



Jersey Financial
Services Commission

Non-profit organisations' annual update



Welcome

Helene Narcy – Board of Commissioners



Welcome

Sam Davison – Head of Unit DNFBP/NPO/VASP, CAU and RMT Teams



Links and resources



Agenda

- NPO application process
- NPO structures
- Guidance on how to apply risk-based and proportionate controls
- Consideration of some vulnerabilities in donation practices
- Question & answer session





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The NPO application process

Glen Arnett and Fabian Cenan



Overview of the team

- › Team of 13 individuals
- › Form part of the Supervision Division
- › Regulatory Lifecycle – Authorisations, Material Changes & Cessations
- › Work closely with Supervisors, including the DNFBP/NPO/VASP team



NPO applications

Applications:

- › Submit online on the MyJFSC Portal
- › **Material Changes:**
 - › Please email Authorisations@jerseyfsc.org
 - › E.g. Change of name, change of contacts, change of address



NPO applications

› Definition of an NPO:

(1) An organization, legal person or arrangement is a non-profit organization for the purposes of this Law if –

- › *(a) it is established solely or primarily for charitable, religious, cultural, educational, social, or fraternal purposes with the intention of benefiting the public or a section of the public; and*
- › *(b) it raises or disburses funds in pursuance of those purposes.*

NPOs meeting the definition are required to register with the JFSC for Terrorist Financing (TF) purposes



Registered or prescribed

Registered

All funds raised and disbursed in Jersey, Guernsey, Isle of Man, Scotland, England and Wales

Changes to information since registration

Prescribed

Raises and/or disburses more than £1,000 per year outside of Jersey, Guernsey, Isle of Man, Scotland, England and Wales

Subject to additional obligations and oversight from JFSC



NPO structures

Unincorporated Association

Foundation

Trust

Fideicommis/incorporated association

Limited Partnership/Company



Prescribed NPOs – obligations

- › Confirmation of up-to-date risk appetite statement with reference to [Jersey's National Risk Assessment for Terrorist Financing](#)
- › Section 17 of the JFSC's Handbook
- › Consider systems and controls to mitigate CFT risks
- › Consider screening or training
- › Further information on Prescribed NPOs can be found on the JFSC website



Hints & tips for the NPO application process



Applicant name – this is the name of the NPO



Provide greater detail on the activities of the NPO in the description box on application form



Detailing how funds are raised

E.g. Grants – which grant, from whom, structure of grant

Hints & tips for the NPO application process




Trusts – providing information on the Trustee, Settlor(s) and Beneficiaries



Providing further information on use of cash or other goods and services provided

NPOs – Central Authorisation information

Print 

Central Authorisations

Central Authorisations is a dedicated team that supports authorisation and cessation processes across all regulated businesses, products, and individuals.

Contact us


For any queries related to authorisations or cessations, please contact the Central Authorisations team.


Email us >


Sectors


Financial Crime - Schedule 2 Business >	Banking >	FSB, Funds, AIFs and CoBOs >
Money Service Business >	General Insurance Mediation Business >	Insurance >
Investment Business >	Non-Profit Organisations >	Trust Company Business >
Recognised Auditors >		

Additional information

[About Central Authorisations](#) >

[Central Authorisations general guidance](#) >

[myJFSC](#) >

[Fees](#) >





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Guidance - applying risk-based and proportionate controls

Aimee McEnery



How are NPOs vulnerable?

- › Inherit “trusting” culture
- › Limited resources or controls
- › Being a potential victim of fraud or diversion



What are NPOs obligations when it comes to its activities?

- › **Article 6** of the **Prescribed Order** requires a Prescribed NPO to take reasonable steps to ... confirm, **as far as possible**, that its associate NPOs and NPO beneficiaries are not assisting or being used to assist terrorism or the financing of terrorism.
- › The JFSC recommend that Prescribed NPOs adopt a **risk-based approach** to obtaining **evidence** from those its working with.
- › The JFSC acknowledges that there may be **exceptional circumstances** where a relationship needs to be established rapidly, for example, **humanitarian disaster**.



Where do NPOs start?

- › Use of the NPO programme risk assessment to drive the risk rating e.g. low, medium and high
- › Independent data sources or screening against UK, Jersey, UNSC OFSI Consolidated sanctions lists
- › Due diligence (based on risk rating)



What type of information/evidence do we expect NPOs to collect?

High Risk	Medium Risk	Low Risk
inspecting the associate NPO's site of operations to view their activities first-hand (or commissioning a trusted third party to do so);	review of registration documentation;	obtaining details of the legal person or arrangement from an online registry;
inspections of associate NPO records and financial statements;	understanding how long an associate NPO has been operating, e.g. has it been set up "overnight" to capitalise on a market opportunity?	seeking references from other NPOs to corroborate the information the associate NPO has provided;
requesting details of their anti-Diversion systems and controls and testing them.		undertaking an open-source check (e.g., Google) to ascertain if the associate NPO has been subject to any adverse media coverage.



How can we mitigate the risk of fraud/diversion?

- › Diversion risk may be mitigated by:
 - › **Identifying** Associates NPOs/Beneficiaries whom you work with.
 - › Obtaining **reasonable assurance** that the funds have reached their **intended destination in full** and have been used for their **intended purpose**.
- › **Adequate systems and controls** can safeguard the non-profit sector, and Jersey, from reputational damage.
- › Robust controls also provide **confidence** to a Prescribed NPO's donors and the wider donor community.



diversion

/dɪˈvəːʃn,dɪˈvəːʃn/



What additional factors should we consider?

- › Purpose and Alignment
- › Credibility of the beneficiary/ Associate NPO
- › Financial Transparency
- › Use of funds, reporting
- › Method of donation





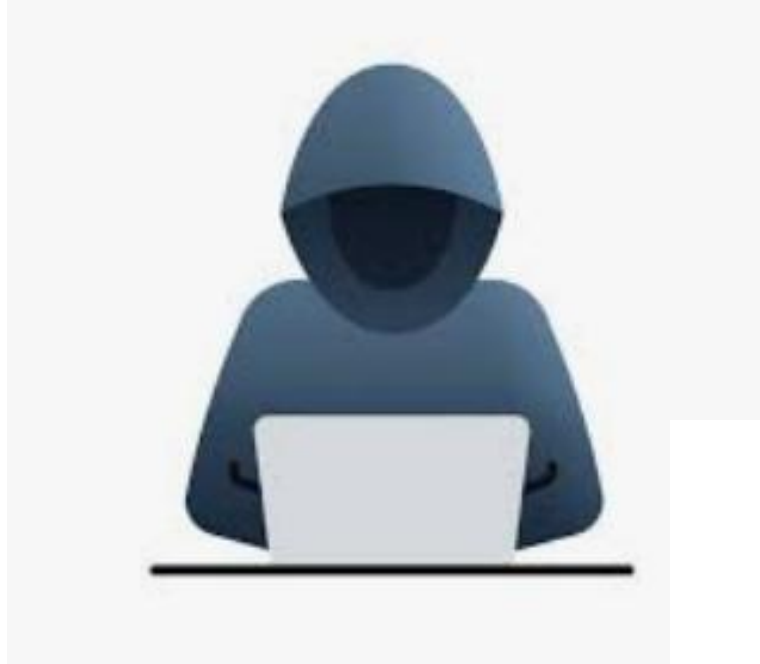
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Highlighting potential vulnerabilities in donation practices

Aimee McEnery and Silvia Pinto



Generic examples



Case study one: World Human Care

- › Example of a **front organisation** working in Indonesia and Syria
- › Whilst it has engaged in **some legitimate humanitarian activities**, it also raised funds to support violent extremist activity in Syria.



World Human Care

Export controlled · Sanctioned entity

World Human Care is subject to sanctions. See [the individual program listings](#) below.

Type	Organization	[sources]
Name	WORLD HUMAN CARE (WHC) · World Human Care	[sources]
Other name	WHC Indonesia · YAYASAN ORANG TUA ASUH (YOTA) · YOTA · Yayasan Orang Tua Asuh	[sources]



Case study two: Muslim Aid

- › Example of a **con organisation** working in the UK.
- › Three men raised funds via street collection with a view to fund a bomb plot in Birmingham.
- › The men purported to be raising the funds for a legitimate charity called Muslim Aid.



Decision

Charity Inquiry: Muslim Aid

Published 29 November 2022



Case study two: The Benevolence Foundation

- › Example of a **front organisation** that operated as an international organisation with offices in different jurisdictions.
- › BIF was **purported** as a **non-profit charitable trust** based in Saudi Arabia.
- › It was determined to be a **front for terrorist group Al-Qaeda**.



Benevolence International Foundation

Terrorism • Export controlled • Sanctioned entity

Benevolence International Foundation is subject to sanctions. See [the individual program listings](#) below.

Type	Company	[sources]
Name	AL BIR AL DAWALIA • Al-Bir Al-Dawalia • BIF-USA • Benevolence International Foundation • Mezhdunarodnyj Blagotvoritel'nyj Fond • 7 more...	[sources]
Other name	Al Bir Al Dawalia • Al Bir Al Dawalia, BIF, BIF-USA, Mezhdunarodnyj Blagotvoritel'nyl Fond • Al-Bir Al-Dawalia • BIF-USA • Mezhdunarodnyj Blagotvoritel'nyj Fond • 8 more...	[sources]
Weak alias	BIF	[sources]
Incorporation date	not available	[sources]
Jurisdiction	United States	[sources]
Country	Afghanistan • Azerbaijan • Bosnia and Herzegovina • Bangladesh • Canada • 13 more...	[sources]



Helpful Guidance for NPOs

Non-Profit Organisations (NPOs) Suspicious Activity Reporting (SARs)

What to do if you have knowledge, suspicion, or reasonable grounds for suspicion that terrorist financing and/or money laundering activity is present.

A Suspicious Activity Report (SAR) must be filed with the Financial Intelligence Unit (FIU) and sent to the Jersey Financial Services Commission (JFSC).

A SAR is the format by which knowledge, suspicion, or reasonable grounds for suspicion of money laundering and terrorist financing are reported. A SAR allows information and intelligence to be formally passed to law enforcement agencies - helping them prevent, detect, investigate, and prosecute crime.

Details on the requirements under the Proceeds of Crime (Jersey) Law 1999 and Terrorism (Jersey) Law 2022 can be found on page 2 of this flow chart.

1. Identify - Have you identified a potentially suspicious activity, system, transaction, or arrangement?
2. Assess - Is there a reasonable suspicion of money laundering or terrorist financing?
3. Report - If you have identified a potentially suspicious activity, system, transaction, or arrangement, you must report it to the JFSC.
4. Monitor - Monitor the situation and report any further suspicious activity.
5. Review - Review the situation and report any further suspicious activity.

Ensure that you have checked and updated the user guide before submitting your SAR. The user guide can be found in the 'Help' section of the SAR portal.

An organisation that has the following criteria should be considered for reporting:

- Details of the suspicion (that could be for a) Relationship of the identified party with the NPO
- Location and value of funds received and/or transferred
- Information held on the identified party
- What activity is being reported

If your organisation is a company, please also check the following criteria:

- Details of the suspicion (that could be for a) Relationship of the identified party with the NPO
- Location and value of funds received and/or transferred
- Information held on the identified party
- What activity is being reported

If your organisation is a company, please also check the following criteria:

- Details of the suspicion (that could be for a) Relationship of the identified party with the NPO
- Location and value of funds received and/or transferred
- Information held on the identified party
- What activity is being reported

Non-Profit Organisations (NPOs) in Jersey Is your organisation an NPO and what that means in practice

Globally it is recognised that terrorists may exploit the NPO sector to raise and move funds. Jersey has a large and diverse non-profit sector and protecting it from terrorist abuse is both a critical component of the global fight against terrorism and a necessary step to preserve the integrity of the sector. It is important to achieve this without unintended consequences to the legitimate and good works of the NPOs.

Please follow the below steps to determine if your organisation is considered an NPO under the law and, if so, what steps should be taken next.

1. Is your organisation set up primarily to raise or disburse funds for non-profit purposes?
 - No: Your organisation is not an NPO as defined in the law. No further action is required.
 - Yes: If you answered 'Yes' to this question, you will need to register with the JFSC. See the JFSC website for more information.
2. If you answered 'Yes' to question 1, your organisation is required to register with the Jersey Financial Services Commission. Has your NPO previously registered?
 - No: Your organisation will need to register for free via the JFSC website as an NPO.
 - Yes: If your NPO has previously filed a registration form with the JFSC, you will have been allocated an NPO number and do not need to register again.
3. Does your NPO raise and/or disburse more than £1,000 per annum outside Jersey, Guernsey, the Isle of Man, Scotland, and England and Wales?
 - No: Your NPO will not be subject to any additional requirements. No further action is required.
 - Yes: Your organisation will be a Prescribed NPO and will be subject to additional requirements. Further details on these measures can be found on the next page.
4. Your organisation will be a Prescribed NPO and will be subject to additional requirements. Further details on these measures can be found on the next page.

***Definitions:**

Raising funds means funds given to the NPO but does not include:

- Income earned on the funds of the NPO
- Amounts paid to the NPO by parents or other members of the NPO

Disbursing funds does not include:

- The disbursement of funds to the NPO by parents or other members of the NPO if those funds are applied to a) the NPO's general purposes
- A payment for goods or services. A payment is where you receive goods or services for a specific agreed value for goods or services, where a disbursement is broader in scope to a payment.

Examples of organisations who would fall outside of the definition in question 3 are:

- Religious bodies (unless they are used for money-laundering or terrorist financing)
- Political parties
- Charitable organisations (e.g., trade unions, parent teacher associations, professional associations)
- Charitable trusts (e.g., trusts for the elderly, trusts for the disabled, trusts for the education of children)
- Charitable companies (e.g., charities that are registered with the Charity Commission for England and Wales)
- Charitable foundations (e.g., foundations that are registered with the Charity Commission for England and Wales)
- Charitable trusts (e.g., trusts for the elderly, trusts for the disabled, trusts for the education of children)
- Charitable companies (e.g., charities that are registered with the Charity Commission for England and Wales)
- Charitable foundations (e.g., foundations that are registered with the Charity Commission for England and Wales)

Jersey Financial Services Commission

GOVERNMENT OF JERSEY

JERSEY CHARITY COMMISSION



Bitesize feedback



Jersey Financial Services Commission

Non-profit organisations (NPOs) Diversion mitigation

Diversion is the principal way NPOs are abused for terrorist financing and can be explained as the process in which funds are diverted away from the intended recipient and towards the terrorist, terrorist cell or terrorist organisation for them to benefit from, directly or indirectly. In 2024 we undertook thematic assessment visits of prescribed NPOs to understand the measures they had in place to mitigate diversion risk.

Proportionate, risk-based policies and procedures can safeguard you from terrorist financing abuse and reputational damage. Below we have broken down our observations of good practice, areas of improvement and key considerations.

Good practice we observed

- ▶ Making sure funds have reached the intended destination and purpose. For higher risk relationships, you can request to see an associate NPO's diversion mitigation policies and procedures and assess whether they are adequate.
- ▶ Using a combination of diversion mitigation methods and avoiding over-reliance on a single method. For example, you can use on-the-ground visits, in-person meetings, video conferencing, spending receipts and photographs.
- ▶ Making note of when your actions, or an associate NPO's actions, were not in line with expectations and changing policies and procedures accordingly to document "lessons learnt".

Areas of improvement we identified

Watch: NPOs and significant donor feedback



Watch Kate Rogers and Aimee McEnery from our NPO team discuss our feedback from our recent NPO examination, answering your frequently asked questions.

Why is the Supervision of Prescribed NPOs important?

Globally, it is recognised that Non-Profit Organisations ("NPOs"), including registered charities, may be exploited to raise and move funds to support terrorist activity. Jersey is proud to have a thriving and diverse NPO sector and must endeavour to protect it from terrorist exploitation, both as a critical component of the global fight against terrorism as well as to preserve the integrity of the sector and the quality of life of our donor community.

Jersey is committed to safeguarding and maintaining good practices of charitable giving and to work with the NPO sector to ensure transparency, accountability, and safe practices, to prevent exploitation by other criminals and terrorists.

Ultimately, the JFSC does not wish to interfere or add unnecessary burden to the NPO sector which is a vital contributor to society and many, often under challenging and desperate circumstances.

Despite the good work that the vast majority of NPOs undertake, there are examples internationally of them being abused, directly or indirectly, for terrorist financing purposes.

NPOs rely on donations received reaching their intended recipient beneficiaries. This also drives donor confidence. Diversion to terrorist actors removes the NPO's resources away from those in need to be used for harmful purposes. Diversion is the illicit removal of items of value to bad actors (usually described as designated terrorist organisations) for use in terrorist activities. Diversion can occur in three factors:

- Funds are diverted away from the intended recipient
- Funds are diverted away from the intended recipient
- Funds are diverted away from the intended recipient

Non-profit organisations (NPO) updates from the JFSC

Q2 2024

Welcome to our NPO newsletter

Our quarterly update highlighting upcoming events, key contacts, and helpful links



Thank you for your NPO questionnaire responses!

We asked all Jersey registered NPOs to complete our annual questionnaire. Over 50% of Jersey NPOs completed the questionnaire, giving an update on some of the key outcomes in our next large and diverse NPO sector ranging from charities, to limited companies, to operate internationally.

The NPO sector is a vital contributor to our society, providing important services and enhancing the quality of life for many, sometimes under challenging circumstances and we are committed to safeguarding and maintaining the integrity of the sector.

It is an important part of this as it ensures we have a good understanding of the NPO sector, to ensure we continue our risk-based approach to supervision and making sure our records for all NPOs are up to date.

Work with Jersey's NPOs, to raise awareness of the survey and build upon the number of NPOs.



New tools and guidance available!

Meet Reggie: your AI-powered regulatory chatbot

Print 

Reggie is our AI-powered chatbot, providing a self-help platform for your regulatory questions. Whether you're a compliance professional looking for specific regulatory material or an individual seeking simplified explanations, Reggie is here to assist.



Prescribed NPO Handbook

Print 

What is the Handbook and how do I use it

Only Prescribed NPOs are required to follow the requirements within the Handbook. If you are unsure as to whether your NPO meets the definition of Prescribed, please visit the 'Is my organisation an NPO and what does this mean' section of our website, where you will find further details and guidance.

The Handbook is designed to provide further information on the requirements a Prescribed NPO must follow from a statutory and Code of Practice perspective. The Handbook provides in-depth best practice guidance on how an NPO may implement the requirements. A key is available in the Handbook to help you navigate, and to identify what is a mandatory requirement versus what is guidance.

Section	Colour	Obligation explained
Section heading	Blue	Relates to Prescribed NPOs only
Sub heading	Grey	Relates to Prescribed NPOs only
Statutory requirements	Light blue	Mandatory for Prescribed NPOs only
Codes of Practice	Magenta	Mandatory for Prescribed NPOs only
Guidance notes	Green	Guidance for Prescribed NPOs only

The Handbook covers many sectors within Jersey, and non-profit organisation can be viewed in Section 17.

Where to find the Handbook

Section 17 of the AML/CFT/CPF Handbook page is linked below:

[The AML / CFT / CPF Handbook.](#)



Questions



Slido code: 1811201

