Topic	Synopsis	Link to Details
Sustainability *(July 2025)*	**ESRS Amendments:** The European Commission has adopted targeted "quick fix" amendments to the first set of European Sustainability Reporting Standards (ESRS). This will reduce the burden and increase certainty for companies that had to start reporting for financial year 2024 (commonly referred to as "wave one" companies). This quick fix was necessary because wave one companies were not captured by the "Stop-the-clock" Directive, which delayed by two years the sustainability reporting requirements for companies that report from financial year 2025 and 2026 (so called "wave two" and "wave three" companies). This Directive was part of the Omnibus I package adopted by the Commission at the end of February 2025.	095eb35f-1d45-4d86-b878-0224c5f1c5e2_en
Sustainability *(July 2025)*	**EU Taxonomy Simplification:** The European Commission has adopted a set of measures to simplify the application of the EU Taxonomy (which is the EU's classification system of sustainable economic activities and investments). This aims to reduce the administrative burden for EU companies, thus enhancing EU competitiveness while preserving core climate and environmental goals. The changes adopted are in the form of a Delegated Act amending the Taxonomy Disclosures, Climate and Environmental Delegated Acts. The Delegated Act will now be transmitted to the European Parliament and the Council for their scrutiny. The simplification measures laid out in this Delegated Act will apply as of 1 January 2026 and will cover the 2025 financial year. However, undertakings are given the option to apply the measures starting with the 2026 financial year if they find this more convenient.	Delegated Act: Delegated act details - Register of delegated acts Summary of measures: Commission to cut EU Taxonomy red tape for companies
Sustainability *(July 2025)*	**BIS Climate-related financial risk framework:** The Basel Committee on Banking Supervision has published its voluntary framework for the disclosure of climate-related financial risks, which includes both qualitative and quantitative information. The Committee has agreed this framework will be voluntary in nature, with jurisdictions to consider whether to implement it domestically	A framework for the voluntary disclosure of climate-related financial risks
Sustainability *(July 2025)*	**Collateral framework for climate-related transition risks:** The Governing Council of the European Central Bank has decided to introduce a new measure within the collateral framework to better manage financial risks related to the climate crisis - a "climate factor". This measure could reduce the value assigned to eligible assets pledged as collateral, depending on the extent to which an asset can be impacted by climate change-related uncertainties and is due to be implemented in the second half of 2026. The climate factor measure aims to: · protect the Eurosystem against potential decline in value of collateral in event of adverse climate-related transition shocks · address forward-looking climate-related uncertainties, enhancing resilience of Eurosystem's monetary policy implementation · apply to marketable assets issued by non-financial corporations, taking effect in the second half of 2026.	FAQ on the climate factor in the Eurosystem collateral framework

Please note that all links are accurate as of 18th August 2025

Regulatory Roundup on Anti-Bribery and Corruption

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In February 2025, the global anti-corruption watchdog Transparency International published its most recent Corruption Perception Index ('CPI'). The CPI ranks 181 countries and territories by their perceived levels of public sector corruption. The ranking shows a worrisome trend: 69 % of countries and territories have stayed stagnant or gotten worse since 2023. Despite popular opinion to the contrary, graft does not only affect developing economies. The United States, historically at the forefront of anti-corruption enforcement, achieved its lowest ever score, while three in five EU Member States have performed worse than in the previous period.

This article will investigate the question how (if at all) governments are reacting to this situation, describe recent developments to regulatory policy and enforcement in the European Union and the United States, and show how these initiatives (may) impact Irish companies.

Proposed Changes to the EU Anti-Corruption Framework

In 2017, the Commission estimated the cost of corruption to the EU economy at €120 billion per year, which is slightly less than the EU's annual budget. In her 2022 State of the Union address, President von der Leyen outlined plans to update the EU's legislative framework for fighting corruption. She committed to raising standards on offences such as illicit enrichment, trafficking in influence and abuse of power, and including corruption in the EU's human rights sanction regime. On 3 May 2023, the Commission presented a new proposal for a Directive on combating corruption. With this proposal, the Commission plans to consolidate the EU's current, fragmented framework and implement international obligations under the UN Convention Against Corruption.

The proposed Directive establishes minimum standards concerning the definition of criminal offences and sanctions, as well as measures to prevent and fight corruption. It extends the definition of criminal corruption offences to include misappropriation, trading in influence, abuse of functions, obstruction of justice, and illicit enrichment from corruption offences. The Directive further strengthens enforcement by extending the statute of limitations to prosecute corruption, introducing minimum criminal penalties and sanctions for different offences, and ensuring that law enforcement authorities and prosecutors have the appropriate investigative tools and resources to fight corruption. The Directive complements these repressive efforts by introducing a broad range of preventative measures aimed at raising awareness of the negative impact of corruption and fostering a culture of integrity in public administration. To direct their efforts, Member States will regularly perform an assessment to identify the sectors most at risk of corruption and develop plans to address the key risks.

The Parliament proposed amendments to the Directive and entered interinstitutional negotiations in February 2024. In June 2024, the Council approved its general approach to the proposal. While several trilogue discussions have taken place since, an agreement has yet to be reached. Negotiations stalled in June 2025 due to disagreement over the classification of abuse of functions as a criminal offence, with some Member States arguing that the provision is vague, overly broad, and open to misuse. Italy had previously abolished the offence, citing that it hindered decision-making and exposed officials to prosecutorial harassment. With 17 of the 27

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