



UEFA Club Licensing and Financial Sustainability, Edition 2023

WE CARE ABOUT FOOTBALL

Agenda

01

Introduction

04

Update of the club monitoring and licensing regulations

02

Update of the licensing regulations

05

Monitoring requirements

03

Net equity rule

06

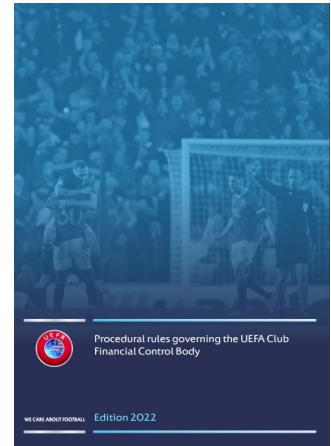
Summary



Introduction

Scope

- Clubs must get the **UEFA license** to participate to a UEFA Club competition
- The Licensor grant the UEFA license. The licensor is free **to increase or introduce additional minimum criteria**
- Clubs in UEFA competitions must comply with the monitoring requirements
- **UEFA is in charge of the monitoring requirements**
- Information must be submitted via the IT Solution:
 - several deadlines between July 200(T) and March 202(T+1)
- The **Club Financial Control Body** determine whether club fulfil the club monitoring requirements; enter into settlement agreements and/or impose disciplinary measures



CFCB | Procedural Rules & Structure of the CFCB

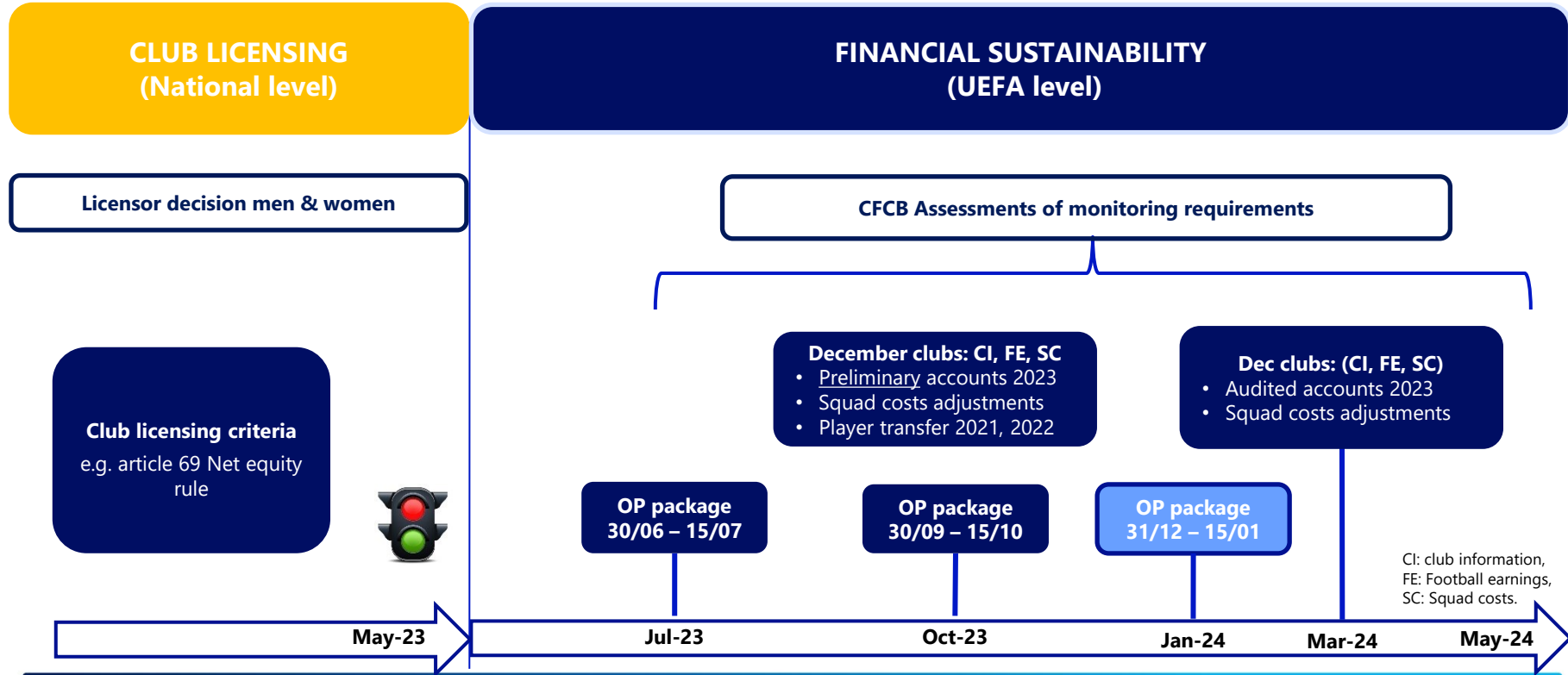
Structure within the CFCB since July 2021

Decision-making process within the two CFCB Chambers:

- **First Chamber** (CFCB FC)
- **Appeals Chamber** (CFCB AC)

- The CFCB FC is competent to ensure that licensors and clubs have fulfilled their **obligations as defined in the CL&FS regs** as well as **Multi Club Ownership criteria** foreseen in the UEFA Club Competitions regs.
 - The CFCB FC has **full decision-making** power and the CFCB AC shall hear and review cases **only if an appeal is lodged** against a decision of the CFCB FC.
-

Regular process

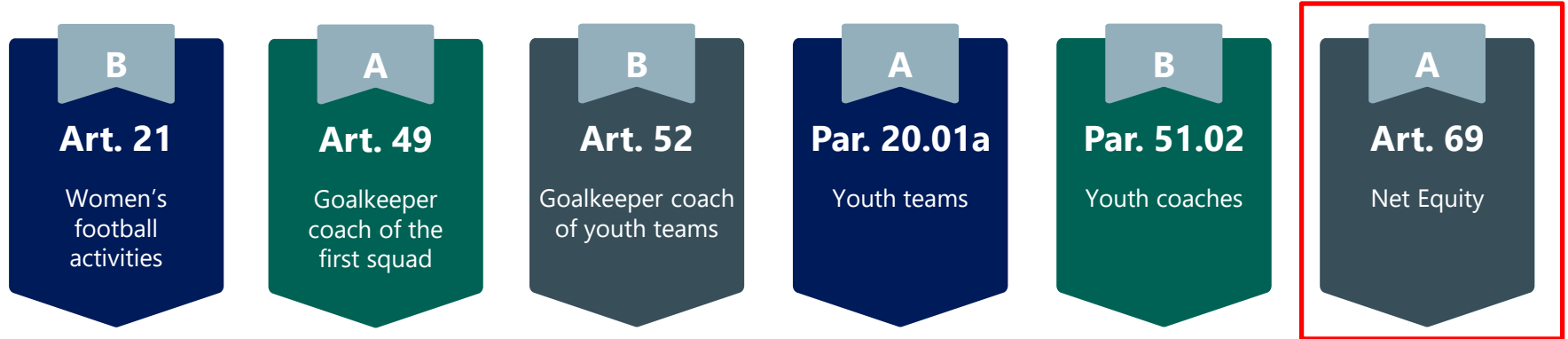




Update of the licensing regulations

Club Licensing requirements

- UEFA CL requirements are minimum requirements to be integrated into domestic club licensing regulations.
- Annex C.2.3 The licensor is free to increase or introduce additional minimum criteria in its national club licensing regulations for the purpose of entering UEFA club competitions.
- All CL&FS (2023 edition) provisions have been fully implemented with the exception of the Net Equity.

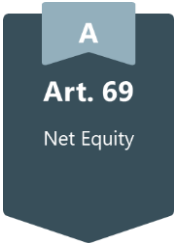




Net equity rule

Article 69 | Net equity rule

Article 69, Net equity rule



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

- a) As at 31 December report net equity which is positive; or
- b) As at 31 December report net equity which has improved by 10% or more since previous 31 December; or
- c) By 31 March submit a new audited balance sheet to demonstrate that condition (a) or (b) has been fulfilled since 31 December.

Implementation (minimum requirements):

- **For 2024/25, B criterion** (net equity at 31 December 2023): Failure will be sanctioned by licensor, but will not lead to refusal of licence.
 - **For 2025/26, A criterion** (net equity at 31 December 2024): Failure will lead to refusal of license.
-

Net equity: Equity positive in December T-1

31 December : T-1
Equity
Subordinated loans > 12m

31 May:
Licensing decision

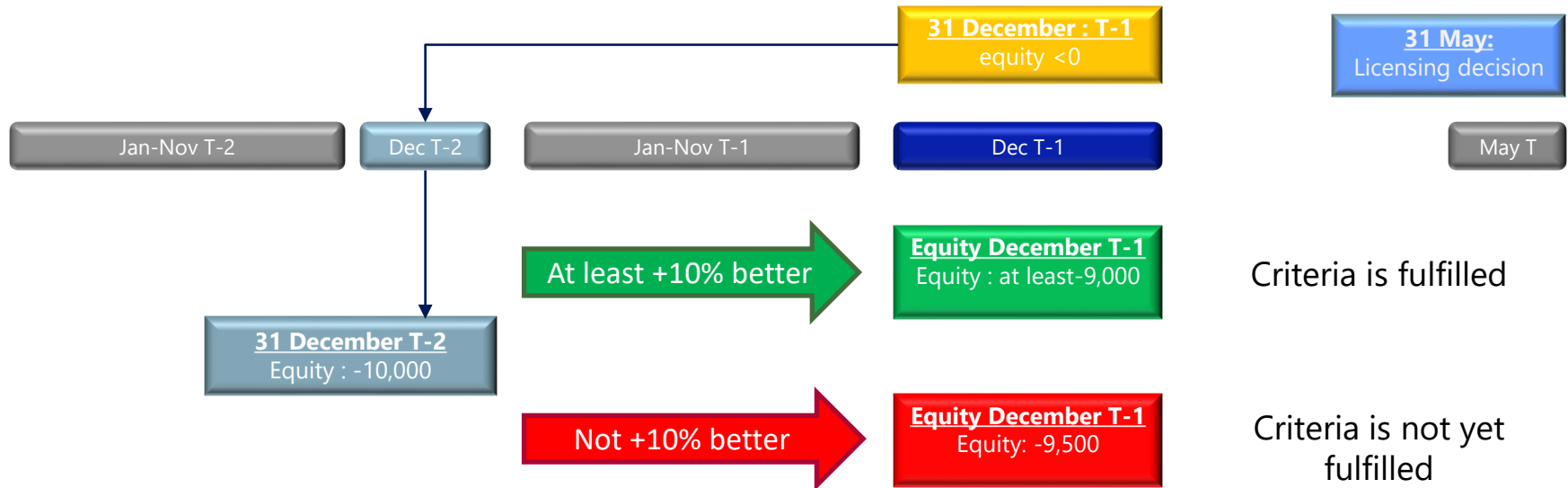


Case 1: Positive equity	December T-2	December T-1
Bank and other loans		
Loans/Accounts Payable to Group Entities/Related Parties		
Equity		
Share/Fund Capital	10'000	10'000
Retained Earnings	50'000	40'000
Other Reserves	10'000	10'000
Total equity	70'000	60'000

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

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

Equity <0 in December T-1: 10% minimum improvement vs December T-2?



Equity < 0 in December T-1: is **March T + 10%** better (at least) vs December T-2 ?



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

Net equity rule: Reporting requirements (article 66, 68, 69)






Licensing documentation	Deadline	Illustration for obtaining a licence for 2025/26
Financial statements to 31 December being, as applicable, <ul style="list-style-type: none">• annual financial statements (audited)• interim financial statements (audited or reviewed)	By the licensor's deadline as per core process	Club A: Annual financial statements to 31 December 2024 (comparative at 31 December 2023)
If applicable, evidence that a balance sheet liability at 31 December meets the conditions for adjusting as a subordinated loan		Club B: Interim financial statements to 31 December 2024 (comparative at 31 December 2023)
If applicable, a new audited balance sheet to a date after 31 December and evidence that a balance sheet liability meets the conditions for adjusting as a subordinated loan	By the licensor's deadline as per core process.	Audited balance sheet at 28 February 2025

Article 69 | Net equity rule evaluation

Analysis off the top division clubs' situation with regard to Net Equity rule

- Analysis of the Net Equity ("NE") position for FY2022 compared to FY2021 to understand how many clubs could already fulfilling the criteria (positive equity or negative equity improved by 10% or more);
 - §69.04 Subordinated loans (> 12 months) are taken into account in the calculation of the Net equity;
 - Identification of Related Party ("RP") loans, as such loans are the more likely to be subordinated;
 - Highlighted the clubs which have not/cannot improve their NE position by 10% or more from FY2022 to FY2021;
 - Identified those clubs that were qualified to UEFA clubs competitions and were not fulfilling the criteria.
-

Romania | Comparison Net equity FY 2022

-  **11** clubs had Negative Equity (out of 16 top division clubs)
 -  **No club** improved by >10% their negative equity position
 -  **2** clubs with related party loans that could cover 100% negative equity.
 -  **2** other clubs with related party loans that could cover >10% of the negative equity.
 -  **7 clubs** had negative equity and should improve by 31 March to be able to meet this financial criteria to participate to UEFA club competitions 2023/24
-



Update of the Club monitoring and licensing regulations

Regulations, Edition 2023

The Club Licensing and Financial Sustainability Regulations were amended :

- i. Annex G.3.4.c** Limitation of the amortisation of players' registration to five years
 - ii. Annex G.3.4.d** Impairment review for player on loan;
 - iii. Annex G.3.5** Accounting treatment to be followed in case of player exchange transactions;
 - iv. Annexes E.2.1 and E.2.2** Confirmation from the clubs' auditors that the accounting requirements described in Annex G are adequately applied in the clubs annual and interim financial statements
-

i. Annex G.3.4.c Limitation of the amortisation of players' registration to five years

G.3 Accounting requirements for the permanent transfer of a player's registration [...]

For each individual player's registration, the depreciable amount must be allocated on a systematic basis over the duration of the player's original contract, **up to a maximum of 5 years**. This is achieved by the systematic allocation of the cost of the asset as an expense from the date the player's registration is acquired and over the period of the player's contract, **up to a maximum of 5 years**. If the period of a player's contract with the club is extended, then the intangible asset carrying value of the player's registration plus any additional directly attributable contract negotiation costs (e.g. agent/intermediary fees) can either be amortised over the remaining period of the original contract, or be amortised over the extended period of the player's contract, **up to a maximum of 5 years from the date of the contract extension**.

Player contract before July or contract extension before 1st July 2023

Example : In July 2022, Club B acquired a player's registration for 70 million
The player signed a 7 years' contract. Depreciation 10m per year

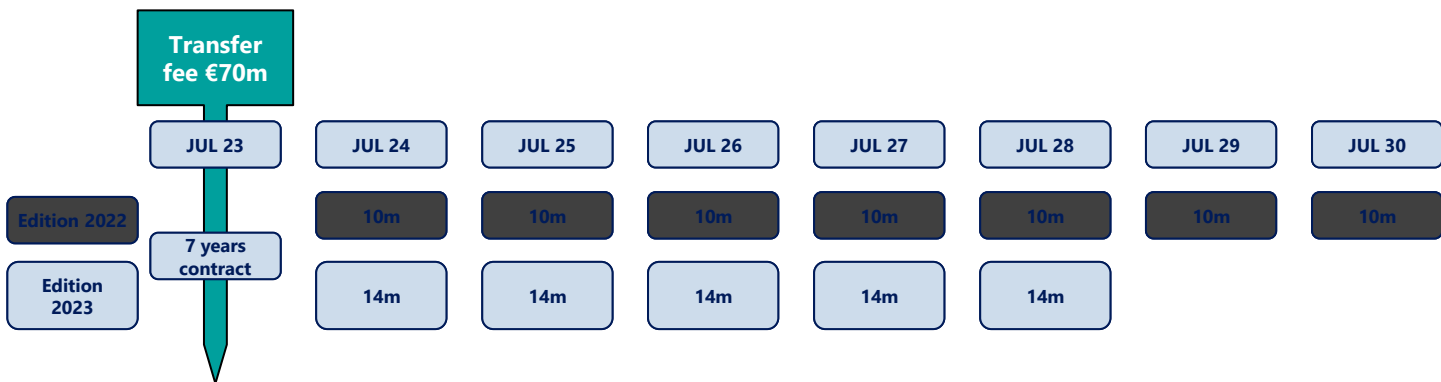


➔ *Player's registration / contract extension before 1 July 2023 are not in scope of the new accounting requirements*

Player's registration acquired on or after 1 July 2023 (contract longer than 5 years)

Clubs can still offer players contracts of more than 5 years.

- A player's registration acquired ***on or after*** 1 July 2023 for €70 million. He signed a 7 years' contract
- The amortisation of the registration costs is limited to a maximum of 5 years. ($70/5 = 14$ p. year).



→ Player's registration acquired after 1 July 2023 must be depreciation over the duration of the contract, up to a maximum of 5 years.

Player's extension after 1 July 2023 longer than 5 years

Clubs **can** continue to offer extension for more than 5 years to players

- Player A signed in 2021 up to June 2024. Transfer fee €60m, amortisation €20m per year
- In August 2023, his contract is extended up until June 2029
- **The amortisation can be over the remaining period of the original contract (option 1) or up to a maximum of 5 years from the date of the contract extension (option 2)**



ii. G.3.4.d Impairment review for player on loan

All capitalised player values must be reviewed for impairment each year by the licence applicant's management. If the recoverable amount for an individual player is lower than the carrying amount on the balance sheet, the carrying amount must be adjusted to the recoverable amount and the adjustment charged to the profit and loss account as an impairment cost. It is recommended that each licensor requires each of its licence applicants to apply consistent accounting policies in respect of player registration costs.

The net book value of a player's registration should be reviewed for impairment in the reporting period in the following circumstances:

- i. When it becomes clear by the annual accounting reference date that a player will not be able to play again with the club, for example if he suffers a career-threatening injury or is permanently unable to play professional football. In this case, the net book value of the player's registration on the balance sheet must be fully impaired in that reporting period. The following events do not represent a cause for recognising impairment loss:
 - A player suffers an injury in a reporting period and is temporarily unable to play professional football with the club, or
 - A player suffers a decline in fitness or ability and is not selected for participation in first team matches.

In this regard, the future wages of a player suffering from a career-threatening injury or permanently unable to play professional football must continue to be recognised as employee benefit expenses throughout the duration of the player's contract.

- ii. If the management of the club is committed to permanently transfer a player's registration and the transfer occurs just after the annual accounting reference date. In this case, the net book value of the player's registration on the balance sheet should be reviewed for impairment if the disposal proceeds for the permanent transfer of the player's registration to the new club is lower than his net book value. The accounting principle must be disclosed in the financial statements and applied consistently from one reporting period to another

iii. If the management of the club has temporarily transferred a player's registration for an amount lower than the amortisation cost.

Example

Rock

W



← Loan fee 5m

Amortisation
10m

The loan fee received by Rock is lower than its amortisation costs

➔ **The net book value of a player's registration should be reviewed for impairment**

iii. G.3.5 Exchange of players transactions (new)

If two or more players are transferred in opposite directions between clubs, the licence applicant must assess whether these transfers are to be considered as player exchange transactions under the terms of these regulations. If so, the international accounting requirements for the exchange of assets (IAS 38, paragraphs 45-47) are to be applied when calculating the profit from the disposal of the outgoing player(s) and the registration costs for the incoming player(s):

Outgoing player(s): When calculating the profit from the disposal of the outgoing player's registration, the proceeds cannot exceed the net book value of the cost of the player's registration in the licence applicant's financial statements, adjusted to take account of any net cash paid in the context of the exchange transaction.

Incoming player(s): The registration costs for the incoming player must be capitalised at the maximum at the carrying amount of the outgoing player, adjusted to take account of any net cash paid by the club in the context of the exchange transaction.

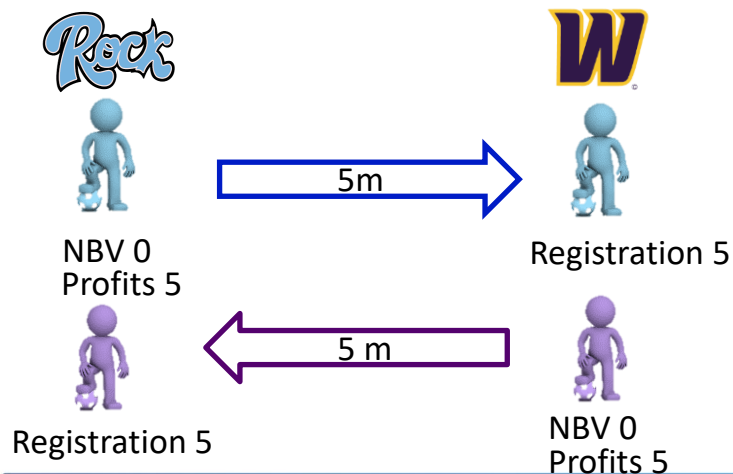
A player exchange transaction is when two or more players are transferred in opposite directions between clubs and which, typically includes one or more of the following conditions in respect of the players transferred in and out (not exhaustive list). Transfers, incoming and outgoing:

- are included in the same transfer contract;
- are included in different transfer contracts that are linked to each other;
- are concluded in the same registration period;
- do not involve any or only limited monetary disbursements;
- do involve the same or similar payment obligations or payment deadlines for both the players transferred in and the players transferred out that are likely to offset each other.

Example 1 :Transfer with no cash difference paid (Edition 2022)

- Clubs Rock and W exchanged two players from their academies
- Rock transferred its player to W for 5m.
- W transferred its player to Rock for 5m.

→ No cash exchange.



Edition 2022:

1. Profits calculation

Profit calculation	Rock	W
Proceeds	5	5
Net book value outgoing player	0	0
Profit on disposal	+5	+5

2. The registration costs of the incoming players

	Rock	W
Registrations costs	5	5

Example 1: transfer with no cash difference paid

Rock



NBV 0
Profits 0



Registration 0

W



Registration 0



NBV 0
Profits 0

5m

5 m

G.3.5 accounting requirements :

1. Proceeds cannot exceed the net book value of players adjusted to take into account any net cash paid in the context of the exchange transaction.

Profit calculation	Rock	W
Net cash received / paid	0	0
Profits	0	0

2. The registration costs of the incoming player is at the maximum at the carrying amount of the outgoing player, adjusted to take any net cash paid.

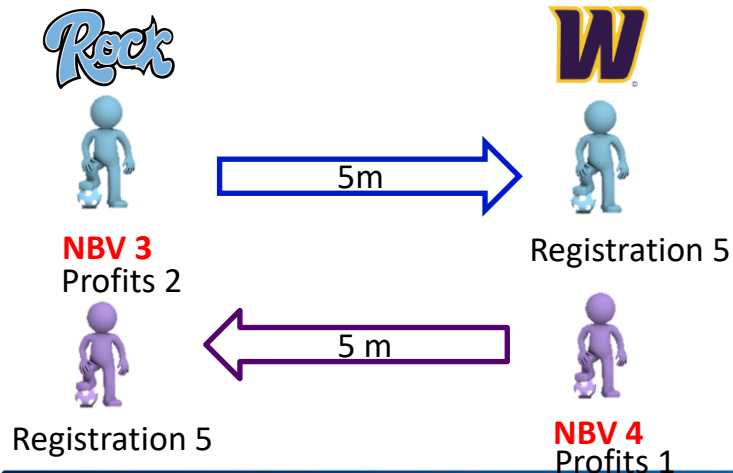
	Rock	W
Carrying amount of the outgoing player	0	0
Cash paid	0	0
Registrations costs	0	0

Example 2 :transfer with no cash difference paid, NBV≠ 0 (Edition 2022)

Clubs Rock and W exchanged two players with a **net book value ≠ 0**

- Rock transferred its player to W for 5m.
- W transferred its player to Rock for 5m.

→ No cash exchange.



Edition 2022:

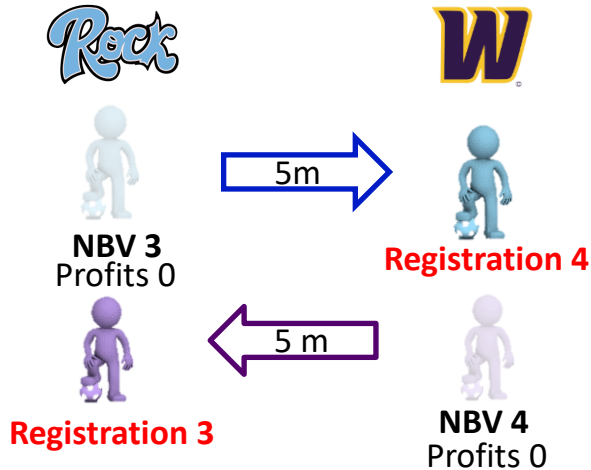
1. Profits calculation

Profit calculation	Rock	W
Proceeds	5	5
Net book value outgoing player	3	4
Profit on disposal	+2	+1

2. The registration costs of the incoming players

	Rock	W
Registrations costs	5	5

Example 2: Transfer with no cash difference paid, NBV ≠ 0



G.3.5 accounting requirements :

1. Proceeds cannot exceed the net book value of players adjusted to take into account any net cash paid in the context of the exchange transaction.

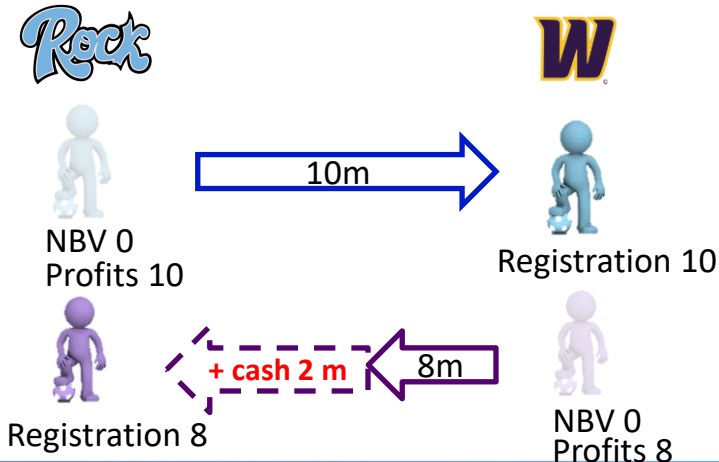
Profit calculation	Rock	W
Net cash received / paid	0	0
Profits	0	0

2. The registration costs of the incoming player is at the maximum at the carrying amount of the outgoing player, adjusted to take any net cash paid.

	Rock	W
Carrying amount of the outgoing player	3	4
Cash paid	0	0
Registrations costs incoming players	3	4

Example 3: Transfer with a cash difference paid (Edition 2022)

- Clubs Rock and W exchanged two players, NBV = 0.
 - Rock transferred its player to W for 10m.
 - W transferred its player to Rock for 8m.
- **W must pay 2m to Rock to offset both transactions.**



Edition 2022:

1. Profits calculation

Profit calculation	Rock	W
Proceeds	10	8
Net book value outgoing player	0	0
Profit on disposal	+10	+8

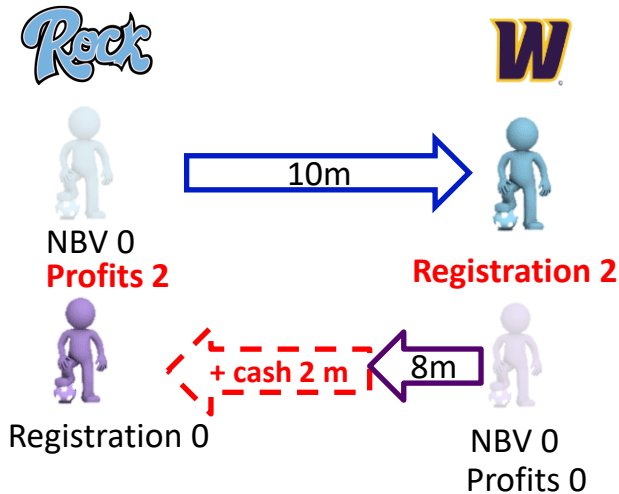
2. The registration costs of the incoming players

	Rock	W
Registrations costs	8	10

Example 3: Edition 2023 transfer with a cash difference paid

G.3.5 accounting requirements :

1. Proceeds cannot be the net book value of players adjusted to take into account any net cash paid in the context of the exchange transaction.



Profit calculation	Rock	W
Net cash received / paid	+2	-
Proceeds	2	0
Profits (Proceeds – NBV)	2	0

2. The registration costs of the incoming player is at the maximum at the carrying amount of the outgoing player, adjusted to take any net cash paid.

	Rock	W
Carrying amount of outgoing player	0	0
Cash paid	0	2
Registrations costs	0	2

iv. Annex E Determination of the auditor and the auditor's assessment procedures

E.2 Assessment procedures

E.2.1 The auditor must audit the annual financial statements. The auditor's report must:

- a. include a statement confirming that the audit was conducted in accordance with the International Standards on Auditing or relevant national auditing standards or practices where these comply with, as a minimum, the requirements of the International Standards on Auditing; and
- b. be submitted to the licensor together with the annual financial statements to form a basis for the licensing decision.

In addition, the auditor must provide another statement about whether or not the annual financial statements comply with the accounting requirements set out in Annex G. If not, the statement must include a brief description of the requirements not met. In such a case, the CFCB will review the transactions in detail in line with the *Procedural rules governing the UEFA Club Financial Control Body*.

iv. Annex E Determination of the auditor and the auditor's assessment procedures

E.2 Assessment procedures

E.2.2. The auditor must, as a minimum, review the interim financial statements. The auditor's report must:

- a. include a statement confirming that the review was conducted in accordance with either the International Standard on Review Engagements (ISRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', or relevant national standards or practices for such reviews where these comply with, as a minimum, the requirements of ISRE 2410; and
- b. be submitted to the licensor together with the interim financial statements to form a basis for the licensing decision.

In addition, the auditor must provide another statement about whether or not the interim financial statements comply with the accounting requirements set out in Annex G. If not, the statement must include a brief description of the requirements not met. In such a case, the CFCB will review the transactions in detail in line with the *Procedural rules governing the UEFA Club Financial Control Body*.



Monitoring requirements

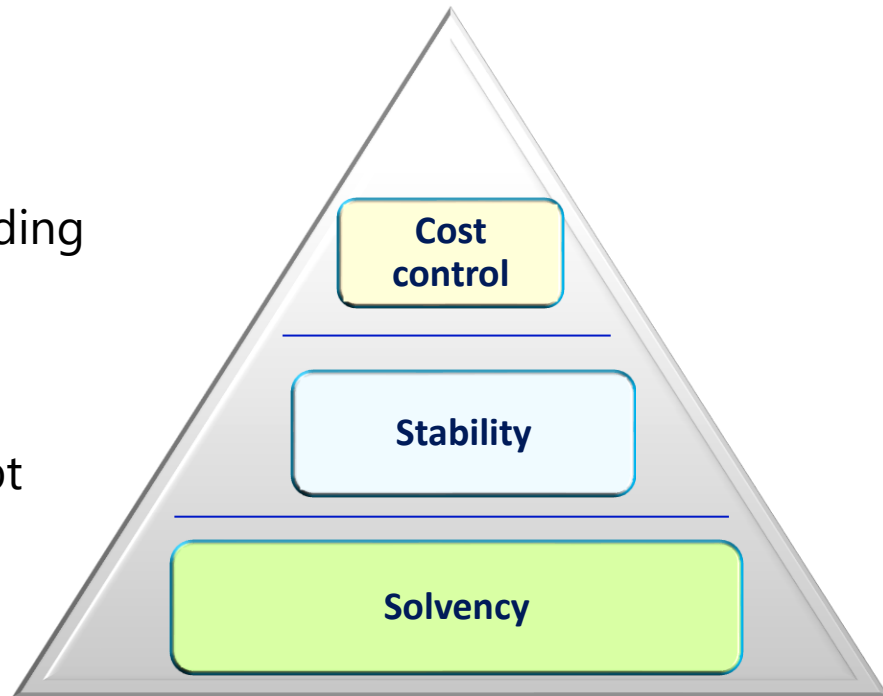
Proposed approach

3 pillars approach

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

Main objective

Financial sustainability

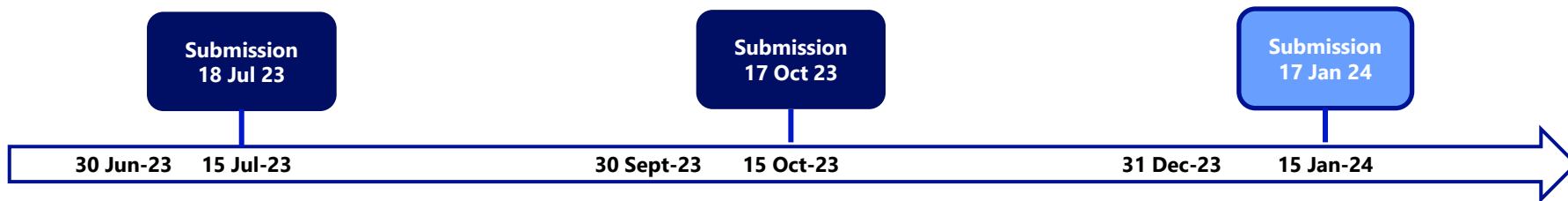


Overdue payable: scope of application and deadlines

Measure:	For clubs as from:	For clubs with employee benefits expenses:		
		EBE < €5m	EBE €5m to <€30m	EBE > €30m
No overdue payables rule	Qualification rounds	✓	✓	✓

Overdue payable as at 30 June, 30 September and 31 December must be settled/deferred/disputed by 15 July, 15 October, 15 January.

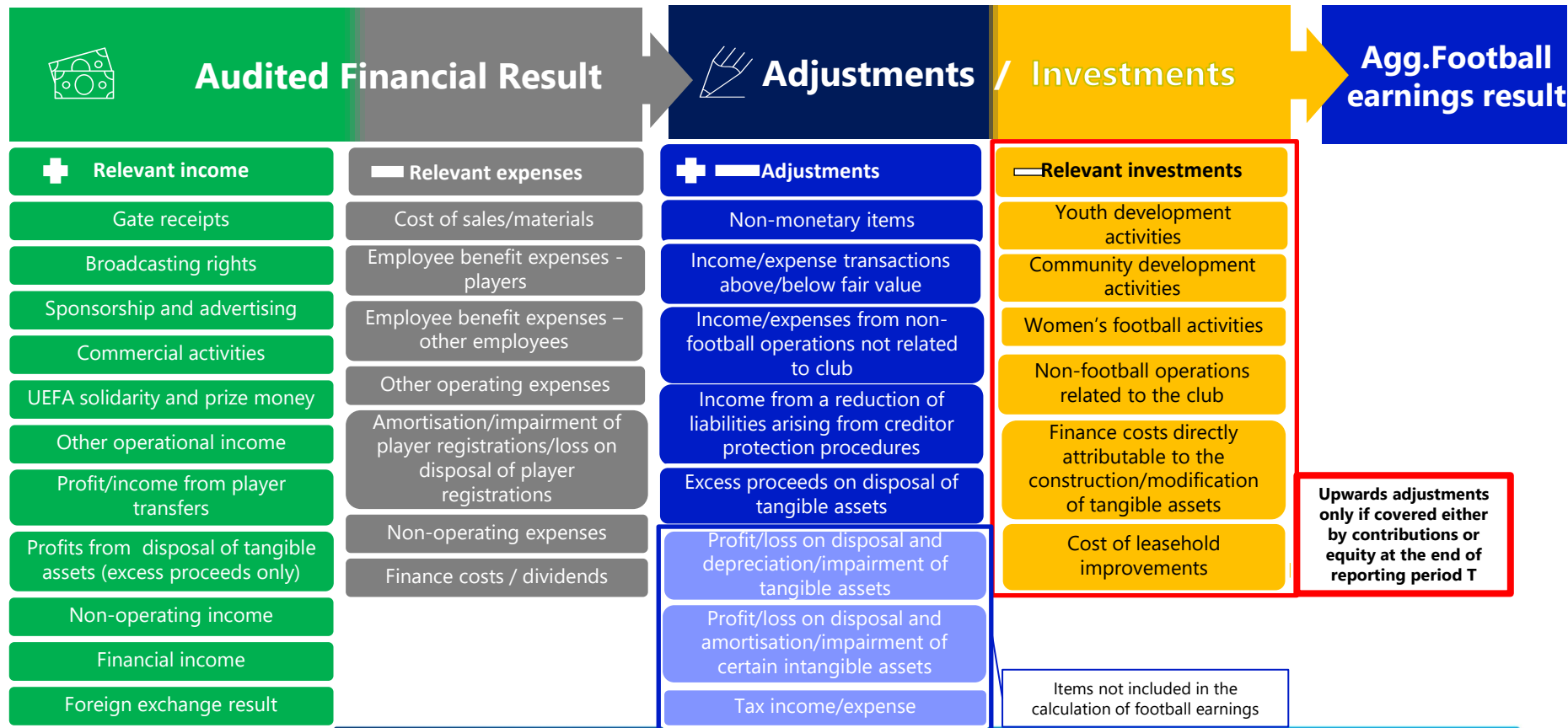
Overdue for more than 90 days, the CFCB will consider this as an aggravating factor



Key principles of the football earnings rule

- The calculation is primarily a **three-year assessment** based on a **club's income statement** (P&L)
 - Encourages spending on facilities and other activities for **the long-term benefit of the club**, rather than short-term speculative spending
 - A club must **not repeatedly spend more** than the income it generates (limited contributions)
 - No obligation for clubs to be profitable
 - Aggregated deficit must be within **acceptable deviation (€5/60/90M)**
-

Aggregated Football Earnings for a monitoring period



Football earnings rule

General rule : 3 years calculation based on audited P&L.

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

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

For the license season 2023/24 : First year of the gradual implementation.

The requirement is to submit football earnings information for the reporting period ending in 2023.

Audited financial statements must be provided with March submission if club's financial year-end after 31st July

Scope of application and exemption

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

No Romanian clubs are subject to squad costs rule based on financial information 2021 and 2022

Squad cost rule

Articles 92 to 94
Annex K

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

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

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

Gradual implementation before licence season 2025/26:

- 2023/24: 90%

- 2024/25: 80%

- 2025/26: 70%



WE CARE ABOUT FOOTBALL

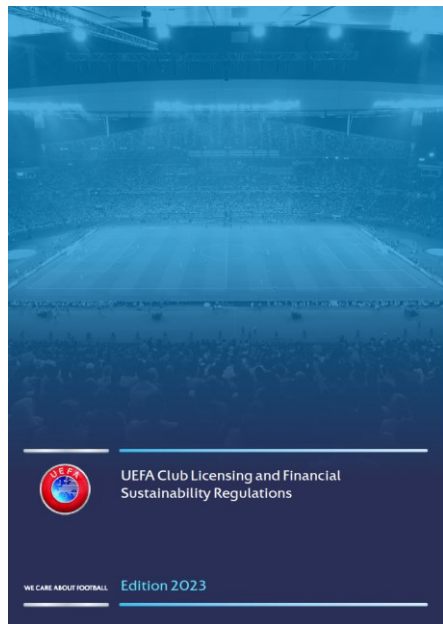
Summary

Timeline for implementation

- **Net equity rule** comes into force for the licence season 2024/23. A none compliance in 2025/26 will lead to refusal of license.
- **Accounting requirements** applied as from 1 July 2023 to license and monitoring requirements.
- Gradual implementation over three years up to season 2025/26

Step 2 2023 /2024	Step 3 2024 /2025	Final step 2025 /2026
Squad cost rule 90%	Equity rule : B criteria Squad cost rule 80% Football earnings (2023, 2024)	Equity rule : A criteria Squad cost rule 70% Football earnings (2023, 2024, 2025)

Key documents



UEFA Club Licensing and Financial Sustainability Toolkit



CLFS Regulations: Content and Implementation



WE CARE ABOUT FOOTBALL

Thank you