

# Law & Regulation News

## AML update

The European Union (Money Laundering and Terrorist Financing) Regulations 2019 were signed by the Minister and became effective from 18th November 2019. The regulations amend the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 (the Act).

One of the key changes for accounting firms is the new requirement to have in place "appropriate procedures" for employees, or persons in a comparable position to report a contravention of the Act internally within the firm through a specific, independent and anonymous channel. These procedures should be proportionate to the size of the firm.

Practitioners will need to consider how this can be provided for within their firm. Firms should now update their policies and procedures in this regard and provide the appropriate training to staff.

The regulations require competent authorities, which includes CPA Ireland, to apply a risk-based approach to the exercise of its supervisory functions and to provide access to its employees and officers to relevant information on the domestic and international risks of money laundering and terrorist financing which affect its own sector.

It also requires that competent authorities take measures to prevent a person convicted of a relevant offence from performing a management function in or being the beneficial owners of an accountancy firm.

Practitioners operating within CPA firms and beneficial owners of such firms are now required to inform CPA Ireland if they are convicted of a relevant offence.

A "relevant offence" means –

- (a) an offence under this Act,
- (b) an offence specified in Schedule 1 to the Criminal Justice Act 2011, or
- (c) an offence under the law of a place (other than the State), consisting of an act or omission that, if done or omitted to be done in the State, would, under the law of the State, constitute an offence under subsections (a) or (b)

Source: [www.irishstatutebook.ie](http://www.irishstatutebook.ie)

## International peer review finds Central Bank is effectively regulating credit union sector

The Central Bank of Ireland recently published the "Peer Review: Central Bank of Ireland's Performance of its Regulatory Functions in Relation to Credit Unions". The review, undertaken by an external and experienced team of regulatory experts from the International Credit Union Regulators' Network (ICURN) found that the Central Bank effectively performs its functions in the regulation and supervision of the credit union sector. It was also highlighted in the review that significant improvements had been made since the previous review in 2015.

Source: [www.centralbank.ie](http://www.centralbank.ie)

## ESMA sets out its strategy on sustainable finance

The European Securities and Markets Authority (ESMA) published its Strategy on Sustainable Finance. The strategy sets out how ESMA will place sustainability at the core of its activities by embedding environmental, social and Governance (ESG) factors in its work.

The key priorities for ESMA highlighted in the strategy include:

- completing the regulatory framework on transparency obligations via the Disclosures Regulation. ESMA will work with the EBA and EIOPA to produce joint technical standards;
- reporting on trends, risks and vulnerabilities (TRV) of sustainable finance by including a dedicated chapter in its TRV Report, including indicators related to green bonds, ESG investing, and emission allowance trading;
- using the data at its disposal to analyse financial risks from climate change, including potentially climate-related stress testing in different market segments;
- pursuing convergence of national supervisory practices on ESG factors with a focus on mitigating the risk of greenwashing, preventing mis-selling practices, and fostering transparency and reliability in the reporting of non-financial information;
- participating in the EU Platform on Sustainable Finance that will develop and maintain the EU taxonomy and monitor capital flows to sustainable finance; and
- ensuring ESG guidelines are adhered to in the entities that ESMA supervises directly, while being ready to accept any new supervisory mandates related to sustainable finance.

ESMA's work spans the investment chain from issuer to investment funds, investment firms and retail investors. It has already delivered on several objectives of the EU's action plan on financing sustainable growth and will continue to assist the EU institutions to achieve sustainable finance goals, including by providing advice on areas where new Level 1 and Level 2 measures may be necessary.

To help deliver its strategy ESMA set up a Coordination Network on Sustainability in 2019. The network is composed of experts from national competent authorities and ESMA staff. It will be supported by a consultative working group of stakeholders, which will be established in the coming months.

Source: [www.esma.europa.eu](http://www.esma.europa.eu)