



No. 39/2020

TO UEFA MEMBER ASSOCIATIONS

For the attention of  
the President and the General Secretary

Your reference	Your correspondence of	Our reference KNCLS/TRA/RAE	Date 22 June 2020
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### **UEFA Club Licensing and Financial Fair Play – emergency measures**

Dear Sir or Madam,

Following the UEFA Executive Committee meeting on 18 June, we would like to inform licensors of the following temporary emergency measures in an addendum to the Club Licensing and Financial Fair Play regulations (Edition 2018). The Executive Committee decision specifically relates to the following points.

- A. Other monitoring requirements – Overdue payables for the 2020/21 license season
- B. Monitoring requirements – Break-even rule for the 2020/21 and 2021/22 monitoring periods

The consultation process initiated by the Executive Committee included representatives from the ECA, the European Leagues and FIFPRO Europe who observed that licensees faced severe interruption and uncertainty with respect to revenues and unknowns with respect to restarting domestic and international competitions and opening transfer windows.

These exceptional circumstances require UEFA to provide licensees with additional time to secure the funds and process the payments under the 'No overdue payables' requirements. Some flexibility is required but there is still a need to protect the whole football ecosystem. For this reason, it is paramount for licensees to remain viable and continue to meet their transfer and salary obligations as they fall due. It is vital for transfer obligations to be paid to ensure the continued flow of funds through the system. Any interruption could create a systemic risk for European club football. The Covid-19 crisis also highlights the need to reassure licensees that their transfer receivables will be paid.

The consultation process also highlighted that the break-even requirement has mostly been thought of as a cost-control mechanism, with spending incentivised towards long-term goals and not short-term gambling. The pandemic has caused a 'revenue crisis' for football rather than 'overspending'. In this exceptional case, many clubs will struggle to satisfy the break-even requirement. Prior to the abrupt and unforeseen halt in incoming revenue, most licensees were adhering to the spirit of financial fair play and had allocated costs according to expected revenues. The disruption in normal economic activities will continue to affect licensees' operating revenues such as match-day, broadcasting and commercial and

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sponsorship income. Due to the very nature of football clubs, common sense must prevail when applying the break-even rule in such exceptional circumstances and specific intervention is needed.

With the unanimous agreement of all stakeholders in the UEFA Emergency Working Group on Regulatory and Financial Matters and the UEFA Club Licensing Committee, to support licensees during this emergency phase the UEFA Executive Committee approved the enclosed addendum to the UEFA Club Licensing and Financial Fair Play Regulations (Edition 2018), which will come into force immediately.

The key elements covered by the addendum are the following.

**A. Other monitoring requirements – No overdue payables for the 2020/21 license season**

- Articles 65(1), 65(5), 66 (1), 66(4), 66bis(1), 66bis(3) and Annex VIII(2)
  - all licensees must prove that they do not have any overdue payables at 31 July (instead of 30 June) and 30 September in respect of transfers, employees and social/tax authorities as a result of obligations due to be paid up to 30 June and 30 September respectively.
- Articles 65(4), 65(5) and 65(6)
  - all licensees must report accounts receivables information in respect of transfers as at 30 June and 30 September to allow cross-matching of information with other clubs' accounts payables.

**B. Monitoring requirements – Break-even rule for the 2020/21 and 2021/22 monitoring periods**

- Article 59(1) and 62(1)
  - the assessment of the 2020 financial year has been postponed for one season and will be assessed together with the 2021 financial year;
  - the 2020/2021 monitoring period has been curtailed and only covers two reporting periods (financial years ending in 2018 and 2019);
  - the monitoring period for 2021/2022 has been extended and covers four reporting periods (financial years ending in 2018-2019-2020 and 2021).
- Article 59(2) and Annex X(A)(4) and Annex X(G)
  - the 2020 and 2021 financial years will be assessed together as one single period;
  - the adverse impact of the pandemic will be attenuated by averaging the combined deficit of 2020 and 2021 and by allowing other specific Covid-19 adjustments;

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Further to the addendum, and for clarity, please note that:

- for break-even impacts not covered by the above emergency measures, a club could still invoke the application of the force majeure clause in Annex XI of the UEFA Club Licensing and Financial Fair Play Regulations (Edition 2018). However, the UEFA Club Financial Control Body will assess the impact case by case, as already clarified in our previous correspondence dated 20 March 2020;
- the break-even result calculated under these emergency measures will be carried forward once reporting periods 2020 and 2021 have been integrated into future monitoring periods not covered by these emergency measures;
- the CL/FFP IT Solution will be modified to take account of the regulatory changes in the enclosed addendum.

We invite all licensors to promptly notify the licensees/license applicants of these decisions.

Please contact the UEFA Financial Sustainability & Research Division if you have any questions regarding the above matters. We thank you for your cooperation.

Yours faithfully,

**U E F A**



Theodore Theodoridis  
General Secretary

Enclosure

- Addendum to the UEFA Club Licensing and Financial Fair Play Regulations (Edition 2018)

cc (with enclosure)

- UEFA Executive Committee
- UEFA Club Licensing Committee
- European members of the FIFA Council
- FIFA, Zurich
- European Club Association
- European Leagues
- FIFPRO Europe

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## Addendum to the UEFA Club Licensing and Financial Fair Play Regulations (Edition 2018)

### A. Other monitoring requirements - Overdue payables for the license season 2020/21

The following amendments to the "No overdue payables-Enhanced" rules of the *UEFA Club Licensing and Financial Fair Play Regulations (Edition 2018)* were adopted by the UEFA Executive Committee at its meeting on 18 June 2020 to come into force immediately and to be applied exclusively for the assessment during the 2020/21 license season:

Articles 65(1) and 65(2): These two paragraphs are replaced by the following new text: *"The licensee must prove that as at 31 July and as at 30 September of the year in which the UEFA club competitions commence it has no overdue payables towards other football clubs (as defined in Annex VIII) as a result of obligations arising from transfer activities that are due to be paid up to 30 June and up to 30 September respectively."*

Article 65(5): This paragraph is replaced by the following text (new text hereinafter in bold): *"The licensee must disclose: a) all new player registrations (including loans) in the 12 month period up to 30 June/30 September, irrespective of whether there is an amount outstanding to be paid at 30 June/30 September; b) all transfers for which an amount is outstanding to be paid at 30 June/30 September, irrespective of whether they were undertaken in the 12 month period up to 30 June/30 September or before; c) all transfers subject to a claim pending before the competent authority under national law or proceedings pending before a national or international football authority or relevant arbitration tribunal, as at 30 June/30 September; and **d) The licensee must disclose all transfers for which an amount is outstanding to be received at 30 June/30 September.**"*

Article 65(6): This paragraph is replaced by the following text (new text hereinafter in bold): *"The transfers information must contain the following as a minimum (in respect of each player transfer, including loans): a) Player (identification by name and date of birth); b) Date of the transfer/loan agreement; c) Name of the football club that formerly held the registration; d) Transfer (or loan) fee paid and/or payable (including training compensation and solidarity contributions) even if payment has not been requested by the creditor; e) Other direct costs of acquiring the registration paid and/or payable; f) Amount settled and payment date; g) Balance payable as at 30 June/30 September in respect of each player transfer including the due date(s) for each unpaid element; h) Conditional amounts (contingent liabilities) not yet recognised in the balance sheet as at 30 June/30 September; i) Amounts subject to any claim/proceedings pending as at 30 June/30 September; **j) Amounts settled between 30 June and 31 July; and k) Balance receivable as at 30 June /30 September in respect of each player transfer including the due date(s) for each receivable element.**"*

Article 65(7): This paragraph is replaced by the following text (new text hereinafter in bold): *"The licensee must reconcile the total liability as per the transfers information to the figure in the financial statements balance sheet for 'Accounts payable relating to player transfers' (if applicable) or to underlying accounting records. **Similarly, the total receivable as per the transfers information must be reconciled to the figure in the financial statements or to underlying accounting records.**"*

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Articles 66(1) and 66(2): These two paragraphs are replaced by the following new text: *"The licensee must prove that as at 31 July and as at 30 September of the year in which the UEFA club competitions commence it has no overdue payables (as defined in Annex VIII) in respect of its employees (as defined in paragraphs 2 and 3 of Article 50) as a result of contractual or legal obligations that are due to be paid up to 30 June and up to 30 September respectively."*

Article 66(5): This paragraph is replaced by the following text (new text hereinafter in bold): *"The following information must be given, as a minimum, in respect of each overdue payable towards employees, together with an explanatory comment: a) Name of the employee; b) Position/function of the employee; c) Start date; d) End date (if applicable); e) Balance overdue as at 30 June/30 September, including the due date for each overdue element; f) Amounts subject to any claim/proceedings pending as at 30 June/30 September; and **g) Amounts settled between 30 June and 31 July.**"*

Articles 66bis(1) and 66bis(2): These two paragraphs are replaced by the following new text: *"The licensee must prove that as at 31 July and as at 30 September of the year in which the UEFA club competitions commence it has no overdue payables (as defined in Annex VIII) towards social/tax authorities as a result of contractual or legal obligations in respect of its employees (as defined in Article 50) that are due to be paid up to 30 June and up to 30 September respectively."*

Article 66bis(4): This paragraph is replaced by the following text (new text hereinafter in bold): *"The following information must be given, as a minimum, in respect of each overdue payable towards social/tax authorities, together with an explanatory comment: a) Name of the creditor; b) Balance overdue as at 30 June/30 September, including the due date for each overdue element; c) Amounts subject to any claim/proceedings pending as at 30 June/30 September; and **d) Amounts settled between 30 June and 31 July.**"*

Annex VIII: The introductory part of Annex VIII, pt. 2, is replaced by the following text (new text hereinafter in bold): *"Payables are not considered as overdue, within the meaning of these regulations, if the licence applicant/licensee (i.e. debtor club) is able to prove by 31 March (in respect of Articles 49, 50 and 50bis) and by **31 July** and 30 September (in respect of Articles 65, 66 and 66bis) respectively that: [...]"*

## B. Monitoring requirements – Break-even rule for the monitoring periods 2020/21 and 2021/22

The following amendments to the break-even requirement of the *UEFA Club Licensing and Financial Fair Play Regulations (Edition 2018)* were adopted by the UEFA Executive Committee at its meeting on 18 June 2020 to come into force immediately and to be applied exclusively for the assessment during the 2020/21 and 2021/22 monitoring period:

Article 59(1): This paragraph is replaced by the following new text: *"The monitoring period covers two consecutive reporting periods in the licence season 2020/21 and four consecutive reporting periods in the licence season 2021/22."*

Article 59(2): This paragraph is replaced by the following new text:

*"The current monitoring period assessed in the license season 2020/21 covers the following reporting periods:*

- a) the reporting period ending in 2019 (reporting period T-1), and*
- b) the reporting period ending in 2018 (reporting period T-2).*

*The current monitoring period assessed in the license season 2021/22 covers the following reporting periods:*

- a) the reporting periods ending in 2020 and 2021 which will be considered as one single reporting period (considered as reporting period T) as described in Annex X (A) 4, and*
- b) the reporting period ending in 2019 (considered as reporting period T-1), and*
- c) the reporting period ending in 2018 (considered as reporting period T-2)."*

Article 62(1): This paragraph is replaced by the following text (new text hereinafter in bold):

*"By the deadline and in the form communicated by the UEFA administration, the licensee must prepare and submit:*

- a) the break-even information for the reporting period T **(i.e. reporting periods ending in 2020 and 2021)**;*
- b) the break-even information for the reporting period T-1 **(i.e. reporting period ending in 2019)**;*
- c) the break-even information for the reporting period T-2 **(i.e. reporting period ending in 2018)**."*

Annex X: A new paragraph 4 is added to Annex X(A) with the following wording:

*"4. The break-even result of the reporting period T consists of the sum of the break-even result reported for the period ending in 2020 and the break-even result reported for the period ending in 2021. In case the result obtained is a deficit, it is halved.*

*In order to decrease the remaining break-even deficit, appropriate adjustments to address the adverse financial impact generated by Covid-19 may be performed as defined in part G."*

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Annex X: A new part G is added to Annex X with the following wording:

*"G. Covid-19 adverse financial impact adjustment*

*Appropriate adjustments may be made such that the adverse financial impact due to Covid-19 is taken into consideration for the purpose of the break-even calculation.*

*COVID-19 adverse financial impact is defined as the loss of revenues between the average revenues (as listed below) relevant for the calculation of the break-even result recognised in the reporting periods ending in 2020 and 2021 and the corresponding anticipated average revenues foreseen for the same periods.*

*Anticipated average revenues for the reporting periods ending in 2020 and 2021 are, as a minimum, equivalent to the revenues (as listed below) relevant for the calculation of the break-even result recognised in the reporting period ending in 2019. This 2019 base can be increased if supported by legal or contractual arrangements (e.g. new broadcasting or sponsorship deal) concluded before Covid-19.*

*Adjustments are limited to the following revenue lines: Gate receipts, Sponsorship and advertising, Broadcasting rights, Commercial activities, Other operating revenue.*

*Any decrease in UEFA solidarity and prize money arising from reduced UEFA distributions due to Covid-19 can be taken into account.*

*For the avoidance of doubt, any additional revenue/income, including the net result from the disposal of player registrations, cannot be adjusted."*