

**Club Licensing and
Financial Fair Play Regulations**

**Federazione Sammarinese Giuoco
Calcio (FSGC)**

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Preamble

Based on FSGC Statute and on the *UEFA Club Licensing and Financial Fair Play Regulations*, the following regulations have been adopted.

Part I. General provisions

Article 1 – Scope of application

- 1 These regulations apply whenever expressly referred to by specific regulations governing club competitions to be played under the auspices of UEFA (hereinafter: UEFA club competitions) and also for FSGC official competitions.
- 2 These regulations govern the rights, duties and responsibilities of all parties involved in the FSGC club licensing system and define in particular:
 - a) the minimum requirements to be fulfilled by the FSGC in order to act as the licensor for its clubs, as well as the minimum procedures to be followed by the licensor in the assessment of the licensing criteria (chapter 1);
 - b) the licence applicant and the licence required to enter the UEFA club competitions and the FSGC championship (chapter 2);
 - c) the minimum sporting, infrastructure, personnel and administrative, legal and financial criteria to be fulfilled by a club in order to be granted a licence by FSGC as part of the admission procedure to enter the UEFA club competitions (chapter 3);
- 3 These regulations further govern the rights, duties and responsibilities of all parties involved in the UEFA club monitoring process (part III) to achieve UEFA's financial fair play objectives, and define in particular:
 - a) the role and tasks of the UEFA Club Financial Control Body, the minimum procedures to be followed by the licensors in their assessments of the club monitoring requirements, and the responsibilities of the licensees during the UEFA club competitions (chapter 1);
 - b) the monitoring requirements to be fulfilled by licensees that qualify for the UEFA club competitions (chapter 2).

Article 2 – Objectives

- 1 These regulations aim:
 - a) to further promote and continuously improve the standard of all aspects of football in San Marino and to give continued priority to the training and care of young players in every club;
 - b) to ensure that clubs have an adequate level of management and organisation;
 - c) to adapt clubs' sporting infrastructure to provide players, spectators and media representatives with suitable, well-equipped and safe facilities;

- d) to protect the integrity and smooth running of the FSGC and UEFA club competitions;
- e) to allow the development of benchmarking for clubs in financial, sporting, legal, personnel, administrative and infrastructure-related criteria throughout Europe.

2 Furthermore, they aim to achieve financial fair play in FSGC and UEFA club competitions and in particular:

- a) to improve the economic and financial capability of the clubs, increasing their transparency and credibility;
- b) to place the necessary importance on the protection of creditors and to ensure that clubs settle their liabilities with employees, social/tax authorities and other clubs punctually;
- c) to introduce more discipline and rationality in club football finances;
- d) to encourage clubs to operate on the basis of their own revenues;
- e) to encourage responsible spending for the long-term benefit of football;
- f) to protect the long-term viability and sustainability of Sammarinese club football.

Article 3 – Definition of terms

¹ For the purpose of these regulations, the following definitions apply:

Administration procedures	A voluntary or mandatory process that may be used as an alternative to the liquidation of an entity, often known as going into administration. The day-to-day management of the activities of an entity in administration may be operated by the administrator on behalf of the creditors.
Agent/intermediary	A natural or legal person who, for a fee or free of charge, represents players and/or clubs in negotiations with a view to concluding an employment contract or represents clubs in negotiations with a view to concluding a transfer agreement.
Agreed-upon procedures	In an engagement to perform agreed-upon procedures, the Auditing Commission or an auditor is engaged to carry out those procedures of an audit nature to which the Auditing Commission or the auditor and the entity and any appropriate third parties have agreed and to report on factual findings. The recipients of the report must form their own conclusions from the report by the Auditing Commission or the auditor. The report is restricted to those parties that have agreed to the procedures to be performed since others, unaware of the reasons for the procedures, may misinterpret the results.
Associate	An entity, including an unincorporated entity such as a partnership, which is neither a subsidiary nor an interest in a joint venture and over which the investor has significant influence.
Break-even information	Financial information that must be calculated and reconciled to the audited financial statements and underlying accounting records, to be submitted by a club to assess its compliance with the break-even requirement.
CL/FFP IT solution	IT system developed by UEFA for the purpose of gathering information from the license applicants/licensees and for sharing information with licensors concerning their affiliated clubs, within the scope of the implementation, assessment and enforcement

	of these regulations.
Club licensing criteria	Requirements, divided into five categories (sporting, infrastructure, personnel and administrative, legal and financial), to be fulfilled by a licence applicant for it to be granted the UEFA licence by FSGC.
Club Licensing Quality Standard	Document that defines the minimum requirements with which licensors must comply to operate the club licensing system.
Club monitoring requirements	Requirements to be fulfilled by a licensee that has qualified for a UEFA club competition.
Control	The power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control may be gained by share ownership, statutes or agreement.
Costs of acquiring a player's registration	Amounts paid and/or payable for the acquisition of a player's registration, excluding any internal development or other costs. They include: <ul style="list-style-type: none"> • transfer fee including training compensation and solidarity contributions paid and/or payable to another football club and/or a third party to secure the player's registration; • agents/intermediaries fees; and • other direct costs of acquiring the player's registration, e.g. transfer fee levy.
Deadlines for submission of the application to the licensor	The dates by which the licensor requires licence applicants to have submitted all relevant information for their applications for the UEFA licence. These dates are indicated within the core process
Event or condition of major economic importance	An event or condition that is considered material to the financial statements of the reporting entity/entities and would require a different (adverse) presentation of the results of the operations, financial position and net assets of the reporting entity/entities if it occurred during the preceding financial reporting period or interim period.
Future financial information	Information in respect of the financial performance and position of the club in the reporting periods ending in the years following commencement of the UEFA club competitions (reporting periods T+1 and later).

Government	Any form of government, including government agencies, government departments and similar bodies, whether local or national.
Group	A parent and all its subsidiaries. A parent is an entity that has one or more subsidiaries. A subsidiary is an entity, including an unincorporated entity such as a partnership that is controlled by another entity (known as the parent).
Image rights payments	Amounts due to employees (either directly or indirectly) as a result of contractual agreements with the licence applicant/licensee for the right to exploit their image or reputation in relation to football and/or non-football activities.
Interim period	A financial reporting period that is shorter than a full financial year. It does not necessarily have to be a six-month period.
International Financial Reporting Standards (IFRS)	Standards and Interpretations adopted by the International Accounting Standards Board (IASB). They comprise: <ul style="list-style-type: none"> • International Financial Reporting Standards; • International Accounting Standards; and • Interpretations originated by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).
Joint control	The contractually agreed sharing of control over an economic activity, which exist only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).
Joint venture	A contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.
Key management personnel	Persons having authority over and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly, including but not limited to any director (executive or otherwise) of the entity.
Licence	Certificate granted by FSGC confirming fulfilment of all minimum criteria by the licence

	applicant as part of the admission procedure for entering UEFA club competitions.
Licence applicant	Legal entity fully and solely responsible for the football team participating in national and international club competitions which applies for the UEFA licence.
Licensee	Licence applicant that has been granted the UEFA licence by FSGC.
Licence season	UEFA season for which a licence applicant has applied for/been granted a licence. It starts the day following the deadline for submission of the list of licensing decisions by the licensor to UEFA and lasts until the same deadline the following year.
Licensor	Body that operates the club licensing system, grants UEFA licences. For the Republic of San Marino this entity is the FSGC (Federazione Sammarinese Giuoco Calcio).
List of licensing decisions	List submitted by the licensor to UEFA containing, among other things, information about the licence applicants that have undergone the licensing process and been granted or refused a UEFA licence by the national club licensing decision-making bodies in the format established and communicated by the UEFA administration.
Materiality	Omissions or misstatements of items or information are material if they could individually or collectively influence the decisions of users taken on the basis of the information submitted by the club. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances or context. The size or nature of the item or information, or a combination of both, could be the determining factor.
Minimum criteria	Criteria to be fulfilled by a licence applicant in order to be granted the UEFA licence.
National accounting practice	The accounting and reporting practices and disclosures required of entities in the Republic of San Marino.
Monitoring documentation	Financial information (break-even information, overdue payables information and club information) and management representation which is communicated to the licensor and licensee via the CL/FFP IT solution.

Net debt	<p>The aggregate of the following balances:</p> <ul style="list-style-type: none"> • Net borrowings (i.e. bank overdrafts and loans, other loans, accounts payable to related parties less cash and cash equivalents); • net player transfers balance (i.e. the net of accounts receivable from players' transfers and accounts payable from players' transfers).
Parties involved	Any person or entity involved in the UEFA club licensing system or monitoring process, including UEFA, the licensor, the licence applicant/licensee and any individual involved on their behalf.
Party	A person or a legal entity
Protection from creditors	Procedures pursuant to laws or regulations whose objectives are to protect an entity from creditors, rescue insolvent entities and allow them to carry on running their business as a going concern. This process encompasses administration procedures and other insolvency proceedings (that might result in a compromise with creditors, bankruptcy or liquidation).

Reporting entity/entities	A registered member and/or football company or group of entities or some other combination of entities which is included in the reporting perimeter and which must provide the licensor with information for both club licensing and club monitoring purposes.
Reporting period	A financial reporting period ending on a statutory closing date, whether this is a year or not.
Significant change	An event that is considered material to the documentation previously submitted to the licensor and that would require a different presentation if it occurred prior to submission of the documentation.
Significant influence	Ability to influence but not control financial and operating policy decision-making. Significant influence may be gained by share ownership, statute or agreement. For the avoidance of doubt, a party or in aggregate parties with the same ultimate controlling party (excluding UEFA, a UEFA member association and an affiliated league) is deemed to have significant influence if it provides an amount equivalent to 30% or more of the licensee's total revenue in a reporting period.
Stadium	The venue for a competition match including, but not limited to, all surrounding properties and facilities (for example offices, hospitality areas, press centre and accreditation centre).
Statutory closing date	The annual accounting reference date of a reporting entity.
Supplementary information	<p>Financial information to be submitted to the licensor in addition to the financial statements if the minimum requirements for disclosure and accounting are not met.</p> <p>The supplementary information must be prepared on a basis of accounting, and accounting policies, consistent with the financial statements. Financial information must be extracted from sources consistent with those used for the preparation of the annual financial statements. Where appropriate, disclosures in the supplementary information must agree with, or be reconciled</p>

to, the relevant disclosures in the financial statements.

Training facilities

The venue(s) at which a club's registered players undertake football training and/or youth development activities on a regular basis.

² In these regulations, the use of the masculine form refers equally to the feminine.

Part II. UEFA Club Licensing

Article 4 – Exceptions policy

The UEFA administration may grant an exception to the provisions set out in part II within the limits set out in Annex II.

Chapter 1: Licensor

Article 5 – Responsibilities

- 1 The licensor is the Federazione Sammarinese Giuoco Calcio (FSGC). It governs the club licensing system.
- 2 In particular the licensor must:
 - a) Has established appropriate licensing administration as defined in Article 6;
 - b) Has established two decision-making bodies as defined in Article 7 (National Club Licensing Bodies);
 - c) Has set up a catalogue of sanctions as defined in Article 8;
 - d) defines the core process as defined in Article 9;
 - e) assesses the documentation submitted by the clubs, considers whether this is appropriate and determines whether each criterion has been met and what further information, if any, is needed in accordance with Article 10;
 - f) ensures equal treatment of all clubs applying for the UEFA Licence and guarantees the clubs full confidentiality with regard to all information provided during the licensing process as defined in Article 11;
 - g) determine whether the UEFA Licence can be granted.

Article 6 – The licensing administration

- 1 The licensor must appoint a licensing manager who is responsible for the licensing administration and, possibly, a deputy licensing manager.
- 2 The tasks of the licensing administration (LA) include:
 - a) preparing, implementing and further developing the FSGC club licensing system;
 - b) providing administrative support to the National Club Licensing Bodies (decision-making bodies);
 - c) assisting, advising and monitoring the licensees during the season;
 - d) informing UEFA of any event occurring after the licensing decision that constitutes a significant change to the information previously submitted to the licensor, including a change of legal form or legal group structure;
 - e) serving as the contact point for and sharing expertise with the licensing departments of other UEFA member associations and with UEFA itself.

- 3 At least one staff member or an external financial adviser must have a financial background and a diploma in accountancy/auditing and must be registered in the Professional Accountants Register, or must have several years' experience in the above matters (a "recognition of competence").
- 4 The Licensing Administration is made of the (National) Licensing Manager, which can be supported in his office by the Deputy Licensing Manager (if appointed). The Licensing Manager has the duty to organize and coordinate the entire club licensing process. In particular he supervises the activity of Licensing Management. The Licensing Administration is appointed by the FSGC Council.
- 5 Furthermore, the Licensing Administration is also made of a Panel of Experts, appointed by the licensor and whose main task is to assess, on the basis of the documentation and declarations presented by the licence applicants and the specific verifications required by the Licensing Manager/Deputy Licensing Manager, whether or not all non-financial criteria are met by the licence applicants. Moreover, these Experts provide technical assistance to the Licensing Manager, the Deputy Licensing Manager and the National Club Licensing Bodies (decision-making bodies). The members of the Panel of Experts cannot have any kind of relationship with the FSGC clubs.
- 6 To assess the financial criteria, the FSGC appoints its Auditing Commission. It is composed by a President and two other members, appointed by the FSGC Council for a three-year period. The appointed members must have relevant professional skills. At least one of them must be registered in the Chamber of the Professional Auditors in San Marino.
- 7 The Auditing Commission must audit the annual financial statements and issue a report to both the license applicant and the First Instance National Licensing Committee, also called in the following pages First Instance Body (FIB). This report must be signed at least by the member of the Commission who is also a member of in the Chamber of the Professional Auditors in San Marino.
- 8 In order to ensure full independence of the Auditing Commission and the Panel of Experts, their members are strictly bound to confidentiality and in no case they are allowed to have any kind of relationship with a club which is member of the FSGC.
- 9 Anyone involved in the Club Licensing & Financial Fair Play System for FSGC, has to guarantee a 60 working days advice in case of resignation from his/her role. During this period of time he/she has to pass all the informations he/she has to the one indicated by FSGC Consiglio Federale.

Article 7 – The decision-making bodies

- 1 The National Club Decision-making Bodies are the First Instance National Licensing Committee, also called in the following pages First Instance Body (FIB), and the Second Instance National Licensing Committee, also called in the following pages Appeals Body (AB), and must be independent of each other.

- 2 The First Instance Body (FIB) decides on whether the UEFA Licence should be granted to an applicant on the basis of the documents provided by the submission deadline set by the licensor and on whether the UEFA Licence should be withdrawn.
- 3 The Appeals Body (AB) decides on appeals submitted in writing and makes a final decision on whether the UEFA Licence should be granted or withdrawn.
- 4 Appeals may only be lodged by:
 - a) a licence applicant who received a refusal from the First Instance Body;
 - b) a licensee whose licence has been withdrawn by the First Instance Body; or
 - c) the licensor acting through the Licensing Manager.
- 5 The Appeals Body makes its decision based on the decision of the First Instance Body and all the evidence provided by the licence applicant or licensor with its written request for appeal and by the set deadline.
- 6 The decision of the Appeals Body is final and no appeal can be lodged with the Court of arbitration or any other civil or sporting court.
- 7 Members of the National Club Licensing Bodies (decision-making bodies) are appointed by the FSGC Council for a three-year term and are selected among individuals having specific professional knowledge on the subjects described in these regulations. They must not have relations of any kind with the licence applicants. The National Club Licensing Bodies take their decisions by absolute majority vote.
- 8 The FIB is composed of five members, i.e. a Chairman, a Vice-Chairman and three other members; it is convened by its Chairman and is rightfully constituted if all its members are present.

The AB is composed of five members, i.e a Chairman, a Vice-Chairman and three other members; it is convened by its Chairman and is rightfully constituted if three of its members, one being the Chairman or the Vice-Chairman, are present.
- 9 Members of the National Club Licensing Bodies must:
 - a) act impartially in the discharge of their duties;
 - b) abstain if there is any doubt as to their independence from the licence applicant or if there is a conflict of interest. In this connection, the independence of a member may not be guaranteed if he or any member of his family (spouse, child, parent, sibling) is a member, shareholder, business partner, sponsor or consultant of the licence applicant. The foregoing list is illustrative and not exhaustive;
 - c) not act simultaneously as Licensing Manager;
 - d) not belong simultaneously to a judicial statutory body of the licensor;
 - e) not belong simultaneously to the executive body of the FSGC or its affiliated league;
 - f) not belong simultaneously to the management personnel of an affiliated club;
 - g) include at least one qualified lawyer registered in the Bar Association and one qualified financial expert that means considering the National law registered in the Professional Accountants Register.

- 10 Members of the Appeals Body must not belong simultaneously either to the administrative staff or to any statutory decision-making body or committee of the FSGC.
- 11 The quorum of the decision-making bodies must be at least three members. In case of a tie, the chairman has the casting vote.
- 12 The decision-making bodies must operate according to the following procedural rules:

- a) Deadlines

All deadlines of the whole licensing process (as provided within Annex I) are defined in a separate timetable which is worked out by the LA and is communicated to the licence applicants together with the package of licensing documentation every year by the end of December at the latest.

- b) Safeguarding fundamental procedural rights

Fundamental procedural rights are guaranteed to the parties, particularly the right to equal treatment (see Article 11) and the *right to be heard* (including, but not limited to, the right to speak, the right to have evidence produced and to participate in the production of evidence and the right to a reasoned decision).

- c) Representation

All licence applicants can request to be present during FIB and AB meetings when their case is heard. A representative of the licence applicant must be a person authorized by the club.

- d) The right to a hearing

All licence applicants have the right to an hearing before both FIB and AB

- e) Time limit to appeal before the AB

An appeal before the AB may be lodged within 7 calendar days from the date of receipt by fax of the decision of the FIB.

The appeal request must be sent by registered letter with return receipt. The appellant can request a hearing before the AB by enclosing a written request to the appeal letter.

In no case can a license applicant make an appeal against the granting of the UEFA License to another license applicant.

- f) Effects of appeal

The appeal will have no delaying effect

- g) Type of evidence requested

New evidence may be provided before the AB by the appellant with its written request for appeal.

- h) Burden of proof

The licence applicant has the burden of proof.

- i) Decision

The decision must be in writing and must be supported by reasoning and communicated to the parties in writing. Italian is considered official language for all documents regarding FIB, AB and appeal procedure.

j) Content and form of pleading

The pleading must be in writing and must contain at least the grounds of appeal and the pleadings.

k) Deliberation / hearings

Deliberation is held in secret.

l) Cost of procedure / administrative fee / deposit

Any appellant (except the licensor) has to deposit a fee, whose amount is annually determined by the FSGC Council and then communicated to all concerned parties. This fee shall in principle not be given back; however, a part of this fee may be given back only if the UEFA License is finally granted by the AB. Until further notice the amount of the deposit fee is established in 750,00 Euro.

Article 8 – Catalogue of sanctions

- 1 The National Club Licensing Bodies (decision-making bodies) are the competent bodies that have to impose sanctions against the licence applicants/licensees for infringement of the requirements of these regulations.
- 2 For the non-respect of the club licensing criteria referred to in Article 16 paragraphs 2 and 3, the applicable and relevant sanctions will be chosen within the FSGC Catalogue of Sanctions, established by the FSGC Council each year, for the FSGC Club Licensing System.
- 3 Infringements of these regulations other than those mentioned in paragraph 2 above (such as, for example, the submission of falsified or deliberately incorrect data) will be punished, in accordance with the FSGC Disciplinary Regulations.

Article 9 – The core process

- 1 The licensor defines the core process for the verification of the club licensing criteria and for the control of the issuance of the UEFA Licence.
- 2 The core process starts on 31 December at the latest with the LA submitting the licensing documentation to the licence applicants and ends with the submission of the list of licensing decisions to the UEFA Administration by the deadline communicated by the latter (31 May in principle).
- 3 The core process is defined within Annex I.
- 4 The deadlines of all the process steps described within Annex I are clearly defined in the timetable issued and distributed to all parties involved in the FSGC club licensing system every year by 31 December at the latest. The deadline for the submission of the application forms and documents by the licence applicants to the licensor is 28 February.

Article 10 – Assessment procedures

The assessment methods are defined by the licensor, except those used to verify compliance with the financial criteria for which specific assessment processes must be followed as set out in Annex V.

Article 11 – Equal treatment and confidentiality

- 1 The licensor ensures equal treatment of all licence applicants during the core process.
- 2 The licensor guarantees the licence applicants full confidentiality with regard to all information submitted during the licensing process. Anyone involved in the licensing process or appointed by the licensor must sign a confidentiality agreement before assuming their tasks.

Chapter 2: Licence Applicant and UEFA Licence

Article 12 – Definition of licence applicant and three-year rule

- 1 A licence applicant may only be a football club, i.e. a legal entity fully responsible for a football team participating in national and international club competitions which is a registered member of the FSGC (hereinafter: registered member).
- 2 For the purpose of participating in the UEFA club competitions only, the membership must have lasted – at the start of the licence season – for at least three consecutive years. Any change to the legal form or legal group structure of the licence applicant (including, for example, changing its headquarters, name or club colours, or transferring stakeholdings between different clubs) during this period in order to facilitate its qualification on sporting merit to the detriment of the integrity of a competition and/or its receipt of a licence is deemed as an interruption of membership within the meaning of this provision. Exception on the “three consecutive years” period mentioned above can be granted only by UEFA to enter UEFA club competition.

Article 13 – General responsibilities of the licence applicant

- 1 The licence applicant must provide the licensor with:
 - a) all necessary information and/or relevant documents to fully demonstrate that the licensing obligations are fulfilled; and
 - b) any other document relevant for decision-making by the licensor.
- 2 This includes information on the reporting entity/entities in respect of which sporting, infrastructure, personnel and administrative, legal and financial information is required to be provided.
- 3 Any event occurring after the submission of the licensing documentation to the licensor representing a significant change to the information previously submitted must be promptly notified to the licensor (including a change of legal form or legal group structure).

Article 14 – UEFA Licence

- 1 The clubs which qualify for the UEFA club competitions on sporting merit must obtain the UEFA Licence issued by the FSGC according to these regulations.

The clubs willing to participate in the Sammarinese championship are highly recommended to obtain the UEFA Licence issued by the FSGC according to these regulations. The club that don't apply or doesn't obtain the UEFA Licence is allowed to take part in the Sammarinese championship but is not entitled to receive any contribution for the licencing process for the season following the not obtaining the licence.
- 2 The UEFA Licence expires without prior notice at the end of the season for which it was issued.
- 3 The UEFA Licence cannot be transferred.

- 4 The UEFA Licence may be withdrawn by the National Club Licensing Bodies (decision-making bodies) if:
- a) any of the conditions for the issuing of the UEFA Licence are no longer satisfied (however, if a criterion that had motivated the granting of the UEFA Licence is no longer met during the licence season, the competent National Club Licensing Body will first require the licensee to intervene and take the necessary corrective measures, establishing a deadline for the fulfilment in accordance with FSGC Disciplinary Regulations; then, if the corrective measures are not successfully applied within the defined deadline, the UEFA Licence may be withdrawn); or
 - b) the licensee violates any of its obligations under these regulations.
- 5 As soon as a UEFA Licence withdrawal is envisaged, the FSGC must inform the UEFA Administration accordingly.

Article 15 – *Special permission*

Not applicable in San Marino

Chapter 3: CLUB Licensing Criteria

Article 16 – General

- 1 With the exception of those defined in paragraphs 2 and 3 below, the club licensing criteria defined in this section IV must be fulfilled by clubs in order for them to be granted the UEFA Licence to enter the UEFA club competitions and the Sammarinese championship.
- 2 The non-fulfilment of the club licensing criteria defined in Articles 22, 23, 26, 35, 35bis, 41, 42 does not lead to the refusal of the UEFA Licence but to a sanction defined by the licensor according to the FSGC Catalogue of Sanctions for the FSGC Club Licensing System (see Article 8).
- 3 The non-fulfilment of the financial criterion defined in Article 52 does not lead to the refusal of the UEFA Licence but to a sanction defined by the licensor according to the FSGC Catalogue of Sanctions for the FSGC Club Licensing System, unless the licence applicant is in breach of any indicator defined in Article 52; in such a case the financial criterion defined in Article 52 must be fulfilled by clubs in order for them to be granted the UEFA Licence to enter the UEFA club competitions and the Sammarinese championship

SPORTING CRITERIA

Article 17 – Youth development programme

- 1 The licence applicant must have a written youth development programme approved by the licensor. The licensor must verify and evaluate the implementation of the approved youth development programme.
- 2 The programme must cover at least the following areas:
 - a) Objectives and youth development philosophy;
 - b) Organisation of youth sector (organisational chart, bodies involved, relation to licence applicant, youth teams etc.);
 - c) Personnel (technical, medical, administrative etc.) and minimum qualifications required;
 - d) Infrastructure available for youth sector (training and match facilities, other);
 - e) Financial resources (available budget, contribution by licence applicant, players or local community etc.);
 - f) Football education programme for the different age groups (playing skills, technical, tactical and physical);
 - g) Education programme on the *Laws of the Game*;
 - h) Education programme on anti-doping;
 - i) Education programme on integrity;
 - j) Medical support for youth players (including medical checks);

- k) Review and feedback process to evaluate the results and the achievements of the set objectives;
 - l) Validity of the programme (at least three years but maximum seven).
- 3 The licence applicant must further ensure that:
- a) every youth player involved in its youth development programme has the possibility to follow mandatory school education in accordance with San Marino Legislation; and
 - b) no youth player involved in its youth development programme is prevented from continuing their non-football education.

Article 18 – Youth teams

- 1 The licence applicant must at least have two youth teams within its legal entity within the age range of 7 to 12, i.e. the Under-11 and Under-13 youth teams.
- 2 The FSGC must ensure the education and development of the youth players within the age range of 13 to 21.
- 3 These two provisions constitute an exception to the UEFA requirements. This exception has been granted by UEFA for an unlimited period of time.
- 4 The participation in Youth Academies or development projects among clubs has to be declared as part of the programme as for Article 17 above, but is not in substitution of the obligations of comma 1 of this article.

Article 19 – Medical care of players

The licence applicant must establish and apply a policy to ensure that all players eligible to play for its first squad undergo a yearly medical examination in accordance with the relevant provisions of the UEFA club competition regulations.

Article 20 – Registration of players

All the licence applicant's players, including youth players above the age of 10, must be registered with the FSGC in accordance with the relevant provisions of the *FIFA Regulations on the Status and Transfer of Players*.

Article 21 – Written contract with professional players

All licence applicants' professional players must have a written contract with the licence applicant in accordance with the relevant provisions of the *FIFA Regulations on the Status and Transfer of Players*.

Article 22 – Refereeing matters and Laws of the Game,

- 1 The licence applicant must attend a session or an event on refereeing matters provided by the FSGC or with its collaboration during the year prior to the licence season.

- 2 As a minimum, the first squad captain or his replacement, and the first squad head coach or the assistant head coach must attend this session or event.

Article 23 – Racial equality and anti-discrimination practice

The licence applicant must establish and apply a policy to tackle racism and discrimination in football in line with UEFA's 10-point plan on racism as defined in the *UEFA Safety and Security Regulations*.

INFRASTRUCTURE CRITERIA

Article 24 – Stadium for UEFA club competitions

- 1 The licence applicant must have a stadium available for UEFA club competitions which must be based within the territory of the Republic of San Marino and approved by the FSGC.
- 2 Thanks to an exception granted by UEFA for an unlimited period of time, the FSGC puts the Stadium of Serravalle at the disposal of the licence applicant and the written agreement signed with the owner of the Stadium of Serravalle (i.e. the Sammarinese National Olympic Committee) for the use of the Stadium of Serravalle is concluded by the FSGC and not by the licence applicant. The licence applicant does not have to provide a written agreement with the owner of the Stadium of Serravalle.
- 3 The FSGC ensures that it has a written agreement in place with the owner of the Stadium of Serravalle; this written agreement must guarantee that the Stadium of Serravalle can be used for the licence applicant's UEFA home matches during the licence season.
- 4 The Stadium of Serravalle must fulfil the minimum requirements defined in the *UEFA Stadium Infrastructure Regulations* and be classified at least as UEFA category 2 stadium.

Article 25 – Training facilities – Availability

- 1 The licence applicant must have training facilities available throughout the year.
- 2 Thanks to an exception granted by UEFA for an unlimited period of time, the FSGC puts at least one of its Stadia at the disposal of the licence applicant for training. This because of the agreement with the owner of the Stadia (i.e. the Sammarinese National Olympic Committee) for the use is concluded by the FSGC and not by the licence applicant. The licence applicant does not have to provide a written agreement with the owner of the training facilities.
- 3 The FSGC ensures that it has a written agreement in place with the owner of the training facilities
- 4 FSGC guarantees that the training facilities can be used by all teams of the licence applicant during the licence season, taking into account its youth development programme.

Article 26 – Training facilities – Minimum infrastructure

As a minimum, the infrastructure of the training facilities must include outdoor and indoor facilities, dressing rooms and a medical room.

PERSONNEL AND ADMINISTRATIVE CRITERIA

Article 27 – Club secretariat

The licence applicant must have appointed an adequate number of skilled secretarial staff according to its needs to run its daily business. It must have an office space in which to run its administration. It must ensure that its office is open to communicate with FSGC and the public and that it is equipped, as a minimum, with phone, fax, email facilities and a website.

Article 28 – General manager

The licence applicant must have appointed a general manager who is responsible for running its operative matters.

Article 29 – Finance officer

- 1 The licence applicant must have appointed a qualified finance officer who is responsible for its financial matters.
- 2 The finance officer must hold as a minimum one of the following qualifications:
 - a) Diploma of certified public accountant;
 - b) Diploma of qualified auditor;
 - c) “Recognition of competence” issued by the licensor based on practical experience of at least three years in financial matters.

Article 30 – Media officer

- 1 The licence applicant must have appointed a qualified media officer who is responsible for media matters.
- 2 The media officer must hold as a minimum one of the following qualifications:
 - a) Diploma in journalism;
 - b) Media officer diploma provided by the licensor or an organisation recognised by the licensor;
 - c) “Recognition of competence” issued by the licensor, based on practical experience of at least one year in such matters.

Article 31 – Medical doctor

- 1 The licence applicant must have appointed at least one doctor who is responsible for medical support during matches and training as well as for doping prevention.

- 2 The qualification of the medical doctor must be recognised by the Istituto Sicurezza Sociale and/or Ordine dei Medici della Repubblica di San Marino.
- 3 He must be duly registered with FSGC.

Article 32 – Physiotherapist

- 1 The licence applicant must have appointed at least one physiotherapist who is responsible for medical treatment and massages for the first squad during training and matches.
- 2 The qualification of the physiotherapist must be recognised by the Istituto Sicurezza Sociale.
- 3 He must be duly registered with FSGC.

Article 33 – Security officer

- 1 The licence applicant must have appointed a qualified security officer who is responsible for safety and security matters.
- 2 The security officer must hold as a minimum one of the following qualifications:
 - a) Certificate as policeman or security person in accordance with San Marino Legislation;
 - b) Safety and security diploma from a specific course run by the licensor or by a state-recognised organisation;
 - c) “Recognition of competence” issued by the licensor based on practical experience of at least one year in stadium security matters.

Article 34 – Stewards

The licence applicant must have engaged qualified stewards to ensure safety and security at home matches.

Article 35 – Supporter liaison officer

- 1 The licence applicant must have appointed a supporter liaison officer to act as the key contact point for supporters.
- 2 The supporter liaison officer will regularly meet and collaborate with the relevant club personnel on all related matters.

Article 35bis - Disability access officer

- 1 The licence applicant must have appointed a disability access officer to support the provision of inclusive, accessible facilities and services.
- 2 The disability access officer will regularly meet and collaborate with the relevant club personnel on all related matters.

Article 36 – Head coach of first squad

- 1 The licence applicant must have appointed a qualified head coach who is responsible for football matters of the first squad.
- 2 The head coach must hold one of the following minimum coaching qualifications:
 - a) UEFA B coaching diploma;
 - b) Valid non-UEFA coaching diploma which is equivalent to the one required for the licence under a) above and recognised by UEFA as such;
 - c) “Recognition of competence” issued before the 2009/10 season by the FSGC based on practical experience of at least five years as head coach in any top or second division club of a UEFA member association.

Article 37 – Assistant coach of first squad

- 1 The licence applicant must have appointed a qualified coach who assists the head coach in all football matters of the first squad.
- 2 The assistant coach of the first squad must hold one of the following minimum coaching qualifications:
 - a) UEFA C coaching diploma;
 - b) Valid foreign coaching diploma which is equivalent to the one required for the licence under a) above;
 - c) “Recognition of competence” issued before the 2009/10 season by the FSGC based on practical experience of at least five years as assistant coach in any top or second division club of a UEFA member association.

Article 38 – Head of youth development programme

- 1 The licence applicant must have appointed a qualified head of the youth development programme who is responsible for running the daily business and the technical aspects of the youth sector.
- 2 The head of the youth development programme must hold one of the following minimum coaching qualifications:
 - a) UEFA C coaching diploma;
 - b) Valid foreign coaching diploma which is equivalent to the one required for the licence under a) above;
 - c) Valid UEFA Elite Youth A Licence as issued by the FSGC and recognized by UEFA;
 - d) “Recognition of competence” issued before the 2009/10 season by the FSGC based on practical experience of at least two years as head of the youth development programme in any top or second division club of a UEFA member association.

Article 39 – Youth coaches

- 1 The licence applicant must have appointed for each mandatory youth team at least one qualified coach who is responsible for all football matters related to this team.
- 2 All the youth coaches must hold at least one of the following minimum coaching qualifications:
 - a) UEFA C coaching diploma;
 - b) Valid foreign coaching diploma which is equivalent to the one required for the licence under a) above;
 - c) Valid UEFA Elite Youth A Licence as issued by the FSGC and recognized by UEFA;
- 3 “Recognition of competence” issued before the 2009/10 season by the FSGC based on practical experience of at least five years as youth coach in any top or second division club of a UEFA member association.

Article 40 – Common provisions applicable to UEFA coaching qualifications under the UEFA Coaching Convention

- 1 A holder of the required UEFA coaching licence within the meaning of Articles 36 to 39 is considered a coach who, in accordance with the UEFA implementation provisions of the *UEFA Coaching Convention*, has:
 - a) been issued a UEFA coaching licence by a UEFA member association; or
 - b) at least started the required UEFA coaching diploma course. Simple registration for the required diploma course is not sufficient to meet this criterion.
- 2 All qualified coaches and technical staff defined in articles 36 to 39 must be duly registered with FSGC.

Article 41 – Rights and duties

The rights and duties of the personnel defined in Articles 28 to 39 above must be defined in writing.

Article 42 – Duty of replacement during the season

- 1 If a function defined in Articles 28 to 39 becomes vacant during the licence season, the licensee must ensure that, within a period of a maximum of 60 days, the function is taken over by someone who holds the required qualification.
- 2 In the event that a function defined in Articles 28 to 39 becomes vacant due to illness or accident, the licensor may grant an extension to the 60-day period only if reasonably satisfied that the person concerned is still medically unfit to resume his duties.
- 3 The licensee must promptly notify the FSGC of any such replacement.

LEGAL CRITERIA

Article 43 – Declaration in respect of participation in UEFA club competitions

- 1 The licence applicant must submit a legally valid declaration confirming the following:
 - a) It recognises as legally binding the statutes, regulations, directives and decisions of FIFA, UEFA, the FSGC as well as the jurisdiction of the Court of Arbitration for Sport (CAS) in Lausanne as provided in the relevant articles of the *UEFA Statutes*;
 - b) At national level it will play in competitions that are recognised and endorsed by the FSGC;
 - c) At international level it will participate in competitions recognised by UEFA or FIFA (to avoid any doubt, this provision does not relate to friendly matches);
 - d) It will promptly inform the licensor about any significant change, event or condition of major economic importance;
 - e) It will abide by and observe the *FSGC Club Licensing Regulations*;
 - f) it will abide by observe the *UEFA Club Licensing and Financial Fair Play Regulations*;
 - g) Its reporting perimeter is defined in accordance with Article 46bis;
 - h) It will be accountable for any consequences of an entity included in the reporting perimeter not abiding by and observing items e) and f) above;
 - i) All submitted documents are complete and correct;
 - j) It authorises the Licensing Administration and National Club Licensing Bodies, the UEFA Administration, the Club Financial Control Panel and the UEFA Organs for the Administration of Justice to examine any relevant document and seek information from any relevant public authority or private body in accordance with Sammarinese legislation;
 - k) It acknowledges that UEFA reserves the right to execute compliance audits at national level in accordance with the *FSGC Club Licensing Regulations*.
- 2 The declaration must be executed by an authorised signatory no more than three months prior to the deadline for its submission to the licensor.

Article 44 – Minimum legal information

- 1 The licence applicant must submit a copy of its current, valid statutes.
- 2 The licence applicant must further submit an extract from a public register (e.g. trade register) or an extract from FSGC's club register containing the following minimum information:
 - a) Name;
 - b) Address of headquarters;
 - c) Legal form;
 - d) List of authorised signatories;
 - e) Type of required signature (e.g. individual, collective).

Article 45 – Written contract with a football company

Not applicable in San Marino

Article 46 – Legal group structure and ultimate controlling party

- 1 The licence applicant must provide the licensor with information on the legal group structure as at 31 December prior to the deadline for the submission of the application to the licensor. It must be presented in a chart and duly approved by management. The licensor must be informed of any changes there may have been to the legal group structure during the period between 31 December prior to the deadline and the submission of the chart to the licensor.
- 2 This document must clearly identify and include information on:
 - a) the licence applicant and, if different, the registered member of FSGC;
 - b) any subsidiary of the licence applicant and, if different, the registered member of FSGC;
 - c) any associate entity of the licence applicant and, if different, the registered member of FSGC;
 - d) any direct or indirect controlling entity of the licence applicant, up to and including the ultimate controlling party.
 - e) Any party that has a 10% or greater direct or indirect ownership of or otherwise significant influence over the licence applicant.

The reporting perimeter as defined in Article 46bis must also be clearly identified in the document.

- 3 If deemed relevant the licensor may request the licence applicant/licensee to provide additional information other than that listed above (e.g. information about any subsidiaries and/or associates of the ultimate controlling entity and/or direct controlling entity)
- 4 The following information must be provided in relation to all entities included in the legal group structure:
 - a) Name of legal entity;
 - b) Type of legal entity;
 - c) Main activity of legal entity;
 - d) Percentage of ownership interest (and, if different, percentage of voting power held).

For any subsidiary of the licence applicant and, if different, the registered member of FSGC, the following information must also be provided:

- e) Share capital;
- f) Total assets;
- g) Total revenues;
- h) Total equity.

FINANCIAL CRITERIA

Article 46bis – Reporting entity/entities and reporting perimeter

- 1 The licence applicant determines and provide to the licensor the reporting perimeter, i.e. the entity or combination of entities in respect of which financial information (e.g. single entity, consolidated or combined financial statements) has to be provided in accordance with Annex VII B and assessed in accordance with Annex IX.
- 2 The reporting perimeter must include:
 - a) the licence applicant and, if different, the registered member of FSGC;
 - b) any subsidiary of the licence applicant and, if different, the registered member of FSGC;
 - c) any other entity included in the legal group structure which generates revenues and/or performs services and/or incurs costs in respect of the football activities defined in paragraph 3 c) to j) below;
 - d) any entity, irrespective of whether it is included in the legal group structure, which generates revenues and/or performs services and/or incurs costs in respect of football activities as defined in paragraph 3 a) and b) below.
- 3 Football activities include:
 - a) employing/engaging personnel (as defined in Article 50) including payment of all forms of consideration to employees arising from contractual or legal obligations;
 - b) acquiring/selling players' registration (including loans);
 - c) ticketing;
 - d) sponsorship and advertising;
 - e) broadcasting;
 - f) merchandising and hospitality;
 - g) club operations (e.g. administration, matchday activities, travel, scouting, etc.);
 - h) financing (including financing secured or pledged against the assets of the licence applicant);
 - i) use and management of stadium and training facilities;
 - j) youth sector.
- 4 An entity may be excluded from the reporting perimeter only if:
 - a) its activities are entirely unrelated to the football activities defined in paragraph 3 above and/or the locations, assets or brand of the football club; or
 - b) it is immaterial compared with all the entities that form the reporting perimeter and it does not perform any of the football activities defined in paragraph 3 a) and b) above; or
 - c) the football activities it performs are already entirely reflected in the financial statements of one of the entities included in the reporting perimeter.
- 5 The licence applicant must submit a declaration by an authorised signatory which confirms:

- a) That all revenues and costs related to each of the football activities indicated in paragraph 3 have been included in the reporting perimeter and provide a detailed explanation should this not be the case; and
- b) Whether any entity included in the legal group structure has been excluded from the reporting perimeter, justifying any such exclusion with reference to paragraph 4.

Article 47 – Annual financial statements

- 1 Annual financial statements in respect of the latest statutory closing date (31 December) prior to the deadline for submission of the list of licensing decisions to UEFA (31 May in principle) must be prepared in accordance with the Law 23rd February 2006 n. 47 (Legge sulle società) and following amendments, as well as with all relevant administrative rules defined by the FSGC Council as an application of the law, and submitted to the licensor.
- 2 Thanks to an exception that has been granted by UEFA for an unlimited period of time, the annual financial statements must not be audited by an independent auditor. Instead, the annual financial statements must be assessed by the Auditing Commission as defined within Annex V.
- 3 The annual financial statements must consist of:
 - a) a balance sheet;
 - b) a profit and loss account;
 - c) a cash flow statement;
 - d) notes, comprising a summary of significant accounting policies and other explanatory notes; and
 - e) a financial review by management.
- 4 The annual financial statements must meet the minimum disclosure requirements as set out in Annex VI and the accounting principles as set out in Annex VII. Comparative figures in respect of the prior statutory closing date must be provided.
- 5 If the minimum requirements for the content and accounting as set out in paragraph 4 above are not met in the annual financial statements, then the licence applicant must prepare supplementary information in order to meet the minimum information requirements that must be assessed by the Auditing Commission as defined in Annex V.

Article 48 – Financial statements for the interim period

Not applicable in San Marino

Article 49 – No overdue payables towards football clubs

- 1 The licence applicant must prove that as at 31 March preceding the licence season it has no overdue payables (as defined in Annex VIII) towards other football clubs as a result of transfers undertaken prior to the previous 31 December.

- 2 Payables are those amounts due to football clubs as a result of transfer activities, including training compensation and solidarity contributions as defined in the *FIFA Regulations on the Status and Transfer of Players* as well as any amount due upon fulfilment of certain conditions
- 3 The licence applicant must prepare and submit to the licensor a transfers table. It must be prepared even if there have been no transfers/loans during the relevant period.
- 4 The licence applicant must disclose:
 - a) all new player registration (including loans) in the 12 month period up to 31 December, irrespective of whether there is an amount outstanding to be paid as at 31 December.
 - b) all transfers for which an amount is outstanding to be paid as at 31 December, irrespective of whether they were undertaken in the 12 month period up to 31 december or before; and
 - 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.
- 5 The transfers table must contain a separate entry in respect of each player transfer (including loans), where the following information must be given as a minimum:
 - a) Player (identification by name or number);
 - 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 contribution) 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 31 December in respect of each player transfer including the due date for each unpaid element;
 - h) Balance payable as at 31 March (rolled forward from 31 December) including the due date for each unpaid element, together with explanatory comment;
 - i) Conditional amounts (contingent liabilities) not yet recognised in the balance sheet as at 31 December; and
 - j) Amounts subject to any claim/proceedings pending
- 6 The licence applicant must reconcile the total liability as per the transfers table to the figure in the financial statements balance sheet for 'Accounts payable relating to player transfers'. The licence applicant is required to report in this table all payables even if payment has not been requested by the creditor.
- 7 The transfers table must be approved by management and this must be evidenced by way of a brief statement and signature on behalf of the executive body of the licence applicant.

Article 50 – No overdue payables in respect of employees

- 1 The licence applicant must prove that as at 31 March preceding the licence season it has no overdue payables (as defined in Annex VIII) in respect of its employees as a result of contractual or legal obligations that arose prior to the previous 31 December.
- 2 Payables are all forms of consideration due in respect of employees as a result of contractual or legal obligations including wages, salaries, image rights payments, bonuses and other benefits. Amounts payable to people who, for various reasons, are no longer employed by the applicant fall within the scope of this criterion and must be settled within the period stipulated in the contract and/or defined by law, regardless of how such payables are accounted for in the financial statements.
- 3 The term “employees” includes the following persons:
 - a) All professional players according to the applicable *FIFA Regulations on the Status and Transfer of Players*; and
 - b) The administrative, technical, medical and security staff specified in Articles 28 to 33 and 35 to 39.
- 4 The licence applicant must prepare and submit to the licensor an employees table showing:
 - a) all employees who were employed at any time during the year up to the 31 December; i.e. not just those who remain at 31 December.
 - b) All employees in respect of whom there is an amount outstanding to be paid as at 31 december, irrespective of whether they were employed during the year up to 31 December; and
 - c) All employees in respect of whom there is a claim pending before the competent authority under national law or proceedings pending before a national or international football authority or relevant arbitration tribunal.
- 5 The following information must be given, as a minimum, in respect of each employee:
 - a) Name of the employee;
 - b) Position/function of the employee;
 - c) Start date;
 - d) End date (if applicable);
 - e) The balance payable as at 31 December, including the due date for each unpaid element;
 - f) Any payable as at 31 March (rolled forward from 31 December), including the due date for each unpaid element, together with explanatory comment; and
 - g) Amounts subject to any claim/proceedings pending.
- 6 The licence applicant must reconcile the total liability as per the employees table to the figure in the financial statements balance sheet for ‘Accounts payable towards employees’ or to the underlying accounting records.
- 7 The employees table must be approved by management and this must be evidenced by way of a brief statement and signature on behalf of the executive body of the licence applicant.

Article 50bis – No overdue payables towards social/tax authorities

- 1 The licence applicant must prove that as at 31 March preceding the licence season it has no overdue payables (as defined in Annex VIII) towards social tax/authorities as a result of a contractual or legal obligations in respect of its employees that arose prior to the previous 31 December.
- 2 The licence applicant must submit to the Auditing Commission and/or the licensor a social/tax table showing:
 - a) the amount payable (if any) to the competent social/tax authorities as at 31 December of the year preceding the licence season;
 - b) any claim/proceedings pending.
- 3 The following information must be given, as a minimum, in respect of each payable towards social/tax authorities, together with explanatory comment:
 - a) Name of the creditor;
 - b) Any payable as at 31 December, including the due date for each unpaid element;
 - c) Any payable as at 31 March (rolled forward from 31 December), including the due date for each unpaid element, together with explanatory comment and supporting evidence; and
 - d) Amounts subject to any claim/proceedings pending
- 4 The licence applicant must reconcile the total liability as per the social/tax table to the figure in the financial statements balance sheet for 'Accounts payable to social/tax authorities' or to the underlying accounting records.
- 5 The social/tax table must be approved by management and this must be evidenced by way of a brief statement and signature on behalf of the executive body of the licence applicant.

Article 51 – Written representations prior to the licensing decision

- 1 Within seven days prior to the start of the period in which the licensing decision is to be made by the First Instance Body (FIB), the licence applicant must make written representations to the licensor.
- 2 The licence applicant must confirm the following:
 - a) That all documents submitted to the licensor are complete and correct;
 - b) Whether or not any significant change in relation to all the licensing criteria has occurred;
 - c) Whether or not any events or conditions of major economic importance have occurred that may have an adverse impact on the licence applicant's financial position since the balance sheet date of the preceding audited annual financial statements or reviewed interim financial statements (if applicable). If any events or conditions of major economic importance have occurred, the management representations letter must include a description of the nature of the event or condition and an estimate of its financial effect, or a statement that such an estimate cannot be made;

- d) Whether or not the licence applicant (or the registered member of the UEFA member association which has a contractual relationship with the licence applicant within the meaning of Article 12) or any parent company of the licence applicant included in the reporting perimeter is seeking or has received protection from its creditors pursuant to laws or regulations within the 12 months preceding the licence season.
- 3 Approval by management must be evidenced by way of a signature on behalf of the executive body of the licence applicant.

Article 52 – Future financial information

- 1 The licence applicant must prepare and submit future financial information which is based on assumptions about events that may occur in the future and possible actions by the management of the reporting entity.
- 2 If a licence applicant exhibits any of the conditions described by indicator 1 or 2, it is considered in breach of the indicator:
- a) Indicator 1: *Going concern*
The auditor's report in respect of the annual financial statements submitted in accordance with Article 47 includes an emphasis of matter or a qualified opinion/conclusion in respect of going concern.
- b) Indicator 2: *Negative equity*
The annual financial statements (including, where required, the supplementary information) submitted in accordance with Article 47 disclose a net liabilities position (negative equity) that has deteriorated relative to the comparative figure contained in the previous year's annual financial statements.

In case any indicator defined above is breached, the future financial information submitted by the licence applicant must demonstrate to the licensor the licence applicant's ability to continue as a going concern until the end of the licence season.

- 3 Future financial information must cover the period commencing immediately after the later of the statutory closing date of the annual financial statements and it must cover the entire licence season.
- 4 Future financial information must be prepared, as a minimum, on a three-month basis, i.e. in six three-month periods (i.e. from 1 January to 31 March preceding the licence season, 01 April preceding the licence season to 30 June of the licence season, 01 July to 30 September of the licence season, 01 October to 31 December of the licence season, 01 January to 31 March of the licence season and 01 April of the licence season to 30 June following the licence season).
- 5 The future financial information must be based on assumptions that are not unreasonable.

- 6 Future financial information consists of:
 - a) a budgeted profit and loss account, with comparative figures for the immediately preceding financial year;
 - b) a budgeted cash flow, with comparative figures for the immediately preceding financial year;
 - c) explanatory notes, including a brief description of each of the significant assumptions (with reference to the relevant aspects of historic financial and other information) that have been used to prepare the budgeted profit and loss account and cash flow statement, as well as of the key risks that may affect the future financial results.
- 7 Future financial information must be prepared on a consistent basis with the audited annual financial statements and follow the same accounting policies as those applied for the preparation of the annual financial statements, except for accounting policy changes made after the date of the most recent annual financial statements that are to be reflected in the next annual financial statements – in which case details must be disclosed.
- 8 Future financial information must meet the minimum disclosure requirements as set out in Annex VI. Additional line items or notes must be included if they provide clarification or if their omission would make the future financial information misleading.
- 9 Future financial information with the assumptions upon which they are based must be approved by management and this must be evidenced by way of a brief statement and signature on behalf of the executive body of the reporting entity.

Part III. UEFA Club Monitoring

Chapter 1: Rights, duties and responsibilities of parties involved

Article 53 – Responsibilities of the UEFA Club Financial Control Body

- 1 The UEFA Club Financial Control Body, which is divided into an investigatory chamber and an adjudicatory chamber, carries out its duties as specified in the present regulations and in the *Procedural rules governing the UEFA Club Financial Control Body*.
- 2 In carrying out these responsibilities, the UEFA Club Financial Control Body ensures equal treatment of all licensees and guarantees full confidentiality of all information provided.

Article 54 – Monitoring process

- 1 The monitoring process starts on submission by the licensor of the list of licensing decisions to the UEFA administration and ends at the end of the licence season.
- 2 It consists of the following minimum key steps:
 - a) issuing of the monitoring documentation to the licensor and licensee;
 - b) return of the required completed monitoring documentation by the licensee to the licensor;
 - c) assessment and confirmation of the completeness of each licensee's documents by the licensor;
 - d) submission of the validated documentation by the licensor to the UEFA administration;
 - e) assessment of the documentation by the UEFA Club Financial Control Body;
 - f) if appropriate, request for additional information by the UEFA administration or UEFA Club Financial Control Body;
 - g) decision by the UEFA Club Financial Control Body as specified in the relevant provisions of the *Procedural rules governing the UEFA Club Financial Control Body*.
- 3 The deadline for the submission of the validated documentation to the UEFA administration is communicated to the licensors in a timely manner by the UEFA administration.

Article 55 – Responsibilities of the licensor

- 1 The licensor must:
 - a) communicate the deadlines of the monitoring process to the licensee;
 - b) cooperate with the UEFA Club Financial Control Body in respect of its requests and enquiries;
 - c) as a minimum assess the monitoring documentation in accordance with Annex IX;

- d) assess and confirm to the UEFA Club Financial Control Body that the selected reporting perimeter is the same as used for the fulfilment of the club licensing criteria and is appropriate for club monitoring purposes;
- e) inform the UEFA Club Financial Control Body of any relevant information submitted by the licensee in respect of club monitoring requirements and any event occurring after the licensing decision that constitutes a significant change to the information previously submitted by the licensee.

² In carrying out these responsibilities, the licensor ensures equal treatment and guarantees full confidentiality of all information provided.

Article 56 – Responsibilities of the licensee

The licensee must:

- a) cooperate with the licensor and the UEFA Club Financial Control Body in respect of their requests and enquiries;
- b) provide the licensor and the UEFA Club Financial Control Body with all necessary information and/or relevant documents to fully demonstrate that the monitoring requirements are fulfilled, as well as any other document requested and deemed to be relevant for club monitoring decision-making, by the deadline set by the licensor and/or the UEFA administration (the reporting entity or combination of entities in respect of which information is required must be the same as for club licensing);
- c) promptly notify the licensor in writing about any subsequent events that constitute a significant change to the information previously submitted to the licensor, including a change of legal form or legal group structure.

Chapter 2: Monitoring requirements

Article 57 – Scope of application and exemption

- ¹ All licensees that have qualified for a UEFA club competition must comply with the monitoring requirements, i.e. with the break-even requirement (Articles 58 to 64) and with the other monitoring requirements (Articles 65 to 68).
- ² A licensee that demonstrates it has relevant income and relevant expenses (as defined in Article 58) below EUR 5 million in respect of each of the two reporting periods ending in the two years before commencement of the UEFA club competitions is exempt from the break-even requirement. Such an exemption decision is taken by the UEFA Club Financial Control Body and is final.
- ³ If a licensee's annual financial statements are denominated in a currency other than euros, then to determine whether it should be exempt or not from the break-even requirement, the relevant figures must be converted into euros at the average exchange rate of the reporting period, as published by the European Central Bank or other appropriate source.

- 4 If the reporting period for the annual financial statements is greater or less than 12 months, then the threshold of EUR 5m (relevant income/relevant expenses) is adjusted up or down according to the length of the reporting period. The flexed threshold level is then compared to the licensee's relevant income and relevant expenses as appropriate.
- 5 Under certain circumstances, as further illustrated in appendix XII, a licensee can apply to enter into a voluntary agreement with the UEFA Club Financial Control Body for the fulfilment of the break-even requirement.

I. BREAK-EVEN REQUIREMENT

Article 58 – *Notion of relevant income and expenses*

- 1 Relevant income and relevant expenses are defined in Annex X
- 2 Relevant income and expenses must be calculated and reconciled by the licensee to the audited annual financial statements and/or underlying accounting records and to the projected break-even information if applicable.
- 3 Relevant income and expenses from related parties must be adjusted to reflect the fair value of any such transactions.

Article 59 – *Notion of monitoring period*

- 1 A monitoring period is the period over which a licensee is assessed for the purpose of the break-even requirement. As a rule it covers three reporting periods:
 - a) the reporting period ending in the calendar year that the UEFA club competitions commence (hereinafter: reporting period T), and
 - b) the reporting period ending in the calendar year before commencement of the UEFA club competitions (hereinafter: reporting period T-1), and
 - c) the preceding reporting period (hereinafter: reporting period T-2).As an example, the monitoring period assessed in the licence season 2015/16 covers the reporting periods ending in 2015 (reporting period T), 2014 (reporting period T-1) and 2013 (reporting period T-2).

Article 60 – *Notion of break-even result*

- 1 The difference between relevant income and relevant expenses is the break-even result, which must be calculated in accordance with Annex X for each reporting period.
- 2 If a licensee's relevant expenses are less than relevant income for a reporting period, then the club has a break-even surplus. If a club's relevant expenses are greater than relevant income for a reporting period, then the club has a break-even deficit.
- 3 If a licensee's financial statements are denominated in a currency other than euros, then the break-even result must be converted into euros at the average exchange rate of the reporting period.

- 4 The aggregate break-even result is the sum of the break-even results of each reporting period covered by the monitoring period (i.e. reporting periods T, T-1 and T-2).
- 5 If the aggregate break-even result is positive (equal to zero or above) then the licensee has an aggregate break-even surplus for the monitoring period. If the aggregate break-even result is negative (below zero) then the licensee has an aggregate break-even deficit for the monitoring period.
- 6 In case of an aggregate break-even deficit for the monitoring period, the licensee may demonstrate that the aggregate deficit is reduced by a surplus (if any) resulting from the sum of the break-even results from the two reporting periods prior to T-2 (i.e. reporting periods T-3 and T-4).

Article 61 – *Notion of acceptable deviation*

- 1 The acceptable deviation is the maximum aggregate break-even deficit possible for a club to be deemed in compliance with the break-even requirement as defined in Article 63.
- 2 The acceptable deviation is EUR 5 million. However, it can exceed this level up to EUR 30 million if such excess is entirely covered by contributions from equity participants and/or related parties. A lower amount may be decided in due course by the UEFA Executive Committee
- 3 Contributions from equity participants and/or related parties (as specified in Annex X E) are taken into consideration when determining the acceptable deviation if they have occurred and been recognised:
 - a) in the audited financial statements for one of the reporting periods T, T-1 or T-2; or
 - b) in the accounting records up until the deadline for submission of the break-even information for the reporting period T.

The onus is on the licensee to demonstrate the substance of the transaction, which must have been completed in all respects and without any condition attached. An intention or commitment from owners to make a contribution is not sufficient for such a contribution to be taken into consideration.

- 4 If contributions from equity participants and/or related parties occurring until the deadline for submission of the break-even information for the reporting period T are recognised in a club's reporting period T+1 and have been taken into consideration to determine the acceptable deviation in respect of the monitoring period (T-2, T-1 and T) assessed in the licence season commencing in that same calendar year, then for later monitoring periods the contributions will be considered as having been recognised in reporting period T.
- 5 For a monitoring period containing a reporting period of greater than or less than 12 months, the acceptable deviation will be adjusted up or down according to the length of the monitoring period.

Article 62 – Break-even information

- 1 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-1;
 - b) the break-even information for the reporting period T-2, if not already previously submitted;
 - c) the break-even information for the reporting period T, if it has breached any of the indicators defined in paragraph 3 below.
- 2 The break-even information must:
 - a) concern the same reporting perimeter ~~entity~~ as that for club licensing as defined in Article 46bis;
 - b) be approved by management, as evidenced by way of a brief statement confirming the completeness and accuracy of the information, and signature on behalf of the executive body of the licensee.
- 3 If a licensee exhibits any of the conditions described by indicators 1 to 3 4, it is considered in breach of the indicator:
 - i) Indicator 1: *Going concern*

The auditor's report in respect of the annual financial statements (i.e. reporting period T-1) and/or interim financial statements (if applicable) submitted in accordance with Articles 47 and 48 includes an emphasis of matter or a qualified opinion/conclusion in respect of going concern.
 - ii) Indicator 2: *Negative equity*

The annual financial statements (i.e. reporting period T-1) submitted in accordance with Article 47 disclose a net liabilities position that has deteriorated relative to the comparative figure contained in the previous year's annual financial statements (i.e. reporting period T-2), or the interim financial statements submitted in accordance with Article 48 disclose a net liabilities position that has deteriorated relative to the comparative figure at the preceding statutory closing date (i.e. reporting period T-1).
 - iii) Indicator 3: *Break-even result*

The licensee reports a break-even deficit as defined in Article 60 for either or both of the reporting periods T-1 and T-2.
- 4 In addition, the UEFA Club Financial Control Body reserves the right to ask the licensee to prepare and submit the break-even information for the reporting period T and additional information at any time, in particular if the annual financial statements reflect that:
 - a) employee benefits expenses exceed 70% of total revenue; or
 - b) net debt exceeds 100% of total revenue.

Article 63 – Fulfilment of the break-even requirement

- 1 The break-even requirement is fulfilled if no indicator (as defined in Article 62(3)) is breached and the licensee has a break-even surplus for reporting periods T-2 and T-1.
- 2 The break-even requirement is fulfilled, even if an indicator (as defined in Article 62(3)) is breached, if:
 - a) the licensee has an aggregate break-even surplus for reporting periods T-2, T-1 and T; or
 - b) the licensee has an aggregate break-even deficit for reporting periods T-2, T-1 and T which is within the acceptable deviation (as defined in Article 61) having also taken into account the surplus (if any) in the reporting periods T-3 and T-4 (as defined in Article 60(6)).
- 3 The break-even requirement is not fulfilled if the licensee has an aggregate break-even deficit for reporting periods T-2, T-1 and T exceeding the acceptable deviation (as defined in Article 61) having also taken into account the surplus (if any) in the reporting periods T-3 and T-4 (as defined in Article 60 (6)).

Article 64 – Projected break-even information

- 1 If the licensee is in breach of any indicator in Article 62(3), it must prepare and submit the projected break-even information by the deadline and in the form communicated by the UEFA administration.
- 2 The projected break-even information must cover the 12 month period commencing immediately after the statutory closing date of the reporting period T (hereinafter: reporting period T+1).
- 3 The projected break-even information must consist of:
 - a) a budgeted profit and loss account;
 - b) a projected break-even result based on the budgeted profit and loss account including adjustments to calculate relevant income and expenses;
 - c) a budgeted cash flow;
 - d) a budgeted balance sheet; and
 - e) explanatory notes, including assumptions that are not unreasonable, risks and a comparison with reporting period.
- 4 The projected break-even information must be prepared on a consistent basis with the audited annual financial statements and follow the same accounting policies as those applied for the preparation of the annual financial statements, except for accounting policy changes made after the date of the most recent annual financial statements that are to be reflected in the next annual financial statements – in which case details of the changes must be disclosed.

OTHER MONITORING REQUIREMENTS

Article 65 – *No overdue payables towards football clubs – Enhanced*

- 1 As at 30 June and as at 30 September of the year in which the UEFA club competitions commence the licensee must not have any overdue payables (as specified in Annex VIII) towards other football clubs as a result of transfers undertaken up to 30 June and up to 30 September respectively.
- 2 Every licensee must prove that it has no overdue payables as at 30 June. If a licensee has overdue payables as at 30 June of the year in which the UEFA club competitions commence or if otherwise requested by the UEFA Club Financial Control Body, then it must also prove that it has no overdue payables as at the 30 September.
- 3 Payables are those amounts due to football clubs as a result of transfer activities, including training compensation and solidarity contributions as defined in the *FIFA Regulations on the Status and Transfer of Players*, as well as any amount due upon fulfilment of certain conditions.
- 4 By the deadline and in the form communicated by the UEFA administration, the licensee must prepare and submit the transfers information, even if there have been no transfers/loans during the relevant period.
- 5 The licensee must disclose:
 - a) all new player registration (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; and
 - 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.
- 6 The transfers information must contain the following as a minimum (in respect of each player transfer, including loans):
 - a) Player (identification by name);
 - 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; and

- i) Amount subject to any claim/proceedings pending.
- 7 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.
 - 8 The transfers information must be approved by management and this must be evidenced by way of a brief statement and signature on behalf of the executive body of the licensee.

Article 66 – No overdue payables in respect of employees – Enhanced

- 1 As at 30 June and as at 30 September of the year in which the UEFA club competitions commence the licensee must not have any overdue payables (as specified in Annex VIII) in respect of its employees (as defined in paragraphs 2 and 3 of Article 50).-
- 2 Every licensee must prove that it has no overdue payables as at 30 June. If the licensee has overdue payables as at 30 June of the year in which the UEFA club competitions commence or if otherwise request by the UEFA Club Financial Control Body, then it must also prove that it has no overdue payable as at 30 September.
- 3 By the deadline and in the form communicated by the UEFA administration, the licensee must prepare and submit a declaration confirming the absence or existence of overdue payables in respect of employees.
- 4 The licensee must disclose:
 - a) all employees for which an amount is outstanding to be paid as at 30 June/30 September; and
 - b) all employees in respect of which there is 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.
- 5 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); and
 - e) Balance overdue as at 30 June/30 September, including the due date for each overdue element; and
 - f) Amounts subject to any claim/proceedings pending.
- 6 The declaration must be approved by management and this must be evidenced by way of a brief statement and signature on behalf of the executive body of the licensee.

Article 66bis – No overdue payables towards social/tax authorities – Enhanced

- 1 As at 30 June and as at 30 September of the year in which the UEFA club competitions commence, the licensee must not have any overdue payables (as specified 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.

- 2 Every licensee must prove that it has not overdue payables as at 30 June. If the licensee has overdue payables as at 30 June of the year in which the UEFA club competitions commence or if otherwise requested by the UEFA Club Financial Control Body, then it must also prove that it has no overdue payables as at 30 September.
- 3 By the deadline and in the form communicated by the UEFA administration, the licensee must prepare and submit a declaration confirming the absence or existence of overdue payables towards social/tax authorities.
- 4 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; and
 - c) Amounts subject to any claim/proceedings pending.
- 5 The declaration must be approved by management and this must be evidenced by way of a brief statement and signature on behalf of the executive body of the licensee.

Article 67 – Duty to report subsequent events

- 1 The licensee must promptly notify the licensor in writing about any significant changes including, but not limited to, subsequent events of major economic importance until at least the end of the licence season.
- 2 The information prepared by management must include a description of the nature of the event or condition and an estimate of its financial effect, or a statement (with supporting reasons) that such an estimate cannot be made.

Article 68 – Common provision for all monitoring requirements

If one of the monitoring requirements is not fulfilled, then the UEFA Club Financial Control Body makes a decision, including the possibility to conclude a settlement agreement with the licensee, taking into consideration other factors as defined in Annex XI, and takes the appropriate measure(s) without delay in accordance with the procedure defined in the *Procedural rules governing the UEFA Club Financial Control Body*.

Part IV. Final provisions

Article 69 – Authoritative text and language of correspondence

- 1 If there is any discrepancy in the interpretation of the English and Italian versions of these regulations, the English version prevails.
- 2 All correspondence between UEFA and FSGC and/or the licensee must be in one of the three UEFA official languages (English, French and German) and UEFA may ask FSGC and/or licensee for a certified translation of documents at their expense.

Article 70 – Annexes

All annexes to the present regulations form an integral part thereof.

Article 71 – UEFA Compliance audits

- 1 UEFA and/or its nominated bodies/agencies reserve the right to, at any time, conduct compliance audits of FSGC and, in the presence of the latter, of the licence applicants/licensees.
- 2 Compliance audits aim to ensure that FSGC as well as the licence applicants/licensees have fulfilled their obligations and that the UEFA licences were correctly awarded at the time of the final decision of FSGC.
- 3 For the purpose of the compliance audits by UEFA, in the event of any discrepancy in the interpretation of these regulations between the English version and the Italian version, the English version is authoritative.

Article 72 – Disciplinary procedures

- 1 The UEFA Club Financial Control Body at all times bears in mind the overall objectives of these regulations, in particular to defeat any attempt to circumvent these objectives.
- 2 Any breach of these regulations may be dealt with by FSGC Consiglio Federale in accordance with the FSGC Statutes and Administrative regulations if not already foreseen in the field of action of First Instance Body (FIB) and Appeals Body (AB).

Article 73 – Implementing provisions

The Licensing Administration will take the decisions and adopt, in the form of directives, circular letters and any other relevant documents, the detailed provisions necessary for implementing these regulations.

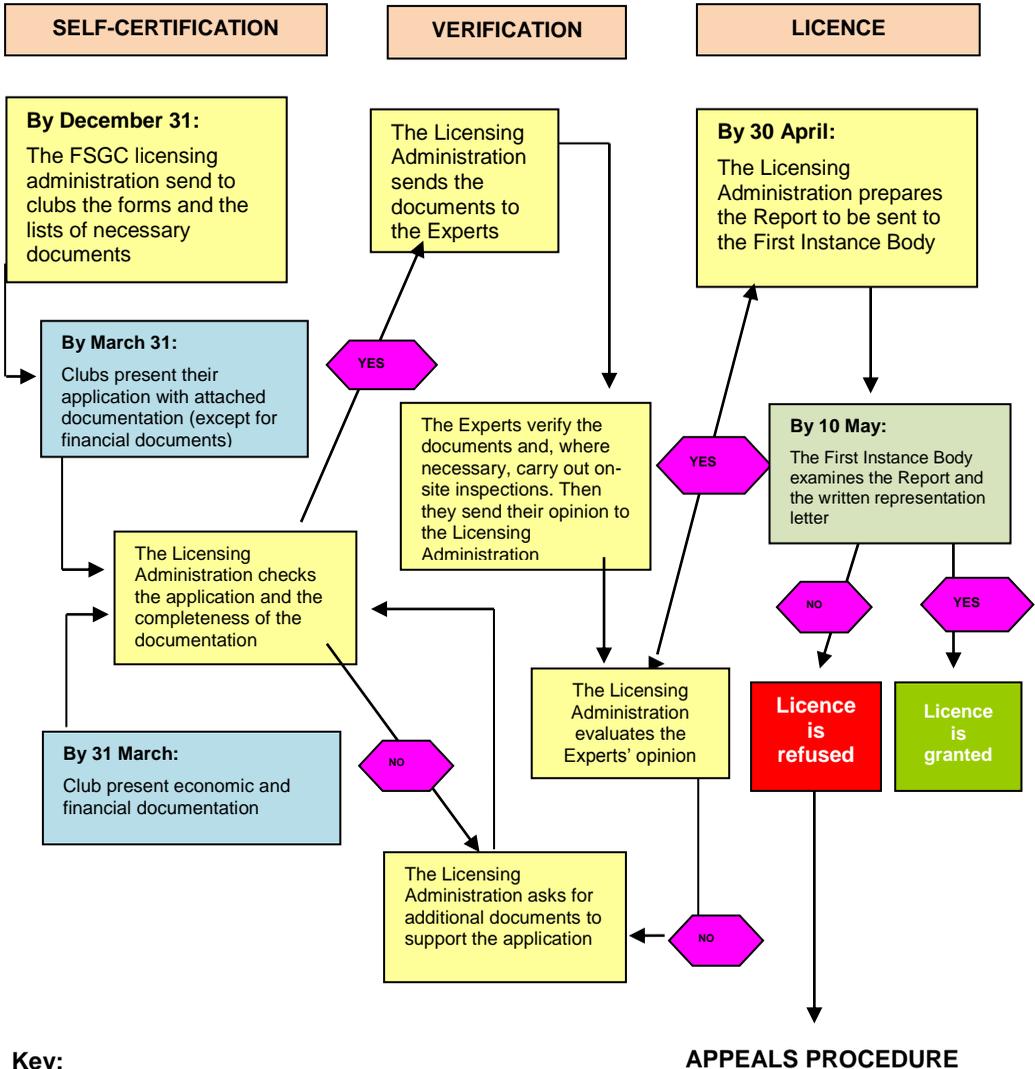
Article 74 – Adoption, abrogation and entry into force

- 1 These regulations were adopted by the FSGC Council on October 23rd 2017.
- 2 These regulations replace the *FSGC Club Licensing Regulations (Edition 2015)*.

- 3 These regulations cannot be amended during the licensing process, unless duly approved by UEFA.
- 4 These regulations come into force immediately after their adoption by the FSGC Council.

Annex I: Core process

The charts below illustrate the core process.

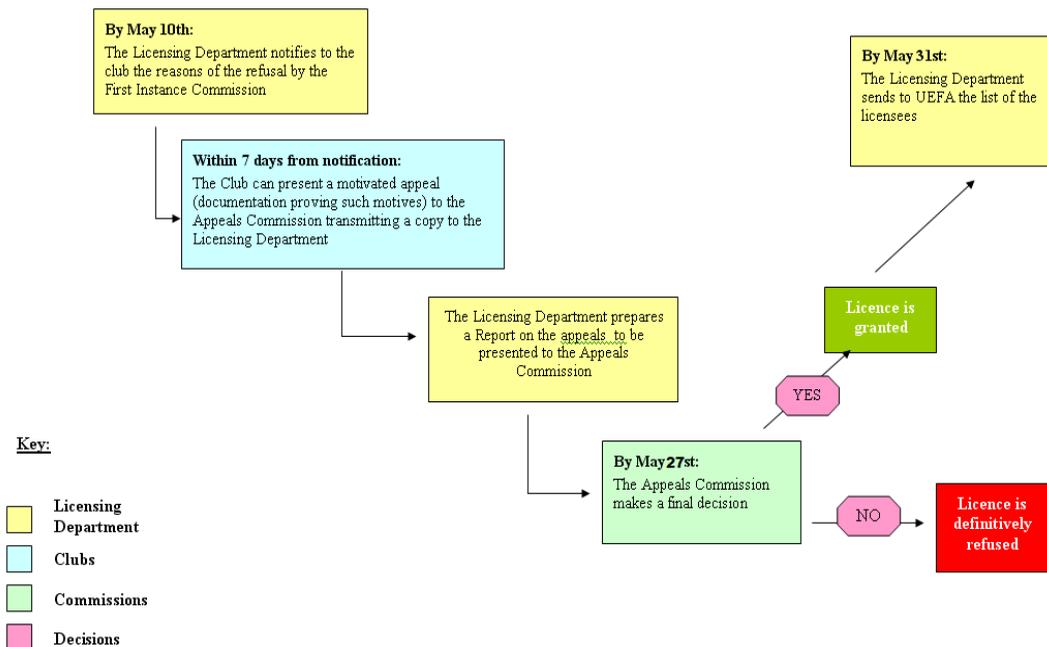


Key:

- Licensing Administration
- Clubs
- Commissions
- Decisions

By submitting documents on March 31 all clubs automatically certified that they don't have any overdue payable.

Appeals Procedure:



ANNEX II: Exceptions policy

Principle

2. The UEFA administration may, in accordance with Article 4, grant exceptions on the following matters:
 - a) Non-applicability of a minimum requirement concerning the decision-making bodies or process defined in Article 7 due to national law or any other reason;
 - b) Non-applicability of a minimum requirement concerning the core process defined in Article 9 due to national law or any other reason;
 - c) Non-applicability of a minimum assessment procedure defined in Article 10 due to national law or any other reason;
 - d) Non-applicability of the three-year rule defined in Article 12(2) in case of change of legal form or company structure of the licence applicant on a case-by-case basis;
 - e) Non-applicability of a certain criterion defined in part II, chapter 3 due to national law or any other reason;
 - f) Extension of the introduction period for the implementation of a criterion or a category of criterion defined in part II, chapter 3.
3. Exceptions related to items a), b), c), e) and f) are granted to a UEFA member association and apply to all clubs which are registered with the UEFA member association and which submit a licensing application to enter the UEFA club competitions. Exceptions related to item d) are granted to the individual club that applies for a licence.
4. In principle an exception is granted for a period of one season. Under specific circumstances this period may be extended and the UEFA member association may be placed on an improvement plan.
5. A renewal of the exception is possible upon a new request.

The process

6. The UEFA administration acts as the first instance decision-making body on exception requests.
7. An exception request must be in writing, clear and well founded.
8. Exceptions related to items defined under A(1)(a, b, c, e and f) must be submitted by the UEFA member association to the UEFA administration by the deadline communicated by the latter.
9. Exceptions related to the item defined under A(1)(d) can be submitted at any time. A licensor notified of the reorganisation or restructuring of an affiliated club

(e.g. change of legal form, merger of clubs, split of club, liquidation or bankruptcy) is responsible for notifying the UEFA administration accordingly as soon as it becomes aware of it.

10. The UEFA administration uses the necessary discretion to grant any exception within the limits of these regulations.
11. The status and situation of football within the territory of the UEFA member association will be taken into account when granting an exception. This encompasses, for example:
 - a) size of the territory, population, geography, economic background;
 - b) size of the UEFA member association (number of clubs, number of registered players and teams, size and quality of the administration of the association, etc.);
 - c) the level of football (professional, semi-professional or amateur clubs);
 - d) status of football as a sport within the territory and its market potential (average attendance, TV market, sponsorship, revenue potential, etc.);
 - e) UEFA coefficient (association and its clubs) and FIFA ranking;
 - f) stadium ownership situation (club, city/community, etc.) within the association;
 - g) support (financial and other) from the national, regional and local authorities, including the national sports ministry.
12. The decision will be communicated to the UEFA member association. The decision must be in writing and state the reasoning. The UEFA member association must then communicate it to all licence applicants concerned.
13. Appeals can be lodged against decisions made by the UEFA administration in writing before the Court of Arbitration for Sport (CAS) in accordance with the relevant provisions laid down in the UEFA Statutes.

ANNEX III: Delegation of licensing and monitoring responsibilities to an affiliated league

Not Applicable in San Marino

ANNEX IV: Extraordinary application of the club licensing system

Not applicable in San Marino

ANNEX V: Determination of the Auditing Commission and its assessment procedures

B. – Principle

To assess the financial criteria, the FSGC appoints its Auditing Commission. It is composed by a President and two other members, appointed by the FSGC Council for a three-year period. The appointed members must have relevant professional skills. At least one of them must be registered in the Chamber of the Professional Auditors in San Marino.

In order to ensure full independence of the Auditing Commission and the Panel of Experts, their members are strictly bound to confidentiality and in no case they are allowed to have any kind of relationship with a club which is member of the FSGC

– Assessment procedures

1. The Auditing Commission must audit the annual financial statements and issue a report to both the license applicant and the First Instance Body. This report must be signed at least by the member of the Commission who is also a member of in the Chamber of the Professional Auditors in San Marino.

ANNEX VI: Minimum disclosure requirements for the financial statements

A – Principle

- 5 Notwithstanding the requirements of national accounting practice, the financial criteria of these regulations require licence applicants to present a specific minimum level of financial information to the licensor as set out in Articles 47, 48 and 52.
2. Each component of the financial statements must be identified clearly. The following information must be displayed prominently, and repeated where necessary within the financial statements, for a proper understanding of the information presented:
- The name (and legal form), domicile and business address of the reporting entity/entities and any change in that information since the previous statutory closing date;
 - Whether the financial information covers the individual licence applicant or a group of entities or some other combination of entities, and a description of the structure and composition of any such group or combination;
 - The statutory closing date and the period covered by the financial information (for both current and comparative information); and
 - The presentation currency.

B – Balance sheet

The minimum disclosure requirements for the content in respect of balance sheet items are stated below.

assets

- i) cash and cash equivalents;
- ii) accounts receivable from player transfers (current and non-current);
- iii) accounts receivable from group entities and other related parties (current and non-current);
- iv) accounts receivable – other;
- v) tax assets (current and non-current)
- vi) inventories;
- vii) other assets (current and non-current)
- viii) tangible fixed assets;
- ix) intangible assets – players;
- x) intangible assets – other;
- xi) investments;

liabilities

- xii) bank overdrafts;

- xiii) bank and other loans (current and non-current)
- xiv) accounts payable relating to player transfers (current and non-current);
- xv) accounts payable to group entities and other related parties (current and non-current);
- xvi) accounts payable to employees (current and non-current);
- xvii) accounts payable – other (current and non-current);
- xviii) accruals and deferred income (current and non-current)
- xix) tax liabilities (current and non-current);
- xx) other current accounts payable
- xxi) provisions (short-term and long-term);
- xxii) other liabilities (current and non-current)

Net assets/liabilities

- xxiii) (xxiii) net assets/liabilities;

Equity

- xxiv) share/fund capital
- xxv) retained earnings
- xxvi) other reserves

Management may consider that line items (i) to (xxvi) are best presented on the face of the balance sheet or in the notes.

The net assets/liabilities figure, being the aggregate of total assets less total liabilities, is used to determine whether or not the licence applicant is in breach of indicator 2 described in Article 52.

C – Profit and loss account

The minimum disclosure requirements for the content in respect of profit and loss account are stated below.

Revenue

- i. gate receipts
- ii. sponsorship and advertising
- iii. broadcasting rights
- iv. commercial
- v. UEFA solidarity and prize money (distributed under the equality criteria decided by the FSGC Consiglio Federale)
- vi. other operating income

Expenses

- xxiv) cost of sales/materials;
- xxv) employee benefits expenses (players and other employees);

- xxvi) depreciation and impairment of tangible fixed assets;
- xxvii) amortisation and impairment of intangible fixed assets (player registrations and other intangible fixed assets);
- xxviii) other operating expenses;

Other

- xxix) profit/loss on disposal of assets;
- xxx) non-operating income/expense;
- xxxi) tax income/expense;
- xxxii) profit or loss after taxation.

Management may consider that line items (i) to (xiv) are best presented on the face of the profit and loss account or in the notes.

D – Cash flow statement

The cash flow statement must report cash flows for the financial period classified separately as stated below :

Cash flows from operating activities

Operating activities are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities. Therefore, they generally result from the transactions and other events that enter into the determination of net profit or loss. The minimum disclosure requirements are stated below:

- i. Net cash inflow/outflow from operating activities

Cash flows from investing activities

Investing activities are the acquisition and disposal of long-term assets (including player registrations) and other investments not included in cash equivalents. The entity must report separately major classes of gross cash receipts and gross cash payments arising from investing activities. The minimum disclosure requirements are stated below:

- ii. Cash inflow/outflows from acquisition/disposal of player registrations
- iii. Cash inflow/outflows from acquisition/disposal of tangible fixed assets
- iv. Other cash inflow/outflows from investing activities

Cash flows from financing activities

Financing activities are activities that result in changes in the size and composition of the contributed equity share capital and borrowings of the entity. The entity must report separately major classes of gross cash receipts

and gross cash payments arising from financing activities. The minimum disclosure requirements are stated below:

- party
- v. Cash inflow/outflows from borrowings – shareholders and related
 - vi. Cash inflow/outflows from borrowings – financial institutions
 - vii. Cash inflow from increase of capital/equity
 - viii. Cash outflows from dividends paid to owners/shareholders
 - ix. Other cash inflow/outflows from financing activities

Other cash flows

Cash flows from interest and dividends received and paid must each be disclosed separately. Each must be disclosed in a consistent manner from period to period as either operating, investing or financing activities.

Cash flows arising from taxes on income must be disclosed separately and classified as cash flows from operating activities unless they can be appropriately and specifically identified as financing and investing activities.

The components of cash and cash equivalents must be disclosed and there must be presented a reconciliation of the amounts in the cash flow statement with the equivalent items reported in the balance sheet.

E – Notes to the financial statements

Notes to the annual financial statements must be presented in a systematic manner. Each item on the face of the balance sheet, profit and loss account and cash flow statement must be cross-referenced to any related information in the notes. The minimum requirements for disclosure in notes are as follows:

Accounting policies

The basis of preparation of the financial statements and a summary of the significant accounting policies used.

Tangible fixed assets

Each class of tangible fixed asset must be disclosed separately (e.g. property, stadium and equipment).

The following information must be disclosed for each class of tangible fixed asset :

- the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period; and
- a reconciliation of the carrying amount at the beginning and the end of the period, showing additions, disposals, increases or decreases during the period resulting from revaluations, impairment losses recognised in the profit and loss account during the period (if any), impairment losses

reversed in the profit and loss account during the period (if any) and depreciation.

The depreciation methods and useful lives (or depreciation rates) used must be disclosed in the accounting policy notes.

Intangible fixed assets

Each class of intangible fixed asset must be disclosed separately (e.g. player registrations, goodwill, other intangible assets).

The following information must be disclosed for each class of intangible fixed asset :

- the gross carrying amount and the accumulated amortisation (aggregated with accumulated impairment losses) at the beginning and end of the period; and
- a reconciliation of the carrying amount at the beginning and the end of the period, showing additions, disposals, decreases during the period resulting from impairment losses recognised in the profit and loss account during the period (if any) and amortisation.

For further information and guidance in relation to accounting requirements for player registrations, refer to Annex VI.

Pledged assets and assets under reservation of title

The existence and amounts of restrictions on title, and property, stadium and equipment pledged as security for liabilities or guarantees, must be disclosed.

The existence and carrying amounts of intangible assets whose title is restricted and the carrying amount of intangible assets pledged as security for liabilities must be disclosed.

Investments

Investments must include investments in subsidiaries, jointly controlled entities and associates. In respect of investments in subsidiaries, jointly controlled entities and associates, the following information must be disclosed as a minimum for each investment :

- name;
- country of incorporation or residence;
- type of business/operations of the entity;
- proportion of ownership interest;
- if different, proportion of voting power held; and
- description of the method used to account for the investments.

Bank overdrafts and loans

For each class of financial liability the following must be disclosed :

- information about the extent and nature of the financial instruments, including amounts and duration and any significant terms and conditions that may affect the amount, timing and certainty of future cash flows; and
- the accounting policies and methods adopted, including the criteria for recognition and the basis of measurement applied.

Provisions

Provisions must be disclosed in separate classes. In determining which provisions may be aggregated to form a class, it is necessary to consider whether the nature of the items is sufficiently similar to be combined in a statement of a single amount.

For each class of provision, the carrying amount at the beginning and end of the period, the amount utilised and any amount released, or credited, in the period must be disclosed.

Issued capital and reserves

Share capital, other reserves and retained earnings must be disclosed separately.

- Share/fund capital

In relation to share capital issued during the current year the following must be disclosed :

- number and type of shares issued;
- share premium (if applicable) arising on the shares issued;
- total amount raised as a result of the issuing of shares;
- reason for the issuing of new shares.

- Other reserves

Where items of property, stadium and equipment are stated at revalued amounts, the revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders, must be disclosed.

- Retained earnings

The balance of retained earnings (i.e. accumulated profit or loss) at the beginning of the reporting period and at the balance sheet date, and the changes during the reporting period, must be disclosed.

Controlling party

When the reporting entity is controlled by another party, there must be disclosure of the related party relationship and the name of that party and, if different, that of the ultimate controlling party. This information must be disclosed irrespective of whether any transactions have taken place between the controlling parties and the reporting entity.

Related party transactions

If there have been transactions between related parties during the periods covered by the financial statements, the reporting entity must disclose the nature of the related party relationship, as well as information about those transactions and outstanding balances, including

commitments, necessary for an understanding of the potential effect of the relationship on the financial statements. Items of a similar nature may be disclosed in aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the reporting entity.

As a minimum, disclosures must include for each related party:

the amount and the nature of the transactions;

the amount of outstanding balances, including commitments, and:

their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and

details of any guarantees given or received;

provisions for doubtful debts related to the amount of outstanding balances; and

the expense recognised during the period in respect of bad or doubtful debts due from related parties.

The disclosures required must be made separately for each of the following categories :

- the parent;
- entities with joint control or significant influence over the reporting entity;
- subsidiaries;
- associates;
- joint ventures in which the reporting entity is a venture;
- key management personnel of the entity or its parent; and
- other related parties.

Confirmation that related party transactions were made on terms equivalent to those that prevail in arm's length transactions must be made if such terms can be substantiated.

Contingent liabilities

Unless the possibility of any outflow in settlement is remote, the reporting entity must disclose for each class of contingent liability at the statutory closing date a brief description of the nature of the contingent liability and, where practicable:

an estimate of its financial effect;

an indication of the uncertainties relating to the amount or timing of any outflow; and

the possibility of any reimbursement.

Events after the balance sheet date

Material non-adjusting events after the balance sheet date must be disclosed (the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made). Examples of such events are :

- fixed-term borrowing approaching maturity without realistic prospects of renewal or repayment;
- substantial operating losses;
- discovery of material fraud or errors that show the financial statements are incorrect;
- management determining that it intends to liquidate the entity or to cease trading, or that it has no realistic alternative but to do so;
- player transactions where the amounts paid or received are significant;
- transactions relating to property – for example, in relation to the club's stadium.

Other disclosures

- Agents' fees

The total amount of payments made to or for the benefit of an agent must be disclosed.

- Players' economic rights (or similar)

For any player for whom the economic rights or similar are not fully owned by the licence applicant, the name of the player and the percentage of economic rights or similar held by the licence applicant at the beginning of the period (or on acquisition of the registration) and at the end of the period must be disclosed. This provision applies just in case of professional players.

- Tax expense

The components of tax expense must be disclosed separately. That is, the aggregate amount included in the determination of net profit or loss for the reporting period in respect of current and/or deferred tax.

- Miscellaneous

Any additional information or disclosure that is not presented on the face of the balance sheet, profit and loss statement or cash flow statement, but is relevant to an understanding of any of those statements and/or is required to meet the minimum financial information requirements, must be disclosed.

F – Player identification table

1. All licence applicants must prepare and submit to the licensor a player identification table.

2. The player identification table must be provided to the auditor, who must reconcile the aggregate figures in the player identification table to the relevant figures in the balance sheet and profit and loss account in the audited annual financial statements. However, the player identification table does not need to be disclosed within the annual financial statements.

3. The minimum information to be included in the player identification table in respect of each relevant player is as follows:

- a) Name and date of birth
- b) Start date of original player contract and end date of current contract;
- c) Costs of acquiring the player's registration, i.e.:
 - transfer fee, including training compensation and solidarity contributions, paid and/or payable to another football club and/or a third party to secure the player's registration;
 - agents/intermediaries fees; and
 - other direct costs of acquiring the player's registration, e.g. transfer fee levy.
- d) Accumulated amortisation brought forward and as at the end of the period;
- e) Expense/amortisation in the period;
- f) Impairment cost in the period;
- g) Disposals (cost and accumulated amortisation)
- h) Net book value (carrying amount); and
- i) Profit/(loss) from disposal of player's registration.

4. Relevant players, about whom details are required in the table, are:

a) all players whose registration is held by the licence applicant at any time during the period and in respect of whom some direct acquisition cost has been incurred (at some point in time in the reporting period or prior periods); and

b) all players in respect of whom some income/profit (or loss) has been recognised (at some point in time in the reporting period).

5. For licence applicants who have restated player accounting figures to meet the accounting requirements of these regulations, these aggregate figures from the player identification table must agree with/be reconciled to the restated figures in the supplementary information.

G – Financial review by management

The annual financial statements must include a financial review or commentary by management (sometimes referred to as a directors' report) that describes and explains the main features of the reporting entity's financial performance and financial position and the principal risks and uncertainties it faces.

The annual financial statements must also include the names of persons who were members of the executive body (or board of directors) and of the supervisory bodies of the reporting entity at any time during the year.

ANNEX VII: Basis for the preparation of financial statements

A - Principle

1. The annual financial statements as defined in Article 47 must be based on the accounting standards required by Sammarinese legislation for incorporated companies, i.e. Law 23rd February 2006 n. 47 (Legge sulle società) and following amendments, regardless of the legal structure of the licence applicant.
2. Financial statements must be prepared on the assumption that the licence applicant is a going concern, meaning it will continue in operation for the foreseeable future. It is assumed that the licence applicant has neither the intention nor the necessity to go into liquidation, cease trading or seek protection from creditors pursuant to laws or regulations.
3. The Law 23rd February 2006 n. 47 (Legge sulle società) and following amendments, suitable as the basis for the preparation of financial statements, must contain certain underlying principles including:
 - fair presentation;
 - consistency of presentation;
 - accrual basis for accounting;
 - separate presentation of each material class of items;
 - no offsetting between assets and liabilities and between income and expenses unless permitted by national accounting practice.

The financial statements must be approved by management and this must be evidenced by way of a brief statement and signature on behalf of the executive body of the reporting entity.

B – Consolidation/combination requirements

1. If the licence applicant has control of any subsidiary, then consolidated financial statements must be prepared and submitted to the licensor as if the entities included in the reporting perimeter (as defined in Article 46) were a single company.
2. A subsidiary may be excluded from the reporting perimeter only if :
 - a) The subsidiary is immaterial compared with the overall group made by the licence applicant; or
 - b) The subsidiary's activity is clearly and exclusively not related to football.
3. If a subsidiary is excluded from the reporting perimeter, the management of the licence applicant must justify its decision to the licensor in detail.
4. If the licence applicant is controlled by a parent which has been included in the reporting perimeter, consolidated financial statements must be prepared and submitted to the licensor as if the entities included in the reporting perimeter were a single company.

C – Accounting requirements for player registrations

1. Notwithstanding that each licence applicant has to prepare audited annual financial statements under the national accounting practice for incorporated companies, these regulations include a specific accounting requirement for player registrations carried as intangible fixed assets as set out in Articles 47 and 52.
2. In the Republic of San Marino, the licence applicants must expense the costs of acquiring a player's registration.
3. The minimum accounting requirements for the disposal of a player's registration are as follows:
 - a) The profit/(loss) on the disposal of a player's registration to another club to be recognised in the profit and loss account is the difference between the disposal proceeds and the residual carrying value of the player's registration in the balance sheet as at the date of the transfer.
 - b) Any profit in respect of a player for whom the licence applicant retains the registration must not be recognised in the profit and loss account. For the avoidance of doubt, any profit arising from the disposal of economic rights or similar of a player to any other party must be deferred, and a profit can only be recognised in the profit and loss account following the permanent transfer of a player's registration to another club.

ANNEX VIII: Notion of ‘overdue payables’

1. Payables are considered as overdue if they are not paid according to the agreed terms.

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 and 50 and 50bis) and by 30 June and 30 September (in respect of Articles 65 and 66 and 66bis) respectively that:

it has paid the relevant amount in full; or

it has concluded an agreement which has been accepted in writing by the creditor to extend the deadline for payment beyond the applicable deadline (note: the fact that a creditor may not have requested payment of an amount does not constitute an extension of the deadline); or

it has brought a legal claim which has been deemed admissible by the competent authority under national law or has opened proceedings with the national or international football authorities or relevant arbitration tribunal contesting liability in relation to the overdue payables; however, if the National Club Licensing decision-making bodies consider that such claim has been brought or such proceedings have been opened for the sole purpose of avoiding the applicable deadlines set out in these regulations (i.e. in order to buy time), the relevant amount will still be considered as an overdue payable; or

it has contested to the competent authority under national law, the national or international football authorities or the relevant arbitration tribunal, a claim which has been brought or proceedings which have been opened against it by a creditor in respect of overdue payables and is able to demonstrate to the reasonable satisfaction of the relevant National Club Licensing decision-making bodies that it has established reasons for contesting the claim or proceedings which have been opened; however, if the National Club Licensing decision-making bodies consider the reasons for contesting the claim or proceedings which have been opened as manifestly unfounded the amount will still be considered as an overdue payable; or

it is able to demonstrate to the reasonable satisfaction of the relevant decision-making bodies (licensor and/or UEFA Club Financial Control Body) that it has taken all reasonable measures to identify and pay the creditor club(s) in respect of training compensation and solidarity contributions (as defined in the FIFA Regulations on the Status and Transfers of Players).

ANNEX IX: Licensor's assessment procedures for the financial criteria and requirements

C. Principle

The assessment processes to check compliance with the financial criteria set out in Article 10 and Article 55 comprise specific assessment steps that must be followed by the licensor as set out below.

Assessment of the auditor's report on the annual and interim financial statements

In respect of the annual financial statements, the licensor must perform the following minimum assessment procedures:

Assess whether the reporting perimeter is appropriate for club licensing purposes.

Assess the submitted information (annual financial statements that may also include supplementary information) to form the basis for the licensing decision.

Read and consider the annual financial statements and the Auditing Commission's report thereon.

Address the consequences of any modifications to the Auditing Commission's report (compared to the normal form of unqualified report) and/or deficiencies compared to the minimum disclosure and accounting requirements according to paragraph 2 below.

Having assessed the reporting perimeter and read the Auditing Commission's report on the annual financial statements, the licensor must assess it in accordance with the following items:

If the reporting perimeter does not meet the requirements of Article 46bis, the licence must be refused.

If the Auditing Commission's report has an unqualified opinion, without any modification, this provides a satisfactory basis for granting the UEFA Licence.

If the Auditing Commission's report has a disclaimer of opinion or an adverse opinion, the UEFA Licence must be refused, unless a subsequent audit opinion without disclaimer of opinion or adverse opinion is provided (in relation to another set of financial statements for the same financial year that meet the minimum requirements) and the licensor is satisfied with the subsequent audit opinion.

If the Auditing Commission's report has, in respect of going concern, either an emphasis of matter or a qualified 'except for' opinion, the UEFA Licence must be refused, unless either:

a subsequent audit opinion without going concern emphasis of matter or qualification is provided, in relation to the same financial year; or

additional documentary evidence demonstrating the licence applicant's ability to continue as a going concern until at least the end of the

licence season has been provided to, and assessed by, the licensor to its satisfaction. The additional documentary evidence includes, but is not necessarily limited to, the information described in Article 52 (Future financial information).

If the Auditing Commission's report has, in respect of a matter other than going concern, either an emphasis of matter or a qualified 'except for' opinion, then the licensor must consider the implications of the modification for club licensing purposes. The UEFA Licence may be refused unless additional documentary evidence is provided and assessed to the satisfaction of the licensor. The additional evidence that may be requested by the licensor will be dependent on the reason for the modification to the Auditing Commission's report.

If the licence applicant provides supplementary information, the licensor must additionally assess the Auditing Commission's report on the agreed-upon procedures in respect of the supplementary information. The UEFA Licence may be refused if this includes reference to errors and/or exceptions found.

If the auditor's report makes a reference to any situation defined in Article 51 paragraph 2(d) the licence must be refused.

Assessment of overdue payables towards other clubs, employees and social/tax authorities

In respect of the overdue payables towards other clubs, employees and social/tax authorities the licensor has the Auditing Commission carry out the assessment procedures.

The licensor must review the Auditing Commission's report and, in particular, verify that the sample selected by the Auditing Commission is satisfactory, and it may carry out any additional assessment it believes necessary, i.e. extend the sample and/or request additional documentary evidence from the licence applicant.

The Auditing Commission must perform the following steps :

- Agree the total in the transfer payables table with the 'Accounts payable relating to player transfers' amount in the annual financial statements as at 31 December;
- Check the mathematical accuracy of the transfer payables table;
- Select a sample of player transfers/loans, compare the corresponding agreements with the information contained in the transfer payables table and highlight the selected transfers/loans;
- Select a sample of transfer payments, compare them with the information contained in the transfer payables table and highlight the selected payments;

- If, according to the transfer payables table, there is an amount due as at 31 March, that concerns a transfer that occurred before 31 December of the previous year, examine that by 31 March at the latest :
 - An agreement has been reached as per Annex VII (2 b); or
 - A dispute has arisen as per Annex VII (2 c or d).
- If applicable : obtain and examine documents, including agreements with the relevant football club(s) and/or correspondence with the competent body, in support of the immediately preceding • i) and/or ii).

The UEFA Licence must be refused if :

- A) the information in respect of payables towards other clubs is not submitted to the licensor within the defined deadline;
- B) the licence applicant submits in due time information that does not meet the minimum disclosure requirements.
- C) as at 31 March preceding the licence season the licence applicant has overdue payables (as defined in Annex VII) towards football clubs that refer to transfer activities that occurred prior to the previous 31 December.

Assessment of overdue payables towards employees and social/tax authorities

In respect of the overdue payables towards employees and social/tax authorities, the licensor has the Auditing Commission carry out the assessment procedures.

The licensor must review the Auditing Commission's report and, in particular, verify that the sample selected by the Auditing Commission is satisfactory, and it may carry out any additional assessment it believes necessary, i.e. extend the sample and/or request additional documentary evidence from the licence applicant.

The Auditing Commission must perform the following steps in respect of payables related to contractual and legal obligations towards employees :

- Obtain the list of employees prepared by management;
- Agree the total payable in the list of employees with the 'Accounts payable to employees' amount in the annual financial statements as at 31 December;
- Obtain and inspect a randomly selected sample of employee confirmation letters and compare the information to that contained in the list of employees;
- If there is an amount due as at 31 March that refers to payables in respect of contractual and legal obligations towards its employees that arose before the previous 31 December, examine that by 31 March at the latest :
 - An agreement has been reached as per Annex VII (2 b); or
 - A dispute has arisen as per Annex VII (2 c or d).
- Examine a selection of bank statements in support of payments;

- If applicable : examine documents, including agreements with the relevant employee(s) and/or correspondence with the competent body, in support of the representations of the immediately antepenultimate • i) and/or ii).

The Auditing Commission must perform the following steps in respect of payables to social/tax authorities in respect of contractual and legal obligations towards the licence applicant's employees :

- Agree the recorded balance of payroll taxes as at 31 December to the payroll records of the club;
- If there is an amount due as at 31 March that arose before the previous 31 December, examine that by 31 March at the latest :
 - a) an agreement has been reached as per Annex VII (2 b); or
 - b) a dispute has arisen as per Annex VII (2 c or d).
- If applicable : examine documents, including agreements with the tax/social authorities and/or correspondence with the competent body, in support of the immediately preceding • a) and/or b).

The licensor must assess the information submitted by the licence applicant, in particular the social/tax table and other corresponding supporting documents, as detailed below. If the assessment is carried out by an auditor similar steps must be performed by the auditor:

Obtain the social/tax table prepared by management.

Reconcile the total payable in the social/tax table to the 'Accounts payable to social/tax authorities' amount in the annual or interim financial statements as at 31 December.

Obtain corresponding supporting documents.

If, according to the licensor, there is an amount due as at 31 March that refers to payables towards social/tax authorities in respect of contractual and legal obligations towards employees that arose before the previous 31 December, examine that, by 31 March at the latest:

an agreement has been reached as per Annex VIII(2 b); or

a dispute/claim has arisen as per Annex VIII(2 c or d).

Examine all or a selection of bank statements in support of payments.

If applicable: examine documents, including agreements with the relevant social/tax authorities and/or correspondence with the competent body, in support of the representations under d(i) and/or d(ii) above.

The UEFA Licence must be refused if :

- A) the information in respect of payables towards employees and social/tax authorities is not submitted to the licensor within the defined deadline.
- B) the licence applicant submits in due time information that does not meet the minimum disclosure requirements.

as at 31 March preceding the licence season the licence applicant has overdue payables (as defined in Annex VII) towards its employees or social/tax authorities as a result of contractual and legal obligations towards its employees that arose prior to the previous 31 December.

Assessment of the written representation letter prior to the licensing decision

In respect of the written representation letter, the licensor must read and consider the information in respect of any event or condition of major economic importance, in combination with the financial statements, future financial information and any additional documentary evidence provided by the license applicant.

The licensor must assess the club's ability to continue as a going concern until at least the end of the license season. The UEFA License must be refused if, based on the financial information that the licensor has assessed, in the licensor's judgement, the license applicant may not be able to continue as a going concern until at least the end of the license season.

If the licence applicant (or the registered member of the FSGC which has a contractual relationship with the licence applicant within the meaning of Article 12) or any parent company of the licence applicant included in the reporting perimeter is/was seeking protection or has received/is still receiving protection from its creditors pursuant to laws or regulations (including voluntary or mandated administration procedures) within the 12 months preceding the licence season then the licence must be refused. For the avoidance of doubt the licence must also be refused even if the concerned entity is no longer receiving protection from its creditors at the moment the licensing decision is taken.

Assessment of the future financial information

The licensor determines whether or not an indicator defined in Article 52 has been breached. In case an indicator has been breached, the Auditing Commission carries out the assessment of future financial information.

If the licence applicant is in breach of any indicator defined in Article 52, the future financial information must be assessed by the Auditing Commission, which must perform the following steps :

- Check whether the future financial information is arithmetically accurate;
- Through discussion with management and review of the future financial information, determination of whether the future financial information has been prepared using the disclosed assumptions and risks;
- Check that the opening balances contained within the future financial information are consistent with the balance sheet shown in the immediately preceding annual financial statements; and

- Check that the future financial information has been formally approved by the executive body of the licence applicant.
- If applicable: examine corresponding supporting documents, including for example agreements with sponsors, banking facilities, share capital increase, bank guarantees and minutes of the board.

Licensor's decision :

No breach of indicators

- A) The licence applicant must be sanctioned by the licensor in accordance with the FSGC Catalogue of Sanctions for the FSGC Club Licensing System (see Articles 8 and 16 par. 3) if it does not submit future financial information that meets the minimum requirements for the content within the defined deadline.

Breach of an indicator

The UEFA Licence must be refused if :

- A) The future financial information is not submitted to the licensor within the defined deadline..
- B) The licence applicant submits in due time future financial information that does not meet the minimum disclosure requirements;
- C) Based on the financial information that the licensor has assessed, in the licensor's judgement, the licence applicant may not be able to continue as a going concern until at least the end of the licence season.

Assessment of overdue payables – enhanced

In respect of the enhanced overdue payables requirements (towards football clubs, employees and social/tax authorities) the licensor must perform, as a minimum, the following assessment procedures:

read the licensee's completed payables information and make enquiries to the licensee if there is any information that may be incomplete and/or inaccurate based on the licensor's existing knowledge of the licensee from club licensing and/or other reasonable information sources;

in relation to the transfer payables information, verify the completeness of the list of players submitted with the information already disclosed for the purpose of players' registrations for the 12 month period up to 30 June/30 September.

Assessment of break-even information

In respect of the break-even information the licensor must assess whether or not the financial information submitted by the licensee corresponds to the information in respect of the same reporting entity/entities submitted for club licensing purposes.

The assessment procedures must include, as a minimum, the following:

check whether the break-even information is arithmetically accurate;

check that the balances contained within the break-even information are consistent with the balances contained in the audited financial statements, supplementary information or underlying accounting records;

check that the break-even information has been formally approved by the executive body of the licensee.

The licensor must confirm to the UEFA Club Financial Control Body the results of the above assessment procedures.

ANNEX X: Calculation of the break-even result

D. Summary of the calculation of the break-even result

Relevant income is equivalent to the sum of the following elements (defined in part B):

Revenue – Gate receipts

Revenue – Sponsorship and advertising

Revenue – Broadcasting rights

Revenue – Commercial activities

Revenue – Uefa solidarity and prize money

Revenue – Other operating income

Profit on disposal of player registrations (and/or income from disposal of player registrations)

Excess proceeds on disposal of tangible fixed assets

Finance income and foreign exchange result

Relevant income must be decreased if any of the elements a) to i) above include any of the items j) to n) below (defined in part B):

Non-monetary credits/income

Income transaction(s) with related party(ies) above fair value

Income from non-football operations not related to the club

Income in respect of a player for whom the licensee retains the registration

Credit in respect of a reduction of liabilities arising from procedures providing protection from creditors

Relevant expenses are equivalent to the sum of the following elements (defined in part C):

Expenses – Cost of sales/materials

Expenses – Employee benefits expenses

Expenses – Other operating expenses

Loss on disposal and amortisation/impairment of player registrations (and/or costs of acquiring player registrations)

Finance costs and dividends

Relevant expenses must be increased if any of the elements a) to e) above include the item f) below (defined in part C):

Expense transaction(s) with related party(ies) below fair value.

Relevant expenses may be decreased if any of the elements a) to e) above include any of the g) to m) items below (defined in part C):

Expenditure on youth development activities

Expenditure on community development activities

Expenditure on women's football activities

Non-monetary debits/charges

Finance costs directly attributable to the construction and/or substantial modification of tangible fixed assets

Costs of leasehold improvement

Expenses of non-football operations not related to the club

The break-even result does not include the following (defined in part D):

- Profit/loss on disposal and depreciation/impairment of tangible fixed assets
- Profit/loss on disposal and amortisation/impairment of tangible fixed assets other than player registrations
- Tax expense/income

Relevant income

Definitions for the calculation of the relevant income are as follows:

Revenue – Gate receipts

E. Includes revenue derived from general admission and corporate match attendance, from both season tickets and matchday tickets, in relation to national competitions (league and cup), UEFA club competitions and other matches (friendly matches and tours). Gate receipts also include membership fees.

Revenue – Sponsorship and advertising

F. Includes revenue derived from main sponsor, other sponsors, pitch-perimeter and other board advertising, and other sponsorship and advertising.

Revenue – Broadcasting rights

G. Includes revenue derived from sale of broadcasting rights to television, radio, new media and other broadcast media, in relation to national competitions (league and cup), and other matches (friendly matches and tours).

Revenue – Commercial activities

H. Includes revenue derived from merchandising, food & beverage sales, conferencing, lottery and other commercial activities not otherwise categorised.

Revenue – UEFA solidarity and prize money

Includes revenue derived from UEFA in respect of participation in a UEFA club competition and/or solidarity distributions.

Revenue – Other operating income

I. Includes all other operating income not otherwise described above, including revenue derived from other sources such as subsidies, grants and other money from the government of the territory of the licensee rent, dividends and income from non-football operations related to the club.

Profit on disposal of player registrations and/or Income from disposal of player registrations

J. For the calculation of relevant income, whether a club includes either (i) profit on disposal of player registrations or (ii) income from disposal of player registrations will depend on each club's method of accounting for player registrations in its financial statements and application of the requirements defined below:

For a club that uses the 'capitalisation and amortisation' method of accounting for player registrations, profit on disposal of a player's registration is calculated by deducting the net book value of the player's registration at the time of the transfer, from the net disposal proceeds received and receivable.

A profit on disposal of a player's registration will be reported if the net disposal proceeds exceed the net book value of the player's registration at the time of the transfer. Any such profit must be included within relevant income for the calculation of the break-even result.

For a club that uses the 'income and expense' method of accounting for player registrations, income from disposal of a player's registration is the net disposal proceeds generated from the transfer of the player's registration to another club. The net disposal proceeds should equate to the monetary income from the disposal of the player's registration.

K. For the purpose of the break-even calculation:

For clubs which use the 'capitalisation and amortisation' method of accounting for player registrations in their annual financial statements, relevant income and relevant expenses must reflect this same accounting treatment;

For clubs which use the 'income and expense' method of accounting for player registrations in their annual financial statements, the club can elect to apply either the 'income and expense' or the 'capitalisation and amortisation' method. The selected treatment must be applied on a consistent basis from one reporting period to the next.

Excess proceeds on disposal of tangible fixed assets

L. The profit on disposal of tangible fixed assets (including, but not limited to, a club's stadium and training facilities) in a reporting period must be excluded from the break-even result with the following two exceptions:

If a tangible fixed asset other than a stadium or training facilities is not being replaced, then the profit on disposal recognised in the income statement can be taken into account as a relevant income up to:

the difference between the proceeds on disposal and the historical cost of the asset which was recognised as a tangible fixed asset in the financial statements of the reporting entity;

If a club demonstrates that it is replacing a sold fixed asset, then the profit on disposal recognised in the income statement can be taken into account as a relevant income up to:

the difference between the proceeds on disposal and the full cost of the replacement asset which is recognised, or to be recognised, as a tangible fixed asset in the financial statements of the reporting entity;

the difference between the proceeds on disposal and the present value of 50 years' minimum lease payments in respect of the replacement asset to be used by the club under a lease/rental arrangement.

Finance income and foreign exchange result

M. Finance income is in respect of interest revenue arising from the use by others of entity assets yielding interest.

The foreign exchange result is the net of gains and losses on monetary items, whether realised or unrealised. Foreign exchange gains and losses on non-monetary items, whether realised or unrealised, are non-monetary items and must be excluded from the break-even result (see parts B(1)(j) and C(1)(j)).

Non-monetary credits/income

N. Appropriate adjustments must be made such that non-monetary credits are excluded from relevant income for the break-even calculation. Non-monetary items (e.g. tangible fixed assets, intangible fixed assets such as goodwill, and inventories) are items which do not meet the definition of monetary items. Monetary items are defined as units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency. The essential feature of a monetary item is a right to receive (or an obligation to deliver) a fixed or determinable number of units of currency.

O. Examples of non-monetary credit/income include:

Upwards revaluations of tangible fixed assets, intangible fixed assets (including players registrations) and inventories;

Write-backs of depreciation/amortisation or impairment of tangible fixed assets and intangible fixed assets (including player registrations);

Foreign exchange gains on non-monetary items.

Income transaction(s) with related party(ies) above fair value

P. For the purpose of the break-even result, the licensee must determine the fair value of any related party transaction(s). If the estimated fair value is different to the recorded value then the relevant income must be adjusted

accordingly, bearing in mind, however, that no upward adjustments can be made to relevant income.

Q. Examples of income transactions with a related party that require a licensee to demonstrate the estimated fair value of the transaction include:

Revenue from sponsorship arrangements;

Revenue from corporate hospitality tickets, and/or use of executive boxes;
and

Any transaction with a related party whereby goods or services are provided by the club.

Examples of income transactions with a related party that are not relevant income include contributions from a related party such as:

Monies received as a donation; and

Debt waivers.

R. Contributions from a related party may only be taken into consideration in the determination of the acceptable deviation (as defined in Article 61) as part of the assessment of the break-even requirement, as further described in part ~~(D)~~ E of this annex.

S. The definitions of related party, related party transactions and fair value of a related party transaction are provided in part ~~(E)~~ F of this annex.

Income from non-football operations not related to the club

T. Income from non-football operations not related to the club not related to the football activities, locations or brand of the football club) must be excluded from the calculation of relevant income.

U. Income from non-football operations related to the club (i.e. related to the activities, locations or brand of the football club) may be included in the calculation of the break-even result if the corresponding expenses are also included. In this case both must be included consistently from one reporting period to another.

V. Examples of non-football operations related to the club are:

Operations based at, or in close proximity to, a club's stadium and training facilities such as a hotel, restaurant, conference centre, business premises (for rental), health-care centre, other sports teams; and

Operations clearly using the name/brand of a club as part of their operations.

Income in respect of a player for whom the licensee retains the registration

Appropriate adjustments must be made such that any income/profit in respect of a player for whom the licensee retains the registration is excluded from the calculation of the break-even result.

For the avoidance of doubt, any income/profit arising from the disposal of a player's economic rights can only be included as relevant income for the calculation of the break-even result following the permanent transfer of the player's registration to another club.

Credit in respect of a reduction of liabilities arising from procedures providing protection from creditors

Any credit in respect of a reduction of liabilities arising from procedures providing protection from creditors must be excluded from the calculation of the break-even results.

Relevant expenses

Definitions for the calculation of relevant expenses are as follows:

Expenses - Cost of sales/materials

W. Includes cost of sales for all activities, such as catering, merchandise, medical care, kits and sports materials.

Expenses – Employee benefits expenses

X. Includes all forms of consideration in exchange for services rendered during the reporting period by employees, including directors, management and those charged with governance.

Y. Employee benefits expenses covers all forms of consideration including, but not limited to, short term employee benefits (such as wages, salaries, social security contributions, image rights payments, profit sharing and bonuses), monetary other benefits (such as medical care, housing, cars and free or subsidised goods or services), post-employment benefits (payable after completion of employment), other long-term employee benefits, termination benefits, and share-based payment transactions.

Expenses – Other operating expenses

Z. Includes all other operating expenses, such as match expenses, rental costs, administration and overhead expenses, and expenses of non-football operations related to the club. In accordance with the minimum disclosure requirements in Annex VI C, depreciation, amortisation and impairment of fixed assets are not included in other operating expenses and are to be separately disclosed in the profit and loss account.

Loss on disposal and amortisation/impairment of player registrations (and/or costs of acquiring player registration)

AA. For the calculation of relevant expenses, whether a club includes either (i) amortisation/impairment of player registrations and loss on disposal of player registrations or (ii) costs of acquiring player registrations will depend on each club's method of accounting for player registrations in its financial statements and the application of the requirements defined below:

For a reporting entity that uses the 'capitalisation and amortisation' method of accounting for player registrations in its annual financial statements, the amortisation and/or impairment of costs of acquiring player registrations in a reporting period must be calculated in accordance with the minimum accounting requirements as described in Annex VII C.

The loss on disposal of a player's registration is calculated by deducting the net book value of the player's registration at the time of the transfer, from the net disposal proceeds received and receivable.

A loss on disposal of a player's registration will be reported if the net disposal proceeds are less than the net book value of the player's registration at the time of the transfer. Any such loss must be included within relevant expenses for the calculation of the break-even result.

For a reporting entity that uses the 'income and expense' method of accounting for player registrations, the costs of acquiring a player's registration is recorded in a reporting period.

BB. For the purpose of the break-even calculation:

For clubs which use the 'capitalisation and amortisation' method of accounting for player registrations in their annual financial statements, relevant income and relevant expenses must reflect this same accounting treatment;

For clubs which use the 'income and expense' method of accounting for player registrations in their annual financial statements, the club can elect to apply either the 'income and expense' or the 'capitalisation and amortisation' method. The selected treatment must be applied on a consistent basis from one reporting period to the next.

Finance costs and dividends

CC. Finance costs include interest and other costs incurred by an entity in respect of the borrowing of funds, including interest on bank overdrafts and on bank and other loans, and finance charges in respect of finance leases.

DD. Dividends are distributions to holders of equity instruments. If dividends are recognised in the financial statements then, regardless of whether the dividends are presented in the profit and loss account or an alternative statement, the amount of dividends must be included as relevant expenses.

Expense transaction(s) with related party(ies) below fair value

EE. For the purpose of the break-even calculation, the licensee must determine the fair value of any related party transaction(s). If the estimated fair value is different to the recorded value then the relevant expenses must be adjusted accordingly, bearing in mind, however, that no downward adjustments can be made to relevant expenses.

Examples of expenses transactions with a related party that require a licensee to demonstrate the estimated fair value of the transaction include:

Any expense transaction with related party whereby goods and/or services are provided to an entity in the reporting perimeter

Employee benefits expenses in respect of employees of entities outside of the reporting perimeter if these employees contribute to the activities of entities in the reporting perimeter; and

Finance expense related to debt funding from a related party.

FF. For additional definitions of fair value of related party transactions refer to part **F** of this annex.

Expenditure on youth development activities

GG. Appropriate adjustment may be made such that youth development expenses are excluded from the calculation of the break-even result. Expenditure on youth development activities means expenditure by a club that is directly attributable (i.e. would have been avoided if the club did not undertake youth development activities) to activities to train, educate and develop youth players involved in the youth development programme, in the territory of the member association. The break-even requirement allows a reporting entity to exclude expenditure on youth development activities from relevant expenses because the aim is to encourage investment and expenditure on facilities and activities for the long-term benefit of the club.

HH. Activities that are considered as youth development activities include, but are not limited to:

Organisation of a youth sector;

Youth teams taking part in official national, regional or local competitions or programmes recognised by the member association;

Football education programme for different age groups (e.g. playing skills, technical, tactical and physical);

Education programme on the Laws of the Game;

Medical support for youth players; and

Non-football education arrangements.

II. Directly attributable expenses include, but are not limited to:

Costs of materials and services used in undertaking youth development activities, including accommodation costs, medical fees, educational fees, travel and subsistence, kit and clothing, facility hire;

Costs of employee benefits for employees wholly involved in youth development activities other than players such as the head of youth development programme and youth coaches, as defined in Articles 38 and 39, if their employment by the club is wholly for the youth development activities;

Costs of employee benefits for employees who are youth players under the age of 18 as at the statutory closing date of the licensee. Costs of employee benefits for employees who are youth players aged 18 or over as at the statutory closing date of the licensee cannot be excluded from relevant expenses.

JJ. If a licensee cannot separately identify expenditure on youth development activities from other expenditure, then such expenditure will not be treated as expenditure on youth development activities. The following are not considered expenditure on youth development activities for the purpose of this requirement:

Player scouting costs;

- Fees to obtain the registration of a youth player, such as any fees paid to an agent or to another club;
- Selling, administrative and other general overhead expenditure unless this expenditure can be directly attributed to the youth development activities;
- Costs of employee benefits for employees only partly involved in youth development activities (for example, a coach working part-time on youth development activities);

Expenditure on community development activities

KK. Appropriate adjustment may be made such that community development expenses are excluded from the calculation of the break-even result. Expenditure on community development activities means expenditure that is directly attributable (i.e. would have been avoided if the club did not undertake community development activities) to activities for the public benefit to promote participation in sport and advance social development.

LL. Community development activities include, but are not limited to:

- The advancement of education;
- The advancement of health;
- The advancement of social inclusion and equality;
- The prevention or relief of poverty;
- The advancement of human rights, conflict resolution or the promotion of religious or racial harmony or equality and diversity;
- The advancement of amateur sport;
- The advancement of environmental protection or improvement; or
- The relief of those in need by reason of youth, age, ill health, disability, financial hardship or other disadvantage.

MM. Directly attributable expenses include, but are not limited to:

- Costs of materials and services used or consumed in undertaking the community development activities;
- Costs of employee benefits for employees wholly involved in community development activities;
- Donations to other entities for which the purpose is promote participation in sport and/or advance social development.

NN. If a licensee cannot separately identify expenditure on community development activities from other expenditure, then such expenditure will not be treated as expenditure on community development activities. The following are not considered expenditure on community development activities for the purpose of this requirement:

- Selling, administrative and other general overhead expenditure unless this expenditure can be directly attributed to the community development activities;

Costs of employee benefits for employees only partly involved in community development activities (for example, a player having some form of involvement in community development activities);

The cost of property, stadium and equipment and/or depreciation thereon (the depreciation of tangible fixed assets including, but not limited to, any such assets relating to community development activities is separately excluded from relevant expenses anyway).

Expenditure on women's football activities

Appropriate adjustment may be made such that women's football expenses are excluded from the calculation of the break-even result.

Expenditure on women's football activities means expenditure by a licensee that is directly attributable to activities to train, educate and develop players involved in women's teams (i.e. would have been avoided if the licensee did not undertake women's football activities) in the territory of the member association.

Women's football activities include, but are not limited to:

- Organisation of a women's football sector
- Women's teams taking part in official national, regional or local competitions or programmes recognised by the member association

Directly attributable expenses include, but are not limited to:

- Costs of materials and services used in undertaking women's football activities, including accommodation costs, medical fees, educational fees, travel and subsistence, kit and clothing and facility hire;
- Costs of employee benefits for employees wholly involved in women's football activities, such as players and technical staff if their employment by the licensee is wholly for the purpose of women's football activities.

If a licensee cannot separately identify expenditure on women's football activities from other expenditure, then such expenditure will not be treated as expenditure on women's football activities. The following are not considered expenditure on women's football activities for the purpose of this requirement:

- Player scouting costs;
- Fees to obtain the registration of a player, such as any fees paid to an agent or to another club;
- Selling, administrative and other general overhead expenditure unless this expenditure can be directly attributed to women's football activities
- Costs of employee benefits for employees only partly involved in women's football activities (for example, a coach working part time on women's football activities).

Non-monetary debits/charges

OO. Appropriate adjustment(s) may be made such that non-monetary debits/charges are excluded from relevant expenses for the break-even calculation.

Non-monetary items (such as tangible fixed assets, intangible fixed assets, and inventories) are items which do not meet the definition of monetary items. Monetary items are defined as units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units currency. The essential feature of monetary item is a right to receive (or an obligation to deliver) a fixed or determinable number of units currency.

Examples of non-monetary debits/charges include:

Downwards revaluations of inventories

Foreign exchange losses on non-monetary items.

Finance costs directly attributable to the construction and substantial modification of tangible fixed assets

PP. A licensee may exclude from the calculation of the break-even result any finance costs that are directly attributable to the construction or substantial modification of an asset for use for the club's football activities provided the financial costs have been expensed in a reporting period rather than capitalised as part of the cost of the asset, up until when the asset is ready for use.

QQ. The amount that may be adjusted is the actual interest expense (not otherwise capitalised) less any investment income on the temporary investment of the amount borrowed in respect of which the interest relates. The relevant interest is from the date when the entity incurs expenditure for the asset, incurs borrowing costs, and undertakes activities that are necessary to prepare the asset for its intended use or sale, until the date of completion of the asset.

RR. After completion of the construction and/or substantial modification of an asset, all finance costs must be included in the calculation of the break-even result.

Costs of leasehold improvement

A licensee may exclude from the calculation of the break-even result subsequent construction and/or substantial modification costs it has incurred on a tangible fixed asset that has been leased for at least ten years if such costs (i) can be measured reliably, (ii) will result in future economic benefits to flow to the licensee, (iii) are not otherwise capitalised.

For the avoidance of doubt, the break-even result must include day-to-day servicing and regular maintenance costs in relation to specific items of property, plant or equipment. Any such costs should be accounted for in the profit and loss account.

Expenses of non-football operations not related to the club

SS. The expenses (and income – see part B(1)(k)) of non-football operations which are clearly and exclusively not related to the activities, locations or brand of the football club may be excluded from the calculation of relevant expenses.

TT. The expenses of non-football operations related to the club (i.e. related to the activities, locations or brand of the football club) must be

included in the break-even calculation if the corresponding income is also included. In this case both must be included consistently from one reporting period to another.

UU. For examples of non-football operations related to the club, see part B(1)(l).

Items not included in the calculation of the break-even result

The following items are not included in the calculation of the break-even result:

Profit/loss on disposal and depreciation/Impairment of tangible fixed assets

VV. Profit (or loss) on the disposal of a tangible fixed asset is calculated as the sale proceeds (less costs incurred to sell) less the net book value (as per the balance sheet) of the asset at the date of sale.

WW. Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life, i.e. the period over which an asset is expected to be available for use by an entity. An impairment loss is the amount by which the carrying amount of a tangible asset exceeds its recoverable amount, i.e. the higher of an asset's fair value less costs to sell and value in use.

XX. The profit/loss on disposal and depreciation impairment of tangible fixed assets in a reporting period is excluded from the calculation of the break-even result because the aim is to encourage investment and expenditure on facilities and activities for the long-term benefit of the club.

Profit/loss on disposal and amortisation/Impairment of intangible fixed assets other than player registrations

YY. An intangible asset is an identifiable non-monetary asset without physical substance. An asset is a resource that is controlled by the entity as a result of past events (for example, purchase or self-creation) and from which future economic benefits (inflows of cash or other assets or reduced future costs) are expected.

Examples of intangible assets include:

Goodwill

Intellectual property (brand, copyrights)

Profit (or loss) on the disposal of an intangible fixed asset is calculated as the sale proceeds (less costs incurred to sell) less the net book value (as per the balance sheet) of the asset at the date of sale.

ZZ. Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life, i.e. the period over which an asset is expected to be available for use by an entity. An impairment loss is the amount by which the carrying amount of an asset exceeds its fair value less costs to sell.

AAA. The profit/loss on disposal and amortisation/impairment loss of intangible fixed assets other than in respect of ~~the cost of acquiring~~ player registrations in a reporting period is ~~may be~~ excluded from the calculation of the break-even result. For the avoidance of doubt, the loss on disposal and amortisation/impairment of player registrations must be included in the calculation of the break-even result for a reporting period (see part C(1)(d)).

Tax income/expense

BBB. Tax expense in respect of income tax includes all domestic and foreign taxes that are based on taxable profit. Taxable profit (tax loss) is the profit (loss) for a reporting period upon which income taxes are payable (recoverable). Tax expense is the amount recognised for a reporting period in respect of the current and future tax consequences of transactions and other events.

CCC. Tax expense does not include value added taxes or tax and social security contributions in respect of employees.

The tax amount – whether it is a credit or a debit in the profit and loss account – is excluded for the calculation of the break-even results.

Contributions from equity participants and/or related party(ies)

Acceptable deviation can exceed EUR 5 million up to the amounts described in Article 61(2) in a monitoring period only if such excess is entirely covered by contributions from equity participants and/or related parties. The cash or goods must have been received by the reporting entity, rather than just some form of promise or commitment from the equity participant and/or the related party.

Contributions from equity participants are payments for shares through the share capital or share premium reserve accounts. That is, investing in equity instruments in their capacity as shareholder.

Contributions from a related party include:

Money received from a related party as a donation: that is an unconditional gift made to the reporting entity by a related party which increase the reporting entity's equity without any obligation for repayment or to do anything in consideration for receiving them. For example, a waiver of inter-company or related party debt constitutes a capital contribution, as it results in an increase in equity; and/or

Income transactions from a related party: the amount to be considered as a contribution will be no more than an amount equivalent to the difference between the actual income in a reporting period and the fair value of the transaction(s) in a reporting period as already recognised in the calculation of the break-even result (see part B(1)(j)).

The following types of transaction are not 'contributions from equity participants and/or related parties':

Positive movement in net assets/liabilities arising from a revaluation;

Creation, or increase in the balance, of other reserves where there is no contribution from equity participants;

A transaction whereby the reporting entity has a liability in that the entity has a present obligation to act or perform in a certain way;

Contributions from owners in respect of instruments classified as liabilities.

Related party, related party transactions and fair value of related party transactions

A related party is a person or entity that is related to the entity that is preparing its financial statements (the 'reporting entity'). In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

A person or a close member of that person's family (i.e. those family members who may be expected to influence, or be influenced by, that person in his dealings with the entity, including that person's children and spouse or domestic partner, children of that person's spouse or domestic partner, and dependants of that person or that person's spouse or domestic partner) is related to a reporting entity if that person:

has control or joint control over the reporting entity;

has significant influence over the reporting entity; or

is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

An entity is related to a reporting entity if any of the following conditions apply:

The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

The entity and the reporting entity are controlled, jointly controlled, or significantly influenced by the same government;

One entity has significant influence over the other entity;

One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

Both entities are joint ventures of the same third party;

One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

The entity is controlled or jointly controlled by a person identified in paragraph 2; or

A person identified in paragraph 2(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

With reference to paragraphs 1 to 3 above, the following definitions apply:

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity. They may include that person's children and spouse or domestic partner, children of that person's spouse or domestic partner, and dependants of that person or that person's spouse or domestic partner.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies. Significant influence may be gained by share ownership, statute or agreement.

An associate is an entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture. Therefore, for example, an associate's subsidiary and the investor that has significant influence over the associate are related to each other.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form. The following are not related parties:

Two entities simply because they have a director or other member of key management personnel in common or because a member of key management personnel of one entity has significant influence over the other entity.

Two venturers simply because they share joint control over a joint venture.

Providers of finance, trade unions, public utilities, and departments and agencies of a government that does not control, jointly control or significantly influence the reporting entity, simply by virtue of their normal dealings with an entity (even though they may affect the freedom of action of an entity or participate in its decision-making process).

A customer, supplier, franchisor, distributor or general agent with whom an entity transacts a significant volume of business, simply by virtue of the resulting economic dependence.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price has been charged (disclosure requirements in respect of related parties and related party transactions are set out in Annex VI).

A related party transaction may, or may not, have taken place at fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. An arrangement or a transaction is deemed to be 'not transacted on an arm's length basis' if it has been entered into on terms more favourable to either party to the arrangement than would have been obtained if there had been no related party relationship.

ANNEX XI: Other factors to be considered in respect of the monitoring requirements

1. Other factors within the meaning of Article 68 to be considered by the UEFA Club Financial Control Body include, but are not limited to, the following:

The quantum and trend of the break-even result

The larger the quantum of a break-even deficit relative to a licensee's relevant income, in a reporting period or in aggregate for a monitoring period, the less favourably it will be viewed. An improving trend in the annual break-even results will be viewed more favourably than a worsening trend.

Projected aggregated break-even result

As part of its assessment, the UEFA Club Financial Control Body may review the projected aggregated break-even result for reporting periods T-1, T and T+1. A projected aggregated break-even result that is within the acceptable deviation for reporting periods T-1, T and T+1 will be viewed favourably.

Additionally, the UEFA Club Financial Control Body may also review the licensee's long-term business plan (including future break-even information up to reporting period T+4) in order to better assess the strategy of the club.

As part of its assessment, the UEFA Club Financial Control Body may consider the budgeting accuracy, i.e. licensee's break-even result for a reporting period may be compared to the projected break-even information as previously submitted.

Impact of conversion of accounts in local reporting currency into euros

If exchange rates have changed such that there is an adverse impact on the licensee's break-even result denominated in euros for a reporting period or in aggregate in a monitoring period, compared to the currency used by the licensee for its annual financial statements, then the quantum of the impact of changes in exchange rates will be taken into account.

If the break-even result for the monitoring period in local currency is positive, then the licensee should in principle not be sanctioned.

For the avoidance of doubt, this mitigating factor does not address the impact of currency exchange differences (exchange gains and/or losses as recognized in the annual financial statements) resulting from transactions denominated in foreign currencies but solely to the conversion of the break-even result from local reporting currency into euros in the CL/FFP IT solution.

Debt situation

Additional information may also be requested from a licensee in respect of its debt situation. This may include aspects such as the source of debt, the ability to service interest and principal payments, the debt covenant compliance and the maturity profile of debt.

As part of its considerations, the UEFA Club Financial Control Body may evaluate among others the following debt ratios to assess the capital structure and the debt-servicing capability of a club:

Degree of leverage – the level of debt relative to earnings and underlying assets;

Profitability and coverage – the level of earnings relative to debt servicing costs;

Cash flow adequacy – the capacity to cover both interest and principal repayments.

Force majeure

As part of its considerations, the UEFA Club Financial Control Body may also take into account extraordinary events or circumstances beyond the control of the club which are considered as a case of force majeure.

Major and unforeseen changes in the economic environment

As part of its considerations, the UEFA Club Financial Control Body may also take into account the quantifiable financial impact on the club of extraordinary national economic events which are temporary and considered to be beyond the general fluctuation of the economic environment. Such events are beyond the control of the club and the club had no reasonable chance to mitigate the significant negative financial impact.

Operating in a structurally inefficient market

As part of its considerations, the UEFA Club Financial Control Body may consider if the licensee is operating in a structurally inefficient football market. The inefficiency of a football market (i.e. defined as the territory of a UEFA member association) is determined by the UEFA administration on a yearly basis by means of a comparative analysis of the top division clubs' total gate receipts and broadcasting rights revenues relative to the population of the territory of the UEFA member association concerned.

Squad size limit

When assessing the monitoring requirements, the UEFA Club Financial Control Body will take into consideration the squad size of the licensee and will view more favourably licensees which used a maximum of 25 players (excluding players under the age of 21) in between any one of the two annual registration periods (as specified in the *FIFA Regulations on the Status and Transfer of Players*) before and/or during the national competitions through which they had the possibility to qualify for a UEFA club competition prior to the licence season.

ANNEX XII: Voluntary agreements for break-even requirement

A. Principles

1. A club may apply to the UEFA Club Financial Control Body investigatory chamber to enter into a voluntary agreement with the aim of complying with the break-even requirement.

2. A club is eligible to apply to enter into a voluntary agreement if it:

i) has been granted a valid licence to enter the UEFA club competitions by its national licensor but has not qualified for a UEFA club competition in the season that precedes the entry into force of the voluntary agreement; or

ii) has qualified for a UEFA club competition and fulfils the break-even requirement in the monitoring period that precedes the entry into force of the voluntary agreement; or

iii) has been subject to a significant change in ownership and/or control within the 12 months preceding the application deadline.

3. The club must not have been party to a voluntary agreement (as defined in this annex) or subject to a disciplinary measure or settlement agreement (as foreseen in the Procedural rules governing the UEFA Club Financial Control Body) within the last three reporting periods.

4. A voluntary agreement can cover up to four reporting periods.

5. A voluntary agreement includes a structured set of obligations which are individually tailored to the situation of the club, break-even targets defined as annual and aggregate break-even results for each reporting period covered by the agreement, and any other obligations as agreed with the UEFA Club Financial Control Body investigatory chamber.

B. Process

1. The application deadline is the 31 December preceding the licence season in which the voluntary agreement would come into force.

2. When applying for a voluntary agreement the club must:

a) submit a long-term business plan, consisting of a balance sheet, a profit and loss account and a cash flow statement which must be based on reasonable and conservative assumptions, in the form communicated by the UEFA administration, including future break-even information up to reporting period T+4;

b) demonstrate its ability to continue as a going concern until at least the end of the period covered by the voluntary agreement;

c) submit an irrevocable commitment(s) by an equity participant(s) and/or related party(ies) to make contributions for an amount at least equal to the aggregate future break-even deficits for all the reporting periods covered by the voluntary agreement. This irrevocable commitment must be evidenced by way of a legally binding agreement between the licensee and the equity participant and/or related party and, if required by the UEFA Club Financial Control Body investigatory chamber, it must also be secured by means of either:

i) payments into an escrow account, or

ii) a guarantee from another company in the legal group structure outside the reporting perimeter; or

iii) such other form of security as the UEFA Club Financial Control Body investigatory chamber considers satisfactory;

d) demonstrate its ability to meet the targets and obligations agreed with the UEFA Club Financial Control Body investigatory chamber.

3. The UEFA Club Financial Control Body investigatory chamber reviews each application and is free to conclude the corresponding voluntary agreement or not.

4. The UEFA Club Financial Control Body investigatory chamber monitors the proper and timely implementation of voluntary agreements.

5. Clubs bound by a voluntary agreement:

a) undertake to provide the UEFA administration with information on a timely basis evidencing their compliance with all obligations included in the voluntary agreement;

b) may be subjected to disciplinary measures by the UEFA Club Financial Control Body investigatory or adjudicatory chamber as foreseen in the Procedural rules governing the UEFA Club Financial Control Body if they fail to comply with the terms of their voluntary agreement.