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FIFA TRANSFER SYSTEM REFORM - ANALYSIS AND RECOMMENDATIONS

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The Economic Crime Cooperation Division (ECCD) is responsible for the Council of Europe's cooperation and technical assistance related activities concerning measures against corruption, money laundering and terrorist financing. The Division's activities comprise a wide variety of interventions focusing on implementation of international standards addressing recommendations provided by monitoring bodies such as GRECO and MONEYVAL. Through its interventions the Division supports the beneficiary jurisdictions in enhancing their legislative and strengthening of the institutional frameworks to fight against economic crime, developing policies and strategic documents, and strengthening of capacities of state institutions, specialised anti-corruption and anti-money laundering bodies, law enforcement, prosecution services and the judiciary.

FIFA has requested the Council of Europe to cooperate in drafting its "Transfer System Reform", on the basis of its normative framework and the specific experience of its Group of States against Corruption (GRECO). Within the framework of this cooperation, the Secretariat of the Council of Europe has appointed Drago KOS (Slovenia) as a scientific expert. Mr Kos is currently the President of the OECD Anti-bribery Working Group in International Business Transactions, and the former President of GRECO. He was also an international football referee.

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Disclaimer:

The views and opinions presented herein are those of the author(s) and should not be taken as to reflect the official position of the Council of Europe



Disclaimer note:

This advisory opinion was prepared on the basis of the following documents:

- *FIFA presentation on “FIFA Transfer System Reform”,*
- *“WHITE PAPER – Transfer System Reform 2018”, produced by the Task Force “Transfer System” of FIFA Football Stakeholders Committee in June 2018,*
- *Draft “FIFA Loans¹ Regulations”,*
- *Minutes of the 4th (24 September 2018), 5th (28 February 2019) and 6th (25 September 2019) meeting of the FIFA Football Stakeholders Committee,*
- *Media release “FIFA and football stakeholders recommend cap on agents’ commissions and limit on loans”²,*
- *FIFA presentation on “The need to reform the regulatory framework governing football agents in the football transfer system”, December 2020,*
- *FIFA Regulations on the Status and Transfer of Players, January 2021 edition³,*
- *FIFA Rules Governing the Procedures of the Players’ Status Committee and the Dispute Resolution Chamber⁴, January 2021 edition,*
- *FIFA Guide to submitting a Minor Application⁵,*
- *Text “FIFA takes the first step for the establishment and operation of the FIFA Clearing House”,⁶*
- *Draft “FIFA Clearing House” Regulations, January 2021 edition.*
- *Draft “FIFA Football Agent Regulations”.*
- *FIFA Data Protection Regulations⁷.*

Draft FIFA Clearing House Regulations, Draft FIFA Loans Regulations and Draft FIFA Football Agent Regulations have not been approved in their final versions yet. Therefore, this opinion is objectively limited in its scope and does not necessarily represent an exhaustive analysis of the final situation in the transfer system reform. Due to further development of the documents mentioned above, some of the conclusions and suggestions contained in this opinion might also be outdated or obsolete. Having all these in mind, the advisory opinion nevertheless attempts to offer possible solutions, improving transparency, ethics and compliance of the planned reforms to further enhance the integrity of the football world.

¹ The word »loan« in this context is used as a loan of players to other clubs.

²<https://www.fifa.com/who-we-are/news/fifa-and-football-stakeholders-recommend-cap-on-agents-commissions-and-limit-on->

³ [regulations-on-the-status-and-transfer-of-players-january-2021.pdf \(fifa.com\)](#).

⁴ [rules-governing-the-procedures-of-the-players-status-committee-and-the-dis-x8139.pdf \(fifa.com\)](#).

⁵ [1734-protection-of-minors-guide-to-submitting-a-minor-application.pdf \(fifa.com\)](#).

⁶<https://www.fifa.com/who-we-are/news/fifa-takes-the-first-step-for-the-establishment-and-operation-of-the-fifa-cleari>.

⁷ [Data Protection Regulation 2019.indd \(fifa.com\)](#).



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1 Executive Summary

In the last years, global football market has been driven by speculation and not by solidarity, money is flowing away from the football family, the influence of football agents is growing, increasing the risk of conflicts of interest, greater contractual instability, massive inflation in the transfer market and increased competitive unbalance.

Having all current features of the football world in mind, FIFA has made an important decision to amend its Regulations for the Status and Transfer of Players (RSTP) as from 2001, and appointed a special Task Force within FIFA Football Stakeholders Committee entrusted with the preparation of proposals for changes in the following areas: FIFA Clearing House, intermediaries and agents, training rewards, loans, transfer fee process, transfer of young players, squad size and home-grown players, transfer windows (registration) and fiscal regulation concerning transfer fees and players' salaries.

Following a stock-taking exercise, FIFA published in 2018 the "White Paper - Transfer System Reform 2018" providing thorough analysis of the existing situation in all listed areas, desired objectives of the new system and measures to reach such objectives. In almost all cases, objectives pursued, and measures planned have been developed by the Task Force in a very thoughtful and analytical manner. They will - once implemented - represent milestones in achieving comprehensiveness, transparency and integrity of the transfer system for football players. Such comprehensive reforms are not easy to achieve since many very differing interests must be taken into account. As a consequence, some topical ideas of the Task Force are already missing in the draft regulations available.

As it has always been the case with the introduction of significant and massive changes, some elements in the proposed changes might be further refined to ensure the comprehensiveness of the reforms and decrease the possibilities to be misused or not used in an optimal way. Such elements are analysed in this document. They are not numerous or very problematic. Therefore, the suggested improvements given in the form of 20 recommendations are not the most crucial ones for the success of FIFA reforms in this area. Implementing these recommendations can only further improve bold changes foreseen by the FIFA Task Force. Actually, the most crucial task ahead for FIFA is the implementation of the courageous and meaningful ideas of the Task Force as presented for the first time in the 2018 White Paper. This is indeed the only way of protecting contemporary football from current risks endangering its competitiveness and integrity, and to make a step forward in developing this game in the interest and satisfaction of fans, players, clubs and national football associations.



2 Introduction

1. In the last years, the world has faced evolutions in the football market, which has converted into a multi-billion industry⁸. It has become part of the “virtuous circle”⁹ and has been growing massively. Football clubs have turned into global brands, the gap between the top clubs and leagues and the others has also increased significantly. The world football organisation, FIFA, is currently registering the following trends in the football world:
 - football market is driven by speculation and not by solidarity,
 - money is flowing away from the football family,
 - the influence of football agents is growing, increasing the risk of conflict of interests¹⁰,
 - greater contractual instability,
 - massive inflation in the transfer market,
 - increased competitive unbalance.

2. A 2018 Report for the European Commission found that “the lack of transparency on the transfer market has direct impacts on the enforcement of the training compensation and solidarity mechanisms, which remains a challenge and shows no signs of improvement over the years”¹¹. The same report recommended that FIFA “recasts the FIFA Regulations on Working with Intermediaries”. The European Parliament, in its 2017 Resolution on Sport, “calls on governing bodies and national authorities at all levels to take measures that guarantee compensation to training clubs with a view to encouraging the recruitment and training of young players”¹². The Council of Europe recently urged discussions on “financial fair play, caps on player transfer fees and player wages, player ownership, the status of agents or intermediaries and other issues”¹³

3. Having all current features of the world football in mind, FIFA has decided to amend its 2001 Regulations for the Status and Transfer of Players (RSTP) to cope with the new challenges and add new goals, while keeping the main goals of the 2001 Regulation: encouraging trainings of young players, protecting contractual stability, protecting minors, favouring solidarity and competitive balance and ensuring regularity of sport competitions. In addition, within FIFA Football Stakeholders Committee, a special Task Force “Transfer System” (Task Force) has been established to prepare proposals for a general overhaul of the players’ transfer system in the following areas: clearing house, intermediaries and agents, training rewards, loans, transfer fee process, transfer of young players, squad size and

⁸ In 2019, the total value of international transfers of football players reached USD 7,35 billion.

⁹ “Virtuous circle“ has begun with the appearance of private TV channels, which increased popularity of the football game, its globalisation and revenues.

¹⁰ In 2018, they have earned USD 2.14 billion in comparison to clubs training young players, which have only earned USD 466.

¹¹ Report to European Commission, “An update on change drivers and economic and legal implications of transfers of players”, March 2018, p.8.

¹² European Parliament, Resolution TA(2017)0012 “An integrated approach to Sport Policy: good governance, accessibility and integrity”, point 37.

¹³ Resolution 2200/2018, “Good Football Governance”, paragraph 14.



home-grown players, transfer windows (registration) and fiscal regulation for transfer fees and players' salaries. The following chapters follow these areas but only to the extent, enabled by the available documentation.



3 The Clearing House

3.1 Description of the project

4. One of the main concerns raised by the Task Force in the preparation of the Clearing House project was the low level of transparency with respect to how training rewards¹⁴ are paid and the lack of accountability and enforceability in respect to those payments. To remedy these concerns, among other proposals, the Task Force recommended the establishment of a Clearing House to bring transparency and accountability to the payments executed within the transfer system.
5. A parallel but equally important Task Force's plan enabling automatization of payments of training rewards to its clubs through the Clearing House was the modernisation and improvement of member associations' transfer and registration systems, providing coverage of every movement of the player, from the first registration to the end of his/her career.
6. The benefits of the system - once fully operational - will be the following:
 - transparency, the Clearing House would make payments concerning training rewards "visible" to those which are regulating;
 - accountability; transparency will ensure that the clubs which owe money to other clubs and to agents/intermediaries can be identified; there is a huge gap between the expected solidarity contributions, as part of training rewards which training clubs would have to receive from engaging clubs, and the actual contributions they do receive; therefore FIFA plans that the establishment of the Clearing House would increase the amount of money distributed to training clubs by up to four times of what they currently receive;
 - enforcement; it can be improved and strengthened because payments of training rewards will go through the Clearing House and will then be visible to the regulator.
7. Following the materials provided by the Task Force and Football Stakeholders Committee, FIFA established the FIFA Clearing House¹⁵ as a separate entity from FIFA to act as an intermediary in payments deriving from the football transfer system. The Clearing House is a payment service provider with a licence from the appropriate regulatory authorities. Its governance structure is provided in its articles of association and its objectives are the following:
 - processing payments related to the transfer of football players between clubs¹⁶;
 - protecting the integrity of the football transfer system;
 - enhancing and promoting financial transparency in the football transfer system, and
 - preventing fraudulent conduct in the football transfer system.

¹⁴ Contribution of the club engaging a player to clubs, which have trained the player in the past.

¹⁵ The planned start of operations of the Clearing House has been foreseen for the 2020/21 winter transfer window.

¹⁶ Starting with training rewards.



8. In addition, in the form of compliance assessments, the Clearing House evaluates all the parties that are involved in the payment of money to, or the receipt of money from, the Clearing House, to ensure that they comply with the existing national and international legal obligations concerning international payment sanctions, anti-money laundering and counter-terrorism financing. The Clearing House decides whether a party is permitted to take part in transactions related to the Clearing House only once the compliance assessment process has been completed. To perform the required compliance assessment, the Clearing House may request an individual, a club, and/or a member association to provide comprehensive information regarding its corporate structure, organisational structure, beneficiary ownership and source of funding, whereby the degree of cooperation of an individual, club or a member association forms part of the compliance assessment.
9. The Clearing House is to be licensed in the EU and operated in collaboration with a third-party provider to provide due diligence, compliance services and accounting services, and a commercial bank to receive and distribute payments. The bank would have client relationship with the third-party provider and not with FIFA.
10. According to the FIFA Clearing House Regulations, the transfer system and the Clearing House are planned to function practically according to the following manner:
 - a) The transfer of players is only possible with their electronic player “passport”¹⁷ – EPP, generated by TMS – Transfer Matching System¹⁸ based on the data received from the national registration systems of each member association.
 - b) Only the players electronically registered by a member association for a club and identified with FIFA EPP can be considered for the automatic calculation and payment of training rewards.
 - c) After the completion of its own assessment procedures related to the electronic passport of a concrete player, FIFA opens the review process, which lasts 10 days and in which member associations that participate in the EPP review process may review registration information and request amendment of registration information.
 - d) Following the review of the EPP, the FIFA General Secretariat finally decides whether the registration information can be incorporated into the EPP.
 - e) When the professional player’s transfer is agreed, the player’s releasing club and his/her engaging club enter details of each transfer into the ITMS, and the association of the engaging club asks for the International Transfer Certificate (ITC). If the player is a “free agent”, or the player was an amateur prior to the transfer, or in case of a unilateral termination of the former contract, the releasing club does not need to insert anything in TMS.

¹⁷ In principle, ID of the player with history of his/her complete career.

¹⁸ ITMS - International Transfer Matching System and DTMS - Domestic Transfer Matching System.



- f) If a transfer fee is agreed to be paid¹⁹, the new club and the former club must declare either in the ITMS²⁰ or in the DTMS²¹:
- when a transfer agreement exists between the clubs:
 - o the amount of any fixed transfer fee, including any instalment plan;
 - o the amount and conditions of any conditional transfer fee, including any instalment plan;
 - when there is no transfer agreement between the clubs:
 - o the amount and conditions of any release (buy-out) fee.
- g) Based on the final information contained in the player's electronic passport and in the TMS²², the TMS automatically calculates the amount of training compensation²³ due to the respective training clubs, forming the basis for the allocation statement.
- h) After the calculation has been made final²⁴ and binding, FIFA sends to the Clearing House an "allocation statement" containing all information required to distribute payment(s) to the training club(s).
- i) After the new club and training clubs have passed a compliance assessment²⁵, the Clearing House issues an invoice to the new – engaging - club providing the total amount of training rewards due, which has to be paid within 30 days to the bank account of the Clearing House stated in the invoice.
- j) Upon receipt of payment from the new club, the Clearing House generates a "distribution statement", which includes the purpose and the source of the payment, in order to make payment(s) to the training club(s) and makes payment(s) to the bank account(s) registered in the name of the training club(s) provided by each training club.
- k) If the new - engaging - club of the player does not pass the Clearing House compliance assessment, it is not allowed to take part in transactions related to the Clearing House and has to pay training rewards directly to the bank accounts registered in the name of training clubs within 30 days. In addition, it must pass a new compliance assessment within 6 months of the previous failure or face FIFA disciplinary proceedings.
- l) If the old – training - club of the player does not pass the clearing House compliance assessment, it cannot take part in transactions related to the Clearing House and the relevant training reward will neither be invoiced nor distributed

¹⁹ Except for the player, who is out of contract («free agent»).

²⁰ For international transfers.

²¹ For transfers within the same FIFA member association.

²² With regard to transfer fee.

²³ "Solidarity contribution«.

²⁴ There is the possibility for all parties participating in the EPP review process to object before CAS to the calculation and the assessment of the training clubs that are entitled to training rewards.

²⁵ See above, p. 6.



until the club has passed a compliance assessment, which must happen within 6 months from the unsuccessful attempt. Failure to do so results in FIFA disciplinary proceedings; the club's right to receive the relevant training reward is forfeited and the forfeited training reward is allocated to the FIFA Training Fund²⁶.

- m) Individuals, clubs and member associations are obliged to provide truthful and accurate information in relation to the processes described above, and any breach of the Clearing House Regulations is sanctioned²⁷.

3.2 Opinion and recommendations

11. Fully operational FIFA Clearing House will represent a milestone in achieving comprehensiveness, transparency and integrity of the transfer system for football players around the world. New features as provided by the draft FIFA Clearing House Regulations are effectively combining three otherwise very different elements of the transfer system: precise registration of players, flawless documentary traceability of their transfers and guaranteed payments of training rewards²⁸. The envisaged system makes these three elements heavily dependent on each other, a fact which will ensure their effective implementation. In addition to this feature, the new transfer system introduces an important element of transparency to all of its processes and – as an absolute novelty – conditioning of important part of financial transactions of football clubs with their completion of a FIFA compliance assessment. In such a way, planned goals of the Clearing House²⁹ will be achieved without exceptions.
12. As all new projects introducing major changes, FIFA Clearing House brings solutions which will offer responses to a large number of concerns existing before its introduction. However, as is it always the case with the introduction of significant and massive changes, some elements in the proposed changes need further refinements to ensure the comprehensiveness of the reforms and decrease the possibilities to be misused or not used in an optimal way. It should also not be forgotten that organisers of changes must sometimes be careful and self-restrained in planning the extent and revolutionary nature of changes in order not to cause discomfort and resistance by those used to old solutions and not willing to enter significant and far-reaching changes in a very quick manner.
13. In the FIFA Clearing House project there are not many possibilities for improvement, but some can still be found:
 - a) In the FIFA “White Paper – Transfer System Reform 2018” it was foreseen that not only training rewards but also agents' commissions and – potentially - transfer

²⁶ The Training Fund might be utilised by the FIFA Clearing House for payment of a fixed percentage of any training reward payment, where directed by the allocation statement and pursuant to the FIFA RSTP.

²⁷ With fines, prohibition of registration of new players or any other sanction deemed proportionate by the FIFA Disciplinary Committee.

²⁸ Transfer fees are still subject to discussions.

²⁹ Processing payments related to the transfer of football players between clubs, protecting the integrity of the football transfer system, enhancing and promoting financial transparency in the football transfer system, and preventing fraudulent conduct in the football transfer system.



fees would be processed through the Clearing House. Having in mind all positive features of the established system for processing training rewards, **it is recommended to FIFA to further consider the inclusion of agents' commissions and transfer fees into the processing system of the Clearing House**³⁰. Since compliance assessment from Chapter 15³¹ is strictly related to processing of payments through the Clearing House, and since currently only training rewards are planned to be processed by the Clearing House, the agents and their activities will not be submitted to compliance assessment procedures. This might seriously undermine the integrity of the whole transfer system. The inclusion of agents' commissions into the processing system of the Clearing House, as recommended, would solve the problem.

- b) Since the agreed transfer fee is the basis for many further calculations, it is of the utmost importance that the information on the amount of the transfer fee entered into the system (ITMS or DMTS) is absolutely accurate. In Chapter 6 of the Draft "FIFA Clearing House" Regulations, January 2021 edition ("Draft Regulations"), prescribing rules for the transfer of players within FIFA member associations³², Paragraph 3 states that *"each member association must ensure the accuracy of the data and supporting documents declared by clubs in the electronic domestic transfer system"*. Such a Paragraph is missing in Chapter 5, dealing with international transfers. Having in mind the importance of data entering the ITMS, **it is recommended to also include a text comparable to the text of Paragraph 3 of Chapter 6 into Chapter 5**³³. **Moreover, it would be very useful that FIFA describes ways of ensuring the accuracy of data and supporting documents through guidelines addressed to member associations for domestic transfers and to the appropriate body for international transfers.**
- c) Sometimes, clubs agree on a fixed transfer fee to be paid in several instalments. There are also cases where a transfer fee is conditioned by different future events related to the player³⁴. In Chapter 11 of the Draft "FIFA Clearing House" Regulations, it is envisaged that the Allocation Statement for training compensation is generated after the completion of the EPP review process, and for the solidarity mechanism, after the completion of the EPP review process and once the proof of (each) payment has been provided to FIFA. There will be cases where the new – engaging – club will not be able to respect the agreed instalment schedule and will not be in position to provide the requested³⁵ proof of payment to FIFA. As a consequence, the Allocation Statement will not be issued and the previous training clubs will face the situation where they might never receive the

³⁰ Although in the current draft of the Clearing House Regulations the agent's fees are missing, according to FIFA the Clearing House will process such fees and the agents will be subject to the same compliance assessment procedures in the future.

³¹ See below.

³² So-called »national transfer«.

³³ The same could be done in Annex 3 of the RSTP, although in point 9.1.2. of the RSTP there is already a sanction provided for »any association or club found to have entered untrue or false data into the system or for having misused TMS for illegitimate purposes«.

³⁴ His/her further transfers, number of matches played, etc.

³⁵ By Chapter 10 of the Draft Regulation.



payment on the basis of the solidarity mechanism. The Task Force has already tried to solve the problem for cases where the parties do not adhere to the negotiated payment schedule³⁶, but has not reached a complete agreement. The lack of ability for a new club to pay the agreed instalments might be a consequence of many different objective and subjective reasons, including very broad ones³⁷. However, for the old clubs, situations will always end in the same way: by not receiving the payment on the basis of the solidarity mechanism. In order to fully respect the extent of potential problems on the side of new - engaging - clubs and to protect the rights and interests of old – training - clubs, **it is recommended to devise a system which will minimise the risk for clubs entitled to receive payment on the basis of the solidarity mechanism not to receive that payment, in a way which will not be so exclusively dependent on actual payments of fees by clubs engaging the players.**

- d) Chapter 15 of the Draft Regulations regulates the standards against which compliance of clubs will be assessed and the power of FIFA Clearing House to request certain types of information from individuals, clubs and member associations. The standards are defined in a quite narrow manner: only compliance of clubs with national and international regulations, mandatory laws and agreements in relation to international payment sanctions, anti-money laundering and counter-terrorism financing will be sought. It is regrettable that the opportunity was not used to introduce some additional standards for compliance assessment. This would significantly enhance not only the comprehensiveness and quality of the compliance assessment mechanism, but also the quality of the clubs' management, such as good governance, financial discipline, internal compliance mechanisms - just to name a few. Therefore, **it is recommended to expand the list of the existing compliance standards for clubs before finalising the adoption of the Draft "FIFA Clearing House" Regulations or during their first review.**
- e) The power of the Clearing House to request certain types of information from individuals, clubs and member associations in Chapter 15 seems to be a bit narrow. First of all, the text of the Draft Regulations refers to the power of the Clearing House to request information on corporate structure, organisational structure, beneficiary ownership and source of funding without limitation. However, it seems that the Clearing House does not have the power to ask for documentation proving the information submitted by clubs. In such a way, the Clearing House might have significant difficulties in checking the accuracy of the information provided. In addition, information concerning only corporate structure, organisational structure, beneficiary ownership and source of funding of the club might not be enough to assess the club's compliance with legal requirements concerning international payment sanctions, anti-money laundering and counter-terrorism financing. As a minimum, it would be better if the list of required information would not be given in such a closed manner. There

³⁶ See White Paper, page 41.

³⁷ Bankruptcy of the club, for example.



is a good example of a relevant text in point 7.3. of Annexe 3 of the RSTP³⁸. Therefore, **it is recommended to reconsider the powers of the Clearing House in conducting compliance assessment with the view of their broadening, especially in relation to the range of information and documentation which could be required.**

- f) Chapter 15 alone and in combination with the role of compliance assessment in the transfer system of players represents a real break-through in the area of football integrity. However, it is currently composed of only 5 paragraphs. Such paragraphs are crucial for the implementation of the compliance assessment, but Clearing House practitioners working in this field and club representatives responding to the requests of the Clearing House might need more theoretical and practical guidance on the functioning of the system. Therefore, **it is recommended that the adoption of Draft Regulations is followed by the development of guidelines for practical implementation of Chapter 15, detailing relevant material and procedural rules. FIFA might also wish to organise courses for all of those using provisions of Chapter 15 and the guidelines.**

³⁸ "All parties are obliged to collaborate to establish the facts. In particular, they shall comply, upon reasonable notice, with requests for any documents, information or any other material of any nature held by the parties".



4 Agents

4.1 Planned measures³⁹

14. In its work, the Task force identified two main problems in this area:
- the amount of money spent on agents' commissions is increasing⁴⁰, while the volume of money invested in football via solidarity and training compensation mechanisms is stalling;
 - in some transfers, agents act on behalf of all parties to the transaction - the engaging and releasing club and the player, creating significant conflicts of interest⁴¹.
15. It is envisaged that the new regulation⁴² of this area would pursue the following objectives:
- a) Raising professional standards of agents, achieved through the following measures:
 - reintroduction of a licencing system,
 - obligation to pass the exam conducted by FIFA,
 - obtaining the appropriate professional liability insurance policy by the agents,
 - ensuring that the agent must act in the client's best interest,
 - uniformity/consistency of the role as an agent (not to act for the same club also in other functions),
 - enforcement and sanctions.
 - b) Raising ethical standards of agents, achieved through the following measures:
 - complying with the FIFA character requirements,
 - transparency in transactions with players through the registration and disclosure requirements of the newly created Agent Platform⁴³,
 - regulations to prevent conflicts of interest,
 - limitation on mandates,
 - use of Clearing House for payment of commissions.
 - c) Protection of players and contractual stability achieved through the introduction of cap on commissions paid to agents with slightly different objectives in a case where the agent is representing a player or the old club (here, the main goals would be to protect players from agents who may harm them financially, to protect contractual stability by limiting financial incentive of agents to engineer a transfer from the player's existing club, and to ensure consistency with the objectives of the transfer rules by protecting solidarity and not facilitating

³⁹ According to FIFA White Paper – Transfer System Reform (2018) and FIFA Draft Football Agent Regulation.

⁴⁰ From USD 218,4 million in the year 2013 to USD 446 million in 2017.

⁴¹ FIFA Regulations on Working with Intermediaries (2015) allow for conflicts of interest to exist subject to consent of the player and club(s) involved in the transaction, effectively permitting a player and a club to engage the same intermediary to act on their behalf within the scope of the same transaction.

⁴² See draft FIFA Football Agent Regulations.

⁴³ The online digital platform operated by FIFA through which the licensing, dispute resolutions, continuing professional development and reporting process shall occur.



speculations) and in a case where the agent is only representing the engaging club (here, the goal would be to decouple from the percentage of the transfer fee, in order to protect integrity and to avoid indirect third-party ownership⁴⁴).

16. The Task Force has also formulated concrete proposals on how to regulate the work of the agents in practice:
- a) As a first step, candidates would have to pass a web-based standardised exam to be licensed. The exam and related procedures would be composed of the following:
 - personality check (character requirements) of candidates prior to be admitted to the exam (clean criminal records, no conflict of interests by holding position with other association/institution in football, etc.),
 - FIFA's formulation of questions and format of the exam, which would be performed by the member association,
 - after passing the exam, candidates would have to contract professional liability insurance,
 - the agents would then receive a link to access to newly created Agent Platform to provide general information on their activity.

 - b) From many possible combinations of the agent's representation⁴⁵, the Task Force has envisaged the general prohibition of representing two or more parties to the same transaction. The only exception is the option where the same agent would be allowed to represent the player and the engaging club in the same given transaction provided that a prior explicit written consent is given by both clients.

 - c) In the White Paper⁴⁶, the Task Force also suggested that caps on the commissions would be the following:
 - when the agent is acting on behalf of the player, the maximum commission would be 3% of the remuneration effectively paid to the player as per the negotiated employment contract,
 - when the agent is acting on behalf of engaging club, the maximum commission would be 3% of the remuneration effectively paid to the player under the new employment contract,
 - when the agent is acting on behalf of the releasing club, it is proposed to set a cap on the total commissions paid for the entire transaction which would be 10% of the gross transfer compensation.

 - d) It is also planned that in the second phase of the implementation of the project, - the agents' commissions would be paid through the Clearing House.

 - e) When an individual contract is signed and a transaction completed, details of each individual transaction and related commission would have to be introduced in the

⁴⁴ TPO.

⁴⁵ Agent representing a player, one club, two clubs, club(s) and a player....

⁴⁶ During Meeting No. 6 of the Football Stakeholders Committee on 25 September, 2019, the Task Force has suggested different caps.



Agent Platform by the agent and checked against the details uploaded in DTMS/ITMS by the clubs concerned.

- f) Where the agent is identified in the transaction as not being licensed and registered in the Agent Platform, the club and/or the player would not be allowed to use him/her.
 - g) If the transaction is concluded using an agent which is not licensed and registered in ITMS/Agent Platform, sanctions would apply against the relevant club and/or player involved in the transaction.
 - h) In TMS and the Agent Platform there will be red flags visible to the entity running compliance (e.g. where there are conflicts of interests, the 'cap' on commissions is exceeded, mismatch of information, use of nonaccredited agents etc.).
 - i) Any party would have the possibility to report potential violations of the regulations anonymously.
17. In order to ensure the proper functioning of the described system, players, agents and clubs are planned to have certain right and obligations:
- a) Players will be required to:
 - ensure that the agent representing them in the given transaction registers the relevant representation mandate/contract with the Agent Platform,
 - pay the applicable commission to the agent in a timely manner in accordance with the terms of the pertinent representation contract,
 - when applicable, pay the commission to the agent via the envisaged Clearing House,
 - refrain from making use of the services of or making any payment to an agent that is not licensed.
 - b) Clubs will be required to:
 - ensure that the agent representing them in the given transaction registers the relevant representation mandate/contract with the Agent Platform,
 - pay the applicable commission to the agent in a timely manner in accordance with the terms of the pertinent representation contract,
 - when applicable, pay the commission to the agent via the Clearing House established by the football governing bodies,
 - refrain from making use of the services of or making any payment to an agent that is not licensed,
 - refrain from making payments or ask the agent to make payments to any party that was not actively involved in the negotiation of the transaction performing the role of an agent in line with the applicable regulations.
 - c) Agents will be required to:
 - when applicable, receive their commission through the envisioned Clearing House,

- act exclusively in the best interest of their clients,
- disclose all conflicts of interest and disqualify themselves from any given transaction when such a conflict, whether perceived or actual, exists,
- undergo the exam and any further education determined by FIFA to be relevant to maintain the professional standards required to be licensed under the system,
- register representation mandates/contracts signed with clubs and players with the Agent Platform,
- upon request within a compliance process, provide bank statements of any account where commissions are finally remitted.

4.2 Opinion and recommendations

18. As in the case of FIFA Clearing House, proposed solutions in the area of agents represent an important step in the right direction, where the role of agents will be more aligned to the roles of other actors in football – clubs, players, etc – and the objectives of the transfer system. Since this area was last regulated by FIFA Regulations on Working with Intermediaries in 2015, it is encouraging to see that the envisaged FIFA Football Agent Regulation introduces further improvements in the form of fundamentally new elements⁴⁷. Therefore, if implemented, this area will register an important improvement in many areas, including in the area of integrity. A potential problem of the envisaged system is the fact that, agents' commissions will not be processed by the FIFA Clearing House from the start of its operation. That means that safeguards related to the protection of integrity in the Clearing House, including the procedure of compliance assessment, for some time will not be used for agents' activities.
19. In the area of agents, the following further improvements are possible:
- a) Postponing the idea that agents' commissions would also be paid through the Clearing House system represents at this stage a deviation from the Task Force's proposals. Consequently, traceability of payments of agents' commissions, for some time, will not be the same as traceability of payments of training rewards and not influenced by the safeguards developed for the Clearing House and its transactions in order to establish/maintain/enhance integrity of football. Therefore, and in order to avoid the repetition, **a recommendation from Paragraph 17a related to agents' commissions can be reiterated here.**
 - b) In the process of licensing, candidates for agents will also have to pass the personality check in the form of assessment of their character through different criteria, such as criminal records, other functions in football, etc. This is an extremely sensitive area, simply due to the fact that candidates might be prevented from receiving their licence on the basis of their personal characteristics. Two topics are important here: first, which criteria will serve as reasons for exclusion⁴⁸ or conditioning⁴⁹? And second, which entity (and in which

⁴⁷ Such as cap on a commission service fee, continuous professional development requirement, cross-check of data between platform (fed by agents) and ITMS/DTMS (fed by clubs and associations, etc).

⁴⁸ Where a candidate will not be entitled to continue the process of licencing at all.

⁴⁹ Where a candidate will be entitled to continue the process of licencing after fulfilling certain conditions.



proceeding) will have the powers to collect the necessary information or documentation? Those questions are dealt with by the Draft FIFA Football Agent Regulations and **it is recommended to pursue with the final adoption of the Regulations.**

- c) When the new regulations are adopted, there will be a significant number of already registered agents, active in the field for many years. Having in mind equal position of all – the existing and the new – agents, it will be important that the existing ones must also comply with the new requirements. Therefore, **it is recommended that FIFA introduces a requirement for the existing agents to acquire new licences in an appropriate transitional period.**
- d) The FIFA White Paper envisaged the development of several important additional documents, such as standard contracts, standard invoices, code of conduct for intermediaries and agents, regulations to prevent conflicts of interests, etc. It is normal that in the process of crucial reforms, as witnessed in the reformation of the FIFA transfer system, it is impossible to conclude those reforms with all ready-made details. **It is then recommended that FIFA accompanies the adoption of the new regulation for agents with a detailed plan for the development of the most important additional documents (e.g. code of conduct for agents).**
- e) The Task Force has exceptionally envisaged the option where the same agent would be allowed to represent the player and the engaging club in the same given transaction. Obviously, this solution is a compromise dictated by the existing circumstances in the field. However, when the same agent represents the player and the engaging club in the same transaction, it might still happen that the player and the club have diverging interests and the agent has to decide whose interests s/he will protect first. In other words, the proposed solution still does not solve the problem of a potential conflict of interest. The draft FIFA Football Agent Regulations contain some important provisions minimising the risk described. Therefore, **it is recommended to continue considering separating completely the representation of clubs and players by agents or to insist on the current draft provisions regarding conflicts of interest in the Draft FIFA Football Agent Regulations.**
- f) It seems that caps for agents' commissions are calculated on the basis of the effectively paid remunerations. This solution is fine if the effectively paid remunerations really correspond to the remunerations agreed with relevant contracts. But if this is not the case, the agents who have performed their tasks successfully and in the best interests of the clubs and players, might not get rewarded as legally agreed. This might motivate agents to pressure clubs for effective payments, but it might not always be enough. Therefore, **it is recommended to devise a system which will minimise the risk for the agents not to receive the agreed payments.**
- g) The White Paper envisages that in the ITMS there are red flags visible to the entities running compliance (e.g. where there are conflicts of interest, the "cap" on commissions is exceeded, mismatch of information, use of non-licensed agents

etc.) once the details of each individual transaction and related commission are introduced in the Agent Platform by agents. This is a very good idea, which, if implemented in an appropriate manner, especially through the latest IT tools, will significantly increase the integrity of agents' activities. Therefore, **it is recommended to develop a robust system of red flags in TMS and Agent Platform, supported by the latest IT achievements. The system should automatically warn administrators of both platforms when red flags are activated and ensure their proper reaction while dealing with activated red flags.**

- h) The White Paper requests the clubs to refrain from making payments or ask the agents to make payments to any party that was not actively involved in the negotiation of the transaction performing the role of an agent in line with the applicable regulations. This is an extremely important provision, since there are plenty of cases where even officials of the clubs are illegally collecting money, either from players or from agents, for their "services" during the transfers of players. While this is an important provision for the clubs, there are no safeguards in place which would ensure an effective implementation of this provision. Regular audits of annual financial reports of clubs, which would enable the identification of suspicious payments and following investigations are the only way to ensure compliance in this area. Yet, not all clubs worldwide can be asked to provide FIFA regularly with external audit reports due to their lack of resources. However, the biggest clubs in the member associations must already respect strict rules on financial discipline, and adding one important criterion to those reports would not cause excessive burden on them. Therefore, **it is recommended to include audit of suspicious payments, especially the ones for the parties that were not actively involved in the transfer of players, in the already existing auditing or to introduce similar obligation for clubs in another binding document**⁵⁰.
- i) According to the White Paper, any party to a transaction related to the transfer of a player would have the possibility to report anonymously potential violations of the regulations. FIFA is already running a whistleblowing system⁵¹, enabling reports on different breaches of integrity. Obviously, it would not be practical to develop in addition a whistleblowing system concerning one type of potential breaches only, since the existing general FIFA whistleblowing system for all types of breaches in all member associations, makes it possible to report also on potential violations of the regulations in the areas of registrations and transfers.

⁵⁰ FIFA is in the process of developing Transfer System Integrity Action Plan.

⁵¹ <https://www.bkms-system.net/bkwebanon/report/clientInfo?cin=KfuHpu&c=-1&language=eng>.



5 Training rewards

5.1 Planned measures

20. The current regulations provide for two types of training rewards in favour of clubs that invest in the training and development of young players: training compensations and solidarity contributions.
21. Training compensations have only increased for 4.4% in Europe in the period 2011-2017, reaching the aggregate of USD 20,3 million in 2017. Training compensation is calculated by reference to “training costs” and is payable to the clubs that have trained the player between the age of 12 and 21 upon signing of a player’s first professional contract (with a club affiliated to a different member association than the training club) and upon subsequent international transfer until the end of the season of a player’s 23rd birthday. Training compensation was developed to promote and encourage the training of young players.
22. Solidarity contribution is calculated as 5% of the agreed transfer fee and is payable to any club that has trained a player between the age of 12 and 23 on international transfers and on national transfers with an international dimension⁵² where there is a transfer fee, without any limit of age. Solidarity contribution was developed to incentivise the training of professional players and to ensure solidarity within the system as part of the good functioning of sport.
23. In 2017 it was expected that clubs would pay solidarity contributions in the amount of approximately USD 318 million, but only USD 64 million were recorded as having been really paid. The biggest question in this area is how to follow the players’ careers if 54% of FIFA member associations do not operate a domestic transfer system or use a paper-based transfer system and 37% of the FIFA member associations operate a paper-based registration system.
24. The Task Force has embarked on changes of the existing system of training rewards to achieve the following goals:
 - a) to further incentivise training of professional and young players and to ensure solidarity within the system,
 - b) to underline the importance of solidarity as justification for limited restrictions to the economic freedom of enterprises involved in sport⁵³,
 - c) to ensure predictability of the system for calculating training compensations,
 - d) to ensure that solidarity contributions are clearly destined for solidarity projects,
 - e) to increase the paid amounts of training rewards.
25. The Task Force has suggested to reach the objectives mentioned above through 3 pillars:

⁵² In situations, where the training club is affiliated to a different association than the one on which territory the transfer occurs. It is used since 1st July 2020.

⁵³ Following the European Commission acknowledgement of the same fact.



- a) Pillar 1: systematic and procedural changes:
- processing of training rewards through FIFA Clearing House with all its benefits⁵⁴,
 - introduction of the electronic player passport (for registering the player's career) based on a compulsory and free of charge use of DTMS and on a mandatory electronic registration system, etc.
 - introduction of the automatic process of payment of rewards to training clubs through the envisaged FIFA Clearing House,
 - keeping the relevant training age at the same levels,
 - the solidarity contribution and training compensation will be paid in addition to the transfer fee,
 - if the required compensation is not paid into the envisaged FIFA Clearing House, a club will be blocked from registering further players.
- b) Pillar 2: extending the application of the new system for solidarity mechanism to domestic transfers with international dimension⁵⁵.
- c) Pillar 3: Introduction of a “levy” for training rewards by simplification of the method of calculating the appropriate training rewards and ensuring that these are not incorrectly declared in a way that a “levy” would be paid on every transfer in the height of 1% on the top of the existing 5%, whereby the sum of 6% would cover both, the training compensation and the solidarity contribution.

5.2 Opinion and recommendation

26. The topics discussed by the Task Force in this area are topical for the solidarity among the members of the football family and for incentivising investment in training and developing young players. The simplification of methods for the calculation of training rewards and their channelling through FIFA Clearing House might significantly improve the incomes of clubs at lower levels of competitions. **Therefore, it would be very important for FIFA to adopt and implement ideas of the Task Force, including the one on “levy”.**
27. Since all the features relevant for integrity in this area have been subject to analysis and recommendations in Chapter 2 on FIFA Clearing House, there is no need to repeat again what was said above.

⁵⁴ See above, in Chapter 2.

⁵⁵ Already applied since 1st July, 2020.



6 Loans

6.1 Planned measures

28. FIFA Regulations on the Status and Transfer of Players permit the loan of a professional player from one club to another following the same rules that apply to the transfer of players, including the provisions on training compensation and the solidarity contribution. The “sub-loan” is also permitted, subject to the written authorisation of the club that has released the player on loan and the player concerned. Of a total of 69,759 transfers in the period 2013 - 2017, 13.3% were loans, whereby 32.2 % of the loans involved fees and the average age of the players subject to loans was 21 years.
29. The Task Force identified the following shortcomings in the area of loans:
- they are not regulated in all member associations,
 - the purpose for which the loans are used for is not clearly defined,
 - the loan system has many times been used in an excessive and abusive manner,
 - sub-loans erode the stability of contracts,
 - chances of playing first team football for young players are not higher even after a loan period,
 - excessive and abusive use of the loan system is affecting the integrity and fairness of competitions, but also development of young talents,
 - clubs loaning out players may choose to do so on the basis that it negatively impacts the results of a competing club,
 - conditional payments on loan transfers may also impact the integrity of competitions as a club may be under pressure to play the loaned player for a certain number of matches depending on the conditional fee,
 - so-called “bridge transfers”⁵⁶ as special form of loans can occasionally have detrimental effects for the integrity of football and its competitions as they can sometimes constitute a disguised form of third-party ownership of players, they can be used to lower training compensation and solidarity contributions, they might facilitate tax evasions, and so on.
30. The shortcomings identified have led the Task Force to start deliberating on the new loan framework with the following objectives:
- encouraging the development of young players by introducing an age restriction to limit the number of loans of players above that age per club loans,
 - ensuring the uncertainty of competitions’ results by limiting the number of loans from one club to another,
 - promoting competitive balance⁵⁷, again by introducing a limitation on number of loans.
31. These objectives would be achieved through the implementation of the following measures in the international loan system:

⁵⁶ “Bridge transfers” involve clubs collaborating to transfer players through a “bridge” club to a destination club where the player was never fielded by the bridge club.

⁵⁷ To prevent excessive and abusive practices and also major clubs from limiting the abilities of potential rivals to get access to specific talent by loaning out players to opponents not deemed to be a serious threat.

- by stating a clear purpose⁵⁸ and objective of the loan system,
- by restricting the number of loans per club⁵⁹, per season, to between 6 and 8 “loans out” and between 6 and 8 “loans in”,
- by restricting the number of loans between the same clubs to 3 “loans in” and 3 “loans out” per season,
- by not restricting the loaning of players, which qualify as both U21 and as a “home-grown player⁶⁰”,
- by prohibiting sub-loans and bridge transfers⁶¹.

6.2 Opinion and recommendations

32. The new regulations on the loan system are planned to prevent their misuses, protect careers of young players and ensure the integrity of competitions. Excessive loaning of players has influenced the competitive abilities of the clubs, distorted the uncertainty of the results of sport competitions and slowed down the development of the players’ careers. Therefore, changes are really needed. The system envisaged above will improve the situation and the following recommendations might assist in reaching that goal:

- a) Since roughly one third of the loans is still accompanied by the payments of transfer fees, **it is recommended to submit payable loans, namely the parts on related training rewards, to the rules and mechanism provided by FIFA Clearing House as in all other cases of compensations.** In such a way, additional transparency would be inserted to the system of loans and chances for its monitoring would improve.
- b) The introduction of important rules concerning only limitations on number of players being subject to loans, without related monitoring and sanctioning, will not ensure an effective implementation of those rules. Therefore, **it is recommended to develop a system which will monitor the number of players subject to international “loans in” and “loans out” and sanction rigorously all the breaches.**

⁵⁸ Using the loans for youth development rather than for commercial aspects only.

⁵⁹ Between 2011-2017, the club with the highest number of ‘loans out’ recorded was 146.

⁶⁰ In the sense of »club-trained« (and not association-trained) players.

⁶¹ Included in RSTP since 1st March, 2020, Article 5 bis.



7 Transfer fee process

7.1 Planned measures

33. Currently, FIFA does not impose fiscal regulations upon the transfer market. When discussing the possibility of developing these regulations, the Task Force deliberated on their possible objectives, which might be three-fold: promoting the financial stability of the clubs, improving a competitive balance in competitions and improving transparency, predictability and objectivity of the transfer market. Following these challenges, the Task Force decided that the most appropriate step to take at this point was to establish a clear mechanism by which transfer fees are processed⁶². Therefore, the Task Force suggested to extend the application of the envisioned Clearing House to process also the payment of transfer fees, where any non-payment or late payment would trigger sanctions⁶³ against the debtor club⁶⁴.

7.2 Opinion and recommendation

34. If FIFA is not aware about the situation in the area of transfer fees, it cannot react and ensure financial fairness among the clubs. Therefore, the proposal of the Task Force aiming at improving the situation in this area by processing transfer fees through FIFA Clearing House is a very constructive one.
35. Therefore, and in order to avoid repetition, **the recommendation from Paragraph 17a on inclusion of transfer fees into the processing system of the Clearing House can only be repeated here.**

⁶² Transfer fee process is that by which transfer compensation is passed from one club (engaging club) to another (releasing) club.

⁶³ For example, point deduction.

⁶⁴ In the international context, a creditor club already has the possibility to claim its entitlement to any transfer fee by lodging a respective petition with the Dispute Resolution Chamber (DRC) of FIFA. In case of non-respect of the subsequent decision by the debtor club, sanctions can be imposed.



8 Transfer of young players

8.1 Planned measures

36. FIFA Regulations on the Status and Transfer of Players generally prohibit international transfer of players below the age of 18 but some exceptions⁶⁵ are still possible. These exceptions are massively exploited: first, between 2010 and 2017, 15,982 applications for transfer of minors were submitted of which 13,595 were approved, and second, between 2013 and 2017, the top 15 clubs in UEFA had 233 applications for international transfers of minors approved⁶⁶. In addition, FIFA applies a different regulatory framework to minor players in the EU⁶⁷.
37. The Task Force has identified the following problems in this area:
- in the environment focused on profit, competitive advantage and success, young players might be exploited and abused,
 - assessment of potential skills of young players as footballers is highly speculative if their recruitment happens at a very young age,
 - there are too many legal uncertainties,
 - while there is no sporting impact, there is an economic impact because of the rules on transfer of minors.
38. The Task Force developed proposals for the changes of FIFA Regulations on the Status and Transfer of Players pursuing the following objectives:
- protecting young players against exploitation and abuse,
 - providing minors with a stable environment for training and education,
 - respecting the importance of the family unit, in particular for very young players.
39. These objectives are planned to be achieved through the application of several measures, including:
- by keeping the general rule prohibiting the international transfer of minor players under the age of 18,
 - by introducing the current EU regime at a global level to equally apply it to all member associations,
 - by adding supplementary mandatory criteria for the international transfer of minor players between the ages of 16 and 18⁶⁸,
 - by explicitly legally regulating the already existing exceptions⁶⁹ based on jurisprudence⁷⁰,
 - by engaging with the relevant authorities, such as the European Commission.

⁶⁵ I.e. for unaccompanied exchange students, asylum seekers, minor refugees, etc.

⁶⁶ For example: Atletico Madrid - 52, Manchester City – 28, Manchester United - 27, Arsenal – 19, Juventus - 19.

⁶⁷ International transfers for minors between the ages of 16 and 18 are possible but subject to certain mandatory conditions.

⁶⁸ For example, by introducing special rights for “accredited clubs”, which guarantee optimal training and development conditions.

⁶⁹ Regarding unaccompanied refugee minor players, exchange student minor players and players with an EU passport from clubs based in non-EU countries to clubs based in EU countries.

⁷⁰ This has in part already been implemented since 1 March, 2020, with regard to unaccompanied refugee minor players and unaccompanied exchange student players.



8.2 Opinion and recommendations

40. The Task Force has engaged in many different ways to tackle the problems in the area identified above. The Draft FIFA Football Agent Regulations have some significant provisions on protecting minors, and some changes have also been introduced to the RSTP. However, all the risks identified by the Task Force have not all been eliminated. With the legalisation of additional exceptions to the general prohibition of transfer of players under the age of 18, it might even happen that those risks increase and that the objectives set by the Task Force in this area are not fully achieved. In order to decrease the risks for minor players to become victims of exploitation and abuse, additional measures would be needed:
- a) One of the biggest incentives for football clubs to massively engage in transfers of foreign minors is the fact that there is no limitation of the number of minor players they can engage. This might have several unpleasant consequences, from typical human trafficking under the guise of football transfers to completely distorting the football market and disabling fair competitions between the clubs which can afford early engagement of foreign minor players and clubs which cannot afford to do so. Therefore, **it is recommended to introduce a limit to the number of foreign minor players who can be engaged by the same club.**
 - b) Notwithstanding some details, in the process of engagement of foreign minor players, in the past, the same rules have applied than for the engagement of their adult colleagues. Today, articles 19 and 19bis of the RSTP introduce much more rigorous procedures for the engagement of foreign minor players, fully respecting their personal characteristics.
 - c) In order to further protect minors, FIFA has also published a “Guide to submitting a Minor Application”⁷¹, detailing the minor application process for clubs and associations. However, minors subject to possible transfers usually do not know in advance all the details of their transfers. They also do not know to which risks and benefits they and their rights will be exposed and do not have a mechanism making it possible to complain and ask for assistance. Therefore, **it is recommended to FIFA to develop another Guide for the protection of minor foreign players subject of transfers, which would, as a minimum, include the following features: easily available contact points for minors and their parents in the most exposed member associations⁷², publication of the most important information on basic features of transfers of minors in national languages of the most exposed member associations, easily accessible contact point for assistance at FIFA for minors and their parents.**

⁷¹ [lb2t6bqgmi2a1x1pr5xs.pdf \(fifa.com\)](#).

⁷² Member associations of origin and member associations of destination.



9 Squad size and home-grown players

41. During its fourth meeting, the Task Force noted the synergy between the squad size and home-grown players (HGP) frameworks and determined that the HGP framework would be brought into the framework for squad size.

9.1 Squad size

9.1.1 Planned measures

42. While FIFA has not regulated this area yet, there are very different provisions in place at national levels regulating the number of players engaged by the club. Most associations and competitions with squad size regulation limit the number between 18 and 35 registered players, whereby U21 players usually do not count. Having in mind the high number of players entitled for registration with one club, the Task Force has identified the following problems in the system:
- the opportunities for young and HGP to play regular football at the highest domestic level are diminished⁷³,
 - without restrictions on the number of players within a squad, clubs are able to hoard players,
 - the balance and fairness of competitions is jeopardised when squad sizes are not regulated.
43. The Task Force decided to pursue the following objectives in developing new rules for the limitation of squad sizes:
- maintaining a competitive balance between the clubs by preserving a certain degree of equality, especially by preventing player hoarding⁷⁴ and preventing the ability of major clubs to block potential rivals from engaging players,
 - ensuring proportionality by keeping a regulated size of the squad with average, introducing reasonable transition period/phased introduction to enable existing clubs to get players off their books and to prevent players being unable to gain new employment opportunities due to limitations on squad sizes, considering introduction of a fund to assist players during transition.
44. In order to reach the objectives, the Task Force has considered two models:
- a prescriptive one - the framework for the limitation of squad sizes would be adopted as a prescriptive framework within the RSTP to apply to top-tier national leagues,
 - a non-prescriptive one - the framework for the limitation of squad sizes would be adopted as a “soft”, principle-based framework, which allows the member associations or the league operators to determine the implementation according to some minimum requirements and FIFA guidelines.

⁷³ As seen in the Chapter on loans, a side-effect being that these players are often loaned out and their development may be impacted negatively.

⁷⁴ Up to a maximum of X (e.g. 25) registered players per club at any time during the season, loans out to be exception, loans in to be included in squad size, minors not to count against the limit, further consideration to additional rules within the squad size limit that could be applied as a “floor” (e.g. 8/25 players must be home grown) or “exceptions”.



9.2 Home-grown players

45. The Task Force has considered the HGP rule within the squad size framework as a principle for regulating the size and composition of team squads. Currently, home-grown players are not regulated by FIFA at a global level⁷⁵ but there are examples of the application of the HGP rule at both the international and domestic levels. At its core is a balance between a maximum limit number of foreign players versus a minimum required number of home-grown players.
46. The Task Force was planning to achieve the following objectives with the new framework suggested:
- promoting the training of young players,
 - requiring clubs to preserve or invest in quality training structures,
 - applying the new system to all clubs and not be limited to just major clubs participating in European club competitions,
 - promoting proportionality through limiting the quota of HGP and avoiding direct discrimination (against nationality).
47. The measures contained in the suggested framework would be the following:
- fixing the required minimum number of HGP in a squad,
 - member associations or competition operators may determine that having a combination of club-trained and association-trained players included in the squad are more appropriate taking into account domestic realities,
 - HGP can also work as replacement, if necessary, for foreign player quota⁷⁶.

9.3 Opinion and recommendation

48. Both topics dealt with in this Chapter – limitations on squad size and supporting home-grown players – are important to incentivise building of qualitative training systems, training of young domestic players, their participation in the top level of national competitions and to achieve higher competitive balance. The proposals of the Task Force (limitation of squad sizes, introduction of quota for HGP, etc) will assist in achieving those objectives if implemented in all member associations. Since the details of final regulations of both areas are far from being finalised, and since these are technical topics, there is not plenty of space for recommendations increasing football integrity here. Whatever the final decision on squad sizes and home-grown players will be, **it is recommended to ensure a strict monitoring of the newly introduced limitations/quotas in order to prevent abuses and disrespect of new regulations.**

⁷⁵ They are mentioned in the new FIFA Regulation on Loans though.

⁷⁶ Foreign player quotas are generally used to promote the number of national players within a squad.



10 Transfer windows (registration)

10.1 Planned measures

49. Currently, the RSTP addresses transfer windows⁷⁷ in the following way:
- the first registration period must begin after the completion of the season and must normally end before the new season starts; this period may not exceed 12 weeks;
 - the second registration period must normally occur in the middle of the season and may not exceed four weeks.
50. FIFA has conducted a study of national rules on transfer windows and identified the following problems:
- lack of harmonisation of transfer windows: no consistency in the scheduling of transfer windows globally, diversity in starting and finishing dates for (pre-season) windows gives those competitions which close their (pre-season) window later than others a competitive advantage because their teams are still able to change the composition of their squads, harmonisation of transfer windows globally might be a challenge due to the diversity of domestic league calendars;
 - pre-season transfer windows are still open after a season has commenced;
 - competition integrity is jeopardized when clubs change squads after a competition starts or change their teams during the second registration period;
 - teams with greater resources have generally more ability to attract players to strengthen their squads during the course of the season.
51. In the development of new regulations, the Task Force was pursuing the objective of ensuring the regularity and proper functioning of sporting competition through limiting transfers once a season has started and through limiting number of transfers during the winter transfer window.
52. With the purpose of achieving the goals mentioned, the Task Force has analysed two possible models for the pre-season window. According to the first one, the commencement of the season would close the transfer window completely, at least for transfers into the squad. According to the second one, the number of transfers after the commencement of the season and before the closure of the transfer window would be limited⁷⁸. For the mid-season window, the Task Force has discussed limitation on the number of transfers allowed⁷⁹.

10.2 Opinion and recommendation

53. If some of the clubs can still introduce new players into their squads after the season has started, they have an advantage on other clubs, sometimes even a decisive one. Therefore, efforts of the Task Force in this area are important to preserve the integrity of the competition(s). The clearest solution for the pre-season window at

⁷⁷ Periods in which players can be registered for new clubs.

⁷⁸ To 2 transfers.

⁷⁹ To 4 transfers.



the first glance seems to be its closure before the commencement of the season. However, different lengths of national transfer windows and different starts of national leagues might even increase the risk for the competitiveness of clubs.⁸⁰ Therefore, limitation of number of transfers for the period between the start of the season and the closure of the window seems a fairer solution. Such a decision, also for the mid-season, seems to be a very reasonable one. Whichever model FIFA selects⁸¹, **it is recommended to introduce chosen safeguards in the DTMS and ITMS in order to automatically block transfers conflicting the new regulations.**

⁸⁰ Clubs in countries with a late start of the season would still be able to transfer players, while clubs in countries with an early start of the season would not have that option.

⁸¹ The Task Force has not entered into in depth discussions yet.



11 Fiscal regulation: transfer fees and players' salaries

11.1 Transfer fees

11.1.1 Planned measures

54. Transfer fees are compensations paid by the new club of the player to a releasing one when a player who is under contract with this club is transferred to another club. In the period 2011 -2017, transfer fees in the world have increased from USD 2.9 billion to USD 6.37 billion. In analysing features of transfer fees, the Task Force has identified the following problems:
- increasing transfer fees endangers the financial stability of football clubs;
 - the inflated transfer market and the possibility to receive significant financial reward for the transfer of a player is driving unsavoury practices, which may lead to the exploitation of player,
 - those with the greatest resources continue to spend the most to attract the best talents;
 - despite significant amounts of money paid in transfer fees, a significant portion of the transfer fees dedicated to the training rewards is not paid.

Objectives set by the Task Force in this area are the following:

- promote financial sustainability of football clubs,
 - increase competitiveness in leagues,
 - introduce transparency into the calculation of transfer fees⁸².
55. The Task Force has analysed 6 different options for the calculation of transfer fees, which are still being discussed:
- an "objective algorithm" is used to calculate a "benchmark" amount for the transfer fee,
 - if the benchmark amount is exceeded, the surplus could be taxed and the relevant amount paid into a "fund" to be used in for solidarity,
 - an objective "buy out" amount is calculated using an algorithm and inserted into the player contract,
 - a luxury tax is to be paid in solidarity to training clubs where payment is more than the original buy out amount,
 - a hard cap is used for a "calculated transfer fee": transfer fee is calculated using an "algorithm" to set an "objective" transfer fee,
 - a hard cap is used for a "calculated transfer fee" + luxury tax. The luxury tax is to be paid in solidarity to training clubs if it is above the "cap".

11.2 Player salaries

11.2.1 Planned measures

⁸² Although there are highly divergent views on this aspect, depending on the stakeholder group.



56. Currently FIFA does not regulate this area but it seems that the salary gap between the top earners and others in football might be greater than in other sports. In analysing the area, the Task Force has identified the following problems:
- an uneven spread between footballs top earners and its average to low-income earners,
 - inflation of salaries increases risks to financial stability of football clubs,
 - financial gap between top clubs/leagues and others.
57. In discussions concerning the introduction of a cap on salaries of players, the Task Force had difficulties to define objectives of the exercise. However, it has become clear that introducing a cap and a floor for salaries based on a percentage of a club's revenues would promote financial stability of clubs but not necessarily a competitive balance, too.
58. Discussions on the introduction of a cap to player salaries continue but the most favourable way of calculations seems to be the calculation of a cap and a floor based on a percentage of the clubs' revenues⁸³.

11.3 Opinion and recommendation

59. It is evident that the upcoming FIFA fiscal regulations will need to tackle both aspects – transfer fees and salaries. Although discussions in both areas are continuing, it is evident that the biggest obstacle for a meaningful solution is a contradicting nature of planned measures – introducing limits on the amount of transfer fees and salaries - against the economic freedom/rights of clubs, their owners and players. However, it should not be forgotten that football is not just any type of economic activity but a sport discipline, serving as a model for behaviour of the large number of the world's population. Therefore, it also has to follow some other principles and not only the economic ones. Finding a proper balance between the economic freedom of clubs, their owners and players and other principles, such as solidarity within the football family, protection of competitiveness and protection of economically weaker clubs, will not be easy but will enhance the respect towards the football game for generations.
60. In this area it will not be so topical which option from the ones mentioned above FIFA will choose. Much more depends on the decision on introducing caps on transfer fees and player salaries itself. In doing so, **it is recommended that the Task Force continues its deliberations on calculations of transfer fees and on caps of player salaries by including the widest possible array of interlocutors in order to draft a proposal which will take into considerations all their interests. Any type of decision should be made in a fully transparent way and explained to the internal – football – and external – general – public properly.**

⁸³ E.g. 70% (cap) and 40% (floor).



12 Conclusion and the list of all recommendations

61. The decision of FIFA to review and further develop the transfer system of football players in the world will undoubtedly and significantly improve the overall climate in the world football. The objectives pursued and the measures planned by the relevant FIFA Task Force will - once implemented - represent milestones in achieving comprehensiveness, transparency and integrity of the transfer system for football players. Normally, such comprehensive reforms are not easy to achieve since many very differing interests must be taken into account.
62. As it is always the case with the introduction of significant and massive changes, some elements in the proposed changes might be further refined to ensure the comprehensiveness of the reforms and decrease the possibilities to be misused or not used in an optimal way. The elements of FIFA transfer system reform requiring further enhancements are neither numerous nor very problematic and they are not the most crucial ones for the success of FIFA reforms in this area.

Still, the ongoing process of reforms might benefit from the following proposals, where it is recommended to FIFA:

1. **to continue considering the inclusion of agents' commissions and transfer fees into the processing system of the Clearing House;**
2. **to include a text comparable to the text of Paragraph 3 of Chapter 6 of the Draft FIFA Clearing House Regulations, January 2021 edition, into Chapter 5 of the same document; moreover, it would be very useful if FIFA could describe ways for ensuring the accuracy of data and supporting documents through guidelines addressed to the member associations for domestic transfers and to the appropriate body for international transfers;**
3. **to devise a system which will minimise the risk for the clubs entitled to receive payment on the basis of the solidarity mechanism not to receive that payment, in a way, which will not be so exclusively dependent on actual payments of fees by clubs engaging the players;**
4. **to expand the list of the existing compliance standards for the clubs before finalising the adoption of the Draft FIFA Clearing House Regulations or during their first review;**
5. **to reconsider the powers of the Clearing House in conducting compliance assessment with the view of their broadening, especially in relation to the range of information and documentation which could be required;**
6. **to ensure that the adoption of Draft FIFA Clearing House Regulations is followed by the development of guidelines for practical implementation**

of their Chapter 15, detailing relevant material and procedural rules; FIFA might also wish to organise courses for all of those using provisions of Chapter 15 and the guidelines;

7. to pursue with the final adoption of the draft FIFA Football Agents Regulations;
8. to introduce a requirement for the existing agents to acquire new licences in an appropriate transitional period;
9. to accompany the adoption of the draft FIFA Football Agents Regulations for agents with a detailed plan for the development of the most important additional documents (e.g. code of conduct for agents);
10. to continue considerations on separating completely representation of clubs and players by agents or to insist on the current draft provisions regarding conflicts of interest in the Draft FIFA Football Agent Regulations;
11. to devise a system which will minimise the risk for agents not to receive the agreed payments;
12. to develop a robust system of red flags in TMS and Agent Platform, supported by the latest IT achievements, which automatically warns administrators of both platforms when red flags are activated and ensures their proper reaction while dealing with activated red flags;
13. to include audit of suspicious payments, especially the ones for the parties that were not actively involved in the transfer of players, in the existing auditing or to introduce similar obligation for clubs in another binding document;
14. to submit payable loans, namely the parts on related training rewards, to the rules and mechanism provided by FIFA Clearing House as in all other cases of compensations;
15. to develop a system, which monitors the number of players subject to international “loans in” and “loans out” and sanction rigorously all the breaches;
16. to introduce a limit to the number of foreign minor players who can be engaged by the same club;
17. to develop a Guide for the protection of minor foreign players subject of transfers, which would, as a minimum, include the following features: easily available contact points for minors and their parents in the most exposed member associations⁸⁴, publication of the most important

⁸⁴ Member associations of origin and member associations of destination.



information on basic features of transfers of minors in national languages of the most exposed member associations, easily accessible contact point for assistance at FIFA for minors and their parents;

- 18. to ensure strict monitoring of newly introduced limitations/quotas on squad sizes and home-grown players in order to prevent abuses and disrespect of new regulations;**
- 19. to introduce safeguards related to transfer windows in the DTMS and ITMS in order to automatically block transfers conflicting the new regulations;**
- 20. to continue deliberations on calculations of transfer fees and on caps of player salaries by including the widest possible array of interlocutors in order to draft a proposal which takes into considerations all their interests; any type of decision should be made in a fully transparent way and explained to the internal – football – and external – general – public properly.**

