



Jersey Financial
Services Commission

Non-Profit Organisations

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2022 Commitment



2023 Position

Improve NPO systems and controls to prevent abuse

- › The introduction of the requirements under the Order and Code of Practice
- › Data collation exercise informs the JFSC system

Consultation – new Ministerial Order; establish criteria that defines Prescribed NPOs at heightened risk for terrorist financing abuse

- › Effective consultations and drop-in/121s
- › Feedback used to inform framework
- › Removal of exemptions
- › Definition of Prescribed

Build a flexible, proportionate and effective supervisory regime capturing Prescribed NPOs, to effectively manage and mitigate abuse

- › Simplified definitions: registration and Prescribed
- › Based upon agreed risk factors
- › Enhanced guidance; Handbook and Website

Joint collaborative efforts between the JFSC, JCC, the NPO sector and related stakeholders

- › Close collaboration over the past year
- › Memorandum of Understanding – JCC
- › Staying connected to AJC, JOAC
- › Emails, guidance, 121s and telephone calls with NPOS



When to register, and when an NPO is Prescribed?

Step 1

When to register as an NPO

Law

Requirement
to Register

Step 1

Solely or primarily engaging in raising or disbursing funds for purposes such as charitable, religious, cultural, educational, social or fraternal purposes, or other types of good works

Step 2

When does an NPO become a Prescribed NPO?

Order

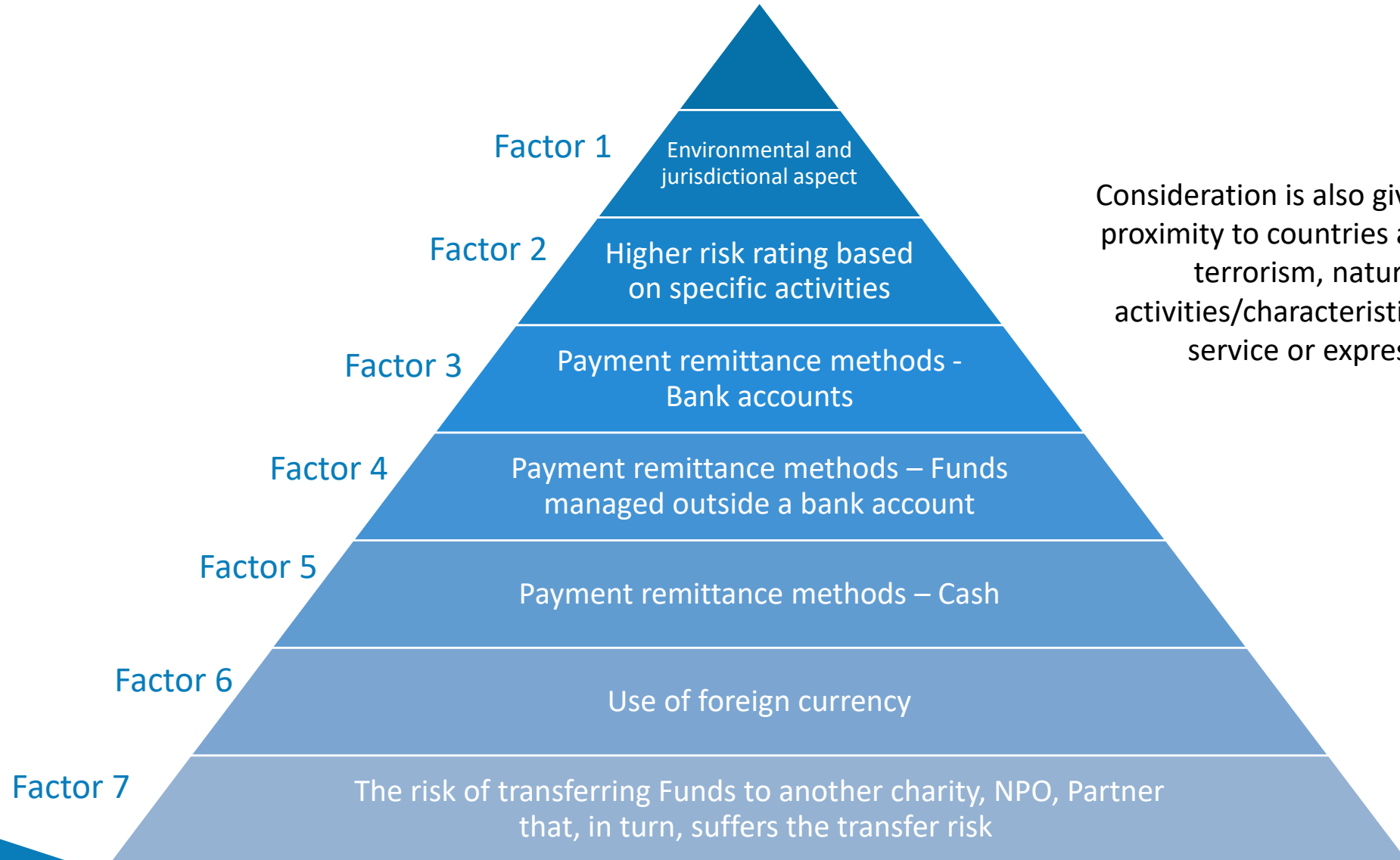
Are you
Prescribed

Step 2

Any NPO that raises and/or disburses more than £1,000 per annum outside Jersey, Guernsey, the Isle of Man, Scotland, and England and Wales.

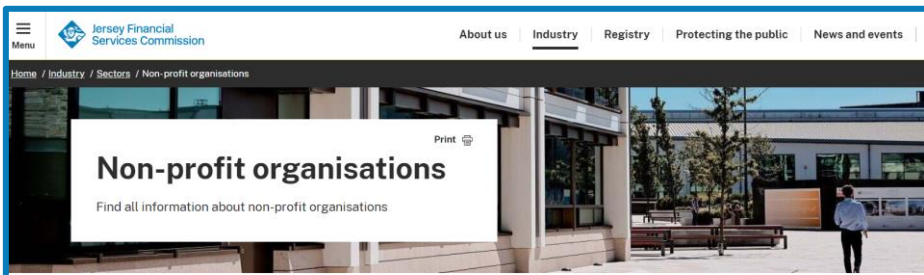


Factors considered in determining NPOs risk level



Consideration is also given to close proximity to countries at risk from terrorism, nature of activities/characteristics such as service or expressive





Prescribed NPO Handbook

What is the Handbook and how do I use it

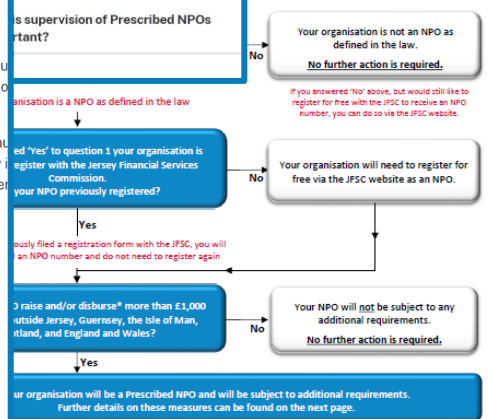
Only Prescribed NPOs are required to follow the requirements within the Handbook. If you are unsure if your organisation is a Prescribed NPO, please visit the 'Is my organisation an NPO and what does this mean?' section for further details and guidance.

The Handbook is designed to provide further information on the requirements a Prescribed NPO must follow from a Practice perspective. The Handbook provides in-depth best practice guidance on how an NPO may be able to use the Handbook to help you navigate, and to identify what is a mandatory requirement versus a best practice recommendation.

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

NPOs in Jersey that means in practice

To raise and move funds, Jersey has a large and vibrant NPO sector. It is important to achieve this without NPOs being considered an NPO under the law and, if so, what that means in practice.



Examples of organisations who would fall outside of the definition in question 1 are:

- Religious (whose activities are limited to mainly worship/study/sermon activities)
- Political parties
- Closed interest/membership organisations (e.g., trade unions, parent teacher organisations, professional associations)
- Culture groups (e.g., book clubs)
- Neighbourhood groups
- Certain thrift clubs, provided they are purely savings clubs (to benefit their members) or have a gambling element

Logos for Jersey Financial Services Commission, Government of JERSEY, and JERSEY CHARITY COMMISSIONER are displayed at the bottom.



Get in touch

NPOEnquiries@jerseyfsc.org



A Prescribed NPO - What does this mean in practice?

- › A brief outline of the requirements as stated in the Order can be seen below:
- › **Article 2** - to prepare an annual financial statement
- › **Article 3** - to have appropriate accounting systems and controls in place
- › **Article 4** - to keep records of owners, controllers etc. sufficient to identify them
- › **Article 5** - to keep a record of significant donors
- › **Article 6** - take reasonable steps to identify other NPOs with whom your NPO may be working

Further guidance on best practice for implementing these requirements can be found within the JFSC's Handbook



Risk Appetite Statement

What is a Risk Appetite Statement and how to create one?



Handbook for the prevention and detection of money laundering, the countering of terrorist financing, and the countering of proliferation financing

17.3.1 NPO programme risk assessment (NPO PRA) and associated activities

Codes of Practice

22. A *Prescribed NPO* must assess and mitigate the risk of being used to assist terrorism, or the *financing of terrorism*.
23. A *Prescribed NPO* must define and document their approach to *Diversion* risk in a risk appetite statement.
24. A *Prescribed NPO* must have internal systems and controls in place to mitigate *Diversion* risks.

Guidance notes



Risk Appetite Statement – in detail

Risk Appetite Statement

Are there certain jurisdictions, territories or areas in which the NPO is comfortable to operate, (e.g., where it has experience/ is engaged with known associate NPOs). There may be other places where the NPO is unwilling to operate

Are certain routes or geographical areas, particular relationships, or the use of certain payment methods to be avoided?

If working alongside certain associate NPOs falls outside the NPO's risk appetite

What contractual arrangements and terms it will be prepared to put in place working with an associate NPO, for example seeking undertakings of non-tolerance for diversion

What types of donors it will accept funding from

Who it will distribute benefits to and where

Are there certain conflict levels it will not tolerate, such as delivering aid in an active warzone

