



COMPLIANCE AND INVESTIGATION ACTIVITY REPORT 2021–23

Bulletin 2023

UEFA CLUB LICENSING AND
FINANCIAL SUSTAINABILITY





FOREWORD



Dear friends of football,

As chair of the First Chamber of the UEFA Club Financial Control Body (CFCB), it is with great pleasure that I present to you the latest edition of our Compliance and Investigation

Activity Report, containing insights and updates on the major aspects of club licensing and financial monitoring within European football.

The First Chamber of the CFCB has played a key role in monitoring clubs that are navigating economic challenges arising from the COVID-19 pandemic. We have made decisions to provide support, guidance and flexibility where necessary, recognising the unprecedented circumstances that have impacted football clubs on a global scale.

This edition of the bulletin is marked by a series of important decisions made by the First Chamber. Throughout the two seasons under review, we have undertaken a rigorous examination of clubs' financial situations, ensuring compliance with UEFA's regulatory framework. The First Chamber has demonstrated its commitment to fostering financial stability and discipline within European club football through a number of noteworthy decisions, addressing instances of financial irregularities and upholding the highest standards of accountability.

Clubs that have faced challenges in meeting the requirements set forth in the UEFA regulations have been subject to fair and judicious proceedings. The decisions rendered by the First Chamber underscore the importance of financial stability and responsible spending, further reinforcing UEFA's commitment to maintaining the integrity of the sport.

Moreover, in light of the changing landscape in which new types of investor have appeared in European club football, and after several years without any such cases on its desk, the First Chamber had to deal with three cases of multi-club ownership involving a total of six clubs between the end of May and early July 2023, in application of the rules aimed at ensuring the integrity of the UEFA club competitions.

The First Chamber remains committed to upholding the principles of fairness, transparency and accountability. In that spirit, this bulletin serves as a comprehensive resource, offering a detailed overview of the latest decisions of the CFCB. From regulatory updates to case studies, the content of the report reflects UEFA's commitment to financial sustainability in European club football.

Before looking to the future, which will include a period of transition with the implementation of the new UEFA Club Licensing and Financial Sustainability Regulations, I would like to extend my gratitude to my fellow members of the First Chamber, the UEFA administration, the UEFA member associations and clubs who have actively contributed to the work of the CFCB during these two last seasons.

I now invite you to delve into this latest bulletin, absorbing the information it provides. May it serve as a valuable resource for you and for all who are passionate about the enduring success of our sport.

Wishing you an enjoyable and insightful read.

Sincerely,

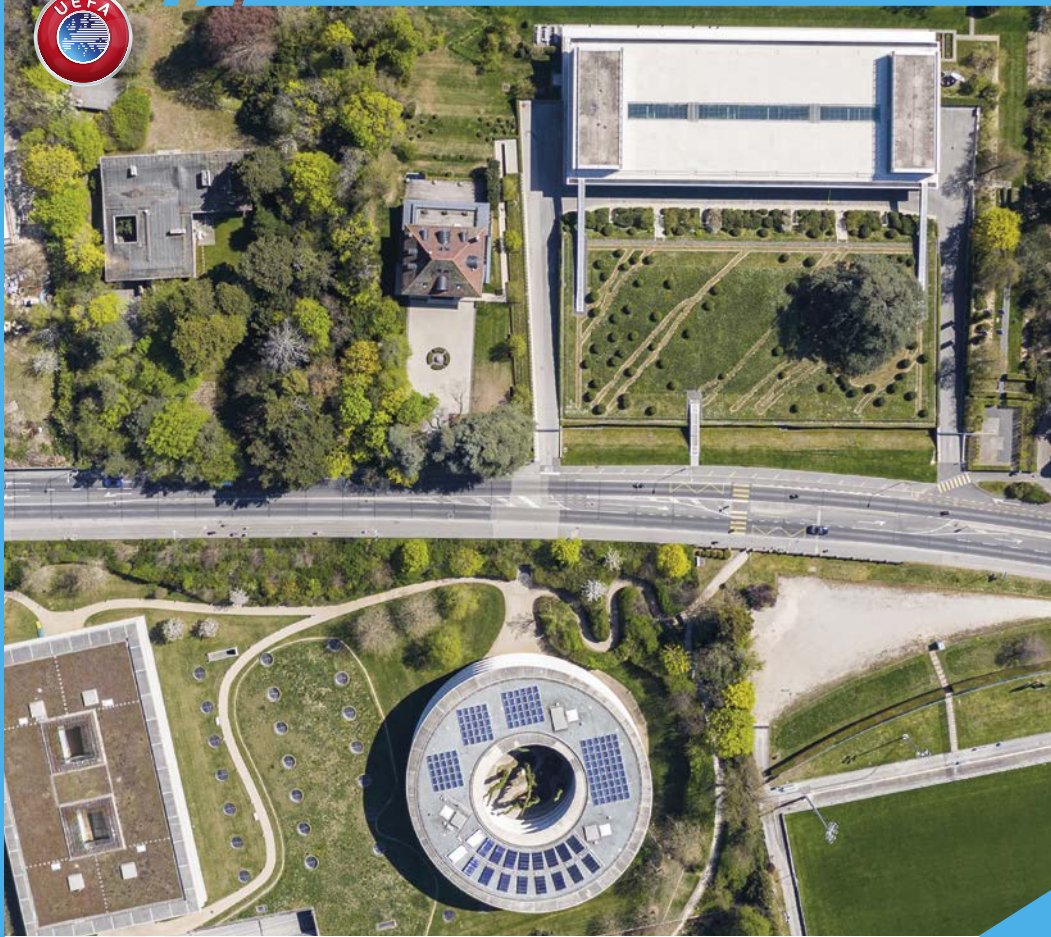
Sunil Gulati

Chair of the CFCB First Chamber



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1

INTRODUCTION

For more than a decade, the CFCB has played a fundamental role in the application and assessment of both the UEFA club licensing system and the UEFA club monitoring process in all UEFA member associations.

This bulletin outlines the key decisions taken by the CFCB in the two seasons under review (2021/22 and 2022/23) and provides an overview of UEFA's compliance activities with the aim of increasing the transparency of the CFCB's work for the benefit of European football stakeholders.

The last two seasons were marked by important regulatory changes. Firstly, the pandemic highlighted the need to adapt the requirements applicable to clubs to ensure European club football's financial stability and sustainability. In 2022, the UEFA Executive Committee approved the new UEFA Club Licensing and Financial Sustainability Regulations (CL&FS Regulations), which replaced the previous UEFA Club Licensing and Financial Fair Play Regulations (CL&FFP Regulations) and reinforced the UEFA club monitoring process with the introduction of new solvency, stability and cost-control requirements.

Additionally, there was a major change in the organisation of the CFCB, with the adoption of the new edition of the Procedural rules governing the UEFA Club Financial Control Body (CFCB Procedural rules) in July 2021. A new structure, with the CFCB First Chamber, succeeded the previous CFCB Investigatory Chamber. The CFCB now has a classic first instance and appeals structure.

As UEFA's annual benchmarking reports have shown, these two seasons saw the football industry start to recover from the significant damage caused by the unprecedented COVID-19 pandemic. Despite the temporary measures adopted by the UEFA Executive Committee to support clubs and licensors, the CFCB conducted two challenging monitoring processes in 2021/22 and 2022/23, with a record number of clubs subject to CFCB proceedings.

In practical terms, these two seasons marked the transition between the old and new regulations.

New solvency requirements were introduced in 2022/23 with an additional third overdue payables assessment in January. The implementation of quarterly monitoring of overdue payables by the CFCB and licensors meant that the decision-making process and decisions had to be adapted, as explained later in this bulletin.

The 2022/23 season also saw the last assessment of the break-even requirement, which will be replaced by new stability (football earnings rule) and cost-control requirements (squad cost rule) from the 2023/24 season onwards. In this respect, the First Chamber concluded transitional settlement agreements with clubs that were in breach of the former break-even requirement. These agreements, which are further detailed later in this bulletin, accompany clubs through the transitional period from the CL&FFP Regulations to the CL&FS Regulations.

With the increase of multi-club ownership in European club football, the First Chamber also had to decide on cases related to clubs' eligibility for UEFA competitions, in particular their compliance with the multi-club ownership rule. Having received no such cases since the 2016/17 season, the First Chamber was required to deal with an exceptional number of cases before the start of the 2023/24 season, which are summarised in this bulletin.

The final two sections of the bulletin highlight the key considerations of the First Chamber regarding the application of certain provisions of UEFA's regulatory framework and provide an outlook on future club monitoring processes.

We hope that this seventh bulletin will offer valuable insights into the First Chamber's compliance and monitoring activities during the course of the last two seasons and that it will also serve as a source of guidance for the future.

Pablo Rodriguez
Chief of Financial Monitoring
& Compliance



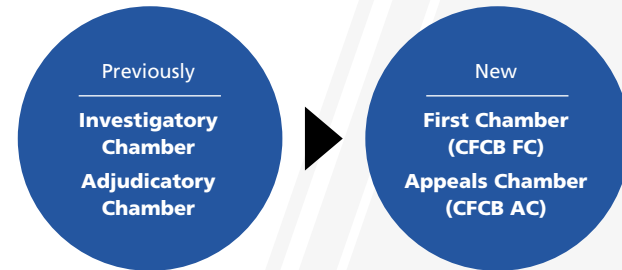
2

NEW CFCB STRUCTURE

The restructuring took effect on 1 July 2021, when the CFCB Investigatory and Adjudicatory Chambers were renamed as the CFCB First and Appeals Chambers.

In addition to the change of terminology, full decision-making powers were granted to the First Chamber. The role of the Appeals Chamber is to hear and review appeals against decisions of the First Chamber.

The key positions of CFCB chief investigator and CFCB chairman were replaced with those of chair of the First Chamber and chair of the Appeals Chamber. Besides the chair, each chamber comprises at least three other members, including a vice-chair.



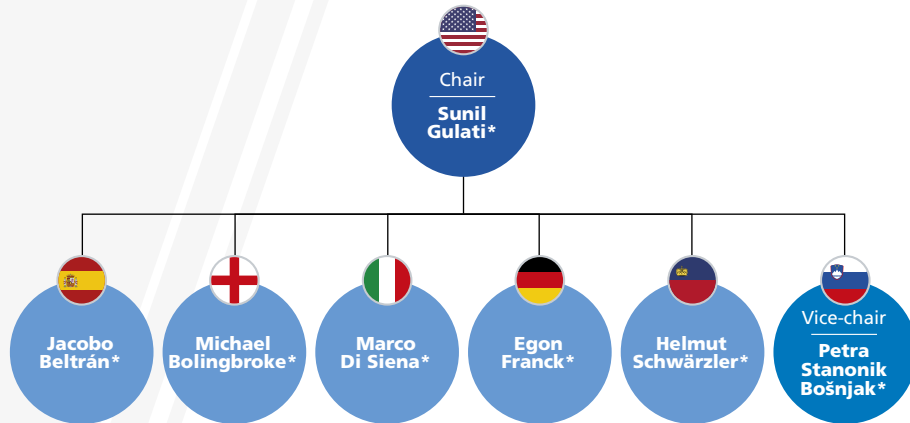
The CFCB now mirrors the classic first instance/appeals structure of the UEFA Control, Ethics and Disciplinary Body and the UEFA Appeals Body.



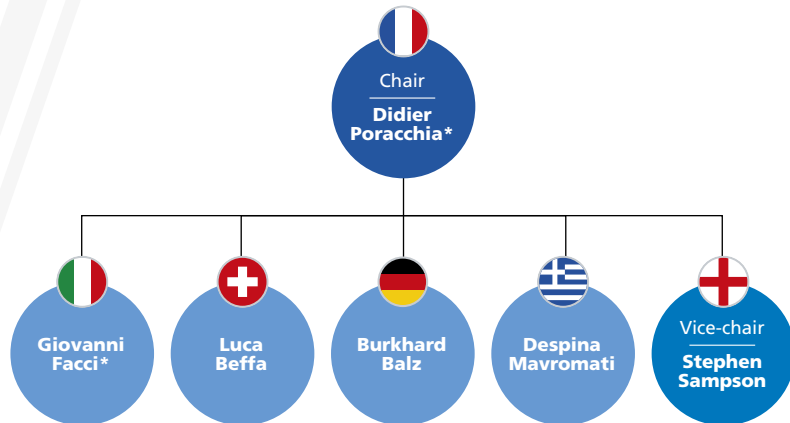


The CFCB is composed of a diverse group of experts, blending different backgrounds and expertise in legal or financial fields. Following the decision of the UEFA Executive Committee in July 2023, the current composition of the First Chamber and Appeals Chamber is as follows:

First Chamber



Appeals Chamber



*Members re-elected in July 2023

2.1

Updated Procedural rules governing the CFCB

A new version of the Procedural rules governing the CFCB entered into force on 1 July 2021, which introduced major changes to the CFCB's jurisdiction and decision-making process. Additionally, following the adoption of the UEFA Club Licensing & Financial Sustainability Regulations– Edition 2022, an update of the CFCB Procedural rules came into force on 1 June 2022.

Main objectives of the new CFCB Procedural rules



Advantages of the new CFCB structure

- ✓ The CFCB's decision-making process has become faster and more efficient.
- ✓ Legal certainty for the parties is achieved more rapidly since the Appeals Chamber no longer automatically reviews first-instance decisions, i.e. only if an appeal is lodged.
- ✓ The First Chamber's decision-making has been improved since all members vote on decisions, whereas previously, the chief investigator decided alone whether to refer a case to the Adjudicatory Chamber.
- ✓ Except for specific cases foreseen in the CL&FS Regulations or CFCB Procedural rules, two independent bodies with full power of review take decisions within UEFA, giving greater protection to defendants, since two decisions are made by UEFA chambers before an appeal can be lodged with the Court of Arbitration for Sport (CAS).



2.2

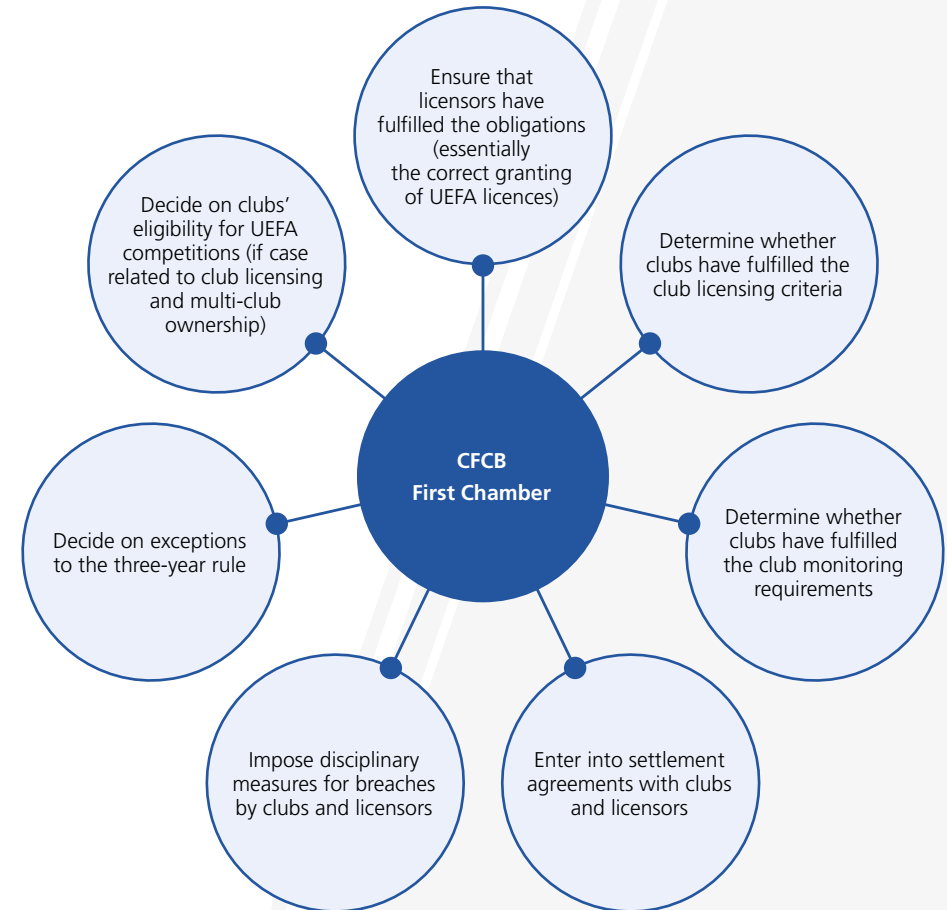
Jurisdiction and decision-making process

The competence of the First Chamber is broader than that of the former Investigatory Chamber. For example, the First Chamber may impose all the disciplinary measures listed in the CFCB Procedural rules and is no longer limited to the ones applicable to minor regulatory breaches. Under the previous structure, the Investigatory Chamber could only impose minor disciplinary measures in specific cases.

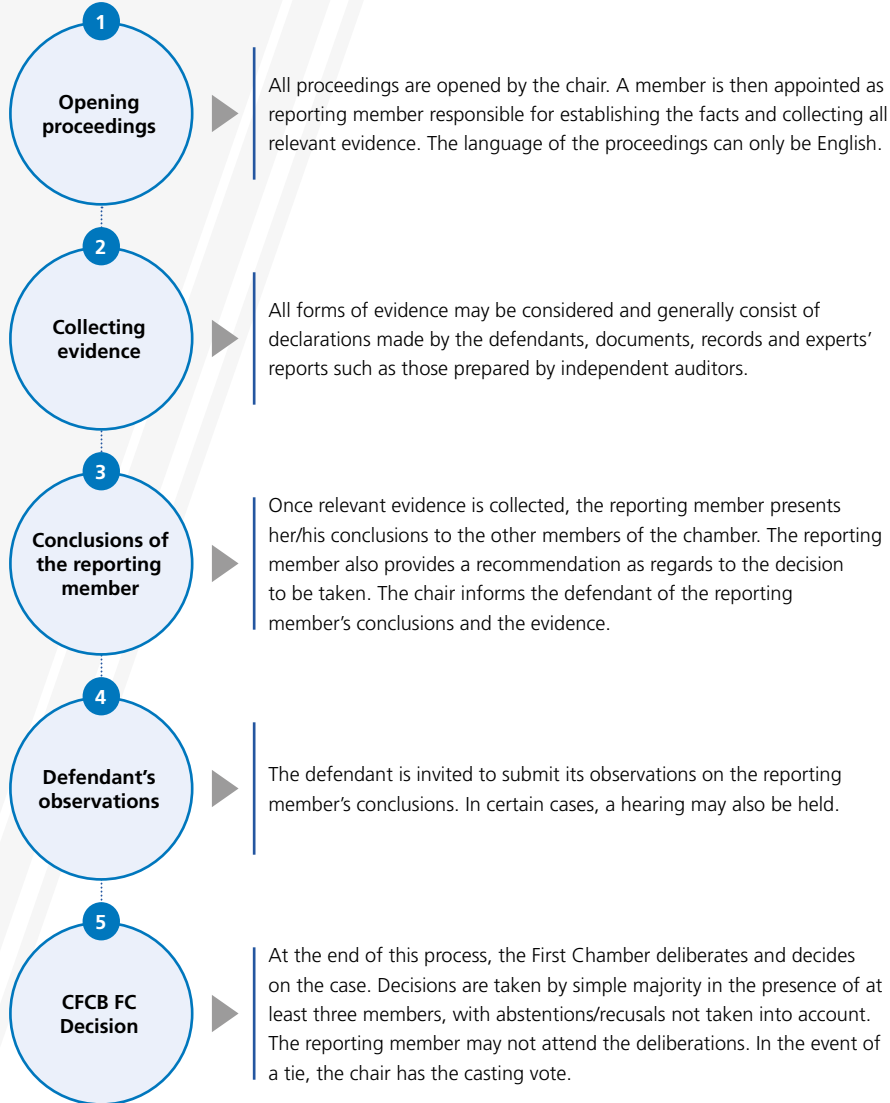
Additionally, the First Chamber may now also reject the admission of a club to UEFA competitions for matters falling in its scope of competence.

Finally, the First Chamber is now competent to decide on clubs' requests for exceptions to the three-year rule as defined in the CL&FS Regulations. Prior to 2021, this competence belonged to the UEFA administration.

Jurisdiction of the First Chamber



First Chamber decision-making process



At the end of its deliberations, the First Chamber may do any of the following:

- ✓ Dismiss the case
- ✓ Impose disciplinary measures
- ✓ Conclude a settlement agreement
- ✓ Accept or reject the club's admission to the UEFA competitions
- ✓ Accept or reject a request for an exception to the three-year rule



2.3

Monitoring process

Each season, the First Chamber's work spans a full 12-month period that generally starts as soon as UEFA receives the licensors' lists of licensing decisions on 31 May, before the start of the new season.

In parallel, the First Chamber also carries out investigations and decides on the admission to UEFA competitions of clubs referred to it by the UEFA administration. In order to ensure the smooth running of UEFA's club competitions, expedited procedures are required in such cases, since the First Chamber (and potentially the CAS) must issue final decisions before the relevant qualifying draw takes place.

For clubs admitted to the UEFA competitions, the monitoring process starts when they submit their first set of financial information before the mid-July deadline. Starting in August, the First Chamber checks that this information meets the club monitoring requirements, in particular the overdue payables requirements.

Under the new CL&FS Regulations, overdue payables are monitored as at three assessment dates, i.e. 15 July, 15 October and 15 January. Should any clubs have overdue payables to other clubs, their employees or social/tax authorities on any assessment date, a CFCB reporting member conducts an investigation and the First Chamber takes a decision around March.

The assessment of clubs' fulfilment of the break-even requirement takes longer, since it is based on the club's audited annual financial statements submitted in October (for those with a May/June annual accounting reference date) or March (for those with a November/

December annual accounting reference date). The First Chamber's work in this regard lasts until the end of the licence season, i.e. 31 May. Following the introduction of the football earnings rule in the CL&FS Regulations, the last assessment of the break-even requirement was performed during the 2022/23 monitoring process.

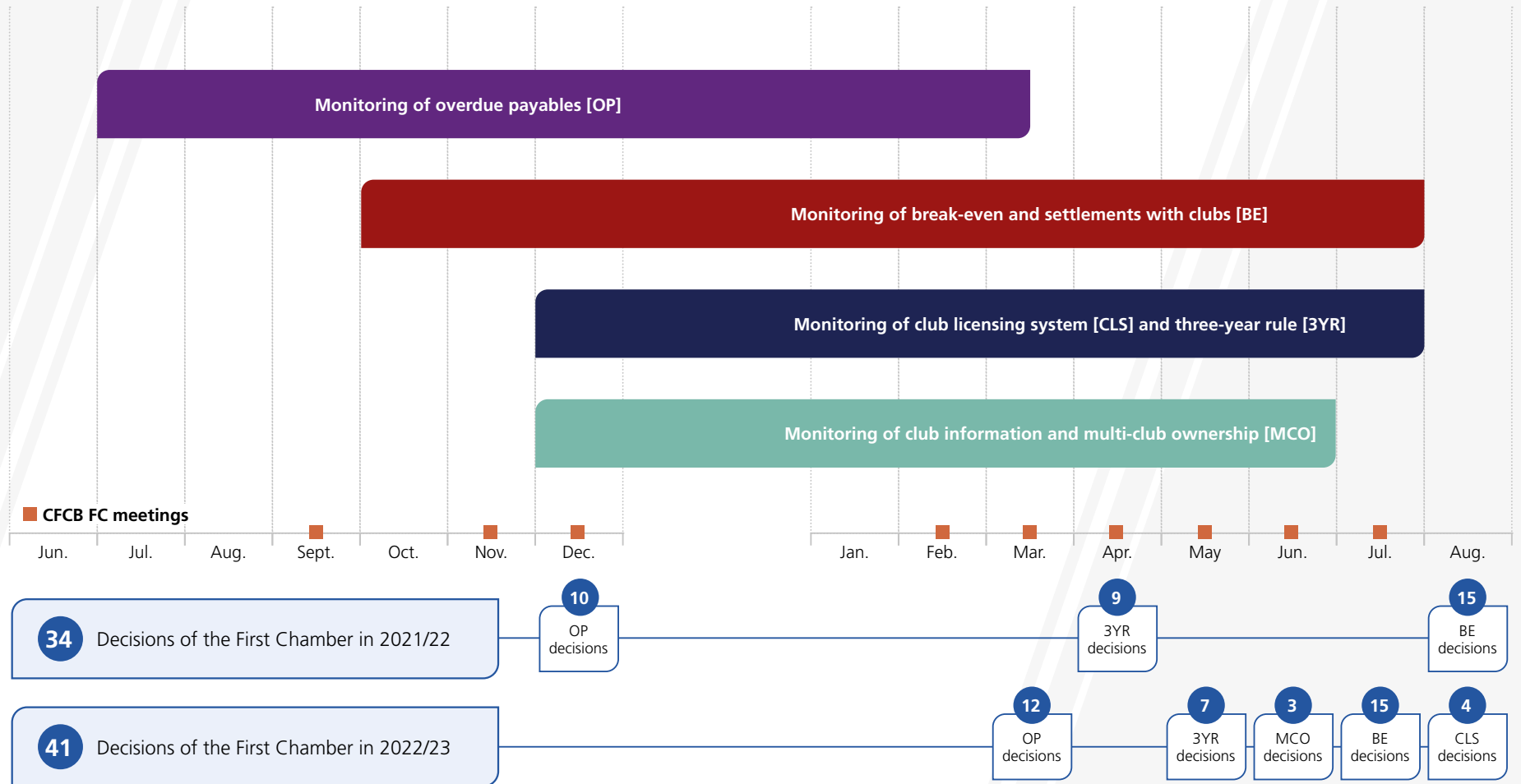
Alongside club monitoring, the First Chamber organises compliance audits of selected licensors or clubs to ensure that the UEFA club licensing system and club monitoring requirements have been properly complied with. Based on the independent auditors' report, the First Chamber then decides whether the selected licensors or clubs have fulfilled their obligations as defined in the CL&FS Regulations. Should issues be identified, the First Chamber usually requests further information and explanations from the licensor or club concerned before taking its decision.

Overall, the First Chamber took a total of 75 decisions during the 2021/22 and 2022/23 seasons. Out of the 45 cases (43 with clubs and two with licensors) that were found to be in breach of the UEFA regulatory framework, 11 clubs and the two licensors concluded a settlement agreement. The remaining 32 cases resulted in disciplinary measures by the First Chamber. Seven appeals were lodged with the Appeals Chamber (six overdue payables cases and one break-even case) which resulted in two decisions partially upheld and five decisions fully upheld by the Appeals Chamber.

In line with the CFCB Procedural Rules, the UEFA website (<https://www.uefa.com/insideuefa/protecting-the-game/club-financial-controlling-body/>) will include a summary of the content and effect of CFCB decisions as well as final reasoned and binding CFCB decisions unless they are appealed against before CAS.



Indicative timeline of the First Chamber's monitoring process



More information on the decisions of the CFCB is indicated in the respective section of this bulletin.



3

ENSURING COMPLIANCE WITH THE UEFA CLUB LICENSING SYSTEM

3.1

Overview of decisions on club licensing

The First Chamber continues to oversee the correct application of the UEFA club licensing system by all 55 licensors.

In the 2021/22 and 2022/23 seasons, the following six licensors were subject to in-depth compliance assessments, which consisted in desktop reviews, compliance audits at the licensor's offices or a combination of both.

Licensors assessed in 2021/22 and 2022/23



Luxembourg Football Federation (LUX)



Bulgarian Football Union (BUL)



Football Federation of Kosovo (KOS)



Hellenic Football Federation (GRE)



Football Federation of Armenia (ARM)



Croatian Football Federation (CRO)

On-site compliance audits were performed by independent auditors from Deloitte or PricewaterhouseCoopers (PwC), with a view to ensuring that the licensing processes applied by the licensors in question were in line with the CL&FFP Regulations.

The key conclusions of the First Chamber following the compliance assessments carried out during the 2021/22 and 2022/23 seasons are shown in the box below.

Licensors	Summary of CFCB First Chamber conclusions
<p>ARM BUL GRE</p>	<p>Satisfactory implementation</p> <p>In general, the First Chamber found that these licensors had adequately applied the UEFA club licensing system. Nevertheless, it requested that appropriate steps be taken to improve some of their licensing documentation, as well as some assessment procedures.</p>
<p>LUX</p>	<p>Satisfactory implementation with corrective actions</p> <p>This licensor was informed by the First Chamber that its assessment procedures did not fully comply with the CL&FFP Regulations.</p> <p>The First Chamber asked this licensor to improve its licensing documentation. More specifically, it was asked to take corrective action on how information on payables was assessed.</p>
<p>CRO KOS</p>	<p>Non-satisfactory implementation</p> <p>Overall, the First Chamber considered that these licensors had not adequately applied the UEFA club licensing system.</p> <ul style="list-style-type: none"> The Football Federation of Kosovo had failed to comply with a number of club licensing provisions and assessment procedures required by the CL&FFP Regulations. The Croatian Football Federation had incorrectly granted UEFA licences to some of its affiliated clubs despite the non-fulfilment of financial (overdue payables) criteria. <p>As a consequence, the First Chamber decided to open proceedings against these licensors and finally concluded settlement agreements with them.</p> <p>Refer to section 3.3 for more details on these settlement agreements with licensors.</p>

3.2

Summary of results on certification audits

The independent certification company Société Générale de Surveillance (SGS) assessed annually each of the 55 licensors in 2021/22 and 2022/23 to check their compliance with the requirements of the UEFA Club Licensing Quality Standard, which is a collection of requirements to improve the licensors' efficiency and effectiveness by promoting professional management and continuous development in club licensing and monitoring.

SGS continued to perform limited reviews and full audits. Using a risk-based approach, a number of licensors were only subject to a limited review, i.e. a certification audit with a reduced scope in which only a small number of key steps and documents were verified.

SGS performed 18 limited reviews and 37 full audits in the 2021/22 season and 22 limited reviews and 33 full audits in 2022/23.

The certification audits performed by SGS in 2021/22 and 2022/23 on the basis of the UEFA Club Licensing Quality Standard – Edition 2012 are shown below.

Licensors	SGS findings and conclusions
<p>BUL ESP GRE</p>	<p>Certification not issued</p> <p>SGS certification was not issued to these licensors for one season as a result of a major non-compliance with the UEFA Club Licensing Quality Standard.</p> <p>Consequently, the UEFA HatTrick incentive payment for obtaining a certification under the Club Licensing Quality Standard, as outlined in the CL&FS Regulations, was permanently withheld by UEFA.</p>
<p>Remaining 52 licensors</p>	<p>Certification issued</p> <p>Since no major issues were identified by SGS, these licensors all received SGS certification for both seasons.</p>



3.3

Overview of licensors under settlement

The First Chamber continued to monitor licensors' compliance with their obligations under settlement agreements entered into prior to 2021/22. During the 2021/22 and 2022/23 seasons, two licensors exited their settlement regime and the First Chamber concluded two new settlement agreements with two other licensors.

As a result, the situation for the four licensors concerned is shown below.

Licensors



ARM

Summary of CFCB First Chamber decisions

Satisfactory exit of settlement regime

This licensor was under a settlement regime spanning the 2020/21, 2021/22 and 2022/23 seasons. Overall, it adequately applied the UEFA club licensing system during those seasons.

On that basis, the First Chamber decided that the licensor had fulfilled the objectives of its settlement agreement and allowed it to exit its settlement regime at the end of the 2022/23 season.

Exit of settlement regime with a fine

This licensor was under a settlement regime spanning the 2021/22 and 2022/23 seasons. During this period, the licensor failed to fulfil an intermediate obligation (i.e. obtaining SGS certification in all seasons), which led to the imposition of a €40,000 fine by the First Chamber as foreseen in the settlement agreement.

Despite the failure to fulfil the above intermediate obligation, the First Chamber concluded following a compliance audit that this licensor had adequately applied the UEFA club licensing system.

As the overall objective of its settlement agreement had been fulfilled, the licensor was allowed to exit its settlement regime at the end of the 2022/23 season.



GRE

Licensors



CRO



KOS

Summary of CFCB First Chamber decisions

New settlement agreements concluded

The First Chamber concluded that these licensors had failed to comply with the club licensing provisions.

The licensors entered into a settlement agreement with the First Chamber, covering the 2023/24, 2024/25 and 2025/26 seasons.

The overall objective of such agreements is to ensure that these licensors fulfil their obligations under the CL&FS Regulations and the UEFA Club Licensing Regulations for the UEFA Women's Champions League (CLWCL Regulations), and that the licences necessary to enter the UEFA club competitions are correctly granted to their affiliated clubs. Under the settlement regime, the licensors' activities are strictly monitored for a probationary period of three seasons.

The settlement agreements set out specific obligations that these licensors must fulfil or measures that must be taken to ensure a proper club licensing process. The obligations specified in these settlement agreements are tailored to the circumstances of each individual licensor but are mainly aimed at:

- aligning national club licensing regulations with the CL&FS and the CLWCL Regulations;
- improving the licensors' internal club licensing administrative and organisational structures;
- improving assessment and verification processes for club licensing criteria, in particular regarding overdue payables;
- increasing the quality of clubs' financial statements and other financial documentation;
- introducing or strengthening regular support and assistance to affiliated clubs.

In addition to specific obligations to be fulfilled by the licensors, these settlement agreements foresee the payment of financial contributions of up to €250,000, which is equivalent to the incentive payments distributed by UEFA for the management of club licensing.

- Football Federation of Kosovo: the financial contributions are split into an unconditional amount of €50,000 and an amount of up to €200,000 that will only have to be paid if specific obligations are not fulfilled.
- Croatian Football Federation: an unconditional financial contribution of €100,000 and a conditional payment of up to €150,000.

In both instances, €50,000 will be paid for each obligation specified in the settlement agreement that is not fulfilled by the licensor.

Should the compliance plan not be fulfilled, i.e. more than half of the specific obligations are not met during the settlement regime, the settlement agreement will be terminated by the First Chamber and additional disciplinary measures will be imposed on the licensor.

Details of all settlement agreements concluded by the First Chamber can be found on UEFA website.



3.4

Summary of decisions on the three-year rule

As explained in the CFCB Procedural rules, the First Chamber is competent to decide on requests for exceptions to the three-year rule as defined in the CL&FS Regulations. The three-year rule must be fulfilled by clubs in order to apply for a UEFA licence.

The three-year rule requires that a club fulfils two conditions:

- It must be a registered member of a UEFA member association and/or its affiliated league (or have had a contractual relationship with a registered member) for at least three consecutive seasons.
- It must have participated in official competitions for three consecutive seasons to be eligible for a licence to participate in UEFA competitions.

The regulations state that any change to the legal form, legal group structure or identity of the club may be deemed as an interruption of such membership or contractual relationship. If applicable, exceptions to the three-year rule may be granted or refused by the First Chamber, whose decisions may only be appealed before the CAS.

In the last two seasons (i.e. 2021/22 and 2022/23), the First Chamber dealt with 16 exception requests (nine in 2021/22 and seven in 2022/23). Following an appeal to the CAS, one club's exception request was reassessed by the First Chamber in the 2022/23 season on the basis of new factual evidence.

The First Chamber decided as follows with regard to the 15 clubs.

Exception requests granted



FK Dinamo Tirana (ALB)



FC Shamakhi (AZE)



Aris Limassol FC (CYP)



Adana Demirspor (TUR)



F.C. Copenhagen (DEN)



FK Tikves (MKD)



Kayserispor (TUR)



Radomiak Radom (POL)



MFK Tatran (SVK)



Valmiera FC (LVA)



Hapoel Jerusalem FC (ISR)



FK Dukla Banská (SVK)



FK Auda (LVA)



FCV Farul Constanța (ROU)

The First Chamber granted exceptions to the three-year rule to the following clubs on one or more of the following grounds:

- the club only underwent a minor change to its identity;
- the new football entity resulting from the club's change of legal form was compliant with national law and/or sporting regulations;
- the club's football activities, which were transferred to a new football entity, remained in the club's reporting perimeter;
- the club's liabilities were entirely taken over by the new football entity and the club's creditors remained fully protected.

Exception request refused



SC Noravank (ARM)

This club submitted an exception request in the 2021/22 season after the applicable deadline. Due to the late submission, the request was considered inadmissible and no exception to the three-year rule was granted by the First Chamber.

Following an appeal by the club, the CAS confirmed the First Chamber's decision.

As a result, the club was not granted the licence required to take part in the 2022/23 UEFA competition for which it had qualified on sporting merit.



4

MONITORING OVERDUE PAYABLES DURING THE SEASON

The 2021/22 season was the last in which the overdue payables requirements were assessed under the previous CL&FFP Regulations. Following the approval of the new CL&FS Regulations in April 2022, the overdue payables (or solvency) requirements have been reinforced and implemented for the first time in the 2022/23 season.

As per the CL&FS Regulations, all clubs admitted to the UEFA competitions are now obliged to declare their payables status at 15 July and 15 October. A third deadline to declare their payables status at 15 January has been introduced and is mandatory for those clubs that have overdue payables at 15 July or 15 October or deferred payables at 15 October, or that have been otherwise requested to do so by the CFCB.

Compared with the previous regulations, clubs now have a period of 15 days to settle their liabilities. Consequently, their payables position is assessed at 15 July, 15 October and 15 January with regard to their overdue balances at 30 June, 30 September and 31 December respectively. This is similar to the club licensing criteria under which clubs are granted 30 days to settle their overdue payables before the 31 March regulatory deadline. As a result of this amendment, the club licensing and club monitoring systems now follow the same principles regarding cut-off dates and payment deadlines.

Furthermore, the CL&FS Regulations state that if a club has overdue payables at any of the payment deadlines (15 July, 15 October or 15 January) that have been overdue for more than 90 days, the CFCB will consider this to be an aggravating factor, which may lead to exclusion from future UEFA competitions, depending on the specific circumstances of the case (Article 96.02 of the CL&FS Regulations).

Together with the overdue payables assessment for club licensing purposes, clubs are now subject to a quarterly review of their payables position. This should further improve their financial discipline and contribute to the settlement of their liabilities towards other football clubs, employees and social/tax authorities, as well as certain liabilities towards football governing bodies, such as UEFA and licensors, in a timely manner.



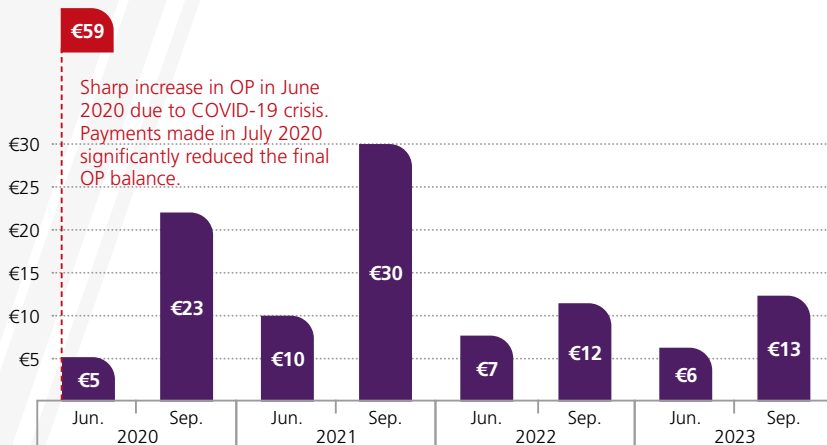
4.1

Overview of overdue and deferred payables

The positive trend previously observed in the reduction/stabilisation of overdue, deferred and disputed payables was interrupted in 2020, when a number of clubs faced sudden liquidity shortfalls on account of the COVID-19 crisis. Overdue payables, which had averaged €5 million in recent years, increased dramatically to €59 million by June 2020.

Evolution of overdue payables

since the COVID-19 crisis (in € million)

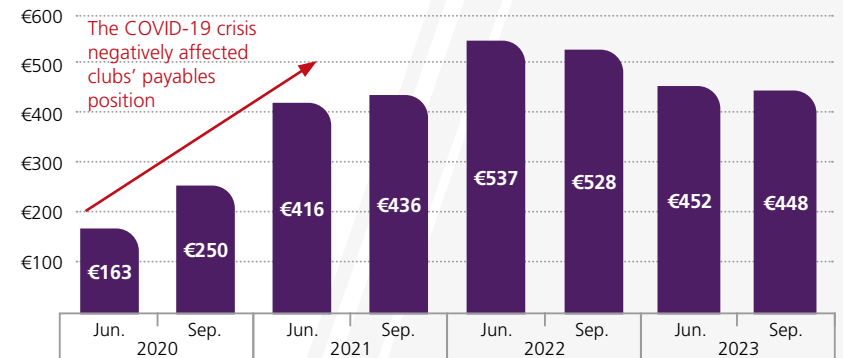


In June 2022 and June 2023, the reduced level of outstanding payables declared by clubs (€7 million and €6 million respectively) confirmed the gradual recovery after the pandemic. The overdue payables to other clubs were the largest portion of the total overdue balance, followed by payables overdue to employees. As expected, the high level of overdue payables reported in September, compared with the June submissions, was driven by outstanding transfer payables following the summer transfer window.

Following the COVID-19 crisis, payables that were subject to deferral agreements in June 2021 (€416 million) more than doubled the amount of the previous year, mainly owing to the fact that several states exceptionally allowed clubs to reschedule or postpone their social/tax payments.

Evolution of deferred payables

since the COVID-19 crisis (in € million)



In June and September 2022, total deferred payables stood at approximately €530 million, significantly higher than in June 2021, mainly owing to clubs agreeing in writing with their employees and social/tax authorities to extend the deadline for payment of overdue payables. In June and September 2023, the total deferred balance was slightly lower (approximately €450 million), with deferred social/tax payments still representing the largest proportion, i.e. 77%, of total deferred payables.

Overall, the First Chamber opened a total of 22 proceedings during 2021/22 and 2022/23, three of which were dismissed following submission of supplementary evidence demonstrating the absence of overdue payables. As a result, 19 clubs were sanctioned for breaching the overdue payables requirements laid down in the CL&FFP Regulations (eight clubs in the 2021/22 season) and CL&FS Regulations (11 clubs in the 2022/23 season).



4.2

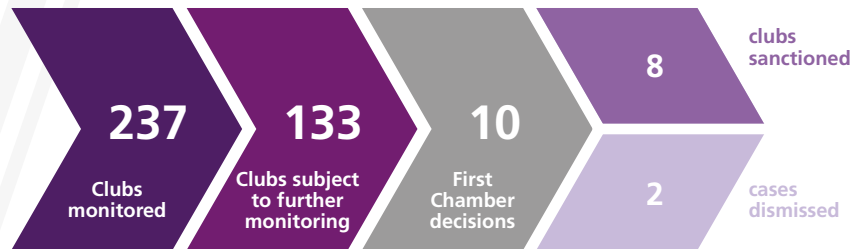
Summary of decisions on overdue payables in 2021/22

Under the previous CL&FFP Regulations, 237 clubs submitted payables information at 30 June for the 2021/22 season. Following the June 2021 submissions, 133 clubs were subject to additional monitoring in September 2021.

The clubs that reported overdue payables at 30 June 2021 were requested to provide updates on their payables at 30 September 2021. In line with the well-established practice, the following groups of clubs were also kept under surveillance by the First Chamber and asked to provide updates on their payables at 30 September 2021:

- Clubs with significant deferred payables at 30 June 2021
- Clubs with incomplete transfer payables submissions at 30 June 2021
- Clubs that had qualified for the group stage of a UEFA competition

Monitoring 2021/22



In the 2021/22 season, the following disciplinary measures were imposed on eight clubs either by the First Chamber or, when clubs appealed against the First Chamber's decision (marked with *), by the Appeals Chamber:

Summary of decisions

1. Overdue payables paid before CFCB decision

These clubs reported overdue payables. However, before the CFCB rendered its decision, the clubs provided proofs of payment of the amounts established as being overdue.

In the case of Real Betis Balompié (ESP), an additional conditional fine of €25,000 was imposed on the club. The payment of this fine would only be triggered if the club failed to pay minor overdue amounts by 1 March 2022. The club satisfied the condition and therefore the fine was not to be paid.

Clubs

	Fine €200,000
	Fine €150,000
	Fine €150,000 + Conditional fine €25,000

2. Overdue payables pending at the date of the CFCB decision

All clubs were sanctioned with an unconditional fine and additionally with an exclusion from participating in the next UEFA competition for which they would otherwise qualify in the next three (3) seasons (i.e. 2022/23, 2023/24 and 2024/25 seasons), unless they could prove by 31 January 2022 that they had paid the outstanding overdue amounts.

All clubs, except Mons Calpe SC (GIB), satisfied the condition imposed by the CFCB and therefore the exclusion from the UEFA competition did not take place.

Conditional exclusion from one UEFA competition

	+ Fine €300,000
	+ Fine €250,000
	+ Fine €75,000
	+ Fine €75,000
	+ Fine €15,000



4.3

Summary of decisions on overdue payables in 2022/23

Following the June and September 2022 submissions that were mandatory for all 233 qualified clubs under the CL&FS Regulations, a total of 80 clubs were subject to additional monitoring in January 2023 with regard to amounts due to be paid by 31 December 2022, because they had overdue payables at 15 July or 15 October 2022, had deferred payables at 15 October 2022, or been requested to provide an update by the First Chamber on the grounds that:

- they had been found in breach of the overdue payables requirements in the previous season, but had not reported any overdue payables in the 2022/23 season; or
- they had not reported any overdue or deferred payables during the season, but had reported significant payables at 15 October 2022.

The introduction of the third deadline for submitting and assessing overdue payables/solvency requirements in the CL&FS Regulations from the 2022/23 season has significantly impacted the First Chamber's decision-making and the disciplinary measures. Until the 2021/22 season (under the previous CL&FFP Regulations), one of the measures applied when payables were still overdue at the date of the First Chamber's decision was a conditional exclusion from one future competition. This would apply unless the club concerned paid the overdue payables in full by a deadline set by the CFCB within the same monitoring period.

With the introduction of a third deadline in the 2022/23 season, the First Chamber carefully considered the following circumstances:

- Number of breaches during the same monitoring process: a club with overdue payables at several deadlines was viewed more severely by the First Chamber,
- Quantum of the overdue payables compared with the club's revenues: non material overdue payables were viewed more favourably by the First Chamber.

Furthermore, the First Chamber considered the following aggravating factors/additional regulatory breaches when deciding on the cases:

- Payables overdue for more than 90 days at any deadline
- Recidivism (club with overdue payables in the past three seasons)
- Lack of cooperation with the CFCB reporting member collecting evidence
- Incomplete/inaccurate disclosure of payables information by a club

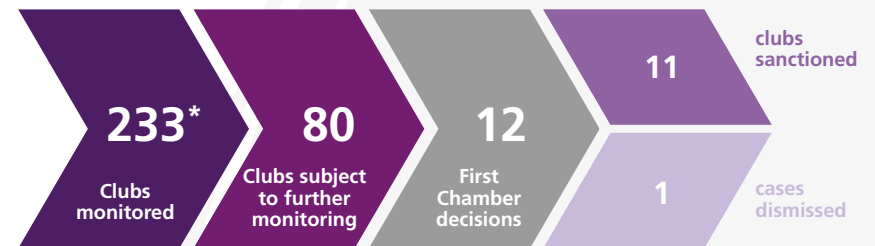


Depending on the aforementioned circumstances, the First Chamber applied a progressive sanctioning regime, with disciplinary measures ranging from a minimum fine of €10,000 to more severe measures, including sporting sanctions.

Fines were determined by the First Chamber, taking into consideration the quantum of the overdue payables at each payment deadline as well as the number of aggravating factors triggered by a club.

In two cases, the First Chamber found that the clubs also had overdue payables at 31 March 2022, i.e. the deadline for clubs to obtain a licence to take part in UEFA competitions. To obtain a licence, clubs should not have any overdue payables at 31 March. In these cases, having considered the circumstances of the case and the fact that these amounts had not been concealed from the licensor, the First Chamber decided to impose a separate fine equivalent to the UEFA prize money gained from unduly taking part in UEFA club competitions.

Monitoring 2022/23



*Russian clubs were not monitored during the 2022/23 season

In summary, the following disciplinary measures were imposed by the First Chamber on 11 clubs. Three clubs appealed against the First Chamber's decision (marked with *). In all three cases, the First Chamber's decision was confirmed by the Appeals Chamber in the 2022/23 season:

Summary of decisions

1. Material overdue payables at two or more deadlines with an aggravating factor

This club had material overdue payables during the season that were paid before the First Chamber had issued its decision. Furthermore, the club was a recidivist, which is an aggravating factor pursuant to the CFCB Procedural rules.

In addition to receiving a fine, the club was excluded from one UEFA competition for a probationary period of two seasons, which will only be enforced if the club fails to fulfil the solvency requirements in 2023/24 and 2024/25.

Clubs



CFR 1907 Cluj
(ROU)

Suspended exclusion from one UEFA competition
(probation of two seasons)

+
Fine
€250,000

2. Material overdue payables at two or more deadlines with an aggravating factor and a breach of club licensing criteria

This club had material overdue payables during the season that were paid before the First Chamber had issued its decision. Furthermore, the club had payables overdue for more than 90 days, which is an aggravating factor pursuant to Article 96.02 of the CL&FS Regulations.

In addition to receiving a fine, the club was excluded from one UEFA competition for a probationary period of two seasons, which will only be enforced if the club fails to fulfil the solvency requirements in the 2023/24 and 2024/25 seasons.

Finally, the club received a separate fine representing the prize money gained from unduly taking part in UEFA competitions, due to its failure to fulfil the club licensing criteria by having overdue payables at the club licensing deadline of 31 March 2022.



NK Osijek
(CRO)*

Suspended exclusion from one UEFA competition
(probation of two seasons)

+
Fine
€150,000

+
Additional fine for club licensing breach
€450,000

Summary of decisions

3. Overdue payables at two or more deadlines with an aggravating factor and a breach of club licensing criteria

This club had overdue payables during the season that were paid before the First Chamber had issued its decision. Furthermore, the club had payables overdue for more than 90 days, which is an aggravating factor pursuant to Article 96.02 of the CL&FS Regulations.

The club was excluded from one UEFA competition for a probationary period of one season, which will only be enforced if the club fails to fulfil the solvency requirements in the 2023/24 season.

Finally, the club received a separate fine equivalent to the prize money gained from unduly taking part in UEFA competitions, due to its failure to fulfil the club licensing criteria by having overdue payables at the club licensing deadline of 31 March 2022.

Clubs



HNK Rijeka
(CRO)*

Suspended exclusion from one UEFA competition
(probation of one season)

+
Additional fine for club licensing breach
€450,000

4. Overdue payables at two or more deadlines with aggravating factors

These clubs had overdue payables during the season that were paid before the First Chamber had issued its decision. Furthermore, the clubs were recidivists and/or had payables that were overdue for more than 90 days.

In addition to receiving a fine, these clubs were excluded from one UEFA competition for a probationary period of one season, which will only be enforced if the clubs fail to fulfil the solvency requirements in the 2023/24 season.

Suspended exclusion from one UEFA competition
(probation of one season)



NK Olimpija
Ljubljana (SVN)*

+
Fine
€100,000



Aris Thessaloniki FC
(GRE)

+
Fine
€50,000



FC Astana
(KAZ)

+
Fine
€30,000

Summary of decisions

5. Overdue payables at one or two deadlines

These clubs had overdue payables during the season that were paid before the First Chamber had issued its decision.

These clubs were fined in line with their breach.

Clubs



Konyaspor
(TUR)

Fine
€150,000



Valmiera FC
(LVA)

Fine
€50,000

6. Non-material overdue payables at one deadline

These clubs had non-material overdue payables only at one deadline during the season that were paid before the First Chamber had issued its decision.

These clubs received a minimum fine.



FC Kyzylzhar
Petropavlovsk (KAZ)

Fine
€10,000



FK Borac Banja
Luka (BIH)

Fine
€10,000

7. Overdue payables at January deadline

This club only had overdue payables at the January deadline that, except for minor amounts, were paid before the First Chamber had issued its decision.

The club received a fine, part of which was conditional and would not apply if the club was able to prove by 31 March 2023 that it had fully paid the remaining minor amounts that had been overdue in January 2023. The club satisfied the condition and the payment of the conditional fine was therefore not triggered.

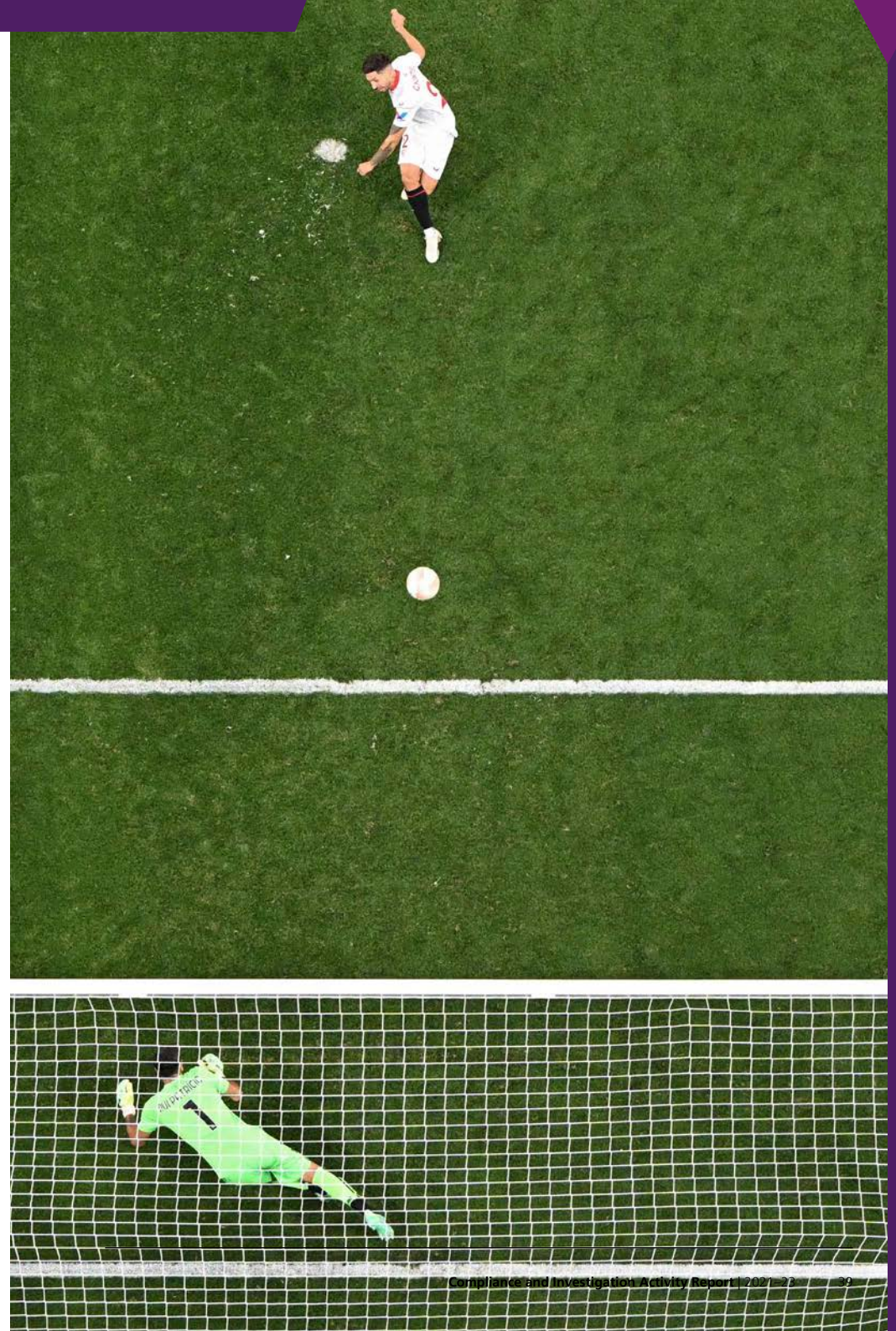


Floriana FC
(MLT)

Fine
€10,000

+

Conditional fine
€10,000





5

ASSESSING COMPLIANCE WITH THE BREAK-EVEN REQUIREMENT

The break-even requirement, which was assessed for the first time in the 2013/14 season, has mostly been thought of as a cost-control mechanism, incentivising spending on long-term objectives rather than short-term gambling.

Following the introduction of the CL&FS Regulations in June 2022, the break-even requirement was assessed for the last time in the 2022/23 season. From the 2023/24 season, clubs will need to comply with the new stability requirements (football earnings rule) and cost-control requirements (squad cost rule) provided for in the CL&FS Regulations.

The submission of break-even figures is a requirement for all UEFA club competitions participants whose relevant income or relevant expenses exceed €5 million. Any club below this threshold is exempted from the break-even requirement. On that basis, 143 clubs were subject to the break-even requirement in the 2021/22 season and 142 clubs in 2022/23. Given that some clubs played in both seasons, a grand total of 176 clubs were subject to the break-even requirement in 2021/22 and/or 2022/23.

Clubs subject to the break-even requirement in 2021/22 and/or 2022/23





5.1

Analysis of clubs subject to the break-even requirement

Clubs' pandemic-related financial problems were the result of a revenue crisis rather than overspending. The disruption to clubs' normal economic activities significantly affected their operating revenues, such as gate receipts, broadcasting and sponsorship income, and significantly weakened the player transfer market. Exceptional temporary changes were therefore made to the break-even requirement.

In June 2020, the UEFA Executive Committee introduced special temporary COVID measures that enabled clubs to attenuate the adverse impact of the pandemic. The assessment of the reporting period ending in 2020 was postponed for one season and combined with the assessment of the reporting period ending in 2021 in the 2021/22 and 2022/23 seasons.

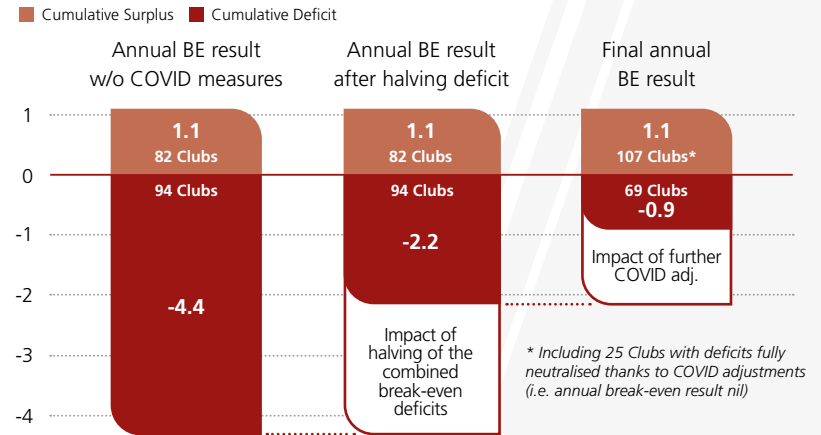
The break-even results for the reporting periods ending in 2020 and 2021 were therefore combined and assessed as a single period, with any combined deficit halved. Additional COVID-related adjustments for the loss of revenues were also allowed in order to further reduce any remaining break-even deficit.

These temporary emergency measures significantly mitigated the break-even deficits of the 176 clubs that were subject to the break-even requirement. The combined break-even result of all 176 clubs for the reporting periods ending in 2020 and 2021, before the temporary measures were taken into account, amounted to a net deficit of approximately €3.3 billion. In fact, 94 clubs disclosed a total combined break-even deficit of €4.4 billion, while 82 clubs disclosed a total combined break-even surplus of €1.1 billion. The special temporary COVID-19 measures completely neutralised the combined break-even deficit for 25 clubs, while the remaining 69 clubs were able to significantly reduce the combined break-even deficit for the 2020 and 2021 reporting periods.

The special temporary COVID-19 measures introduced by the UEFA Executive Committee enabled the 176 clubs subject to the break-even requirement in the 2021/22 and 2022/23 seasons to disclose a combined net break-even surplus of €0.2 billion for the reporting periods ending in 2021 and 2022, significantly absorbing the pandemic's extraordinary adverse financial impact on their break-even figures.

Combined break-even result

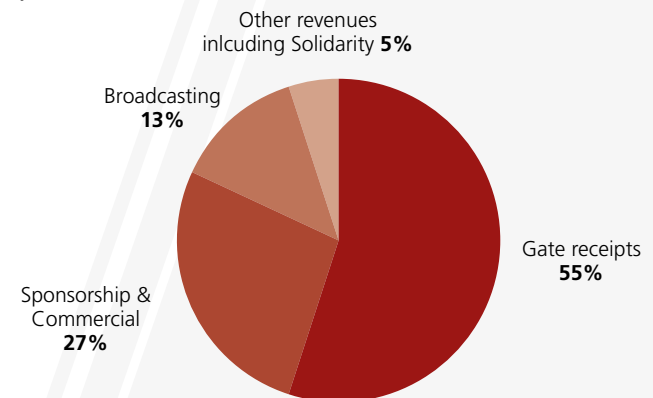
for the reporting periods 2020 and 2021 (in € billion)



The analysis of the adverse financial impact of COVID-19 reported by clubs for the reporting periods ending in 2020 and 2021 (i.e. the shortfall between average operating revenues and anticipated revenues foreseen for these periods) clearly shows that the loss of revenue was mainly the result of a drop in gate receipts, followed by loss of sponsorship and commercial revenues. Despite the significant weakening of the player transfer market in the 2020 and 2021 summer transfer windows caused by the pandemic, it is worth recalling that clubs were not allowed to claim any loss of revenue resulting from the disposal of player registrations in this period.

Breakdown of COVID adjustments

by category





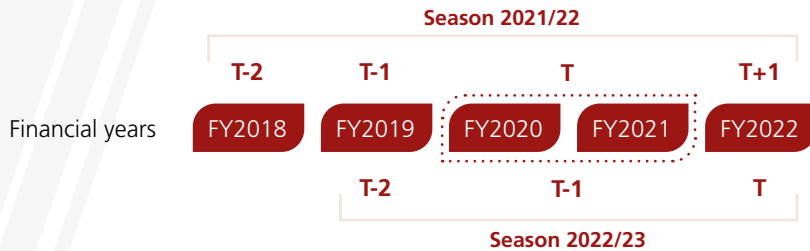
5.2

Assessment of the break-even requirement

As previously mentioned, the financial years ending in 2020 and 2021 were assessed as a single period, which altered the number of reporting periods in scope of the monitoring period.

The 2021/22 season focused on the 2018 to 2021 reporting periods, while the 2019 to 2022 reporting periods were assessed during 2022/23. However, it is worth recalling that, in the 2021/22 season, the projected information for the reporting period ending in 2022 was also considered in the First Chamber's assessment. As foreseen in the CL&FFP Regulations, the presentation of projected figures was only applicable to clubs in breach of the sustainable debt and/or player transfer balance indicators.

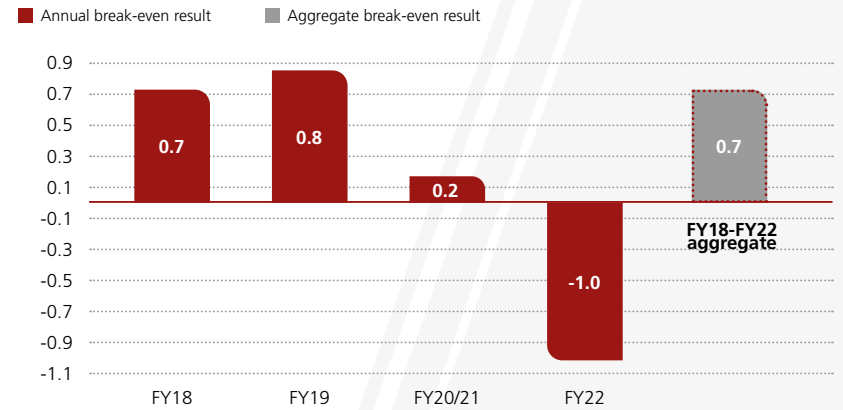
Break-even monitoring periods



The review of the 176 clubs that were assessed by the First Chamber shows an aggregate break-even surplus of €0.7 billion over the reporting periods between 2018 and 2022. This result was strongly influenced by the positive annual break-even surplus achieved by the clubs in the 2018 and 2019 reporting periods. As previously illustrated, the combined break-even result for the 2020 and 2021 reporting periods would have been significantly worse had the special temporary COVID-19 measures not been implemented. The significant break-even deficit of €1 billion in the 2022 reporting period is explained by the fact that clubs were still affected by the pandemic in that financial year, but no COVID-19 adjustments were foreseen.

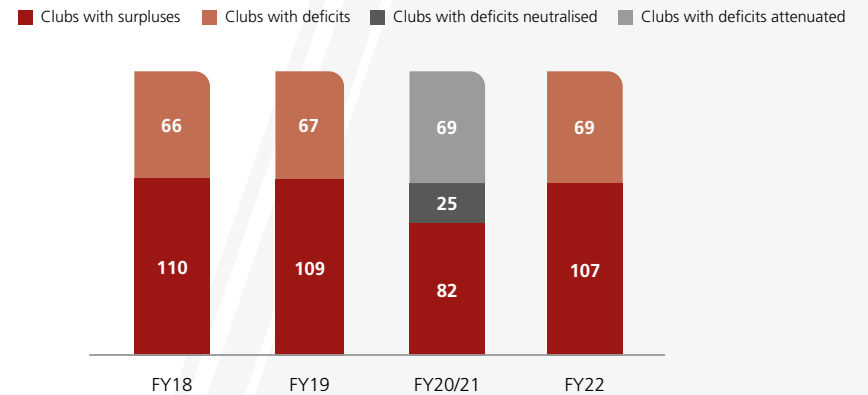
Evolution of break-even results

for 176 clubs in scope (in € billion)



Clubs with break-even surpluses/deficits

out of the 176 clubs in scope





5.3

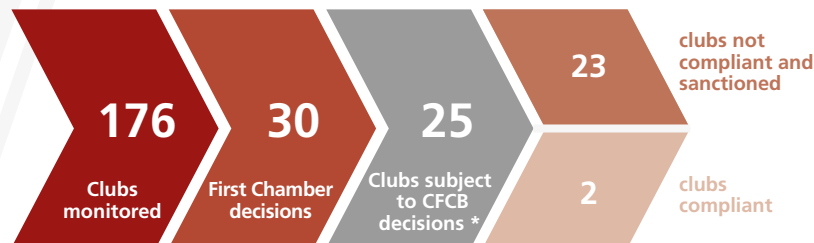
Summary of decisions on the break-even requirement

During the 2021/22 and 2022/23 seasons, the First Chamber took 30 decisions involving 25 clubs, with some clubs subject to more than one decision over the two seasons. Two of these clubs fulfilled the break-even requirement, while the remaining 23 were sanctioned by the First Chamber as they were not compliant with the requirements laid down in the CL&FFP Regulations.

In summary, the First Chamber sanctioned these 23 clubs for the following breaches:

- 13 clubs were not break-even compliant, i.e. their break-even deficits exceeded the acceptable deviation, including 4 clubs with minor break-even deviations
- 5 clubs submitted inaccurate break-even information
- 3 clubs provided incomplete and/or incorrect financial information
- 2 clubs did not fulfil a break-even target set in a settlement agreement previously concluded with the CFCB

Monitoring 2021/22 and 2022/23



*Five clubs were the subject of two decisions over the two seasons.

Summary of decisions

1. Break-even compliant and satisfactory exit of settlement agreement

In July 2020, these two clubs signed a settlement agreement with the CFCB Investigatory Chamber due to their non-compliance with the break-even requirement during the 2019/20 monitoring period.

During the 2021/22 and 2022/23 seasons, the First Chamber concluded that these clubs had fulfilled the primary purpose of their settlement and, as a consequence, allowed them to exit their settlement regime.

Clubs



LOSC Lille (FRA)



Wolverhampton Wanderers FC (ENG)

2. Inaccurate/wrong club submissions

These clubs failed to submit accurate break-even information by the required deadline.

In all cases except FC Barcelona (ESP), the submissions were amended and/or correct information was provided by the club at UEFA's request.

In the case of FC Barcelona (ESP), the club was sanctioned by the First Chamber for wrongly reporting, in the 2022 financial year, profits on disposal of intangible assets (other than player transfers), which are not considered as relevant income for the purposes of the break-even requirement under the CL&FFP Regulations. The club appealed against the decision before the Appeals Chamber, which subsequently confirmed the decision of the First Chamber.



FC Barcelona (ESP)

Fine
€500,000



Riga FC (LVA)



CD Santa Clara (POR)



ŠK Slovan Bratislava (SVK)



NK Olimpija Ljubljana (SVN)

Fine
€10,000



Summary of decisions

3. Minor break-even deficits

These clubs reported minor aggregate break-even deficits above the applicable acceptable deviation.

In the case of RSC Anderlecht (BEL), the club was sanctioned in the 2021/22 season with a conditional fine that would have to be paid if it was not break-even compliant in the following season. The club did not meet the target and the payment of the fine was therefore triggered in the 2022/23 season.

Clubs



Manchester United FC (ENG)

Fine
€300,000



RSC Anderlecht (BEL)



APOEL FC (CYP)



Konyaspor (TUR)

Fine
€100,000

Summary of decisions

4. Significant break-even deficits

Despite UEFA's measures aimed at mitigating the effects of the pandemic, these clubs were found in breach of the break-even requirement either with regard to the current monitoring period or based on their projected break-even result.

All clubs assessed in the 2021/22 season (marked with *) were required to provide projected information for the reporting period ending in 2022 and were assessed on their projected break-even position. The prospective assessment proved to be effective as it allowed the First Chamber in 2021/22 to address most of the clubs in breach that were subject to the break-even requirement in both seasons.

All nine clubs concluded a so-called transitional settlement agreement with the First Chamber, which provided them with a transitional pathway from the break-even requirement under the CL&FFP Regulations (applicable until the 2022/23 season) to the football earnings rule (entering into force from the 2023/24 season) provided for and defined in the CL&FS Regulations that entered into force on 1 June 2022.

Refer to section 5.4 for more details on the conclusion of these transitional settlement agreements.

Clubs



Paris Saint-Germain (FRA)*



AS Roma (ITA)*



FC Internazionale Milano (ITA)*



AC Milan (ITA)*



Beşiktaş JK (TUR)*



Olympique de Marseille (FRA)*



AS Monaco FC (FRA)*



Royal Antwerp FC (BEL)



Trabzonspor AŞ (TUR)

Transitional settlement agreement including:

Financial contribution

[€2m–€65m]

+

Intermediate annual targets

+

Sporting restrictions in UEFA competitions

(List A for UEFA competitions)

+

Conditional exclusion from one UEFA competition

(in the next three seasons)



Summary of decisions

5. Intermediate target not fulfilled

In July 2020, this club signed a settlement agreement with the CFCB Investigatory Chamber due to its non-compliance with the break-even requirement during the 2019/20 monitoring period.

As foreseen in the settlement agreement, the club submitted its financial information in the 2022/23 season. However, the First Chamber found the club in breach of the target set in the settlement agreement for the reporting period ending in 2022 and therefore imposed the fine and sporting restrictions, as provided for in the settlement agreement, in the 2022/23 season.

Clubs



Istanbul
Başakşehir (TUR)

Fine

€400,000

as provided for in previous
settlement agreement

+

Sporting restrictions in UEFA competitions

(List A for UEFA competitions)

6. Unsatisfactory exit of settlement agreement

In June 2017, this club signed a settlement agreement with the CFCB Investigatory Chamber due to its non-compliance with the break-even requirement during the 2016/17 monitoring period.

In the 2021/22 season, after reopening the case, the First Chamber found that the club had reported a minor aggregate break-even deficit above the applicable acceptable deviation.

As a result, the First Chamber decided to impose a fine and to exclude the club from the next UEFA competition for which it would qualify in the next three seasons, unless its aggregate break-even result in the 2022/23 monitoring period was in compliance with the break-even requirement.

During the 2022/23 season, the club fulfilled the condition imposed by the CFCB and was therefore not excluded from a UEFA competition.



FC Porto
(POR)

Fine

€100,000

+

Conditional exclusion from one UEFA competition

(in the next three seasons)



Summary of decisions

7. Incomplete documentation for club licensing and club monitoring

Following this club's sale in May 2022, its new owners identified and proactively reported to UEFA instances of potentially incomplete financial reporting under the club's previous owners.

These were historical transactions in relation to player transfers between the 2012 and 2019 reporting periods but, due to the statute of limitations defined in the CFCB Procedural rules, breaches of the CL&FFP Regulations committed in the reporting periods ending in 2017 or earlier were time-barred.

The First Chamber found that the club had breached several requirements of the CL&FFP Regulations by submitting incomplete and incorrect licensing and monitoring information in the 2018 and 2019 reporting periods.

The First Chamber and the club concluded a settlement agreement covering the 2023/24 and 2024/25 seasons, including the payment of an unconditional financial contribution, and the club committed to fully resolve the reported matters.

Clubs



Chelsea FC
(ENG)

Settlement agreement including:

Financial contribution

€10m



Summary of decisions

8. Incomplete documentation in the framework of club licensing and club monitoring

During the 2021/22 season, the First Chamber found that this club had breached several requirements of the CL&FFP Regulations by submitting incomplete and incorrect licensing and monitoring information in relation to players' considerations.

As a result, the First Chamber and the club concluded a settlement agreement that included the payment of an unconditional financial contribution and a compliance audit to confirm that the breaches had been resolved.

Depending on the outcome of the audit and whether the breaches no longer existed, the club would be subject to either a further withholding of 10% of UEFA solidarity and prize money (the next time it participates in a UEFA competition within the next three seasons) or exclusion from one UEFA competition for which it would qualify within the next three seasons.

After the conclusion of the second compliance audit, the First Chamber confirmed that the club had fulfilled the condition within the set deadline. As a result, the club exited its settlement regime and confirmed the withholding of 10% of UEFA solidarity and prize money.

Clubs



AEK Athens FC
(GRE)

Settlement agreement including:

Financial contribution

€1.5m

+

Withholding of 10% of UEFA prize money

(for the next three seasons)

OR

Conditional exclusion from one UEFA competition

(in the next three seasons)

Summary of decisions

9. Breach of settlement agreement and UEFA's regulatory framework

In line with the approach applied to the nine clubs mentioned above, this club also concluded a transitional settlement agreement during the 2021/22 season.

Refer to section 5.4 for more details on the transitional settlement agreement.

However, during the 2022/23 season, the First Chamber opened another investigation and found that the club had violated UEFA's regulatory framework and breached the settlement agreement signed in 2022.

As a result, the First Chamber terminated the settlement agreement, excluded Juventus from the 2023/24 UEFA men's competitions and imposed an unconditional fine. The club will also be subject to an additional conditional fine if its annual financial statements for the financial years ending in 2023, 2024 and 2025 do not comply with the accounting principles defined in Annex G of the CL&FS Regulations.

Clubs



Juventus
(ITA)

Exclusion from one UEFA competition

(in the next three seasons)

+

Fine

€10m

+

Conditional fine

€10m



5.4

New settlement agreements concluded in 2021–2023

The First Chamber concluded 10 transitional settlement agreements with clubs found in breach of the break-even requirement during the 2021/22 or 2022/23 monitoring period. The aim of these agreements is to accompany clubs through the transitional period between the previous CL&FFP Regulations and the new CL&FS Regulations that will gradually be implemented from the financial year ending in 2023.

These transitional settlement agreements were entered into in the immediate aftermath of the COVID-19 pandemic. Their terms and conditions take into account the impact of the pandemic on the clubs' financial situations in the reporting periods ending in 2020, 2021 and 2022. They were offered to all clubs in breach of the break-even requirement during the 2021/22 and 2022/23 seasons, irrespective of their individual financial situation, because the pandemic had prevented clubs from taking all required measures to improve their economic and financial situation.

Following the end of the COVID-19 pandemic and the full implementation of the CL&FS Regulations, such transitional settlements will no longer be possible. Consequently, the conditions required by the First Chamber for clubs to benefit from a settlement agreement, as well as the financial contributions and sporting restrictions embedded in the agreement, will be stricter.

The primary purpose of a transitional settlement agreement is to ensure that the club complies with the stability requirements (i.e. the football earnings rule) within a certain time frame. In other words, by committing to intermediate financial targets for the reporting periods covered by the settlement agreement, the club must be able to demonstrate, by the end of the settlement agreement, an aggregate football earnings surplus or an aggregate football earnings deficit within the acceptable deviation provided for in the CL&FS Regulations.

The transitional settlement agreements concluded by the First Chamber for breaches of the break-even requirement have the similar structure to that of previous settlement agreements, which includes the following elements:

- Time frame for the club to comply with the football earnings rule
- Intermediate annual targets to be met
- Financial contributions (with or without conditions) to be paid

- Underlying conditions (e.g. going concern, UEFA licence) to be met during the settlement regime
- Sporting restrictions (which may be conditional or unconditional) that must be adhered to in order to participate in UEFA club competitions

Throughout the duration of its transitional settlement agreement, the club commits to submit progress reports to the First Chamber every six months to demonstrate the steps it has taken to comply with the requirement.

In accordance with the CFCB Procedural rules, a member of the First Chamber monitors the fulfilment of the club's obligations and undertakings and, if a club does not meet any of the targets throughout the settlement regime, the First Chamber enforces the financial disciplinary measures foreseen in the transitional settlement agreement.

Additionally, if a club does not meet the targets specified in its transitional settlement agreement, the First Chamber also imposes on the club the following sporting sanctions, the severity of which depends on the amount of the deviation:

- Restriction on the number of players that a club may register for participation in UEFA competitions. The club may not register more than 23 players on its List A for UEFA competitions compared to the maximum of 25 players foreseen in the UEFA club competitions regulations
- Prohibition for a club to register new players in UEFA competitions unless the List A Balance is positive. The List A Balance is defined as the difference between the costs savings of outgoing players and the new costs of incoming players at any submission of the club's List A
- Exclusion from UEFA club competitions

Moreover, if a club significantly violates the primary purpose or annual targets of its transitional settlement agreement (i.e. it is considered in breach of its settlement agreement), the First Chamber terminates it and imposes disciplinary measures in accordance with the regulations and the provisions of the transitional settlement agreement.

Summary of transitional settlement agreements

Clubs concerned	Financial contributions (€m)			Sporting restrictions for UEFA competitions (on List A)	
	Condi-tional	Uncondi-tional	TOTAL	Number of players	New registrations
<i>Objective to be football earnings compliant by 2025/26</i>					
Paris Saint-Germain (FRA)	55	10	65	Conditional limitation during settlement regime (23 players)	Conditional restriction during settlement regime (positive List A balance)
Juventus (ITA)*	19.5	3.5	23		
AC Milan (ITA)	13	2	15		
Beşiktaş JK (TUR)	3.4	0.6	4		
Olympique de Marseille (FRA)	1.7	0.3	2		
AS Monaco FC (FRA)	1.7	0.3	2		
Royal Antwerp FC (BEL)	1.7	0.3	2		
Trabzonspor AŞ (TUR)	1.7	0.3	2		
<i>Objective to be football earnings compliant by 2026/27</i>					
AS Roma (ITA)	30	5	35	Conditional limitation during settlement regime (23 players)	Positive List A balance for 2022/23 and 2023/24 + conditional for remaining seasons
FC Internazionale Milano (ITA)	22	4	26		
TOTAL	149.7	26.3	176		

(*) As referred in section 5.3, the First Chamber concluded that Juventus had violated UEFA's regulatory framework and breached the settlement agreement signed in August 2022. Despite the termination of the settlement agreement, the club was still subject to the unconditional fine foreseen in the settlement agreement and was furthermore sanctioned as previously described.

The 10 above-mentioned clubs agreed to a total financial contribution of €176 million. These amounts will either be withheld from any revenues the clubs will earn from participating in UEFA competitions or be paid directly. An amount of €26 million (15%) will be paid in full while the remaining €150 million (85%) is conditional upon the clubs' compliance with the intermediate targets stated in their respective settlement agreement.

The total financial contribution was determined by the First Chamber, taking into consideration the following elements applicable to the corresponding monitoring period:

- Aggregate break-even deficit in excess of the acceptable deviation
- Impact of the COVID-19 pandemic on the club
- Club's reported average employee benefits expenses
- UEFA competition in which the club participated
- Other factors deemed relevant by the First Chamber

Overall, during the 2021/22 and 2022/23 seasons, a total of 16 clubs were under a settlement regime, of which five had been concluded in previous seasons, eight were signed in 2021/22 and three were signed at the end of the 2022/23 season.

Clubs under a settlement regime



Of the 16 clubs under settlement agreements during the 2021–23 period, eleven remained under a settlement regime at the start of the 2023/24 season. The First Chamber will continue to monitor their progress in pursuing their settlement agreement targets in the coming seasons.

Further details of all settlement agreements concluded by the First Chamber can be found on UEFA website.



5.5

Summary of clubs' compliance audits

As in previous seasons, compliance audits, which seek to verify the completeness, validity and accuracy of clubs' submissions, are performed by external auditors from Deloitte or PwC (also known as 'compliance partners') at the request of the First Chamber, in accordance with the CL&FFP/CL&FS Regulations.

Following analysis of the clubs' submissions, compliance audits are conducted at clubs' premises in order to verify the information submitted by clubs as part of the monitoring process.

Clubs are usually selected by the First Chamber for one or more of the following reasons:

- Club is under a settlement regime
- Club is under investigation by the First Chamber
- Club disclosed unusual or significant amounts in its submission
- Club reported amounts that are not in line with historical or peer-based benchmarks

Having postponed audits due the COVID-19 pandemic, on-site compliance audits at clubs resumed in the 2022/23 season. The following eight clubs were subject to a compliance audit in relation to the break-even or overdue payables requirements.

Clubs



FC Barcelona (ESP)*



FC Köln (GER)



FC Porto (POR)*



Chelsea FC (ENG)**



FC Bayern München (GER)



Manchester United FC (ENG)



AEK Athens FC (GRE)***



LOSC Lille (FRA)***

CFCB First Chamber conclusions

Auditor's report included material findings

On the basis of the report prepared by the compliance partner, the First Chamber asked these clubs to amend the monitoring information they had submitted during the 2022/23 season.

If the corrections required significantly worsened the club's submission or if no amendments were made, the First Chamber opened proceedings against the club concerned (marked with *).

Auditor's report did not include any material findings

The compliance audit performed by the compliance partner did not flag any material corrections to the information submitted by these clubs during the 2022/23 season and, for those that did not report any breach, the monitoring process was closed by the First Chamber.

In one instance (marked with **), the club's submission in the 2022/23 season was validated and complementary assessment procedures were performed on historical transactions prior to 2019 before the First Chamber took its decision.

In two instances (marked with ***), the compliance audit confirmed the situation of the clubs under settlement before the First Chamber allowed them to exit the settlement regime.



6

ENSURING COMPLIANCE WITH THE MULTI-CLUB OWNERSHIP RULE

As part of the UEFA club competitions admission process, the CFCB is competent to decide on cases relating to clubs' eligibility for UEFA club competitions to the extent provided for by the regulations governing the competitions in question.

6.1

Admission criteria

All clubs that qualify for a UEFA competition on sporting merit and are issued a valid UEFA licence to compete are subject to the relevant competition regulations. As part of the admission process, these clubs must, in particular, comply with the multi-club ownership rule provided for in Article 5 of the competition regulations. This rule aims at ensuring the integrity of the UEFA club competitions and reads as follows:

- a. No club participating in a UEFA club competition may, either directly or indirectly (i) hold or deal in the securities or shares of any other club participating in a UEFA club competition; (ii) be a member of any other club participating in a UEFA club competition; (iii) be involved in any capacity whatsoever in the management, administration and/or sporting performance of any other club participating in a UEFA club competition; or (iv) have any power whatsoever in the management, administration and/or sporting performance of any other club participating in a UEFA club competition.
- b. No one may simultaneously be involved, either directly or indirectly, in any capacity whatsoever in the management, administration and/or sporting performance of more than one club participating in a UEFA club competition.
- c. No individual or legal entity may have control or influence over more than one club participating in a UEFA club competition [...].

If there is doubt as to whether two or more clubs comply with the multi-club ownership rule, the case is referred to the First Chamber, which decides among other whether a party is able to exercise a decisive influence or has control over these clubs. In the context of the UEFA club competition regulations, control or influence is defined in the multi-club ownership context as follows:

- Holding a majority of the shareholders' voting rights
- Having the right to appoint or remove a majority of the members of the administrative, management or supervisory body of the club
- Being a shareholder and alone controlling a majority of the shareholders' voting rights pursuant to an agreement entered into with other shareholders of the club
- Being able to exercise by any means a decisive influence in the decision-making of the club

6.2

Summary of decisions on multi-club ownership cases

In the 2022/23 season, the First Chamber dealt with three cases concerning the participation of six clubs in the 2023/24 UEFA club competitions. The proceedings were opened by the First Chamber at the end of May 2023. The appointed reporting members collected all relevant evidence existing at that time and issued their conclusions by mid-June 2023.

In all three cases, further to the reporting members' conclusions, the clubs made significant changes to comply with the multi-club ownership rule prior to the First Chamber's decision. In substance, the significant changes related to the ownership, governance and financing structure of the clubs concerned, substantially restricting the investors' influence and decision-making power over one club.

As a result, at the end of June 2023, based on the situation and facts available at that time, the First Chamber concluded that none of the clubs breached the multi-club ownership rule and accepted the admission of the six clubs, which are listed here, to the UEFA club competitions for the 2023/24 season.

CFCB First Chamber decisions to accept admission to the 2023/24 UEFA club competitions

Significant changes related to the ownership, governance and financing structure that substantially restricted the investors' influence and decision-making power over one club (marked with *)

- Significant reduction of the investors' shareholding in one of the clubs, or transfer of the effective control and decision-making of one of the clubs to an independent party
- Significant restrictions of the ability to provide financing to more than one club
- No representation on the board of directors and no capacity to directly appoint new directors to the board of more than one club
- No ability to take part in the general assembly or in key decisions such as the approval of the budgets of more than one club
- No ability to exercise control over more than one club at the level of the board of directors or their general assemblies through veto rights or contractual arrangements entered into with other shareholders



Aston Villa FC (ENG)



Vitória SC (POR)*



Brighton & Hove Albion FC (ENG)



R. Union Saint-Gilloise (BEL)*



AC Milan (ITA)



Toulouse FC (FRA)*

Additional commitments provided by the clubs and their investors

- ✓ The clubs will not transfer players to each other before September 2024.
- ✓ The clubs will not enter into any kind of cooperation or joint technical or commercial agreements.
- ✓ The clubs will not use any joint scouting or player database.



7

KEY CONSIDERATIONS OF THE CFCB FIRST CHAMBER

Further to the review of the monitoring information submitted by the clubs, the outcomes of compliance audits performed and, in particular, the decisions of the First Chamber, the following key considerations in the application of certain provisions of the UEFA regulatory framework are highlighted and brought to the attention of licensors and clubs.



7.1

Elements considered when assessing overdue payables

Case study and question

A club declares a material overdue payable towards another football club at 15 July. The same amount is still reported as overdue at the following deadline, i.e. 15 October, but is fully paid in November.

On the third assessment deadline, i.e. 15 January of the following year, the club also reports additional overdue payables towards its players with regard to bonuses due to be paid by 31 December, but these are subsequently fully paid in February.

Question: *How was this case considered by the CFCB when taking its decision?*

CL&FS Regulations and CFCB Procedural rules

Article 80-83 of the CL&FS Regulations – The solvency requirements of the CL&FS Regulations foresee that as at 15 July, 15 October and 15 January in the licence season, the club must have no overdue payables (as defined in Annex H) to other football clubs, to its employees, to social/tax authorities and to UEFA as a result of obligations due to be paid by 30 June, 30 September and 31 December respectively.

Article 96.02 of the CL&FS Regulations – In the case of failure to fulfil the solvency requirements, if at any of the payment deadlines (15 July, 15 October, 15 January in the licence season) the club has overdue payables as described in Articles 80 to 83 that have been overdue for more than 90 days, the CFCB will consider this as an aggravating factor, and, depending on the specific circumstances of the case, it may lead to a potential exclusion from future competitions, as provided for in the Procedural Rules governing the UEFA Club Financial Control Body.



Key considerations of the First Chamber

As mentioned in section 4.3, a number of elements and aggravating factors are considered by the First Chamber when deciding on a case and the sanctioning regime to be applied.

In this case, the following elements were considered by the First Chamber:

- The club disclosed material overdue payables at each of the regulatory payment deadlines, i.e. 15 July, 15 October and 15 January.
- An amount was overdue for more than 90 days at one regulatory payment deadline (considered as an aggravating factor under Article 96.02 of the CL&FS Regulations).

Given the existence of an aggravating factor, namely amounts overdue for more than 90 days, the First Chamber decided to impose a fine and exclude the club from participating in one UEFA competition. The exclusion was suspended for several seasons, but should the club again be found in breach of the overdue payables requirements, the suspension would be lifted and its exclusion from future competitions would take effect.

The Appeals Chamber confirmed the above disciplinary measures imposed by the First Chamber.



7.2

Amounts not considered as disputed payables

Case study and question

A club's outstanding payables towards another football club at 30 June comprise two fixed instalments that were due on different dates. Both instalments were originally due in the previous year and are subject to two separate legal proceedings before FIFA and the CAS. The procedure before FIFA for the second claim is, however, suspended until the procedure for the first instalment is completed before the CAS.

At the overdue payables submission deadline, both instalments are declared by the club as disputed amounts in its overdue payables submission. On 1 September, the CAS award confirming that the first instalment is due, is notified to both parties.

At the overdue payables submission deadline, in its overdue payables submission, the club confirms the payment of the first instalment but continues to declare the second instalment as disputed.

Question: Given that the CAS confirmed that the first instalment is due, how was the second instalment declared by the club as "in dispute" considered by the CFCB?

CL&FS Regulations

Annex H.1.2(c) of the CL&FS Regulations – An amount can be declared as disputed if:

- i. the debtor has brought a legal claim which has been deemed admissible by the competent authority [...]; or
- ii. the debtor has contested to the competent authority [...] a claim which has been brought or proceedings which have been opened against it by a creditor in respect of overdue payables and is able to demonstrate to the comfortable satisfaction of the relevant decision-making bodies (licensor or CFCB) that it has established reasons for contesting the claim or proceedings which have been opened, knowing that if the decision-making bodies (licensor or CFCB) consider the reasons for contesting the claim or proceedings as manifestly unfounded, the amount will still be considered as an overdue payable.

Key considerations of the First Chamber

In order to establish how the second instalment should be disclosed in the overdue payables submission at 15 October, the following elements were considered:

- The conditions for the payment of both instalments are similar under the transfer agreement.
- The CAS rejected the club's argument on the first instalment and concluded that the instalment was due by the club.
- The club did not provide any grounds for contesting the second instalment other than those that it had put forward to contest the first instalment.

Additionally, pursuant to Annex H.1.2(c) of the CL&FS Regulations, the club must, by 15 October, demonstrate to the comfortable satisfaction of the CFCB that it has established reasons for contesting the second claim that are not manifestly unfounded.

In this case, the reason for contesting the second claim was manifestly unfounded and, as a result, the second instalment was considered as overdue as at 30 September, even though there was a pending dispute before FIFA.

The Appeals Chamber confirmed the First Chamber's interpretation.

Case study and question

A large number of clubs faced severe financial difficulties and a sudden liquidity shortfall as a consequence of the COVID-19 pandemic. Several clubs agreed a salary reduction with their players but, in some cases, players refused.

Despite the refusal of some of its players, a club finally decides to unilaterally impose a collective salary reduction on all its players.

In its overdue payables submission, the club reports the payables to the players who refused the salary reduction as disputed, but fails to provide any supporting documents establishing the existence of ongoing proceedings before any competent authority.

Question: How did the CFCB consider the amounts payable to the players which were declared in the club's overdue payables as disputed?

CL&FS Regulations

Annex H.1.2 of the CL&FS Regulations – Payables are not considered as overdue if the licence applicant (i.e. debtor) is able to prove by the applicable deadline, i.e. 15 July, 15 October and 15 January, that the relevant amount is subject to a legal claim or open proceedings, referred to as 'amounts disputed' in the CL&FS Regulations, meaning:

- i. the debtor has brought a legal claim which has been deemed admissible by the competent authority under national law or has opened proceedings with the national or international football authorities or relevant arbitration tribunal contesting liability in relation to the overdue payable, [...]; or
- ii. the debtor has contested to the competent authority under national law, the national or international football authorities or the relevant arbitration tribunal, a claim which has been brought or proceedings which have been opened against it by a creditor in respect of overdue payables [...].



Key considerations of the First Chamber

While assessing the case described above, the First Chamber concluded that the payables reported as disputed did not fulfil the regulatory requirements for an amount to be considered as disputed.

Specifically, it considered that, to be validly disputed according to the CL&FS Regulations, the payables to the players who had refused the unilateral salary reduction should have been contested by the club before the competent authority. In other words, the club should have sought declaratory relief for permission to unilaterally apply a wage cut. By doing so, it would have avoided overdue payables for the amounts concerned.

The First Chamber based its reasoning on the specific possibility offered by the CL&FS Regulations for clubs to seek declaratory relief. While it is up to the competent authority to determine whether a debtor has a legal interest in bringing proceedings against a creditor in an individual case, the First Chamber found that a club contesting liability and seeking a declaratory judgment from the competent authority is generally to be considered as having a legitimate interest to do so.

Both the Appeals Chamber and the CAS confirmed that the First Chamber's approach had been appropriate and reasonable, notably because one of the objectives of the regulations was to protect creditors and ensure that clubs settled their obligations in due time.



7.4

Transfer amounts subject to “factoring” by the selling club

Case study and question

Following the permanent transfer of a player’s registration to the “Buying club”, the “Selling club” agrees to sell its outstanding account receivables from the Buying club to a third party (bank or any other financial institution) at a discounted price rather than waiting to be paid in the subsequent years.

This type of transaction, known as factoring of receivables, is a common practice for the Selling club since it allows it to receive the cash immediately. The Selling club transfers its right to receive the cash flows from the Buying club and does not assume any obligation to pay any cash flows from that financial instrument.

Furthermore, all risks and rewards have been transferred in substance to the third party and, therefore, the Selling club does not have control over the asset anymore.

Question: Do factored amounts qualify as overdue payables under the CL&FS Regulations? How should such transactions be reflected in the financial statements of the Selling Club and of the Buying Club?

CL&FS Regulations

Article 70.01 of the CL&FS Regulations – The licence applicant must prove that as at the 31 March preceding the licence season, it has no overdue payables (as defined in Annex H) to other football clubs as a result of obligations arising from transfers due to be paid by the 28 February preceding the licence season.

Article 80.01 of the CL&FS Regulations – As at 15 July, 15 October and 15 January in the licence season, the club must have no overdue payables (as defined in Paragraph 70.02 and Annex H) to other football clubs as a result of obligations arising from transfers due to be paid by 30 June, 30 September and 31 December respectively.



Key considerations of the First Chamber

According to the description of the case, all the risks and rewards have been transferred substantially from the Selling club to the third party. This means that if the Buying club fails to pay or settle the amount due according to the original terms, the third party takes on the risk of non-payment and will therefore have to absorb the potential loss. As a result, the creditor of the Buying club is now the third party that agreed to buy from the Selling club its receivables from the Buying club .

Since the new creditor of the Buying club is a third party (bank or any other financial institution) and not another football club, such payable does not fall in scope of club monitoring as per the CL&FS Regulations anymore.

The present case fulfils the criteria under IFRS for derecognition of a financial asset and the Selling club will be able to account accordingly in its financial statements. Any difference between the carrying amount of the receivable at the date of recognition and the consideration received is recognised in profit or loss. Similarly, since the new creditor of the Buying club is a third party (bank or any other financial institution) and not the Selling club, the payables amounts should be reclassified as a financial debt.



7.5

Incorrect capitalisation of employment benefits expenses

Case study and question

A club capitalises player sign-on bonuses at the time of transfer and treats them as ‘intangible assets – player registrations’ that are amortised on a straight-line basis over the relevant contract period.

The club argues that a sign-on bonus is a key element to persuade a player to join the club and therefore considers it as a cost directly attributable to the player’s registration. The club therefore capitalises such cost and amortises it throughout the period of the employment agreement.

Furthermore, the club argues that the accounting policy on intangible assets related to non-conditional signing bonuses was validated by the club’s auditors for statutory purposes.

Question: How were those sign-on bonuses paid to players considered by the CFCB and how should they be accounted for in the financial statements submitted by the club to its licensor/UEFA?

CL&FS Regulations

Annex G3.4(a) and Annex G.5.1(b) of the CL&FS Regulations (same requirements were included in the CL&FFP Regulations) – only directly attributable costs of a player’s registration can be capitalised as an intangible asset and all forms of consideration to and for the benefit of players (such as sign-on bonuses) must be treated as employee benefit expenses and not costs of a player’s registration.

Any bonuses and/or incentive payments that are payable in full by the club to a player with no further condition or service obligation must be recognised as employee benefit expenses when triggered.

Furthermore, the CL&FS Regulations clarify the treatment of bonus and incentive payments that must be recognised as employee benefit expenses when triggered.

Key considerations of the First Chamber

The First Chamber recalled the provisions of the CL&FFP Regulations, in particular the requirement that all forms of consideration to and for the benefit of players (such as sign-on bonuses) must be treated as employee benefit expenses and not costs of a player’s registration.

Furthermore, Annex G.5.1(b) of the CL&FS Regulations clarifies the treatment of bonus and incentive payments that must be recognised as employee benefit expenses when triggered.

The club was also reminded about the provision of Articles 66.05 and 68.08 of the CL&FS Regulations pursuant to which clubs must submit restated financial information if their annual and/or interim financial statements are not in compliance with the accounting requirements set out in Annex G.



7.6

Incorrect classification and recognition of sponsorship revenues

Case study and question

Clubs' financial situations were negatively affected by the COVID-19 pandemic, with significant loss of liquidity and equity prompting clubs to explore available financing options.

As a result, a club enters into agreements with banks to sell future sponsorship receivables pertaining to multiple sponsorship contracts. The sale of these future receivables does not affect the club's obligations relating to its sponsorship agreements. Under the sale agreements, the banks assume the risk of the sponsor's solvency and payment of the amounts due.

According to the domestic GAAP, the club is allowed to recognise the sale of the receivables as income in the periods in which the receivable is sold and revenue from these transactions is recorded as exceptional income.

Question: How was the income considered by the CFCB and how should the sale of future sponsorship receivables be accounted for in the financial statement submitted by the club to its licensor/UEFA?

CL&FS Regulations

Annex G6.3(a) and Annex J.2.1(b) of the CL&FS Regulations (same requirements were included in the CL&FFP Regulations) – revenue in respect of sponsorship rights which are fixed considerations must be recognised on a proportionate basis over the period covered by the sponsorship contract.

Revenue derived from the main sponsor, other sponsors, pitch-perimeter and other board advertising, and other sponsorship and advertising should be presented as sponsorship and advertising income.



Key considerations of the First Chamber

The classification of the income as exceptional income was not in line with the CL&FFP Regulations, which require consistency of presentation. As a result the income was reclassified as sponsorship income rather than exceptional income.

Furthermore, the accounting treatment was not appropriate because sponsorship revenue had to be recognised on a proportionate basis over the period covered by the sponsorship contract. Since the underlying sponsorship contracts were not affected (i.e. the club's performance obligations were the same), the income had to be moved from the period in which the payment was received to the period in which it was earned for break-even purposes.

Despite the fact that the reporting GAAP used by the club differs from the CL&FFP Regulations, the club agreed to correct the value of the sponsorship income for the relevant reporting periods included in its submission to UEFA.

The Appeals Chamber confirmed the First Chamber's interpretation.



7.7

Player's loan income and expense disclosure

Case study and question

A club receives a fee for a player who is loaned out to another club, and, in the same reporting period, the same club pays fees for three players who are loaned in from other clubs.

According to the domestic GAAP, loan fees paid by the club are capitalised and amortised in the same year. The loan fee expenses are therefore included in amortisation expenses in the club's audited financial statements and in its submission to UEFA.

Furthermore, loan fees received by the club are recorded when due and are included and presented as commercial revenues in both the audited financial statements and the submission to UEFA.

Question: How were the income and expenses considered by the CFCB and how should the loan fees received/paid be accounted for in the financial information submitted by the club to its licensor/UEFA?

CL&FS Regulations

Annex F.3 and Annex G.4.2 of the CL&FS Regulations (same requirements were included in the CL&FFP Regulations) – Under the minimum disclosure requirements set out in Annex F.3 and the accounting requirements in Annex G. of the CL&FS Regulations,

- any loan fees incurred in a reporting period for the temporary transfer in of a player's registration must be reported as a transfer cost in the account line 'Costs of acquiring player registrations (including loan fees)' foreseen in the break-even submissions table;
- any loan fees arising in a reporting period for the temporary transfer out of a player's registration must be included in the account line 'Income from disposal of player registrations (including loan income)'.



Key considerations of the First Chamber

According to the CL&FFP Regulations, loan fees received/paid must be reported as player transfer income/expense. The First Chamber asked the club to perform the following reclassifications in its break-even submission to UEFA:

- Loan fees paid by the club must be classified as player transfer expense (i.e. cost of acquiring player registrations (including loan fees)) rather than amortisation charges.
- Loan fees received by the club must be classified as player transfer income (i.e. income from disposal of player registrations (including loan income)) rather than commercial revenues.



7.8

Incorrect presentation of profit on intangible assets

Case study and question

A club sells an intangible fixed asset which, according to its audited financial statements, generates a profit from the disposal of intangible fixed assets.

In the club's break-even submission to UEFA, it classifies such profit as 'Other operating income', thereby considering it as relevant income for the purposes of its break-even calculation.

Question: Was such income considered as relevant income by the CFCB and how should a profit from the disposal of intangible fixed assets (other than player registrations) be disclosed in the club's financial submission to UEFA?

CL&FS Regulations

Annex J.4.1(b) of the CL&FS Regulations (same requirements were included in the CL&FFP Regulations) – the profit/loss on disposal of intangible assets other than in respect of player registrations is excluded from the calculation of the football earnings or break-even result.

Key considerations of the First Chamber

After having assessed the club's information as well as additional documentation received, the First Chamber concluded that the presentation of profit on the sale of intangible assets should be consistent with the club's financial statements and the nature of the transaction.

Accordingly, the above-mentioned profit was reclassified as 'profit/loss on disposal of other intangible assets' in the club's submission and, in line with the CL&FFP Regulations, such profit shall not be considered as relevant income and should be excluded from the calculation of the break-even result.

It should be mentioned that the reason the regulations do not allow the inclusion of income from the sale of intangible assets (other than player registrations) is to prevent clubs disposing of their assets and thereby compromising their future revenues. This protects the long-term financial sustainability of European clubs.



8

THE OUTLOOK FOR 2023/24 2024/25

After two very challenging seasons – the busiest since the creation of the CFCB more than a decade ago – what will the upcoming seasons look like?

In terms of procedure and the decision-making process, stability should prevail. Indeed, the 2022 Procedural rules governing the UEFA Club Financial Control Body, under which the 2022/23 monitoring process was conducted, will also govern the 2023/24 club monitoring process.

There will also be continuity in the composition of the First Chamber, whose seven members were all re-elected for a four-year term (2023–27) by the UEFA Executive Committee at the end of June 2023.

In respect of the substantive rules defined in the UEFA Club Licensing and Financial Sustainability Regulations, the 2023/24 season will constitute a transitional season. It will set the stage for the first assessment and decisions concerning the new cost-control requirements, known as the ‘squad cost rule’, whose objective is to ensure rational spending by limiting expenditure on players’ and coaches’ wages, transfers and agent fees to 70% of a club’s revenue. However, the CL&FS Regulations foresee a gradual implementation of this rule, with the percentage reducing from 90% in the 2023/24 season to 80% in 2024/25, and 70% from 2025/26. This requirement provides a direct measure between squad costs and income to encourage more performance-related costs. Should clubs breach this new requirement, they will be subject to disciplinary measures, i.e. pre-defined financial penalties as well as sporting measures, under the CL&FS Regulations.

The break-even requirement, which had been one of the pillars of financial fair play since it was introduced in 2010, was assessed for the

last time in the 2022/23 season. Its regulatory successor, the stability requirement known as the ‘football earnings rule’, will be assessed for the first time in the 2024/25 season. Meanwhile, the solvency requirements, i.e. the enhanced ‘no overdue payables rule’, will continue to be carefully monitored in the 2023/24 season.

In 2023/24, a particular focus will also be placed on clubs that concluded a transitional settlement agreement, since they will have specific football earnings targets to fulfil during the season as foreseen in their settlement agreement.

Furthermore, the club licensing criteria that clubs must fulfil to enter UEFA competitions have been significantly reinforced in the new UEFA Club Licensing and Financial Sustainability Regulations. Indeed, there are a number of new requirements that enter into force as from the 2023/24 season (with specific transitional provisions), such as the introduction of:

- (i) the so-called ‘net equity rule’, which aims to strengthen clubs’ balance sheets by ensuring they operate with positive equity;
- (ii) specific women’s football criteria as part of men’s club licensing in order to ensure that leading men’s football clubs support the development of women’s football;
- (iii) specific accounting requirements that clubs’ financial statements must comply with.

Finally, from a regulatory point of view, discussions on potential improvements or amendments to the above-mentioned substantive rules will continue in the 2023/24 season. At the UEFA Club Licensing Committee’s request, a working group comprising the various stakeholders of European club football will carefully analyse the potential options and propose amendments and additions to UEFA’s regulatory framework as and when necessary.

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