

STATEMENT ON SARK NON PROFIT ORGANISATIONS

The Chief Pleas of Sark and the Sark Registrar of Non Profit Organisations (the Registrar) have issued the following policy in relation to Sark charities and other non profit organisations (NPOs). The policy reflects the standards of the Financial Action Task Force (FATF). These standards are expressed in Recommendation 8 of the FATF's 40 Recommendations.

Taking a risk-based approach

1. The Two Signatories to this policy endorse the view expressed by the FATF that not all NPOs are inherently high risk for terrorist financing. The experience of the Two Signatories is that none of the existing Sark NPOs presents any Terrorist Financing (TF) risk.
2. The subset of organisations falling within the FATF definition of NPO will continue to be identified by means of legislation.
3. All relevant sources of information will continue to be used to identify (i) the features and types of NPOs, which, by virtue of their activities or characteristics, are likely to be at risk of terrorist financing abuse; and (ii) the nature of threats posed by terrorists and terrorist entities to the NPOs which are at risk and methods used by terrorist actors to abuse those NPOs.
4. The adequacy of measures, including laws and regulations, that relate to NPOs that may be abused for terrorism financing will continue to be monitored in order to be able to take proportionate and effective actions to mitigate the risks identified.
5. The NPO sector will continue to be reassessed periodically by reviewing new information on the sector's potential vulnerabilities to terrorist activities to ensure effective implementation of measures.

Sustained outreach concerning terrorist financing issues

6. Policies, expressed by means of legislation and guidance, will continue to promote accountability, integrity, and public confidence in the administration and management of NPOs that are assessed as presenting a TF risk. These will include:
 - issue of financial statements;
 - constitutional documents setting out the composition and purposes of the NPO and the conduct, powers and responsibilities of its officers;
 - record keeping;
 - written record of contractual relationships;
 - accounting and dual authority for making payments, including restrictions on cash and personal bank accounts;
 - reporting of large and unusual payments outside the Bailiwick;

- a general obligation to be aware of the nature and exposure to risks and to mitigate against financial crime risks (including TF for internationally active NPOs);
 - identification measures for donors and beneficiaries;
 - keeping of donor and beneficiary registers;
 - preparation of an anti-financial crime);
 - measures relating to international partners;
 - compliance reviews and remedial measures;
 - reporting of concerns;
 - advice to donors on applicable requirements.
7. Outreach and educational programmes will continue to be undertaken to raise and deepen awareness among NPOs as well as the donor community about the potential vulnerabilities of NPOs to terrorist financing abuse and terrorist financing risks, and the measures that NPOs can take to protect themselves against such abuse.
 8. The Registrar will continue to work with the NPO sector to develop and refine best practices to address terrorist financing risk and vulnerabilities and thus protect NPOs from terrorist financing abuse.
 9. Wherever feasible NPOs will continue to be encouraged to conduct transactions via regulated financial channels. The exercise of the Registrar's oversight functions will continue to take account of the varying capacities of financial sectors in different countries and in different areas of urgent charitable and humanitarian concerns.

Targeted risk-based supervision or monitoring of NPOs

10. Using the risk-based approach permitted by applicable legislation, the Registrar will continue to monitor compliance with the legislation (including the requirements of the FATF) such that it can demonstrate that risk-based measures apply to NPOs at risk of terrorist financing abuse.
11. The applicable legislation will continue to enable effective, proportionate and dissuasive sanctions for violations by NPOs or persons acting on behalf of these NPOs.

Effective information gathering and investigation

12. The Registrar will continue to participate as necessary in effective co-operation, co-ordination and information-sharing to the extent possible with appropriate authorities or organisations that hold relevant information on NPOs. Processes for this will be set out in a document agreed by the Registrar and the other parties concerned.
13. Sark will play its part as necessary in ensuring that the Bailiwick continues to have investigative expertise and capability to examine those NPOs suspected of either being exploited by, or actively supporting, terrorist activity or terrorist organisations.
14. Legislation will permit full access to information on the administration and management of particular NPOs (including financial and programmatic information) may be obtained

during the course of an investigation.

15. The Registrar will agree with the operational authorities appropriate mechanisms recorded in writing to ensure that, when there is suspicion or reasonable grounds to suspect that a particular NPO: (i) is involved in terrorist financing abuse and/or is a front for fundraising by a terrorist organisation; (ii) is being exploited as a conduit for terrorist financing, including for the purpose of escaping asset freezing measures, or other forms of terrorist support; or (iii) is concealing or obscuring the clandestine diversion of funds intended for legitimate purposes, but redirected for the benefit of terrorists or terrorist organisations, that this information is promptly shared with competent authorities, in order to take preventive or investigative action.

Effective capacity to respond to international requests for information about an NPO of concern

16. The Registrar will identify an appropriate point of contact and procedures to respond to international requests for information regarding particular NPOs suspected of terrorist financing or involvement in other forms of terrorist support.



Chairman
Policy & Finance Committee



Sark Greffier