



HNS Club Licensing Workshop – 25 January 2016

UEFA Club Licensing and Financial Fair Play



Agenda

- Update on Club Licensing & Financial Fair Play:
 - *Relevant bodies of UEFA;*
 - *Overview of regulatory changes;*
 - *Club Licensing and Club Monitoring results;*
 - *UEFA Compliance and Investigation activities.*
 - UEFA Club Licensing and FFP Regulations, Edition 2015
 - Recent publications (*including some Croatia specific benchmarking data*)
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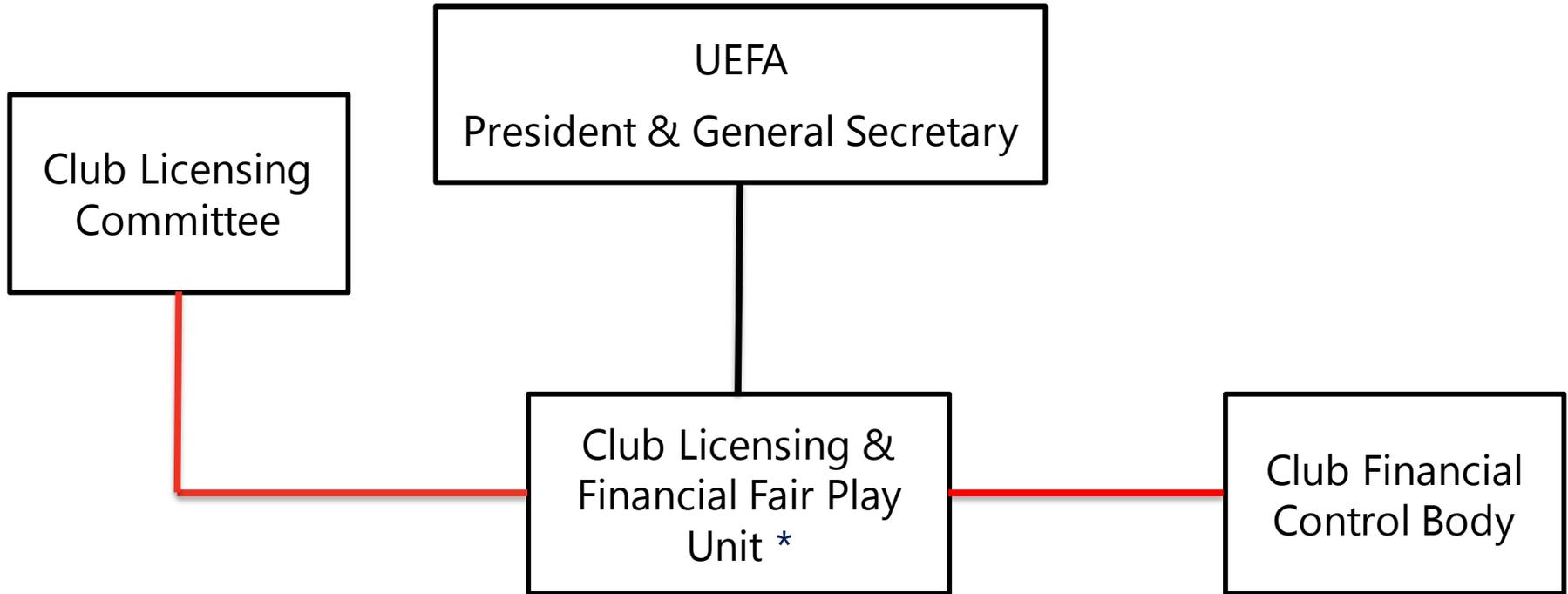


Update on Club Licensing and FFP



Relevant bodies of UEFA and regulatory changes

Club Licensing and Financial Fair Play within UEFA



** part of the National Associations division*

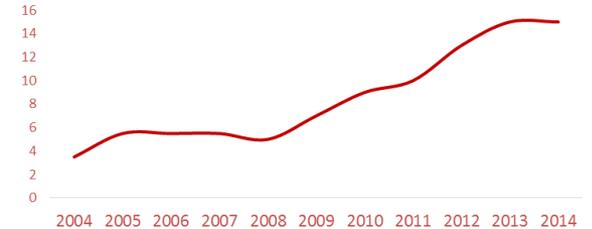
Club Licensing and Financial Fair Play within UEFA

UEFA Club Licensing and Financial Fair Play Unit

A dedicated team of 15 people, from within UEFA's National Associations Division assist the member associations in implementing the club licensing system through:

- Training and education (annual & regional workshops);
- Assistance visits, meetings with clubs;
- Publishing guidance documents;
- Developing the regulations;
- Benchmarking.

Evolution of UEFA club licensing and FFP staff



Club Licensing and Financial Fair Play within UEFA

UEFA Club Licensing and Financial Fair Play Unit

Assistance / Research Team

Licensor guidance &
Management of core process

Development of the system
and domestic licensing

Benchmarking & Research

FFP Support Team

FFP technical guidance

Development of
CL/FFP IT solution

CL/FFP IT solution helpline
& training sessions

Compliance Team

CL & FFP Compliance audits

Analysis & monitoring of
FFP requirements

Coordination of CFCB-IC

Club Licensing Committee: 2015-2019 mandate



Chairman:

David Gill (England)

Deputy Chairman:

Michael van Praag (Netherlands) *new*

1st Vice-Chairman:

Jorge Pérez Arias (Spain)

2nd Vice-Chairwoman:

Ivančica Sudac (Croatia)

3rd Vice-Chairman:

Thomas Christensen (Denmark)

Members:

Roman Babaev (Russia) *new*

Bjarne Berntsen (Norway)

Volodymyr Chorno-Ivanov (Ukraine)

Ludvik Georgsson (Iceland)

Jacques Lagnier (France)

Eamon Naughton (Republic of Ireland) *new*

Nick Nicolaou (Cyprus) *new*

Kieran O'Connor (Wales) *new*

Peter Peters (Germany)

Nenad Santrač (Serbia) *new*

Francesca Sanzone (Italy) *new*

Heinrich Schifferle (Switzerland) *new*

Johan Timmermans (Belgium) *new*

Milan Vojtek (Slovakia) *new*

Aleš Zavrl (Slovenia)

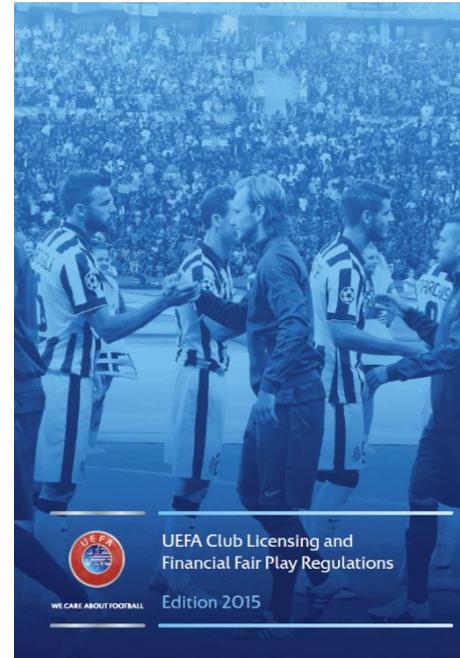
Club Licensing and Financial Fair Play within UEFA

UEFA Club Licensing Committee

- Monitors the implementation and achievement of the objectives of the UEFA club licensing system;
 - Draws up recommendations regarding possible amendments to the UEFA Club Licensing and Financial Fair Play Regulations, including the review of current criteria and the creation of new criteria for clubs;
 - Monitors the development of the different licensor-related processes (assessment process, decision-making process);
 - Monitors the quality management system for licensors assessed by an external UEFA partner;
 - Advises on club licensing and club monitoring matters.
-

UEFA Club Licensing and FFP Regulations - Edition 2015

The 2015 edition of the *UEFA Club Licensing and Financial Fair Play Regulations* were approved by the UEFA Executive Committee in Prague in June 2015



Key amendments document circulated with the new regulations.



Club Licensing and Financial Fair Play within UEFA

UEFA Club Financial Control Body

- **Organ for the Administration of Justice**

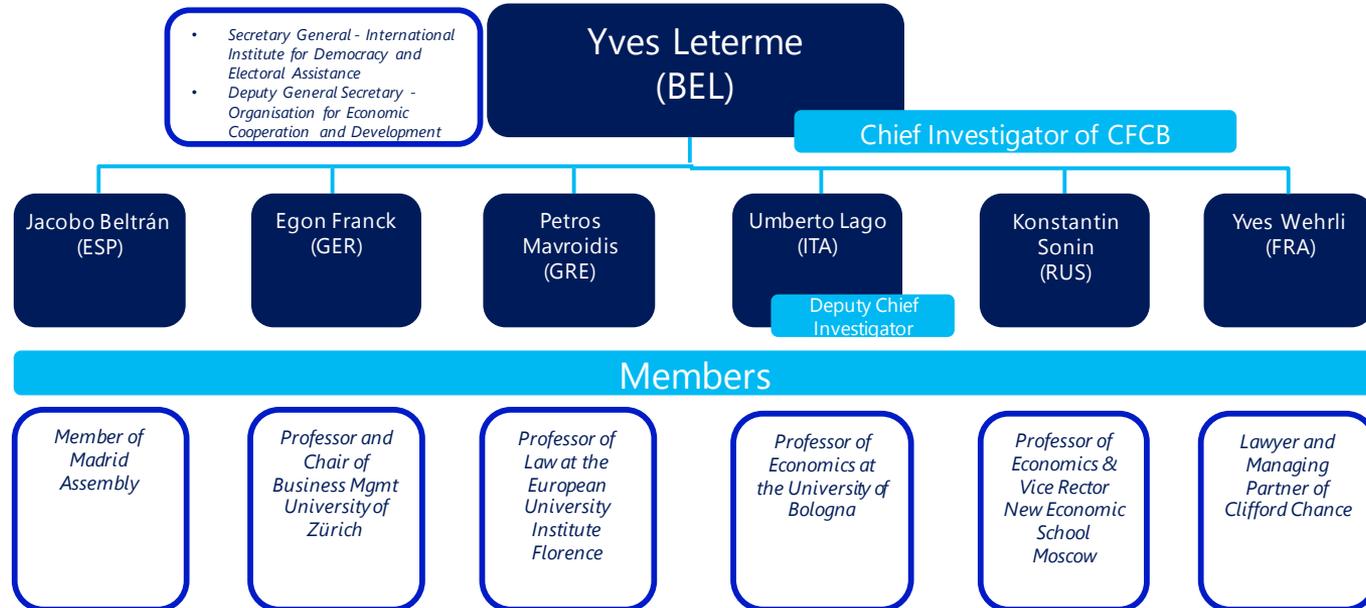
As from 1 June 2012 Club Financial Control Body (former Panel) is an Organ for the Administration of Justice

- **Jurisdiction of the CFCB**

1. Determine whether club licensing system has been correctly applied;
 2. Determine whether financial fair play requirements have been fulfilled;
 3. Decide on cases related to the club's eligibility for UEFA club competitions (licence and integrity rules);
 4. Impose disciplinary measures in case of breaches.
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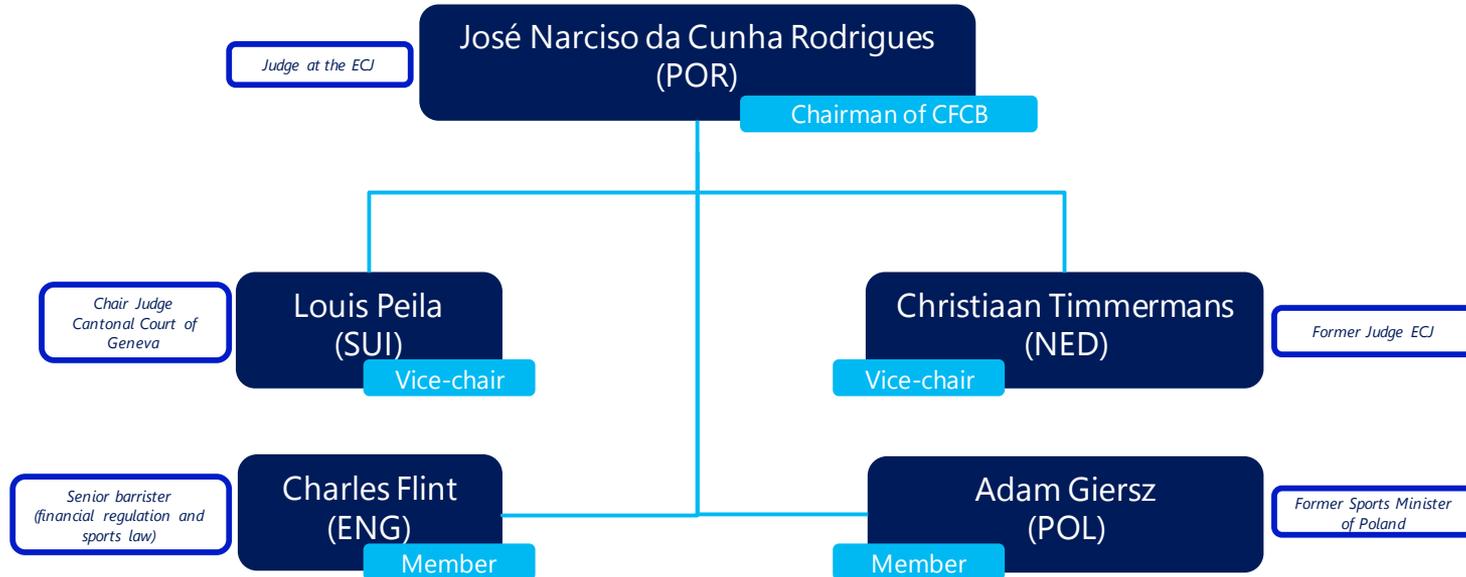
Club Licensing and Financial Fair Play within UEFA

- **UEFA CFCB Investigatory chamber**



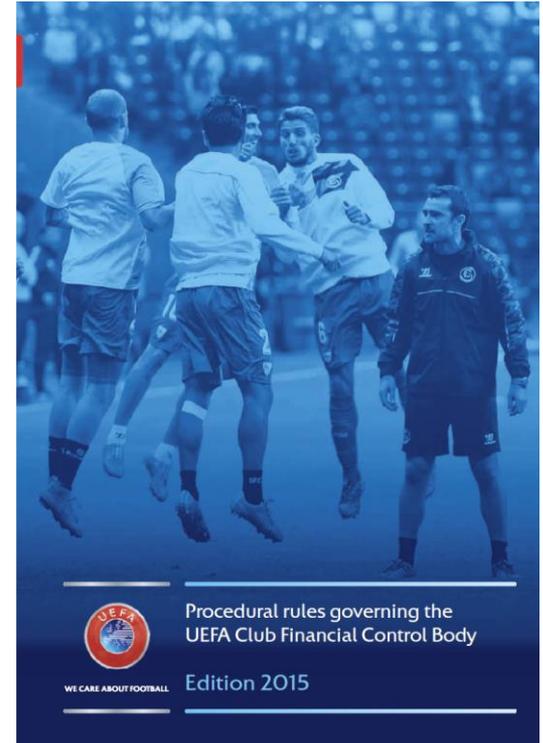
Club Licensing and Financial Fair Play within UEFA

- **UEFA CFCB Adjudicatory chamber**



Procedural rules governing the UEFA CFCB - Edition 2015

- A new edition of the *Procedural rules governing the UEFA Club Financial Control Body* were approved by the UEFA Executive Committee in Malta in September 2015.



Procedural rules governing the UEFA CFCB - Edition 2015

AMENDMENTS:

- The CFCB chief investigator can now review the terms of settlement agreements in cases where a club has met its obligations ahead of time
(**new Article 15, paragraph 3**)
 - If a seat on the CFCB becomes vacant, the UEFA ExCo may appoint a replacement for the remaining term of office (**new Article 5, paragraph 3**)
Already applied with the nomination of Yves Leterme as CFCB chief investigator (in replacement of Jean-Luc Dehaene)
 - Possibility for the UEFA ExCo to appoint a CFCB deputy chief investigator
(**new Article 4, paragraphs 3b and 5**)
Already been used in nominating Umberto Lago as CFCB deputy chief investigator
-



Club Licensing and Club Monitoring Results

Summary of 2015 licensing decisions

722 Top division clubs

UEFA

UEFA licences granted

448 62%

UEFA licences refused

100 14%

UEFA licences not applied for

174 24%

One club successfully underwent the extraordinary licensing procedure

IRL

Domestic

Domestic licences granted

559

Domestic licences refused

18

Dom. licences not applied for

4

No domestic licence

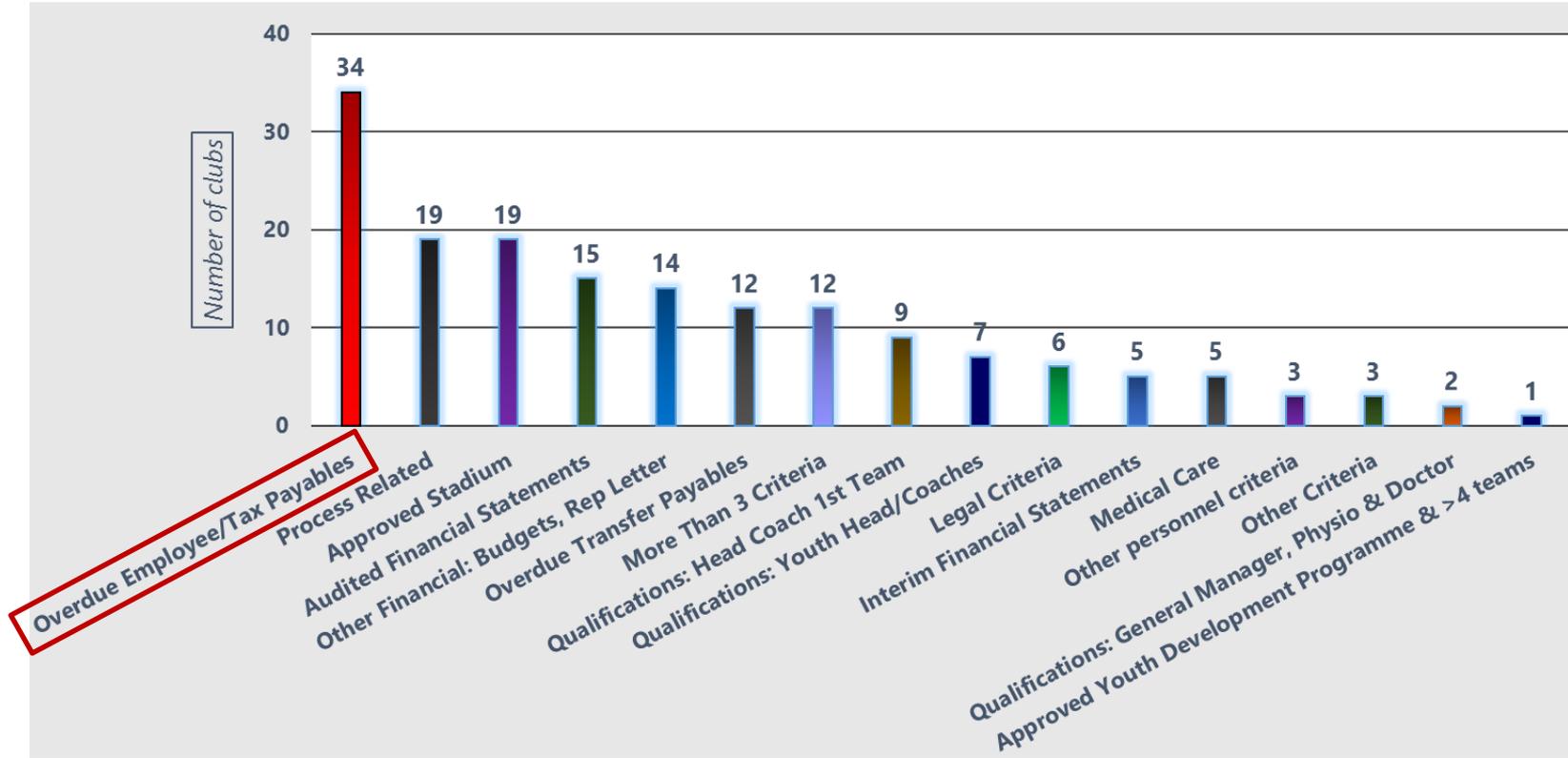
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Pending decisions at 31.05

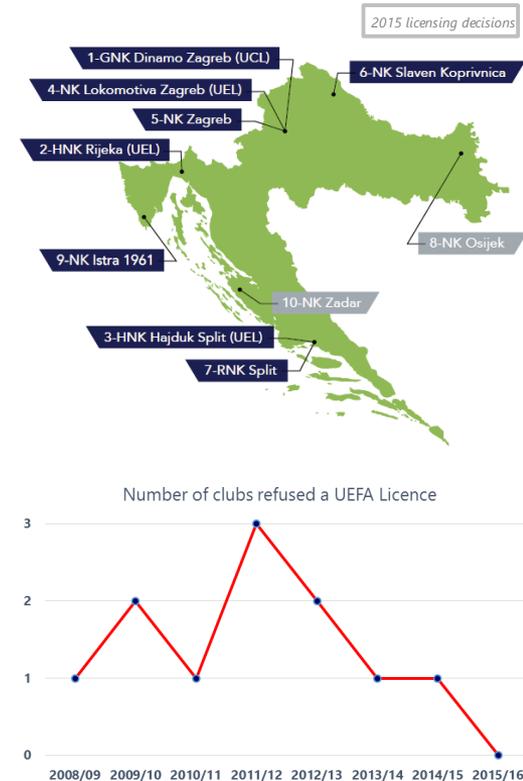
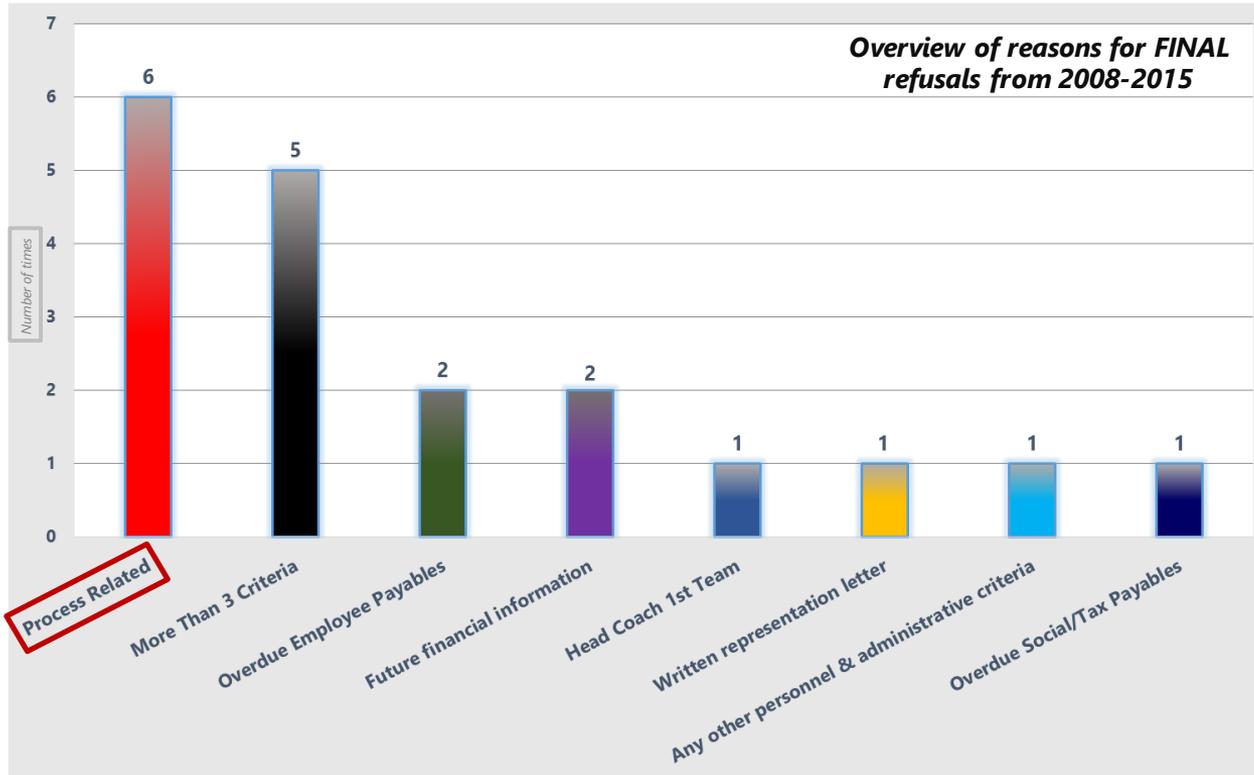
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Summary of 2015 licensing decisions

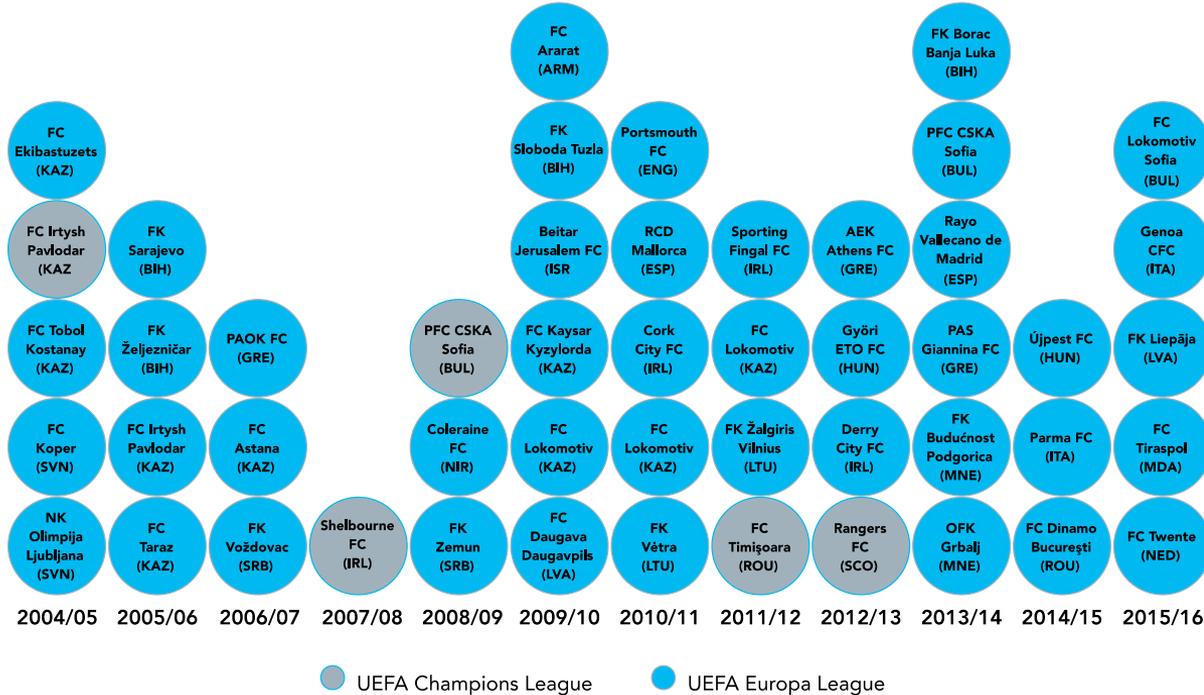
Overview of reasons for 2015/16 FINAL refusals



Most common reasons for UEFA Licence refusals in Croatia



Clubs not admitted to UEFA club competitions for club licensing reasons



49

different occasions when clubs have not been admitted relate to 46 different clubs

21

different countries have had sportingly qualified clubs not admitted

Sportingly qualified clubs without a UEFA licence

| CLUB | NA | SPORTING RESULT | LICENSING DECISION |
|---------------------------|------------|---|---|
| FC Lokomotiv Sofia | BUL | Finished 3 rd in the league. | Licence refused due to the existence of overdue payables towards employees and social/tax authorities. |
| Genoa CFC | ITA | Finished 6 th in the league. | Licence refused as the club did not finish the process. |
| FK Liepāja | LVA | Finished 4 th in the league. | Licence refused due to the previous legal entity SK Liepājas Metalurgs being involved in insolvency proceedings. |
| FC Tiraspol | MDA | Finished 4 th in the league. | Licence initially granted but it was subsequently withdrawn due to the club being dissolved at the end of the season. |
| FC Twente | NED | Finished 10 th in the league but qualified for the 2015–16 UEFA Europa League via the UEFA fair play rankings. | Did not receive the licence as it formally applied for the UEFA licence but did not finish the process. |

Clubs which could have qualified but were not granted a UEFA licence

| CLUB | NA | SPORTING RESULT | LICENSING DECISION |
|-----------------------------|------------|---|--|
| FC Daugava | LVA | Finished 5th in the league. <i>Could have qualified due to FK Liepāja not receiving the licence.</i> | Did not apply for a UEFA licence. |
| CS U Craiova | ROU | Finished 5th in the league. <i>Could have qualified due to FC CFR 1907 Cluj being excluded by CFCB</i> | Non-fulfilment of the three-year rule. |
| FC Petrolul Ploiești | ROU | Finished 6th in the league. <i>Could have qualified due to FC CFR 1907 Cluj being excluded by CFCB</i> | Did not apply for a UEFA licence due to being involved in insolvency proceedings. |
| FC Dinamo București | ROU | Finished 7th in the league. <i>Could have qualified due to FC CFR 1907 Cluj being excluded by CFCB</i> | Did not apply for a UEFA licence due to being involved in insolvency proceedings. |

2013/14 licensing example – importance of application

- Sportingly qualified clubs from **3 licensors** did not receive a UEFA licence:

| BIH | | ESP | | MNE | |
|--------------------|----------------------------|--------------------|---------------------------------|---------------------|-------------------------------|
| ... | | ... | | N2 - UEL Q1 | FK Budućnost Podgorica |
| N3 - UEL Q1 | FC Borac Banja Luca | ... | | N3 - UEL Q1 | FK Čelik Nikšić |
| N4 | NK Čelik Zenica | ... | | N4 | FK Grbalj |
| N5 | FK Olimpik Sarajevo | ... | | N5 | FK Rudar Pljevlja |
| N6 - UEL Q2 | NK Široki Brijeg | N6 - UEL PO | Málaga CF | N6 | OFK Petrovac |
| N7 | FK Slavija Sarajevo | N7 - UEL PO | Real Betis Balompié | N7 | FK Lovćen |
| N8 | FK Leotar | N8 | Rayo Vallecano de Madrid | N8 | FK Mogren |
| N9 - UEL Q1 | HŠK Zrinjski | N9 - UEL Q3 | Sevilla FC | N9 | FK Zeta |
| ... | | ... | | N10 - UEL Q1 | FK Mladost |

- **2 relegated clubs** (ISR, MKD) won the domestic cup and receive a UEFA licence

2014/15 monitoring of overdue payables (FFP)



- Total clubs monitored
- Number of clubs reviewed again in Sept.
- Number of clubs referred to the CFCB-AC

| Club | NA | Decision |
|------------------|-----|---|
| FK Ekranas | LTU | Excluded from next UEFA competition it would qualify for in next two seasons + €15'000 fine |
| Honka | FIN | Excluded from next UEFA competition it would qualify for in next three seasons + €20'000 fine |
| CFR 1907 Cluj | ROU | Excluded from 2015/16 season + €150'000 fine |
| FC Astra Giurgiu | ROU | €100'000 fine |
| Bursaspor | TUR | Excluded from next UEFA competition it would qualify for in next four seasons |

2015/16 monitoring of overdue payables (FFP)

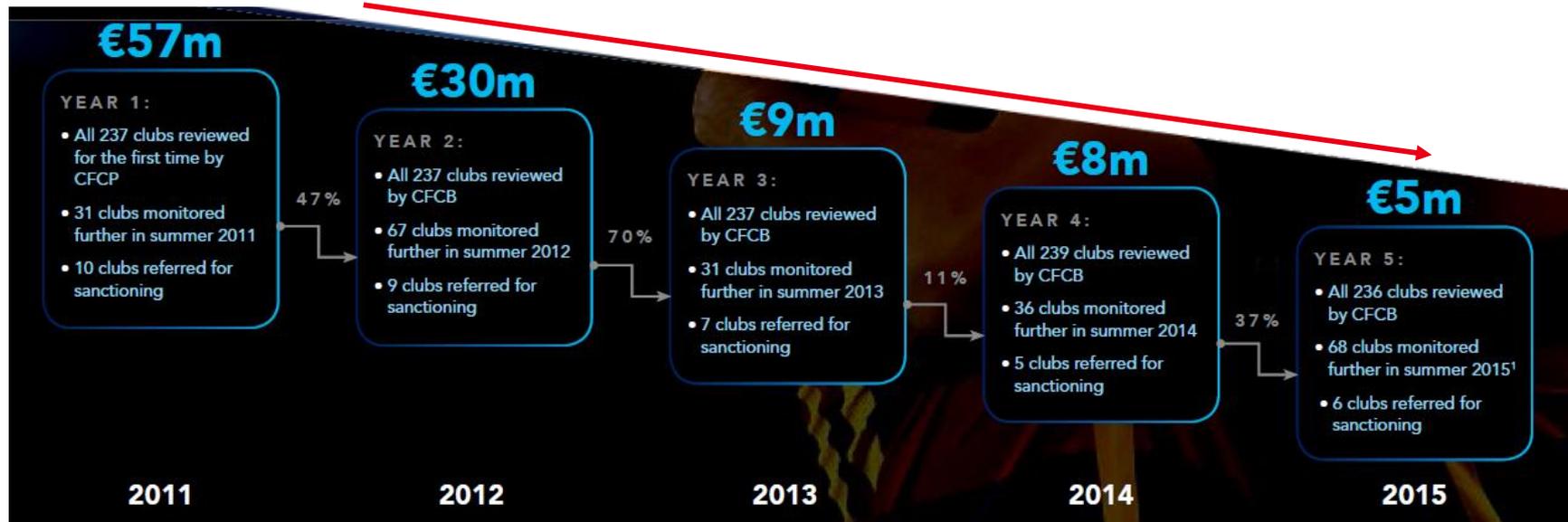


- Total clubs monitored
- Number of clubs reviewed again in Sept.
- Number of clubs referred to the CFCB-AC

| Club | NA | Decision |
|--------------------------|-----|---|
| Bakı PİK | AZE | Excluded from next UEFA competition it would qualify for in next three seasons (unless OP paid by 31.01.16) + €50'000 fine |
| SC Braga | POR | €20'000 fine |
| ASA Târgu-Mures | ROU | Excluded from next UEFA competition it would qualify for in next three seasons (unless OP paid by 31.01.16) + €50'000 fine |
| FC Astra Giurgiu | ROU | Excluded from next UEFA competition it would qualify for in next three seasons (unless OP paid by 31.01.16) + €80'000 fine |
| FC Botoșani | ROU | €15'000 fine |
| FC Dnipro Dnipropetrovsk | UKR | Excluded from next UEFA competition it would qualify for in next three seasons (unless OP paid by 31.01.16) + €100'000 fine |

Significant reduction in overdue payables

Since the introduction of FFP there has been a significant reduction in the amount overdue payables from €57m in 2011 to €5m in 2015.



2014/15 break-even monitoring activities (FFP)

242

Number of clubs requested to submit BE information

106 clubs exempt

136 clubs subject to b/e rule

89
clubs
monitored
throughout the
season

Number of investigations opened

19

Number of settlement agreements concluded

14

Number of clubs referred to the adjudicatory body

1

2014/15 CFCB break-even decisions

Settlement agreements concluded with 14 clubs:



CSKA Sofia

BUL



Ruch Chorzow

POL



Hull City

ENG



Sporting Lisbon

POR



AS Monaco

FRA



Lokomotiv Moskva

RUS



Panathinaikos

GRE



FC Krasnodar

RUS



Hapoel Tel Aviv

ISR



FC Rostov

RUS



AS Roma

ITA



Beşiktaş

TUR



FC Internazionale Milano

ITA



Kardemir Karabükspor

TUR

First club excluded from UEFA competition due to breach of break-even rule:

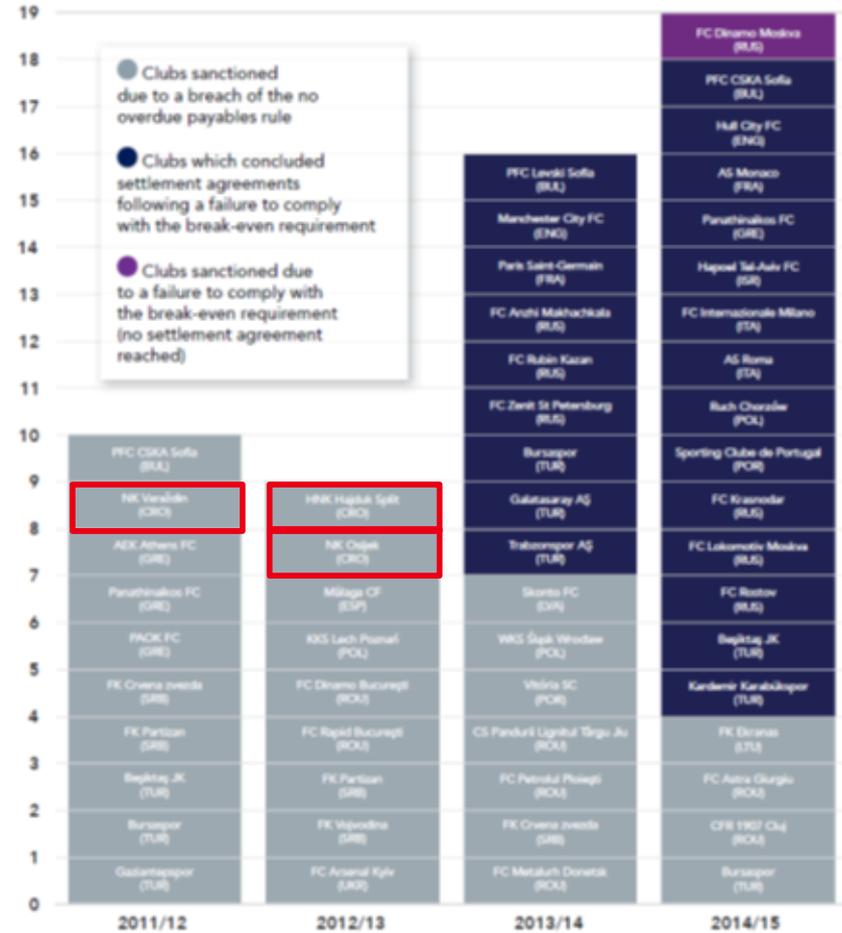


FC Dinamo Moskva

RUS

Decisions taken for breaches of the financial fair play requirements

- Breaches of the enhanced overdues payable rule have resulted in fines and suspended or direct exclusions from UEFA club competitions;
- Breaches of the break-even requirement the CFCB can either sanction the club or enter into a settlement agreement.



Distribution of prize money withheld due to FFP non-compliance

The distribution mechanism for the prize money unconditionally withheld due to non-compliance with FFP rules means that there is an added incentive for clubs to obtain a licence and be in a position to participate to UEFA club competitions.

Example of approx. prize money distributed:

| | 2013/14 | 2014/15 |
|---|----------------------------|----------------------------|
| Amount of money withheld | € 24 m | € 29 m |
| 80% for UCL/UEL group stage clubs | €260k per club (73) | €360k per club (64) |
| 20% for UCL/UEL qualifying phase clubs | €30k per club (155) | €38k per club (150) |

For clubs taking part to European competitions that were not subject to FFP disciplinary measures or were not under a settlement agreement regime during the concerned season



UEFA Compliance and Investigation activities

UEFA Compliance and Investigation activities

In order to ensure the credibility of the club licensing system, it is vital that compliance and investigation activities are performed in order to ensure:

- licences have been granted correctly;
 - licensees continue to fulfil the licensing criteria after the licence has been granted;
 - licensees fulfil the club monitoring requirements.
-

UEFA Compliance and Investigation activities

TASKS OF THE CFCB INVESTIGATORY CHAMBER:

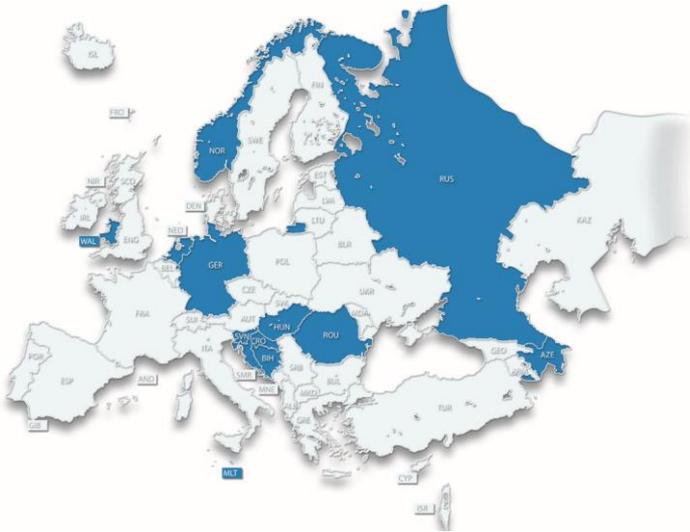
- Ensuring licensors/clubs complied with the club licensing criteria;
 - Deciding on cases relating to clubs' eligibility to participate in UEFA club competitions;
 - Monitoring the absence of overdue payables of the clubs participating in UEFA club competitions;
 - Monitoring the fulfilment of the break-even requirement by the clubs participating in UEFA club competitions;
 - Assessing whether clubs having signed settlement agreements with the CFCB-IC complied the agreed financial targets and sporting restrictions for UEFA club competitions.
-

UEFA Compliance and Investigation activities

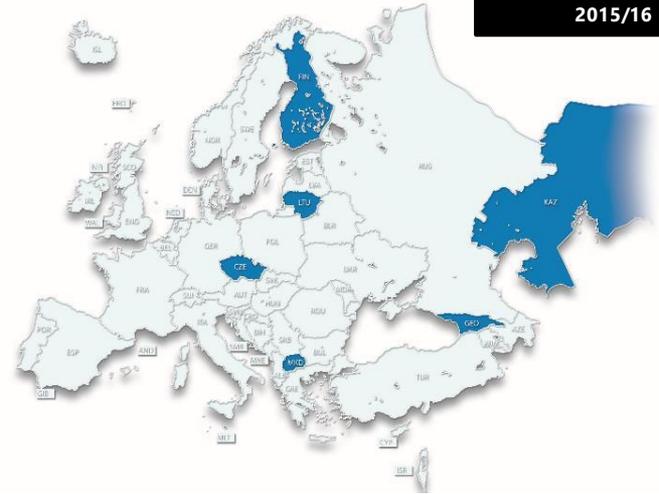
CLS Audits: Ensuring compliance with club licensing criteria

- In the last three seasons a total of **18 NAs** have been subject to a compliance audit on club licensing

2013/14 & 2014/15



2015/16



UEFA Compliance and Investigation activities

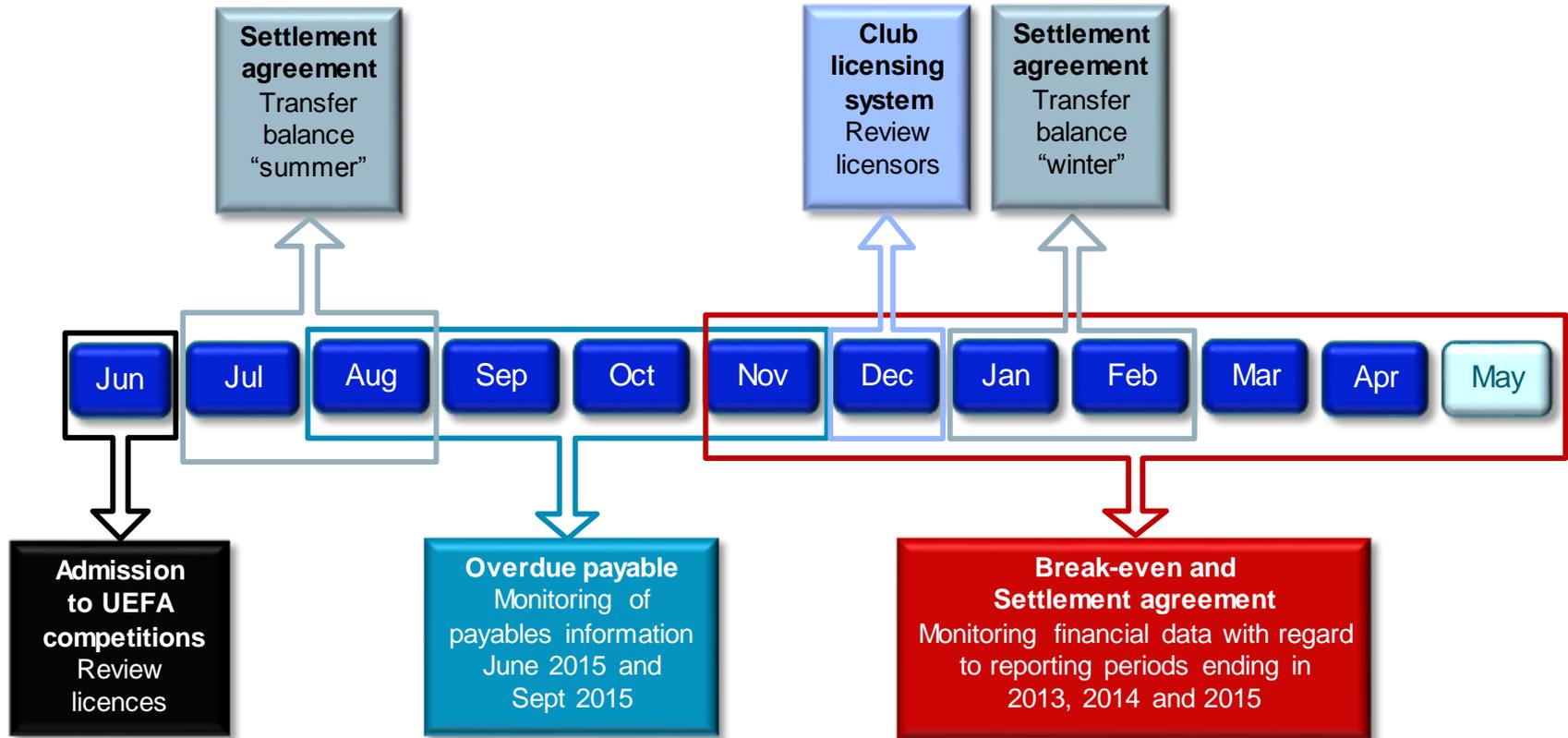
FFP Audits: Ensuring compliance with B/E requirement

Since the introduction of the **Break-Even Monitoring** in 2013/14 until 2015/16 (over 3 seasons):

- **46 audits on Break-Even** at clubs from **17 National Associations**.
- **9 Fair-Value Assessments** for clubs from **6 NAs** completed



Investigatory Chamber activities during 2015/16 season



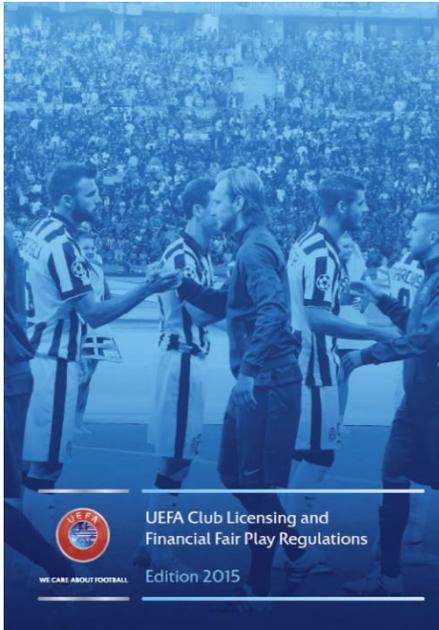


UEFA Club Licensing and FFP Regulations, Edition 2015

WE CARE ABOUT FOOTBALL

UEFA Club Licensing and FFP Regulations - Edition 2015

2015 edition of the *UEFA Club Licensing and Financial Fair Play Regulations* approved by the UEFA Executive Committee in June 2015



*In accordance with Article 5(3) of the CL&FFP, **the club licensing requirements** of the new UEFA regulations have been integrated into the 2015 edition of the HNS Club Licensing Regulations*



The consultation process

- Review and consultation process began in September 2013 and concluded in May 2015;
 - Work performed under the chair and supervision of the Club Licensing Committee (CLC);
 - Review and consultation process split in two phases:
 - *1st phase review of the club licensing section;*
 - *2nd phase review of the club monitoring (FFP) section;*
 - Strong cooperation with all stakeholders over the full period:
 - *Multiple meetings and consultations.*
-



Key club licensing amendments

Key club licensing amendments *(Part II – UEFA Club Licensing)*

Composition of the decision-making bodies

Article 7(7) – Decision-making bodies

- Members of both the **FIB and AB** must not belong simultaneously to:
 - the **executive body** of the UEFA member association or its affiliated league;
 - the **management personnel** of an affiliated club.
 - Aimed at further strengthening the independence of the members of the club licensing decision-making bodies.
-

Key club licensing amendments *(Part II – UEFA Club Licensing)*

Education programme on integrity

Article 17(2) – Youth development programme

- The youth development programme must now include a education programme on integrity.
- Aimed at raising awareness among youth players of the growing problem of betting and match-fixing.



Match-fixing 

Don't get involved.
It will end your career in football

What you need to know as a:

- **Player**
- **Match official**
- **Coach**
- **Administrator**

Your future in football depends on you...



So remember... 

If someone asks you to manipulate a match:

Recognise - What is happening to you

Reject - Say 'No' immediately

Report - Tell somebody as soon as you can

Don't get involved in organised crime!!!

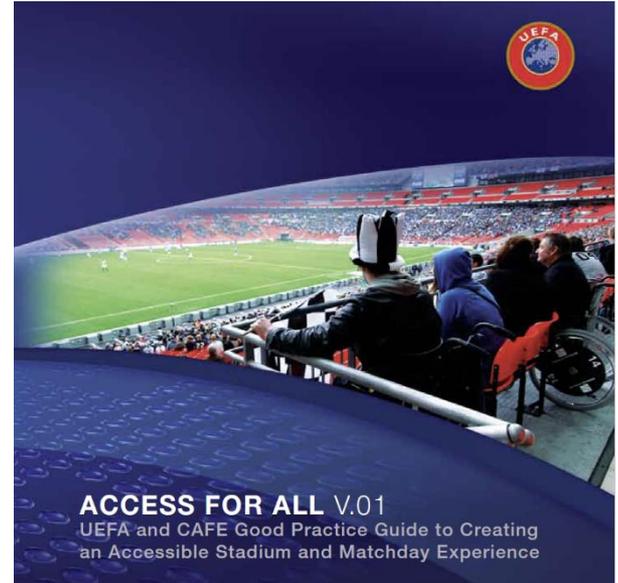
The current UEFA Disciplinary Regulations can be found on UEFA.org in the 'Disciplinary' section. Page 8

Key club licensing amendments *(Part II – UEFA Club Licensing)*

New personnel and administrative criterion

Article 35bis – Disability access officer **New**

- Licence applicants are now required to appoint a DAO to support the provision of inclusive accessible facilities and services for disabled supporters;
- Aimed at raising awareness and improving access/matchday experience for disabled spectators.



Key club licensing amendments *(Part II – UEFA Club Licensing)*

Strengthening of youth coaches criteria

Article 39 – Youth Coaches *(in conjunction with Article 16(1))*

- Article 39 has now been included in the mandatory criteria that must be fulfilled by clubs in order for them to be granted a licence to enter the UEFA club competitions.
 - Aimed at further strengthening the youth coaches criterion, giving continued priority to the training and care of youth players.
-

Key club licensing amendments *(Part II – UEFA Club Licensing)*

Increased transparency & better defined reporting perimeter

Article 46 – Legal group structure and ultimate controlling party

Article 46bis – Reporting entity/entities and reporting perimeter

- Articles 46 and 46bis have been reworded in order to better define the legal group structure and the reporting perimeter.
 - Aimed at increasing transparency and providing greater clarity.
-

Key club licensing amendments (*Annexes*)

Assessment of future financial information

Annex V(B)(4) – Auditor’s assessment procedures

- Annex V(B)(4) has been updated in order to foresee the assessment of future financial information, in accordance with the International Standards for Assurance Engagements (ISAE) 3400, if the assessment is performed by an auditor.

Key club licensing amendments (*Annexes*)

Addition to the notion of 'overdue payables'

Annex VIII (2)(e) – Auditor's assessment procedures

- If a licence applicant is able to demonstrate that it has taken all reasonable measures to identify and pay the creditor club(s) in respect of training compensation/solidarity contribution the payables will not be considered as overdue;
 - Aimed at safeguarding clubs which have done everything possible to settle amounts but through no fault of their own have not been able to pay training compensation/solidarity contribution.
-



Key club monitoring (FFP) amendments

Key changes to the club monitoring (FFP) requirements (1)

- Strengthening of **overdue payables** criteria
 - Deduction of expenses related to **youth** and **women's** football
 - New adjustment for **leasehold** improvement
 - New adjustment for **credit** arising from procedures providing **protection from creditors**
 - New deadlines for **contributions**
 - **Acceptable deviation: €30M** (reduced from €45M)
-

Key changes to the club monitoring (FFP) requirements (2)

- The assessment of **fair-value** for related party sponsorship transactions
 - The addition of a mitigating factor for clubs operating in “**structurally inefficient**” markets
 - The introduction of **voluntary agreements**
-



Recent publications

(including some Croatia specific benchmarking data)

Recent Club Licensing and FFP Publications



Two recent publications on club licensing and FFP matters illustrate the positive impact the system has had, as well as how the system is implemented across Europe.

European clubs generated the highest underlying operating profits in history in 2014



€140m

In 2014 Manchester United FC reported the highest club operating profit in history

€78m

In 2014 Tottenham Hotspur FC reported the highest net profit in history

Bottom-line club losses have been cut in three since the introduction of break-even rules in 2012



Reduced operating and bottom-line losses outside the top 15 leagues

Operating profitability outside the top 15 leagues:*

While overall Europe-wide operating profits have increased and net losses decreased, the results vary across Europe. At operating profit level, 12 of the 38 non-top leagues generated aggregate underlying operating profits, a minority but nonetheless an increase on the 7 leagues in 2013 and 4 leagues in 2011.

On an aggregate basis across the 481 clubs in the non-top 15 leagues, a negative operating margin of -14.8% was generated in 2014, a slight worsening on the -14.0% in 2013 but an improvement on the operating loss margins of more than -20% reported each year between 2010 and 2011.

What is evident from the comparison of top 15 leagues with the other leagues is the more common reliance on benefactors, transfer profits and UEFA club competition prize money, which can lead to greater fluctuations in financial performance from year to year.

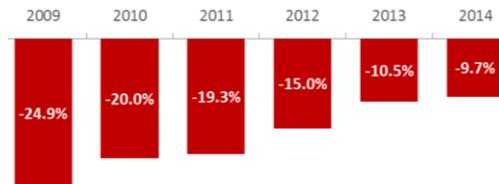
Bottom-line net profitability outside the top 15 leagues:*

At net profit level, after transfer, non-operating, financing, tax and divesting activities have been included, 11 of the 38 other leagues reported aggregate profits, with Slovenia (+22%) and Sweden (+13%) leading the way, both bolstered by UEFA Champions League group stage prize money for one of their clubs.

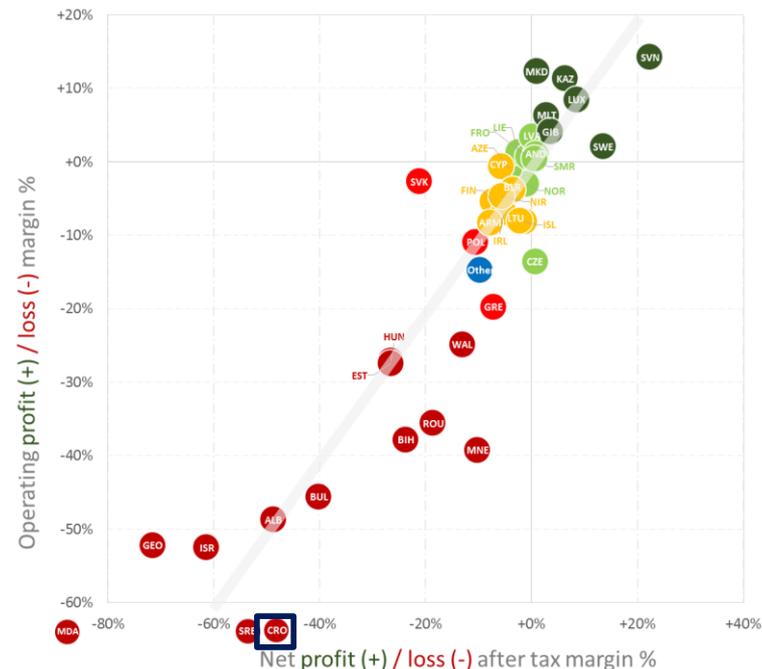
Less successful in balancing their books in 2014 were the clubs of 11 countries that reported net loss margins of more than 20%, in particular Croatia, Georgia, Israel, Moldova and Serbia, where the loss margins exceeded 50%. Clubs in these countries spent more than €3 for every €2 of income.

On an aggregate basis across the 481 clubs in these non-top leagues, a negative bottom-line loss margin of just under 10% was generated in 2014. While on the face of it this loss margin is a cause for concern, it nonetheless continues a trend of reducing losses in Europe's less wealthy leagues.

Evolution of the bottom-line net loss margin outside the top 15 leagues:*

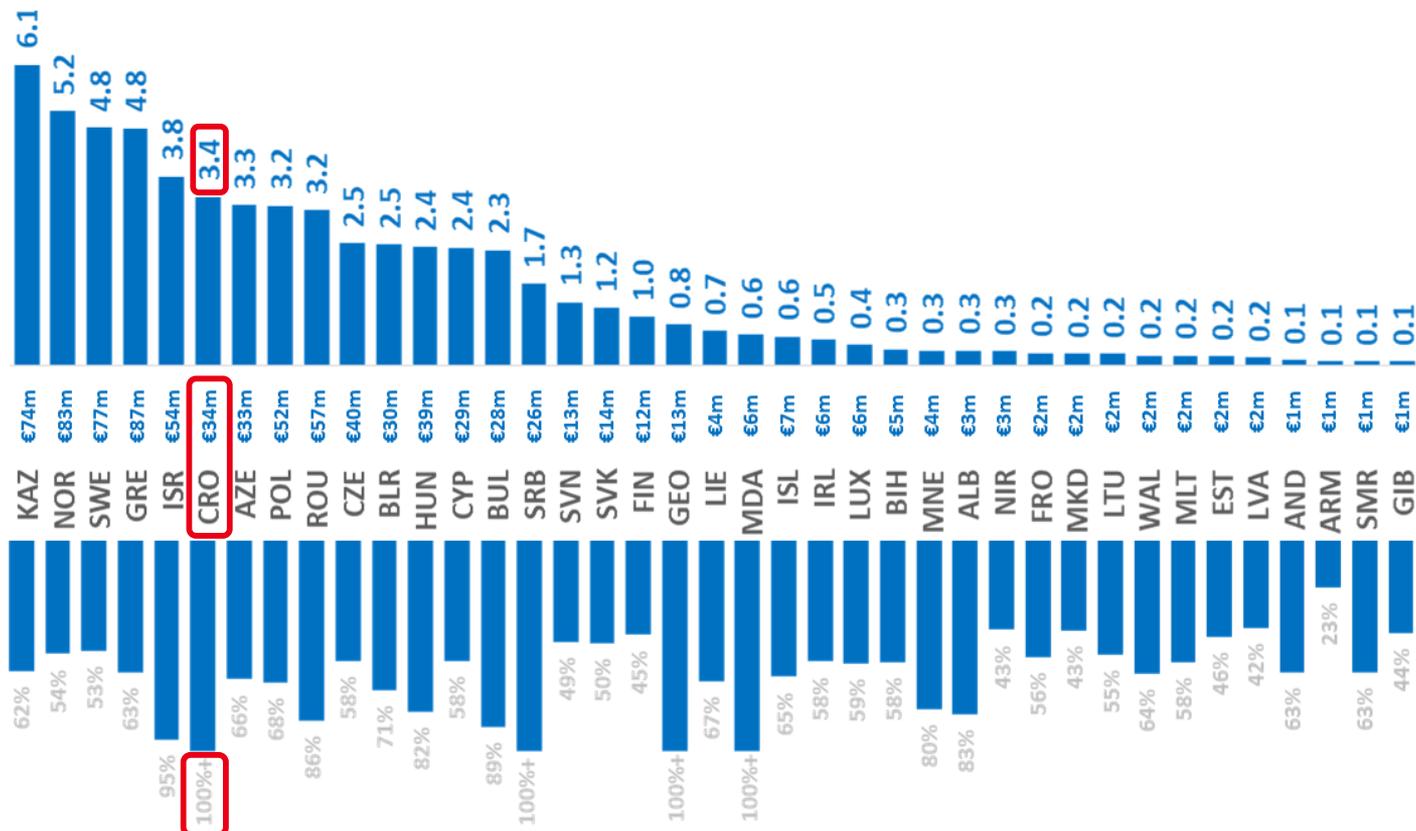


Profit (operating and net) margins outside the top 15 leagues:*



* For the analysis of profitability, the leagues have been split into two groups (top 15 and the rest) based on average club revenue. The net margins have been stated after excluding gains from debt write-offs (Scotland) and unrealised gains and losses from foreign exchange (Russian, Turkey and Ukraine).

Wage levels and trends: Leagues 16-54



* As per the previous analyses, 'club wages' and 'wage bills' refer to all employee costs (including the club's share of social taxes) and all employees (technical, administrative and players).

Following the onset of financial fair play, wage growth slowed to the lowest rate in recent history (3% in 2014)



10 → 19

The number of clubs with a €100m+ wage bill almost doubled between 2009 and 2014

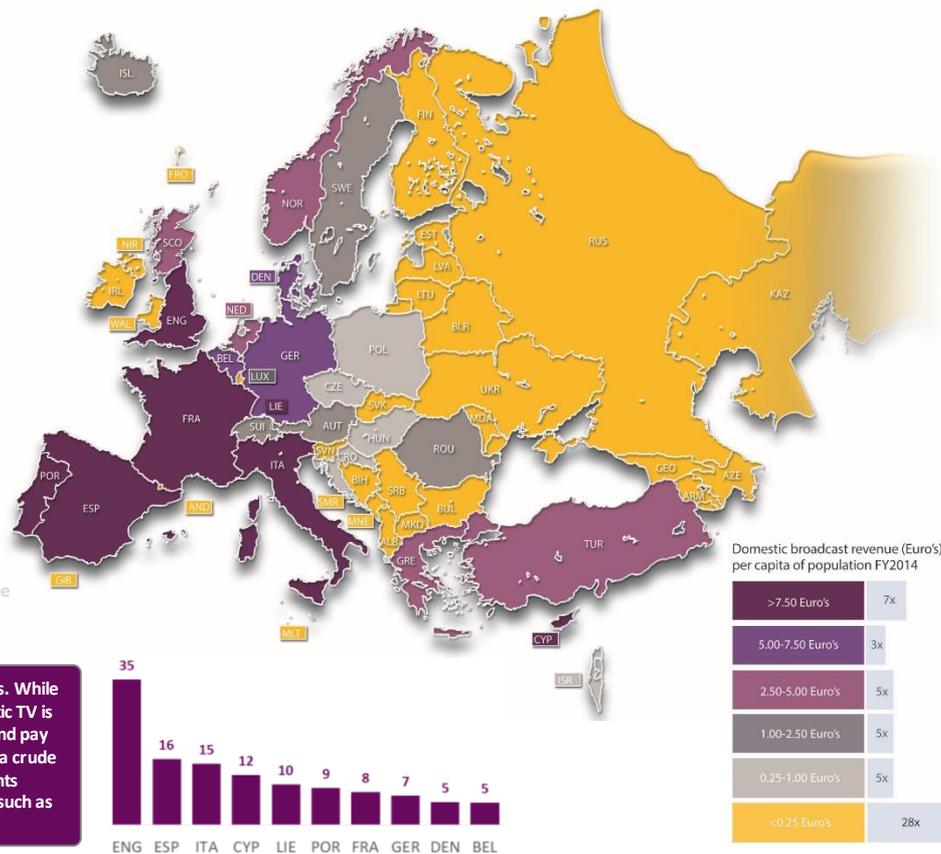
Broadcast revenue per capita

Future trends:

A massive additional 65-70% uplift in domestic English Premier League live rights has been announced from the 2016/17 season, with the international rights process ongoing in 2015 but expected to also see large uplifts. Together, English clubs could expect an uplift in the region of €50-60m each from 2016/17. Elsewhere, the Spanish league (LFP) anticipates a tripling of international rights for La Liga to €600m per season from 2015/16, which would be an increase equivalent to an average €19m per club. The multiple of largest club domestic broadcast revenues to average broadcast revenues should also decrease with the collective selling of rights taking effect. While FY14 was the first year of a four-year cycle in Germany, TV rights will increase gradually during the deal, which means an 8-10% increase in each of the next two seasons can be anticipated. In Italy we expect clubs to receive a 10-15% average increase in FY16, with 2-3% increases the following two seasons. In France the next cycle will commence in 2016/17 and it is too early to make predictions. In Turkey the current rights period was extended and should lead to a 40% increase in domestic rights in 2014/15.

Context – Domestic broadcast revenue (€ per capita):

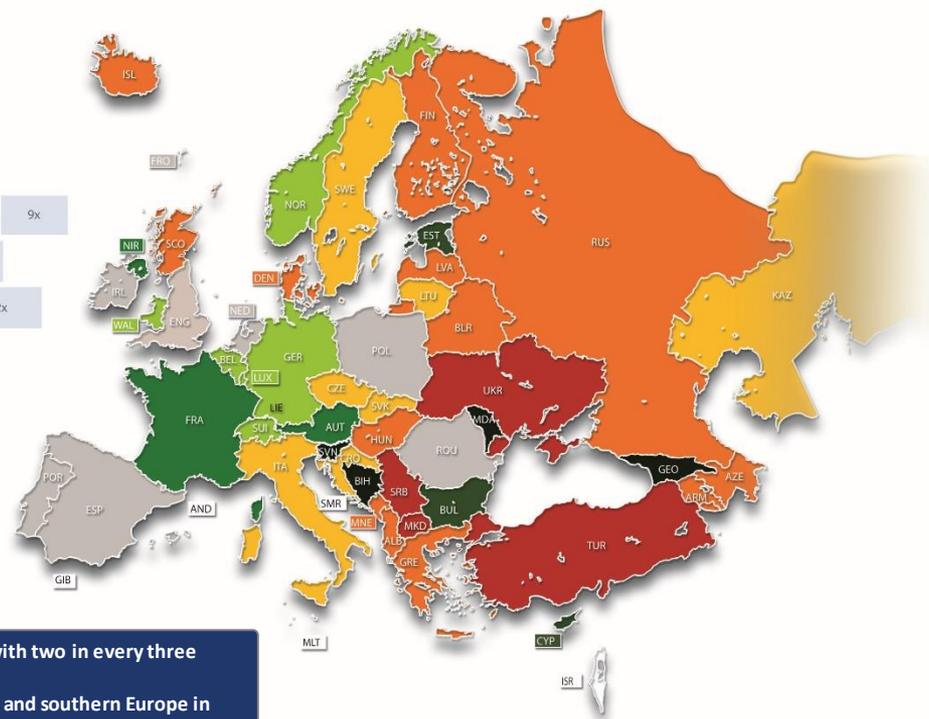
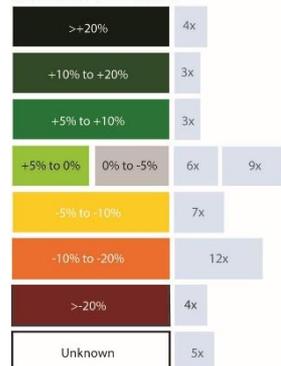
The majority of broadcast rights for club football come from local domestic TV rights. While the number of interested viewers is important, the revenue generated from domestic TV is strongly influenced by the market structure within the local TV market (free to air and pay TV, and number and level of competitors). The map indicating revenue per capita is a crude measure but highlights the differences across Europe, with total Premier League rights equivalent to €35 per capita, compared with higher level leagues in eastern Europe such as Ukraine and Russia, where TV rights are equivalent to less than €0.25 per capita.



Attendance levels under pressure

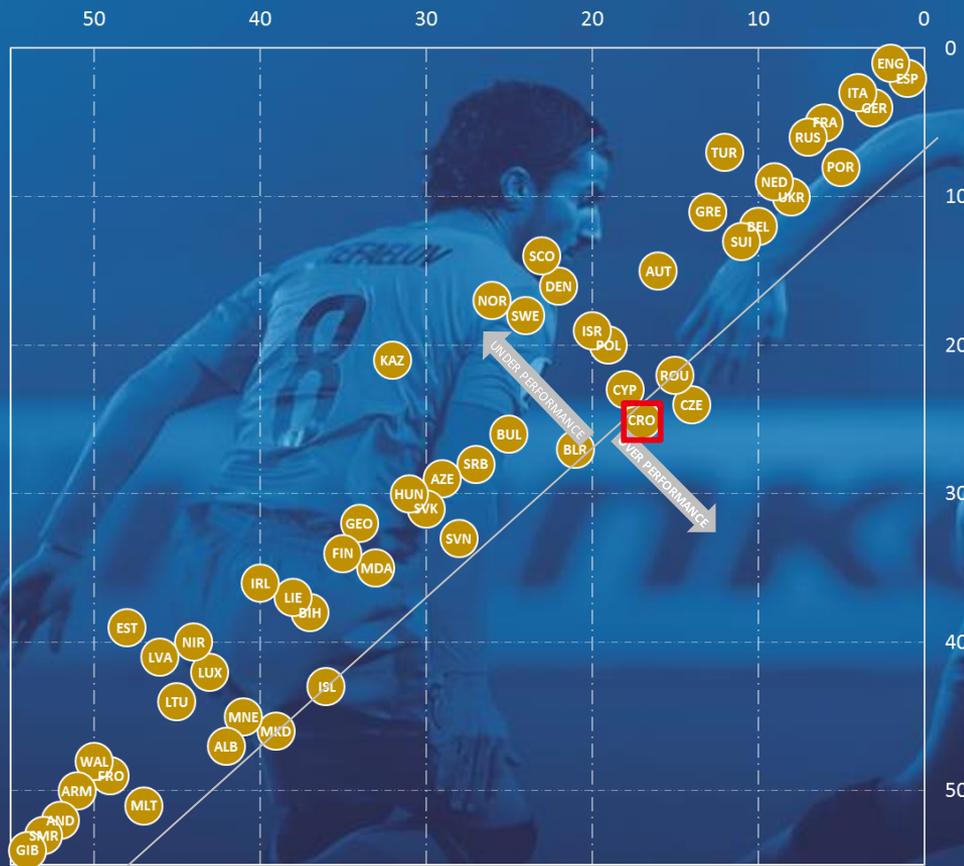
Top-division league attendances fell below 100 million to the lowest level for a decade. The decrease of just under 3.5 million spectators (3.5%) compared with the previous year was driven by decreases in Turkey (1.2m), Italy (500,000), Greece, Russia, Scotland and Serbia (all between 200,000 and 350,000).

Average match attendance trend from 2013s/2013/14w season to 2014s/2014/15w season



Economic conditions remain challenging across Europe, with two in every three leagues reporting lower crowds. This map highlights the fact that many leagues in eastern and southern Europe in particular have had a negative attendance trend.

UEFA club coefficient country rank



Comparison of results and spending (based on UEFA club coefficient five-year national association ranking and average spend of four largest clubs in each association during this five-year period)*

Average five-year spend of top four clubs

On and off-pitch performance

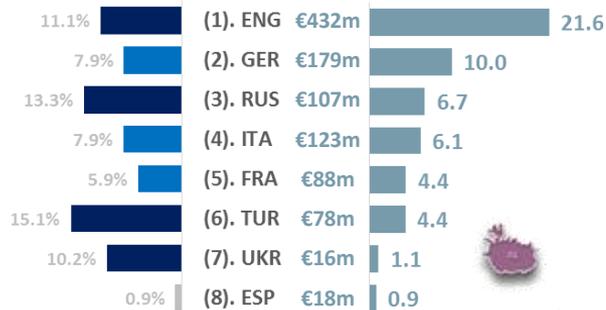
Spending to performance ratios:

The performance of clubs in Europe is closely related to spending, as illustrated in this chart, which compares the spending and rankings of clubs from each of the 54 national associations. The top 13 national associations by performance are also the top 13 national associations by spending but between ranks 14 and 26 the spending gaps are closer and there is much over and under-performing. For next season, the Czech Republic and Romania have over-performed and secured the important second UEFA Champions League qualifying place reserved for the associations ranked 14th and 15th.

* The average five-year spend of the top clubs in each association is based on financial years 2010 to 2014 and includes all costs and net costs incurred by these clubs. The UEFA club coefficient national association rank is based on the 2015 rankings, which will be used for the 2016/17 UEFA competition access list and is based on performances across the 2010/11 to 2014/15 seasons.

Relative size of net transfer costs and incomes

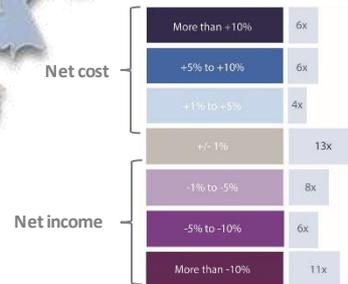
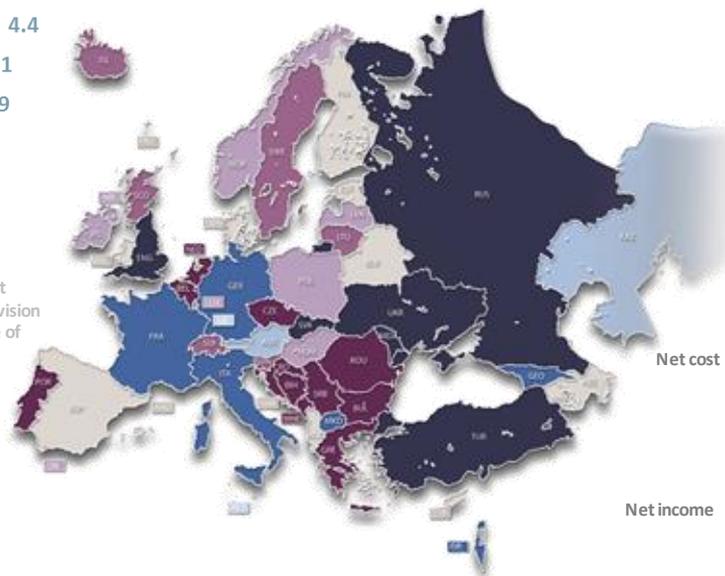
The top leagues by average net transfer cost (€m), aggregate league net transfer cost and net transfer cost as a percentage of revenue:



The top leagues by average net transfer income (€m), aggregate league net transfer income and net transfer income as a percentage of revenue:



FY14 net transfer costs (+) or net transfer income (-) in the top division of each country as a percentage of revenue:



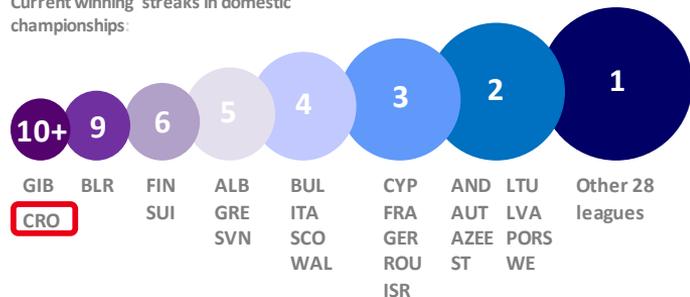
Domestic title winners and winning streaks in the last ten years

Number of different clubs to have won their domestic championship in the last ten years:



In the last ten seasons, the title holder has been least predictable in the Republic of Ireland and Sweden, where there have been eight and seven different winners respectively.

Current winning streaks in domestic championships:



In total, there were 25 repeat domestic winners in the most recent two championships, with a new champion club in 28 leagues.

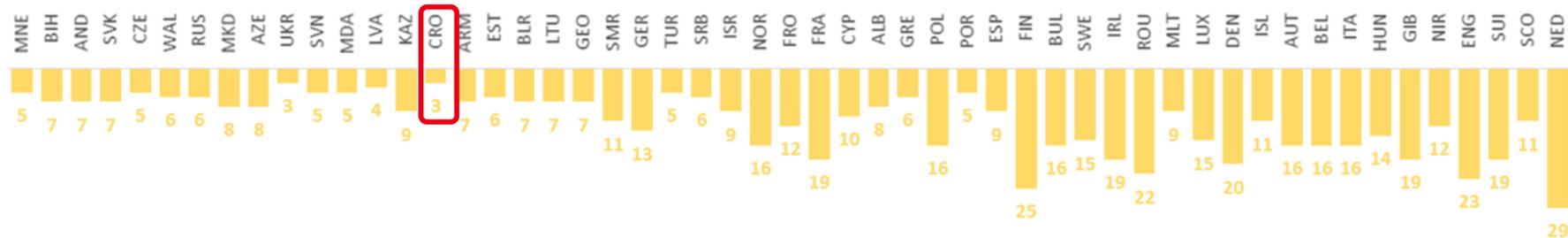
Lincoln FC have won the Gibraltar domestic championship for the last 12 years, with GNK Dinamo Zagreb in Croatia currently on a ten-year winning streak. Clubs in eight leagues have won five or more domestic titles in a row.

In the last ten seasons, the title has been shared by three or fewer clubs in 16 of the 53 leagues, including many of the higher profile leagues such as England, Spain and Italy.

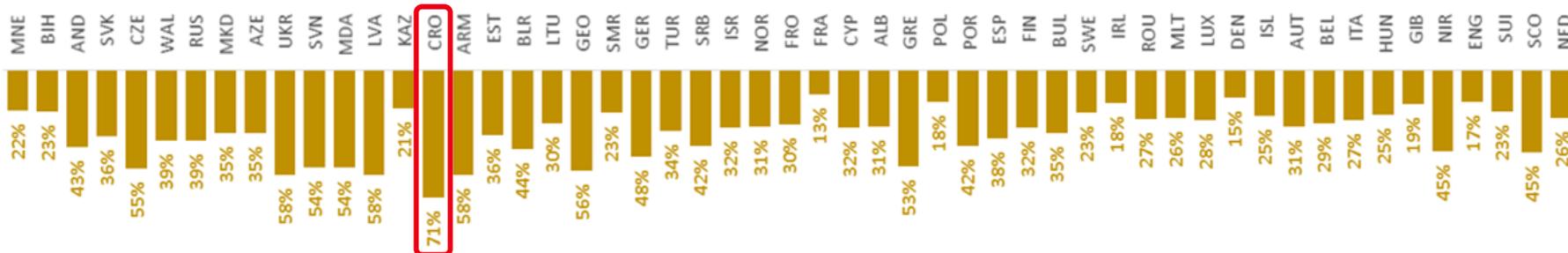
Comparison of historic domestic title records

National championships have a long history dating back to 1888/89 (English and Dutch championships). Switzerland has the longest continually running championship, with the Dutch top division having been played the most times (125). The number of relatively young championships is a result of the changes in European national boundaries that took place 20-25 years ago.

Number of different title-holding clubs

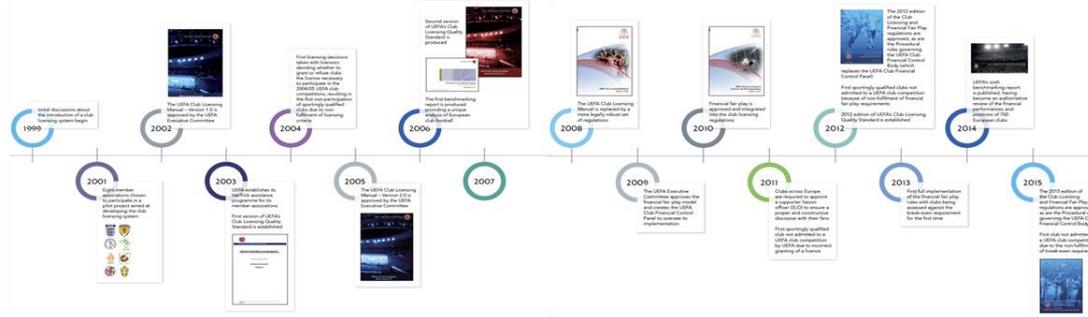


Record percentage wins



* Some domestic championships have existed in different forms and countries have been around for different lengths of time. For the purposes of this analysis, Soviet, Czechoslovakian and Yugoslavian titles are not included.

Club licensing 10 years on ...



Club licensing 10 years on ...

CROATIA

Domestic club licensing since: 2004/05

Type of club licensing system: Separate licences for UEFA and domestic competitions

Scope of club licensing system: For UEFA club competitions and participation in top 2 domestic divisions

No. of top-division clubs refused a domestic licence in the last 5 years: 4

Consequence of being refused a domestic licence: Relegation to a lower division

No. of top-division clubs refused a UEFA licence in the last 5 years: 7



CLUB LICENSING ADMINISTRATION & CRITERIA EXPERTS



FIB & AB MEMBERS



TOTAL: 19

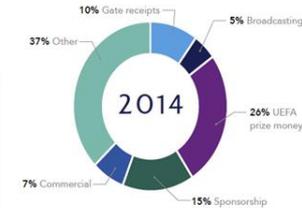
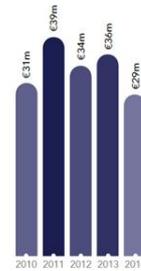
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"Club licensing is regarded in Croatia as the best tool ever for achieving higher standards in football. The system is widely accepted with a lot of confidence and encouraged by the clubs, decision-makers, state authorities, the public, fans and other stakeholders."

Ivančica Sudac, Licensing Manager, Croatian Football Federation



TOP-DIVISION TOTAL REVENUE AND REVENUE BREAKDOWN



TIMELINE FOR LICENSING DECISIONS



1 • Deadlines for UEFA and domestic club licensing decisions

2 • Season starts

2014/15 TOP-DIVISION LICENSING DATA

Clubs: 10

Club with highest revenue: GNK Dinamo Zagreb

Head coach qualifications: Pro diploma (8), undergoing UEFA coaching diploma course (2)

Clubs' legal structure: Association (40%), joint stock company (60%)

Stadiums to be used in UEFA club competitions by licensed clubs: Category 4 (2), Category 3 (1), Category 2 (1)



67



HNS CLUB LICENSING WORKSHOP - 25 JANUARY 2016

Questions

WE CARE ABOUT FOOTBALL



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Thank you

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Additional slides

Historically popular and successful teams

Rangers FC (SCO)



| | |
|---|---------|
| Founded | 1872 |
|  Domestic Championships | 54* |
|  Domestic Cups | 60* |
|  European Honours | 1 |
|  European Appearances | 52 |
| Last European Appearance | 2011/12 |

Parma (ITA)



| | |
|--|---------|
| Founded | 1913 |
|  Domestic Championships | 2x RU |
|  Domestic Cups | 4 |
|  European Honours | 4 |
|  European Appearances | 16 |
| Last European Appearance | 2006/07 |

Sportingly qualified clubs without a UEFA licence



PFC Lokomotiv Sofia (BUL)

Did not receive the UEFA and domestic licence due to the existence of overdue payables towards employees and social/tax authorities. As a consequence, Lokomotiv was relegated to the third division and ultimately disappeared. Its replacement in the UEFA Europa League, Litex Lovech, was eliminated in Q1.

| Club | Position 2014/15 |
|---------------------|------------------|
| PFC Lokomotiv Sofia | 3 rd |
| PFK Litex Lovech | 4 th |

PFK Litex Lovech

| Q1 | Q2 | Q3 | PO | Group |
|----------|----|----|----|-------|
| Started | | | | |
| Finished | | | | |

Historically popular teams

PFC Lokomotiv Sofia (BUL)



Founded

1929



Domestic Championships

4



Domestic Cups

4



European Appearances

13

Last European Appearance

2011/12

CSKA Sofia (BUL)



Founded

1948



Domestic Championships

31



Domestic Cups

23



European Appearances

53

Last European Appearance

2014/15

Sportingly qualified clubs without a UEFA licence



Genoa CFC (ITA)

Did not receive the UEFA licence due to the non-fulfilment of various criteria. As a consequence, its fierce rival, Sampdoria, took Genoa's place in the UEFA Europa League but it was eliminated in its entrant round.

| Club | Position 2014/15 |
|--------------|------------------|
| Genoa CFC | 6 th |
| UC Sampdoria | 7 th |

UC Sampdoria

| Q1 | Q2 | Q3 | PO | Group |
|----|----|----------|----|-------|
| | | Started | | |
| | | Finished | | |

Sportingly qualified clubs without a UEFA licence



FC Twente (NED)

Did not receive the UEFA licence as it formally applied for the licence but did not finish the process. As a consequence, Twente was replaced by the 17th placed (and subsequently relegated) team who was eliminated in the first qualification round of the UEFA Europa League.

| Club | Position 2014/15 |
|-----------------|------------------|
| FC Twente | 10 th |
| Go Ahead Eagles | 17 th |

Go Ahead Eagles

| Q1 | Q2 | Q3 | PO | Group |
|----------|----|----|----|-------|
| Started | | | | |
| Finished | | | | |

Sportingly qualified clubs without a UEFA licence



FK Liepāja (LVA)

Did not receive the UEFA licence due to the previous legal entity SK Liepājas Metalurgs being involved in insolvency proceedings. As a consequence, FK Spartaks (which is currently over 20 points behind FK Liepāja in the domestic championship) represented Latvia in the UEFA Europa League.

| Club | Position 2014/15 |
|-------------|------------------|
| FK Liepāja | 4 th |
| FK Spartaks | 6 th |

FK Spartaks

| Q1 | Q2 | Q3 | PO | Group |
|---------|----------|----|----|-------|
| Started | Finished | | | |

Sportingly qualified clubs without a UEFA licence



FC Tiraspol (MDA)

Initially granted the UEFA licence but it was subsequently withdrawn due to the club being dissolved at the end of the season. As a consequence, Tiraspol no longer exists and its replacement club in the UEFA Europa League was eliminated right away.

| Club | Position 2014/15 |
|--------------------|------------------|
| FC Tiraspol | 4 th |
| Saxan Ceadîr Lunga | 5 th |

Saxan Ceadîr Lunga

| Q1 | Q2 | Q3 | PO | Group |
|----------|----|----|----|-------|
| Started | | | | |
| Finished | | | | |

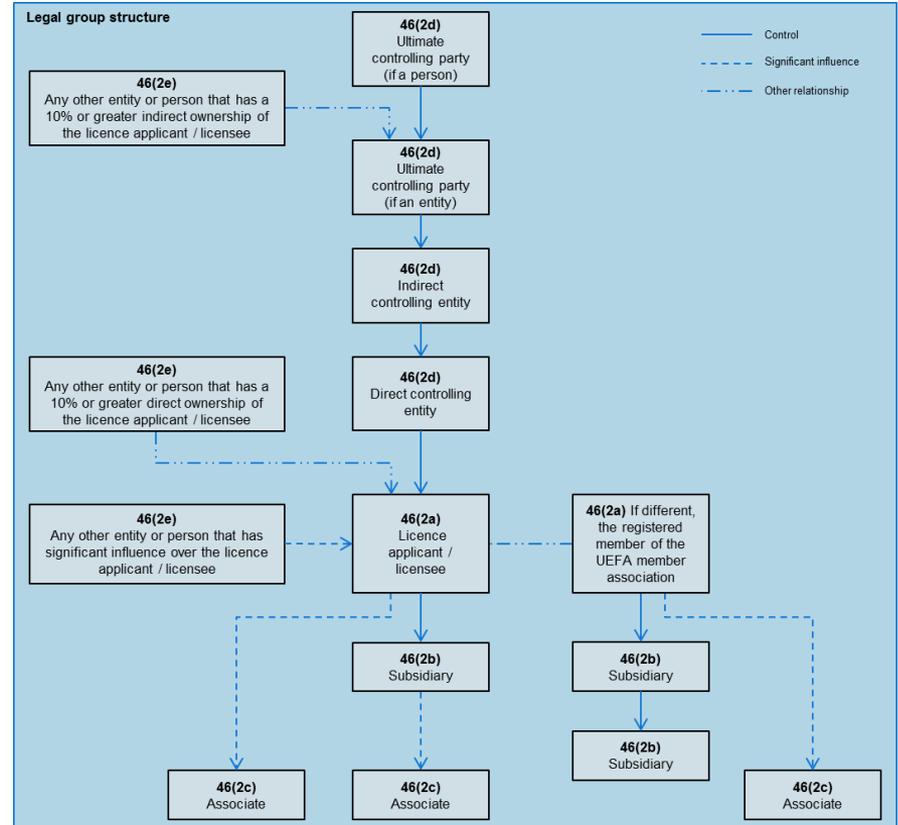
Consequences of licence refusals

- Impact on domestic competitions
 - Impact on the fans
 - Impact for the national associations
 - Impact for UEFA
 - **What is the impact for you the clubs?**
-

Key club licensing amendments (*Part II – UEFA Club Licensing*)

Article 46 – Legal group structure and ultimate controlling party

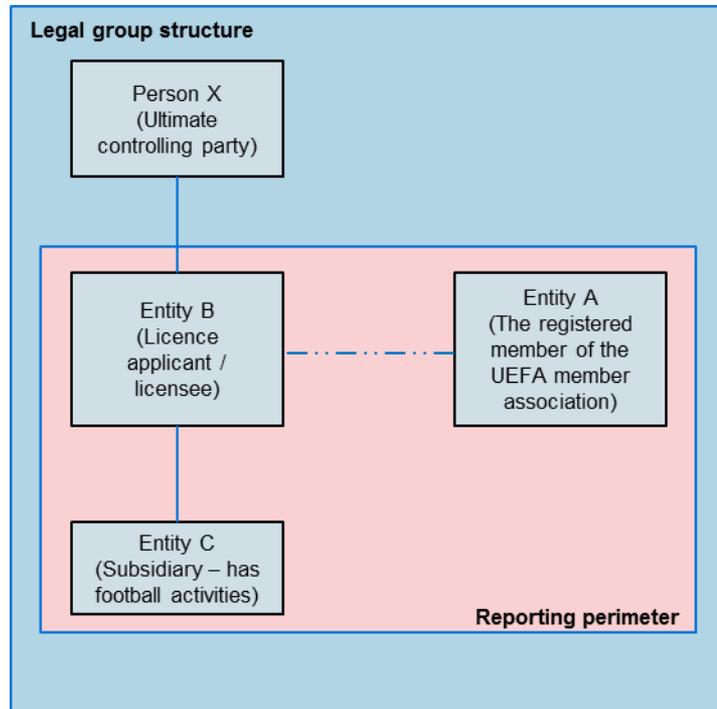
- The legal group structure document must clearly identify and include information on the entities/persons set out in (a) to (e)



Key club licensing amendments (*Part II – UEFA Club Licensing*)

Legal group structure and reporting perimeter:

EXAMPLE 1



The legal group structure:

Entity B is the licence applicant and has a contractual relationship with Entity A. As per Article 12, Entity B is described as 'a football company'.

Entity A is the registered member of a UEFA member association and/or its affiliated league.

Person X is the ultimate controlling party of Entity B.

Entity C is a subsidiary of Entity B and has football activities.

In addition to the licence applicant, the RP must include:

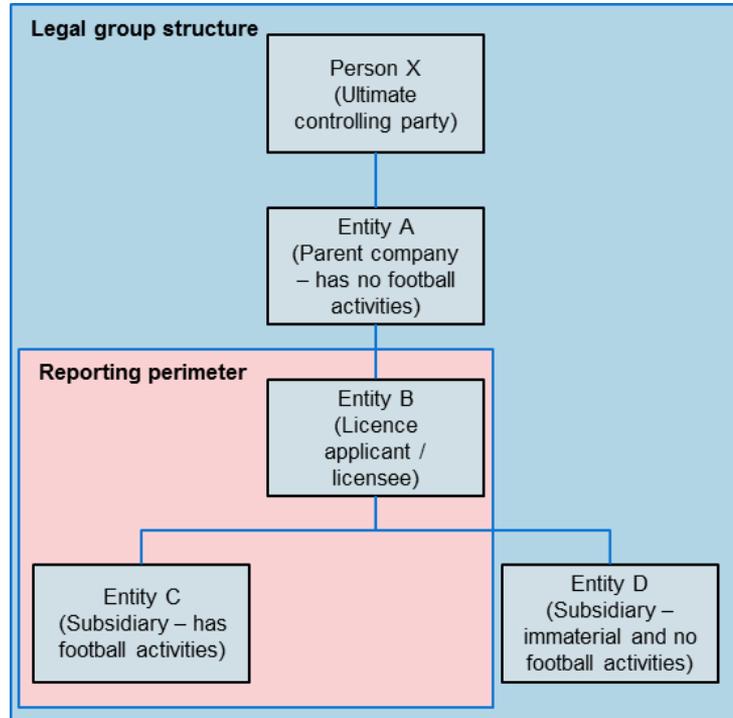
Entity A, as per Art. 46bis(2a); and

Entity C, as per Art. 46bis(2b), because Entity C generates revenues and/or performs services and/or incurs costs in respect of football activities.

Key club licensing amendments (*Part II – UEFA Club Licensing*)

Legal group structure and reporting perimeter:

EXAMPLE 2



The legal group structure:

Entity B is the licence applicant and registered member of a UEFA member association and/or its affiliated league.

Entity A is the direct controlling entity of Entity B. Entity A has no football activities.

Person X is the ultimate controlling party of Entity A and Entity B.

Entity C is a subsidiary of Entity B and has football activities.

Entity D is a subsidiary of Entity B. Entity D is dormant.

In addition to the licence applicant, the RP must include:

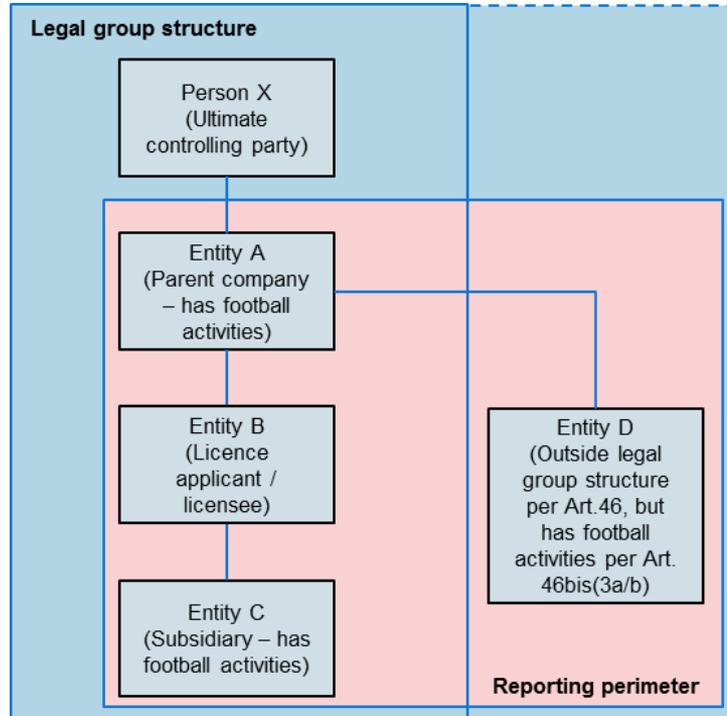
Entity C, as per Art. 46bis(2b), because Entity C generates revenues and/or performs services and/or incurs costs in respect of football activities.

Entity D may be excluded, as per Art. 46bis(4b), because it is immaterial compared with the entities that form the RP and does not perform any of the football activities defined in Art. 46bis(3a/b).

Key club licensing amendments (*Part II – UEFA Club Licensing*)

Legal group structure and reporting perimeter:

EXAMPLE 3



The legal group structure:

Entity B is the licence applicant and registered member of a UEFA member association and/or its affiliated league.

Entity A is the direct controlling entity of Entity B and includes football activities (e.g. employees involved in sponsorship activities for the football club).

Person X is the ultimate controlling party of Entity A and Entity B.

Entity C is a subsidiary of Entity B and has football activities.

In addition to the licence applicant, the RP must include:

Entity A, as per Art. 46bis(2c/d), because it generates revenues and/or performs services and/or incurs costs in respect of football activities;

Entity C, as per Art. 46bis(2b), it generates revenues and/or performs services and/or incurs costs in respect of football activities; and

Entity D, as per Art. 46bis(2d).

Strengthening of overdue payables criteria

- Requirements for club licensing and club monitoring aligned;
 - Criteria in respect of overdue payables towards employees and social/tax authorities split in two separate articles for greater clarity and to facilitate their assessment;
 - Clubs under monitoring have to comply with the no overdue payables criteria at June 30 and at September 30:
 - clubs which do not have overdue payables in June could still be subject to a detailed assessment in September.
-

Youth and women football expenses

- Deduction of expenses related to youth and women's football from the break-even calculation – aimed at fostering further development in these areas;
 - Youth expenses can now be deducted "gross" rather than "net of income" from the break-even calculation;
 - Expenditure on women's expenses added as an adjustment to the break-even calculation (*similar method to youth expenses*).
-

Other new adjustments

- New adjustment for leasehold improvement:
 - For clubs which do not capitalise leasehold improvements and meet the following criteria:
 - Measured reliably
 - Future economic benefit
 - Not otherwise capitalised
 - New adjustment for credit arising from procedures providing protection from creditors:
 - *Credit to the P&L to be excluded from the break-even calculation.*
-

New deadlines for contributions

- New deadlines for contributions to be made.
 - Linked to submissions deadlines for break-even information:
 - *October 15th for clubs with financial year end → July*
 - *March 15th for clubs with financial year end between Aug. / Dec.*
- Acceptable deviation: €30M (*reduced from €45M*)



Key changes to the FFP requirements

Three significant changes to the regulations:

1. The assessment of **fair-value** for related party sponsorship transactions (*Annex X, F.6*);
 2. The addition of a mitigating factor for clubs operating in “**structurally inefficient**” markets (*Annex XI (g)*);
 3. The introduction of **voluntary agreements** (Annex XII).
-

The assessment of fair-value for related party sponsorship transactions

- Clarification of the related party definition:

Any entity that, alone or in aggregate together with other entities which are linked to the same owner or government, and represents more than 30% of the club's total revenues (except broadcasters and UEFA or national associations) would be considered as having significant influence and thus considered as a "related party".

- Process for fair-value assessments now defined:

- Independent third party assessor(s) appointed in order to assign a fair value to the related party transaction. This value will be used for the calculation of the break-even result.
-

Mitigating factor for structurally inefficient markets

- As part of its considerations, the CFCB may consider if the licensee is operating in a structurally inefficient football market;
 - The inefficiency of a football market is determined by the UEFA administration on a yearly basis by means of a comparative analysis of the top division clubs' total gate receipts and broadcasting rights revenues relative to the population of the territory of the UEFA member association concerned (**Football GDP per capita**);
 - Where the CFCB deems that this mitigating factor should be applied it will consider the break-even deficit relative to the gap between the UEFA member association's football GDP and the European.
-

The introduction of voluntary agreements

Clubs now offered opportunity to present voluntary agreements (as opposed to settlement agreements) in order to implement a U-turn in their business strategy:

- Clubs falling under the scope of FFP monitoring are usually offered settlement agreements that include not only penalties and restrictions but also rigorous financial targets and covenants. Clubs must also reach break-even over the life of the settlement agreement;
 - Under a similar process, the CFCB IC may under certain circumstances, agree to voluntary agreements (VA) with clubs who are proactive and come forward regarding a future breach;
 - The process and timing would correspond to current processes undergone with settlement agreements with the difference being no penalty assessed at the time of the VA.
-

The introduction of voluntary agreements

A club is eligible to apply to enter into a voluntary agreement if it:

- i. has been granted a valid licence to enter the UEFA club competitions by its national licensor but has not qualified for a UEFA club competition in the season that precedes the entry into force of the voluntary agreement; or
 - ii. has qualified for a UEFA club competition and fulfils the break-even requirement in the monitoring period that precedes the entry into force of the voluntary agreement; or
 - iii. has been subject to a significant change in ownership and/or control within the 12 months preceding the application deadline.
-

The introduction of voluntary agreements

Voluntary agreements would be subject to specific conditions such as:

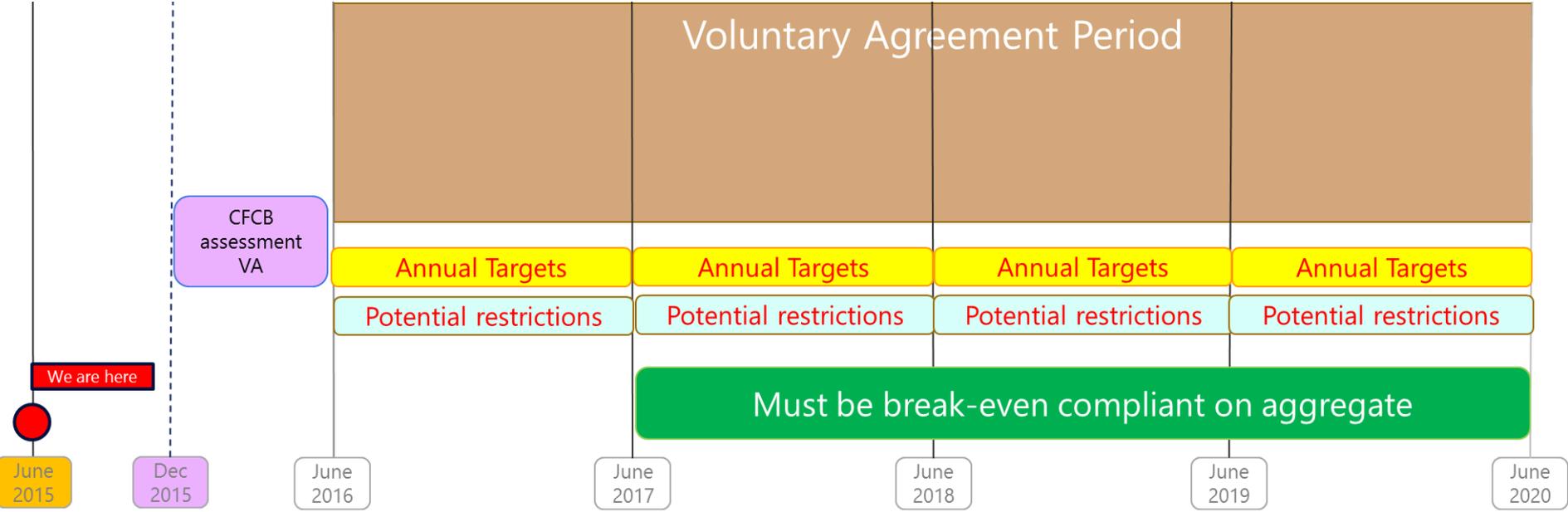
- Applications to be submitted by **31st December** of the year preceding commencement of the VA;
 - Funds must be committed in advance and guaranteed over the period of the voluntary agreement;
 - Inclusion of a plausible and conservative business plan (base and worst case scenarios not reliant on European qualification) that demonstrate break-even compliance by the end of the regime;
 - Assurance that the club is going concern over the duration of the VA;
 - VA will be subject to specific financial targets (annual and aggregated) and/or limitations.
-

Advantages of voluntary agreements

The extending of voluntary agreements to clubs who are forthcoming and proactive about a future break-even breach offers several advantages:

- Conforms to the FFP philosophy but leaves room for clubs to invest and grow but prevents a return to gambling on success;
 - BE compliance within a specified period;
 - Time frame of VA limits any inflationary impact;
 - Tackles the “ossification” criticism so new clubs entering UEFA competitions can invest to compete;
 - Understands the need for new ownership to implement its business plan to rescue failing clubs in negative spirals.
-

The process



Slight technical problem ...

