

## Settlement Agreement

This Settlement Agreement is made this 23<sup>rd</sup> day of October 2018 between the **Chief Investigator of the UEFA Club Financial Control Body** (the "Chief Investigator") and the **Football Association of Albania** ("FSFH" or the "Licensor"), each a "Party" and together the "Parties".

On 22 November 2017, the Chief Investigator opened an investigation (the "Investigation") into the Licensor's compliance with the provisions of the *UEFA Club Licensing and Financial Fair Play Regulations – Edition 2015* in accordance with Article 12 (2) of the *Procedural rules governing the UEFA Club Financial Control Body - Edition 2015* (the "Procedural Rules").

The Investigation concluded that the Licensor had failed to comply with the *UEFA Club Licensing and Financial Fair Play Regulations – Edition 2015* due to the breach of the club licensing criteria with regard to its affiliated club, KF Tirana. Indeed, KF Tirana had failed to fulfil all club licensing criteria that had to be met in order to be granted the licence necessary to enter the 2017/18 UEFA club competitions and should therefore have not been granted this licence by the Licensor. The latter, however, decided to grant it to KF Tirana, thus breaching its obligations under the *UEFA Club Licensing and Financial Fair Play Regulations – Edition 2015*. A summary of the findings of the Investigation and the case file have been provided to the Licensor.

In connection with the Investigation and in accordance with Articles 14 (1) (b) and 15 of the Procedural Rules, the Parties have agreed to enter into this Settlement Agreement on the terms set out below.

With regard to Article 15 (1) of the Procedural Rules, the Chief Investigator, having consulted with the other members of the Investigatory Chamber of the UEFA Club Financial Control Body (the "CFCB"), considers that the circumstances of the present case justify the conclusion of a settlement because:

- Requirements and obligations can be included in a settlement that will impose specific measures and put the Licensor under a special regime in order to ensure proper licensing processes and correct granting of licences in compliance with the *UEFA Club Licensing and Financial Fair Play Regulations*.
- The Licensor has taken steps to bring itself into compliance with the *UEFA Club Licensing and Financial Fair Play Regulations* and a number of corrective actions have already been implemented by the Licensor with regard to the latest licensing process to enter the 2018/19 UEFA club competitions, i.e.

- appointment of an external audit company as financial expert;
- additional assessment procedures;
- improvement of the quality and reliability of the club licensing documentation;
- regular support and assistance to the clubs; and
- information support and assistance provided to the decision-making bodies.

Further, in light of these circumstances, the Chief Investigator considers this Settlement Agreement to be effective, equitable and dissuasive for the purposes of Article 15 (1) of the Procedural Rules because:

- The Licensor's satisfaction of the requirements and obligations voluntarily accepted by it in this Settlement Agreement will be "effective" in ensuring that, within the next licence seasons, the Licensor, as well as its affiliated clubs, fulfil their obligations as defined in the *UEFA Club Licensing and Financial Fair Play Regulations – Edition 2018*, thereby pursuing the objectives of the *UEFA Club Licensing and Financial Fair Play Regulations* without referring the case to the CFCB Adjudicatory Chamber.
- Moreover, this Settlement Agreement gives the Licensor the opportunity to comply with the *UEFA Club Licensing and Financial Fair Play Regulations – Edition 2018* by following a structured set of specific obligations which have been individually tailored to the situation of the Licensor and which will be monitored by UEFA.
- In particular, the obligations set out in Article 3.1 of this Settlement Agreement require the Licensor to amend its relevant rules and regulations to ensure that all relevant changes to the club licensing system are reflected in the national club licensing regulations of the Licensor.
- The obligations set in Article 3.2 are aimed to further increase the quality and reliability of financial information and improve the Licensor's assessment procedures.
- Further, the obligations set in Article 3.3 require the Licensor to provide regular support and assistance to its affiliated clubs in order to ensure the compliance of its affiliated clubs with the national club licensing regulations.
- The obligations set out in Articles 3.4 and 3.5 of this Settlement Agreement require the Licensor to ensure that all members of its club licensing decision-making bodies are all active professionals or employees in their respective domain of expertise, and to increase the awareness and understanding of the *UEFA Club Licensing and Financial Fair Play Regulations* amongst all parties involved in the assessment and decision-making process as well as to improve the formalisation of these processes at various levels.

- The obligations and requirements set out in this Settlement Agreement are “equitable” and consistent with the objectives of the *UEFA Club Licensing and Financial Fair Play Regulations*.
- Further, this Settlement Agreement recognises that the Licensor did not comply with the *UEFA Club Licensing and Financial Fair Play Regulations – Edition 2015*, in contrast to the vast majority of the other licensors. In this regard, the obligation set out in Article 4 of this Settlement Agreement requires the Licensor to pay a financial contribution.
- In addition, the obligation set out in Article 5 of this Settlement Agreement, which requires the Licensor to submit progress reports and conduct self-assessment procedures, allows UEFA to regularly monitor the Licensor’s performance.
- This Settlement Agreement is “dissuasive” in that it can reasonably be expected to deter the Licensor from failing to comply with the *UEFA Club Licensing and Financial Fair Play Regulations – Edition 2018* in the future.

By entering into this Settlement Agreement, the Licensor acknowledges and agrees that it is providing its “consent” for the purposes of Article 14 (1) (b) of the Procedural Rules.

Therefore, the Parties agree upon the following provisions:

## **1. Subject and Purpose of this Settlement Agreement**

- 1.1. The present Settlement Agreement sets out the specific rules that the Licensor has to implement in order to ensure proper licensing processes. The activities of the Licensor will be strictly monitored for a probationary period (“Settlement Regime”). The Settlement Regime shall cover:
  - three licence seasons, i.e. 2018/19, 2019/20 and 2020/21.
- 1.2. The overall objective of the Settlement Agreement is to ensure that the Licensor, as well as its affiliated clubs, fulfil their obligations as defined in the *UEFA Club Licensing and Financial Fair Play Regulations – Edition 2018* and that the licences necessary to enter the UEFA club competitions (“UEFA Licences”) are correctly granted by the Licensor.
- 1.3. Moreover, the Settlement Agreement includes specific obligations covering the areas of the UEFA Club Licensing System to be fulfilled by the Licensor as defined in Article 3.

## **2. The Licensor and the UEFA Club Licensing System**

- 2.1. The Licensor acknowledges that in May 2017 it wrongly granted KF Tirana the licence necessary to enter the 2017/18 UEFA club competitions. As such, the Licensor did not properly apply the requirements of the UEFA Club Licensing System.

### **3. Specific obligations**

The Licensor undertakes and agrees to implement the following activities during the whole duration of the Settlement Regime:

- 3.1. Amendments to the Licensor's rules and regulations as defined in Article 5 (3) of the *UEFA Club Licensing and Financial Fair Play Regulations – Edition 2018* and in Requirement 4 of the *UEFA Club Licensing Quality Standard – Edition 2012*
  - i. As part of the general requirement, the Licensor must ensure that all applicable provisions defined in the *UEFA Club Licensing and Financial Fair Play Regulations – Edition 2018* are integrated into its national club licensing regulations.
  - ii. Any changes to the club licensing criteria and/or the core process, including the changes to the licensor's assessment procedures, must be promptly reflected into the national club licensing regulations.
- 3.2. Supplementary licensor's assessment procedures in addition to the requirements of Articles 49, 50, 50bis and Annex IX of the *UEFA Club Licensing and Financial Fair Play Regulations – Edition 2018*
  - i. The Licensor must introduce and implement an additional preliminary date for the assessment of the overdue payables criteria with regard to the UEFA licence applicants (i.e. overdue payables position of a UEFA licence applicant should be preliminarily assessed on a date determined by the Licensor prior to the final deadline of 31 March. The Licensor shall communicate such a preliminary date to UEFA in due time).
  - ii. For the avoidance of doubt, a UEFA licence applicant must prove that as at 31 March preceding the licence season it has no overdue payables towards other football clubs, in respect of its employees and towards social/tax authorities as defined in Articles 49, 50 and 50bis of the *UEFA Club Licensing and Financial Fair Play Regulations*. The introduction of an additional preliminary date does not replace the assessment date of 31 March; it rather provides the Licensor with the preliminary information, so that the licensing administration disposes of enough time to study the cases and to issue its preliminary recommendations in respect of its UEFA licence applicants.
  - iii. The Licensor must clearly determine the format and requirements with regard to the financial information to be submitted at the preliminary assessment date.
  - iv. In case the Licensor defines that the financial information as at the additional preliminary date has to be assessed by independent auditors and the corresponding auditors' report(s) has(-ve) to be submitted to the Licensor, then the final financial information with the overdue payables position as at

31 March has to be either re-assessed by the auditors and the updated report(s) has(-ve) to be issued or the necessary assessment procedures have to be conducted by the Licensor in order to ensure that the necessary assessment procedures as per Annex IX of the *UEFA Club Licensing and Financial Fair Play Regulations – Edition 2018* are performed.

3.3 Organisation of additional workshops/bilateral meetings in addition to the requirement 14 of the *UEFA Club Licensing Quality Standard – Edition 2012*

- i. The Licensor must organise at least 1 workshop for clubs on an annual basis;
- ii. The Licensor must organise at least 1 bilateral meeting with each UEFA licence applicant.

3.4 Formalisation of decision-making procedures in addition to the provisions of Article 7 (9) of the *UEFA Club Licensing and Financial Fair Play Regulations – Edition 2018* and the requirement 10 of the *UEFA Club Licensing Quality Standard – Edition 2012*

The Licensor undertakes and agrees to introduce and/or develop the following Licensor's assessment reports at least with regard to the UEFA licence applicants:

- i. a detailed report of the licensing expert; each of the criteria experts (i.e. financial expert, legal expert, personnel and administrative expert and sporting expert) must issue individual club reports, including at least the overview of the key documents received, any issues identified, any follow-up information upon additional expert's requests, summary of the assessments steps performed, and conclusions on the fulfilment of each of the criteria;
- ii. a Licensing Manager's report; the Licensing Manager must issue, for each UEFA licence applicant, a reasoned report for the attention of the club licensing decision-making bodies, including his recommendation with regard to the licensing decision to be taken;
- iii. a club licensing first instance body/appeals body report or action list (minutes of the meeting); besides the overall decisions on granting/refusing the UEFA Licence, the club licensing first instance body and club licensing appeals body must accompany their final decisions by a more detailed report or action list, including the reasoning (facts – law – operative part) of any decisions taken with regard to each UEFA licence applicant;
- iv. in case of appeal proceedings before the club licensing appeals body, the club licensing first instance body and the Licensing Manager (in case he is not the appellant) must submit observations regarding the appeal lodged.

3.5 Composition of both club licensing decision-making bodies in addition to the provisions of Article 7 (7) of the *UEFA Club Licensing and Financial Fair Play Regulations – Edition 2018* and the requirement 8 of the *UEFA Club Licensing Quality Standard – Edition 2012*

- i. The Licensor must ensure that both club licensing decision-making bodies (i.e. the club licensing first instance body and the club licensing appeals body) are made of at least five (5) members.
- ii. Members of the club licensing first instance body must include at least two (2) qualified lawyers and two (2) qualified financial experts holding a qualification recognised by the appropriate national professional body.
- iii. Members of the club licensing appeals body must include at least two (2) qualified lawyers and two (2) qualified financial experts holding a qualification recognised by the appropriate national professional body.
- iv. The Licensor must provide education/training to all members of both club licensing decision-making bodies on an annual basis.
- v. In respect of paragraphs i) to iv) above, the Licensor must make sure its Statutes (as well as all other applicable rules and regulations) are amended simultaneously to be strictly in line with the amendments made in the national club licensing regulations.

3.6 The implementation of these specific obligations will be assessed on an annual basis as from licence season 2019/20. If the Licensor does not comply with any of these specific obligations, then this obligation will be considered as not fulfilled.

#### **4. Financial contribution**

4.1 The Licensor agrees to pay a financial contribution of up to € 250'000 (equal to a maximum annual incentive payment allocated to each UEFA member association for implementing and applying the *UEFA Club Licensing and Financial Fair Play Regulations*) in the manner set out below:

- i. Fixed financial contribution of €100'000 will be permanently withheld from the incentive payments allocated to the Licensor for the implementation and application of the *UEFA Club Licensing and Financial Fair Play Regulations* in the following way:
  - €50'000 from payments to be done in licence season 2018/19; and
  - €50'000 from future payments to be done in licence season 2019/20.
- ii. Furthermore, in case of failure to comply with any of the specific obligations set out in Article 3, additional conditional financial contributions of up to €150'000 will also be permanently withheld from the incentive payments due for the same season in the following manner:
  - for each unfulfilled obligation defined in Articles 3.1 to 3.5 in any of the licence seasons as from 2019/20, a financial contribution of €30'000 will be permanently withheld; and

- the total amount of the conditional financial contribution during the Settlement Regime cannot exceed €150'000.

## **5. Progress Reports**

- 5.1 The Licensor commits to submit progress reports to the CFCB Investigatory Chamber (within the deadlines set by the UEFA Administration) concerning its compliance with the overall objective and all relevant obligations as defined in Articles 1.2 and 3.1-3.5.
- 5.2 In its progress reports, the Licensor undertakes to provide clear information concerning the fulfilment of its obligations pursuant to this Settlement Agreement.
- 5.3 The Licensor also commits to perform self-assessments by completing the relevant club licensing checklists with regard to its clubs qualified for the UEFA club competitions. The checklists have to be completed annually on the basis of the club licensing documentation upon termination of the licensing process.

## **6. Consequence of Coming into Compliance with the Settlement Agreement**

- 6.1 Compliance with the Settlement Agreement will be subject to on-going monitoring in accordance with the applicable rules.
- 6.2 The Licensor will be subject to assessment visits (e.g. compliance audits) and in-depth annual reviews on an annual basis until season 2020/21.
- 6.3 The Licensor shall exit the Settlement Regime starting from the licence season 2021/22 if the overall objective is met during the whole duration of the Settlement Regime.
- 6.4 No prior exit of the Settlement Regime is possible.

## **7. Consequences of Non-compliance with the Settlement Agreement**

- 7.1 If the Licensor fails to comply with overall objective of this Settlement Agreement, the Chief Investigator shall refer the case to the CFCB Adjudicatory Chamber in accordance with Article 15 (5) of the Procedural Rules.
- 7.2 Moreover, the referral to the CFCB Adjudicatory Chamber is foreseen if the Licensor does not provide on time the necessary documentary evidence enabling the CFCB Investigatory Chamber to assess the compliance of the Licensor and its affiliated clubs with the overall objective of this Settlement Agreement.
- 7.3 The CFCB Adjudicatory Chamber may take any of the decisions and measures indicated in Article 27 of the Procedural Rules, including imposing disciplinary measures as foreseen in Article 29 (1) of the Procedural Rules.

## **8. Varia**

8.1 All terms used in this Settlement Agreement shall have the same meaning as defined in the applicable UEFA rules, in particular the *UEFA Club Licensing and Financial Fair Play Regulations*.

This Settlement Agreement is primarily governed by the UEFA Statutes, rules and regulations and, subsidiarily, Swiss law.

8.2 The Licensor remains subject to the club licensing requirements set out in the *UEFA Club Licensing and Financial Fair Play Regulations – Edition 2018* throughout the Settlement Period.

8.3 This Settlement Agreement shall expire at the end of the Settlement Regime, unless UEFA has taken new measures because of a breach by the Licensor of this Settlement Agreement.

8.4 The Licensor is aware that the decision of the Chief Investigator to conclude this Settlement Agreement may be reviewed by the CFCB Adjudicatory Chamber in accordance with Article 16 of the Procedural Rules.

8.5 The Licensor is further aware that final decisions of the CFCB may be appealed only before the Court of Arbitration for Sport ("CAS"), in Lausanne (Switzerland), in accordance with the relevant provisions of the UEFA Statutes, pursuant to Article 34 (2) of the Procedural Rules.

8.6 Any dispute relating to this Settlement Agreement, including to its validity, its compliance and its interpretation shall be decided by the CFCB. When all legal remedies within UEFA have been exhausted, CAS has exclusive jurisdiction to decide.

8.7 Publication of this Settlement Agreement is regulated in accordance with the Procedural Rules with due respect for confidentiality of information.