of a product classification regime or labelling regime which will replace the concepts of "Article 8" and "Article 9" under the existing framework and which will likely comprise of three categories of products, namely a "sustainable" product, a "transition" product and a third "ESG basic" product. Under this new framework, a fund would have to comply with specific minimum criteria tailored for the relevant category in order to avail of the product categorisation or label.

As we understand it, the European Commission is also contemplating the introduction of a requirement for all funds, including those which do not implement an ESG strategy, to report against a limited number of PAI indicators in their annual financial statements. In an attempt to reduce duplicative reporting under the EU sustainable finance framework, the European Commission's proposals may also include a removal of certain entity-level reporting requirements.

In finalising its proposal for such reforms, the European Commission will have regard to the recommendations published by its advisory body, the EU Platform for Sustainable Finance, which were issued in December 2024.

Adoption of measures proposed by ESAs to amend Level 2 SFDR

Separately and independent of the work being carried out by the European Commission on the SFDR "Level 1" framework, on 4 December 2023, the European Supervisory Authorities (**ESAs**) published their final report containing proposed targeted amendments to the SFDR Level 2 Measures (**Report**).

¹¹ Regulation (EU) 2019/2088 as amended

The recently appointed European Commission will now need to consider whether or not it wants to adopt the proposals put forward by the ESAs in their Report.

This is likely to be closely watched by Irish fund management companies given that if adopted, those proposals will result in a number of impactful changes to the existing disclosure obligations imposed on funds falling within the scope of Article 8 and Article 9 of the SFDR, including the introduction of new pre-contractual and periodic report template annexes, new disclosure obligations relating to greenhouse gas emissions targets for all in-scope funds and a specific methodology to be used to calculate the proportion of sustainable investments within a portfolio.

Omnibus regulation amending CSRD, the CSDDD and the Taxonomy Regulation

European Commission President Ursula von der Leyen also indicated in November 2024 that the European Commission would introduce a proposal for an omnibus regulation in 2025 which would make certain changes to the existing reporting frameworks under the CSRD, the Corporate Sustainability Due Diligence Directive (**CSDDD**) and the Taxonomy Regulation. While no details of the specific provisions of the legislation which will be targeted have yet been published by the European Commission, it is understood that the objective would be to remove unnecessary overlapping reporting requirements which currently exist between the three frameworks. Further clarity on the proposed reforms may emerge in late February 2025 if the omnibus regulation is discussed at a meeting of the College of Commissioners as provisionally planned.

UK FCA consultation on application of SDR regime to overseas funds

Irish fund management companies currently marketing Article 8 funds and Article 9 funds in the UK will also be keeping a watching brief on whether the UK FCA proceeds with issuing a consultation this year on whether its recently implemented SDR regime should be extended to overseas funds.

Exchange-traded funds

i. Central Bank Dear Chair Letter on primary and secondary trading arrangements of Irish-domiciled ETFs

In November 2024, the Central Bank issued a [Dear Chair letter](#) to those Irish fund management companies managing Irish ETFs (**Letter**) in which it set down its key findings from a thematic review it had carried out on the primary and secondary market trading arrangements of Irish-domiciled ETFs.

The Letter requires such fund management companies to assess their existing frameworks and practices against its supervisory expectations by 30 June 2025. This will involve assessing whether an appropriate number of authorised participants and contracted market makers are in place in respect of the relevant ETF as well as assessing the adequacy of the due diligence and ongoing monitoring of those authorised participants and market makers.

In-scope fund management companies must identify any gaps against the Central Bank's supervisory expectations as set out in the Letter and take necessary steps to address such gaps by 30 June 2025 meaning that this is likely to be a significant focus for those fund management companies for the first half of this year.

ii. Creation of listed share classes in non-listed funds

In November 2024, the Central Bank [confirmed](#) the ability to establish an ETF share class within a non-ETF fund without having to include an ETF identifier in the name of the fund. Given the relaxation of the Central Bank's position will allow fund

management companies to avail from economies of scale, to use the existing track-record of the UCITS and the ability to widen the potential distribution channels for an existing non-listed fund, we expect that the creation of listed share classes within non-listed UCITS will feature in product development plans of some Irish fund management companies over the next twelve months. However, it is worth noting that the US-Ireland double taxation treaty benefits may not be available for this structure.

iii. Portfolio Transparency

The Central Bank has also [indicated](#) that its policy team will work with industry stakeholders to develop a proportionate and effective approach to different models of portfolio transparency within its supervisory model. Those fund management companies managing or considering the establishment of an actively managed Irish-domiciled ETFs will likely monitor developments on this front closely in the course of the next 6-12 months.

Costs and charges

On both a domestic and an EU level, we expect the regulatory focus on costs and fees borne by investors to continue in 2025.

ESMA Data Collection on Costs

ESMA has noted that it currently has no way of identifying all distribution costs that may be charged to investors in any given fund. In addition, fund management companies themselves (as the entities manufacturing the funds) may not necessarily know about extra costs charged by distributors meaning that there is currently a lack of transparency around the total costs of ownership of funds borne by investors.

To address this data gap, those Irish fund management companies selected by the Central Bank to participate in ESMA's data gathering exercise on costs borne by both UCITS and AIFs under management must complete a detailed questionnaire on costs charged to investors by 28 February 2025. A separate questionnaire has also been issued to certain EU fund distributors with the objective being to identify all distribution costs that may be charged by both fund management companies and fund distributors in selected funds and how such charges may vary across EU Member States.

The information gathered will feed into a once-off report on costs imposed by fund management companies and distributors on investors which ESMA must deliver to the European Commission, European Parliament (**Parliament**) and the Council of the EU (**Council**) by October 2025.



EU Retail Investment Strategy

A key objective of the European Commission's EU Retail Investment Strategy [announced](#) in 2023 was to address undue costs being borne by investors. Under that proposal, the European Commission has proposed to amend the UCITS and AIFMD directives to hard-code into the legislation an obligation on fund management companies to ensure that costs borne by retail investors are fair and that the fund offers value for money to those investors.

Last year saw the Council and the Parliament publishing their proposed amendments to the European Commission's text.

In general, both the Council and the Parliament agreed with the European Commission's proposals under which fund management companies will be required to implement undue costs and value for money assessments both prior to a fund's launch and on an annual basis. Under the proposals, if a fund charges undue costs, it must reimburse the investors for such costs and must also notify its home regulator, the fund's depositary and the fund's auditors. The home regulators are also given the power to require that such investors are paid compensation in respect of being charged such undue costs.

However, the European Commission had suggested (since supported by ESMA and EIOPA) that fund management companies would be required to compare their pricing structure for all UCITS and any AIFs marketed to retail investors against "value for money" benchmarks created and published by ESMA as part of their pricing governance framework. Under its proposal, where the pricing structure for the fund was higher than the relevant ESMA benchmark and the fund management company could not demonstrate that the costs and fees borne by the fund were justified and proportionate, the fund in question could not be marketed to retail investors.

In contrast, both the Parliament and the Council have both proposed that fund management companies should perform a documented comparison against peer funds as part of the value for money/undue costs assessment. Furthermore, they have both proposed that the value for money benchmarks developed by ESMA should only be used as supervisory tools by national supervisors instead of requiring fund management companies to use such benchmarks as part of their pricing governance framework when setting the pricing structure for a fund.

We can expect that the negotiations between the three institutions to agree a final legislative text will take place in the course of this year. Even though implementation of any agreed legislative text will be a couple of years away, given the potential implications on pricing structures for funds marketed to retail investors, this is likely to be closely tracked by fund management companies in the course of 2025.

DORA

The Digital Operational Resilience Act (**DORA**) applies to all financial services firms operating in the EU from 17 January 2025. The framework is intended to strengthen the digital operational resilience of in-scope firms by requiring them to comply with a suite of ICT risk management requirements including establishing an ICT risk management framework, implementing ICT-related incident management procedures, digital operational resilience testing, procedures to monitor and manage ICT third-party risks (including contractual arrangements) and an oversight framework of critical ICT third-party service providers.

The Central Bank has [indicated](#) that it will take a "Day 1/Day 2" perspective to supervisory expectations for initial implementation by in-scope firms. It has confirmed that by 17 January 2025, it expects such firms to have made significant progress a regards DORA implementation including:

- Completion of gap analysis to identify and address gaps in current ICT policies, procedures, and controls and have in place

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- a plan to remediate same;
 - Establishment of documented policies including policies on ICT risk management, digital operational resilience and ICT third-party risk management; and
 - Establishment of ICT-related incident management processes to detect, manage and notify stakeholders of ICT incidents, including notifying the Central Bank, of any major ICT-related incidents within the prescribed timeframe and using a reporting template developed by the European Supervisory Authorities.

Irish fund management companies will also be required to submit their completed "Registers of Information by 4 April 2025 regarding (a) information in relation to all the ICT services provided by direct ICT third-party providers; and (b) information on all subcontractors that effectively underpin ICT services supporting critical or important functions or material parts thereof.

Securitisation Regulation

In October 2024, the European Commission launched a [targeted consultation](#) on the functioning of the EU securitisation framework. In it, it sought feedback on a broad range of issues, including the effectiveness of the existing framework, the scope of the existing regulation, the appropriateness of the due diligence requirements imposed on institutional investors such as fund management companies and the transparency requirements currently imposed on sell-side parties.

Responses to the consultation will be considered by the European Commission when deciding as to whether to prepare a formal proposal to reform the existing framework. UCITS management companies and AIFMs which are currently subject to the onerous due diligence obligations imposed under the existing EU securitisation framework are likely to keep a watching brief on any proposals put forward by the European Commission in the course of 2025¹².

Money Market Funds

While details of any such review have not yet been published by the European Commission, we understand that it may be considering carrying out a review of the EU Money Market Fund Regulation¹³ later in 2025. If such a review does in fact materialise, it is likely to focus on some of the shortcomings of the EU money market framework identified by the European Commission in its [July 2023 report](#) on the adequacy of the existing framework, including the decoupling of activation of liquidity management tools from regulatory liquidity thresholds. If such a review is initiated, it will likely be carefully considered by those Irish fund management companies currently managing money market funds.

Separately, Irish fund management companies managing money market funds which are currently marketed to UK investors will also be monitoring the outcome of the [FCA 2023 consultation](#) on proposed reforms to the existing UK MMF Regulation¹⁴ and in particular whether it will expect EU money market funds sold into the UK to comply with its revised domestic regime.

Central Bank's Individual Accountability Regime

Under the Central Bank's individual accountability framework (**IAF**), all regulated financial services providers will be required to comply with a set of common business conduct standards. Those standards are currently being finalised by the Central Bank as part of its review of its existing Consumer Protection Code.

The Central Bank has indicated that its revised Consumer Protection Code, which will take the form of Central Bank

¹² As UCITS fund management companies will be aware, securitised investments (such as asset backed and mortgage-backed securities) held by UCITS funds have also been subject to regulatory spotlight as part of the ESMA Call for Evidence on the review of the UCITS Eligible Assets Directive.

¹³ Regulation EU 2017/1131

¹⁴ These comprise of (i) a significant increase in the minimum proportion of highly liquid assets that all UK MMF are required to hold and (ii) a "de-coupling" of the level of liquid assets maintained by MMF from the mandatory consideration of liquidity management tools.

regulations, will be published in 2025 with a 12-month period for implementation from the date of publication.

Once published, regulated financial services providers, including Irish fund management companies and Irish domiciled corporate funds, will need to assess existing policies and procedures against the finalised business standards and identify any required changes to ensure compliance by the relevant application date.

Other Developments

Other areas of focus for Irish fund management companies and their funds in 2025 will likely include:

i. EMIR

On 24 December 2024, the EMIR 3.0 Regulation entered into force introducing revisions to the clearing requirements, risk mitigation requirements, reporting requirements, changes to the certain exemptions from the margining and clearing requirements and others (including the requirement for validation of initial margin models). While the majority of the EMIR 3.0 provisions apply from that date, certain requirements under the Regulation adhere to alternative implementation timelines.

For Irish funds (as financial counterparties) two requirements taking effect during 2025 / early 2026 are detailed below:

- **Active Account Requirement:** Funds which are: (i) subject to the clearing obligation under EMIR on 24 December 2024 or become subject to the clearing obligation thereafter and (ii) exceed the €3 billion clearing threshold in respect of EUR and PLN-denominated interest rate OTC derivatives and EUR short-term interest rate OTC derivatives will need to hold active accounts with at least one EU CCP (the "**active account requirement**"). This requirement is not expected to directly impact most funds as they are not FC+s. The active account requirement must be complied with by in-scope funds no later than 24 June 2025 or within 6 months of becoming subject to that obligation if later. In-scope funds must be operationally ready to clear a significant number of transactions in the account and to comply with certain stress testing requirements and reporting requirements as part of this requirement. In addition, a small cohort of such funds (i.e. funds with a notional clearing volume outstanding of at least €6b billion in aggregate of contracts for EUR and PLN-denominated interest rate derivatives and EUR short-term interest rate derivatives) will also have to clear a 'representative' number of trades in such active accounts (the "**representativeness obligation**").
- **Changes to Clearing Calculations:** EMIR 3.0 introduces an additional method of calculation for determining whether or not a fund has exceeded the clearing thresholds for the purposes of determining whether an OTC trade must be centrally cleared through a CCP. The new clearing calculations will not apply until the entry into force of an RTS which the ESMA is mandated to submit to the European Commission by 25 December 2025. This should be monitored by Irish funds during the course of this year.

ii. Implementation of reforms to Central Bank's Fitness & Probity Regime

In July 2024, the Central Bank published a [report](#) outlining the findings of an independent review of its fitness and probity regime which is intended to operate as a gatekeeping process to ensure that those who work in key positions within Irish regulated firms are fit and proper to do so. As explored in more detail in our [briefing](#) on the topic, the recommendations made focus on the clarity of supervision expectations, internal governance and the fairness, efficiency and transparency of the process.

As part of implementing reforms to address the findings of the independent review, the Central Bank has [established](#) a new

dedicated fitness and probity unit which will be in place from the start of 2025 and which will bring together F&P activities that until now have been dispersed across the Central Bank. Alongside this, new processes for reviewing the fitness and probity of proposed individuals will be implemented. The Central Bank has also [indicated](#) that it will publish consolidated and enhanced guidance on its F&P standards in the course of 2025.

iii. Artificial Intelligence and Digitalisation

Following on from its work on the use of artificial intelligence (**AI**) in the Irish financial services sector initiated by it in 2024, we can expect the Central Bank to continue its policy work and develop its supervisory expectations of those firms using AI in their business models, including engaging with entities regulated by it to better understand how AI is being used.

To the extent not already undertaken, Irish fund management companies using AI in their operations should assess their existing framework against the Central Bank's [perspective](#) on the supervisory implications of using AI in financial services.

Such fund management companies will also need to assess whether such use brings them within the scope of the upcoming [EU AI Act](#), and if so, assess the scope of those obligations and implement a step-plan to ensure compliance with its AI literacy requirements by 2 February 2025 and all other applicable requirements by the deadline of 2 August 2026¹⁵.

Separately, we expect the Central Bank to continue its engagement with industry on the topic of fund tokenisation this year.

iv. Macroprudential Policy Reform

A significant area of focus for both the Central Bank and the European Commission last year was policy work on strengthening the resilience of the non-bank financial intermediation (**NBFI**). On a domestic level, the Central Bank implemented policy measures for GBP-denominated LDI funds and in July 2024, it published its [feedback statement](#) to a discussion paper on an approach to macroprudential policy for investment funds while the European Commission [consulted](#) on the adequacy of existing macroprudential policies for NBFI.

We can expect this focus on strengthening the resilience of the NBFI to continue into 2025, particularly in light of the European Commission's Savings and Investment Union policy agenda to increase financial intermediation via capital markets.

Internationally, the FSB will consider responses to its [consultation](#) on proposed policy recommendations to address vulnerabilities arising from non-bank leverage while IOSCO is expected to publish a revised set of recommendations for liquidity risk management for collective investment schemes.

v. Transitioning to the UK OFR regime

Depending on the timing of the landing slot allocated to them by the FCA, certain Irish fund management companies will be transitioning their UCITS funds registered for sale in the UK from the FCA Temporary Permissions Regime (**TMPR**) to the new Overseas Funds Regime (**OFR**) during 2025 while the UCITS funds managed by other fund management companies will remain in the TMPR regime until 2026.

¹⁵ For a more detailed analysis on the legal and regulatory considerations which should be borne in mind by Irish fund management companies when using or contemplating the use of AI in their business models, please refer to our [briefing](#) on the topic.

vi. *PRIIPS Reform*

As part of its EU Retail Investment Strategy referenced above, the European Commission has also proposed making targeted amendments to the PRIIPS Regulation¹⁶ including revisions to the template PRIIPS KID document that must be used by any Irish funds made available to EU retail investors. Interinstitutional negotiations to agree a final legislative text amending the PRIIPs Regulation are expected to take place this year.

Conclusion

We look forward to continuing to work with our clients on the wide range of topics outlined above during the course of 2025. If you have any questions arising from this briefing, please contact your usual contact in the Dillon Eustace Asset Management and Investment Funds Team.

¹⁶ Regulation (EU) 1286/2014 as amended



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