

# FIFA Transfer Reform

## Modernisation for the 2020s

James Kitching  
Director of Football Regulatory



Croatia Football Federation  
Club Licensing Workshop 2020

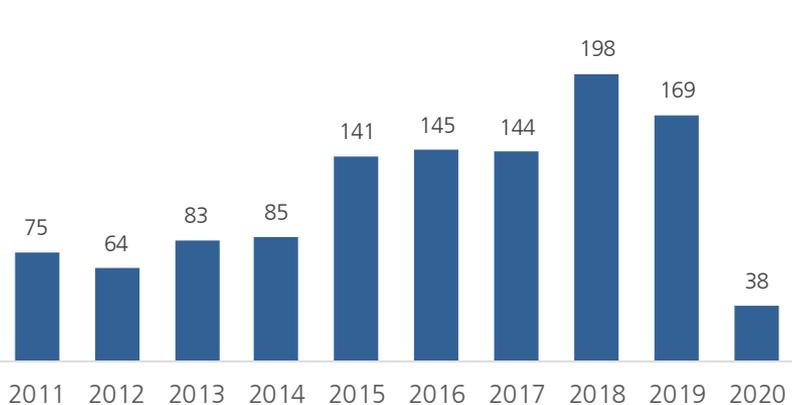
**FIFA**

# Statistics - Croatia Football Federation

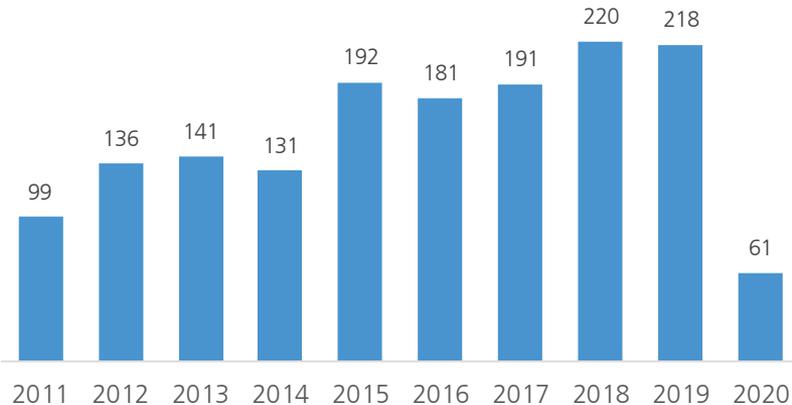
A decorative horizontal line in a lighter shade of blue, featuring a solid blue circle on the left side.

- The following slides set out data provided in FIFA TMS relating to the Croatian Football Federation.
- The slides marked “*statistics*” pertain solely to the international transfer of male professional footballers.
  - (i) It was not mandatory to utilise FIFA TMS for the international transfer of female professional footballers until 2017.
  - (ii) Clubs affiliated to the Croatian Football Federation were only involved in 3 international transfers of female footballers. All 3 transfers involved amateur female footballers.
- The slides marked “*possible training rewards*” are derived from a simulation of the actual international transfers which occurred in the 2019 calendar year.
  - (i) The simulation was based on the training reward rules in place during 2019.
  - (i) The numbers presume that all training compensation is payable. In short, it does not consider situations where training compensation has: been waived by the former club(s), or is not due as a result of the former club failing to offer a contract to a player.

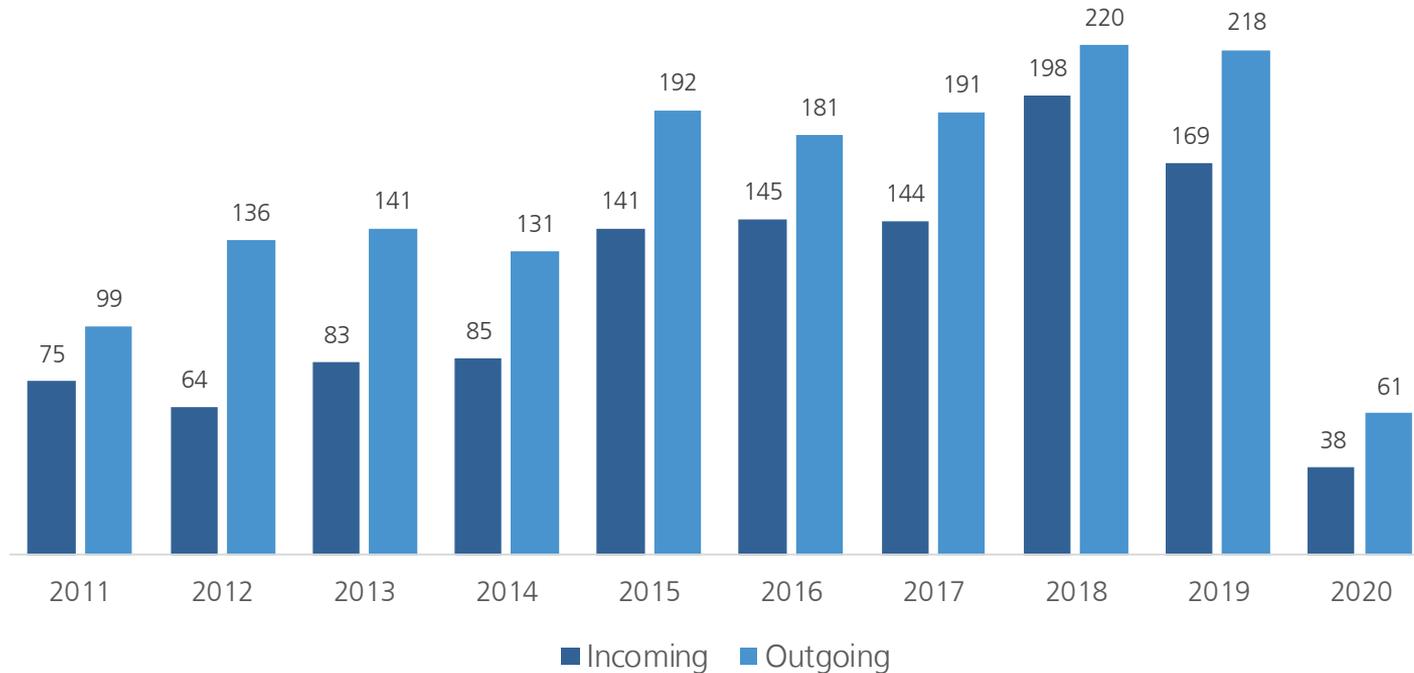
### Incoming transfers



### Outgoing transfers



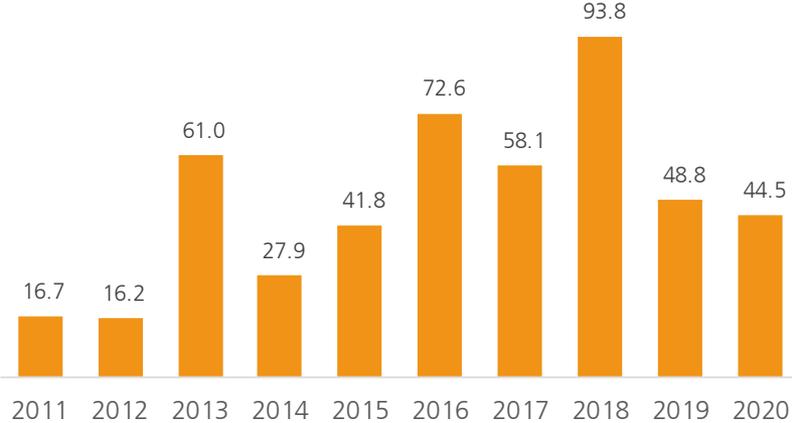
## Volume of transfers



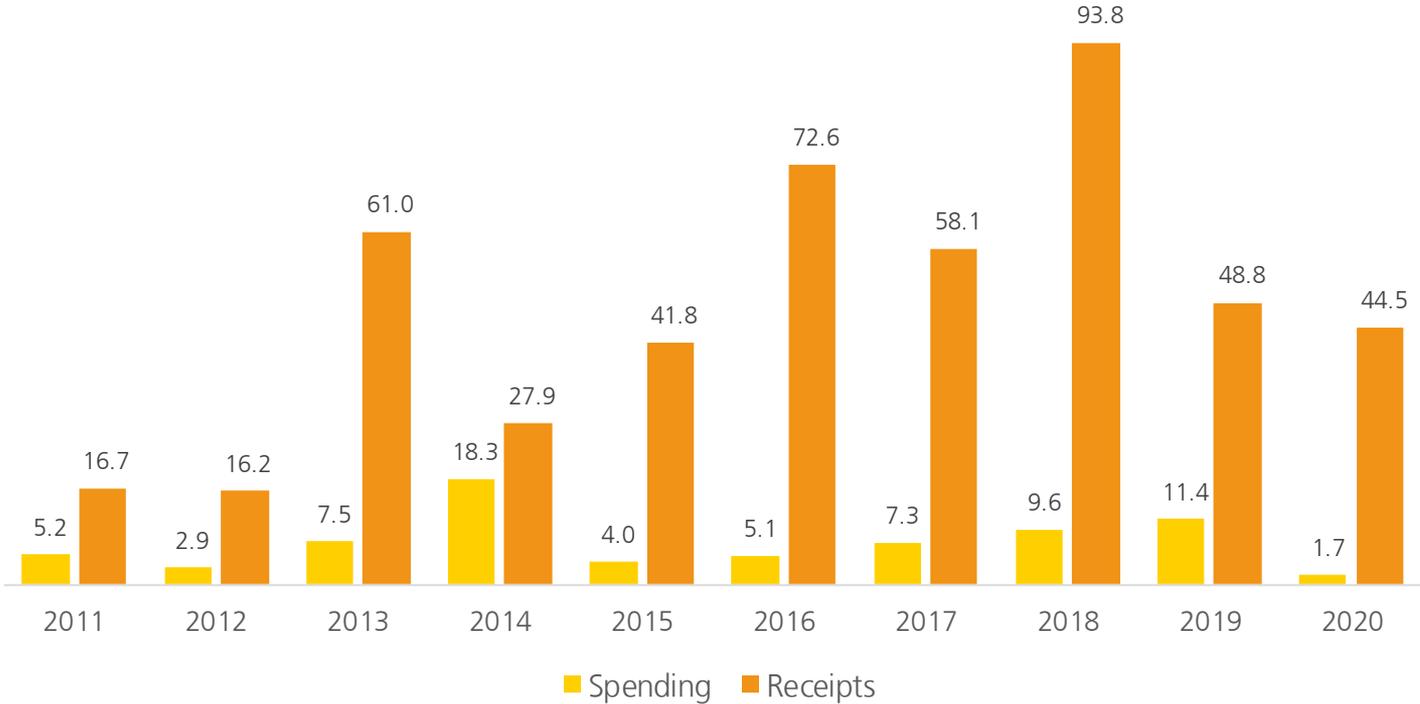
Spending on transfer fees (USD million)



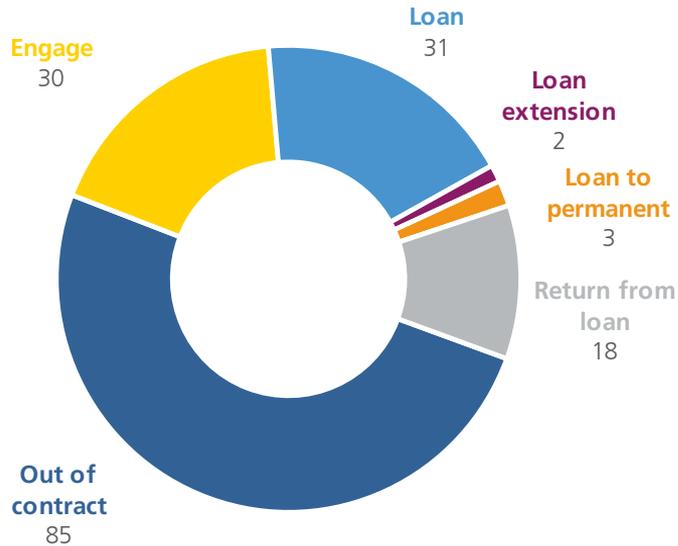
Receipts from transfer fees (USD million)



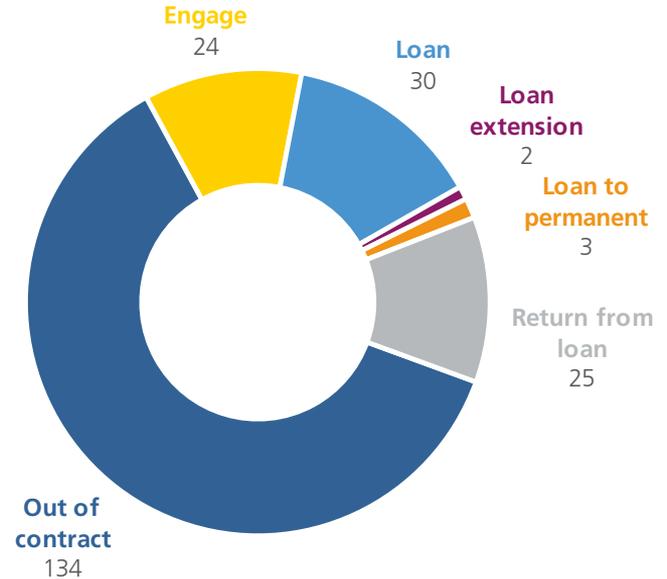
Value of transfers (USD million)



Incoming transfers by type (2019)



Outgoing transfers by type (2019)



# Possible training rewards following implementation of the FIFA Clearing House



## Training Compensation to pay

To clubs of	Estimated amount (USD)	Transfers
AFC	188,000	2
CAF	32,096	5
CONCACAF	188,000	1
CONMEBOL	136,000	3
OFC	-	-
UEFA	2,465,038	33
<b>Total</b>	<b>3,009,877</b>	<b>44</b>

## Training Compensation to receive

From clubs of	Estimated amount (USD)	Transfers
AFC	-	-
CAF	-	-
CONCACAF	-	-
CONMEBOL	-	-
OFC	-	-
UEFA	3,882,953	57
<b>Total</b>	<b>3,882,953</b>	<b>57</b>

# Possible training rewards following implementation of the FIFA Clearing House



## Solidarity Contribution to pay

To clubs of	Estimated amount (USD)	Transfers
AFC	-	-
CAF	1,096	1
CONCACAF	-	-
CONMEBOL	3,418	1
OFC	-	-
UEFA	429,979	31
<b>Total</b>	<b>434,493</b>	<b>33</b>

## Solidarity Contribution to receive

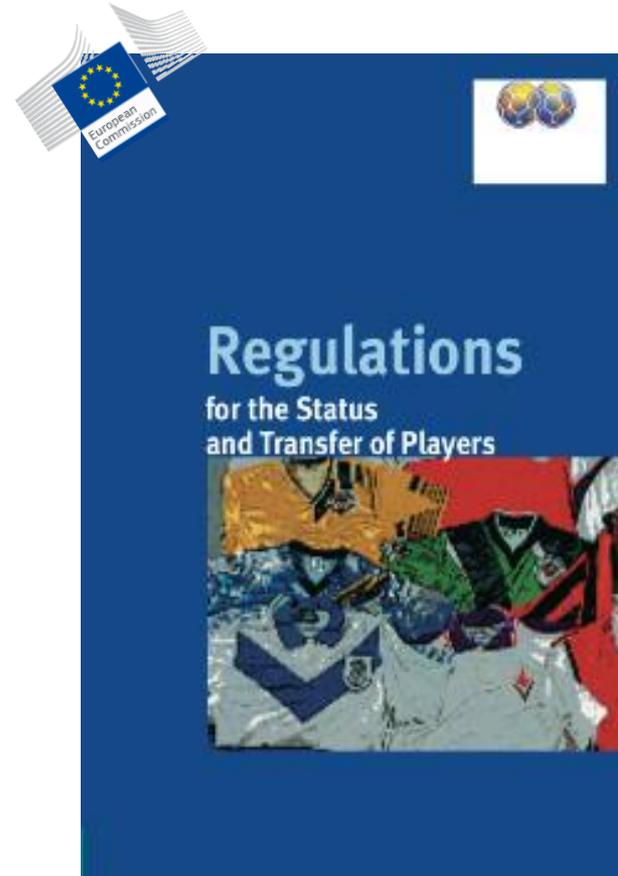
From clubs of	Estimated amount (USD)	Transfers
AFC	-	-
CAF	-	-
CONCACAF	-	-
CONMEBOL	-	-
OFC	-	-
UEFA	1,949,100	21
<b>Total</b>	<b>1,949,100</b>	<b>21</b>

# Why do we need to modernise the transfer system?

1. History
2. Evolution
3. Current trends

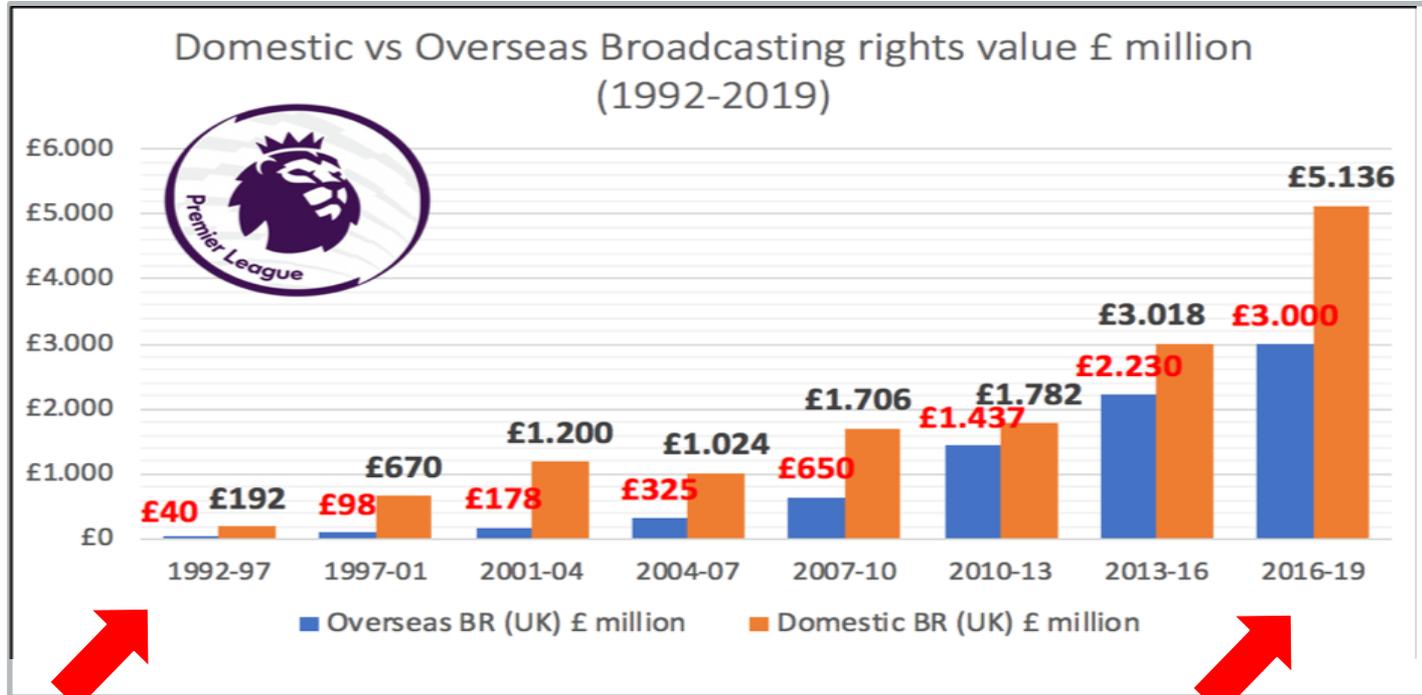
- **1996:** *Bosman* case decided by European Court of Justice
- **2001:** new RSTP entered into force following agreement with FIFA, UEFA, and European Commission
- The **main principles** of the transfer system are (and remain):
  - I. the protection of contractual stability;
  - II. encouragement of training;
  - III. solidarity between the elite and grassroots;
  - IV. protection of minors;
  - V. competitive balance;
  - VI. ensuring the regularity of sporting competitions.

The basis of the current transfer system was designed almost 20 years ago.



- Football has evolved into a multi-billion dollar **industry**
- **'Virtuous Cycle'** with the appearance of subscription television → popularity, globalisation, increased revenues
- Massive **commercial growth**
- Clubs have converted into **global brands**
- **Increasing financial (and sporting) gap** between top clubs and top leagues and the others

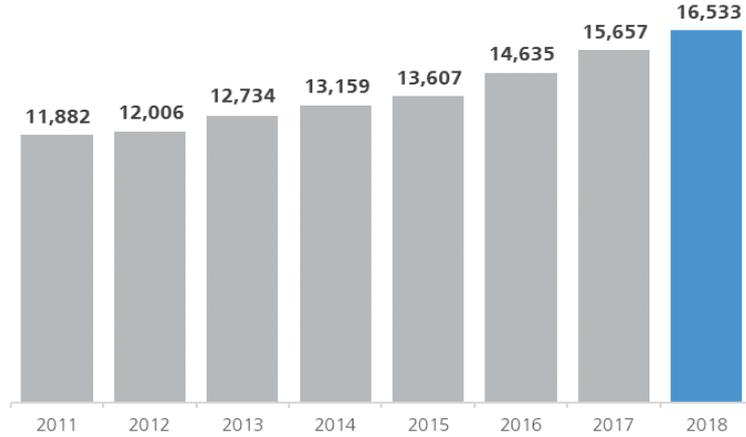




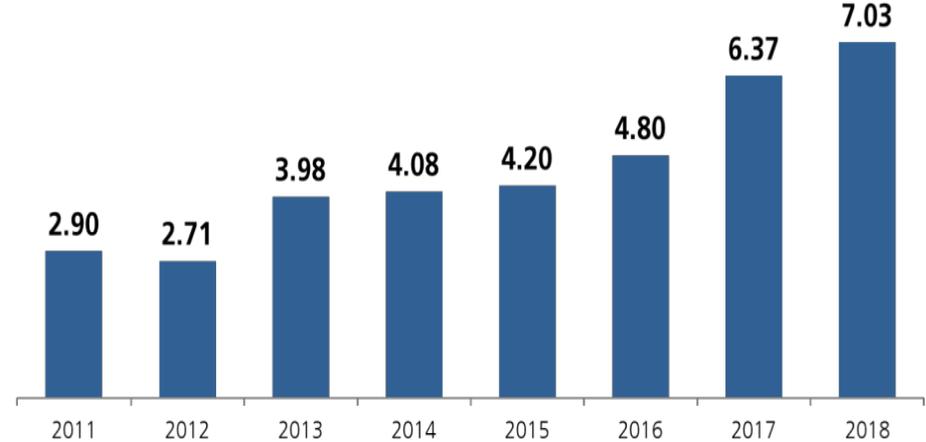
5-year cycle: 240m

3-year cycle: 8 bn

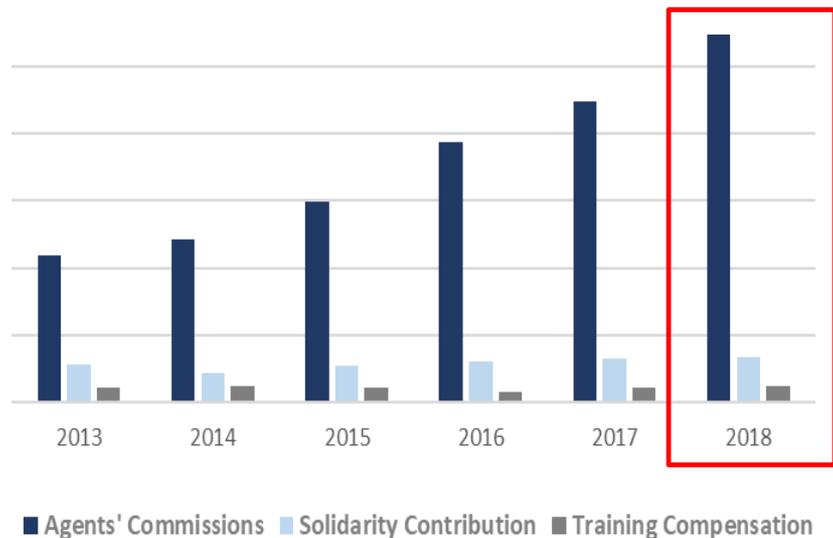
Number of international transfers



Spending on transfer fees (USD billion)

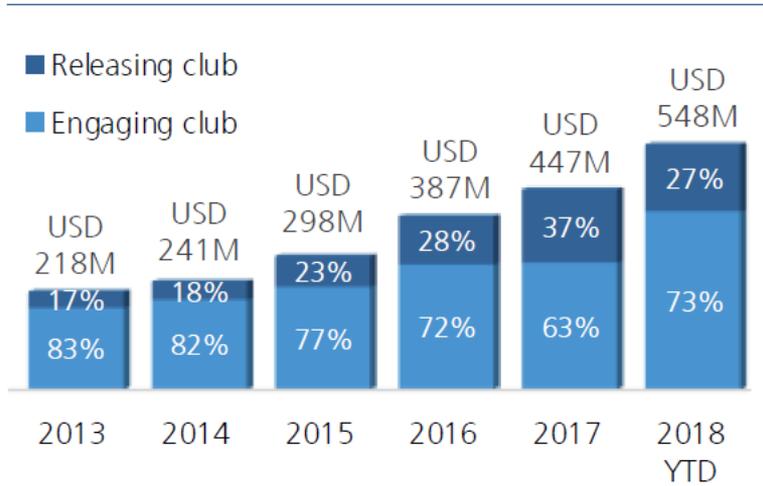


# Current Trends



2018	
USD 548M	Spending on agents' commissions
USD 90M	Payments to training clubs

## Spending on club intermediary commissions



# Current Trends

- Market driven by speculation and not solidarity
- Money flowing away from football
- Agents` growing influence (risk of conflicts of interest)
- Greater contractual instability
- Massive inflation in the transfer market
- Increasing competitive unbalance



**Original objectives are not being achieved**

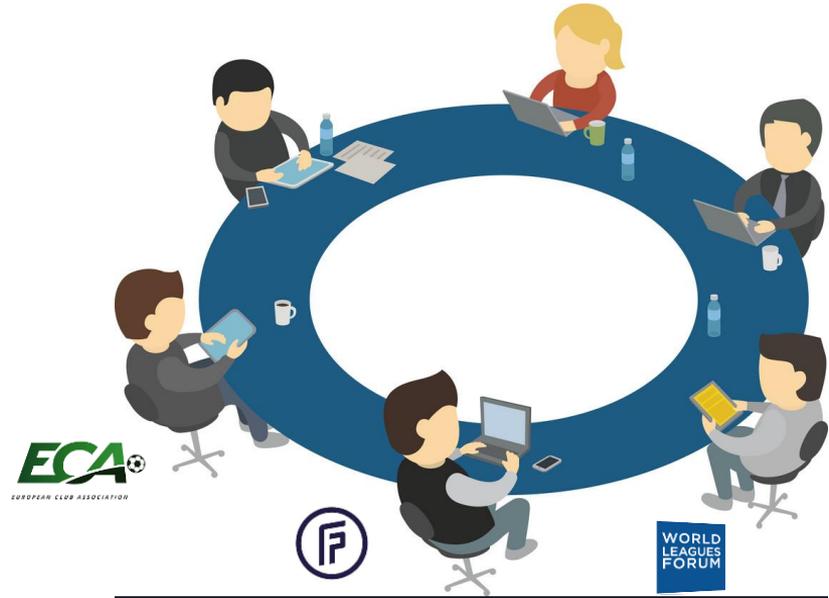


# Roadmap of Transfer Reform



1. The first package
2. The second package
3. The third package

- **Football Stakeholders Committee**
- **Task Force Transfer System**  
to carry out detailed review of the transfer system at a working level
- **Technical Meetings**  
Informal meetings to discuss technical matters



# Roadmap of Transfer Reform

February 2017

**Kick-off**

October 2018

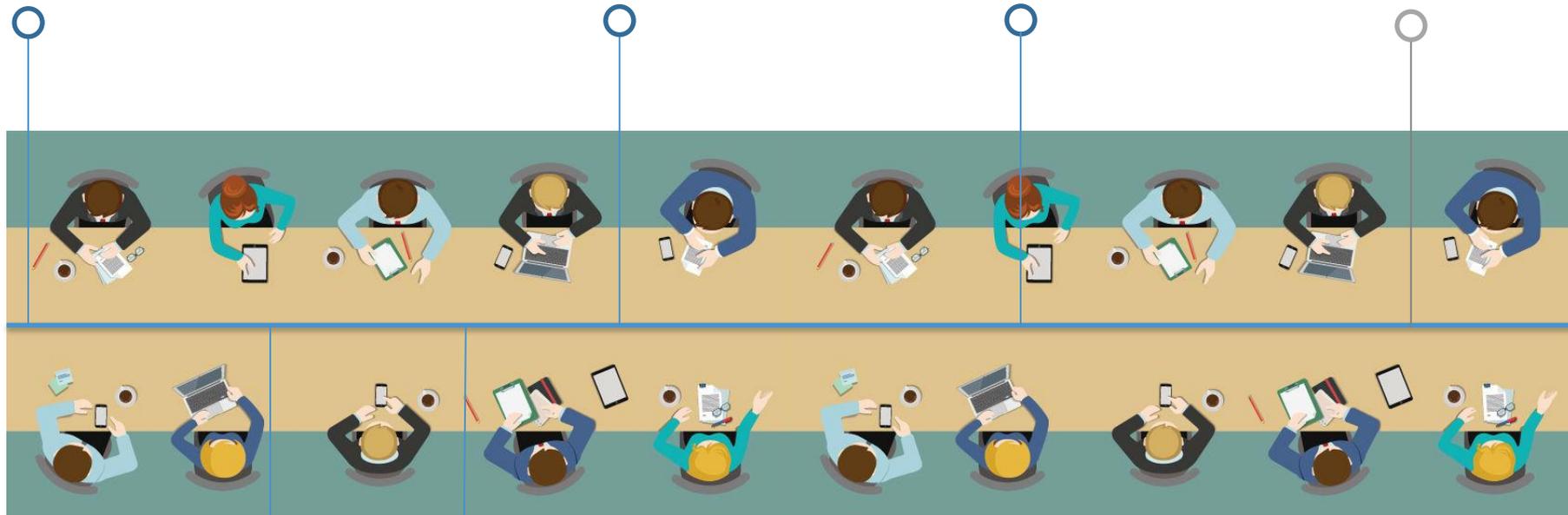
**1<sup>st</sup> Reform Package**

October 2019

**2<sup>nd</sup> Reform Package**

October 2020

**3<sup>rd</sup> Reform Package**



October 2017

**"Narrow issues"**

June 2018

**White Paper**

# The First Package

October 2018



1. Electronic Registration and Electronic Transfer System at national level
2. Clearing House
3. General principles on Agents, Loans, and Solidarity Mechanism



## Findings

- 108 associations either do not operate a domestic transfer system or use a 'paper-based transfer system'
- tracking of players' history is complicated as player passports are not electronic and records are poorly kept, making it difficult for training clubs to justify potential claims

## Objective

- having a complete and reliable player history available to facilitate payments to training clubs through the Clearing House

## FIFA Circular 1679 (1 July 2019)

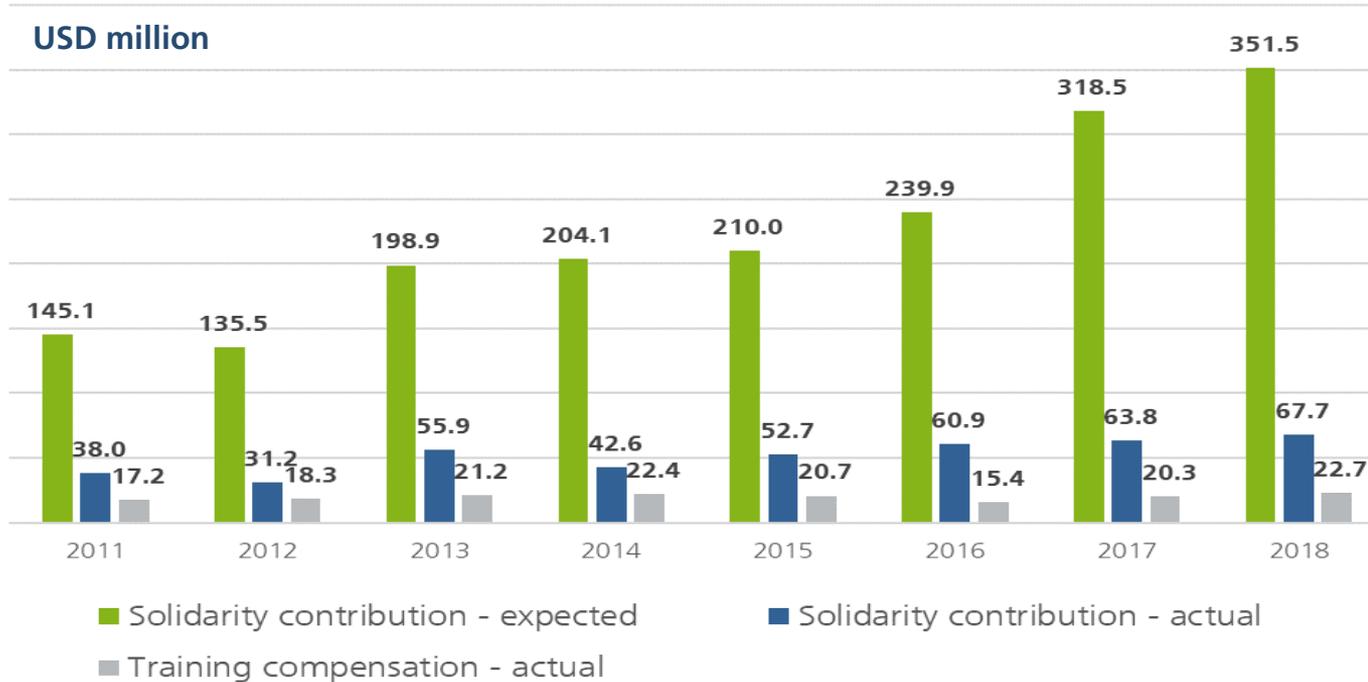
- Electronic Transfer System at national level
- Electronic Player Passport (registration system) at national level
- All international transfers of amateur players must be processed through the FIFA Transfer Matching System

Entry into force: 1 October 2019

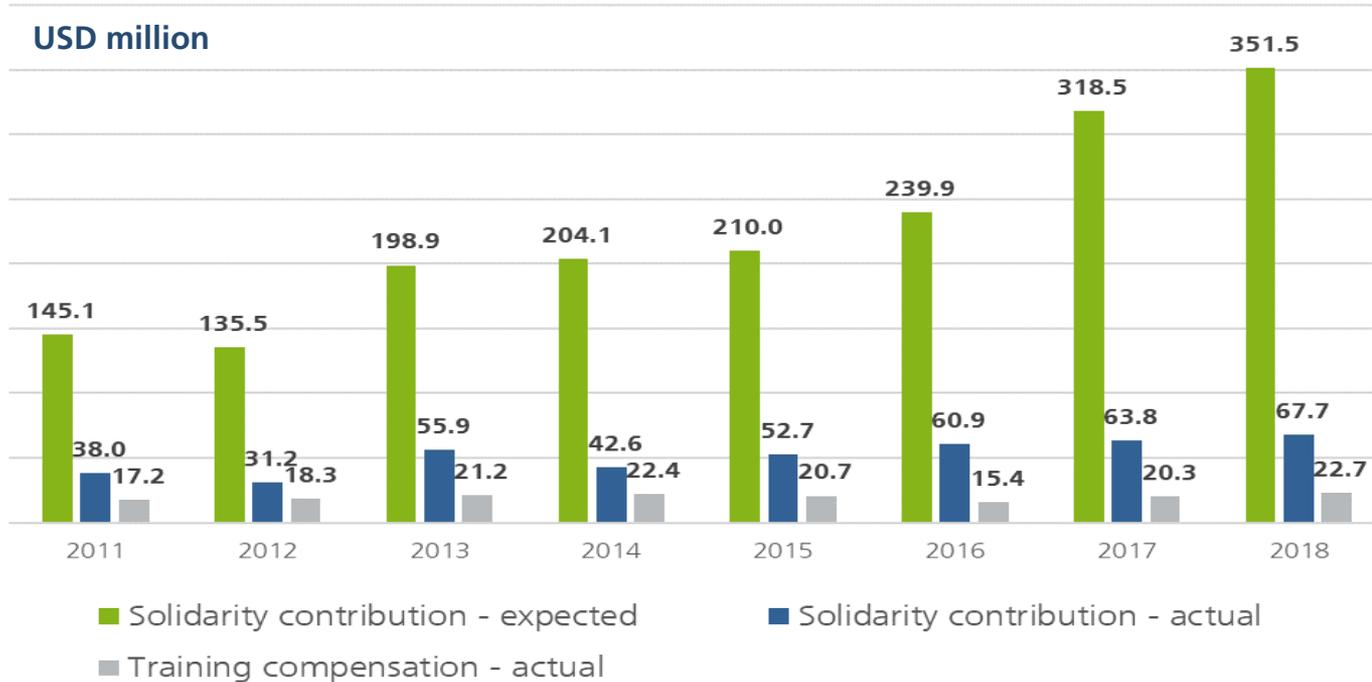
Mandatory implementation: 1 July 2020

## Objectives

- to automate the distribution and payment of training rewards (training compensation and solidarity mechanism) to training clubs
- to centralise and simplify payments of transfer fees and agent commissions
- to prevent fraudulent conduct and money-laundering



**Gap between solidarity mechanism due and the actual training rewards paid to training clubs**



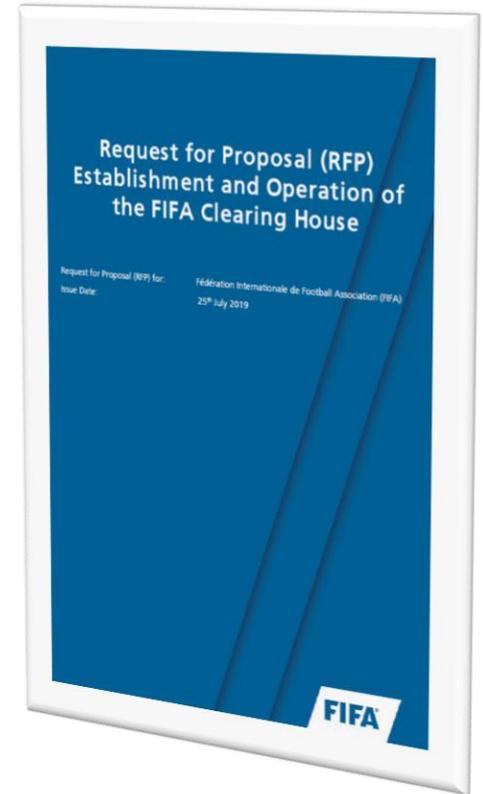
**FIFA expects that the adoption of the Clearing House will increase the amount distributed to training clubs by up to four times**

## Tender process

- invitation to submit proposals by September 2019
- 19 companies applied
- FIFA Administration selected the company in January 2020
- FIFA Council will approve the legal entity and format in March 2020

## How will the Clearing House operate?

- separate legal entity under the control and full ownership of FIFA
- software configuration between national electronic transfer systems and electronic player passports and FIFA TMS
- FIFA Clearing House will automatically detect a transfer for which training rewards are owed under FIFA regulations and invoice the buying club



Selection of company

Establishment of the Clearing House

Start of operations



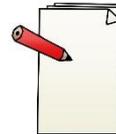
Jan 2020 – FIFA Administration selects  
Mar 2020 – FIFA Council approval

1 Jul 2020



1 Jan 2021

(training rewards only)



Drafting process

# The Second Package

October 2019

1. Football Agents

2. Loans

3. Training Rewards



## Principles

- reintroduce mandatory licensing system which includes further education requirements ..to raise professional standards
- effective dispute resolution system ..to solve disputes between agents, clubs, and players
- prohibition of multiple representation ..to avoid conflicts of interest
- commissions paid via the Clearing House ..to guarantee financial transparency
- cap on commissions ..to avoid excessive and abusive practices



# Agents (limitation on multiple representation)

SELLING CLUB

JUVENTUS



PLAYER



BUYING CLUB



# Agents (limitation on multiple representation)

SELLING CLUB

JUVENTUS



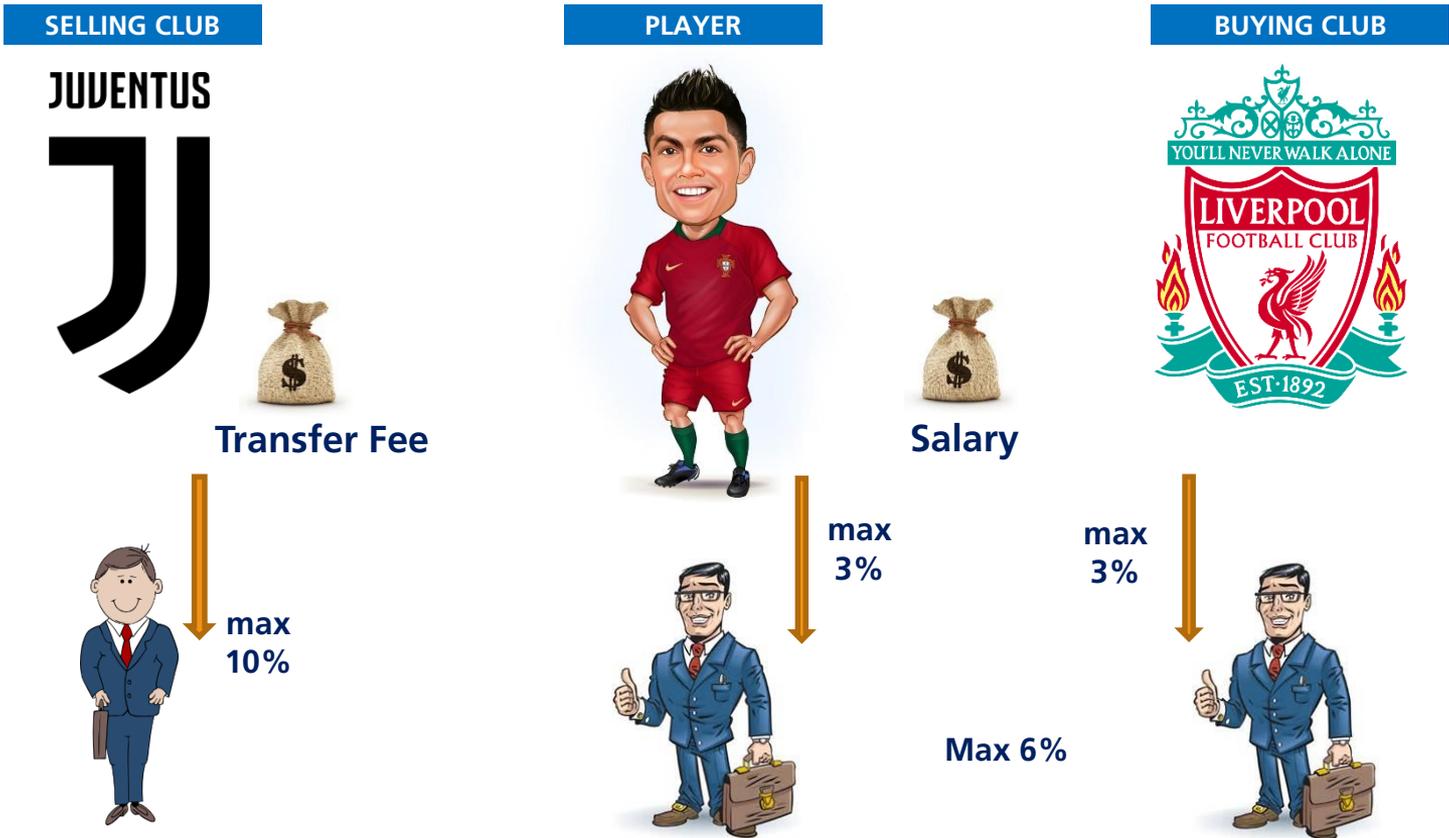
PLAYER



BUYING CLUB



# Agents (caps on commissions)



Drafting  
Process



Draft approved by the  
FIFA Council



Oct 2020

Entry into force  
Football Agent Regulations



Sep 2021

## Findings:

- current loan system plagued by abusive and excessive practices
- lack of clear “purpose” for loan of player registrations

## Objectives:

- development of young players
- promote competitive balance
- prevent hoarding of players

## Measures:

- number of loans to be limited
- bridge-transfers to be prohibited (transfers with no sporting reason)
- sub-loans to be prohibited



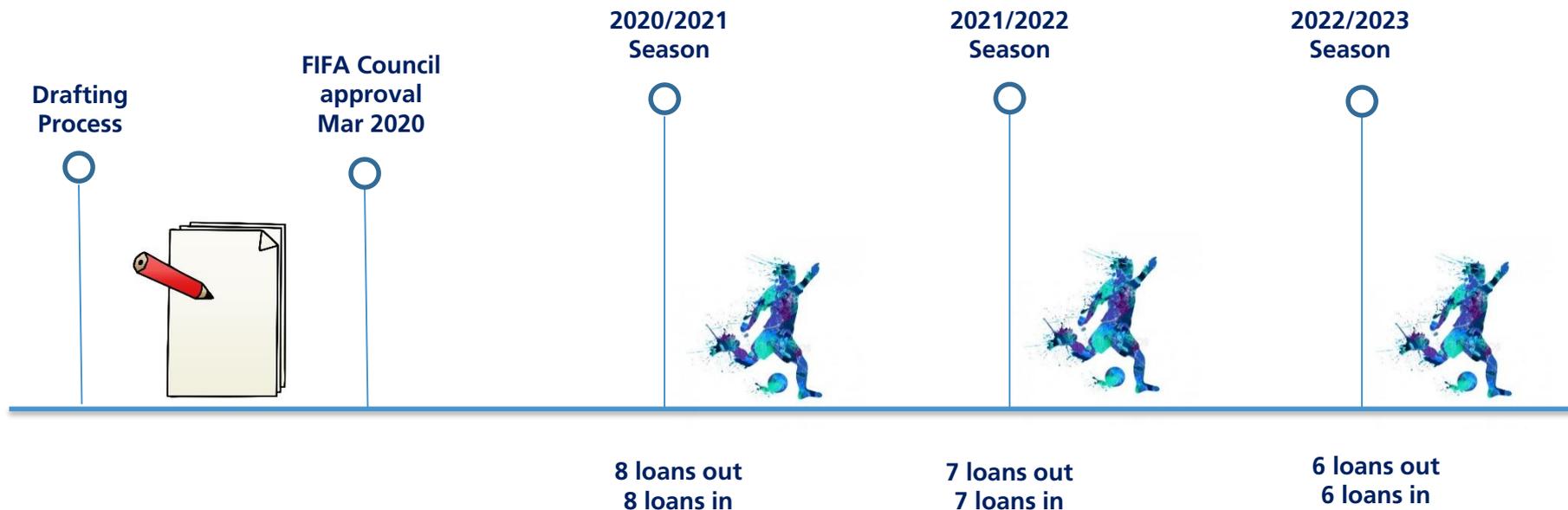
## International Loans

- The limitation on maximum number of loans in or out does not apply to players aged 21 or below that are 'club-trained' with the exception that the 'same club' limitation applies

	Maximum loans in at any time	Maximum loans out at any time	Maximum loans in at any time from same club	Maximum loans out at any time from same club
2020/2021	8	8	3	3
2021/2022	7	7	3	3
2022/2023	6	6	3	3

## Domestic Loans

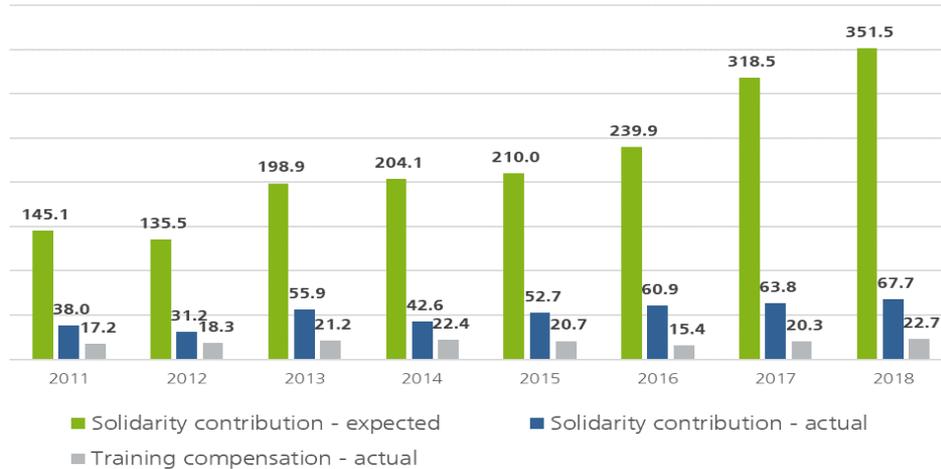
- Period of 3 years for association to implement rules on a loan system, which are in line with the core principles established by FIFA. The maximum numbers do not need to be the same.



\*the 'same club' limitation applies equally throughout.

## Findings:

- current system is based on complex rules often resulting in incorrect calculations and non-payment or non-collection of amounts due to lack of awareness
- current system has not functioned very effectively in returning money to training clubs;



## Measures already being developed, implemented soon:

- payments to be processed via FIFA Clearing House
- solidarity mechanism to be paid on domestic transfers with an international dimension (July 2020)



## Practical Example:

- player trained in Croatia from 12 to 18 years old
- at age of 26, transfer between 2 English clubs for compensation
- training clubs in Croatia entitled to receive solidarity mechanism

## Guiding principles approved by Council for new training compensation system:

- fair compensation for training clubs
- potential 'hindrance effect' to be decreased
- elite clubs to contribute relatively more
- medium and smaller clubs to contribute relatively less
- calculation and payment of training rewards to be automated
- grounds for litigation to be reduced
- new governance to be implemented



New system to be proposed at FIFA Council in March 2020 – watch this space!

1. Fiscal Regulations

2. Minors

3. Squad Sizes

4. Registration Periods



Stay Tuned..



