



CROATIAN FOOTBALL FEDERATION // WORKSHOP // 19 JANUARY 2023

UEFA Club Licensing and Financial Sustainability

WE CARE ABOUT FOOTBALL

UEFA Delegation

Aleš Zavrl

UEFA Head of Club Licensing

Michel Jacquemoux

UEFA Senior Financial Sustainability Manager



Agenda

01

Introduction

04

New UEFA Financial Sustainability Rules

02

UEFA Benchmarking data & analysis

05

Q & A

03

New UEFA Club Licensing Regulations

06

Summary & Conclusions



UEFA Club Licensing System

WE CARE ABOUT FOOTBALL

Overview of UEFA Club Licensing System

DEFINITION

Certificate confirming fulfilment of all minimum mandatory criteria by the applicant

PRINCIPLE

UEFA licence - mandatory for entering UEFA club competitions

SCOPE

European wide - 55 UEFA member associations



UEFA REGULATIONS

Minimum mandatory standards/criteria (integration into national club licensing regulations)

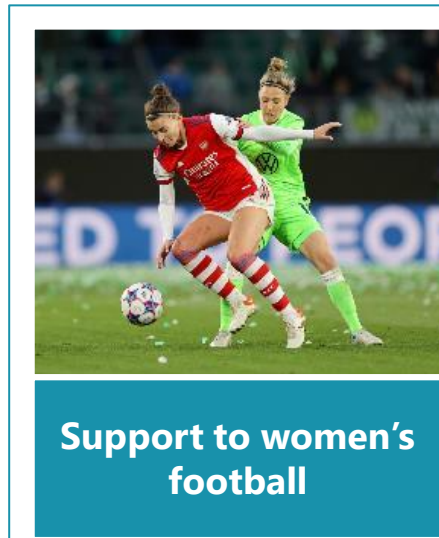
LICENSOR

National associations run the system at national level for UEFA competitions

DOMESTIC

Option to implement a domestic club licensing system

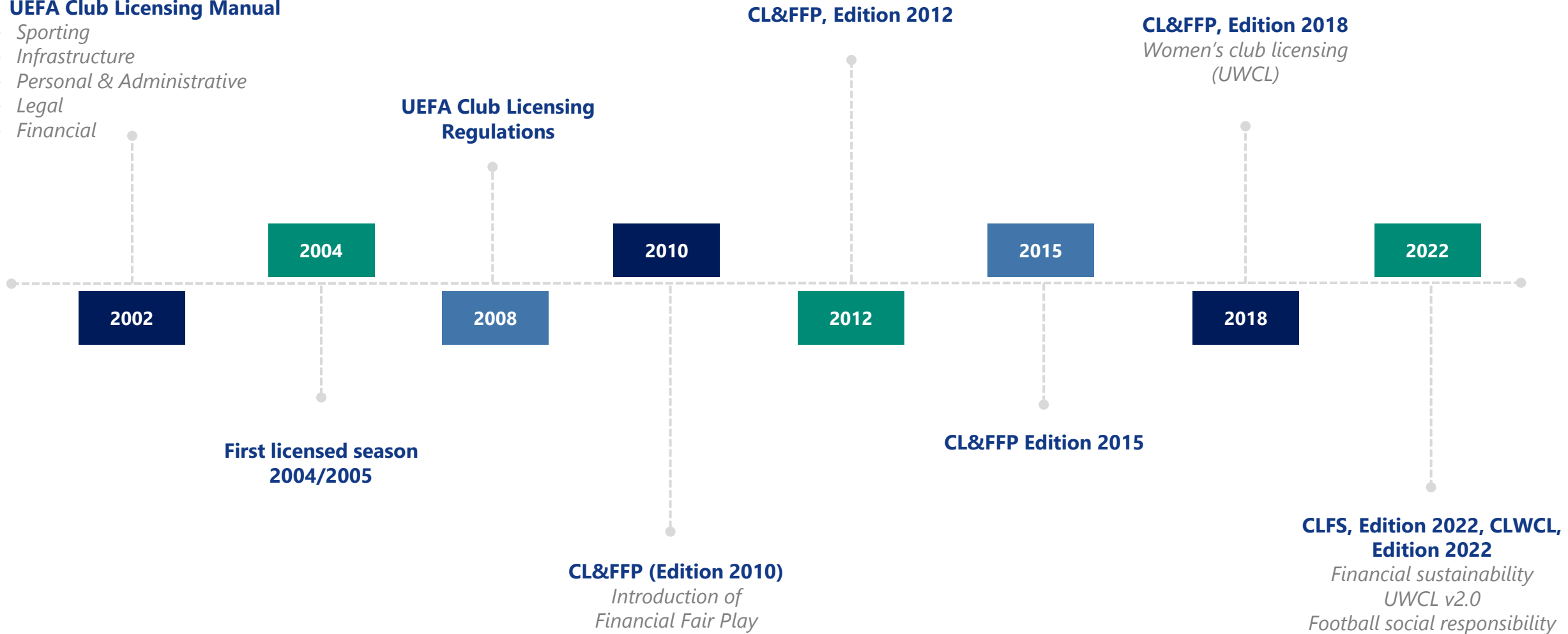
Club licensing at UEFA and national level



Historic background

UEFA Club Licensing Manual

- Sporting
- Infrastructure
- Personal & Administrative
- Legal
- Financial



Club licensing criteria

Sporting	Support youth development, medical care of players, football and non-football educational programmes
Infrastructure	Minimum requirements for stadiums and training facilities, suitable, well-equipped and safe football infrastructure
Personnel & Administrative	Professionalization of clubs' organization, qualified coaches, medical staff, management & administration
Legal	Transparency, continuity and integrity of competitions
Financial	Financial stability & sustainability of clubs, protection of football stakeholders (players, coaches and technical staff, other clubs etc.)
Football social responsibility	Human rights and environmental protection

Club licensing at national level

The number of licensors that apply club licensing to the top 3 divisions or more increased since 2019



8

Top-division only



26

Top 2 divisions



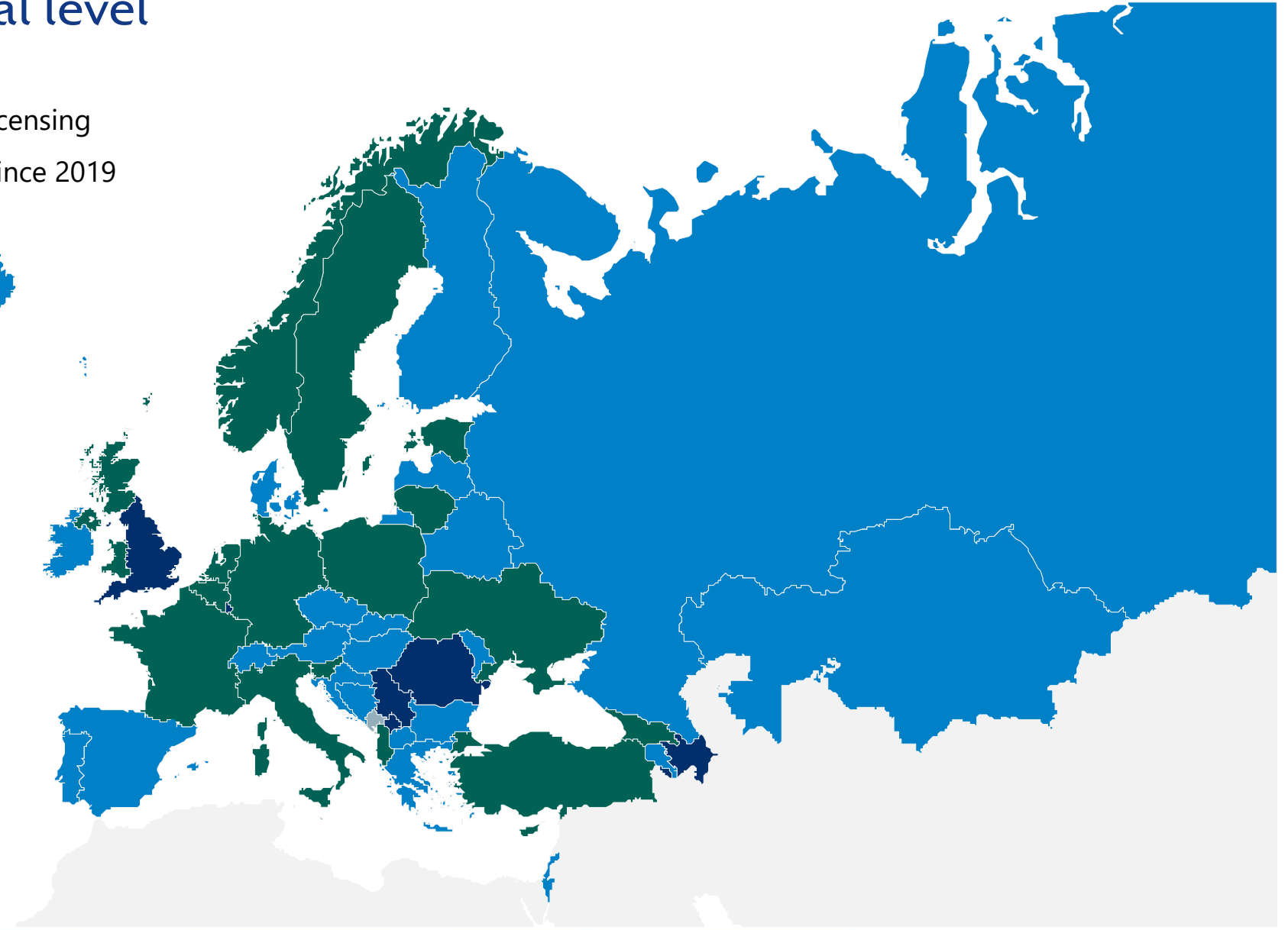
20

Top 3 divisions or more

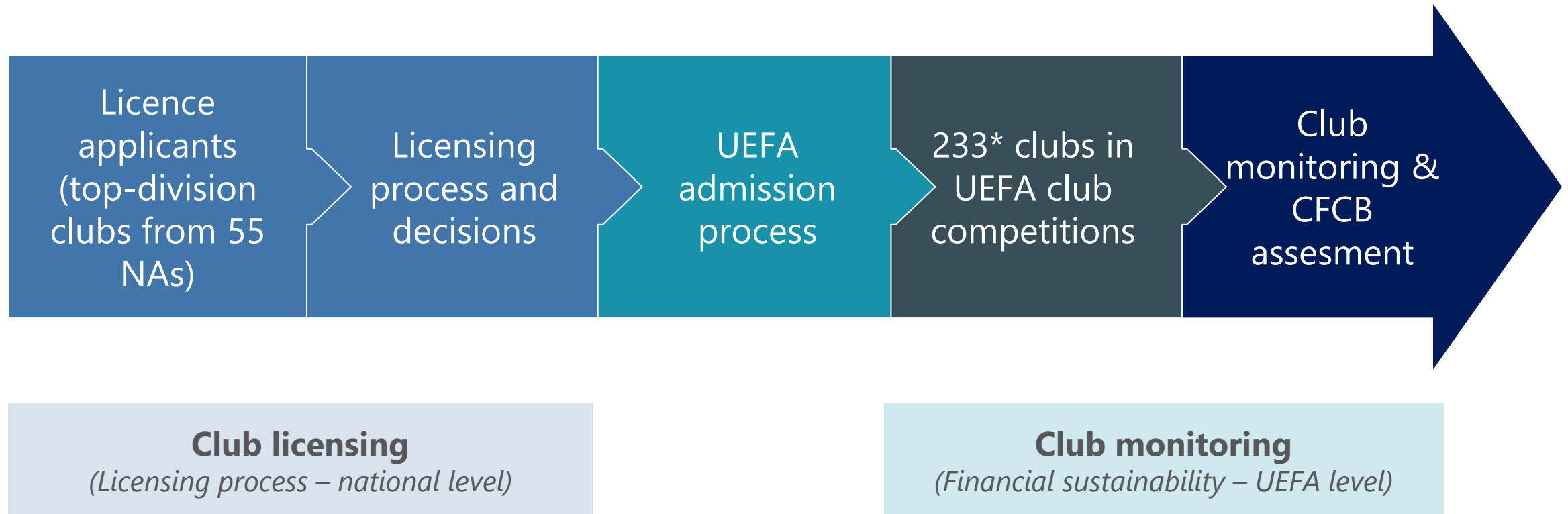


1

UEFA club competitions only

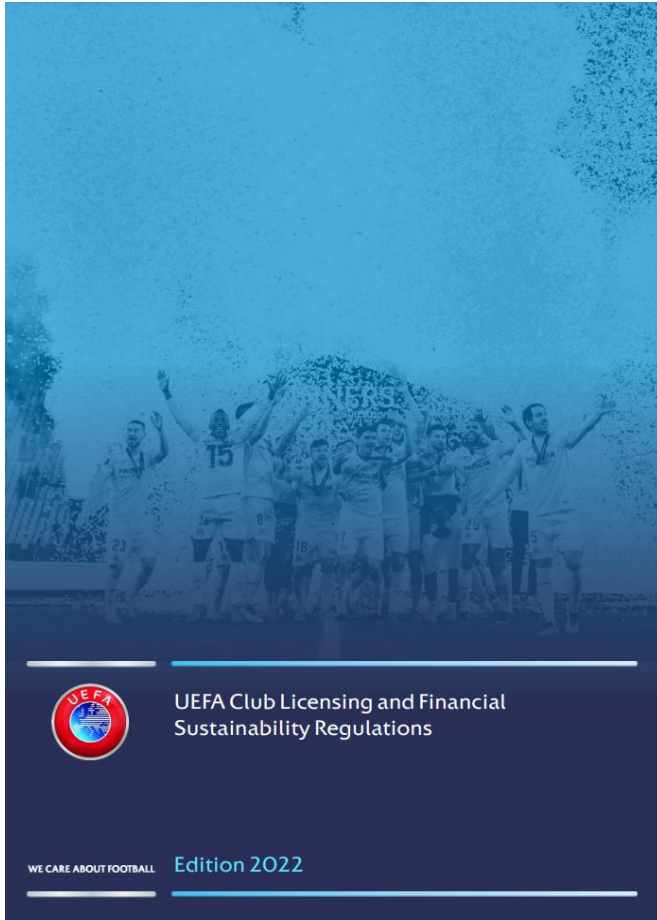


UEFA club licensing & club monitoring process 2022/23

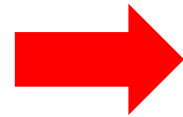


* Due to exclusion of Russian clubs from UEFA club competitions 2022/23;

UEFA / National Regulations



HRVATSKI
NOGOMETNI
SAVEZ
CROATIAN FOOTBALL FEDERATION



CLUB LICENSING AND FINANCIAL SUSTAINABILITY REGULATIONS

December 2022

- *UEFA Club Licensing and Financial Sustainability Regulations* (Edition 2022);
- Integration into national club licensing regulations -> **HNS Club Licensing Regulations** (UEFA criteria as the minimum);
- Only clubs with UEFA licence are eligible to participate in the UEFA competitions (*UEFA Competition Regulations*; Admission criteria);
- NAs act as a licensor and run the system at national level for UEFA club competitions (**HNS**);
- Possibility to implement a licensing system by licensors for domestic competitions;

UEFA Club Licensing Quality Standard (Edition 2022)

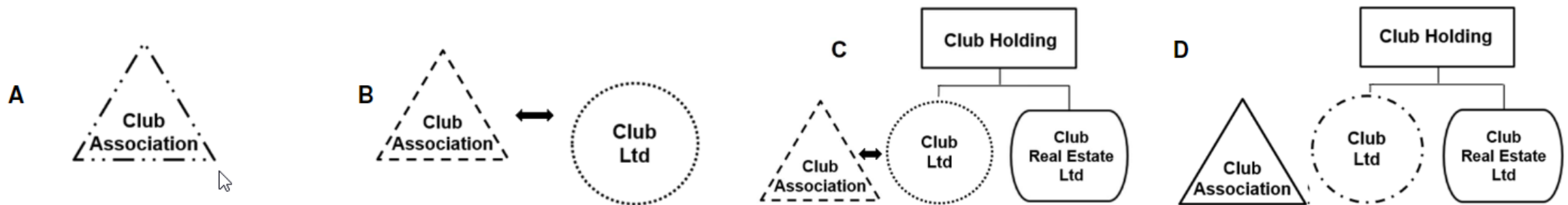


- Minimum requirements that licensors must comply with in order to operate the club licensing system as well as perform their responsibilities and duties in respect of the club monitoring process;
- Support to an effective club licensing system based on the principles of consistency and equal treatment;
- Ensure a proper and efficient functioning of the club licensing system and club monitoring process;
- Further promote quality management within the UEFA member associations;
- Set of mandatory requirements to be applied by all licensors;
- Compliance assessed on annual basis by external auditors (SGS).



Definition of the licence applicant

- A football club in a legal form and with membership in accordance with national statutes and legislation;
- Legal entity which is fully responsible for a football team participating in national and international competitions and responsible for operational football activities;
- The licence applicant's membership must have lasted for at least three consecutive years (3y rule);
- The status of a football club (professional, semi-professional or amateur) is not relevant for the club licensing process;

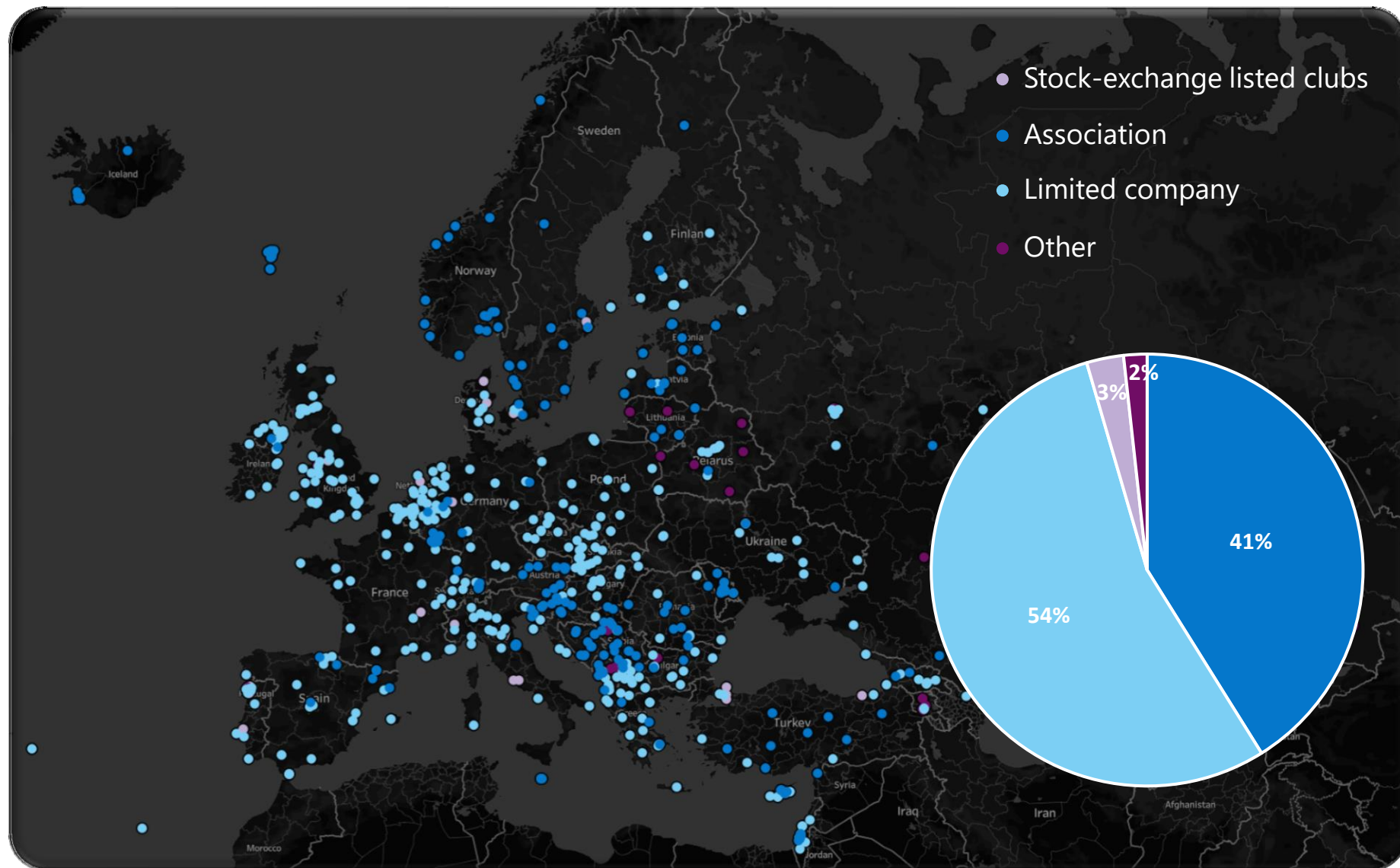


The various types of clubs' legal structures across Europe



Croatian top division clubs (10):

- Associations (5);
- Limited companies (5);
- Clubs with foreign ownership (3);



Organisation of women's clubs across Europe

Independent

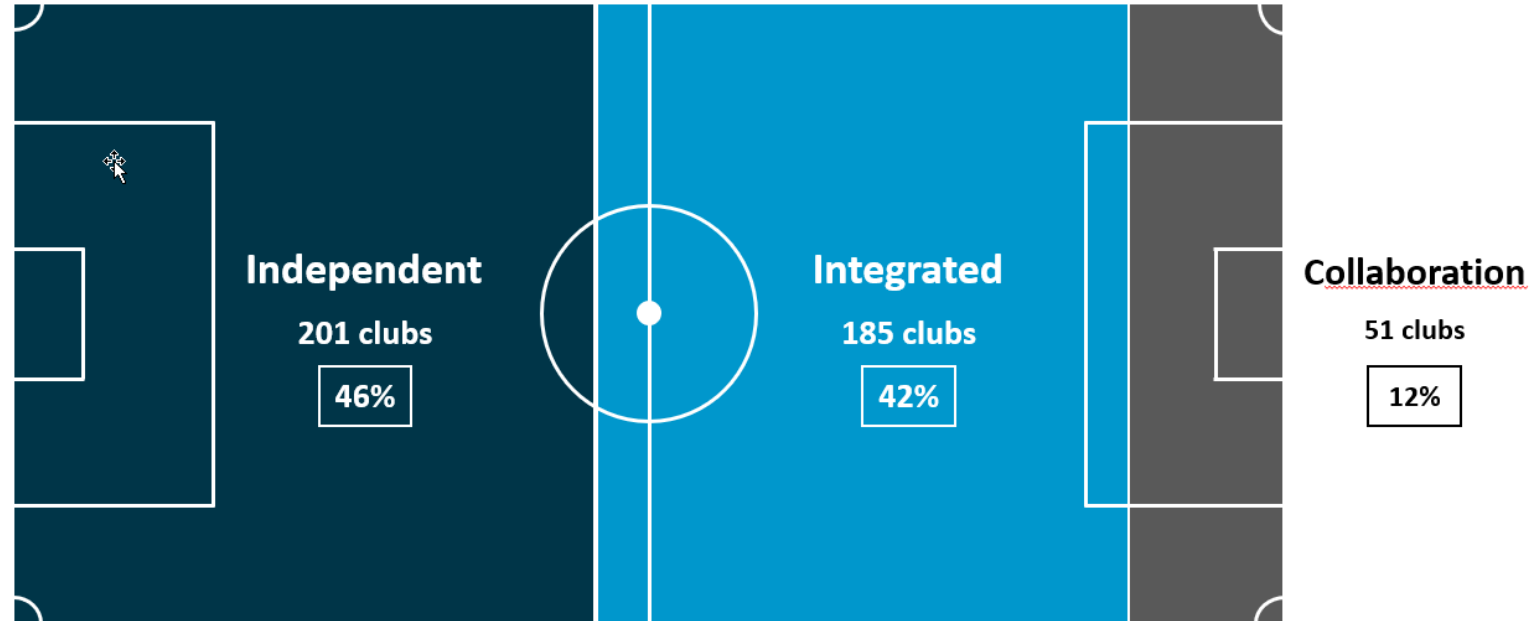
- The women's club is organised as a single entity (or a group) that runs all football activities. It has no link to another club, nor does it receive any type of support from another club;

Collaboration

- The women's club collaborates with the men's professional club (sharing its identity and infrastructure, receiving financial support, etc.), without necessarily falling within the reporting perimeter of the men's club;

Integrated

- The senior women's team is part of an entity running other football activities. The activities of the men's and women's clubs are combined/integrated;



Croatian women's top division clubs 2021/22 (8):

- All clubs (8) independent;



UEFA club licensing results 2022/2023

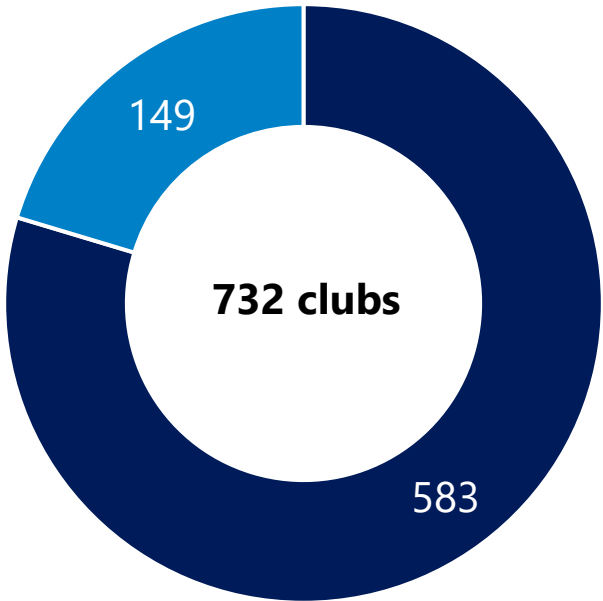
WE CARE ABOUT FOOTBALL

UEFA Club licensing results 2022/2023



- An average of 80% of clubs applied for a UEFA licence in the last 3 years;

80% of clubs (583) applied for a UEFA licence

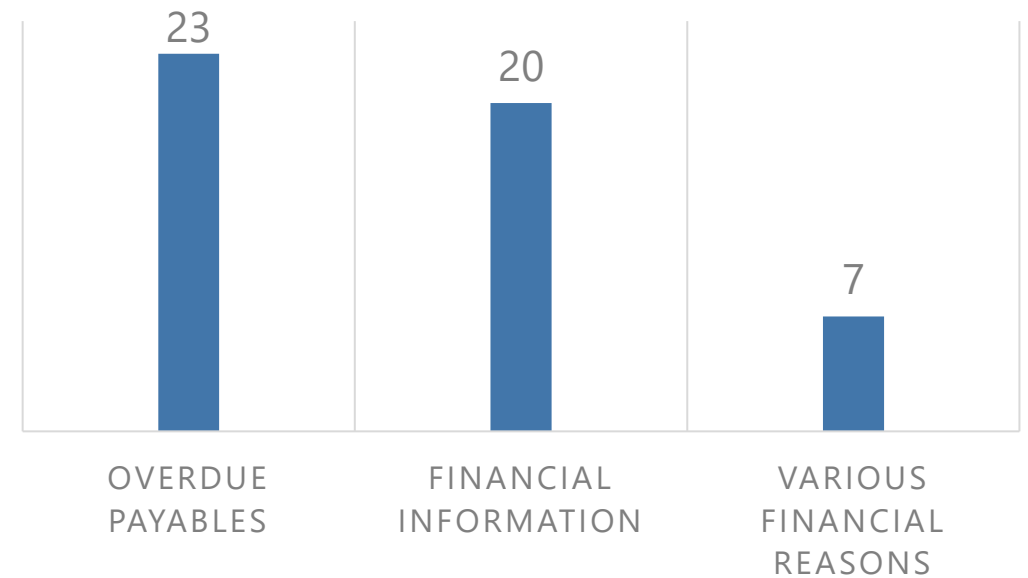
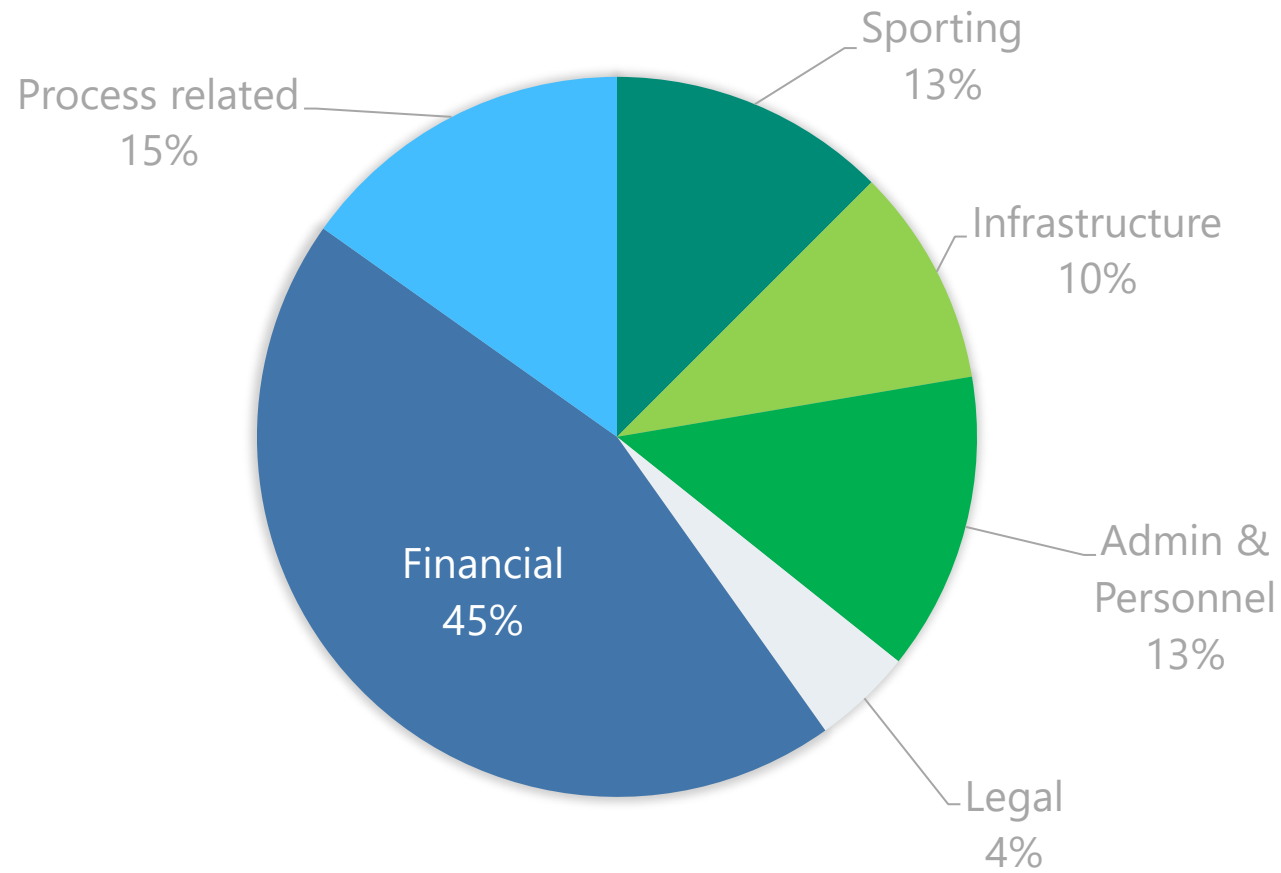


■ Applied ■ Not Applied

69% (502/732) of clubs received a UEFA licence in 2022

	2022	2021	2020
Granted	502	519	499
Refused	81	82	62

Reasons the UEFA licence refusals 2022/2023

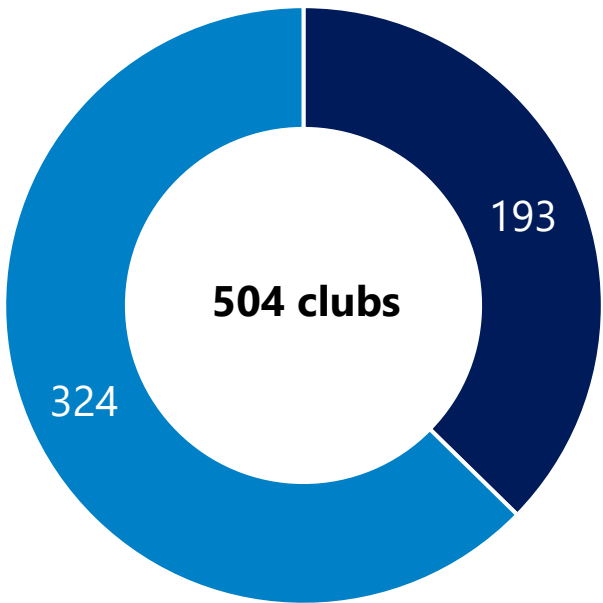


UEFA Club licensing results 2022/2023



- 13% more UEFA licences granted in 2022 compared to 2021, and 61% more licences granted in 2022 compared to 2020;

38% of clubs (193) applied for a UEFA licence



■ Applied ■ Not Applied

32% (161/504) of clubs received a UEFA licence in 2022

	2022	2021	2020
Granted	161	142	100
Refused	32	26	23

Sportingly qualified clubs without UEFA licence

29 NA's
76 cases

					FC Ararat (ARM)					FK Borac Banja Luka (BIH)					FC Ordabasy Shymkent (KAZ)				
FC Ekibastuzet s (KAZ)					FK Sloboda Tuzla (BIH)	Portsmouth FC (ENG)				PFC CSKA Sofia (BUL)		FC Lokomotiv Sofia (BUL)	FC Zire (AZE)	PFC CSKA- Sofia (BUL)	FC Dacia Chişinău (MDA)	Flamurtari FC (ALB)			
FC Irtysh Pavlodar (KAZ)	FK Sarajevo (BIH)				Beitar Jerusalem FC (ISR)	RCD Mallorca (ESP)	Sporting Fingal FC (IRL)	AEK Athens FC (GRE)	Rayo Vallecano de Madrid (ESP)		Genoa CFC (ITA)	Skonto FC (LVA)	KF Besa (KOS)	FC Grbalj (MNE)	FK Željezničar (BIH)				
FC Tobol Kostanay (KAZ)	FK Željezničar (BIH)	PAOK FC (GRE)			PFC CSKA Sofia (BUL)	FC Kaysar Kyzylorda (KAZ)	Cork City FC (IRL)	FC Lokomotiv (KAZ)	Györi ETO FC (HUN)	PAS Giannina FC (GRE)	Újpest FC (HUN)	FK Liepāja (LVA)	Sliema Wanderers (MLT)	FC Birkirkara (MLT)	CD Aves (POR)	Waterford FC (IRL)	Dinamo Riga (LVA)		
FC Koper (SVN)	FC Irtysh Pavlodar (KAZ)	FC Astana (KAZ)			Coleraine FC (NIR)	FC Lokomotiv (KAZ)	FC Lokomotiv (KAZ)	FK Žalgiris Vilnius (LTU)	Derry City FC (IRL)	FK Budućnost Podgorica (MNE)	Parma FC (ITA)	FC Tiraspol (MDA)	CFR 1907 Cluj (ROU)	CFR 1907 Cluj (ROU)	FC Tosno (RUS)	FK Vardar (MKD)	FK Vardar (MKD)		FC Maksim (MDA)
NK Olimpija Ljubljana (SVN)	FC Taraz (KAZ)	FK Voždovac (SRB)	Shelbourne FC (IRL)	FK Zemun (SRB)	FC Daugava Daugavpils (LVA)	FK Vėtra (LTU)	FC Timișoara (ROU)	Rangers FC (SCO)	OFK Grbalj (MNE)	FC Dinamo București (ROU)	FC Twente (NED)	FC Dinamo București (ROU)	FC Voluntari (ROU)	Bangor City FC (WAL)	FC Stumbras (LTU)	FC Astra Giurgiu (ROU)	Sliema Wanderers (MLT)	FC Noravank (ARM)	
2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	

UCL / UEL / UECL

UWCL

UEFA Club licensing process 2022/23 - Summary

- **Men's club licensing decisions (UCL / UEL / UECL)**

- Licence applicants: **8** (8/10 top division clubs)
- Granted: **8**, Refused: 0, Not applied: 2
- All sportingly qualified clubs with UEFA licence
- Clubs in UCL/UEL/UECL: **4**

- **Women's club licensing decisions (UWCL)**

- Licence applicants: **3** (3/8 top division clubs)
- Granted: **3**, Refused: 0, Not applied: 5
- Sportingly qualified club with UEFA licence
- Clubs in UWCL: **1**





UEFA Benchmarking data & analysis

Croatian Club Football Financial Benchmarks

WE CARE ABOUT FOOTBALL

REPORT BENCHMARK ANALYSIS: PEER GROUP

The UEFA Intelligence Centre has provided an overview and benchmarking exercise of several factors concerning the Croatian top division.

This report is primarily intended to provide background and context.

Reporting period: financial year 2021.

Our analysis includes a benchmarking analysis across a peer group of other UEFA association leagues of similar market dynamics to Croatia across various elements.

These peer group analyses are only possible due to the proprietary UEFA Intelligence Centre databases covering each and every European territory.

Peer Group analysed for report:



AUSTRIA



CROATIA



CZECHIA



GREECE



SLOVAKIA



ROMANIA



SERBIA



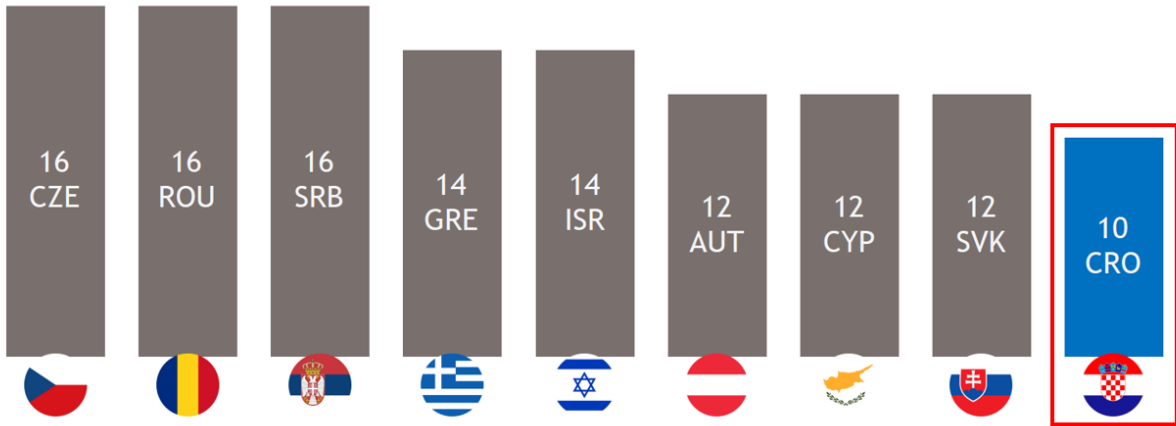
CYPRUS



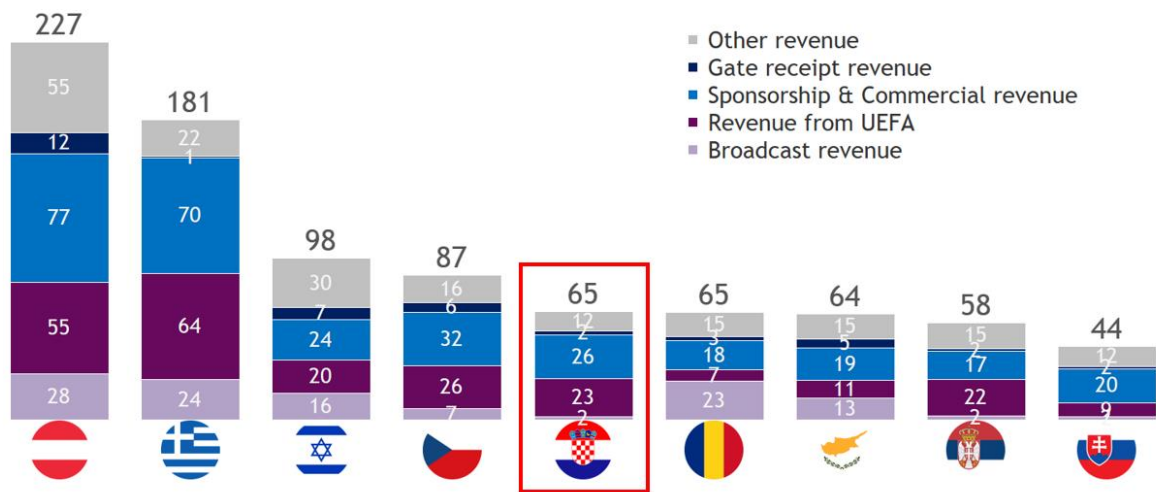
ISRAEL

TOTAL REVENUES

PEER GROUP: NUMBER OF CLUBS IN TOP DIVISION, 2021/22



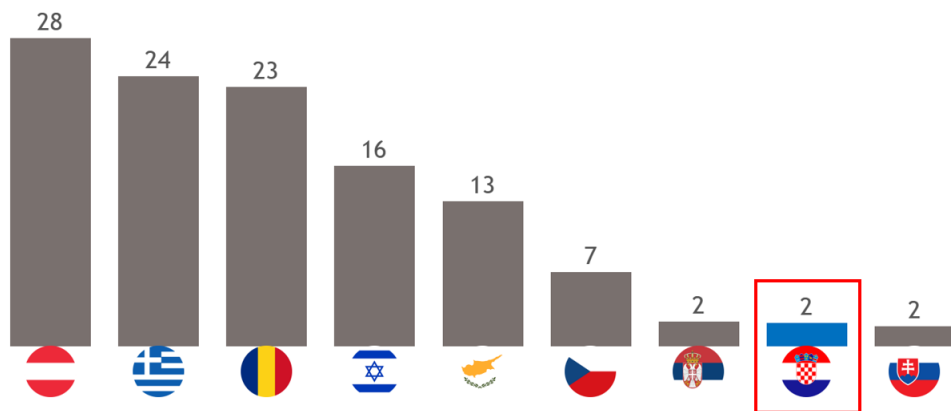
PEER GROUP: AGGREGATE TOTAL REVENUES (€Mil), FY2021



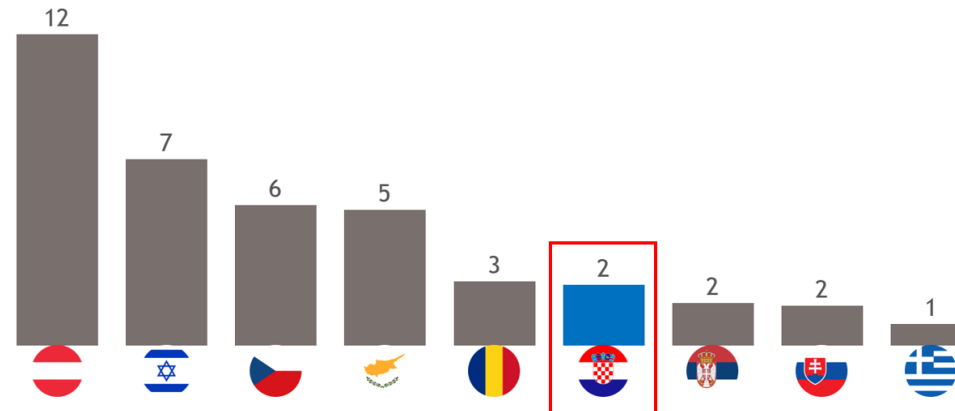
- Croatia currently has the smallest size of men’s league (10 teams) of the peer group countries.
- In terms of aggregate revenues, the Croatian league sits in the middle of the peer group.

BROADCAST, SPONSORSHIP & MATCHDAY REVENUES

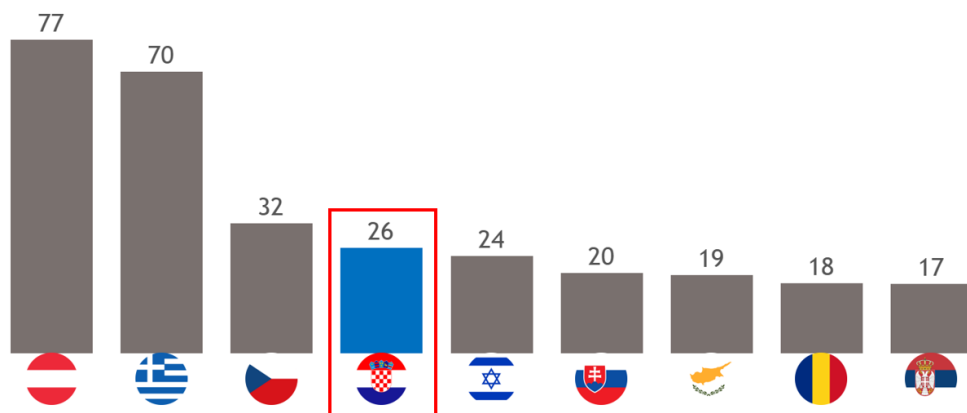
AGGREGATE BROADCAST REVENUES (€K), FY2021



AGGREGATE GATE RECEIPT REVENUES (€K), FY2021



AGGREGATE SPONSORSHIP & COMMERCIAL REVENUES (€K), FY2021



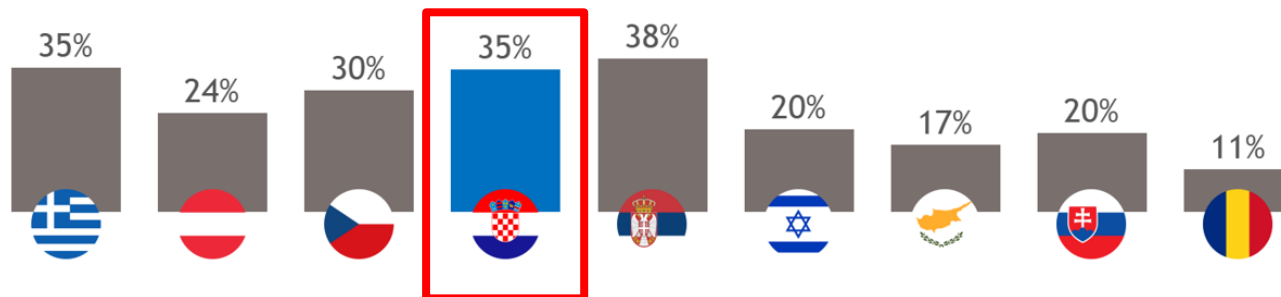
- Broadcast revenues are largely dependent on population size and competitive dynamics of national TV market.
- Commercial revenues are more determined by individual clubs than the league itself.
- Gate receipts were greatly reduced during the pandemic.
- Croatian clubs find themselves towards the lower end in TV and gate receipts compared to the peer group leagues, but in the midrange for commercial revenues.

UEFA-SOURCED REVENUES

AGGREGATE UEFA-SOURCED* REVENUES (€K), FY2021



UEFA-SOURCED* REVENUES AS SHARE OF TOTAL REVENUES, FY2021

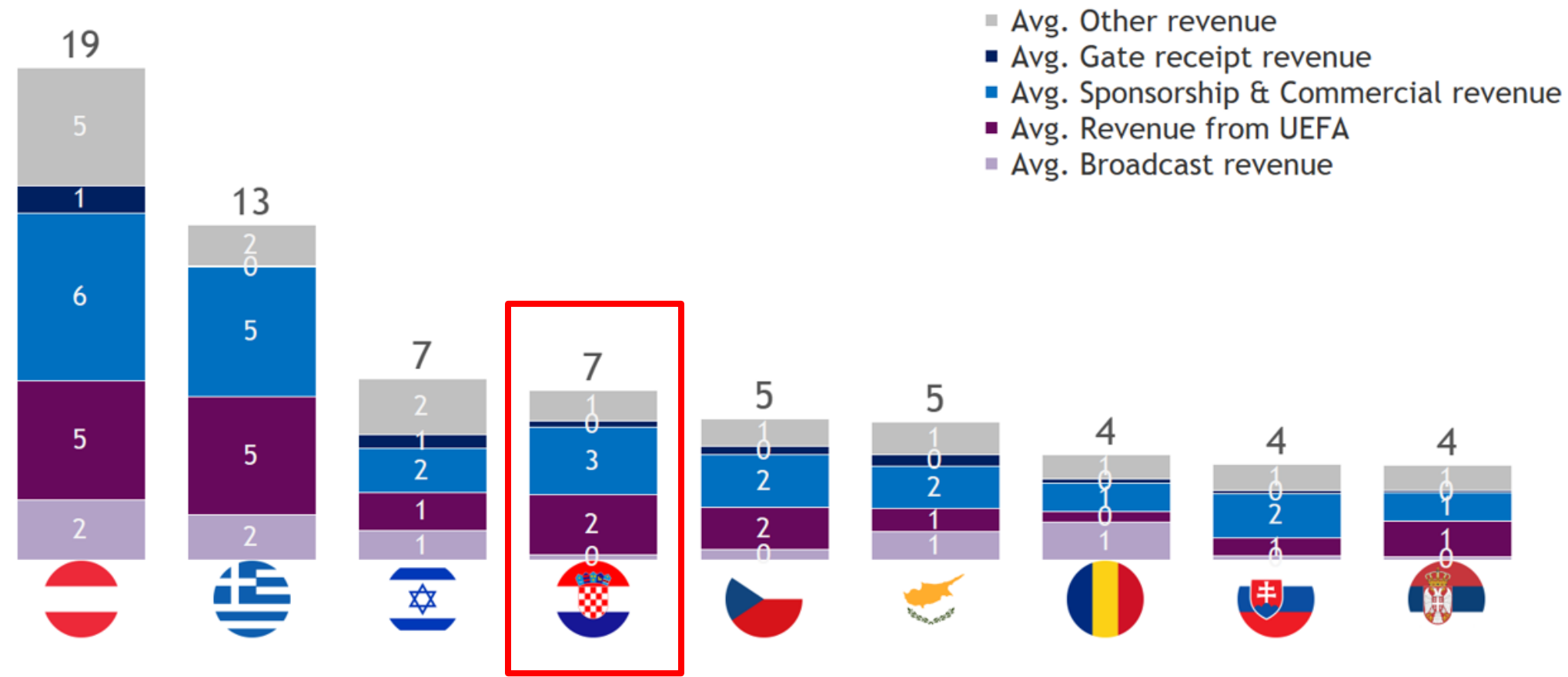


- UEFA revenues are largely dependent on individual club performances in UEFA competitions.
- Croatian club revenues currently have quite a high dependency on UEFA-sourced revenues (35%)
- The introduction of the Europa Conference League should give Croatian clubs more opportunities to compete on European level.

AVERAGE REVENUES PER CLUB

- Croatian clubs had an average total revenue of €7 million in 2021; in the mid-range of the peer group

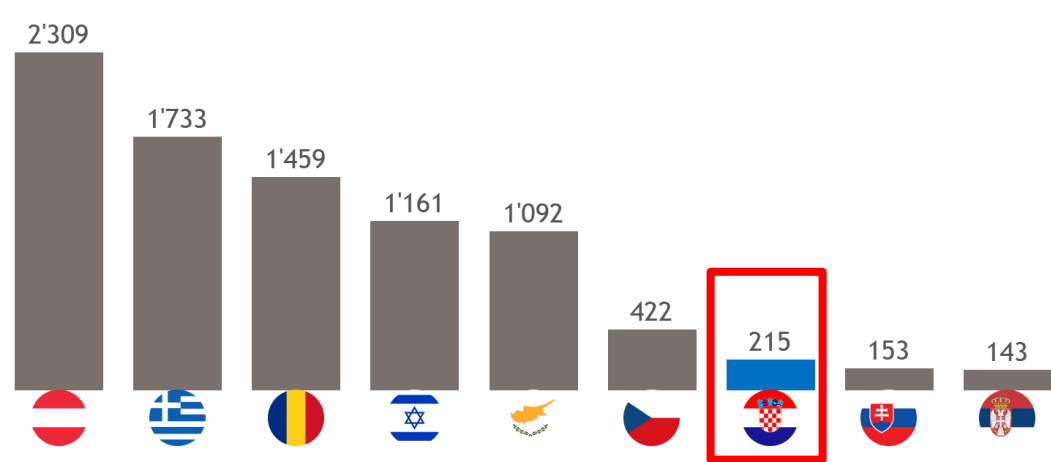
PEER GROUP: AVERAGE REVENUES PER CLUB BY SOURCE, €MIL, FY2021



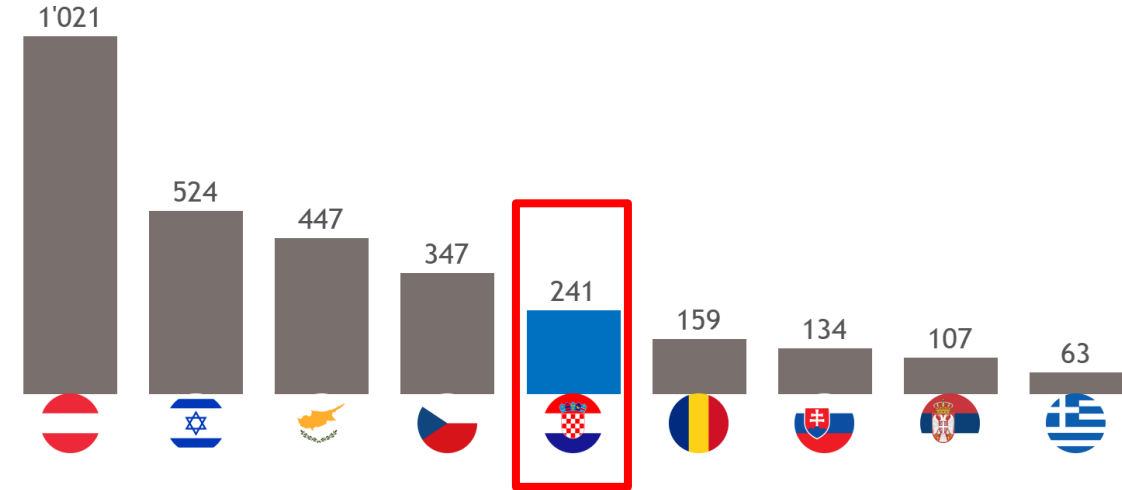
AVERAGE REVENUES BY SOURCE

- Croatian clubs are in the mid to high range across revenue streams apart from broadcast where they are relatively low.

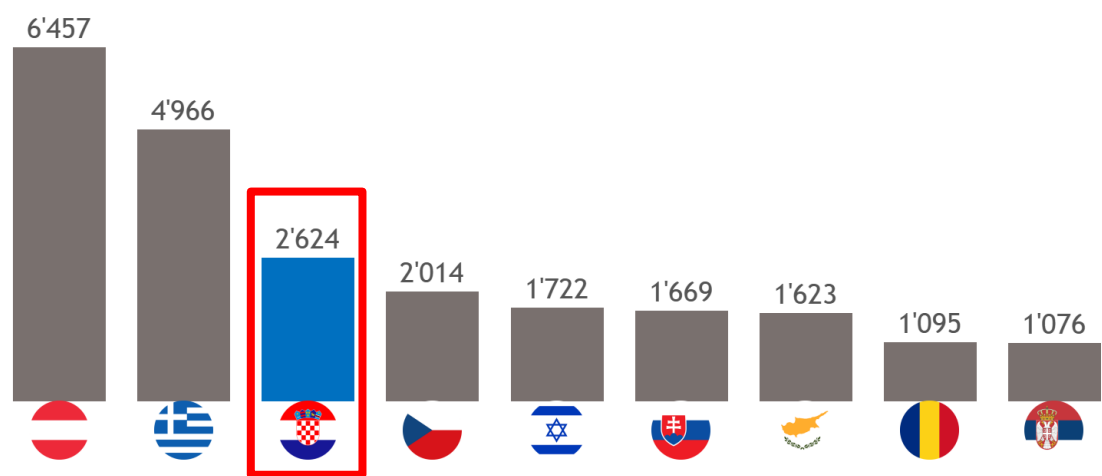
AVERAGE BROADCAST REVENUES (€k), 2021



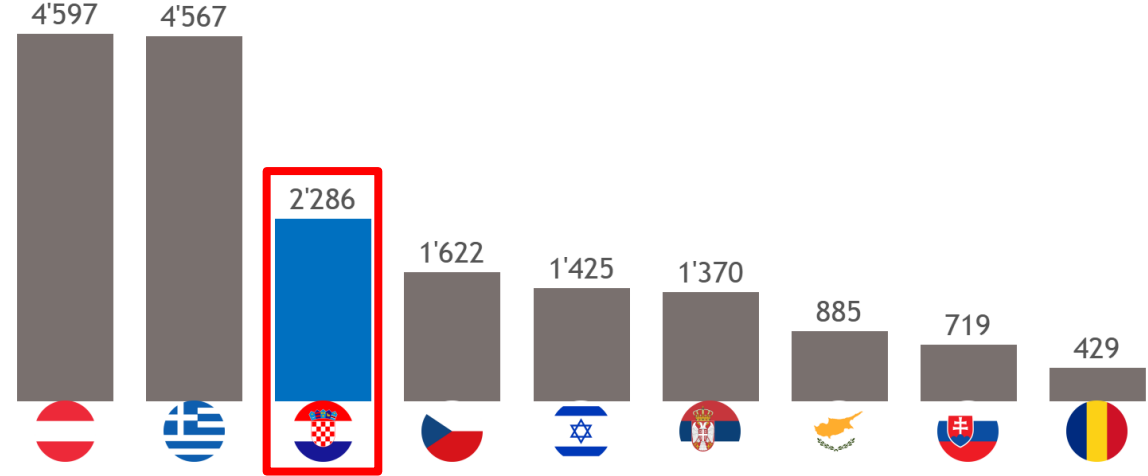
AVERAGE GATE RECEIPT REVENUES (€k). 2021



AVERAGE SPONSORSHIP & COMMERCIAL REVENUES (€k), 2021

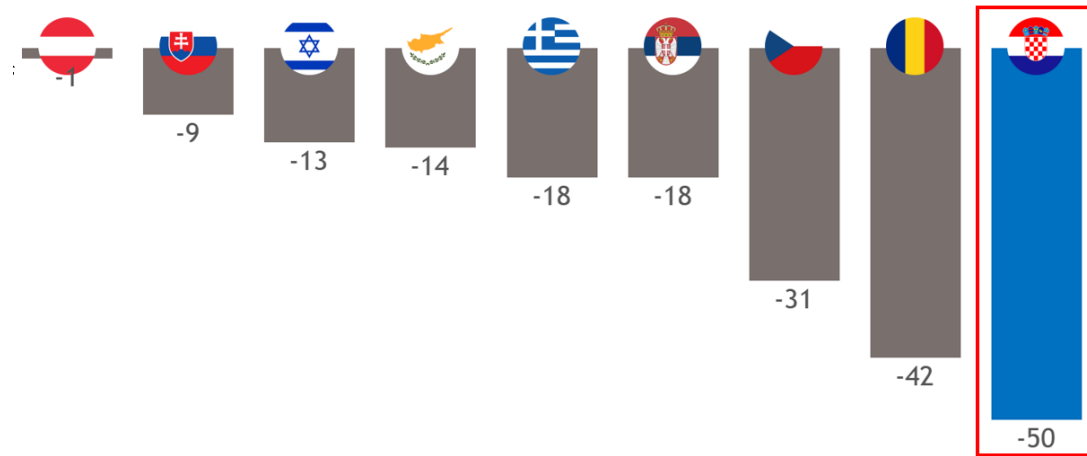


AVERAGE UEFA-SOURCED* REVENUES (€k), 2021

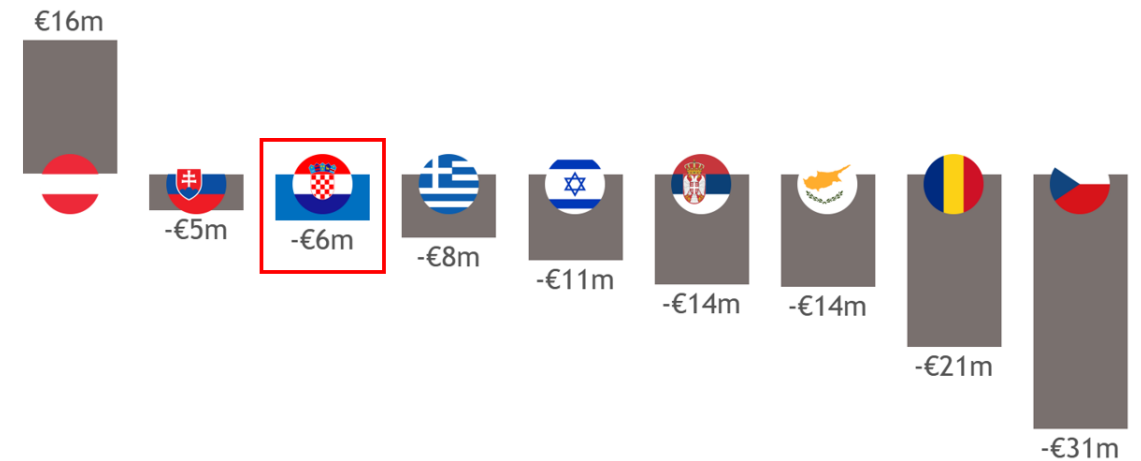


PROFIT AND LOSS

AGGREGATE CLUBS PROFIT / LOSS, PRE TRANSFER SPEND OR GAIN
AND FINANCING €MIL, FY2021



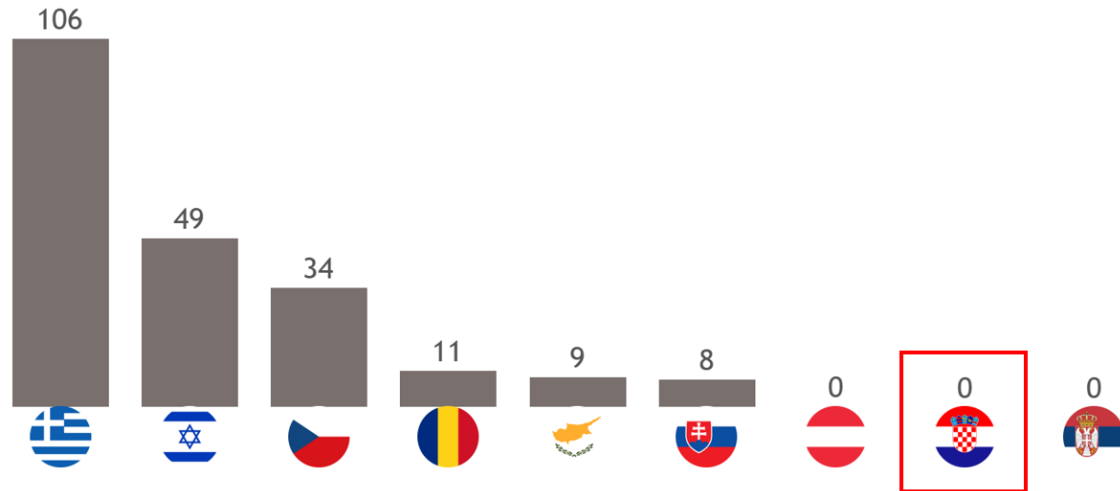
AGGREGATE CLUBS PROFIT / LOSS €MIL PRE-TAX, FY2021



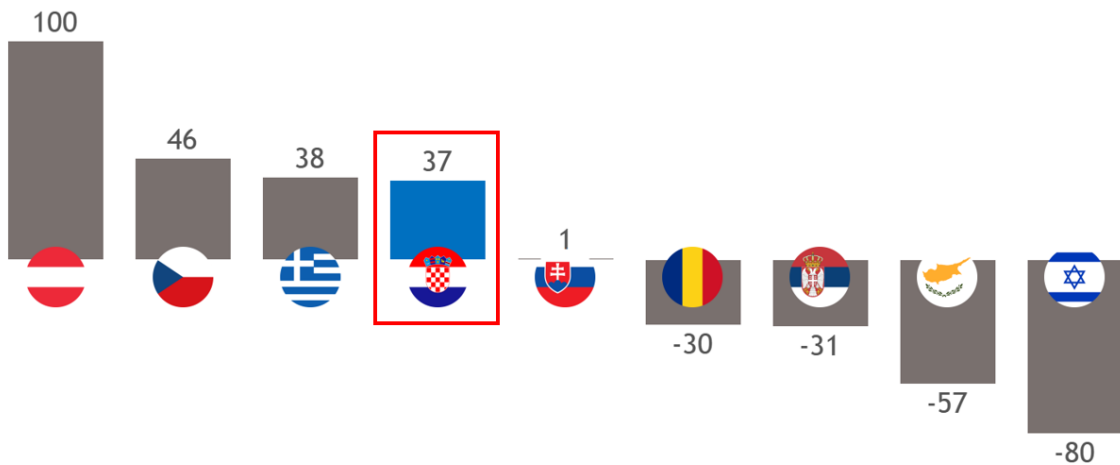
- Croatian clubs made an aggregate loss of €50 million in 2021.

CAPITAL INJECTIONS & NET EQUITY

CAPITAL INJECTIONS OVER 3 YEARS, €MIL, FY2019-2021



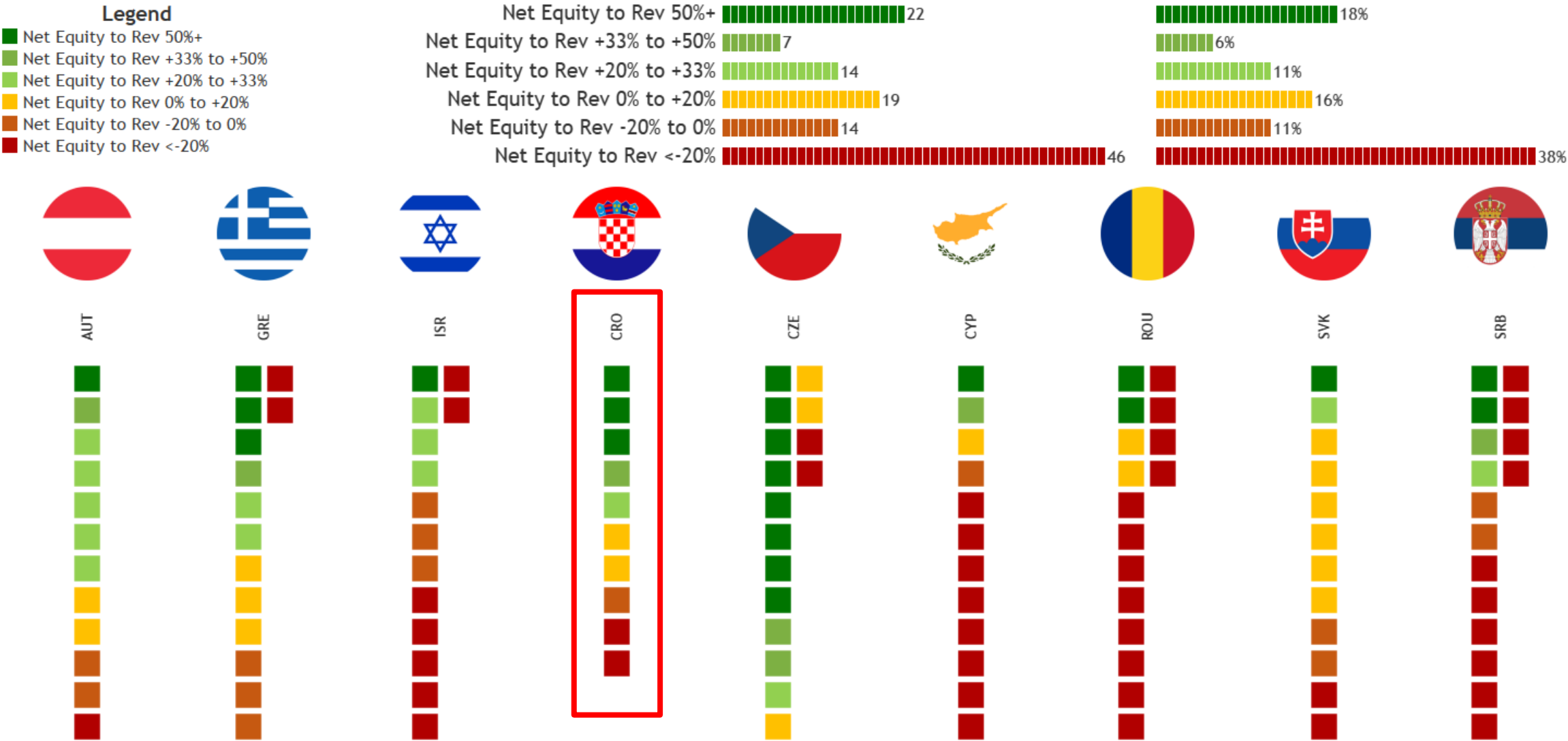
NET EQUITY, €MIL, FY2021



- Capital injections in clubs over the last three years are influenced by legal structures of clubs.
- Clubs have a combined net equity of €37million.

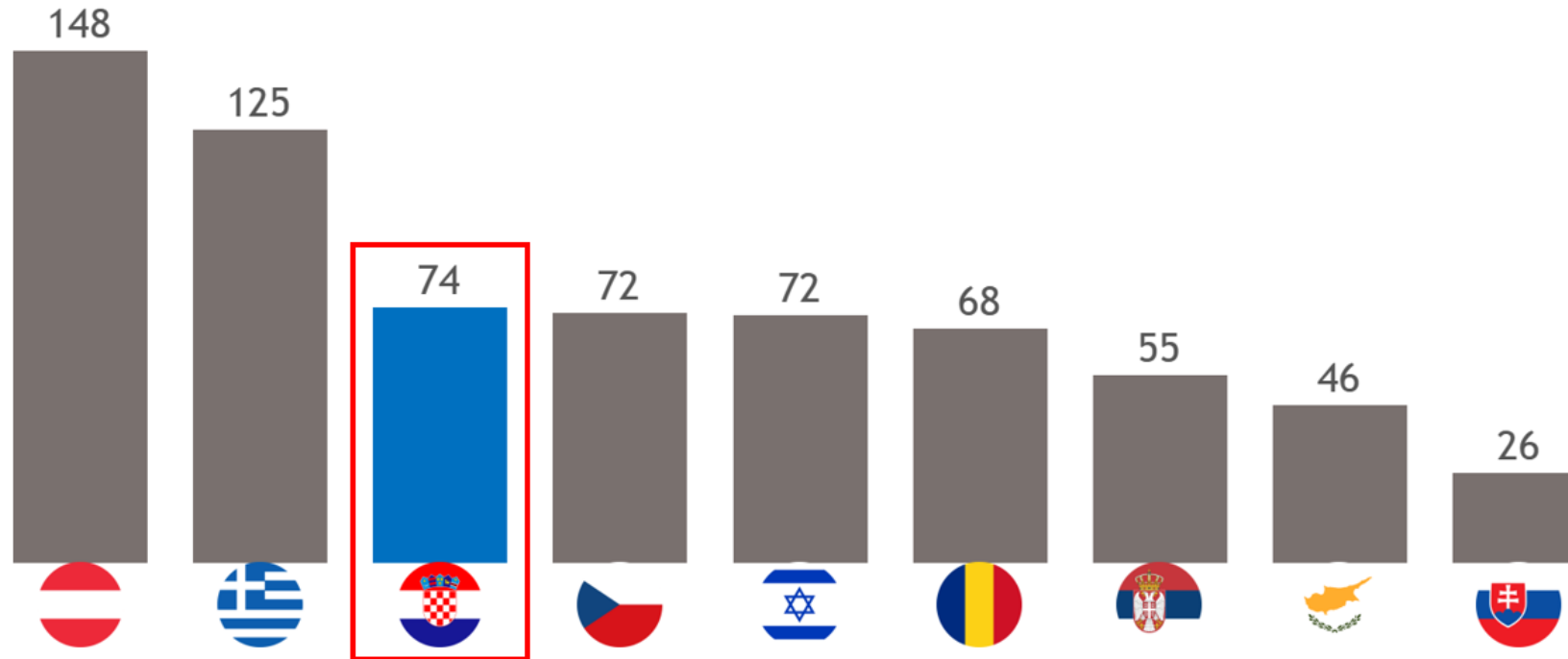
NET EQUITY TO REVENUE RATIOS

- 7 of the 10 Croatian clubs have positive equity ratios, average equity of clubs is also positive.



AGGREGATE CLUB WAGES

PEER GROUP: AGGREGATE CLUBS WAGES €MIL, FY2021

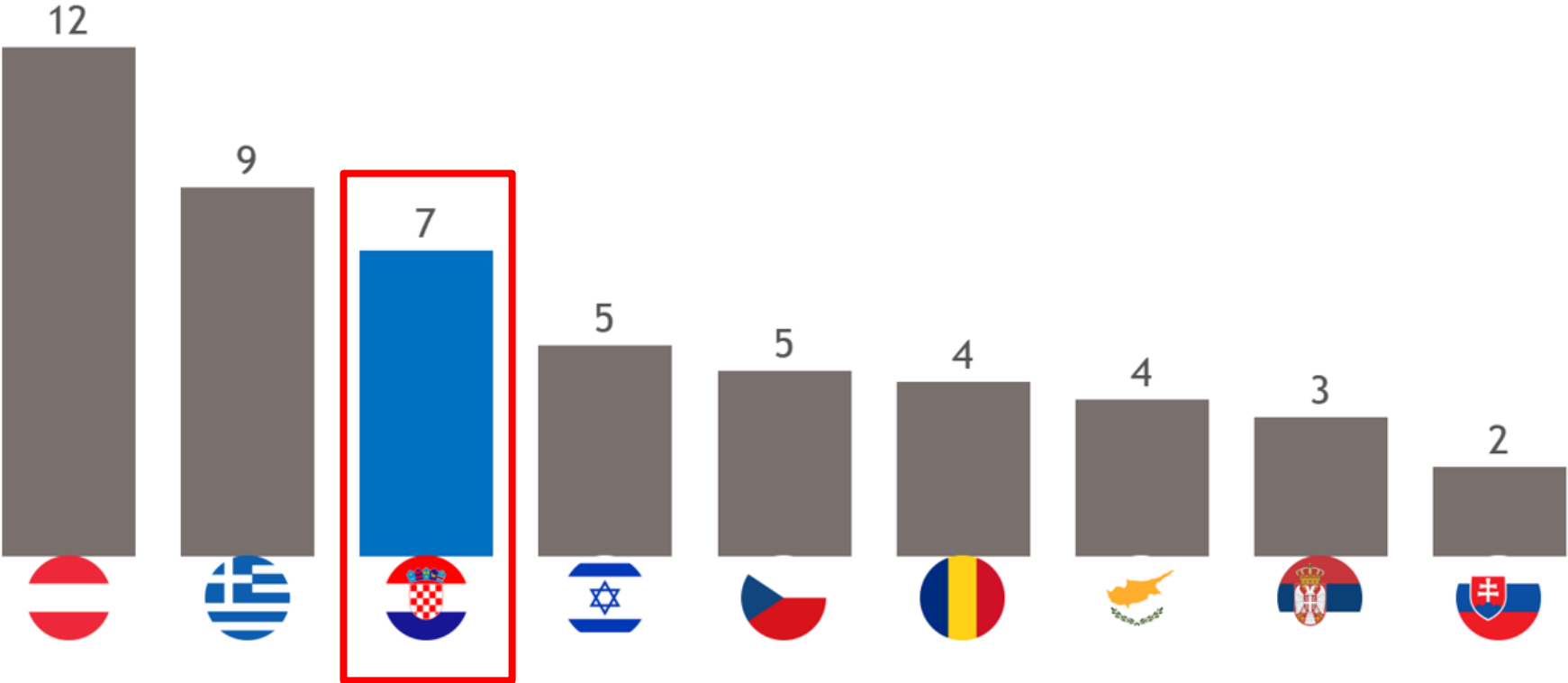


- Aggregate top division club wages in Croatia are at the higher end of the peer group.

AVERAGE WAGES PER CLUB

- Croatian clubs had an average total wage bill of €7 million in 2021; around the same level of the average revenues per club.

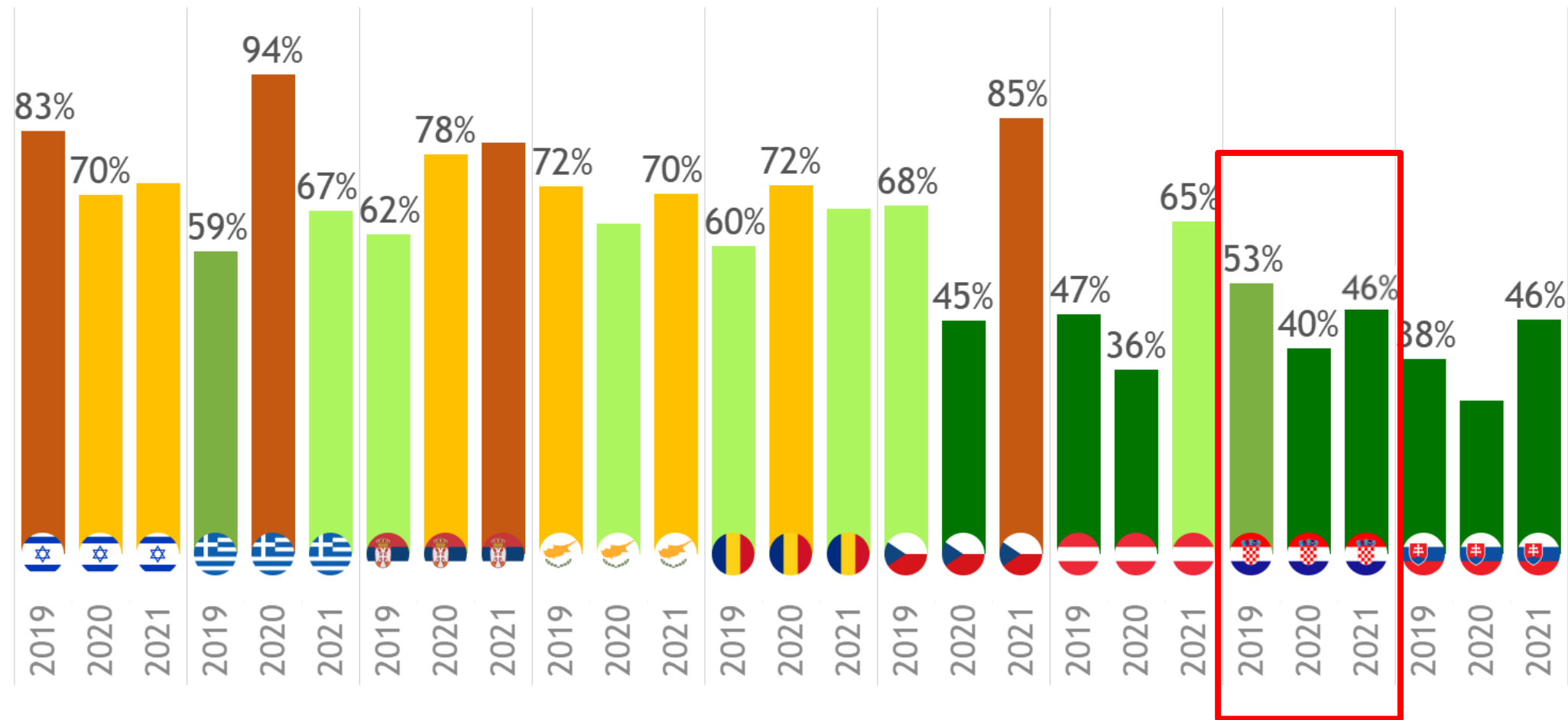
PEER GROUP: AVERAGE WAGES PER CLUB BY SOURCE, €MIL, FY2021



WAGES & NET TRANSFER SPEND TO REVENUE RATIOS

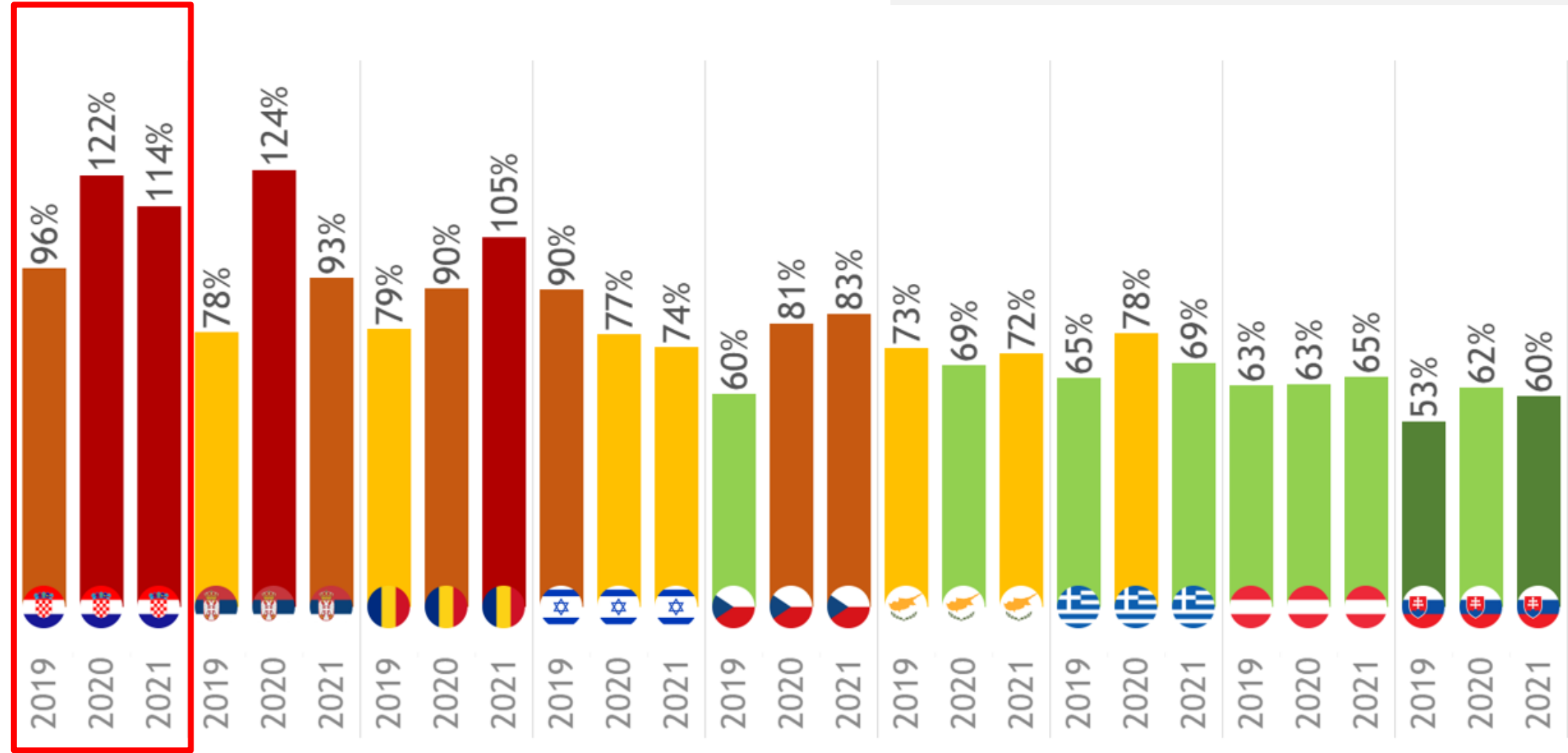
WAGES & TRANSFER SPEND AS % OF REVENUES, 2019-2021

- Spend on wages and net transfer spend in Croatia are, relative to the peer group, at the lower end, at around 46%.



WAGES TO REVENUE RATIOS

WAGES AS % OF REVENUES, 2019-2021

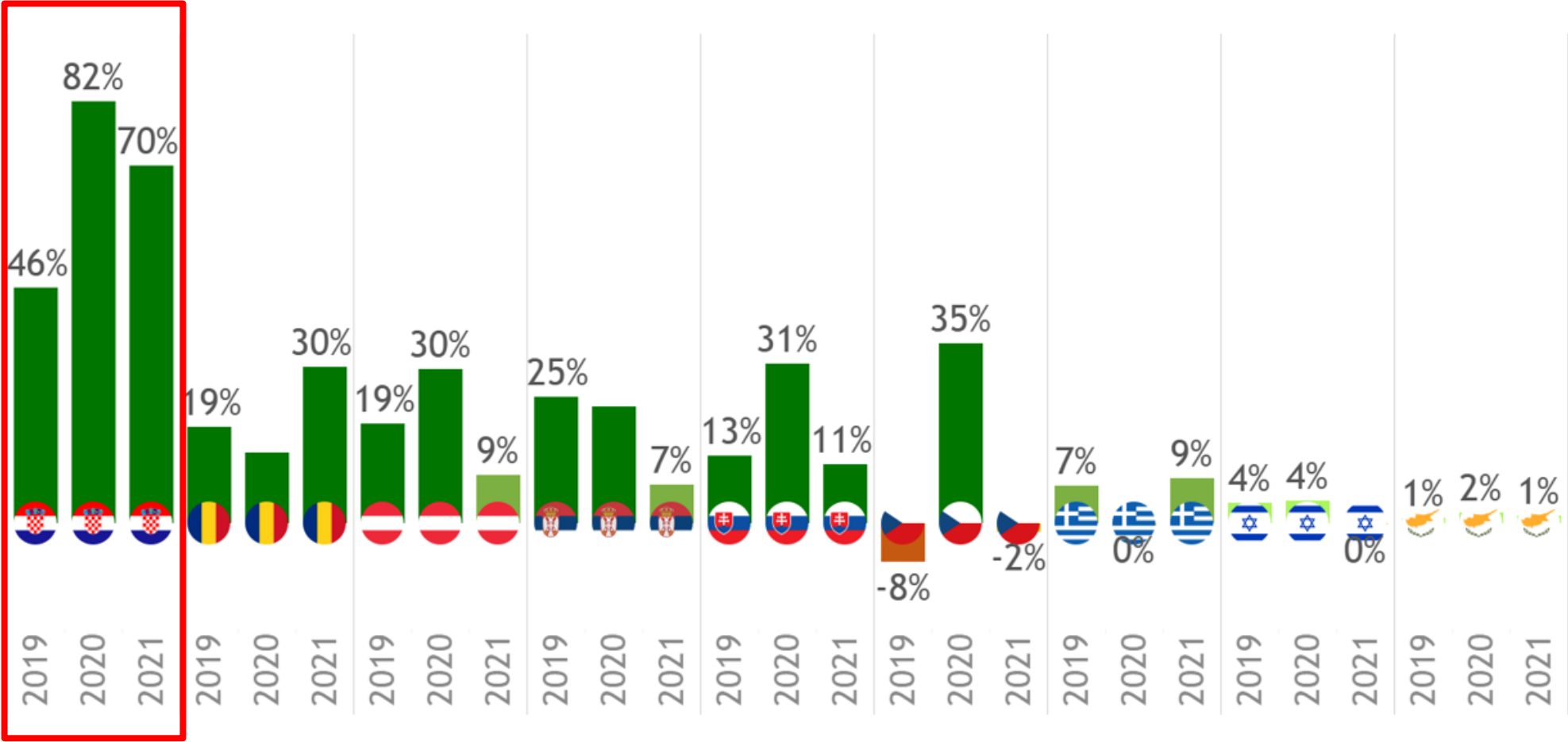


- Spend on wages in isolation however are, relative to the peer group, at the highest end, and have increased through the pandemic.

NET TRANSFER PROFITS

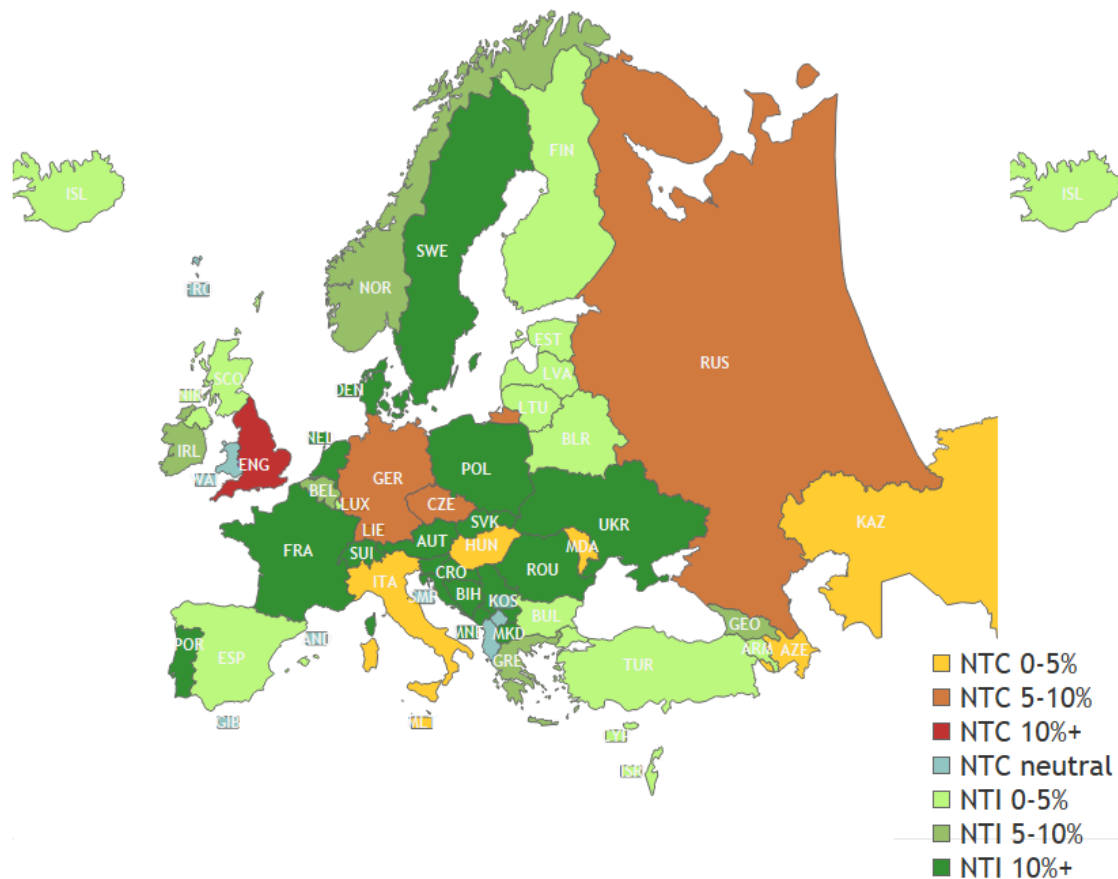
3 YEAR NET TRANSFER COSTS (AMORTISATION, IMPAIRMENT, P&L) AS
% OF REVENUES, 2019-2021

- Net transfer profits indicate talent development success. Croatia has significant levels compared to peer group.

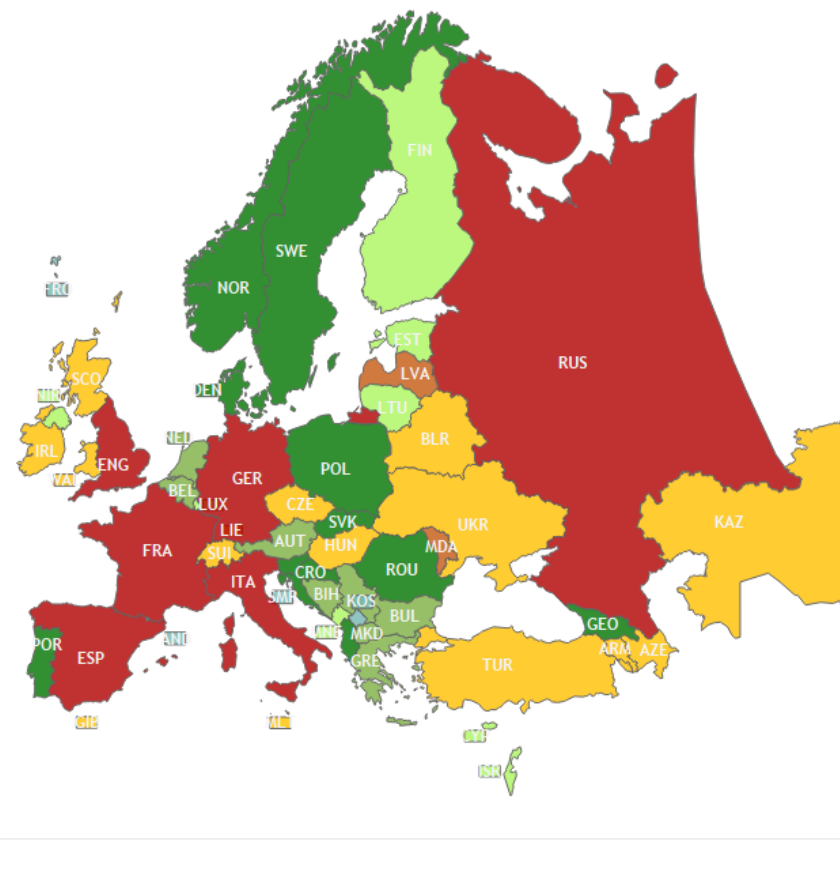


NET TRANSFER COSTS AS % REVENUES

NET TRANSFER COST AS % OF REVENUES, 2019



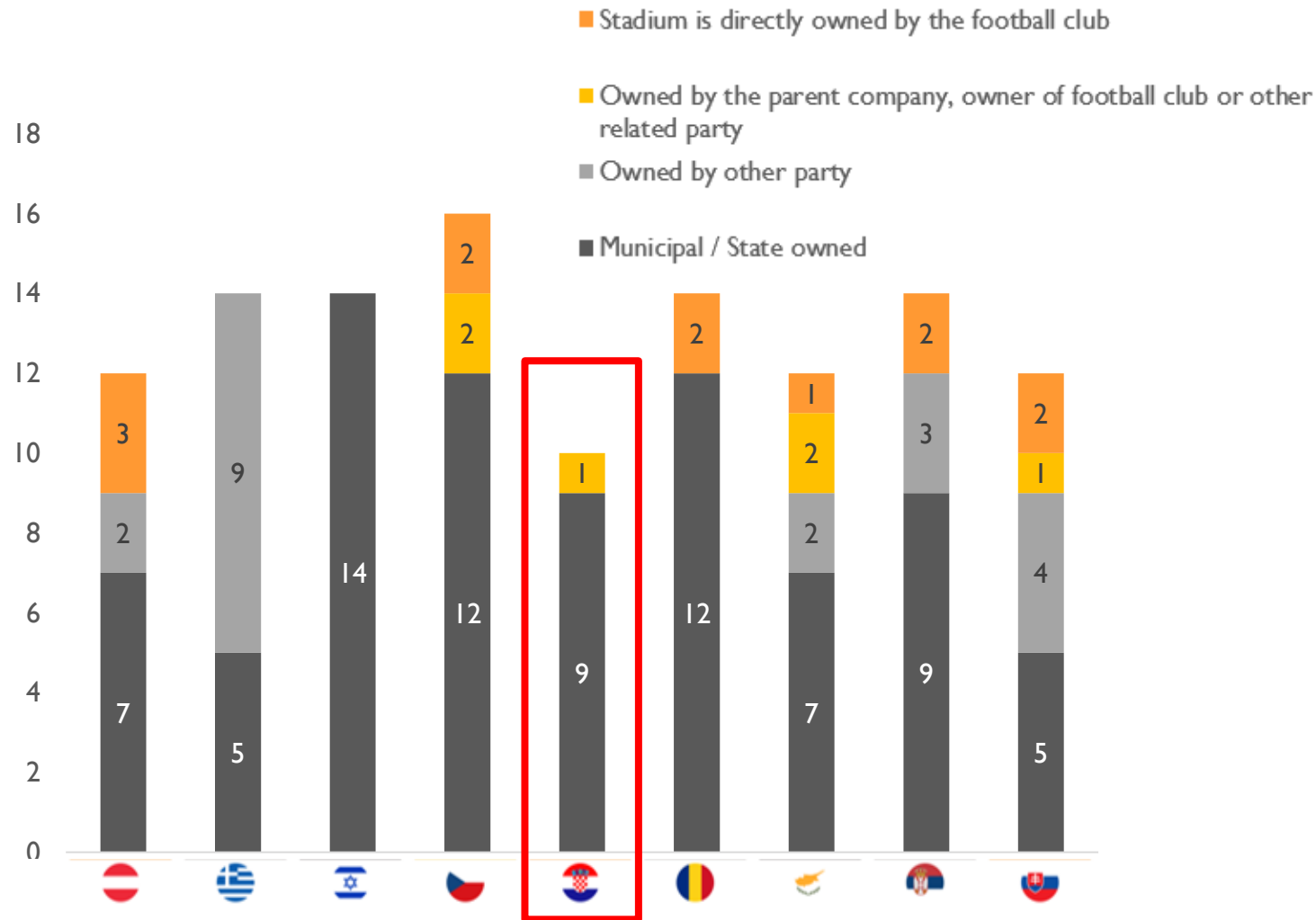
NET TRANSFER COST AS % OF REVENUES, 2021



- 45% drop in net transfer profits across Europe hit hard net transfer costs, and in turn, profits.
- The pandemic has increased the number of leagues with large aggregate loss margins.

STADIUM OWNERSHIP

PEER GROUP: STADIUM OWNERSHIP OF TOP DIVISION CLUBS BY TYPE, 2021/22



- Private, independent club stadium ownership rate is low (relative to other European countries) across the peer group.
- Only one club stadium is not publicly owned in the Croatian top division.

FINANCIAL BENCHMARKS - SUMMARY

- Croatia currently has the smallest size of men's league (**10 teams**) of the peer group countries.
 - In terms of aggregate revenues, the Croatian league sits in the middle of the peer group (**€65million**).
 - Croatian clubs find themselves towards the lower end in TV and gate receipts compared to the peer group leagues, but in the midrange for **commercial revenues**.
 - Importance of **UEFA-sourced revenues** (35%) for the Croatian club football.
 - **Wages** in Croatia are at the higher end of the peer group, at €74million in 2021.
 - Croatian clubs made an **aggregate loss** of €50 million in 2021 (pre-transfer gain).
 - Significant importance and success of **talent development**. Croatia has high level of **net transfer profits** compared to peer group.
 - 8 of the 10 top division Croatian clubs retained **clean audit options** during the pandemic.
-

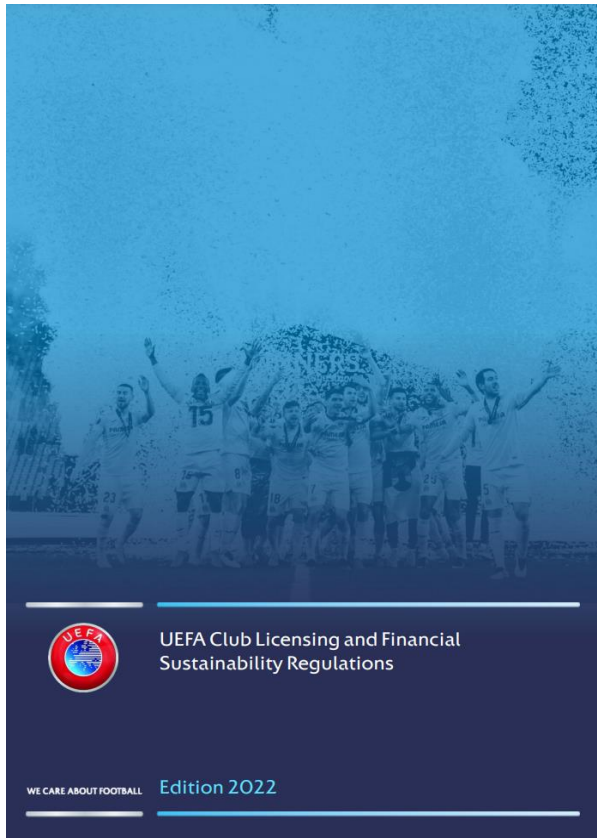


UEFA Club Licensing and Financial Sustainability Regulations (Edition 2022)

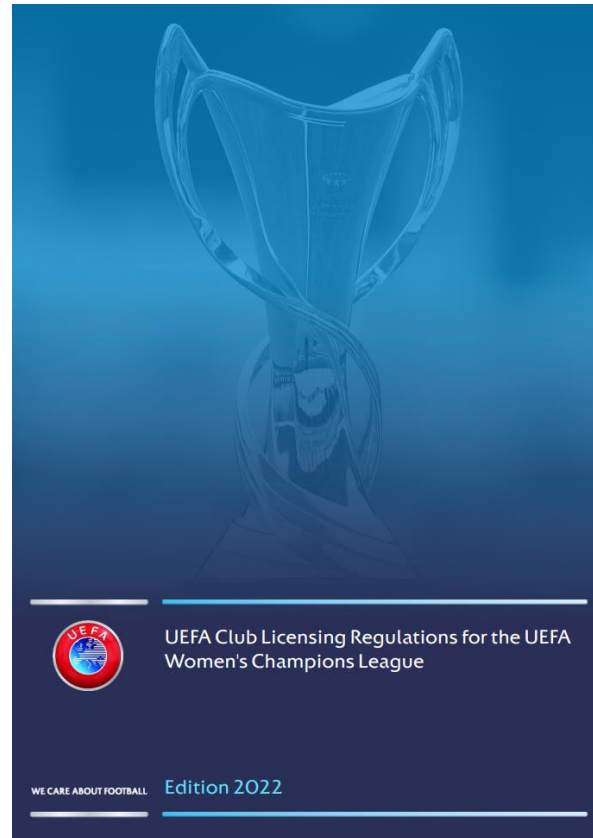
WE CARE ABOUT FOOTBALL

New Regulations

UEFA men's competitions (UCL, UEL, UECL)



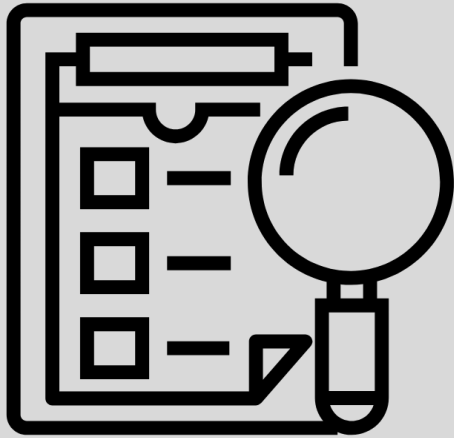
UEFA women's competition (UWCL)



Quality Standard for national associations as licensors (CLQS)



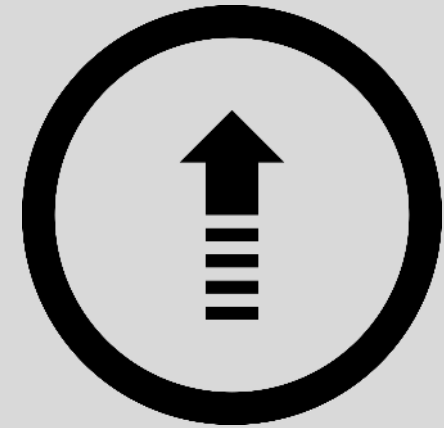
Modernisation of the UEFA club licensing system and financial sustainability rules (2022)



Review and improvement of the system



Harmonization with other regulatory frameworks



Upgrade of the regulatory framework

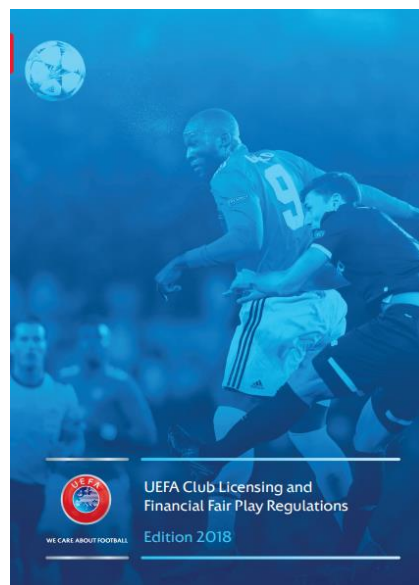
Timeline

2018

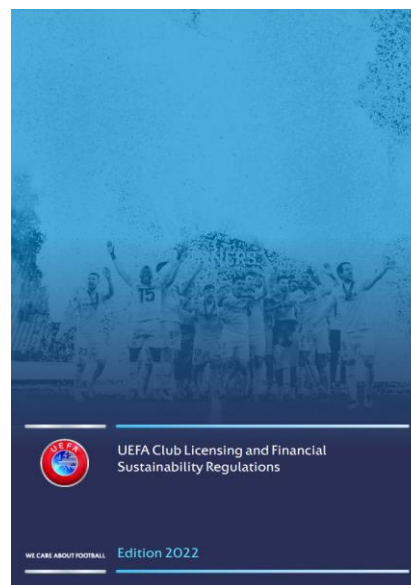
2020/2021

2022

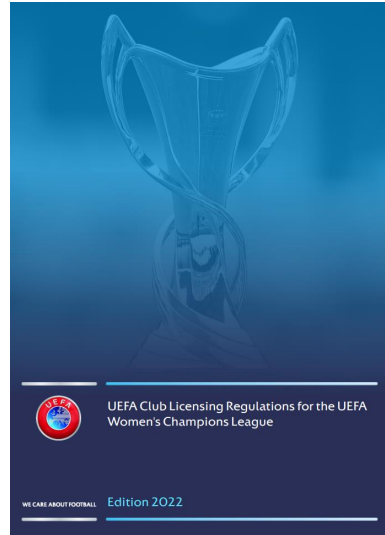
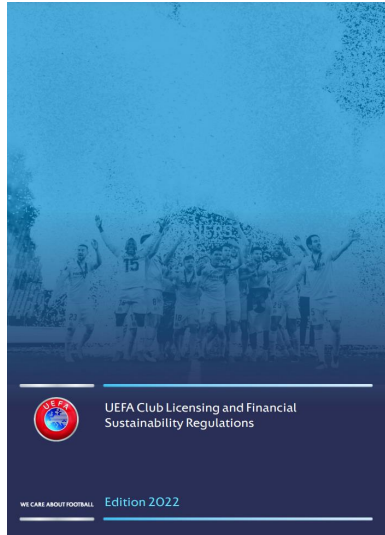
2023/2024



Consultation
process



National Club Licensing Regulations - Integration



HNS National Club Licensing Regulations

- The licensor must ensure that all applicable provisions defined in part II (UEFA Club Licensing) of the UEFA regulations are integrated into national club licensing regulations:
 - *UEFA Club Licensing and Financial Sustainability Regulations (2022) – Club Licensing;*
 - *UEFA Club Licensing Regulations for the UEFA Women's Champions League (2022);*
- The licensor is free to increase or introduce additional minimum criteria in its national club licensing regulations (to enter the UEFA club competitions);
- Any increased or additional minimum criteria apply mutatis mutandis to entry in UEFA club competitions;



UEFA Club Licensing Regulations

Key amendments 2022

WE CARE ABOUT FOOTBALL

UEFA Club licensing criteria and transitional period

A

**Mandatory
requirement**

The criteria must be fulfilled to be granted a licence to enter UEFA competitions

B

**Non-
Mandatory
requirement**

Non-fulfilment of B criteria does not lead to refusal of a licence but to a sanction

T

**Mandatory
requirement**

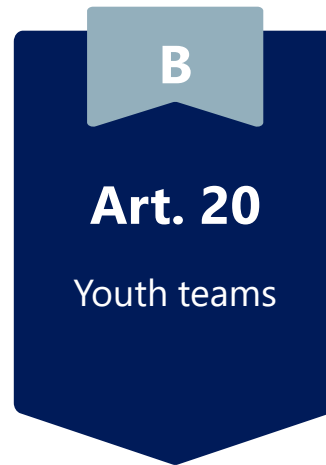
Non-applicability of the criterion for a certain period
(transitional period)



Sporting criteria

Support to youth development

- Increased number of mandatory youth teams (from 4 to 5)
- Re-definition of age range (4 teams within the age range of 10-21, at least one under-10 team or organized football activities);
- Transitional period (from 2024/2025 onwards);



Protection of players

- Enhanced criterion to better protect players, ensuring minimum requirements are considered in their contracts with clubs (*MRSPC - Minimum Requirements for Standards Players Contracts in the professional football sector in European Union and the rest of the UEFA territory*);
- Licence applicants must respect provisions on the loan of professional players in accordance with the FIFA RSTP;



Women's football criteria as part of men's licensing

- Ensuring that men's leading football clubs are supporting women's football professionalization and development in all 55 national associations;
- The licence applicant must support women's football by implementing measures and activities aimed to further develop, professionalise and popularise women's football:
 - a) Entering a first and/or youth team in official competitions;
 - b) Providing support to an affiliated women's football club;
 - c) Organising other women's football initiatives as defined by the licensor;
- Transitional period (from 2024/2025 onwards);

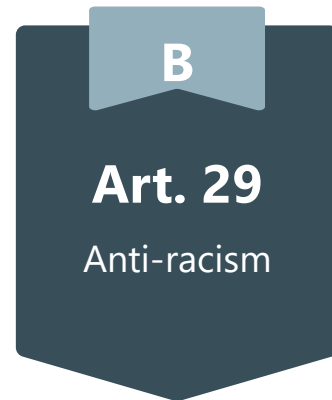




Football social responsibility criteria

Football social responsibility

- The objective is to raise awareness and push leading clubs to embrace social responsibility;
- Criteria are in line with the UEFA Football Sustainability Strategy 2030;

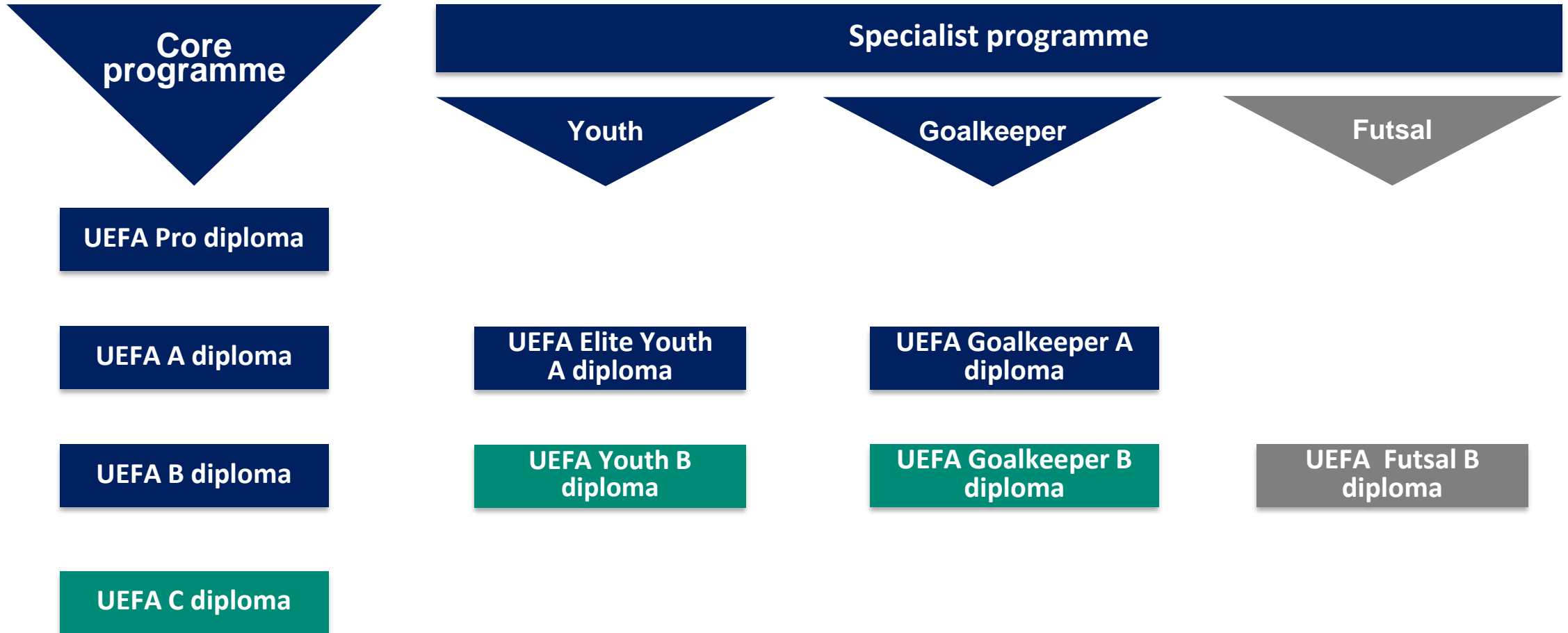




Personnel and administrative criteria

Coaching provisions

UEFA Coaching Convention



Coaching requirements

- The provision on the head coach of the first squad (*UEFA PRO diploma*) includes now a definition of tasks and responsibilities (*to limit the risks of shadow coaching*);
- An additional mandatory provisions has been introduced regarding the role of goalkeeper coach of first squad (*UEFA GK A diploma*) and youth teams (*UEFA GK B diploma or domestic GK licence – transitional period 2024/25*)
- The minimum number of qualified coaches (*with minimum UEFA A diploma*) dedicated to youth teams has increased (2->3; transitional period 2024/25);





Personnel and administrative criteria - other

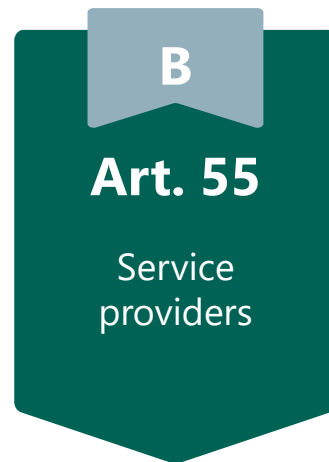
Organisation of matches and safety & security matters

- The provision on safety and security officers has been updated with a definition of responsibilities in line with the *UEFA Safety and Security Regulations (provision on stewards has been removed from the regulations)*;
- A new provision has been introduced making match organisation officers mandatory at club level to better support and improve the overall organisation of matches throughout Europe;



Other personnel and administrative criteria

- All administrative, technical, medical and security staff or service providers performing any of the functions referred to in regulations must have written contracts with the licence applicant;
- Enhance the protection of service providers performing mandatory functions for the club;
- Ensure each role within the system is managed efficiently and to limit multiple roles being allocated to one employee;
- Organizational chart clearly identifying the relevant personnel and their hierarchical and functional responsibilities in its organisational structure;





Legal criteria

Legal criteria

- Legal group structure - applicants must now include all legal relationship between the club, its subsidiaries and direct/indirect shareholders (*group structure as the date of the latest annual financial statements*);
- A new specific article related to better identify the ultimate beneficiary, necessary information on the ultimate controlling party and parties with significant influence;

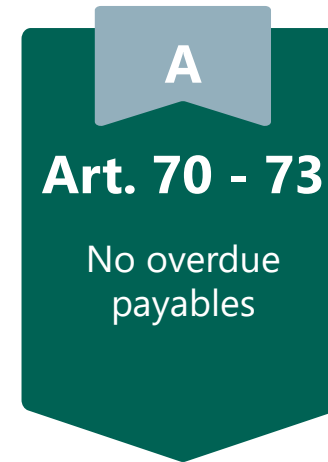




Financial criteria

Financial criteria

- Net equity rule - a club licensing criterion to strengthen the balance sheet and financial stability of clubs by ensuring they operate with positive or improved equity position;
- No overdue payables - new cut-off date (28 February), the scope of employees has been extended, a new provision to ensure that clubs do not have overdue payables to UEFA and the licensor;



Net equity rule



Three ways to satisfy the new club licensing (minimum) requirements:

- a) As at 31 December report net equity which is positive; or
 - b) As at 31 December report net equity which has improved by 10% or more since previous 31 December; or
 - c) By 31 March submit a new audited balance sheet to demonstrate that condition (a) or (b) has been fulfilled since 31 December.
-
- Net equity = net assets (positive) or net liabilities (negative) of the balance sheet at 31 December;
 - If applicable, make an upwards adjustment for any subordinated loans (i.e. a loan subordinated to all other liabilities and non-interest bearing for at least the following 12 months);
 - Balance sheet as set out in annual financial statements (audited) or interim financial statements (audited or reviewed) to 31 December;
 - By exception, a licence applicant can request an alternative assessment date of 30 November, if it has annual financial statements or interim financial statements to 30 November.

Net equity: Equity positive in December T-1

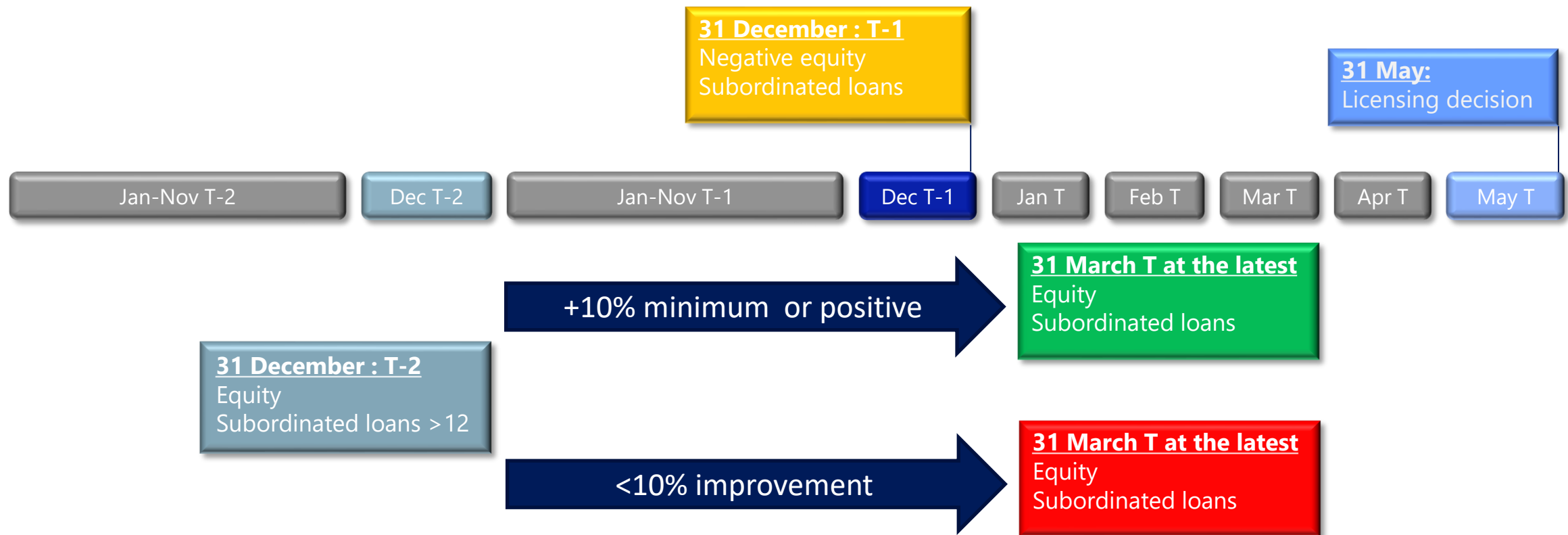


	December T-2	December T-1
Bank and other loans		
Loans/Accounts Payable to Group Entities/Related Parties		
Bank and other loans (nc)		
Loans/Accounts Payable to Group Entities/Related Parties (nc)		
Equity		
Share/Fund Capital	10'000	10'000
Retained Earnings	50'000	40'000
Other Reserves	10'000	10'000
Total equity	70'000	60'000

	December T-2	December T-1
<i>Bank and other loans</i>		
<i>Loans/Accounts Payable to Group Entities/Related Parties</i>	15'000	15'000
<i>Bank and other loans (nc)</i>		
<i>Loans/Accounts Payable to Group Entities/Related Parties (nc)</i>		
Equity		
Share/Fund Capital	10'000	10'000
Retained Earnings	0	-20'000
Other Reserves	0	0
Total equity	10'000	-10'000
Subordinated loans > 12months	n/a	15'000
Total equity + subordinated loans		5'000

The equity are positive at the end of December T-1 (incl. subordinated loans> 12months) **the requirement is fulfilled.**

Net equity: Equity **negative** in December T-1, no equity improvement vs December T-2



If clubs need to compare December T-2 with a another reference date between December T-1 and 31 March T, an audited balance sheet must be provided to support the new equity balance.

Net equity rule - Reporting requirements (Article 66, 68, 69)

Licensing documentation	Deadline	Illustration for obtaining a licence for 2025/26
Financial statements to 31 December being, as applicable, <ul style="list-style-type: none">• annual financial statements (audited)• interim financial statements (audited or reviewed)	By the licensor's deadline as per core process	Club A: Annual financial statements to 31 December 2024 (comparative at 31 December 2023)
If applicable, evidence that a balance sheet liability at 31 December meets the conditions for adjusting as a subordinated loan		Club B: Interim financial statements to 31 December 2024 (comparative at 31 December 2023)
If applicable, a new audited balance sheet to a date after 31 December and evidence that a balance sheet liability meets the conditions for adjusting as a subordinated loan	By the licensor's deadline as per core process.	Audited balance sheet by 31 March 2025 at the latest

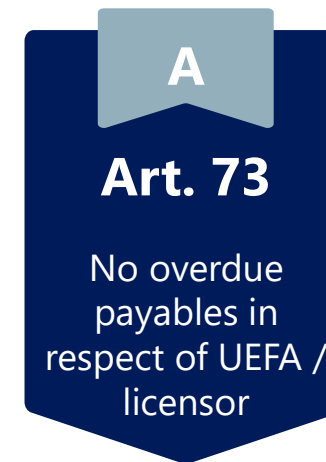
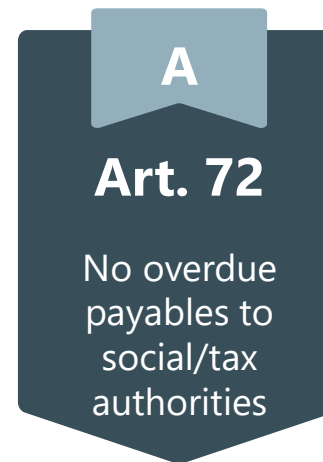
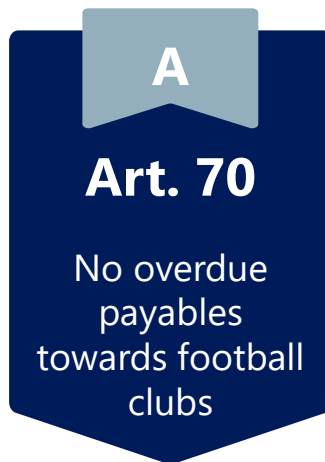
Net equity rule - Timeline for implementation

- Gradual implementation;
- Provide clubs (and licensors) the necessary time to adapt;

Phase 1 2023/2024	Phase 2 2024/2025	Phase 3 2025/2026
N/a	B criterion (Net equity at 31 Dec 2023): <i>Failure will be sanctioned by licensor, but will not lead to refusal of licence.</i>	A criterion (Net equity at 31 December 2024): <i>Failure will lead to refusal of licence</i>

No overdue payables

- Amendments have been made to postpone the cut-off date from 31 December to 28 February;
- The scope of employees has been extended by including service providers and all people performing the functions associated with senior and youth teams;
- A new provision has been introduced to ensure that clubs do not have overdue payables to UEFA and the licensor;



No overdue payables

New cut-off date

Changing the cut-off date **from 31 December to 28 February** to cover the recent obligations and to clarify the overdue payables which are in the scope of assessment;

Social/tax liabilities deferrals

Introducing a new option for the assessment of social/tax liabilities subject to **rescheduling of the payment** deadlines;

No OP to licensor and UEFA

Monitoring overdue payables in respect of **UEFA and the licensor**;

Clarifying OP scope

Clarifying the **scope** of social/tax payables and enlarging the definition of the **“protected” employees**;

No overdue payables

Changing the **cut-off date from 31 December to 28 February** to cover the recent obligations and to clarify the overdue payables which are in the scope of assessment

	CL&FFP (2018)	CLFS (2022)
Cut-off date <i>Definition of payables in scope</i>	31 December All payables with regard to the obligations that arose or transfers undertaken prior to 31 Dec and become overdue before 31 March	28 February Only overdue payables as at 28 Feb , i.e. including obligations which are due to be paid in Jan/ Feb prior to the start of competitions
Assessment date <i>Point in time when OP is assessed and must be fully settled</i>	No fixed period to settle OP any conditional amounts + FIFA/CAS decisions + transfer instalments which become due before 31 March must be paid (e.g. 2 weeks or three months to settle) 31 March	One month to settle OP as at 28 February 31 March

New Cut-off Date 28 February (replacing 31 December)

Area	Changes -> Regulations (2022) (<u>Amounts due to be paid</u> by 28 February)
Transfers	✓ Transfers in the winter window are in scope if an instalment is due by 28 February
Employees	✓ January payables will be included in scope. In some cases, February payables could also be assessed, in line with legal/contractual terms, it must be paid by 28 February
Social/Tax	✓ January tax/social payables should be included in the scope. February tax/social payables should be out of scope because they are due to be paid after 28 February.



UEFA Club Monitoring and new Financial Sustainability Rules

WE CARE ABOUT FOOTBALL

Financial sustainability built on existing club licensing process

Club Licensing (Licensing – National level)

Club
licensing
documents

Licensing
decision

Sporting
qualification

All clubs wishing to compete in UEFA club competitions must have obtained a licence from their national licensor;

Club Monitoring (Financial sustainability– UEFA level)

List of
licensing
decisions to
UEFA

Club
monitoring

Assessment
by Club
Financial
Control Body

All clubs that have qualified for a UEFA club competition and that have been granted with a licence must further comply with the Financial Sustainability rules.

10 years of FFP...

- Financial Fair Play regulations introduced back in 2010;
 - Positive results achieved:
 - reduction in overdue payables;
 - turnaround on clubs net results;
 - better transparency.
 - In the meantime, market has evolved; weaknesses have been identified; pandemic has shaken the industry.
 - Stakeholders unanimous about the need to review the current approach.
-



UEFA club monitoring 2021/22

Overdue Payables (OP) Monitoring , Overview 2021/22

MP 2021/22

June 2021

Sept 2021

237

Clubs in UEFA competitions submitted OP info as at June 2021

133

Clubs required to submit OP info as at Sept 2021

10

Proceedings
opened by CFCB FC

2









Cases closed/dismissed

8

Disciplinary measures applied



Overdue Payables (OP) Monitoring | Overview 2021/22

Clubs	Situation	Final disciplinary measures
  	Significant overdue payables reported, but paid before the CFCB had rendered its decision	Fine [€ 150'000 - € 200'000]
    	Significant overdue payables pending as at the date of CFCB decision	Conditional exclusion from UEFA competitions (if the required amounts not settled by the following 31 January 2022) + Fine [€ 15'000 - € 300'000]



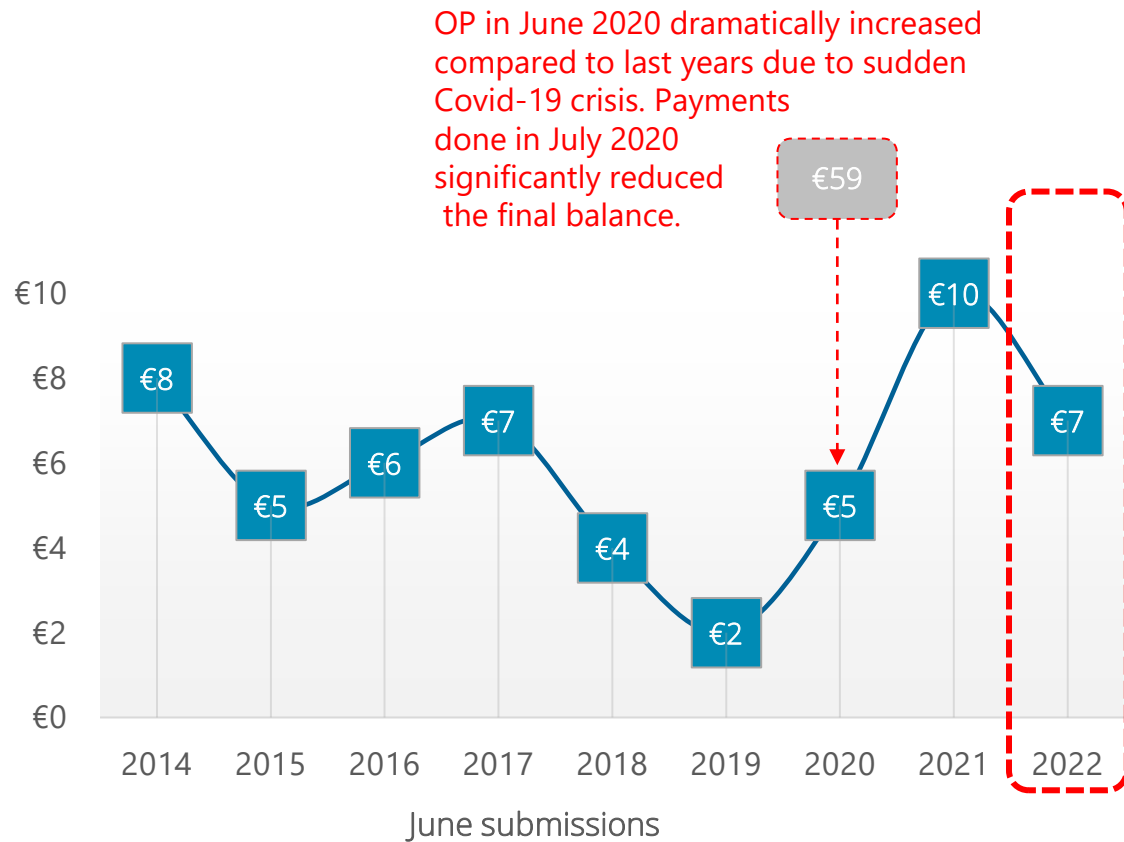
➤ Three clubs appealed the CFCB First Chamber decision in front of the CFCB Appeals Chamber



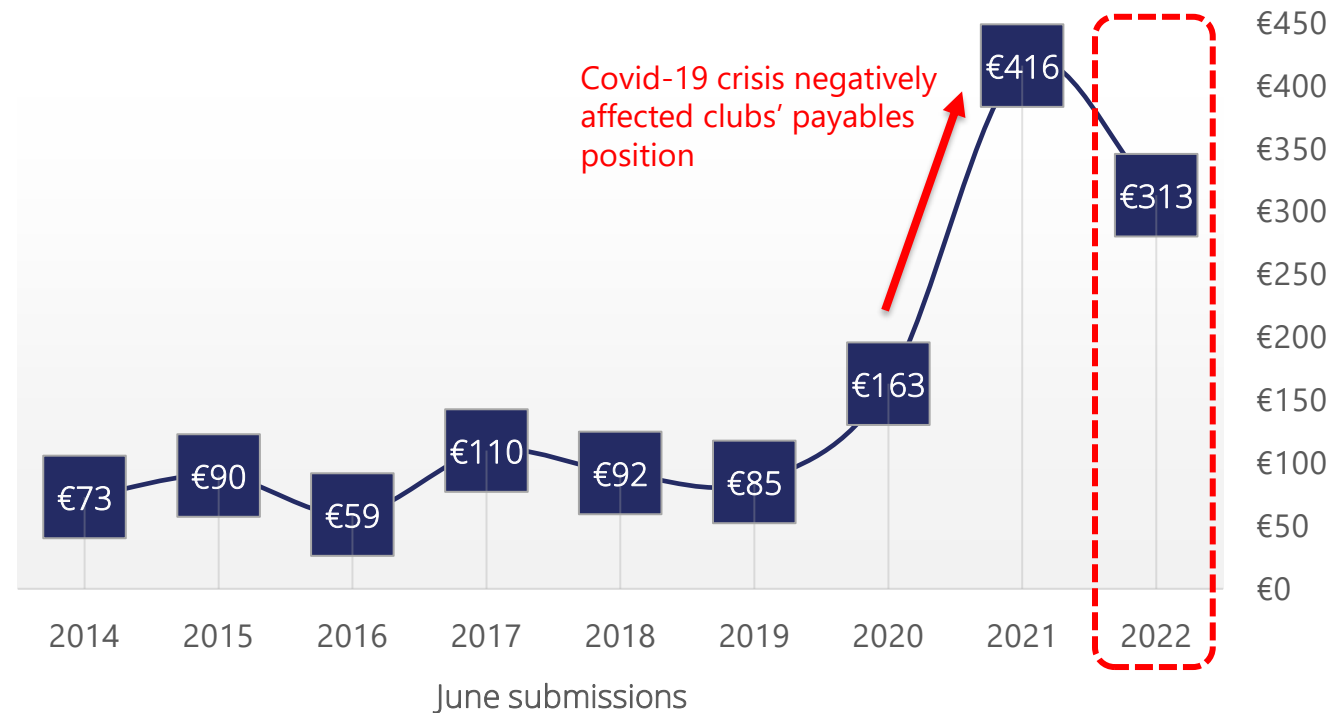
➤ All clubs, except one, satisfied the condition imposed by the final decision

Overdue Payables (OP) | Evolution of overdue and deferrals

TOTAL OVERDUE
PAYABLES
(millions)



TOTAL DEFERRALS
(millions)



Break-Even Monitoring | 2021/22

239

Financial years

FY2018

FY2019

FY 2020

FY 2021

FY2022

Clubs required to submit BE info in Oct 2021 & March 2022

91

Clubs exempt
(*income/expenses < €5M*)

9

Clubs' assessment
temporarily suspended
(*RUS, UKR*)

134

Clubs under CFCB monitoring

5

Clubs under settlement



Break-Even Monitoring | 2021/22 compliance process

134

Clubs under CFCB monitoring

19

Clubs under close monitoring

*BE deficits reduced thanks to COVID adj
and/or surpluses from historical years*

2

Clubs fined for minor
breaches to the BE rule



Fine €10k - €100k

10

Proceedings opened by CFCB FC

8

Clubs in breach of BE rule -
Conclusion of SA with CFCB





UEFA Financial Sustainability Rules

WE CARE ABOUT FOOTBALL

Consultation with stakeholders

- UEFA completed a **wide consultation process** involving all football stakeholders: National Associations; ECA; EL; Supporters, European Commission; European Parliament; Council of Europe;
 - Clear need and case for regulations **on financial sustainability**;
 - The system shall **reinforce protection of creditors**;
 - The system shall allow for **better cost control**;
 - The system shall allow for **sustainable investments that can encourage growth**;
 - The system shall **take into account the huge diversity of football clubs** in terms of size, legal structures and business models;
 - The systems shall **allow to identify breaches as they occur**;
 - There needs to be dissuasive **financial and sporting penalties**.
-

Agenda

1 The 3 pillars of the Financial sustainability

2 Solvency : No overdue payables

3 Stability: Football earnings rule

4 Cost control: Squad cost rule

5 Licensor assessment

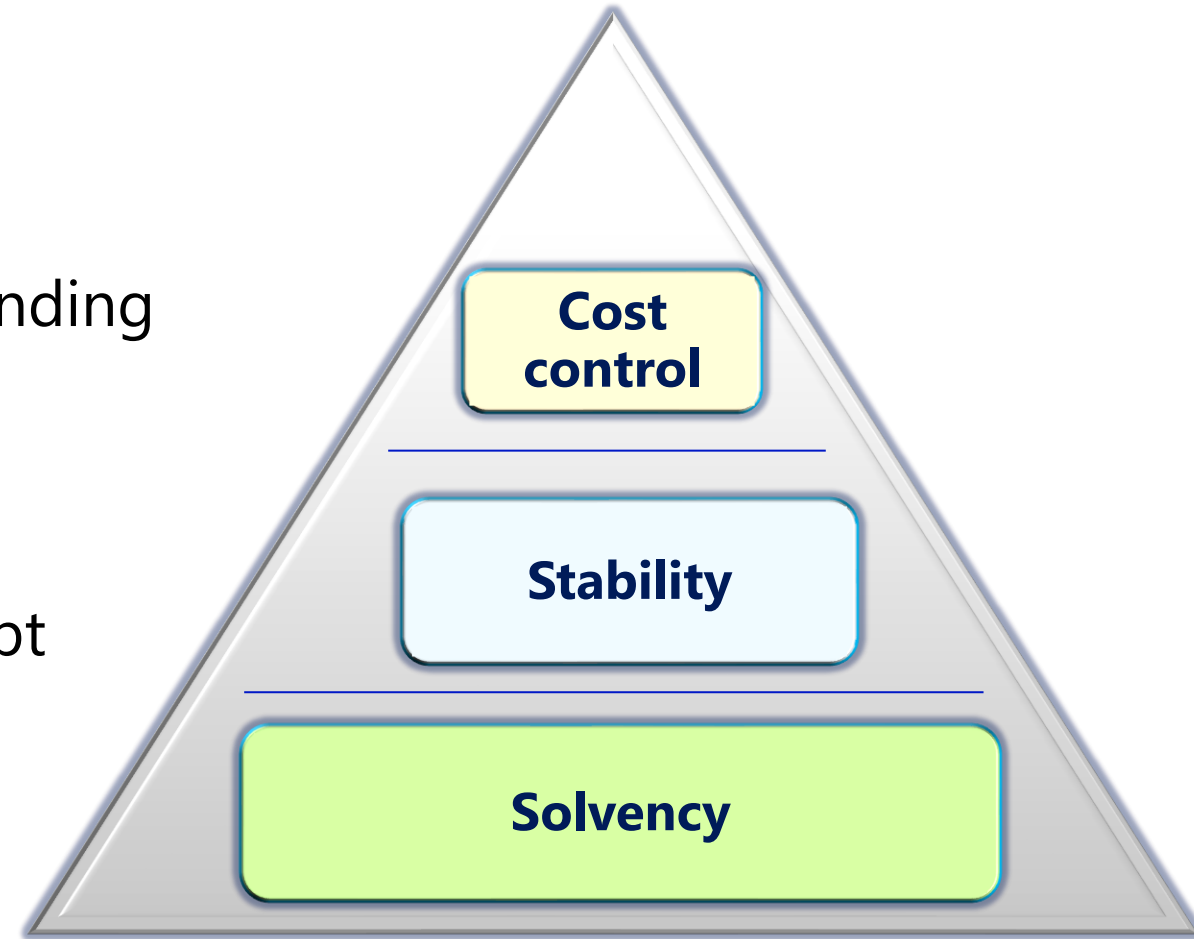
6 Transition

UEFA Club monitoring

Proposed approach **3** pillars

- **Squad cost rule** - Ensure rationale spending and viable business in the long term
- **Football earnings rule** - Reinforce balance sheet and stop piling up of debt
- **No overdue payable rule** - Ensure protection of creditors

Main objective Financial sustainability



Scope of application and exemption – club monitoring

Measure:	For clubs as from:	For clubs with employee benefits expenses:		
		EBE < €5m	EBE €5m to <€30m	EBE > €30m
Club information	Qualification rounds	✓	✓	✓
No overdue payables rule	Qualification rounds	✓	✓	✓
Football earnings rule	Qualification rounds	Exempt	✓	✓
Squad cost rule	Group stage	Exempt	Exempt	✓

Club information

Club monitoring:
Article 78

Formalised and enhanced disclosure requirements for licensees:

- a) Legal group structure (information per CL Article 62)
- b) Ultimate controlling party, ultimate beneficiary, and any party with significant influence (information per CL Article 63)
- c) Any other football club(s) over which control or significant influence is held by any of the parties identified in (a) and (b) and/or any key management personnel

Disclosure of situation as at the licensee's annual accounting reference date in the calendar year in which the club competitions commence.

Implementation:

- Enhancement of existing requirements of the CI package in the IT Solution
 - For licence season 2022/23, enhanced disclosure requirements as at the licensee's annual accounting reference date in 2022
-



Solvency requirements:
No overdue payables

No overdue payables rule

Articles 80 to 83

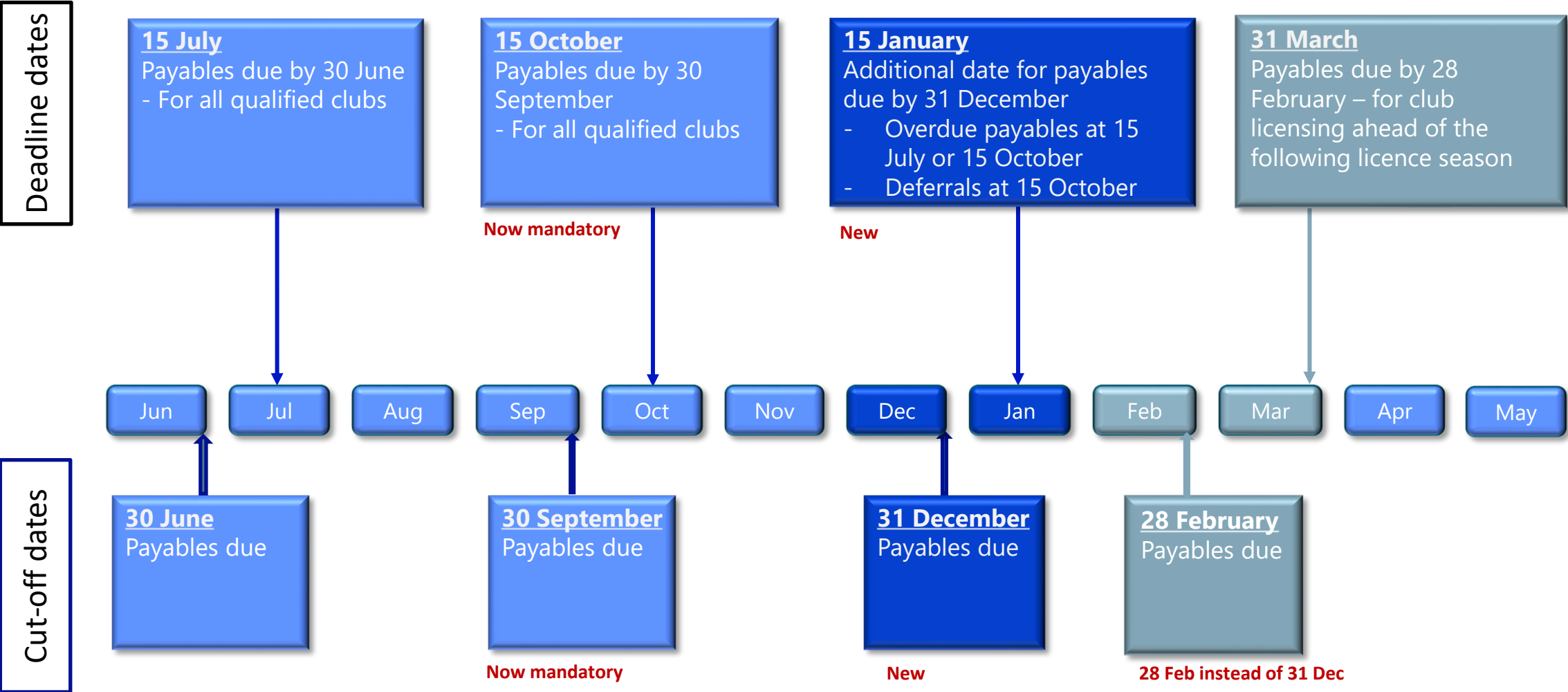
Enhanced no overdue payables requirements for licensees in respect of:

- a) Football clubs for player transfers
- b) Employees (extended to cover service providers and all people performing functions associated with senior and youth teams)
- c) Social/tax authorities
- d) UEFA and additional entities to be designated by UEFA (new requirement)

Implementation:

- For club monitoring for licence season 2022/23 – no overdue payables as at 15 July 2022, 15 October 2022 and, if applicable, 15 January 2023
 - For club licensing ahead of licence season 2023/24, no overdue payables will first apply as at 31 March 2023 (Articles 70 to 73)
-

No overdue payables: Annual cycle of monitoring



No overdue payables: Implications of a breach

Article 96

Failure to fulfil the no overdue payables rules:

- Decision-making process in accordance with the Procedural rules governing the CFCB
 - If there is an overdue payable for more than 90 days, this will be an aggravating factor
-



Stability requirements: Football earnings rule

Football earnings rule

3 years calculation based on P&L. Similar to the break-even rule, but some key differences

A licensee is in compliance if, for a monitoring period, it has:

- a) An aggregate football earnings surplus; or
- b) An aggregate football earnings deficit within the acceptable deviation

Gradual implementation before licence season 2025/26:

- For the licence season 2022/23 – break-even requirements per UEFA Club Licensing and Financial Fair Play Regulations (Edition 2018) continue to apply
- For the license season 2023/24 – only requirement is to submit football earnings information for the reporting period ending in 2023
- For the license season 2024/25 – requirement to submit football earnings information for the reporting periods ending in 2023 and 2024, aggregate football earnings calculated based on these two periods only

Football earnings rule: Calculation of football earnings

Football earnings for a reporting period =

Relevant income

- Gate receipts
- Broadcasting rights
- Sponsorship and advertising
- Commercial activities
- UEFA solidarity and prize money
- Other operational income
- Profit/income from player transfers
- Profits from disposal of tangible assets (excess proceeds only)
- Non-operating income
- Financial income
- Foreign exchange result

Relevant expenses

- Cost of sales/materials
- Employee benefit expenses - players
- Employee benefit expenses – other employees
- Other operating expenses
- Amortisation/impairment of player registrations/loss on disposal of player registrations
- Non-operating expenses
- Finance costs / dividends

Adjustments

- Non-monetary items
- Income/expense transactions above/below fair value
- Income/expenses from non-football operations not related to club
- Income from a reduction of liabilities arising from creditor protection procedures
- Excess proceeds on disposal of tangible assets
- Profit/loss on disposal and depreciation/impairment of tangible assets
- Profit/loss on disposal and amortisation/impairment of certain intangible assets
- Tax income/expense

Relevant investments

- Youth development activities
- Community development activities
- Women's football activities
- Non-football operations related to the club
- Finance costs directly attributable to the construction/modification of tangible assets

Upwards adjustments only if covered either by contributions or equity at the end of reporting period T

Items not included in the calculation of football earnings

Football earnings rule: Relevant investments

Article 89
Annex J

Relevant investments:

- Relevant investments include expenditure for the **long-term benefit of football**.
- They may be an adjustment to aggregated football earnings result.
- However, the upward adjustment can only be made for relevant investments **if the aggregate amount of any such adjustments is covered by :**
 - (i) contributions; or
 - (ii) equity at the end of reporting period T.that have not already been used to cover acceptable deviation.

Relevant investments

Youth development activities

Community development activities

Women's football activities

Non-football operations related to the club

Finance costs directly attributable to the construction/modification of tangible assets

Football earnings calculation

	Monitoring PERIOD		
As assessed in licence season:	T	T-1	T-2
2025/2026	2025	2024	2023

Aggregate football earnings

an *aggregate* football earnings result is assessed over three reporting periods (T, T-1, T-2)

	Acceptable deviation		
As assessed in licence season:	Max aggregate BE deficit (without contributions/equity)	Max aggregate BE deficit (deficit > 5m covered by contributions/equity)	
2025/2026	€5 million	€60 million	
		€10m	€10m
		€10m	€10m

Acceptable Deviation €5m

- Excess to a maximum of €60m if fully covered by **contributions or equity**
- If conditions are met + €10m per year in compliance:
 - Condition 1: *Positive equity*
 - Condition 2: *Quick ratio > 1*
 - Condition 3: *Sustainable debt ratio < 3*
 - Condition 4: *No Going concern*
 - No CFCB sanction or settlement agreement

Scenario Football earnings requirements

		Case 1	Case 2
		Agg FE Surplus	Agg FE < 5m AD
Net result Financial statements T, T-1, T-2	A	12'000	-9'000
Adjustments	B	4'000	4'000
Aggregated football earnings T-1, T-2, T-3	C=A+B	16'000	-5'000
Acceptable deviation minimum	D		5'000
Deficit in Excess of Acceptable deviation minimum	E=C+D		0
Contributions	F		
Closing equity T	G		
Max Equity, contributions T	H=Min(F,G)		
Acceptable deviation increase up to EUR 55M	I=Min(-E,H)		
Deficit in Excess of acceptable deviation	J=E+I		
Contributions not used for the acceptable deviation	K		
Total Investments	L		
Relevant investments	M=Min(K,L)		
Deficit in Excess of the acceptable deviation total	N=J+M		
Football earnings compliance		Compliant	Compliant

Scenario Football earnings requirements

		Case 1	Case 2	Case 3	Case 4	Case 5	Case 6	Case 7	Case 8
		Agg FE Surplus	Agg FE < 5m AD	Agg FE < 60m AD		Agg FE > AD	Agg FE < AD + Investments	Agg FE > AD + Investments	
Net result Financial statements T, T-1, T-2	A	12'000	-9'000	-8'000	-8'000	-8'000	-80'000	-80'000	-80'000
Adjustments	B	4'000	4'000				5000	5000	5000
Aggregated football earnings T-1, T-2, T-3	C=A+B	16'000	-5'000	-8'000	-8'000	-8'000	-75'000	-75'000	-75'000
Acceptable deviation minimum	D		5'000	5'000	5'000	5'000	5'000	5'000	5'000
Deficit in Excess of Acceptable deviation minimum	E=C+D		0	-3'000	-3'000	-3'000	-70'000	-70'000	-70'000
Contributions	F			8'000	15'000	0	50'000	50'000	50'000
Closing equity T	G			15'000	8'000	2'000	70'000	65'000	65'000
Max Equity, contributions T	H=Min(F,G)			15'000	15'000	2'000	70'000	65'000	65'000
Acceptable deviation increase up to EUR 55M	I=Min(-E,H)			3'000	3'000	2'000	55'000	55'000	55'000
Deficit in Excess of acceptable deviation	J=E+I			0	0	-1'000	-15'000	-15'000	-15'000
Contributions not used for the acceptable deviation	K						15'000	10'000	10'000
Total Investments	L						18'000	18'000	8'000
Relevant investments	M=Min(K,L)						15'000	10'000	8'000
Deficit in Excess of the acceptable deviation total	N=J+M						0	-5'000	-7'000
Football earnings compliance		Compliant	Compliant	Compliant	Compliant	Non compliant	Compliant	Non compliant	Non compliant

Failure to comply with football earnings rule requirements:

- Decision-making process in accordance with the Procedural rules governing the CFCB
- CFCB makes a decision, taking into consideration precedent decisions and other factors as defined in Annex M
- CFCB may conclude a settlement agreement with the licensee or impose disciplinary measures



Cost control requirements: Squad cost rule

Squad cost rule

Articles 92 to 94
Annex K

A licensee's squad cost ratio for the licence season must be no greater than the defined limit of 70%.

$$\text{Squad cost ratio \%} = \frac{\begin{array}{l} \text{Sum of:} \\ \text{i. employee benefits expenses} \\ \text{ii. amortisation/impairment} \\ \text{iii. costs of agents/intermediaries/connected parties} \end{array}}{\begin{array}{l} \text{Divided by sum of:} \\ \text{iv. adjusted operating revenue} \\ \text{v. net transfers result *} \end{array}}$$

*: all elements calculated over 12m to 31 December, except net transfers result over 36m in average to 31 December

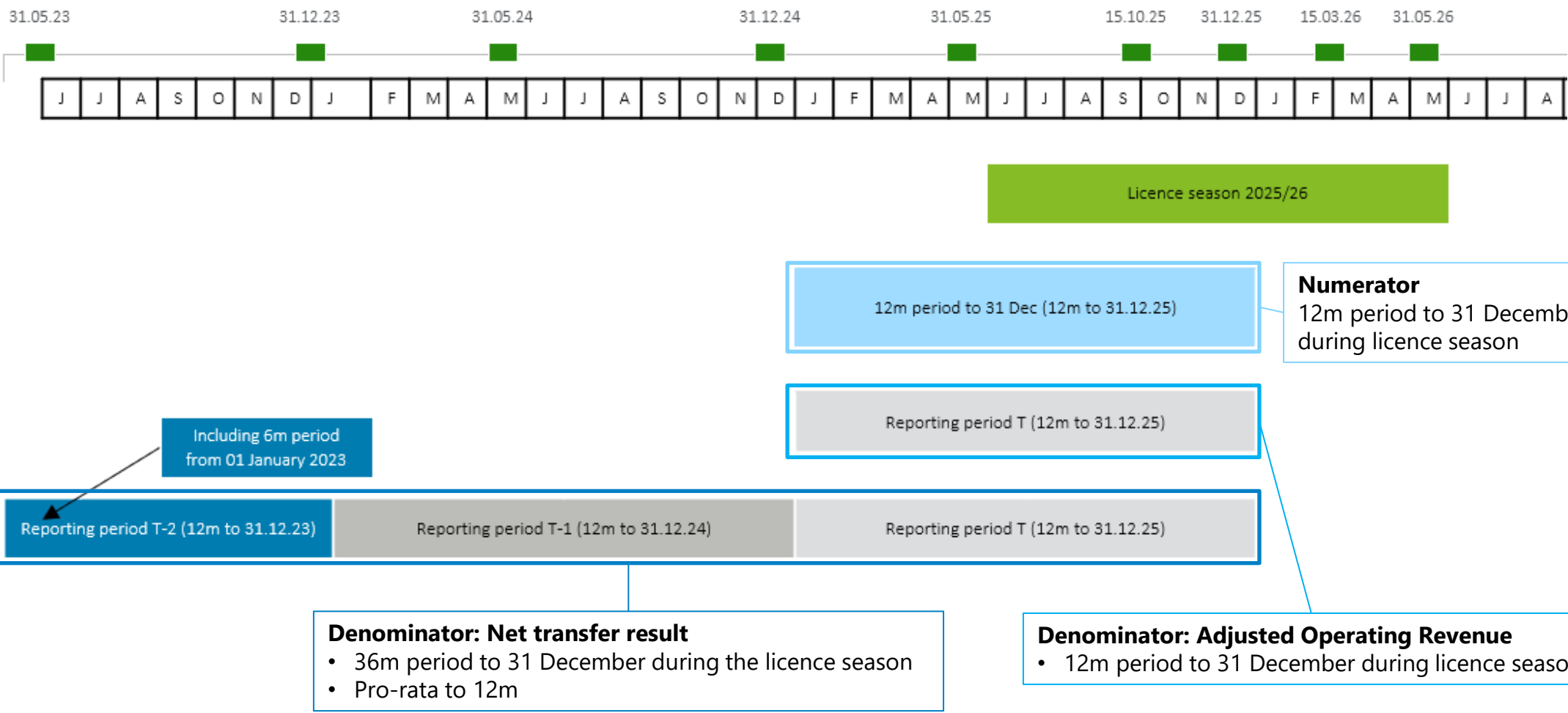
Gradual implementation before licence season 2025/26:

- 2022/23: not applicable

- 2023/24: 90%

- 2024/25: 80%

Squad cost rule: Illustration of relevant periods if 31 December year end



Squad cost rule: Calculation of the financial disciplinary measure

Annex L

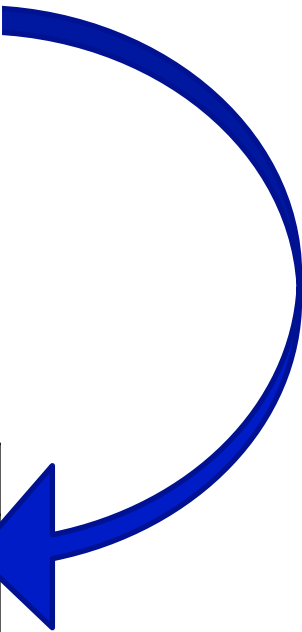
The grid taken into consideration by the CFCB in calculating the financial disciplinary measure (Annex L.4).

Squad cost ratio % points above defined limit	First time in breach	Second time in breach	Third time in breach	Fourth time in breach
>0 - ≤10	10% - 25%	25% - 50%	50% -75%	75% -100%
>10 - ≤20	25% - 50%	50% -75%	75% -100%	
>20 - ≤30	50% -75%	75% -100%		
> 30	75% -100%			

Sanctioning model:

Actual	
in millions EUR	
EBE, Amortisation, agents	225
Operating Revenue, Net transfers result	300
Squad cost ratio 75%	

	1 st breach	2 nd breach	3 rd breach	4 th breach
EBE difference in value	+15m			
Sanctioning grid	10-25%	25-50%	50-75%	75-100%
Prize money retention in m€	1.5 - 3.75	3.75 - 7.5	7.5 - 11.25	11.25 - 15
Sporting sanctions	n/a	n/a	Yes	Yes





CFCB

WE CARE ABOUT FOOTBALL

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. Decide on cases related to the club's eligibility for UEFA club competitions (licence and integrity rules);
 3. Determine whether financial sustainability requirements have been fulfilled;
 4. Impose disciplinary measures in case of breaches based on procedural rules.
-

Club Financial Control Body

First Chamber

Conducts the investigations, determines the facts, impose disciplinary measures.

Chairman:

Sunil Gulati, United States of America

Vice-Chairwoman:

Petra Stanonik Bosnjak, Slovenia

Other Members:

Jacobo Beltran, Spain
Michael Bolingbroke, England
Marco Di Siena, Italy
Egon Franck, Germany
Helmut Schwärzler, Liechtenstein

Appeals Chamber

Decides on appeals against decision made by the First Chamber

Chairman:

Didier Poracchia, France

Vice Chairman:

Charles Flint QC, England

Other Members:

Louise Reilly, Ireland
Giovanni Facci, Italy
Adam Giersz, Poland

CAS

Final decision can be appealed before the Court of Administration for Sport



WE CARE ABOUT FOOTBALL

Transition

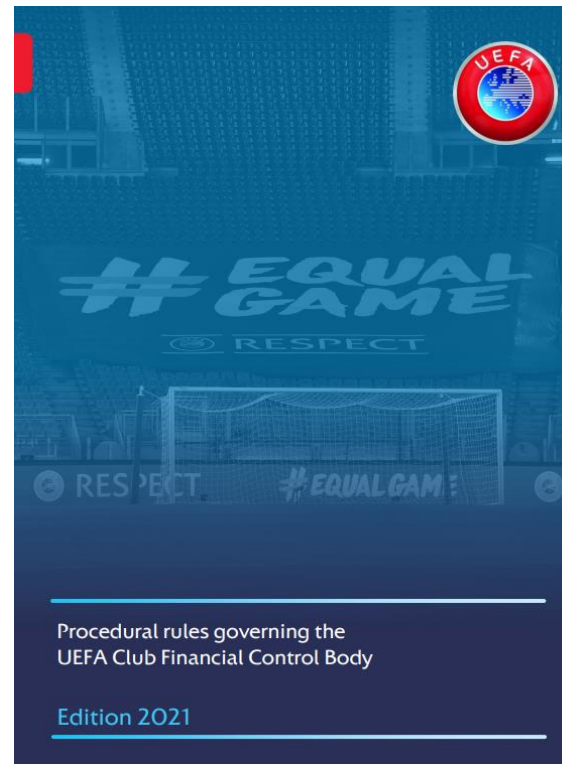
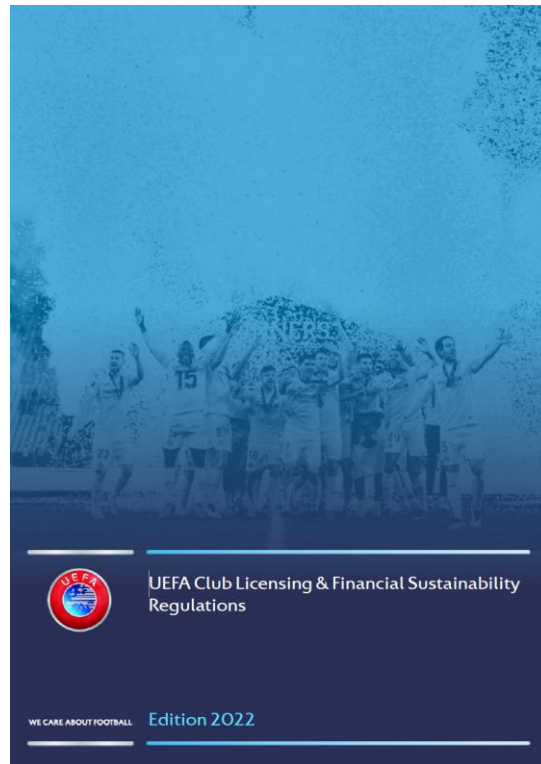
Timeline of gradual implementation – club monitoring

2022/23	2023/24	2024/25	2025/26
<p>Club information (full): At annual accounting reference date in 2022</p> <p>NOP (full): At Jul-22, Oct-22, Jan-23 (risk-based)</p> <p>Break-even (existing): For reporting periods ending 2019 (T-2), 2020/21 (T-1), 2022 (T)</p>	<p>Club information (full): At annual accounting reference date in 2023</p> <p>NOP (full): At Jul-23, Oct-23, Jan-24 (risk-based)</p> <p>Football earnings (submission only): For reporting period ending 2023 (T)</p> <p>Squad cost (90% limit): For calendar year 2023 and net transfers result over 1, 2 or 3 years</p>	<p>Club information (full): At annual accounting reference date in 2024</p> <p>NOP (full): At Jul-24, Oct-24, Jan-25 (risk-based)</p> <p>Football earnings (for 2 reporting periods): Reporting periods ending 2023 (T-1) and 2024 (T)</p> <p>Squad cost (80% limit): For calendar year 2024 and net transfers result over 2 or 3 years</p>	<p>Club information (full): At annual accounting reference date in 2025</p> <p>NOP (full): At Jul-25, Oct-25, Jan-26 (risk-based)</p> <p>Football earnings (full) : For reporting periods ending 2023 (T-2), 2024 (T-1) and 2025 (T)</p> <p>Squad cost (70% limit): For calendar year 2025 and net transfers result over 3 years</p>

Summary

- Clubs with a UEFA license and qualified for a UEFA competition are subject to the club monitoring:
 1. Overdue payable monitoring in July, October (and January).
 2. Football earnings if their employee benefit expenses are greater than EUR 5m
 3. Squad costs rule if their employee benefit expenses are greater than EUR 30m
- Aggregated Football earnings must be a surplus or within the acceptable deviation.
- Squad costs ratio must be less than 70%.
- Transition period with gradual implementation until the monitoring period 2025/26.
- In case of breach, the CFCB will make a decision in accordance with Procedural rules governing the CFCB.

CL/FS | Important Regulations



UEFA Club Licensing and Financial Sustainability Toolkit

Edition 2022



CLFS Regulations: Content and Implementation



Thank you for your attention!