



UEFA CLUB LICENSING AND FINANCIAL FAIR PLAY

Bulletin 2021

COMPLIANCE AND INVESTIGATION ACTIVITY REPORT 2019-21

WE CARE ABOUT FOOTBALL

CONTENTS

1. INTRODUCTION	2
2. THE WORK OF THE CFCB INVESTIGATORY CHAMBER IN 2019-21	4
2.1 Ensuring compliance with the club licensing system	5
2.1.1 Overview of compliance with the club licensing system and certification audits	6
2.1.2 Summary of conclusions on compliance audits	8
2.1.3 Summary of conclusions on certification audits	10
2.1.4 Decisions on exception requests in respect of the three-year rule	11
2.2 Monitoring overdue payables during the season	13
2.2.1 Overview of clubs monitored for overdue payables	14
2.2.2 Summary of decisions on overdue payables	18
2.3 Assessing compliance with the break-even requirement	21
2.3.1 Special measures introduced for the 2020/21 season	21
2.3.2 Overview of clubs monitored in respect of the break-even requirement	22
2.3.3 Summary of decisions on the break-even requirement	24
2.3.4 Overview of clubs with settlement agreements	25
2.3.5 Overview of financial fair play compliance audits	28
3. THE OUTLOOK FOR THE 2021/22 SEASON	32

INTRODUCTION

In the last bulletin, we highlighted the importance of club licensing and financial fair play and the adoption by the UEFA Executive Committee of the 2018 edition of the UEFA Club Licensing and Financial Fair Play Regulations (hereinafter, the 'CL&FFP Regulations'), which further strengthened UEFA's club licensing criteria and financial fair play (i.e. club monitoring) requirements.

The last two seasons (2019/20 and 2020/21) were marked by unexpected events that nobody could have foreseen. The whole of the football industry was hit hard, with most games being played behind closed doors and revenues shrinking for the first time since the inaugural bulletin was published in 2011. That situation further highlighted the importance of promoting sustainable long-term growth and financial stability.

Following consultations with all stakeholders, the UEFA Executive Committee immediately took a number of steps to support clubs and licensors through the club licensing process. Deadlines within the club licensing process (including the deadline by which clubs had to prove that they had no overdue payables) were extended, and some provisions of the CL&FFP Regulations were suspended for the 2020/21 UEFA club competition season.

Those supportive measures were generally welcomed, but revenue losses caused widespread liquidity shortfalls, putting significant pressure on clubs, which had real difficulty settling short term payables. Overdue payables had stabilised in recent years at clubs participating in UEFA competitions (as highlighted in previous bulletins), but that stabilisation was suddenly interrupted in 2020, with overdue payables reaching levels not seen in more than ten years. The situation could only be normalised by postponing the assessment date of such payables until the end of July 2020, which gave clubs an extra month to settle overdue amounts. The situation then remained stable in 2021 thanks to the introduction of special COVID-related tax regimes in various UEFA member countries, combined with clubs and players agreeing to reschedule payments.

As regards the break-even requirement, additional time was needed to assess the impact that the disruption was having on clubs' economic activities. As a result, the assessment of the 2020 financial year was postponed by a season, with that year now being evaluated together with the 2021 financial year. Thus, between July 2019 and June 2021 the monitoring of the break-even requirement focused exclusively on the financial years ending in 2017, 2018 and 2019, without covering 2020. In that same period, the investigatory chamber of UEFA's Club Financial Control Body (hereinafter, the 'CFCB') concluded three new settlement agreements with clubs, another four clubs successfully exited their settlement regimes, and one club was referred to the CFCB adjudicatory chamber for failure to comply with the terms of its settlement agreement (see Section 2.3.4).

This bulletin also provides additional information on the club licensing system. It highlights, in particular, a number of changes to certification audits in relation to the UEFA Club Licensing Quality Standard, with selected licensors now undergoing a new 'limited review' process. Since July 2019, three licensors have exited their settlement regimes and two new settlement agreements have been concluded with licensors.

We hope that this sixth bulletin will provide useful insights into the monitoring of the two seasons under review and help to further increase the transparency of European club football.

Pablo Rodriguez
Head of Financial Monitoring
& Compliance

THE WORK OF THE CFCB INVESTIGATORY CHAMBER IN 2019-21

2.1

Ensuring compliance with the club licensing system

Taking into account the exceptional financial impact of the COVID-19 pandemic, the UEFA Executive Committee adopted a number of measures with regard to UEFA Club Licensing for participation in the 2020/21 UEFA club competitions.

On 17 March 2020, it was decided that the deadline by which licence applicants had to prove that they had no overdue payables under the CL&FFP Regulations should be extended from 31 March to 30 April 2020.

Then, on 1 April 2020, the club licensing provisions relating to the preparation and assessment of future financial information were suspended and the deadline for the submission of licensing decisions in respect of the 2020/21 UEFA men's club competitions was extended from 31 May to 30 June 2020.

On 15 February 2021, two additional measures were adopted with regard to UEFA Club Licensing exclusively for participation in the 2021/22 UEFA club competitions.

First, Club licensing provision for the going concern assessment was amended to focus on clubs subject to a qualified auditor report on going concern, without taking into account any reference to a key audit matter/emphasis of matter on going concern.

Regarding the no overdue payables requirements in respect of employee and towards social/tax authorities, the clubs could still be granted with a license if the aggregated amount of those overdue payables as at 31 March 2021 remains within a threshold (up to 15%, as defined by each licensor) and is fully paid by 30 June 2021.



2.1.1 Overview of compliance with the club licensing system and certification audits

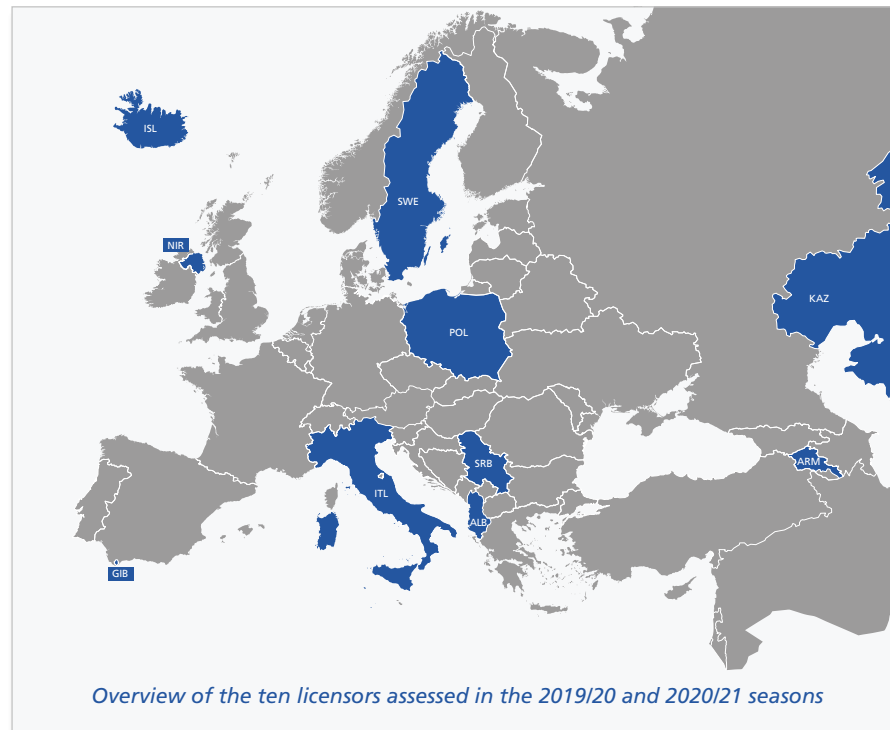
> Audits assessing compliance with club licensing criteria

The CFCB investigatory chamber oversees the correct application of the UEFA club licensing system across all 55 UEFA member associations.

In the 2019/20 and 2020/21 seasons, the following ten licensors were subject to in-depth compliance assessments:

Licensors assessed in 2019/20			Licensors assessed in 2020/21	
Football Federation of Armenia (ARM)**	Gibraltar Football Association (GIB)	Football Association of Iceland (ISL)	Albanian Football Association (ALB)*	
Italian Football Federation (ITA)	Irish Football Association (NIR)	Polish Football Association (POL)	Kazakhstan Football Federation (KAZ)*	
Swedish Football Association (SWE)			Football Association of Serbia (SRB)*	

On-site compliance audits were performed by independent auditors from Deloitte and PwC with a view to ensuring that the licensing processes applied by the licensors in question were in line with the CL&FFP Regulations. In certain cases, those compliance audits checked the licensor's compliance with a settlement agreement concluded with the CFCB investigatory chamber (indicated by *) or focused on the licensor's application of the 'three-year rule' (indicated by **).



> Certification audits based on the UEFA Club Licensing Quality Standard

As every year, the independent certification body Société Générale de Surveillance (hereinafter, the 'SGS') assessed each of the 55 licensors in 2019/20 and 2020/21 to check their compliance with the requirements imposed by the UEFA Club Licensing Quality Standard.

The UEFA Club Licensing Quality Standard is a collection of requirements aimed at improving the efficiency and effectiveness of each licensor's club licensing administration by promoting professional management and continual development in the running of the club licensing system and the club monitoring process.

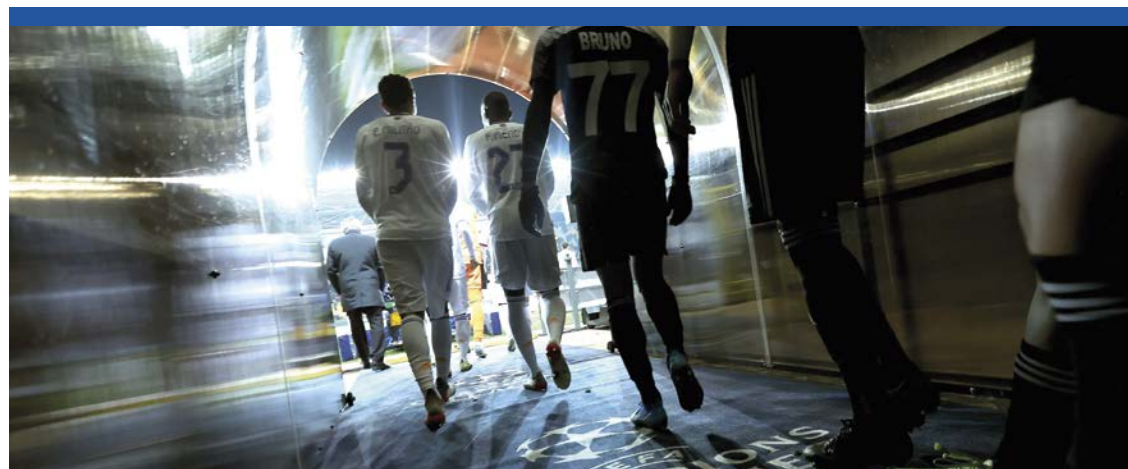
For the first time, in the 2019/20 season, a number of licensors (selected using a risk-based approach with the aid of predefined criteria) were only subject to a 'limited review', undergoing a certification audit with a reduced scope in which only a limited number of key questions and documents were verified by SGS.

2.1.2 Summary of conclusions on compliance audits

The key conclusions of the CFCB investigatory chamber following the compliance audits performed by Deloitte and PwC during the 2019/20 and 2020/21 seasons were as follows:

Licensors	CFCB investigatory chamber's conclusions
	<p>Satisfactory implementation</p> <p>In general, these licensors adequately applied the UEFA club licensing system. Nevertheless, the CFCB investigatory chamber requested that appropriate steps be taken to improve some of their licensing documentation, as well as some assessment procedures.</p>
	<p>Satisfactory implementation with corrective actions</p> <p>These licensors were informed by the CFCB investigatory chamber that their assessment procedures were not fully in line with the CL&FFP Regulations. They were asked to improve their licensing documentation. More specifically, they were asked to implement corrective actions with regard to their licensees' reporting perimeters and financial information and/or with regard to the assessment of information on payables.</p>
	<p>Settlement agreement concluded</p> <p>This licensor failed to submit exception requests to UEFA in respect of the three-year rule, despite material changes occurring at various clubs that would qualify as an interruption to the three-year rule. Those changes, which impacted the legal form, the legal group structure and/or the identity of the clubs in question, were not properly reported to UEFA by the licensor, thereby infringing the CL&FFP Regulations.</p> <p>As a consequence, and in order to improve club licensing and club monitoring processes in Armenia in line with the CL&FFP Regulations, particularly in respect of the three-year rule, the CFCB investigatory chamber and the licensor concluded a settlement agreement covering the 2020/21, 2021/22 and 2022/23 seasons. In addition to specific obligations set out in that settlement agreement, the Football Federation of Armenia could potentially be required to make a financial contribution of up to €250,000. Details of all settlement agreements concluded by the CFCB chief investigator can be found on UEFA.com.</p>

Licensors	CFCB investigatory chamber's conclusions
	<p>Satisfactory exit of settlement regime</p> <p>These licensors were under settlement regimes spanning the 2018/19, 2019/20 and 2020/21 seasons. Overall, they adequately applied the UEFA club licensing system during those seasons. On that basis, the CFCB investigatory chamber decided that these licensors had fulfilled the objectives of their respective settlement agreements and allowed them to exit their settlement regimes at the end of the 2020/21 season.</p>
	<p>Exit of settlement regime with a fine</p> <p>This licensor was under a settlement regime spanning the 2018/19, 2019/20 and 2020/21 seasons. Despite a failure to fulfil some intermediate obligations, which led to the imposition of a €30,000 fine, the CFCB investigatory chamber concluded that this licensor had fulfilled the overall objective of its settlement agreement and allowed it to exit its settlement regime at the end of the 2020/21 season.</p>



2.1.3 Summary of conclusions on certification audits

The certification audits performed by SGS during the 2019/20 and 2020/21 seasons on the basis of the UEFA Club Licensing Quality Standard highlighted the following:

Licensors	SGS's findings and conclusions
<p>GRE</p>	<p>New settlement agreement concluded</p> <p>SGS certification, as required by Article 9 (1) of the CL&FFP Regulations, was not issued to this licensor as a result of the non-compliance with the UEFA Club Licensing Quality Standard.</p> <p>As a consequence of repeated non-certification and since this standard defines the minimum requirements that the licensor must comply with, the CFCB investigatory chamber concluded that this licensor has not fulfilled their obligations as defined in the CL&FFP Regulations.</p> <p>The CFCB chief investigator considered the licensor has met the conditions for the conclusion of a settlement agreement that puts the licensor on a two-season probationary period (a 'settlement regime') and sets out specific obligations that the licensor must fulfil in order to ensure proper club licensing and club monitoring processes.</p> <p>Additionally, the settlement agreement foresees a financial contribution of up to €250,000, including conditional amounts to be paid in the event of a failure to fulfil any of the specified obligations.</p> <p>Details of all settlement agreements concluded by the CFCB chief investigator can be found on UEFA.com.</p>
<p>LVA TUR</p>	<p>SGS Certification not issued</p> <p>SGS certification was not issued to these licensors for one season as a result of non-compliance with the UEFA Club Licensing Quality Standard. The main requirements that were not fulfilled related to the applicable national club licensing regulations not in line with the CL&FFP Regulations.</p>
<p>Remaining 52 licensors</p>	<p>SGS Certification issued</p> <p>No major issues were identified by SGS, so these licensors all received SGS certification for both seasons.</p>

2.1.4 Decisions on exception requests in respect of the three-year rule

As indicated in the last bulletin, the CFCB investigatory chamber has been assigned responsibility for deciding on the non-applicability of the three-year rule. In the last two seasons (i.e. 2019/20 and 2020/21), the CFCB investigatory chamber dealt with 16 exception requests in respect of the three-year rule. In four cases, no decision was taken, since the clubs concerned did not qualify for any of UEFA's club competitions on sporting merit. In the remaining 12 cases, the CFCB investigatory chamber granted exceptions to the three-year rule to the clubs in question on one or more of the following grounds:

- the club only underwent a minor change to its identity (e.g. a change of name and/or logo);
- the club's football activities, which were transferred to a new football entity, remained in the club's reporting perimeter;
- the club's creditors were entirely covered by the new football entity.

Exception requests approved in 2019/20	Exception requests approved in 2020/21
<p>Sabah FK (AZE)</p> <p>Waasland-Beveren (BEL)</p> <p>FC Urartu (ARM)</p> <p>FC Noah (ARM)</p> <p>FC Struga (MKD)</p> <p>FK Borec (MKD)</p> <p>FC Famalicão (POR)</p>	<p>BSC Young Boys (SUI)</p> <p>FC Tobol Kostanay (KAZ)</p> <p>FC Dinamo Brest (BLR)</p> <p>FC Sochi (RUS)</p> <p>FC Argeș Pitești (ROU)</p>



2.2

Monitoring overdue payables during the season

The COVID-19 crisis caused unprecedented and unforeseen disruption during the review period, affecting football at all levels. Billions of euros of revenue were lost overall, causing widespread liquidity shortfalls, with many clubs unable to settle short-term payables (e.g. for transfers) and facing an increase in long-term insolvency risks on account of their fixed operating expenses and high financing costs.

In these exceptional circumstances, the monitoring of overdue payables by the CFCB investigatory chamber became even more essential, in order to ensure that clubs continued to settle their liabilities towards employees, social/tax authorities and other clubs in a prompt manner. If one club had failed to settle its liabilities on time, that would have prevented other clubs from settling their own liabilities in a punctual manner and would have increased the systemic risk within European club football, which had already been damaged by the COVID-related interruption and the uncertainty surrounding the restarting of domestic and international competitions. These circumstances resulted in UEFA giving clubs additional time to secure funds and process payments under the 'no overdue payables' requirements.

Following the UEFA Executive Committee's meeting on 18 June 2020, two temporary measures were implemented with regard to those requirements:

- Clubs were given an extra month to settle their overdue payables as at 30 June 2020, i.e. until 31 July 2020.
- All participating clubs during the 2020/21 season were asked to prove that they do not have any overdue payables in respect of transfers, employees and social/tax authorities due to paid as at 30 September.
- All participating clubs during the 2020/21 season were required to report accounts receivables information in respect of transfers as at 30 June and 30 September.

The COVID-19 crisis also highlighted the need to reassure clubs that their transfer receivables would be paid on time. Consequently, all clubs qualifying for UEFA competitions were required to disclose their transfer receivables as at 30 June and 30 September 2020.



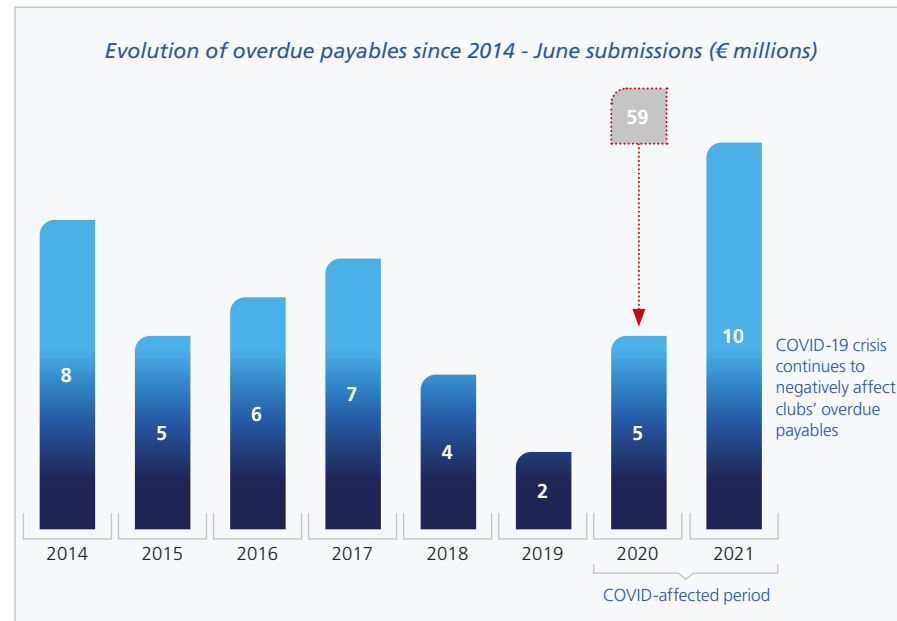
2.2.1 Overview of clubs monitored for overdue payables

In total, 237 clubs submitted the required information on overdue payables as at 30 June for each of the seasons under review.

In June 2019, the low level of outstanding payables declared by clubs (€2m overall) confirmed the positive impact that the CL&FFP Regulations have had over the years in respect of overdue payables, one of the two pillars of financial fair play.

That positive trend in terms of 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 €5m in recent years, increased dramatically to stand at €59m in June 2020. However, payments made shortly after 30 June 2020 (i.e. during the additional period that clubs were given to settle their liabilities) significantly reduced the amount of overdue payables that ended up being assessed by the CFCB investigatory chamber.

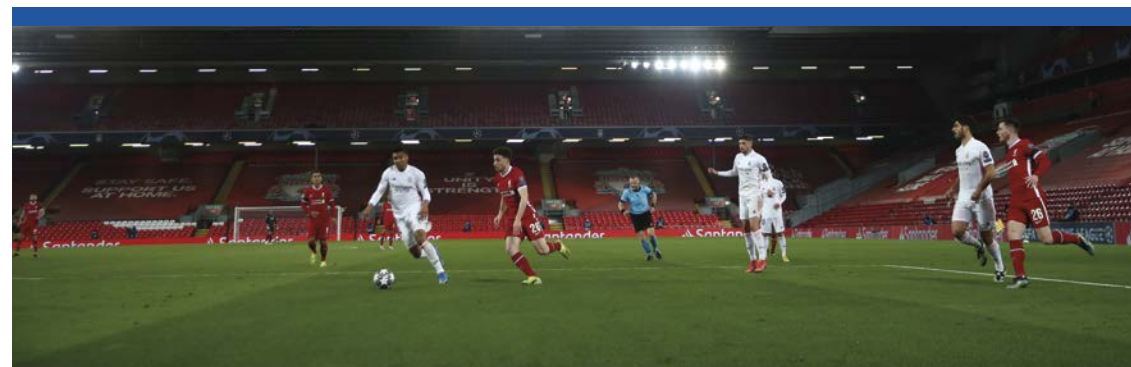
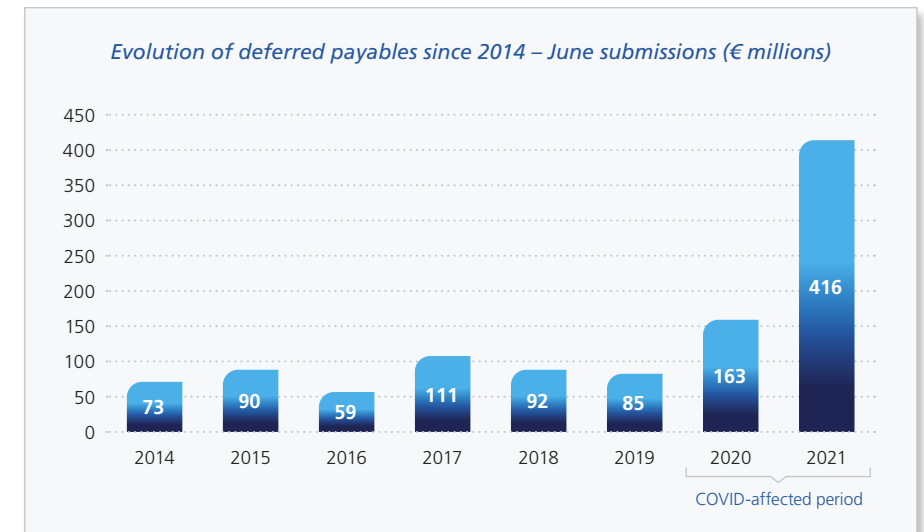
As regards the current monitoring process for the 2021/22 season, overdue payables declared by clubs as at 30 June 2021 totalled €10m.



Furthermore, in June 2020 payments that were subject to rescheduling (€162m) were double the average seen in recent years, mainly due to the rescheduling of payments owed to social/tax authorities. In their 2020 submissions on payables, clubs in 20 UEFA member countries (including England, Italy, France, Portugal, Russia, the Netherlands, Belgium, Austria, Scotland, Turkey, Denmark and Cyprus) declared that they were subject to special tax regimes

on account of the COVID-19 crisis (e.g. as regards the rescheduling/postponement of payments or the temporary suspension of payments).

Total deferred payables stood at €416m on 30 June 2021, up dramatically from June 2020, mainly owing to clubs agreeing with their employees and social security/tax authorities that the deadline for the payment of overdue payables would be extended.



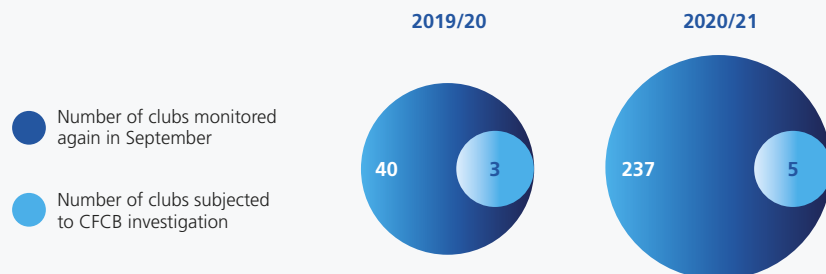


Following the June 2019 submissions, 40 clubs were subject to additional monitoring. In line with the CFCB's well-established practices under the CL&FFP Regulations, the following groups of clubs were kept under surveillance by the CFCB investigatory chamber and asked to provide updates on their payables as at 30 September 2019 (in addition to their initial submissions as at 30 June 2019):

- clubs which reported overdue payables as at 30 June 2019;
- clubs that were under settlement regimes following the breach of the break-even requirement;
- clubs with significant deferred or disputed payables as at 30 June 2019;
- clubs whose 30 June 2019 submissions were incorrect or late.

In the 2020/21 season, the exceptional circumstances caused by the COVID-19 crisis resulted in all clubs participating in UEFA competitions being asked to submit information on their payables as at 30 June 2020 and 30 September 2020.

Number of clubs monitored for overdue payables during the 2019/20 and 2020/21 seasons



Of the clubs that had to provide updates as at 30 September 2019 and 30 September 2020, an investigation was opened on the following eight clubs which were either sanctioned directly by the CFCB investigatory chamber or were referred to the CFCB adjudicatory chamber after the investigatory chamber had concluded that they were in breach of the 'no overdue payables' requirements laid down in the CL&FFP Regulations:

Clubs investigated in 2019/20



FC Ordabasy
Shymkent (KAZ)



FK Crvena
zvezda (SRB)



NK Olimpija
Ljubljana (SVN)

Clubs investigated in 2020/21



Beşiktaş
JK (TUR)



Aris Thessaloniki
FC (GRE)



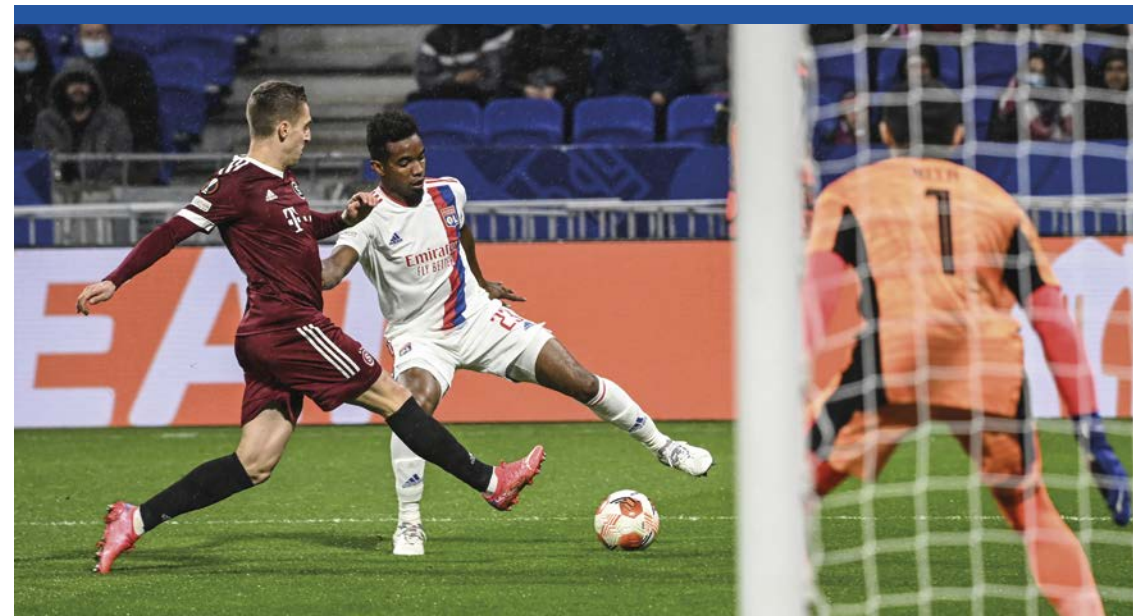
FC Astana
(KAZ)



FC Porto
(POR)



CFR 1907 Cluj
(ROU)





2.2.2 Summary of decisions on overdue payables

In the 2019/20 season, the following disciplinary measures were imposed by the CFCB adjudicatory chamber:

Clubs	Summary of decisions	Disciplinary measures
<p>FC Ordabasy Shymkent (KAZ)</p>	<p>Overdues fully paid after CFCB decision</p> <p>This club reported significant overdue payables and was informed that, in addition to receiving a fine, it would be excluded from the next UEFA club competition for which it would otherwise qualify, unless it was able to pay all amounts identified as being overdue as at 30 September 2019 by 31 January 2020. The club satisfied the condition imposed by the CFCB adjudicatory chamber.</p>	<p>Fine of €100,000</p>
<p>FK Crvena zvezda (SRB)</p> <p>NK Olimpija Ljubljana (SVN)</p>	<p>Overdues fully paid before CFCB decisions</p> <p>These clubs initially reported significant overdue payables; however, before the CFCB adjudicatory chamber had issued its decision, the clubs provided proof of payment for all amounts reported as being overdue.</p>	<p>Fine of €75,000</p> <p>Fine of €50,000</p>

In the 2020/21 season, the following disciplinary measures were imposed by the CFCB's investigatory or adjudicatory chamber:

Clubs	Summary of conclusions
<p>Beşiktaş JK (TUR)</p>	<p>Case referred to the CFCB adjudicatory chamber</p> <p>The CFCB concluded a breach of the 'no overdue payables' requirements as a result of significant overdue payables being identified as at 30 June and 30 September 2020 and, in the exceptional circumstances of the COVID-19 crisis, decided that it would withhold 15% of the revenues that the club would be entitled to receive from its participation in 2021/22 UEFA club competitions unless the club was able to pay all amounts identified as being overdue by 30 June 2021.</p> <p>The club challenged this decision before the CAS who upheld the decision of the CFCB adjudicatory chamber, but clarified the necessary requirement to avoid the 15% withholding of revenues imposed by the CFCB adjudicatory chamber.</p> <p>The club satisfied the condition imposed by the CFCB adjudicatory chamber.</p>
<p>Aris Thessaloniki FC (GRE)</p> <p>FC Astana (KAZ)</p> <p>FC Porto (POR)</p> <p>CFR 1907 Cluj (ROU)</p>	<p>Warnings imposed by the CFCB investigatory chamber</p> <p>These clubs initially reported overdue payables as at one or more of the assessment dates (30 June and/or 30 September 2020), which were then settled long after the regulatory deadline.</p> <p>The CFCB investigatory chamber took the view that COVID-19 was a mitigating factor and decided to issue warnings to all clubs.</p>

In contrast with previous cases, the CFCB adopted a pragmatic approach during the 2020/21 season and encouraged clubs to settle overdue payables during the COVID-19 crisis. As illustrated above, the CFCB took account of the adverse economic impact that the COVID-19 pandemic was having on European club football, regarding that as a mitigating factor and not necessarily imposing strict disciplinary sanctions on all cases.

2.3

Assessing compliance with the break-even requirement

The break-even requirement has mostly been thought of as a cost-control mechanism, incentivising spending on long-term objectives rather than short-term gambling. However, 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 matchday, broadcasting, commercial and sponsorship income), as well as leading to a weakening of the player transfer market. Furthermore, clubs also suffered as a result of the uncertainty that surrounded the restarting of domestic and international competitions in summer 2020.

In such unprecedented circumstances, a targeted intervention was needed, and UEFA responded by making exceptional changes to the break-even requirement.

2.3.1 Special measures introduced for the 2020/21 season

On 18 June 2020, the UEFA Executive Committee approved special temporary measures in relation to the break-even requirement to support clubs during this emergency period. The break-even requirement for the 2020/21 and 2021/22 monitoring periods was amended as follows:

- The assessment of the reporting period 2020 was postponed by one season, with that year being assessed together with the reporting period 2021
- The scope of the 2020/21 monitoring period was reduced, covering only two reporting periods (the financial years ending in 2018 and 2019).
- The scope of the 2021/22 monitoring period was therefore increased, covering four reporting periods (the financial years ending in 2018, 2019, 2020 and 2021).
- The adverse impact of the COVID-19 pandemic was attenuated by averaging deficits over the 2020 and 2021 financial years and by allowing other specific COVID-related adjustments.



2.3.2 Overview of clubs monitored in respect of the break-even requirement

> Assessment of the break-even requirement in the 2019/20 season (reporting periods T-2, T-1 and T)

In 2019/20, a total of 238 clubs provided break-even information at the beginning of the season (the 237 clubs that were participating in UEFA men's club competitions, plus one additional club that was under a settlement regime). Of those 238 clubs, 94 were exempt from the break-even requirement on the basis that their relevant income and expenses were below the €5m threshold.

Following the review of the 144 clubs that were subject to the break-even requirement in the 2019/20 season, a total of 96 underwent 'standard' break-even assessments for that monitoring period, i.e. reporting periods T-2, T-1 and T, for the following reasons:

- six clubs had a settlement agreement with the CFCB;
- 90 clubs triggered one or more of the 'going concern', 'negative equity' and 'break even result' indicators, or were subject to close monitoring by the CFCB investigatory chamber.

As foreseen in the CL&FFP Regulations, the 2019/20 monitoring period covered three reporting periods, i.e. the financial year ending in 2017, 2018 and 2019.

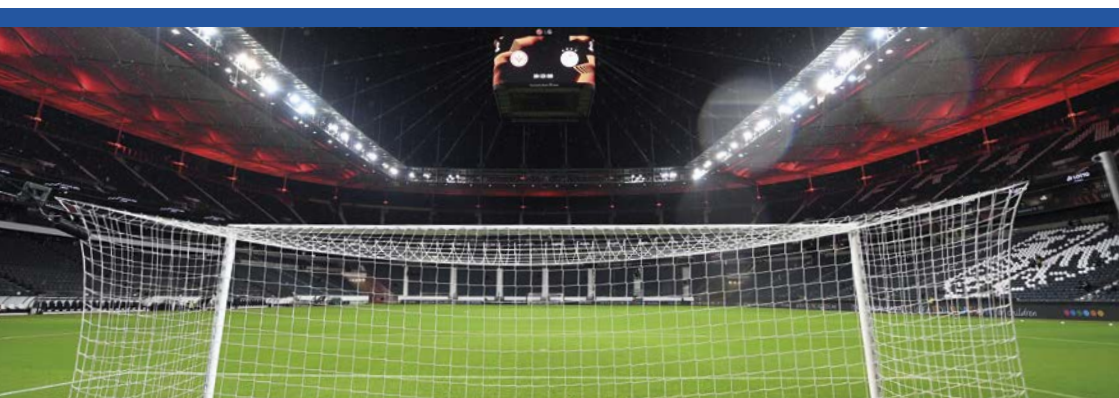
**Monitoring Period
2019/20**

FY 2017

FY 2018

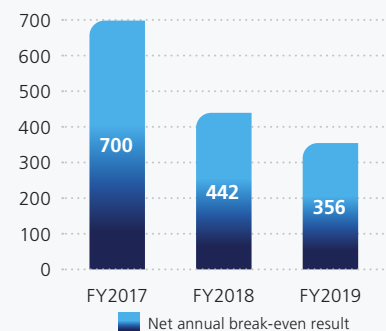
FY 2019

The 90 clubs that were subject to break-even monitoring achieved a net break-even surplus of €356m in 2019, which represented a significant decline relative to the net surplus reported in 2017 (€700m). That decline mainly reflected developments at the 20 clubs with the highest aggregate break-even surpluses in the 2019/20 monitoring period, with the cumulative aggregate break-even surplus falling from €823m in 2017 to €451m in 2019. At the other end of the spectrum, the bottom 20 clubs (including the three new clubs in breach of the break even requirement) recorded a cumulative aggregate break-even deficit of €95m in 2019, down from €182m in 2017.

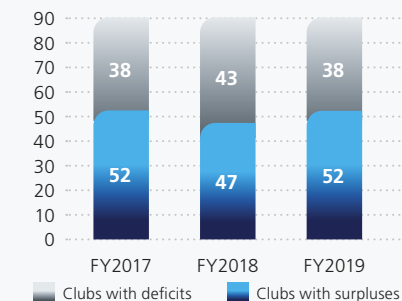


Evolution of net annual break-even results for clubs assessed in the 2019/20 season

Net break-even results (€ millions)
for 90 clubs in scope (excl. SA)



Clubs with break-even surpluses/deficits
out of 90 clubs in scope (excl. SA)



The CFCB investigatory chamber took decisions on four clubs that were in breach of the break even requirement during the 2019/20 season. Details of those decisions are presented in Section 2.3.3 below.

> Assessment of the break-even requirement in the 2020/21 season (reporting periods T-2 and T-1)

As explained above, the addendum to the 2018 edition of the CL&FFP Regulations that was approved by the UEFA Executive Committee in June 2020 postponed the assessment of the reporting period 2020 until the 2021/22 season. Consequently, the 2020/21 monitoring period covered only two reporting periods, i.e. the financial year ending in 2018 and 2019.

**Monitoring Period
2020/21**

FY 2018

FY 2019

FY 2020

Of the 237 clubs that participated in UEFA men's club competitions in the 2020/21 season, only 77 were 'new' clubs that had not been monitored by the CFCB in the 2019/20 season. Moreover, 41 of those 'new' clubs were exempt from the break-even requirement, given that their relevant income and expenses were less than €5m. This left only 36 'new' clubs which were subject to break even assessments by the CFCB.

In the 2020/21 season, the CFCB investigatory chamber did not open any investigations into clubs with regard to the break-even requirement.

2.3.3 Summary of decisions on the break-even requirement

Under the 2019 edition of the procedural rules governing the CFCB, the CFCB investigatory chamber conducts investigations, determines the facts and gathers all relevant evidence. At the end of the investigation, the CFCB chief investigator, after consulting the other members of the CFCB investigatory chamber, may decide to:

- dismiss the case;
- impose (minor) disciplinary measures, with the consent of the club concerned;
- conclude a settlement agreement with the club concerned;
- refer the case to the CFCB adjudicatory chamber.

During the 2019/20 season, the CFCB investigatory chamber decided as follows in respect of the four clubs that were in breach of the break-even requirement:

Clubs	Summary of decision
 Wolverhampton Wanderers FC (ENG)	<p>New settlement agreements concluded</p> <p>The CFCB investigatory chamber concluded that these clubs had failed to fulfil the break-even requirement in the relevant monitoring period.</p> <p>Following the clubs' submission of satisfactory business plans demonstrating compliance with the break-even requirement in the near future, the CFCB chief investigator considered that the clubs had met the conditions for the conclusion of a settlement agreement. In July 2020, settlement agreements were concluded with all three clubs, so their cases were not referred to the CFCB adjudicatory chamber.</p> <p>See Section 2.3.4 for information on the conclusion and monitoring of those agreements.</p>
 LOSC Lille (FRA)	
 İstanbul Başakşehir (TUR)	
 KS Lechia Gdańsk (POL)	<p>Case referred to the CFCB adjudicatory chamber</p> <p>The CFCB concluded that this club had not complied with the monitoring requirements under the CL&FFP Regulations, since it had failed to provide the necessary information/documents in time.</p> <p>For failing to comply with the above requirement, the club was sanctioned with a fine of €25,000.</p>

2.3.4 Overview of clubs with settlement agreements

The main objective of a settlement agreement is to ensure that a club complies with the break-even requirement within a certain time frame (i.e. within four years of being found to be in breach of that requirement by the CFCB).

Settlement agreements concluded by the CFCB for breaches of the break-even requirement tend to have a similar structure, which includes the following elements:

- time frame for the club to comply with the break-even requirement, including intermediate break-even targets to be met;
- financial contributions (with or without conditions) to be paid;
- financial covenants to be complied with 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.

> New settlement agreements concluded during the 2019/20 season

During the 2019/20 season, the CFCB chief investigator concluded new settlement agreements with three clubs. All of the three new settlement agreements were concluded shortly after the UEFA Executive Committee had approved temporary emergency measures in June 2020 to address the COVID-19 crisis. As a result, all of the new settlement agreements included similar COVID-19 provisions in order to mitigate the adverse financial impact of the pandemic (in line with the addendum to the CL&FFP Regulations).

Clubs	Break-even compliant	Financial contributions		Financial covenants	Sporting restrictions	
		Unconditional	Conditional		Initial limitation	Transfer balance
 LOSC Lille (FRA)	T+4	€3m	€6m	Yes	22 players	Yes
 İstanbul Başakşehir (TUR)	T+4	€0.3m	€1.2m	Yes	22 players	Yes
 Wolverhampton Wanderers FC (ENG)	T+4	€0.2m	€0.4m	Yes	23 players	No

Details of all settlement agreements concluded by the CFCB chief investigator can be found on UEFA.com.








> Overview of decisions on existing settlement agreements

Under the 2019 edition of the procedural rules governing the CFCB, the CFCB investigatory chamber monitors the proper and timely implementation of settlement agreements.



During the 2019/20 and 2020/21 seasons, a total of nine clubs were under settlement regimes – six clubs with which settlement agreements had been concluded in previous seasons, plus the three new clubs listed above.

Of those nine clubs, all but one complied with the relevant objectives under their settlement agreements (the overall objective and/or intermediate targets/covenants). Unfortunately, the CFCB investigatory chamber found that one club, Olympique de Marseille (FRA), had failed to comply with the terms of its settlement agreement, so that club was referred to the CFCB adjudicatory chamber for a final decision in the 2019/20 season.

The table below summarises the status of the above-mentioned nine clubs as at the end of the 2020/21 season:

Clubs	Status
 Wolverhampton Wanderers FC (ENG)  LOSC Lille (FRA)  İstanbul Başakşehir (TUR)	Settlement regimes ongoing These three clubs remain subject to settlement regimes, with ongoing monitoring of intermediate break-even targets and/or financial covenants.
 CFR 1907 Cluj (ROU)*  FC Kairat Almaty (KAZ)**  Maccabi Tel Aviv FC (ISR)**  Galatasaray AŞ (TUR)**	Satisfactory exit of settlement regimes The CFCB investigatory chamber found that these four clubs had fulfilled the overall objectives of their settlement agreements, so they exited their settlement regimes in the 2019/20 (*) and 2020/21 (**) seasons.



Clubs	Status
 FC Porto (POR)	Settlement agreement amended This club had been due to exit its settlement regime at the end of the 2020/21 season. However, owing to the COVID-19 outbreak, the CFCB investigatory chamber accepted the club's request to benefit from the measures adopted by the UEFA Executive Committee on 18 June 2020 (as described in Section 2.3.1 above) and decided to amend the existing settlement agreement in line with the corresponding emergency COVID-19 measures. The club is expected to exit its settlement regime in 2021/22.
 Olympique de Marseille (FRA)	Breach of settlement agreement This club breached its settlement agreement and was therefore referred to the CFCB adjudicatory chamber in 2019/20. The CFCB adjudicatory chamber confirmed that breach of the settlement agreement and fined the club €3m, as well as permanently withholding 15% of the revenues that the club would be entitled to receive from any participation in UEFA club competitions in the 2020/21 and 2021/22 seasons. Furthermore, sporting restriction (limit the number of players on List A for UEFA competitions) was imposed in the 2020/21, 2021/22 and 2022/23 seasons.

2.3.5 Overview of financial fair play compliance audits

Financial fair play compliance audits, which seek to verify the completeness, validity and accuracy of clubs' submissions, are performed by external auditors (also known as 'compliance partners') at the request of the CFCB investigatory chamber.




Following analysis of submissions, compliance audits may be conducted at clubs' premises in order to look in greater detail at the break-even and/or overdue payables information that was submitted as part of the monitoring process. Clubs are usually selected for one or more of the following reasons:

- the club is under a settlement regime;
- the club is under investigation by the CFCB investigatory chamber;
- the club has disclosed unusual or significant amounts in its submission;
- the club has provided amounts or transactions that are not in line with historical or peer-based benchmarks.



The following ten clubs (representing nine licensors) were subject to financial fair play compliance audits in the 2019/20 and 2020/21 seasons in relation to the break-even or overdue payables requirements:

Licensors	Clubs
 Austrian Football League (AUT)	 FC Salzburg
 Royal Spanish Football Federation (ESP)	 Club Atlético de Madrid
 French Football Federation (FRA)	 LOSC Lille*
 Hellenic Football Federation (GRE)	 AEK Athens FC*
 Portuguese Football Federation (POR)	 SL Benfica

Licensors	Clubs
 <p>Football Union of Russia (RUS)</p>	 <p>FC Zenit</p>
 <p>FEDERATIA ROMANA DE FOTBAL</p> <p>Romanian Football Federation (ROU)</p>	 <p>CFR 1907 Cluj</p>
 <p>Football Association of Serbia (SRB)</p>	 <p>FK Partizan</p>
 <p>TFF</p> <p>Turkish Football Federation (TUR)</p>	  <p>Galatasaray AŞ</p> <p>Trabzonspor AŞ</p>

The COVID-19 pandemic also affected compliance audits and the way they were conducted. Some of the audits requested by the CFCB investigatory chamber in the 2019/20 season were initially scheduled for the beginning of 2020 and had to be postponed owing to office closures and other restrictions and limitations imposed by governments.

The CFCB investigatory chamber requires full transparency, as well as true and accurate submissions from clubs. As a result of the above-mentioned compliance audits, seven clubs were asked by the CFCB investigatory chamber to correct monitoring information that they had previously submitted. In two cases (indicated *), the CFCB investigatory chamber decided to open an investigation.



THE OUTLOOK FOR THE 2021/22 SEASON

On 1 July 2021, a new edition of the Procedural rules governing the UEFA Club Financial Control Body entered into force. That 2021 edition brought about a major change in the organisation of the CFCB. Indeed, the investigatory chamber and the adjudicatory chamber have now been replaced, as of 1 July 2021, by the First Chamber and the Appeals Chamber respectively. The names of those two chambers have been chosen carefully to reflect changes in the organisation and jurisdiction of the CFCB. Similarly, the CFCB chief investigator and the chairman of the First Chamber and the chairman of the Appeals Chamber respectively. This means that the CFCB now has the classic 'first instance/appeals' structure, in line with the UEFA Control, Ethics and Disciplinary Body and the UEFA Appeals Body.

In terms of jurisdiction, the powers of the First Chamber have been increased relative to those of the old investigatory chamber. Indeed, the First Chamber is competent to impose all disciplinary measures listed in the Procedural rules governing the UEFA Club Financial Control Body, so it has full jurisdiction to ensure that the UEFA Club Licensing and Financial Fair Play Regulations are properly applied and complied with by clubs and their licensors. In contrast, the Appeals Chamber only gets involved if an appeal is lodged against a decision issued by the First Chamber.

The 2021/22 season will undoubtedly be very challenging for clubs from a compliance perspective. The high levels of overdue payables that were reported in June and September 2021 by clubs admitted to the UEFA competitions tend to reflect the liquidity shortages that European clubs are facing on account of the COVID-19 pandemic. On that basis, the number of clubs being dealt with by the CFCB can be expected to increase in the short term. The CFCB will also continue to monitor clubs' break-even results, which have been very severely impacted by

the COVID-19 crisis. As UEFA has indicated in its annual benchmarking report, the total combined hole in top-division clubs' revenue for the 2020 and 2021 financial years is estimated to stand at €7bn. This will probably result in a number of clubs being in breach of the break-even requirement, despite the emergency measures that were adopted by the UEFA Executive Committee in June 2020.

Finally, further to the important procedural changes detailed above, the 2021/22 season will also see a focus on the revision of the UEFA Club Licensing and Financial Fair Play Regulations. Various regulatory improvements have already been reviewed and discussed by football stakeholders, and a new edition of those substantive rules is expected to be adopted by the UEFA Executive Committee in 2022.

That update to the club licensing criteria that need to be fulfilled by clubs in order to enter UEFA competitions will involve the further strengthening of both financial criteria (particularly as regards clubs' balance sheets) and non-financial criteria (such as sporting and personnel requirements). As regards Financial Fair Play (i.e. club monitoring requirements), the break-even requirement is likely to be amended, with greater emphasis on the monitoring of more recent financial information in order to better reflect clubs' current financial situation. Those new provisions will properly address the changes that have been seen in the global football industry and will support the recovery of club finances impacted by the COVID-19 pandemic. Meanwhile, the overdue payables requirements will be strengthened further, with an additional assessment date during the UEFA club competition season.

The new UEFA Club Licensing and Financial Fair Play Regulations are likely to be introduced progressively over the next few seasons, allowing clubs to adapt, if necessary, to UEFA's improved regulatory framework.

Disclaimer

This Bulletin has been produced by UEFA's Financial Monitoring & Compliance Unit. Its contents are for general information purposes only. It does not constitute a binding legal document as regards (i) the criteria that are applied in assessments performed by the CFCB, (ii) the CFCB's handling of current or future proceedings, or (iii) any follow-up measures in respect of such proceedings. All such matters are governed solely by the relevant UEFA regulations.



UEFA
ROUTE DE GENÈVE 46
CH-1260 NYON 2 SWITZERLAND
TELEPHONE: +41 848 00 27 27
TELEFAX: +41 848 01 27 27
UEFA.com

WE CARE ABOUT FOOTBALL