



TO ALL LICENSORS

For the attention of the Licensing Managers:

Your reference

Your correspondence of

Our reference
CFCB/FC/MCO

Date
14.05.2024

**Admission procedure to the 2024/25 UEFA men's club competitions
Multi-Club Ownership rule and related interpretation of "decisive influence"**

Dear Madams, Dear Sirs,

The UEFA Administration recently published the UEFA men's club competitions regulations, i.e. the Regulations governing the 2024/25 UEFA Champions League, UEFA Europa League and UEFA Conference League ("Competition Regulations"), which were approved by the UEFA Executive Committee on 20 March 2024 and entered into force on 1 May 2024.

Those Competition Regulations foresee that, *inter alia*, to be eligible to participate in one of the above-mentioned competitions, clubs must prove that, as at 3 June 2024, they comply with the rules aimed at ensuring the integrity of the competitions, namely the Multi-Club Ownership ("MCO") rule, defined in Article 5 of the Competition Regulations, and must comply with such rule until the end of the 2024/25 UEFA competitions season.

In particular, the MCO rule foresees in Article 5.01 c) of the Competition Regulations that no individual or legal entity may have "control" or "decisive influence" over more than one club participating in UEFA club competitions. In such a case, the rules of Article 5 shall apply.

As per the Competitions Regulations, if there is a doubt as to whether clubs fulfil the MCO rule, the case is referred to the UEFA Club Financial Control Body ("CFCB"), which then decides on the admission of the clubs concerned in accordance with the *Procedural rules governing the UEFA Club Financial Control Body* ("Procedural Rules").

For the purposes of complying with Article 5 of the Competition Regulations, the CFCB First Chamber would like to provide clarifications on the interpretation of "decisive influence". The CFCB First Chamber does not deem it necessary to clarify the notion of "control" which is already defined in the Competition Regulations.

Since its creation in July 2021, the CFCB First Chamber has applied the following indicators when assessing whether a party (i.e. a natural or legal person, a legal entity or a government), either alone or in aggregate together with a related party, directly or indirectly, has the capacity to exercise a decisive influence in the decision-making of a club:

a. Decisive influence through shareholders' or members' rights

- i. If a party* holds 30% or more of the club's total shares, the shareholders' or members' voting or economic rights.
- ii. If a party* holds 10% or more of the club's total shares, the shareholders' or members' voting or economic rights and is also the largest shareholder of the club.

b. Decisive influence through financial support:

- i. If a party* accounts to 30% or more of the club's total operating revenue.
- ii. If a party* lends to the club an amount equivalent to 30% or more of the club's total borrowings from related parties** (including accounts payables to related parties, shareholder loans, convertible loans).
- iii. If a party* provides financial support to the club in the form of additional paid-in capital, through share premium reserves, up to an amount equivalent to 30% or more of the premium reserve.
- iv. If a party* provides financial security over the club's borrowings.
- v. If a party* (excluding banks) provides financing to the club which is secured through a pledge of the club's shares, an assignment of the club's receivables or charge over the club's assets.

c. Decisive influence through governance:

- i. If a party* holds any position in the club's governing bodies (i.e. any administrative, executive, management and supervisory bodies of the club) or a club's key executive position (such as President, CEO/general director, CFO/finance director, sporting/football director).
- ii. If a party* has the ability to appoint or remove 30% or more of the members, or holds 30% or more of voting or economic rights, in the club's governing bodies.
- iii. If a party* has the ability to appoint or remove the club's key executives or the first squad's head coach.
- iv. If a party* has the ability to influence key executive decisions (such as player transfers, budget approval, key commercial contracts), or benefits from specific contractual or statutory privileged rights with respect to the club's governance, through veto rights or any other privileged rights.

d. Decisive influence through player transfers:

- i. If a club has transferred, permanently or temporarily, 3 or more players with the other club, directly or indirectly via related parties**, during the season.

For the avoidance of doubt, clubs subject to MCO proceedings before the CFCB First Chamber will not be entitled to transfer, permanently or temporarily, any new players between each other, directly or indirectly via related parties**, during the competition season nor during the first transfer window immediately thereafter.

- ii. If a party* enters into a contract, such as player scouting or software/database arrangements, with the club by which it acquires the ability to influence the decision-making of the club in player-employment and transfer-related matters.

* either alone or in aggregate together with a related party, directly or indirectly

** as defined in the UEFA Club Licensing and Financial Sustainability Regulations

If one or more of the above-mentioned indicators are triggered, the CFCB First Chamber considers that a party has the capacity to exercise a decisive influence in the decision-making of a club.

In situations where the above-mentioned indicators are not triggered, a detailed multi-criteria assessment will still be performed to determine whether or not a party has the capacity to exercise a decisive influence, taking into account the substance and not merely the form. The development of new forms of cooperation and influence between clubs and third parties suggests a broad interpretation of the concept; indeed, even if a club, individual or legal entity does not have *de jure* decisive influence over a club, it may still be able to exercise *de facto* decisive influence over such a club.

The CFCB First Chamber appreciates that the short time between the approval of the Competition Regulations on 20 March 2024 and the deadline of 3 June 2024 may prove difficult for certain clubs to comply with the MCO rule considering the above-mentioned indicators.

Indeed, the CFCB First Chamber is aware that compliance with the MCO rule may necessitate the sale of shares in a club which may not be feasible considering the short timeframe laid down in the new Competition Regulations.

For this reason and provided that (i) as at 20 March 2024, the clubs already faced potential non-compliance with the MCO rule and (ii) as at 3 June 2024, the clubs do not trigger any of the indicators listed in points (b), (c) and (d) above, the CFCB First Chamber considers it appropriate to provide the concerned party with a temporary alternative.

Such alternative shall consist in the transfer or the assignment of all its shares in a club to an independent third party, such as a blind trust, whereby all the decision-making of the club will solely rest under the control of the third party/trustee who will be bound by the fiduciary duty to act in the best interest of the club exclusively. It is understood that, in such cases, the CFCB First Chamber will oversee the set-up of the independent structure to ensure it satisfies the MCO rule.

For the avoidance of doubt, this temporary alternative is granted by the CFCB First Chamber on an exceptional basis for the 2024/25 UEFA competitions. As such, the CFCB First Chamber will not be bound by this alternative when assessing clubs' compliance with the MCO rule for participation in UEFA competitions in subsequent seasons.

Moreover, the above-mentioned indicators are those applied by the CFCB First Chamber to date and applicable for the 2024/25 season under the 2024/25 Competition Regulations. Such indicators may be revised in subsequent seasons in line with the potential evolution of the MCO rule in the next editions of the regulations governing participation in UEFA club competitions.

We ask all licensors to promptly inform all their affiliated clubs of the present communication.

The UEFA Administration remains at your disposal to clarify any questions you might have.

Thank you for your attention. Yours sincerely,

UEFA Club Financial Control Body



Sunil Gulati
Chairman of the CFCB First Chamber

cc: - European Club Association (ECA)
- European Leagues (EL)