



THEMATIC
REVIEW
**NON-PROFIT
ORGANISATION
(NPO) SECTOR**

March 2026



NON-PROFIT ORGANISATION (NPO) SECTOR



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➤ Executive Summary

ADGM is an international financial centre located in the capital of the United Arab Emirates. ADGM operates under a robust legal and regulatory framework aligned with international standards and based on English common law.

ADGM consists of three independent authorities, the Registration Authority (**RA**), the Financial Services Regulatory Authority (**FSRA**) and the ADGM Courts.

As of July 2025, the Non-Profit Organisation (**NPO**) sector in ADGM consists of 43 organisations. The majority are membership organisations, followed by non-charitable humanitarian organisations and other organisations.

The RA is responsible for monitoring NPO compliance with the requirements under ADGM’s Anti-Money Laundering and Sanctions Rules and Guidance (**AML Rules**), through a delegation from the FSRA.

Aligned with these responsibilities, in 2025 the RA conducted a thematic review of all the NPOs registered and licensed by ADGM. The review focused on obtaining a detailed understanding of the operation of the organisations, their compliance with obligations under the AML Rules and assessing Terrorist Financing (**TF**) risk exposure, in line with Financial Action Task Force (**FATF**) Recommendations. The review included analysing information maintained by the RA, as well as information collected from the NPOs.

The review found that:

- NPOs in ADGM are mainly established as member organisations.
- Some NPOs’ operations extend to the MENA region.
- The majority of NPOs’ ownership structures were non-complex.
- Source of funds was through member contributions, UAE government or event sponsors.
- Dispersal of funds was limited to defined purposes with no transfers to high-risk jurisdictions.
- All NPOs have policies and procedures in place for receiving and disbursing funds.
- Governance varies, with some having a sole member on their governing body, which poses potential governance risk.

Based on the review, it was found that the TF risk of NPOs in ADGM is **Medium-Low**.

The table below provides an overview of key facts and figures from the review.

Key facts and figures

100% of NPOs are funded either by their members, UAE government or event sponsors	28% of NPOs have an international presence or are local ‘chapters’ of international organisations	0% of NPOs in ADGM operate for charitable purposes
0% of NPOs have complex structures	100% of NPOs confirmed that they implemented policies and procedures for receiving or disbursing funds	100% of NPOs are operating with limited resources
100% of NPOs do <u>not</u> disburse funds to, nor have dealings with, high-risk jurisdictions	100% of NPOs document the objectives of their organisation	97% of NPOs do <u>not</u> disburse funds to third parties

➤ Introduction

The RA of ADGM is both the Registrar of companies within ADGM as well as the professional services regulator. The RA is responsible for the licensing, registration and incorporation of legal entities in ADGM, as well as for monitoring and enforcing compliance with ADGM's commercial legislation.

The RA is also responsible for the AML supervision of NPOs registered and licensed in ADGM via a delegation from the FSRA.

The RA employs multiple supervisory tools to assess NPOs' compliance with the requirements under the AML Rules. Such tools include onsite assessments, thematic reviews and desk-based reviews. Thematic reviews are utilised periodically, targeting a specific topic to assess compliance with certain obligations and to provide insights into the nature of activities being conducted, as well as an overview of the controls adopted by such entities.

NPOs are the subject of FATF Recommendation 8 (**R.8**). The objective of R.8 is to ensure that NPOs are not abused by terrorists and terrorist organisations.

➤ Sector Overview – ADGM NPO Landscape

NPOs in ADGM take the legal form of either a Private Company Limited by Guarantee (pursuant to the Companies Regulations 2020), or a Foundation (pursuant to the Foundations Regulations 2017). ADGM licensed NPOs are also subject to the Beneficial Ownership and Control Regulations 2022 (**BOCR**) in addition to AML Rules. Chapter 16 of the AML Rules sets out the obligations for NPOs.

As of 17 July 2025, ADGM had a total of:

- 38 associations registered in the legal form of Private Companies Limited by Guarantee, and
- 413 registered foundations of which only 5 meet the definition of NPO under the AML Rules.

Accordingly, ADGM has a small NPO sector consisting of 43 organisations, which makes up less than 1% of the total number of firms registered in the jurisdiction. The majority of NPOs are membership organisations and none are charities. These 43 NPOs can be broadly classified into three different types, as per the following table.

NPO TYPE	NUMBER
Membership organisations	28
Non-charitable humanitarian causes	12
Others (e.g. promoting trade, AI and research studies)	3

➤ Review Objective

NPOs play a key role globally, providing a range of essential services to their communities. Despite this vital role, the activities and characteristics of NPOs can place them at risk of TF abuse.

As part of its 2025 Supervision Plan, the RA conducted a thematic review of NPOs in ADGM. The review was conducted between February and July 2025.

To assess the inherent vulnerability of ADGM registered NPOs from a TF perspective, the review sought to understand the:



1. **Operations of NPOs** - analysing the core activities, scale, and geographical reach of ADGM NPOs, with an emphasis on their operational framework.



2. **Ownership and Control Structures** - examining the ownership and control arrangements of ADGM-based NPOs, including the presence of complex ownership structures, offshore operations, or nominee arrangements. The analysis also verifies whether the beneficial owners of these organisations are clearly identified.



3. **Sources and Utilisation of Funds** - assessing the sources of funding for these entities and how the funds are allocated and utilised in line with their mission and operational goals.



4. **Beneficiary Information** - gathering data on the individuals or groups who benefit from the NPOs' activities, ensuring transparency in the distribution of resources.



5. **Internal Governance and Financial Controls** - assessing the internal policies, procedures, and financial controls implemented by NPOs to maintain effective governance and accountability in their operations.

By understanding the above factors through a structured framework and data-driven approach, the review determined the overall TF risk profile of NPOs operating within ADGM. The comprehensive assessment, based on detailed questionnaire responses and other data, allowed for a risk-based evaluation of the sector, identifying the inherent vulnerabilities that could expose NPOs in ADGM to potential TF misuse.

The findings provide a basis for ensuring that the:

1. Sector remains resilient and aligned with international best practices in countering terrorism financing, and
2. RA continues to deploy efficient and effective risk-based supervision to the sector.

➤ Context and Relevant Legislation

Relevant FATF Standard – Recommendation 8

The objective of R.8 is to ensure that NPOs are not abused by terrorists and terrorist organisations:

- i. to pose as legitimate entities,
- ii. to exploit legitimate entities as conduits for terrorist financing, including for the purpose of escaping asset freezing measures, or
- iii. to conceal or obscure the clandestine diversion of funds intended for legitimate purposes but diverted for terrorist purposes.

The interpretive note to R.8 provides a functional definition of 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”.

The definition does not apply to the entire universe of organisations that operate as not-for-profit, but only those that have activities and characteristics exposing the organisation to TF abuse.

R.8 requires jurisdictions to develop an understanding of the different degrees of TF risk posed to NPOs and of the corresponding proportionate measures to mitigate these risks aligned with the risk-based approach.

R.8 also requires jurisdictions to identify NPOs that fall within the FATF definition, assess their associated TF risks and have in place focused, proportionate and risk-based measures to address TF risks identified. These exercises should be reviewed periodically.

UAE National Risk Assessment

In 2024, the UAE completed the second round of the National Risk Assessment (NRA) which also included assessing the NPO sector. The overall TF threat and vulnerability assessment of the NPO sector in UAE was deemed to be 'Medium'.

The assessment identified 1,024 NPOs operating in the UAE of which 154 were deemed to be more vulnerable to TF risk. These were classified into six sub-categories: charitable, humanitarian, health, education, environment, and general/cultural/sport.

ADGM AML Legal Framework and Supervision of NPOs

The AML Rules definition of NPO aligns with the FATF, wherein NPOs are defined 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 other charitable purpose."

Organisations registered in ADGM that fall within the AML Rules definition of a NPO are subject to the requirements of Chapter 16 of the Rulebook. Chapter 16 includes obligations such as a requirement to maintain information on an NPO's purpose and objectives, the identity of its owners and controllers, and the relevant controls that have been put in place to ensure that all funds are accounted for and spent in a manner consistent with the purpose and objectives of the NPO's stated activities.

➤ Methodology

The methodology involved the collection of detailed information from NPOs through a structured questionnaire, followed by a thorough analysis of the data gathered. The key steps in the process were as follows.

1. Questionnaire Design and Distribution:

A compulsory questionnaire consisting of 19 questions was developed to obtain information from the NPOs. The questionnaire was structured to capture relevant data across each of the scope areas, namely:

- Operational activities, size, and global reach of NPOs.
- Ownership and control structures, including identification of beneficial owners.
- Sources and utilisation of funds.
- Beneficiary information.
- Internal governance and financial control systems.

The questionnaire was distributed to all organisations that were identified as NPOs operating within ADGM and a 100% response rate was achieved. The survey responses were collected electronically, with all participants instructed to provide detailed and accurate information in accordance with the guidelines provided.

2. Data Analysis:

Upon receiving the completed responses and combining with other information from internal and external sources, the information was analysed to identify patterns and insights related to the operational practices, governance, financial controls and potential vulnerabilities of the NPOs to TF. The analysis focused on understanding the purpose, nature and operations of NPOs and evaluating their exposure to TF risks.

3. Risk Evaluation:

Based on the data collected and analysed, the review evaluated the **risk levels**, including taking into consideration various TF vulnerabilities, threats and controls of NPOs. The evaluation considered both the structural and operational aspects of NPOs, as well as the effectiveness of their internal controls and policies.

The overall sub-risk factor was rated on a three-point scale i.e. **Low**, **Medium** and **High** with a justification provided according to the following criteria:

- **Low** – minimal TF exposure with strong governance and effective controls; residual risk is negligible;
- **Medium** – some TF exposure; controls exist but have gaps; residual risk is moderate;
- **High** – significant TF exposure with weak or absent controls; residual risk remains substantial.

Ratings are based on structural and operational vulnerabilities, threat environment, and the effectiveness of mitigating controls. The table below provides a description and examples of each element that was considered as part of this review.

FACTOR	DESCRIPTION	EXAMPLES
VULNERABILITIES	These are characteristics of the sector that can be exploited by malicious actors and can lead to harm	<ul style="list-style-type: none"> • Raise and transfer funds to support terrorist groups or activities. • Divert legitimately raised charitable funds for terrorist purposes. • Provide logistical support (e.g., safe havens, transport, supplies) for terrorist operations. • Facilitate recruitment, radicalisation, or propaganda under the guise of legitimate activities. • Deal in cash, which makes them a cash-intensive organisation and increases the risk of anonymous or untraceable transactions. • Global operation which facilitates cross-border transactions and operations that can be exploited. • May be located in or near regions exposed to conflict or terrorist activity, heightening risk. • Engage with third-party partners in high-risk jurisdictions, increasing exposure to misuse.
CONTROLS	These are mitigants applied to the risk that reduce the inherent risk from existing	<ul style="list-style-type: none"> • Penalties applied for late filings and/or no filing of requirements. • Annual filings applying to NPO, include commercial licence, confirmation statement and annual account. • Maintaining up to date record of beneficial ownership • The RA supervisory tool i.e. onsite assessments, thematic reviews, desk-based reviews and senior management meetings.
THREATS	These are potential events that exploits the vulnerabilities the sector and may lead to harm	<ul style="list-style-type: none"> • Previous investigations, whether by ADGM or Law Enforcement Agencies, or analysis of an ADGM NPO suspected of being involved in TF.

As outlined in the 'Questionnaire Design and Distribution' section, the methodology was designed and structured around five core risk factors, consistent with the FATF Recommendation 8 (R.8) best practices for conducting risk assessments of NPOs.

To evaluate these factors, an internal risk matrix was developed, ensuring each risk factor was weighted equally and assessed comprehensively. The five primary risk factors were further expanded into 10 sub-risk factors. Each sub-risk factor was assessed individually and assigned a rating i.e. Low, Medium or High. These ratings were then aggregated to determine the overall risk level of the corresponding primary risk factor. The cumulative results provided a balanced and systematic overall risk score for the assessment.

Control Effectiveness	RISK ASSESSMENT MATRIX		
	Low	Medium	High
High	Medium	High	High
Medium	Low	Medium	High
Low	Low	Low	Medium
	Low	Medium	High

Inherent Risk

Example

RISK FACTOR	SUB-RISK FACTOR	RISK RATING	OVERALL RISK RATING
Ownership and Control Structure	Complex ownership/offshore operations/nominee arrangements	Low	Medium
	Beneficial owners	Medium	

Findings and Risk Evaluation

The following table presents the findings based on the analysis of the responses to the questionnaires and other available information, followed by the subsequent risk evaluation. These findings reflect the assessment of the TF risks as well as the effectiveness of the existing controls within the NPOs.

RISK FACTOR	SUB-RISK FACTOR	DESCRIPTION	RISK	RATING JUSTIFICATION
Operations	Nature of activities	Assess whether the NPO's stated objectives align with the definition of an NPO under the AML Rules.	Low	None of the ADGM NPOs operate for charitable causes. The majority of these NPOs are established with the objective of providing subscription to memberships, trainings or certifications.
	Operations	Assessment of the nature of the NPO's operations to determine if it operates internationally, particularly within or near high-risk jurisdictions	Medium	12 of the 43 NPOs have an international presence and are located in ADGM as a local chapter of their international locations. The remaining NPOs i.e. 31 operate locally or Gulf/MENA region only.
	Size of NPOs	Assessment of the NPO's financial and human resources to understand its capacity and sustainability.	Low	The size of NPOs in ADGM is relatively small, with limited number of human resources. The financial resources of ADGM NPOs are generally derived from subscriptions to professional memberships and/or trainings provided.
Overall Operations Risk			Low	

RISK FACTOR	SUB-RISK FACTOR	DESCRIPTION	RISK	RATING JUSTIFICATION
Ownership and Control	Complex ownership/ offshore operations/ nominee arrangements	Assessment of the complexity of the NPO's ownership structure, including any nominee arrangements	Low	None of the NPOs operating in ADGM have complex ownership. All beneficial owners are easily identifiable. Additionally, none of the NPOs have offshore operations or nominee arrangements in place.
	Beneficial owners	Assessment of the NPO's beneficial ownership records	Medium	After detailed analysis of the responses and ADGM filings, it was found that six NPOs have not filed updated BO details with ADGM.
Overall Ownership and Control Risk			Medium	

RISK FACTOR	SUB-RISK FACTOR	DESCRIPTION	RISK	RATING JUSTIFICATION
Source of Funds	Fund raising methods/ source of fund	Understand the nature of the NPO's fundraising activities and sources of funds used to support operations within ADGM	Low	All NPOs are funded by either their members, the UAE Government or sponsor(s) of an event. 18 NPOs confirmed that they did not receive funding during last year. No funding from the general public identified.
	Cash/bank transfer	Assessment on whether NPOs are accepting cash	Low	All NPOs confirmed that they do not accept cash when receiving funds.
Overall Source of Funds Risk			Low	

RISK FACTOR	SUB-RISK FACTOR	DESCRIPTION	RISK	RATING JUSTIFICATION
Utilisation of funds	Beneficiaries Information	Assessment on whether third parties benefit from the operations of the NPO	Low	All funds are utilised for defined purposes. No hidden disbursement of funds was identified. Only one NPO disburses funds to third parties through payment of expenditures during events and in support of members who wish to continue their education
	Transfer of funds to high-risk jurisdictions	Assess whether funds are being transferred to jurisdictions identified as high-risk, including FATF grey-listed or blacklisted countries and those flagged in the UAE's National Risk Assessment (NRA).	Low	Information was obtained from NPOs regarding description of the primary beneficiaries of the NPO's programs or services. It was noted that none of the NPOs disburse funds to high-risk jurisdictions.
Overall Utilisation of Funds Risk			Low	

RISK FACTOR	SUB-RISK FACTOR	DESCRIPTION	RISK	RATING JUSTIFICATION
Internal Governance and Financial Controls	Governance structure	Assessment of the size and composition of the NPO's Governing Body	Medium	11 of the 43 NPOs (26%) have only one member on their governing body. Of these 11 NPOs, 3 are owned by the government, hence the risk is considered low for those 3.
	Policies and procedures	Confirm whether the NPO maintains policies and procedures in line with Chapter 16 of the AML Rules	Low	All NPOs have policies and procedures to raise and disburse funds to third parties.
Overall Governance and Financial Controls Risk			Medium	

Therefore, of the five key risk factors assessed under the review methodology, three were given a rating of low, and two risk factors were rated as medium, for an overall TF risk rating of **Medium-Low**.

➤ Conclusion

Based on the responses received and the analysis conducted, the RA found that none of the NPOs registered in ADGM are operating for *charitable* purposes.

The majority of the NPOs registered in ADGM either operate as:

- 1. Professional membership organisations**, which focus on providing training, certification, or representation for their respective sectors or professions, or
- 2. UAE government-owned organisations**, which are established to advance projects or initiatives launched or supported by the UAE government.

Further, using a methodology based on assessing five key risk factors, i.e.:

Operations, Ownership and Control, Sources and Utilisation of Funds, Beneficiary Information, and Internal Governance and Financial Controls

determined that the overall TF risk levels of the NPO sector in ADGM are **Medium-Low**.

➤ Next Steps

As a result of the review, the RA will conduct the following next steps:

1. **Request remediation of BO record keeping gaps** – the RA has commenced follow up with NPOs where gaps in their BO records were identified, requesting that these gaps be addressed. Evidence of remediation will be requested to ensure compliance.
2. **Further assess governance structures** – the RA has commenced further engagements with NPOs that have sole members on their governing body to evaluate the adequacy and robustness of their governance framework.
3. **Digitalisation of the risk assessment process** – the RA will explore the digital implementation of the risk assessment methodology developed in this review to provide dynamic, real-time risk assessment of NPOs in ADGM. This will enable the RA to adjust its monitoring of NPOs whose risk profile has changed, in real time, to further enhance supervisory effectiveness.

Path to Forward