



# CLUB MONITORING REGULATIONS

2019 Edition

## PREAMBLE

Club Monitoring Regulations (“Regulations”), adopted on the basis of Club Licensing Regulations, Articles 7(4) and 50(1) of the UEFA Statutes and Articles 2(2)(a) and 2(4) of the Statutes of the Football Association of the Czech Republic.

# CHAPTER ONE

## ARTICLE M1 – SCOPE OF APPLICATION

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1. These Regulations apply to club competitions to be played under the auspices of the Union of European Football Associations (UEFA) and the Football Association of the Czech Republic (FACR).
2. These Regulations further govern the rights, duties and responsibilities of all parties involved in the monitoring process (Part III) to achieve financial fair play objectives, and define in particular:
  - a) the monitoring requirements to be fulfilled by applicants that qualify for UEFA club competitions (Chapter 2);
  - b) the monitoring requirements to be fulfilled by applicants that qualify for FACR club competitions (Chapter 2).

## ARTICLE M2 – DEFINITION OF TERMS

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Administration procedure	Procedures under legal and administrative regulations aimed at protecting an entity in bankruptcy, liquidation, insolvency proceedings, or enforcement proceedings, and enabling such an entity to continue its operations. The management of the day-to-day affairs of an entity in administration may be operated by an appointed administrator in the interest of protecting creditors.
Agent/intermediary	A natural or legal person who, for a fee or free of charge, represents players, and in doing so negotiates or renegotiates player contracts or arranges agreements on transfers between two clubs.
Agreed-upon procedures	Where an auditor is engaged to perform agreed-upon procedures, the aim is for the auditor to carry out those procedures of an audit nature to which 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 auditor. The report is restricted to those entities 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.
Affiliated league	The League Football Association (LFA) affiliated to the football association of the Czech Republic, which, on the basis of a signed Transformation Contract, has adopted the FACR’s statutes and rules and the written decisions of its responsible and competent bodies.
Break-even information	Financial information that must be calculated and reconciled to the financial statements and underlying accounting records in respect of each relevant reporting period, 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 licence applicants/licensees and for sharing information with licensors concerning their clubs, within the scope of the implementation, assessment and enforcement of these Regulations.
Licensing criteria	Conditions, divided into five categories (sporting, infrastructure, personnel and administrative, legal and financial), to be fulfilled by a licence applicant for it to be granted a licence.
Club Licensing System Quality Standard	Document that defines the minimum conditions 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 UEFA and FACR club competitions, with the exception of the UEFA Women's Champions League.
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	<p>Payments for the acquisition of a player's registration, excluding any internal development or other costs. The costs of acquiring a player's registration include:</p> <p>transfer fee and realized conditional transfer amounts, including training compensation and solidarity contributions, paid and/or payable to another football club and/or a third party to the player's registration;</p> <p>agent/intermediary fees;</p> <p>other direct costs of purchasing a player (including the taxation of the transfer fee and agent fees).</p>
Deadline for submission of the application to the licensor	the date by which licence applicants are required to submit all information related to their licence applications.
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 reporting period or interim period.
Future financial information	Information in respect of the financial results and financial position of the club in the reporting periods ending in the years following commencement of UEFA/FACR club competitions (reporting periods T+1 and later).
Government	Any form of government, including government agencies, ministries and similar bodies, whether local or national.
Group	A parent and all of its subsidiaries. A parent is an entity that has one or more subsidiaries. A subsidiary is an entity (including an unincorporated entity, such as an association) 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	an accounting 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"> <li>• International Financial Reporting Standards;</li> <li>• International Accounting Standards; and interpretations originated by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).</li> </ul>
Joint control	the contractually agreed sharing of control over an economic activity, which exists 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 an entity, directly or indirectly, but without restriction on the part of directors (executive or otherwise) of the entity.
GOLD licence	Certificate granted by the licensor confirming fulfilment of all minimum criteria by the licence applicant as part of the admission procedure for entering UEFA club competitions.
SILVER licence	Certificate granted by the licensor confirming fulfilment of all minimum criteria by the licence applicant as part of the admission procedure for entering the highest FACR club competition.
BRONZE licence	Certificate granted by the licensor confirming fulfilment of all minimum criteria by the licence applicant as part of the admission procedure for entering the second highest FACR club competition.
Licence applicant	Legal person (exclusively a public limited company) fully and solely responsible for a club participating in national and international club competitions who applies for a licence.
Licensee	Licence applicant that has been granted a licence by a licensor.
UEFA licence season	UEFA season for which a licence applicant has applied for/been granted a licence. It starts on the day following the deadline for submission of the list of licensing decisions by the licensor to the Union of European Football Associations and lasts until the same deadline the following year.
FACR licence season	FACR season for which a licence applicant has applied for/been granted a licence. It starts on the day following the deadline for the Draw of clubs in professional competitions, which closes the existing season and draws for the next and lasts until the same deadline the following year.
Licensor	Football Association of the Czech Republic, which operates the club licensing system, grants licences and undertakes certain tasks in respect of the club monitoring process.
List of licensing decisions	List submitted by the licensor to the Union of European Football Associations containing, among other things, information about the licence applicants that have undergone the licensing process and been granted or refused a licence by the licensor's bodies in the format established and communicated by the UEFA.

SAFE	An IT system developed by the FACR as a means of electronic communication between the FACR and clubs; it is used in particular for the delivery of decisions, the lodging of appeals and other submissions referred to in these Club Licensing Regulations, and for the gathering of information from licence applicants/licensees concerning their clubs, within the scope of the implementation, assessment and enforcement of the FACR's club licensing rules.
Materiality	Omissions or misstatements of items or information are material if they could individually or collectively, with another omission or misstatement, 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; such size and nature being judged in view of the circumstances or context of the case. The size or nature of the omissions or misstatements of items or information, or a combination of both, may be the determining factor.
Minimum criteria	Criteria to be fulfilled by a licence applicant in order to be granted a licence.
National accounting practice	the accounting and reporting practices and disclosure principles required of entities in a particular country.
Monitoring documentation	Financial information (including break-even information, overdue payables information and club information) and club management representations communicated to the licensor by the licensee via the CL/FFP IT Solution.
Net debt	the aggregate of the following balances: <ul style="list-style-type: none"> <li>• net borrowings (i.e. the net amount of bank overdrafts, bank loans and other borrowings, loans from owners or related parties, less cash and cash equivalents);</li> <li>• net player transfers balance (i.e. accounts receivable from players' transfers less accounts payable from players' transfers);</li> <li>• accounts payable to social/tax authorities (non-current, i.e. more than one year).</li> </ul>
Parties involved	All entities involved in the UEFA or FACR club licensing system or monitoring process, including UEFA, the licensor, the licence applicant/licensee and all individuals involved on their behalf.
Party	A natural person or a legal person.
Protection from creditors	Procedures pursuant to laws and regulations whose objectives are to protect an entity from creditors, rescue insolvent entities and allow them to carry on running their business. This process encompasses administration procedures and insolvency and other proceedings (that might result in a compromise with creditors, bankruptcy or liquidation).
Reporting entity	A registered member and/or football organization or group of entities or some other combination of entities included in the reporting perimeter which must provide the licensor with information for both club licensing system and club monitoring purposes.
Reporting period	an accounting 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 decision-making policy. Significant influence may be gained by share ownership, statute or agreement. For the avoidance of doubt, interests or an aggregate of interests in an ultimate controlling party (excluding UEFA, a UEFA member association and an affiliated league) are deemed to have significant influence if they provide within a reporting period an amount equivalent to 30% or more of the licensee's total share in revenue.
Stadium	The venue for a competition match, including all surrounding properties and sports and technical facilities (for example, the main playing surface, offices, hospitality areas, press center, accreditation center, and trainingsurfaces...).
Statutory closing date	the annual accounting reference date of a reporting entity.

## CHAPTER TWO

### ARTICLE M3 – RESPONSIBILITIES OF THE UEFA CLUB FINANCIAL CONTROL BODY

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1. The UEFA Club Financial Control Body (UEFA CFCB), 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 activities of the UEFA Club Financial Control Body.
2. In carrying out these responsibilities, the UEFA Club Financial Control Body is required to ensure equal treatment of all licensees and guarantee confidentiality of all information provided.

### ARTICLE M4 – MONITORING PROCESS

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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 key steps:
  - a) forwarding of the required 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 documentation 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 in accordance with the relevant provisions of the procedural rules governing the activities of the UEFA Club Financial Control Body.
3. The deadline for the submission of the validated documentation to the UEFA administration must be communicated to the licensors in a timely manner by the UEFA administration.

### ARTICLE M5 – RESPONSIBILITIES OF THE FACR

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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) assess the monitoring documentation in accordance with Club Licensing Regulations, Annex IX;
  - d) assess and confirm to the UEFA Club Financial Control Body that the selected reporting entity is the same as that 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 all information received from the licensee in respect of club monitoring requirements and all events occurring after the licensing decision that constitute a significant change to the information previously submitted by the licensee.
2. In carrying out these responsibilities, the licensor is required to ensure equal treatment and guarantee confidentiality of all information provided.

### ARTICLE M6 – RESPONSIBILITIES OF THE LICENSEE

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1. 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 must be provided must be the same as for the club licensing

- system);
- c) confirm that all the submitted documentation and information are complete and accurate;
  - d) promptly notify the licensor in writing of any subsequent events that constitute a significant change to the information previously submitted to the licensor, including a change of legal form or legal structure.



## CHAPTER THREE

### ARTICLE M7 – SCOPE OF APPLICATION AND EXEMPTION

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1. All licensees that have qualified for
  - a) a UEFA club competition, with the exception of the UEFA Women's Champions League, must comply with the monitoring requirements, i.e. with the break-even requirement (Articles M8 to M14) and other monitoring requirements (Articles M15 to M18);
  - b) FACR club competitions must comply with other monitoring requirements (Articles M15 to M18).
2. A licensee that demonstrates it has relevant income and relevant expenses (as defined in Article M8) 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 assess whether it can be exempt 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.
4. If the reporting period for the annual financial statements is greater or less than 12 months, then the threshold of EUR 5 million (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 Annex 2, a licensee may apply to enter into a voluntary agreement with the UEFA Club Financial Control Body for the fulfilment of the break-even requirement.

## BREAK – EVEN REQUIREMENT

### ARTICLE M8 – NOTION OF RELEVANT INCOME AND RELEVANT EXPENSES

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1. Relevant income and relevant expenses are specified further in Club Licensing Regulations, Annex X.
2. Relevant income and expenses must be calculated by the licensee in accordance with the audited annual financial statements and/or underlying accounting records, and with the projected break-even, if applicable under these Regulations.
3. Relevant income and expenses from related parties must be adjusted to reflect the fair value of any such transactions or, for player transfers between clubs that are related parties, according to the values indicated in Club Licensing Regulations, Annex X F(7).

### ARTICLE M9 – NOTION OF MONITORING PERIOD

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1. A monitoring period covers three consecutive reporting periods, during which a licensee is assessed for the purpose of determining whether it meets the break-even requirement.
2. The current monitoring period covers:
  - a) the reporting period ending in the calendar year that the UEFA club competitions commence ("reporting period T"); and
  - b) the reporting period ending in the calendar year before commencement of the UEFA club competitions ("reporting period T -1"); and
  - c) the preceding reporting period ("reporting period T-2").

The monitoring period assessed in the licence season 2018/19 covers the reporting periods ending in 2018

(reporting period T), 2017 (reporting period T-1) and 2016 (reporting period T-2).

3. In addition, for licensees in breach of the indicators in Article M12(3) (v) and/or (vi), the projected monitoring period covers:
  - a) the 12-month period commencing immediately after the statutory closing date of reporting period T (“reporting period T+1”);
  - b) the reporting period ending in the calendar year that the UEFA club competitions commence (“reporting period T”);
  - c) the reporting period ending in the calendar year before commencement of the UEFA club competitions (“reporting period T-1”).

The projected monitoring period assessed in the licence season 2018/19 covers the reporting periods ending in 2019 (reporting period T+1), 2018 (reporting period T) and 2017 (reporting period T-1).

#### **ARTICLE M10 – NOTION OF BREAK-EVEN RESULT**

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1. The difference between relevant income and relevant expenses is the break-even result, which must be calculated in accordance with Club Licensing Regulations, Annex X for each reporting period.
2. If a licensee’s relevant expenses are less than relevant income for a reporting period, then it has a break-even surplus. If a club’s relevant expenses are greater than relevant income for a reporting period, then it has a break-even deficit.
3. If a licensee’s financial statements are drawn up 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.
5. If the aggregate break-even result is positive (higher than or equal to zero), 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 resulting from two reporting periods prior to the monitoring period (i.e. reporting periods T-3 and T-4 for the current monitoring period, and reporting periods T-2 and T-3 for the projected monitoring period).

#### **ARTICLE M11 – NOTION OF ACCEPTABLE DEVIATION**

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1. The acceptable deviation is the maximum aggregate break-even deficit possible for a licensee to be deemed in compliance with the break-even requirement as defined in Article M14.
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 entity owners and/or related parties. The amount may be lowered in due course by the UEFA Executive Committee.
3. For licensees assessed in the current monitoring period, contributions from entity owners and/or related parties (as specified in Club Licensing Regulations, 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 the reporting period T, T-1 or T- 2; and/or
  - b) in the accounting records up until the deadline for submission of the break-even information for the reporting period T.
4. If contributions occur until the deadline for submission of the break-even information for the reporting period T and are recognised in a club’s reporting period T+1 and have been taken into consideration to determine the

acceptable deviation of the current monitoring period, then for later monitoring periods the contributions will be considered as having been recognised in reporting period T.

5. For licensees assessed in the projected monitoring period, contributions from entity owners and/or related parties (as specified in Club Licensing Regulations, 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 or T-1; and/or
  - b) in the accounting records for the reporting period T up until the end of the licence season.
6. 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 pay a contribution is not sufficient for such a contribution to be taken into consideration.
7. For a monitoring period containing a period of greater than or less than 12 months, the acceptable deviation will be adjusted down or up according to the length of the monitoring period.

#### **ARTICLE M12 – BREAK-EVEN INFORMATION**

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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 entity as that in the case of the club licensing system as defined in Club Licensing Regulations, Article 46/B;
  - b) be approved by management, and such approval must be evidenced by way of a brief statement signed on behalf of the executive body of the licensee.
3. If a licensee exhibits any of the conditions described by indicators 1 to 6, it is considered to be in breach of the indicator:
  - i) **Indicator 1: Going concern**  
The auditor's report in respect of the annual financial statements (i.e. for reporting period T-1) and/or interim financial statements submitted in accordance with Club Licensing Regulations Articles 47 and 48 includes, regarding the going concern, either a key audit matter or a qualified opinion/conclusion.
  - ii) **Indicator 2: Negative equity**  
The annual financial statements (i.e. for reporting period T-1) submitted in accordance with Club Licensing Regulations, Club Licensing Regulations, 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. for reporting period T-2), or the interim financial statements submitted in accordance with Club Licensing Regulations, Club Licensing Regulations, Article 48 disclose a net liabilities position that has deteriorated relative to the comparative figure at the preceding statutory closing date (i.e. for reporting period T-1).
  - iii) **Indicator 3: Break-even result**  
The licensee reports a break-even deficit as defined in Article M10 for either or both of the reporting periods T-1 and T-2.
  - iv) **Indicator 4: Sustainable debt indicator for T-1**  
At the end of reporting period T-1, the current debt is greater than EUR 30 million and it is greater than 7 times the average of the earnings of reporting period T-1 and T-2.

In this connection, the current debt and earnings are calculated as follows:

- The current debt is calculated as the net debt less the amount of debt that is directly attributable to the

construction or substantial modification of the stadium and/or training facilities from the inception of this debt until 25 years after the date when the asset is declared ready for use.

- The current earnings for a reporting period are calculated as the sum of total revenue (as calculated for the break-even result) and the net result from player transfers less the total operating expenses (as calculated for the break-even result).

v) **Indicator 5: Sustainable debt indicator for T**

At the end of reporting period T, the current debt (as defined above for indicator 4) is greater than EUR 30 million and it is greater than 7 times the average of the current earnings (as defined above for indicator 4) of T, T-1 and T-2.

vi) **Indicator 6: Player transfer balance**

The licensee reports a deficit in a player transfer greater than EUR 100 million in respect of a player ending during the licence season.

In this connection, the player transfer balance in respect of a registration period is calculated as the net difference of:

- the aggregate costs of registering/acquiring a player in respect of all new and existing player registrations, and all such costs have been paid and/or are payable; and
- the aggregate proceeds of transferring/selling a player, and all such proceeds have been received and/or are receivable (net of any direct costs of settlement).

If the aggregate of the costs incurred exceeds the aggregate of the proceeds generated in a registration period, then the club has a player transfer deficit.

For indicators 4 and 5 above, the ratio of the indicator is set at 7 for the monitoring periods assessed in licence seasons 2018/19, 2019/20 and 2020/21. The indicator will be set to a lower level in subsequent licence seasons as decided by the UEFA Executive Committee.

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) the expenses of employee benefits exceed 70% of total revenue; or
  - b) net debt exceeds 100% of total revenue.

## **ARTICLE M13 – PROJECTED BREAK-EVEN INFORMATION**

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1. If the licensee is in breach of any indicator in Article M12(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 (“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 and including adjustments to calculate relevant income and expenses;
  - c) contributions from owners and/or related parties;
  - d) a budgeted cash flow statement;
  - e) a budgeted balance sheet;
  - f) explanatory notes, including assumptions that are not unreasonable, risks and a comparison with reporting period T.
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 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.

## ARTICLE M14 – FULFILMENT OF THE BREAK-EVEN REQUIREMENT

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1. The break-even requirement is fulfilled if the licensee has, for the current monitoring period and, if applicable, for the projected monitoring period:
  - a) an aggregate break-even that is balanced or a surplus;
  - b) an aggregate break-even that is within the acceptable deviation.
2. The break-even requirement is not fulfilled if the licensee has an aggregate break-even deficit for the current monitoring period or, if applicable, for the projected monitoring period exceeding the acceptable deviation.

## OTHER MONITORING REQUIREMENTS

### ARTICLE M15 – NO OVERDUE PAYABLES TOWARDS FOOTBALL CLUBS – ENHANCED

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1. As at 30 June and as at 30 September of the year in which the UEFA or FACR club competitions commence, the licensee must not have any overdue payables (as defined in Club Licensing Regulations, Annex VIII) towards other football clubs as a result of transfers undertaken before that 30 June or 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 or FACR competitions commence or if otherwise requested by the UEFA CFCB, then it must also prove that it has no overdue payables as at 30 September.
3. Payables are those amounts due to football clubs as a result of:
  - a) transfer activities, including any amount due upon fulfilment of certain conditions;
  - b) training compensation and solidarity contributions as defined in the FIFA Regulations on the Status and Transfer of Players;
  - c) any joint and several liabilities decided by a competent authority that are associated with the termination of a player contract.
4. By the deadline and in the form communicated by the UEFA or FACR administration, the licensee must prepare and submit the information on liabilities deriving from transfers, even if there have been no transfers/loans during the relevant period.
5. The licensee must disclose:
  - a) all new transfers (including loans) in the 12-month period up to 30 June/30 September, irrespective of whether there is an amount to be paid at 30 June (30 September);
  - b) all transfers for which an amount is outstanding at 30 June/30 September, irrespective of whether they were undertaken in the 12-month period up to 30 June/30 September or before;
  - c) all transfers subject for which proceedings are pending before the competent authority under national law or proceedings are pending before a national or international football authority or relevant arbitration tribunal, as at 30 June/30 September.
6. The information on liabilities deriving from transfers must contain the following as a minimum (in respect of each player transfer, including loans):
  - a) player (identification by name and date of birth);
  - b) date of the transfer/loan agreement;
  - c) name of the football club that formerly held the registration;
  - d) transfer fee paid and/or payable (including training compensation and a solidarity contribution) even if payment has not yet been requested by the creditor;
  - e) other direct costs of player registration paid and/or payable;
  - f) the amount negotiated and the payment date;
  - g) the balance payable as at 30 June/30 September in respect of each player transfer, including the due

date(s) for each unpaid amount, contingent liabilities not yet recognised in the balance sheet as at 30 June/30 September; and

h) commitments subject to any claim/proceedings pending as at 30 June/30 September.

7. The licensee must ensure that the total liability as per the transfer payables table is reconciled to the figure in the balance sheet for “accounts payable relating to player transfers” or to underlying accounting records.
8. The information on liabilities deriving from transfers must be approved by management and this approval must be evidenced by way of a brief statement signed on behalf of the executive body of the licensee.

#### **ARTICLE M16/A – NO OVERDUE PAYABLES IN RESPECT OF EMPLOYEES – ENHANCED**

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1. As at 30 June/30 September of the year in which the UEFA or FACR club competitions commence, the licensee must prove that it has no overdue payables (as defined in Club Licensing Regulations, Annex VIII) in respect of its employees (as defined in paragraphs 2 and 3 of Club Licensing Regulations, Article 50/A).
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 or FACR club competitions commence or if otherwise requested by the UEFA CFCB, 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 or FACR administration, the licensee must prepare a declaration confirming the existence or absence of overdue payables in respect of employees.
4. The licensee must disclose:
  - a) all employees for which an amount is outstanding as at 30 June/30 September; and
  - b) all employees for which proceedings are pending before the competent authorities under national law or proceedings are 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 of the employee;
  - c) employment start date;
  - d) employment end date (if applicable);
  - e) the balance payable as at 30 June/30 September in respect of each player transfer, including the due date(s) for each unpaid amount;
  - f) commitments subject to any claim/proceedings pending as at 30 June/30 September.
6. The declaration must be approved by management and this approval must be evidenced by way of a brief statement signed on behalf of the executive body of the licensee.

#### **ARTICLE M16/B – NO OVERDUE PAYABLES TOWARDS TAX AUTHORITIES AND SOCIAL SECURITY AUTHORITIES – ENHANCED**

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1. As at 30 June/30 September of the year in which the UEFA or FACR club competitions commence, the licensee must prove that it has no overdue payables (as defined in Club Licensing Regulations, Annex VIII) towards tax authorities and social security authorities as a result of contractual or legal obligations in respect of its employees as defined in Club Licensing Regulations, Article 50/B.
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 or FACR club competitions commence or if otherwise requested by the UEFA CFCB, 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 or FACR administration, the licensee must prepare a declaration confirming the existence or absence of overdue payables in respect of tax authorities and social

security authorities.

4. The following information must be given, as a minimum, in respect of each overdue payable towards tax authorities and social security authorities, together with an explanatory comment:
  - a) name of the creditor;
  - b) the balance overdue as at 30 June/30 September, including the due date for each overdue amount;
  - c) commitments subject to any claim/proceedings pending as at 30 June/30 September.
5. The declaration must be approved by management and this approval must be evidenced by way of a brief statement signed on behalf of the executive body of the licensee.

#### **ARTICLE M17 – DUTY TO REPORT SUBSEQUENT EVENTS**

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1. The licensee must promptly notify the licensor in writing of any significant changes, including 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 and an estimate of its financial effect, or a statement (with supporting reasons) that such an estimate cannot be made.

#### **ARTICLE M18 – COMMON PROVISION FOR ALL MONITORING REQUIREMENTS**

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1. If any of the monitoring requirements is not fulfilled for UEFA club competitions, 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 1, and takes the appropriate action without delay in accordance with the procedure defined in the procedural rules governing the activities of the UEFA Club Financial Control Body.
2. If any of the monitoring requirements is not fulfilled for FACR club competitions, the Manager makes a decision, including the possibility to conclude a settlement agreement with the licensee, similarly taking into consideration other factors as defined in Annex 1, and takes the appropriate action without delay in accordance with the procedure defined in the FACR Club Licensing and Monitoring Regulations.

## CHAPTER FOUR

### ARTICLE M19 – LANGUAGE VERSIONS AND LANGUAGE OF CORRESPONDENCE

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1. If there is any discrepancy in the interpretation of the English/Czech versions of these Regulations, the English version prevails.

### ARTICLE M20 – ANNEXES

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1. All annexes to the present Regulations form an integral part hereof.

### ARTICLE M21 – COMPLIANCE AUDITS

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1. UEFA and/or its nominated bodies/agencies reserve the right, at any time, to conduct compliance audits of the licensor and, in the presence of the latter, of the licence applicant/licensee.
2. Compliance audits aim to ensure that the licensor, as well as the licence applicant/licensee, have fulfilled their obligations as defined in these Regulations and that the licence was duly awarded at the time of the final decision of the licensor.
3. For the purposes of compliance audits, in the event of any discrepancy in the interpretation of the national regulations governing the club licensing system between the UEFA official language version and the official language version of the Czech Republic, the UEFA official language version prevails.

### ARTICLE M22 – UEFA SANCTIONS

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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 will be sanctioned by UEFA in accordance with the procedural rules governing the activities of the UEFA Club Financial Control Body.

### ARTICLE M23 – IMPLEMENTING PROVISIONS

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1. The UEFA and FACR administrations take decisions and directives containing the detailed provisions necessary to implement these Regulations.

### ARTICLE M24 – ADOPTION, ABROGATION AND ENTRY INTO FORCE

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1. These Club Monitoring Regulations were approved by the FACR Executive Committee at its meeting on 03.12.2019, following consultation with the LFA.
2. These Club Monitoring Regulations come into force on 1 January 2020.
3. Licensing proceedings initiated prior to the date on which these Club Monitoring Regulations come into force will be completed in accordance with the FACR Club Licensing Regulations, Edition 2018.

Prague, 04.12.2019, for the FACR Executive Committee:

**Martin MALÍK**  
FACR President

**Jan PAULY**  
FACR General Secretary



## **ANNEX 1 – OTHER FACTORS TO BE CONSIDERED IN RESPECT OF THE MONITORING REQUIREMENTS**

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Other factors within the meaning of Article M18 to be considered by the UEFA or FACR Club Financial Control Body include the following:

### **a) 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.

### **b) Projected aggregated break-even result**

As part of its assessment of the current monitoring period, the UEFA CFCB 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 more favourably.

Additionally, the UEFA CFCB 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 CFCB may consider the budgeting accuracy, i.e. compare the licensee's break-even result to a projection previously submitted.

### **c) Impact of changes on exchange rates**

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 on 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 recognised in the annual financial statements) resulting from transactions denominated in foreign currencies, but solely the conversion of the break-even result from the local reporting currency into euros in the CL/FFP IT solution.

### **d) 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, inter alia, the following debt ratios to assess the capital structure and the debt-servicing capability of a club:

- i) degree of leverage – the level of debt relative to revenues and underlying assets;
- ii) profitability and coverage – the level of revenues relative to debt servicing costs;
- iii) cash flow adequacy – the capacity to cover both interest and principal repayments.

### **e) Force majeure**

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

### **f) Major and unforeseen changes in the economic environment**

As part of its considerations, the UEFA CFCB may also take into account the quantifiable financial impact on the club of extraordinary national economic events which are temporary and considered to be a 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.

#### **g) Operating in a structurally inefficient market**

As part of its considerations, the UEFA CFCB may consider if the licensee is operating in a structurally inefficient football environment. The inefficiency of a football environment (in the territory of the FACR) is determined by the UEFA administration on by means of a yearly comparative analysis of the top division clubs' total gate receipts and broadcasting rights revenues relative to the population.

#### **h) Squad size limit**

When assessing the monitoring requirements, the UEFA Club Financial Control Body will also take into consideration the squad size of the licensee and may view more favourably licensees which have 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 or during the national competitions through which they had the possibility to qualify for a UEFA club competition prior to the licence season

### **A. Principle**

1. A club may apply to the UEFA CFCB to enter into a voluntary agreement with the aim of complying with the break-even requirements.
2. A club is eligible to apply to enter into an agreement if it:
  - i) has been granted a licence to enter UEFA club competitions 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 concluded; 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 CFCB) within the last reporting period.
4. A voluntary agreement may cover several reporting periods.
5. A voluntary agreement includes a structured set of obligations which are individually tailored to the situation of the club, break-even results are defined as annual and aggregate break-even results for the whole reporting period covered by the agreement, and any other obligations as agreed with the UEFA CFCB.

### **B. Process**

1. The application deadline is 31 December preceding the licence season in which the voluntary agreement comes 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;
  - 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 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 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 CFCB, it must also be secured by means of either:
    - i) payments into an escrow account; or
    - ii) such other form of security as the UEFA CFCB considers satisfactory (e.g. a guarantee from another company in the legal structure outside the reporting perimeter);
  - d) demonstrate its ability to meet the targets and obligations agreed with the UEFA CFCB.
3. The UEFA CFCB investigatory chamber reviews each application and is free to conclude the corresponding voluntary agreement or not.
4. The UEFA CFCB 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 the timely compliance with obligations included in the agreement concluded;
  - b) may be subjected to disciplinary measures by the UEFA CFCB investigatory or adjudicatory chamber as foreseen in the procedural rules governing the UEFA CFCB if they fail to comply with the terms of their voluntary agreement.