GOVERNMENT OF BERMUDA

MINISTRY OF HOME AFFAIRS
Registry General

Guidance on the

Charities Regulations 2014

Updated: 14 September 2026

Guidance for Charities

A. Introduction

These Guidance Notes aim to assist charity trustees (hereafter referred to as "trustees") to comply with their legal duties and responsibilities under the *Charities Regulations 2014 ("*the Regulations"). The Guidance addresses each Regulation in turn and is designed to help trustees be clear about what their legal duties are and what approach they **must** (legal requirement) or **should** (good practice) take for their charity and its work.

These Guidance Notes have been updated as of 14 September 2026 to reflect the Charities Amendment Regulations 2026, which make a number of changes to the Regulations, including new registration particulars, clarification about how privately funded charities may be exempt from registration, revised annual reporting requirements and a restructured and expanded set of financial crime prevention provisions (now regulations 14A to 14F). These changes are summarised, in general terms, at the relevant points below.

A. Regulations 3-14: General Operational Regulations

<u>Regulation 3 – Form and Content of Application for Registration</u>

This regulation explains what information and documents must be submitted when applying to become a registered charity.
In practice, charities must provide:

a) Key details about the charity (name, address, trustees, contact information)
b) Its trade name (if any)
c) If it has a parent entity, that entity's name and, where it is a registered company, its company registration number
d) The number of employees and volunteers engaged by the charity
e) A clear description of its purposes and activities
f) Details of how funds will be raised and used
g) Information to demonstrate public benefit
h) Supporting documents such as governing documents (trusts) and trustee consents
i) For annual reports and re-registration applications, confirmation that the charity has met its general obligations under the Act, an indication of the charity's exposure to terrorist financing risk during the year, and confirmation that it has met its know-your-donor, partner, beneficiary and employee obligations

Applications must be signed by at least two trustees and will be reviewed by the Charities Team before being submitted to the Charity Commission for review and approval.

<u>What this means for trustees:</u> Trustees must ensure the charity's purpose, structure, and activities are clearly documented and align with charitable objectives.

Regulation 3A – Exemption from Registration for Privately Funded Charities

This new regulation formally sets out how a charity that is privately funded, and does not raise funds from the public, may apply to the Registrar for an exemption from registration under section 18(4) of the Act. To apply for an exemption, a charity must submit an application containing key details – including its name and any trade name, contact information, principal office and mailing addresses, date of establishment, legal status, and the name and contact details of its controlling corporate or trust service provider – together with:

j) A copy of the charity's trusts, up to date as at the date of the application; and
k) A copy of the service agreement with its corporate service provider (where applicable).

What this means for trustees: If your charity is privately funded and does not solicit donations from the public, it may be able to apply for an exemption from the standard registration requirements. Speak to the Registrar General's office to determine whether your charity qualifies and what information will need to be provided.

Regulation 4 – Trusts: Supplementary Provisions

This regulation sets out what must be included in a charity's governing document (its "trusts").

The trusts must:

- Clearly state the charity's purposes in an objects clause
- Allow the Registrar to assess public benefit
- Ensure sufficient independence among trustees
- Require financial transactions to be approved by at least two sufficiently independent trustees
- Include a proper dissolution clause that requires any remaining funds left in a charity when it winds up to be paid to another charity with similar purposes

What this means for trustees: Your governing document must provide a clear framework for how the charity operates, including safeguards around decision-making and use of funds. There is a strict requirement that the governing document includes the appropriate dissolution clause and sets out the proper signing authority. If the signing authority is not set out in the governing document this may be demonstrated through the minutes of a trustee meeting or set out in a bank signing authority document.

With regard to what constitutes sufficient independence among trustees, the Registrar General has discretion to determine this. If the Registrar General has any concerns about lack of independence among trustees, they will be advised accordingly.

Regulation 5 – Particulars Entered in the Registrar

Once a charity is registered, the Registrar General ensures that key details about the charity are recorded, including:

- Its name, purposes, and contact details

- Names of trustees and officers
- Initial registration date
- Expiration date of the charity's current licence

The register is updated when changes are made to its trusts or its name and the Registrar General will confirm to the charity when this is done.

What this means for trustees: Information about your charity must be accurate and kept up to date, as it forms part of the public record.

Regulation 6 – Financial Year of a Charity

This regulation sets how a charity's financial year is determined:

- The first financial year must end within 18 months of registration
    - *For example, if a charity application is approved on 1 September and their financial year end is on 31 December, their first financial year may run from 1 September to 31 December of the following year, a total of 15 months.*
    - *If the same charity was approved on 1 June with its financial year end on 31 December, its first financial year would have to run from 1 June to 31 December of the same year; waiting until 31 December of the following year would be a total of 19 months and outside the allowable range set in this regulation.*
- Subsequent financial years are 12 months.
- Changes to a charity's financial year end or a request for a financial year end shorter or longer than 12 months can only be made in limited circumstances with Registrar approval.

What this means for trustees: You must maintain a consistent financial reporting period and obtain approval for any changes.

Regulation 7 – Alteration of Particulars or Trusts

Charities must notify the Registrar of changes to key information or governing documents.
This includes:

- Changes to trustees
- Changes to the charity's purposes or governance structure

PLEASE NOTE: These changes require prior approval from the Registrar General before taking effect. Notification must be submitted to the Registrar General within 30 days of the decision and supported by proper documentation (e.g. resolutions and meeting minutes). **Changes may not go into effect until the Registrar General has confirmed approval in writing, even if they have been approved by Members or Charity Trustees.**

What this means for trustees: You cannot make major changes informally—important updates must be documented and approved.

Regulation 8 – Statement of Required Practices and Standards (SORP)

Charities must prepare their financial information in line with the Accounting Standards for Not-for-Profit Organizations of the Canadian Institute of Chartered Accountants.

These standards ensure:

- Consistent reporting across charities
- Transparent financial disclosure
- Reliable financial information
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What this means for trustees: Even small charities should follow basic, recognised accounting principles when preparing accounts.

Regulation 9 – Form and Content of Statement of Accounts

This regulation specifies what financial statements charities must prepare, based on size:

- Small charities (≤ $50,000 annual gross income)
  - basic income and expenditure statement and balance sheet

- Medium charities ($50,001 to $449,999 annual gross income)
  - Unaudited management accounts with:
  - Statement of income and expenditure
  - Balance sheet
  - Statement of cash flows
  - Explanatory notes

- Large charities ($450,000 annual gross income and above **OR** over $1,000,000 in total assets)
  - Audited financial statements

All accounts must:

- Give a "true and fair view"
- Include sufficient detail for understanding how funds are used
- Be signed and approved by trustees

PLEASE NOTE: The Registrar may grant exemptions from audit in specific limited circumstances. These are at the Registrar General's sole discretion and only if he is satisfied that:

- The cost of audited statements would cause severe financial hardship for the charity and might undermine its viability as a going concern; and
- The lack of audited financial statements would not impede the ability to assess whether the charity is fit and proper and in compliance with all statutory requirements.
- The Registrar deems the charity to be at low risk of being used for financial crime.

What this means for trustees: Financial reporting should be proportionate to the size of the charity, and always clear and accurate.

Regulation 9A – Annual Report

This new regulation specifies additional matters that are part of the annual report a charity prepares under section 38(1) of the Act. These include:

l) The identity of each of the charity's trustees and relevant officers during the financial year, the period each served, and their role;
m) Information the Registrar may reasonably require to assess the adequacy and effectiveness of the charity's financial crime prevention systems, policies and procedures;
n) A list and analysis of the charity's international transactions; and
o) For charities identified by the Registrar as higher risk for financial crime, such further information as the Registrar may require to support enhanced monitoring.

The annual report remains due within six months of the end of the charity's financial year, unless the Registrar has extended that period.
To ensure the Registrar's team has sufficient time to review the report and ask for any missing information before the deadline passes, annual reports should be submitted at least 30 days before the deadline. Where audited financial statements are required but are not yet available, a charity that submits draft or unaudited financial statements and advises the Registrar accordingly will be treated as compliant until the audited statements are submitted and reviewed.
What this means for trustees: Your annual report should now specifically identify trustees and relevant officers and account for any international transactions, in addition to the financial and narrative reporting already required.

Regulation 10 – Notes to the Accounts

Medium and Large Charities must include additional explanations to support their financial statements in the form of explanatory notes. These should include:

- Accounting policies
- Details of significant funds
- Related party transactions
- Staff costs and financial commitments

What this means for trustees: Accounts should not just present numbers—they should help others understand how the charity operates financially.

Regulation 11 – Requirement for Audit

Charities above the audit threshold must have their accounts independently audited. The audit report must be submitted along with the accounts.

What this means for trustees: Larger charities must obtain independent assurance that their financial statements are accurate.

Regulation 12 – Matters of Serious Concern

Charities **must** report serious concerns about their finances or governance to the Registrar. Examples may include:

- Misuse or loss of funds
- Fraud or other financial crime
- Significant governance failures

What this means for trustees: If something serious goes wrong, any trustee, staff member or volunteer that is aware of it must report it promptly to the Registrar General.

Specific guidance on what constitutes matters of serious concern may be found in the Resources section of the Registry General's website at [Register a Charity | Government of Bermuda].

Regulation 13 – Temporary Licences

This regulation applies to individuals or entities raising funds temporarily (not fully registered charities). Requirements include:

- Providing details of the proposed fundraising activity
- Identifying beneficiaries
- Having an independent person oversee funds
- Submitting a report on funds raised and spent

The Registrar maintains a public list of temporary fundraising licences.

The full Temporary Fundraising Licence policy is available in the Resources section of the Registry General's website at [Register a Charity | Government of Bermuda].

PLEASE NOTE: Temporary Fundraising Licences are not available to registered charities as they already have authorisation to solicit funds from the public. These licences are only available to individuals or entities that are not registered charites.

Regulation 14 – Offences

Failure to comply with key obligations – regulations 6(5), 7, 8(1) and (2), 9, 9A, 10, 11, 12(1), 13(6) and (8) – may result in sanctions, including fines or imprisonment in serious cases as follows:

- A fine of up to $5,000 on a summary conviction; or
- A fine up to $10,000 and/or imprisonment for up to 2 years.

The court will consider whether reasonable steps were taken and whether guidance was followed.

B. Regulations 14A-14F: Prevention and Mitigation of Financial Crimes

Regulations 14A to 14F provide an overview of the general duties every registered charity is expected to comply with to prevent the risk of financial crimes. Following amendments to the Charities Act 2014 that became operative on 15 April 2026, the Registrar General has clarified that their regulatory function provides oversight to the charity sector, but to the same extent as a supervisor such as the Bermuda Monetary Authority. Charities in general are expected to self-regulate their internal processes to prevent financial crimes, except in those cases where a charity may be subject to higher levels of exposure to terrorist activities, including terrorist financing abuse.

A Charity deemed at higher risk for terrorist financing abuse will be subject to further monitoring from the RG. In addition, where the RG has concerns about a charity's compliance with the Regulations, or there is reasonable suspicion that the charity may be engaged in actions that will disqualify it from holding charitable status, the RG may require additional measures to be put in place beyond the standard measures set out in these Regulations. Otherwise, the following regulations and tools in these guidance notes will provide a basis for the general measures registered charities are expected to have in place to protect themselves from financial crime.

Key Terms

Definitions of the following terms used in this guidance are set out below. Some of these terms (including "international activity", "relevant officer" and "terrorist financing") are now formally defined in regulation 2 of the Regulations, or, in the case of "relevant officer", in regulation 14E(2).

- AML is Anti-Money Laundering
- ATF is Anti-Terrorist Financing
- Beneficiary is any entity that receives charitable, humanitarian or other type of assistance through the services of a charity and can be a natural person or persons (meaning an actual, living person) or a legal person, such as a company or a charity. A beneficiary could also be a legal arrangement such as a trust.
- Guidance refers to any guidance issued by the Registrar General such as this document, that provides clarification or direction on how legislation, regulations or polices should be interpreted.
- Officer means a charity trustee or board member and also includes employees of that charity.
- Partner is a natural or legal person that a charity funds to carry out any projects or other services for that charity where the charity doesn't carry out the work directly
- A relevant officer is an officer, or a volunteer, of a charity who has access to information that would allow them to determine if a person is engaged in money laundering or terrorist

financing, or who plays a role in implementing or monitoring AML and ATF measures for their charity. This term is defined in regulation 14E(2) of the Regulations.

- Terrorist financing is defined the same way it is in the Anti-Terrorism (Financial and Other Measures) Act 2004, which is identified as an offence committed under sections 5, 6, 7 or 8 of that act or any act that would constitute that kind of offence if carried out in Bermuda. Specifically these offences consist of:
    - Raising funds to support, plan or participate in terrorism;
    - Organizing or direction others to commit one of these offences;
    - A corporation (company) that commits one of these offences;
    - Use and possession of money or other property for the purposes of terrorism; and
    - Money laundering when done to facilitate terrorism.

<u>Regulation 14A – General Duties of a Registered Charity</u>

- All charities must ensure that any payments to beneficiaries and partners are appropriately monitored. This means having measures in place to ensure funds that are transferred are not used for other purposes that are different than what they have been provided for, including being redirected for activities that could support terrorism.
- All charities must also establish and maintain policies and procedures to mitigate their risk and exposure to financial crime as set out below.

<u>Regulation 14B – Due diligence requirements</u>

- Charities should in all cases ensure they request and retain information on the identity, credentials and good standing of their trustees, donors, partners and beneficiaries. For individuals this includes being able to confirm their name whether they are located within Bermuda or a foreign jurisdiction.
- For organizations this includes confirming they are appropriately registered and in good standing with their regulatory authority (e.g. the Registrar of Companies for a Bermuda company).
- “International activity” – broadly, raising or distributing funds or other assets outside of Bermuda – is now a defined term in the Regulations, and due diligence should be applied in all cases where a charity has this kind of activity, in addition to any other case presenting a reasonable risk of financial crime.

<u>Regulation 14C – Systems and Controls</u>

- All charities must establish their own policies, processes and procedures to ensure they are able to identify and mitigate the risk of exposure to financial crime.
    a) Due diligence must be carried out on all individuals and organisations that give money to, receive money from, or work closely with the charity as set out in regulation 14B. The level of due diligence that must be employed should be determined by the charity based on their own level of risk for financial crimes and does not necessarily mean that charity must collect ID, address verification or other documents that may be required by a financial institution. Charities should, however, be able to identify with reasonable certainty who their donors, beneficiaries and partners are in the event that this information is required by authorities in connection with an investigation.

b) International transactions, if any, must be identified and a separate record of these must be kept and submitted to the RG with the charity's annual report.
c) Funds that are paid to partners and beneficiaries must be monitored and verification that funds are only used for their intended purpose must be carried out. For partners, this can include a formal agreement on how funds will be used and mandatory reporting from the partner to demonstrate how funds were applied. For beneficiaries this can involve requiring receipts or other reporting to show the beneficiary has used the funds as required, or the charity can apply the funds directly on behalf of the beneficiary (e.g. paying a scholarship directly to the university being attended).
d) The deadline for annual reporting to the RG must be met, which is no later than 6 months after the charity's financial year end. Charity Trustees must also be made aware of the general requirement for trustees to report any matters of serious concern about their charity that they may become aware of to the Registrar General, pursuant to regulation 12. This includes evidence or a reasonable suspicion of financial crimes, financial or administrative mismanagement, or any general concerns about the good governance of the charity.
e) Representatives of the trustees must attend all required training that the RG provides to comply with regulation 14E.
f) Record keeping must be maintained in compliance with regulation 14D.
g) Internal controls must be in place to make sure that funds spent within the charity are appropriately managed and applied only in ways that are consistent with the charity's purposes that are set out in their governing documents.
h) Charities must be aware of their exposure to the risk of financial crime. This includes being familiar with Bermuda's National Risk Assessments and how the charity sector as a whole is rated as well as understanding what activities within the charity may expose it to higher risk. Attendance at the periodic training offered by the RG and awareness of the guidance available on the RG's website will assist with these assessments.
i) Trustees, staff and volunteers should all be made aware of their charity's policies and procedures.
j) Charities must be able to respond as soon as reasonably practicable when a Bermuda authority, such as the RG, the Financial Intelligence Agency, or the Bermuda Police Service request information on the activities of the charity or any donor, beneficiary or parter of the charity.
k) Charities with international activity (i.e. receipt of funds from, or the transfer of funds to, individuals or organizations outside of Bermuda) must provide the RG with a copy of their policies and procedures to mitigate financial crime, which must include the additional measures set out in Part D.
l) Charities must provide details of their systems and controls to detect and prevent financial crime to the Registrar upon request. These will usually only be required for those charities the Registrar General has identified as having a higher exposure to terrorist activity, but all charities must be in a position to provide details of their own self-regulated systems and controls if requested.

Regulation 14D – Record Keeping

- Charities must ensure that they keep records on all transactions for at least seven years to ensure that they can provide full details on these transactions if requested from the RG, the Financial Intelligence Agency or a police officer.
- The information should be kept for both domestic and international payments and the charity must be able to demonstrate they have verified that any funds that have been spent are consistent with the purposes and objectives the charity has been established for.
- If a police officer has advised a charity that any of those records are relevant to an ongoing investigation those records must be kept as long as necessary while the investigation is carried out, even if this passes the minimum 7 year period.
- This regulation now applies even to charities with an annual gross income of under $50,000. Previously these charities were exempt from this requirement but because terrorist financing can occur even with very small transactions, all charities must now retain transaction records for a minimum of 7 years. In recognition that these previously exempt charities may not have these records available prior to when this exemption was in effect, those charities will only be expected to keep these records from 14 September 2026, when this exemption was repealed through the Charities Amendment (No. 2) Act 2026.

Regulation 14E – Training, etc

- Registered charities must ensure that their relevant officers are aware of all laws and regulations pertaining to charities in Bermuda. The RG provides regulation training that is geared towards charities specific risk profiles and at least 2 officers should participate in these training sessions and advise other officers of the contents of that training.
- Relevant officers must be screened prior to hiring to ensure high standards. This is a new requirement introduced by the 2026 amendments. There is no specific type of screening that must be carried out but a charity must be able to demonstrate that they have taken reasonable steps to ensure their officers are suitable for their positions. This may include police checks, general background searches carried out by the current trustees, or other methods that can prove a new officer has been appropriately vetted.
- It is important to note that there are no legal requirements for charities to participate in any third-party training, qualification, or accreditation outside that which is offered by the RG.

Regulation 14F – Offences

- Any failure by the officers of a charity to comply with regulations 14A, 14B, 14C(1), 14D or 14E(1) is a criminal offence. The penalties may be significant:
    - on summary conviction, a fine of up to $50,000;
    - on conviction on indictment, a fine of up to $750,000, imprisonment for up to two years, or both.
- The penalties for these offences are high because they may potentially involve money laundering or terrorist financing.

C. Additional requirements for charities deemed to be Non-Profit Organisations and more highly exposed to Terrorist Financing

The Financial Action Task Force (FATF) has issued guidance that is applicable to a sub-set of charities that are defined by the FATF as Non-Profit Organizations. The FATF's specific regulation for NPOs is set out in Recommendation 8, which was revised in November 2023 to address the misinterpretation of the previous revisions that lead to the general overregulation of NPOs. The revised Recommendation 8 defines NPOs as:-

> *A legal person or arrangement or organisation that primarily engages in raising or disbursing funds for purposes such as charitable, religious, cultural, educational, social or fraternal purposes, or for the carrying out of other types of "good works."*

In keeping with the principles of risk-based supervision, the Registry General conducts ongoing monitoring of all NPOs to identify those that are more highly exposed to Terrorist Financing abuse. This includes the following criteria:

- Size
    - whether the charity's asset size or income level represents a significant proportion of the total for the charitable sector
- International activities
    - Whether the charity has foreign sources of funding
    - Whether the charity has foreign beneficiaries
    - Whether the charity has an overseas branch or is itself a branch of an overseas organization
- Geographical and other exposures
    - Whether the charity operates in, or has links to, areas known to have terrorist activity
    - Whether the charity has potential exposure to any forms of terrorist extremism

Where an NPO is considered to be more highly exposed to TF abuse, they will be subject to an enhanced review to be carried out by the RG charity team. Initially the enhanced review will involve a desk-based review with requests for further details or documents concerning the charity's operations and ATF measures that are in place. This includes, but is not limited to, the following:

- Details on foreign bank accounts;
- Details on foreign donors;
- Memoranda of Understanding or other agreements with overseas partners;
- Details of all projects that are directly carried out by the high-risk charity or on behalf of the charity by a foreign partner;
- Details of foreign beneficiaries (individuals or organizations) and evidence that any funds provided to said beneficiaries are properly accounted for and funds are used only as intended; or
- Details of credit card or cash transactions;
- Copies of all measures in place to mitigate ~~TF or other~~ financial crimes

If the Registrar has further concerns about the information provided by the charity the Registrar will conduct a further on-site compliance review of the charity. Charities that are selected for a compliance visit will generally be notified at least two weeks in advance of the inspection and provided with a list of items that the inspecting officers will be seeking to verify, although in exceptional circumstances the Registrar General may conduct an on-site visit without prior notice. The main purpose of the compliance visit is to enable the Registry General to give guidance and feedback to charities on how their ATF systems and controls can be improved.