CAYMAN ISLANDS

NON-PROFIT ORGANISATIONS (AMENDMENT AND VALIDATION) BILL, 2026

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A BILL FOR AN ACT TO AMEND THE NON-PROFIT ORGANISATIONS ACT (2020 REVISION) IN ORDER TO PROVIDE ENHANCED OVERSIGHT OF NON-PROFIT ORGANISATIONS; TO PROTECT NON-PROFIT ORGANISATIONS FROM TERRORIST FINANCING ABUSE; TO PROVIDE A STATUTORY BASIS FOR THE REGISTRAR'S COLLECTION OF FEES FOR SEVERAL SERVICES; TO VALIDATE CERTAIN OF THE REGISTRAR'S PREVIOUS REVENUE COLLECTION ACTIONS; AND FOR INCIDENTAL AND CONNECTED PURPOSES

PUBLISHING DETAILS

Sponsoring Ministry/Portfolio: Ministry of Financial Services and Commerce

Memorandum of

OBJECTS AND REASONS

This Bill amends the Non-Profit Organisations Act (2020 Revision) (the "principal Act) to —

(a) provide enhanced oversight of Non-Profit Organisations;

(b) protect Non-Profit Organisations from terrorist financing abuse;

(c) provide a statutory basis for the Registrar's collection of fees for various services;

(d) validate certain of the Registrar's previous revenue collection actions; and

(e) provide for incidental and connected purposes.

Clause 1 provides the short title and commencement of the legislation.

Clause 2 amends section 2 of the principal Act to assign to the term "terrorist financing" the same meaning as in the Terrorism Act (2018 Revision). The clause also redefines the term "non-profit organisation" to include a body of persons, whether incorporated or unincorporated, or a trust which disburses funds for specified purposes (for example, charitable or philanthropic purposes).

Clause 3 amends section 4(1) of the principal Act to increase the functions of the Registrar in relation to non-profit organisations. The increased functions would include —

(a) monitoring non-profit organisations for compliance with their obligations under the principal Act, using measures that are proportionate, focused, and risk-based; and

(b) implementing proportionate, focused and risk-based measures to address terrorist financing risks in relation to non-profit organisations.

Clause 3 also amends section 4(1) of the principal Act by repealing paragraphs (f), (g) and (h) and substituting new paragraphs. The proposed new paragraphs empower the Registrar to —

(a) guide non-profit organisations regarding best practices, including best practices for addressing terrorist financing risks; and

(b) conduct periodic risk assessments of the non-profit organisations sector within the Islands to identify the nature of the terrorist financing risks they face.

Clause 4 inserts into the principal Act new sections 4A, 4B, 4C and 4D. The new section 4A would empower the Registrar to require a controller or an officer of a non-profit organisation to provide such documents and information as the Registrar may reasonably require for the purpose of exercising the Registrar's functions under the principal Act. In addition, the Registrar may require a non-profit organisation, any controller, officer or member of the non-profit organisation or any other person reasonably believed to have information relevant to the Registrar's inquiry to attend before the Registrar to answer such

questions or provide such information as the Registrar may deem necessary in connection with the Registrar's inquiry. The new section 4B would empower the Registrar, upon a request in writing from a competent authority or a self-regulatory body, to provide to the competent authority or the self-regulatory body, any information required for the purpose of responding to an international request for information regarding a non-profit organisation suspected of terrorist financing or involvement in any other form of terrorist support. The new section 4C would empower the Registrar to charge fees for the provision by the Registrar of prescribed administrative services and the new section 4D would enable the Registrar to charge express fees for the provision of expedited services.

Clause 5 amends section 5A of the principal Act to make it clear that the restriction on disclosure of information does not apply where the Registrar discloses information (under the new section 4B) for the purpose of responding to an international request for information regarding a non-profit organisation suspected of terrorist financing or involvement in any other form of terrorist support.

Clause 6 amends section 6 of the principal Act to prohibit a non-profit organisation from disbursing funds to the public within the Islands or elsewhere, unless the non-profit organisation is registered or exempt from the obligation to register under the principal Act.

Clause 7 inserts into the principal Act a new Part 4A which contains a proposed section 11A and deals with 'Protection from Terrorist Financing Abuse'. The proposed section 11A requires a "competent authority" (as defined in section 2(1) of the Proceeds of Crime Act (2025 Revision)) to establish appropriate mechanisms to ensure that certain information is shared with appropriate authorities, when there is a suspicion that a non-profit organisation is involved in certain activities (for example, being used as a conduit for terrorist financing).

Clause 8 repeals and substitutes section 16 of the principal Act. Currently, penalties for failure to comply with the principal Act may be imposed on a controller of a non-profit organisation. By virtue of the proposed amendment, those penalties could also be imposed on the non-profit organisation and its officers.

Clause 9 inserts subsection (4A) into section 17 of the principal Act. The new subsection would set out the powers of the Registrar when a non-profit organisation fails to pay an administrative penalty, and these powers include suspending or cancelling the registration of the non-profit organisation.

Clause 10 amends section 21(2)(b) of the principal Act to correct a reference to "excluded person". Section 21(2)(b) requires an entity that is registered as an "excluded person" under section 5(4) of the Securities Investment Business Act (2020 Revision) to also be registered under the principal Act; however, the correct reference should be to a "registered person", not an "excluded person". The effect of the amendment is to make that correction.

Clause 11 amends section 22 of the principal Act to insert new provisions enabling the making of regulations to provide for —

(a) the fees to be paid for the provision by the Registrar of any administrative services; and

(b) the express fees to be paid for the provision by the Registrar of certain services.

Clause 12 provides for the validation of the payment of fees to, and the charging and collection of fees by, the Registrar, without statutory authority, for any administrative service provided under the principal Act prior to the commencement of this amending and validating legislation. The clause provides that the payment, charging and collection of those fees are validated and considered as lawfully charged by, paid to and collected by the Registrar, as if the Registrar was empowered under the principal Act as amended by this amending and validating legislation to charge and collect those fees.

Clause 13 provides that the validation of the fees referred to in clause 12 does not affect any order or determination made by a court with respect to fees charged by, paid to or collected by the Registrar for the provision of administrative services prior to the commencement of this amending and validating legislation.

Clause 14 contains transitional provisions which allow an entity a period of six months from the commencement of this amending and validating legislation within which to comply with the registration requirements of the principal Act if —

(a) immediately prior to the commencement of this amending and validating legislation, the entity was engaged in disbursing funds within the Islands or elsewhere without being required to be registered as a non-profit organisation under the principal Act; and

(b) the entity becomes subject to such registration solely by virtue of the amendment to the definition of "non-profit organisation" made by this amending and validating legislation.

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ENACTED by the Legislature of the Cayman Islands.

Short title and commencement

1. (1) This Act may be cited as the Non-Profit Organisations (Amendment and Validation) Act, 2026.

(2) This Act shall come into force on such date as may be appointed by Order made by the Cabinet and different dates may be appointed for different provisions of this Act and in relation to different matters.

Amendment of section 2 of the Non-Profit Organisations Act (2020 Revision) - interpretation

2. The *Non-Profit Organisations Act (2020 Revision)*, in this Act referred to as the "principal Act", is amended in section 2 as follows —

(a) by inserting, in the appropriate alphabetical sequence, the following definitions —

" "**competent authority**" has the meaning assigned by section 2(1) of the *Proceeds of Crime Act (2025 Revision)*;

"**officer**" means a person, other than a controller, who, whether formally appointed or acting, in practice exercises management, oversight, control or decision-making functions in relation to the day-to-day operations or affairs of a non-profit organisation;

"**self-regulatory body**" has the meaning assigned to that expression under section 2(1) of the *Proceeds of Crime Act (2025 Revision)*;

"**terrorist financing**" has the meaning assigned by section 2 of the *Terrorism Act (2018 Revision)*;";

(b) the definition of the words "**non-profit organisation**" by repealing paragraph (b) and substituting the following paragraph —

"(b) which, within the Islands or elsewhere —

(i) solicits contributions or raises funds from the public or a section of the public; or

(ii) disburses funds,

for any of the purposes set out in paragraph (a);"; and

(c) in the definition of the word "**Registrar**" by deleting the word "and" appearing after the semicolon.

Amendment of section 4 - functions of the registrar

3. The principal Act is amended in section 4(1) as follows —

(a) by inserting after paragraph (e) the following paragraphs —

"(ea) monitoring non-profit organisations for compliance with their obligations under this Act, using measures that are proportionate, focused, and risk-based;

(eb) implementing proportionate, focused and risk-based measures to address terrorist financing risks in relation to non-profit organisations, and monitoring compliance of non-profit organisations for compliance with this paragraph and the prescribed sanctions regime;

(ec) establishing a focused, proportionate, and risk-based approach for the oversight or monitoring of non-profit organisations;"; and

(b) by repealing paragraphs (f), (g) and (h) and substituting the following paragraphs —

"(f) investigating or authorising the investigation of a non-profit organisation that is suspected of failing to comply with the requirements of this Act or of otherwise operating illegally;

(g) guiding non-profit organisations regarding best practices, including best practices for addressing terrorist financing risks;

(h) conducting periodic risk assessments of the non-profit organisation sector within the Islands to identify the nature of the terrorist financing risks they face; and".

Insertion of sections 4A, 4B, 4C and 4D - registrar's power to require information; registrar's duty to provide information; administrative services; express fees

4. The principal Act is amended by inserting after section 4 the following sections —

"**Registrar's power to require information**

4A. (1) The Registrar may, by notice in writing, require a controller or an officer of a non-profit organisation to provide, within such reasonable period as may be specified in the notice, such documents, statements, records, or other information as the Registrar may reasonably require for the purpose of exercising the Registrar's functions under this Act.

(2) Any controller or officer of a non-profit organisation that receives a notice under subsection (1) shall comply with the notice within the period and in the manner specified in the notice.

(3) If a controller or officer is unable, in whole or in part, to comply with the notice, the controller or officer shall, within the time specified in the notice, notify the Registrar in writing of the reasons and provide any information or explanation available in relation to the matter.

(4) The Registrar may, by notice in writing, require —

(a) a non-profit organisation;

(b) any controller, officer or member of the non-profit organisation; or

(c) any other person reasonably believed to have information relevant to the Registrar's inquiry,

to attend before the Registrar to answer such questions or provide such information as the Registrar may deem necessary in connection with the Registrar's inquiry.

(5) In relation to information recorded otherwise than in legible form, the notice may require a copy of the information in legible form or in a form from which the information can readily be produced in visible and legible form.

(6) Information required to be provided to the Registrar under this section shall be provided in the English language, and any information not in English shall be accurately translated into English before being provided.

(7) Without prejudice to subsection (1), the Registrar may require the production of any of the following as part of the non-profit organisation's governance and internal control framework —

(a) governing documents including constitutions, by-laws, and policies,

(b) records of decision-making processes and meeting minutes; or

(c) any other documentation or information relevant to ensuring compliance with this Act.

Registrar's duty to provide information to competent authority and self-regulatory body in cases of investigation relating to terrorism

4B. (1) The Registrar may, upon a request in writing from a competent authority or a self-regulatory body, provide to the competent authority or the self-regulatory body, any information required for the purpose of responding to an international request for information regarding a non-profit organisation suspected of terrorist financing or involvement in any other form of terrorist support.

(2) Where a request is made to the Registrar for information in accordance with subsection (1), the information shall be provided as soon as reasonably practicable from the date of receipt of the request.

(3) Where information is provided in accordance with subsection (1), the recipient of such information shall —

(a) only use the information for the purpose for which it was provided;

(b) only retain the information for as long as is necessary to carry out the purpose for which it was provided; and

(c) not disclose the information for any purpose other than the purpose for which it was provided.

Administrative services

4C. A person shall pay to the Registrar the prescribed fee for the provision by the Registrar of such administrative services as may be prescribed.

Express fees

4D. The Registrar, on receipt of —

(a) an application for registration under this Act; or

(b) a filing, certification, certificate or copy pursuant to this Act,

which is accompanied by the prescribed express fee, shall complete the transaction for which the respective document has been submitted by —

(i) the end of the working day, where the document and all fees are received by 12 noon; or

(ii) 12 noon on the following working day, where the document and all fees are received after 12 noon.".

Amendment of section 5A - non-disclosure

5. The principal Act is amended in section 5A(2)(g) as follows —

(a) in subparagraph (i) by deleting the word "or" appearing after the semicolon; and

(b) by inserting after subparagraph (ii) the following subparagraph —

"(iii) by the Registrar or a competent authority, pursuant to section 4B; or".

Amendment of section 6 - registration application

6. The principal Act is amended in section 6 as follows —

(a) by repealing subsection (2) and substituting the following subsection —

"(2) A non-profit organisation shall not —

(a) solicit contributions or cause contributions to be solicited from;

(b) raise funds or cause funds to be raised from; or

(c) disburse funds to,

the public, or any section of the public, within the Islands or elsewhere, unless the non-profit organisation is registered or exempt from the obligation to register under this Act."; and

(b) by inserting after subsection (2) the following subsection —

"(3) A person who contravenes subsection (2) commits an offence and is liable on summary conviction —

(a) in the case of a first offence, to a fine of five thousand dollars, to imprisonment for six months, or to both; or

(b) in the case of a second or subsequent offence, to a fine of ten thousand dollars, to imprisonment for one year, or to both.".

Insertion of Part 4A - protection from terrorist financing abuse

7. The principal Act is amended by inserting after Part 4 the following Part —

"PART 4A - PROTECTION FROM TERRORIST FINANCING ABUSE

Preventative actions by competent authorities against terrorist financing

11A. Every competent authority shall establish appropriate mechanisms to ensure that, when there is a suspicion or reasonable grounds to suspect that a non-profit organisation is involved in any of the following activities —

(a) involvement in terrorist financing abuse;

(b) being a front for fundraising by a terrorist organization;

(c) being used as a conduit for terrorist financing, including for the purpose of escaping asset freezing measures, or other forms of terrorist support; or

(d) concealing or obscuring the clandestine diversion of funds intended for legitimate purposes, but redirected for the benefit of terrorist or terrorist organisations,

that this information is promptly shared with authorities as appropriate for the purpose of preventive or investigative action.".

Repeal and substitution of section 16 - failure to comply with Act

8. The principal Act is amended by repealing section 16 and substituting the following section —

"**Failure to comply with Act**

16. (1) Any non-profit organisation or any controller or officer, as the case may be, who fails, without reasonable cause, to comply with —

(a) a notice under section 4A(1);

(b) the provisions for notification of changes under section 7(5);

(c) the provisions under Part 5 dealing respectively with the preparation of financial statements and annual returns; or

(d) a request under section 21(4),

is liable to a penalty of three thousand dollars and, in the case of a continuing breach, to a further penalty not exceeding one hundred

dollars for every day or part of a day during which the breach continues until one of the following occurs —

(i) the breach stops or is remedied;

(ii) there is payment of the initial fine and all fines imposed for the continuing breach; or

(iii) the total of the initial fine and all fines for the continuing breach amounts to six thousand dollars.

(2) Where the total of the initial fine and all fines for the continuing breach reaches six thousand dollars and the breach nevertheless continues, the Registrar may proceed to suspend or cancel the registration of the non-profit organisation until the breach has been remedied to the satisfaction of the Registrar.".

Amendment of section 17 - imposition of administrative penalties

9. The principal Act is amended in section 17 by inserting after subsection (4) the following subsection —

"(4A) Where a non-profit organisation fails to pay an administrative penalty imposed under this Act within the period specified by the Registrar, the Registrar may —

(a) suspend or cancel the registration of the non-profit organisation;

(b) refuse to process —

(i) any application relating to the non-profit organisation; or

(ii) any request for a change relating to a controller or officer of the non-profit organisation,

until the fine is paid; or

(c) notwithstanding section 16(1)(iii), impose an additional penalty not exceeding five hundred dollars for each month that the fine remains unpaid up to a total of five thousand dollars.

(d) where the aggregate amount of the unpaid fine and any additional penalty imposed under paragraph (c) reaches five thousand dollars, the Registrar may cancel the registration of the non-profit organisation; and

(e) the Registrar shall not cancel the registration of a non-profit organisation under subsection (d) unless the Registrar has given the non-profit organisation written notice of the proposed cancellation and an opportunity to make representations within such period as may be specified in the notice.".

Amendment of section 21 - exemption of organisations

10. The principal Act is amended in section 21(2)(b) by deleting the words "an excluded person" and substituting the words "a registered person".

Amendment of section 22 - regulations

11. The principal Act is amended in section 22 as follows —

(a) by inserting after paragraph (d) the following paragraphs —

"(da) the fees to be paid for the provision by the Registrar of any administrative services;

(db) the express fees to be paid for the provision by the Registrar of any services under section 4D;"; and

(b) by deleting the word "and" at the end of paragraph (j) and inserting after paragraph (j) the following paragraphs —

"(ja) proportionate, effective and dissuasive sanctions regime for non-compliance with this Act;

(jb) exemptions from specified requirements of the Act, in relation to a non-profit organisation or any category of non-profit organisations;

(jc) guidance and directions in relation to a non-profit organisation or any category of non-profit organisations, subject to such conditions or limitations as may be prescribed; and".

Validation of payment and collection of fees

12. The payment of fees to, and the charging and collection of fees by, the Registrar for any administrative service provided by the Registrar prior to the commencement of this amending and validating Act are —

(a) validated; and

(b) taken to have been lawfully charged by, paid to and collected by the Registrar,

as if the Registrar was empowered under the principal Act as amended by this amending and validating Act to charge and collect those fees.

Orders or determinations by a court

13. This amending and validating Act does not affect any order or determination made by a court with respect to fees charged by, paid to and collected by the Registrar for any administrative service provided prior to the commencement of this amending and validating Act.

Transitional provisions

14. An entity that —

(a) immediately prior to the commencement of this Act, was engaged in disbursing funds within the Islands or elsewhere without being required to be registered as a non-profit organisation under the principal Act; and

(b) becomes subject to such registration solely by virtue of the amendment to the definition of "**non-profit organisation**" made by this Act,

has a period of six months from the commencement of this Act within which to comply with the registration requirements of the principal Act and shall not be regarded as being in contravention of those requirements during that period solely by reason of not being registered.

Passed by the Parliament the day of , 2026.

Speaker

Clerk of the Parliament