Third-party ownership of players’ economic rights

Background information

April 2015

1. Overview

Third-party ownership of players’ economic rights (TPO) refers to third-party investments in the economic rights of professional football players, potentially in order to receive a share of the value of any future transfers of those players.

TPO has been debated at various levels within the football community. FIFA has coordinated discussions at the international level, which have taken place within several FIFA standing committees, such as the Football Committee, the Committee for Club Football and the Players’ Status Committee.

During the 64th FIFA Congress, Geoff Thompson, chairman of FIFA’s Dispute Resolution Chamber and member of FIFA’s Players’ Status Committee, provided delegates with an update on TPO and FIFA’s work on the matter. FIFA’s objective was to address TPO on the basis of a sound understanding of all of its aspects, thereby considering the most appropriate solutions, and to do so within an inclusive and informed process involving all relevant members of the football community.

To that end, the creation of a dedicated working group under FIFA’s Players’ Status Committee (the “TPO WG”) was announced with a mandate to further consult all relevant stakeholders and to analyse all possible regulatory options. This included making preliminary suggestions to the FIFA Executive Committee for it to decide on the future regulatory approach, thereby enabling the TPO WG to further define the technical details.

2. FIFA’s regulatory approach to TPO

On 22 December 2014, the member associations were informed by means of Circular Letter no. 1464 about the inclusion of the new provisions in the Regulations on the Status and Transfer of Players (RSTP) and their coming into force on 1 January 2015.

This was based on the approval by the FIFA Executive Committee on 19 December 2014 of the proposal to include the following provisions in the RSTP concerning TPO:

- No club or player shall enter into an agreement with a third party whereby a third party is being entitled to participate, either in full or in part, in compensation payable in relation to the future
transfer of a player from one club to another, or is being assigned any rights in relation to a future transfer.

- The TPO ban will come into force on 1 May 2015.
- Existing agreements can remain in place until their ordinary contractual expiry.
- As an additional obligation, all existing agreements covered by the ban need to be recorded within FIFA’s Transfer Matching System by the end of April 2015.
- Agreements made between 1 January and 30 April 2015 will be subject to a time limit (one year maximum).

The new provisions are included in the list of provisions which are binding at national level and must be included in the member associations’ regulations.

The regulatory process that preceded the above Executive Committee decision was as follows:

- Discussions on the topic of third-party ownership were an integral part of the work of several FIFA standing committees in recent years. For instance, the Football Committee, the Committee for Club Football and the Players’ Status Committee. Two FIFA mandated studies contributed to those discussions.

- During the 64th FIFA Congress in Sao Paulo, it was decided that a dedicated working group under FIFA’s Players’ Status Committee would be created.

- On 2 September 2014, the TPO WG met for the first time. It was composed of representatives of the football community at confederation, member association, league and club level, as well as by representatives of FIFPro, the organisation representing all professional football players. On 23 September 2014, the Players’ Status Committee received an update from the chairman of the TPO WG, who outlined the tendency of the WG to support a ban on TPO with a transition period.

- On 26 September 2014, based on a report by the chairman of the Players’ Status Committee, the FIFA Executive Committee took the decision of general principle that TPO would be banned with a transitional period in order to protect the integrity of the game and the players. The matter was referred back to the TPO WG for the relevant technical regulations to be drafted.

- On 30 October 2014, the TPO WG met for the second time to draft the technical regulations in question, as per its initial mandate.

- On 19 November 2014, the bureau of the Players’ Status Committee discussed various draft articles concerning TPO as well as third-party influence in line with the decision of general principle of the FIFA Executive Committee of 26 September 2014.
3. FIFA’s regulatory approach to third-party influence

Third-party influence in transfer and employment matters is covered by Article 18bis par. 1 of the RSTP, which states that “[n]o club shall enter into a contract which enables any other party to that contract or any third party to acquire the ability to influence in employment and transfer-related matters its independence, its policies or the performance of its teams.” According to the RSTP, the above-mentioned provision is “binding at national level and must be included without modification in the association’s regulations”. This is now complemented by the provisions on TPO that were included in the RSTP on 1 January 2015.

4. FIFA-mandated studies on TPO

The discussions on TPO within the various standing committees confirmed that there was a need for a broader analysis of TPO and its impact on global football from both an economic and integrity perspective. These discussions underlined the need for a thorough consultation of football stakeholders in order to identify the most acceptable alternative regulatory approach.

In order to effectively coordinate discussions and support its analysis, FIFA commissioned two studies with a view to building on the existing information on this topic.

The first study ran from January to March 2013 and was conducted by the International Centre for Sports Studies (CIES). Various regulatory approaches at domestic level were mapped, revealing that certain member associations had even more restrictive provisions on TPO in place than required by the RSTP. The study also served as a preliminary benchmark for the member associations’ positions on the subject.

The second study ran from July 2013 to May 2014 and was conducted by the Centre de Droit et d’Economie du Sport (CDES) in order to further the understanding of the various aspects of TPO. The study focused on the economic and financial impact of TPO, in particular at club level. Also within the scope of the research were integrity considerations for clubs, players and the football sector in general.

The findings confirmed the complexity of TPO and that economic data on the practice is in limited availability. The relevance of the practice also varies depending on the level of professional football within a given member association. These findings supported and contributed to the discussions coordinated by FIFA on this matter.

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All information pertaining to the above is available on FIFA.com