

## UEFA adopts temporary emergency measures for Financial Fair Play

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On June 18, 2020, the UEFA Executive Committee adopted an addendum to the UEFA Club Licensing and Financial Fair Play Regulations containing a set of temporary emergency measures aimed at limiting the negative effects of the COVID-19 outbreak on the finances of European football clubs.

By way of background, the UEFA Financial Fair Play Regulations were introduced in 2010 by UEFA, the governing body of football in Europe, with the ultimate aim of safeguarding the long-term welfare and sustainability of European football.

The cornerstone of Financial Fair Play is the so-called break-even rule, pursuant to which clubs participating in the UEFA Champions League and the UEFA Europa League, must not spend more than the income they generate. In doing so, they must balance their accounting books over the course of three reporting periods. The maximum aggregate acceptable break-even deficit for three reporting periods is EUR 5 million. Such threshold may be exceeded by up to EUR 30 million, but only where such excess is entirely covered by equity participants' contributions.

The newly approved temporary rules mainly address overdue payables and the break-even rule.

As to overdue payables, the addendum provides that all clubs competing in UEFA competitions will have to demonstrate that, as of July 31 (rather than June 30) and September 30, no overdue payables remain outstanding in reference to transfers, employees and social/tax authorities which are the results of obligations due to be paid, respectively, up to June 30 and September 30. In addition, the said clubs will have to report accounts receivable information in respect of transfers as of June 30 and September 30, so as to allow cross-matching of information with other clubs' accounts payables.

As to the break-even requirement, the 2020/2021 monitoring period is reduced and will cover only two reporting periods (i.e. the financial years ending in 2018 and 2019), while the 2021/2022 monitoring period is extended and will cover four reporting periods (i.e. the financial years ending in 2018-2019-2020 and 2021). Therefore, the assessment of financial year 2020 is postponed by one year, and years 2020 and 2021 will be assessed jointly as a single financial period. By doing so, the adverse impact of the pandemic is counterbalanced by averaging the deficits of combined years 2020 and 2021. Moreover, further specific adjustments for the purpose of the balance sheet, will be allowed, so that the negative financial impact of the pandemic (e.g. losses caused by the closed stadiums) will be taken into account in order to be in compliance with the break-even limits.


Finally, UEFA has announced that October 6, 2020 will be the deadline for player registration for the group stage of the 2020/2021 UEFA club competitions. As a result, UEFA urged its member associations to close the summer transfer windows at the same time on October 5, 2020.


# Authors

Stella Riberti

SENIOR ASSOCIATE | MILAN

Corporate


 +39 02 8821 4218

 [stella.riberti@withersworldwide.com](mailto:stella.riberti@withersworldwide.com)

Paolo Macchi

SENIOR ASSOCIATE | MILAN

Corporate

 +39 02 8821 4211

 [paolo.macchi@withersworldwide.com](mailto:paolo.macchi@withersworldwide.com)