States showing a lower score in Transparency International's Corruption Perception Index 2024 compared to the previous year, it is high time that the EU tackles this topic in earnest. The Danish Council Presidency has committed to continuing work on the proposed Directive during its tenure from July to December 2025. As Denmark has consistently ranked as the least corrupt country worldwide, its leadership may be just what is needed to break the current stalemate.

Evolving Approach to FCPA Enforcement in the United States

Since the introduction of the Foreign Corrupt Practices Act (the "FCPA") in 1977, the US has significantly outpaced other jurisdictions in the scale of its enforcement activity in relation to foreign corrupt practices. The FCPA makes it unlawful for certain persons or entities associated with the US to bribe foreign officials in order to obtain or retain business overseas, or to falsify records to make such payments appear as legitimate business expenses.

The FCPA is concerned with overseas corruption and applies to US businesses operating both within and outside the US, and to non-US businesses where there is a sufficient US nexus - for example, to an Irish business that is listed in the US, or where an act alleged to form part of the offence occurred in the US (similar to the extra territorial reach of the UK Bribery Act 2010 and the Irish Criminal Justice (Corruption Offences) Act 2018). The FCPA has been interpreted expansively, and large fines have been imposed on companies prosecuted under the FCPA.

On 10 February 2025, President Trump issued an executive order entitled "Pausing Foreign Corrupt Practices Act Enforcement to Further American Economic and National Security" (the "Executive Order"). The Executive Order stated that American economic competitiveness was being harmed by "overexpansive and unpredictable FCPA enforcement against American citizens and businesses" and directed the Attorney General to pause investigations and enforcement actions under the FCPA for 180 days (subject to certain exemptions) and to review the guidelines and policies governing FCPA enforcement.

On 9 June 2025, the US Department of Justice published Guidelines for Investigations and Enforcement of the Foreign Corrupt Practices Act (the "DOJ Guidelines") which ended the FCPA enforcement pause. The DOJ Guidelines direct prosecutors to consider four non-exhaustive factors when considering FCPA investigations and enforcement action: (1) total elimination of cartels and transnational criminal organisations; (2) safeguarding fair opportunities for US companies; (3) advancing US national security and (4) prioritising investigations of serious misconduct.

The DOJ Guidelines provide that in determining whether to investigate or prosecute alleged offences under the FCPA prosecutors will, among other things:

a. consider whether the alleged misconduct deprived specific and identifiable US entities of fair access to compete and / or resulted in economic injury to specific and identifiable US companies or individuals;

b. consider the impact of the alleged corrupt practices on US economic and national security interests and "focus on the most urgent threats to US national security resulting from the bribery of corrupt foreign officials involving key infrastructure or assets" such as defence, intelligence, and critical minerals;

c. focus on cases involving serious misconduct, and where the impugned conduct "bears strong indicia of corrupt intent tied to particular individuals" instead of attributing nonspecific malfeasance to corporate structures; and

d. leave conduct that does not implicate US interests to foreign regulators and work with these foreign regulators in their prosecutions of such cases.

It remains to be seen how the DOJ Guidelines will be applied in practice. While the apparent shift in the US approach may result in a softer regulatory approach for US companies in the US, US companies operating in Ireland should remember that the Criminal Justice (Corruption Offences) Act 2018 (and similar provisions in other jurisdictions) has broad jurisdictional reach, applying to corruption offences that occur wholly or partly within the State, as well as those occurring outside the State where certain conditions are met.

Outlook

The World Economic Forum estimates the cost of corruption at 2-5 % of global GDP. With economic losses in the trillions of dollars, corporations are well advised to treat this issue seriously. Organisations should closely monitor the evolving regulatory environment and continuously assess the effectiveness of their anti-bribery and corruption programs. As criminal enterprises become increasingly sophisticated and their activities converge, organisations should respond by integrating their efforts to combat bribery and corruption with similar measures to prevent fraud, money laundering/terrorist financing, and sanctions evasion to arrive at a comprehensive view of their risk exposure to financial crimes. In the next edition of the ICQ, the Financial Crime Compliance Working Group will further explore how organisations can respond to these challenges by implementing an appropriate and effective anti-bribery and corruption program.

Navigating Regulatory Simplification: A Path Forward for Compliance Officers

Author: Shane Farrell, Payments Compliance VP at JP Morgan, Fellow of the Compliance Institute and Chair of the Consumer Protection Working Group.

In the ever-evolving landscape of financial regulation, the pendulum ambles between regulatory stratification and deregulation. As the Central Bank of Ireland (CBI) continues to refine its regulatory approach, the recent position paper on simplification, published by the BPFI, offers a glimpse into potential avenues for streamlining processes. This initiative underscores the ongoing dialogue between the CBI and industry stakeholders.

The CBI, as a supervisory authority, operates within the confines of the Central Bank Act 1943, which grants it the power to oversee and enforce compliance with financial services legislation as well as issuing secondary legislation where provided for by legislators. However, the creation and amendment of primary legislation fall under the purview of the Government of Ireland and the European Union. This distinction is crucial, as it highlights the CBI's role in implementing and enforcing regulations rather than crafting them. Despite these constraints, the CBI has shown a commendable willingness to engage with industry to explore simplification opportunities.

The BPFI's position paper on simplification published in September, outlines several areas where the industry sees potential for enhancing regulatory clarity and streamlining processes. Key areas of focus include improving supervisory engagement, reducing duplicative data requests, and fostering a more coordinated approach to regulatory guidance. These efforts are designed to alleviate the compliance burden on firms while maintaining robust oversight.

One of the significant challenges highlighted in the paper is the need for a more harmonised approach to regulatory requirements. The paper suggests aligning with EU standards to reduce inconsistencies and promote a level playing field across the Single Market. This alignment is particularly relevant in areas such as client asset rules and outsourcing regulations, where Ireland's current stance is seen as more stringent than necessary.

The BPFI's separate paper on the separation of fund administration and depositary entities preceded and complements the industry's simplification agenda. The BPFI advocates for a regulatory model that allows these functions to coexist within the same legal entity, provided robust internal controls and governance measures are in place. This proposal aligns with broader EU practices and aims to reduce operational costs and enhance Ireland's competitiveness in the financial services sector.

The compliance institute welcomes the direction of travel suggested by the BPFI, recognising the potential benefits of such regulatory simplification. By reducing the need for separate legal entities, firms can achieve greater operational efficiency without compromising investor protection. This approach also aligns with the EU's broader agenda of fostering a more integrated and competitive financial market.

While the CBI's role as a regulator inherently limits its ability to unilaterally change primary legislation, its proactive engagement with the industry is a positive step forward. By initiating discussions on regulatory simplification, the CBI demonstrates its commitment to balancing effective oversight with the need for a more streamlined regulatory environment.

For compliance officers, these developments signal a shift towards a more collaborative regulatory landscape. The dialogue between CBI leaders and

industry bodies must be complemented by similar engagement with the Government of Ireland. It is worth noting the Department of Finance on 21 July launched its "public consultation on new international financial services strategy." Responses are open until 19 September 2025. The evolving regulatory framework presents both challenges and opportunities. Staying informed and advocating for simplification over stratification will be key to navigating this dynamic environment.

In conclusion, the BPFI's recent position paper on simplification represent important milestones in the ongoing effort to refine Ireland's regulatory framework. By fostering open communication and collaboration, the CBI and industry stakeholders can work together to create a more efficient and effective regulatory environment.

Practical Challenges for Compliance Professionals in an AI-Driven World

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Introduction

AI (Artificial Intelligence) adoption is accelerating at pace with transformations once taking decades now happening within months.

Financial services firms, by nature, operate within formal governance structures and robust internal controls to meet business and regulatory requirements. While these frameworks provide stability and discipline, they can be slower to adapt to the rapid, iterative changes being driven by AI. Firms that integrate AI effectively and at pace can gain a significant competitive advantage. Conversely, poorly planned adoption can expose firms to regulatory breaches, strategic misalignment and reputational harm.

This article explores the key considerations financial services organisations should address as they navigate the opportunities and risks of the AI revolution.

Background

Firms that fail to adapt to AI risk losing customers, talent and market share to more innovative competitors.

Recently, the Central Bank of Ireland issued a questionnaire to the insurance sector to better understand the current and anticipated use of AI in insurance, as well as the governance and risk management measures in place to ensure its ethical and secure application. The questionnaire noted that *"rapid technological developments have the potential to significantly impact the (re)insurance sector"* and asked firms with no AI usage or no plans to adopt AI within the next three years to justify this position.

This sent a clear message: firms without an AI strategy appear to be operating at a disadvantage, missing out on potential new business opportunities, operational efficiencies and the competitive edge enjoyed by early adopters.

In this article we set out some of the key practical challenges that firms face and how compliance professionals can begin to address them.

Key Practical Challenges

It is critical that senior management recognise and address the challenges and threats AI can pose, both to their own business and to the wider economy. Some of the key risks are outlined below:

- **Cost:** AI technology is expensive, especially for businesses without in-house expertise. This includes initial investment as well as ongoing costs for training, system maintenance and software updates.
- **Skills shortage:** Firms may struggle to find qualified data scientists, machine learning