

**To the national associations
affiliated to FIFA**

Circular no. 769

Zürich, 24 August 2001
GS/gmo/oon

Revised FIFA Regulations for the Status and Transfer of Players

Dear General Secretary,

As you know, last March FIFA reached agreement with the European Commission on the main principles for the amendment of FIFA's rules regarding international transfers. Thereupon, FIFA drafted amendments to its regulations on the status and transfer of players, taking into account these principles. The new regulations, including a set of Application regulations, were adopted by FIFA's Executive Committee on 5 July 2001 in Buenos Aires. I am pleased to send you herewith the text of these regulations in FIFA's four official languages. This circular will summarise and explain the main points of the new regulations.

In this Circular as well, for simplicity's sake, the male gender applies to both the male and female gender.

1. Protection of minors

The new regulations set forth strict conditions for the international transfer of minors (i.e., players under the age of 18), in order to provide a stable environment for the training and education of players. The abuses to which minors have been exposed in the past must be curbed.

Minors cannot transfer internationally, unless they move to another country with their family for family reasons.¹ National associations shall not register minors who have transferred without their family, or with their family in case the family's move was prompted by the transfer of the minor to another football club.² National associations or, by default, FIFA's Players' Status Committee, may also impose disciplinary measures on clubs wishing to

¹ See Art. 12.(a) of the FIFA Regulations for the Status and Transfer of Players (hereafter referred to as 'Basic Regulations').

² See Art. 4.1 and 4.2 of the Regulations governing the Application of the Regulations for the Status and Transfer of Players (hereafter referred to as Application Regulations).

register minors who have transferred improperly.³ In addition, FIFA's Player Status Committee or the national associations may impose disciplinary measures on players agents who have been involved in the improper transfer and/or registration of a minor.⁴

Within the EU/EEA, players younger than 18 but above the minimum working age can move from one member country to another country on their own, on condition that their sporting training and academic training is guaranteed by the new training club.⁵ FIFA, in cooperation with UEFA, will establish a Code of Conduct which should be followed by national associations, leagues and clubs.⁶ FIFA is committed to issuing this Code in due course. Where a club does not comply with the Code, its national association shall not register the player, and may impose disciplinary measures on the non-observant club.⁷ National associations can carry out on the spot investigations at clubs to verify compliance with the Code of Conduct, and may if they encounter violations impose sanctions such as the annulment of wrongful registrations of minors.⁸ FIFA's Players Status Committee may impose disciplinary measures on clubs in case of default by a national association.⁹ In addition, FIFA's Players Status Committee may impose sanctions on players agents, and on other third parties subject to FIFA's jurisdiction, who are implicated in registrations of minors where the Code of Conduct has not been respected.¹⁰

The same principles apply for the first registration of players under 18 who have a nationality other than that of the country in which they first request to be registered.¹¹

Any disciplinary measures envisaged here can be appealed against to the Arbitration Tribunal for Football.¹²

2. Training compensation

The new regulations create a detailed system for the payment of training compensation. This system is designed to encourage more and better training of young football players, and to create solidarity among clubs, by awarding financial compensation to clubs which have invested in training young players. At the same time, care has also been taken to ensure that

³ See Art. 4.3 and 4.4 of the Application Regulations.

⁴ See Art. 3.7, 4.5 of the Application Regulations; Art. 15 of the Players' Agents Regulations.

⁵ See Art. 12.1.(b) of the Basic Regulations.

⁶ See Art. 3 of the Application Regulations.

⁷ See Art. 3.4 of the Application Regulations.

⁸ See Art. 3.6 of the Application Regulations.

⁹ See Art. 3.5 of the Application Regulations.

¹⁰ See Art. 3.7 of the Application Regulations.

¹¹ See Art. 12.2 of the Basic Regulations.

¹² See Art. 3.8 of the Application Regulations.

the amounts of training compensation do not become disproportionate, and unduly hinder the movement of young players.

For the application of these principles, all clubs are to be classified in one of four categories, depending on their training costs:

Category 1 (top level, e.g. high quality training centre):

all clubs of first division of National Associations investing as an average a similar amount in the training of players.

Category 2 :

all clubs of second division of the National Associations of category 1

all clubs of first division of all other countries having professional football

Category 3:

all clubs of third division of the National Associations of category 1

all clubs of second division of all other countries having professional football

Category 4:

all clubs of fourth and lower divisions of the National Associations of category 1

all clubs of third and lower divisions of all other countries having professional football

all clubs of countries having only amateur football.¹³

Within the EU/EEA, National Associations will determine the four categories to which their clubs belong every year, having heard the representatives of players and clubs. These National Associations will submit their findings to FIFA in a timely manner, allowing FIFA to communicate the final categorisation by the start of the mid-season registration period every year to the National Association concerned. FIFA will publish this categorisation on FIFA's internet site as well. The categorisation shall be valid for 12 months or 2 registration periods.¹⁴

National Associations outside the EU/EEA may propose other ways to categorise their clubs and to calculate their training costs.¹⁵ Such categorisation should be reviewed from time to time, as the need arises.

a. When is training compensation due?

As a general rule training compensation is due whenever a player, who is not yet 23:

- (i) signs his first non-amateur contract with a club different from the club from which he received his training; or
- (ii) transfers as a non-amateur from one club to another club which he joins in the same capacity.¹⁶

¹³ See Art. 6.2 of the Application Regulations.

¹⁴ See Art. 6.4 of the Application Regulations.

¹⁵ See Art. 6.3 of the Application Regulations.

¹⁶ See Art. 14 and 15 of the Basic Regulations.

Yet, by way of exception, no training compensation is due:

- if a player transfers from a non-amateur club to an amateur club, unless the player once more becomes a non-amateur player within a period of three years after his transfer to amateur status and he is still younger than 23.¹⁷
 - though, within the EU/EEA more broadly, if a player transfers from a higher category club to a club in category 4.¹⁸
- if a club with which a player has signed his first non-amateur contract unilaterally terminates a player's contract without just cause, this club shall not be entitled to training compensation. Previous training clubs, as they are not responsible for the unjustified termination, shall however be entitled to their share in the training compensation that would have been due but for this termination.¹⁹
- in cases of subsequent transfers before a player has reached 23 years of age, training compensation shall not be due to the club who unilaterally terminates the player's contract without just cause. Previous training clubs will however benefit from a cascade principle, as outlined below.²⁰

Furthermore, within the EU/EEA, in case a player younger than 23 years does not receive a contract from the club where he has trained, and this player moves to another non-amateur club, this factor must be taken into account when deciding whether any training compensation shall be due, and what the amount of this compensation should be.²¹ As a matter of principle, the player's training club will not be entitled to receive training compensation unless this training club can demonstrate to the Dispute Resolution Chamber that it is entitled to training compensation in derogation of this principle. This possibility to derogate is not applicable where national collective bargaining agreements do not envisage it.

In case a player younger than 23 having come to the end of his contract does not receive a new contract from a non-amateur club which is equivalent in remuneration to his previous contract with the club, this club will be deemed not to have offered a contract to the player for purposes of calculating training compensation.

b. How is training compensation calculated?

¹⁷ See Art. 5.3, first indent of the Application Regulations.

¹⁸ See Art. 7.4.(c) of the Application Regulations.

¹⁹ See Art. 5.3, second indent, in combination with Art. 5.4.(b) of the Application Regulations.

²⁰ See Art. 5.3, second indent, in combination with Art. 5.4.(c) of the Application Regulations.

²¹ See Art. 5.5 of the Application Regulations and Art. 42.1 (b) (iv) of the Basic Regulations.

Whenever training compensation is due, it is calculated as follows. Compensation will be based on the training and education costs of clubs. For transfers within the EU/EEA, the costs taken into account shall be the costs in the country of the National Association of the former club²². For all other transfers, the costs taken into account shall be the costs of the National Association of the new club²³.

In order to render the system manageable and to ensure predictability as to the amount of training compensation due, the training and education costs to be compensated will not be calculated for each individual club. Instead, all clubs will be classified into categories (four categories in the EU/EEA) as indicated above, and the training and compensation costs will be determined nationally per category, as follows.

Within the EU/EEA, National Associations will determine the relevant training compensation cost criteria, having heard the views of club and player representatives. That is to say, the National Associations will thus determine for each of the four categories of clubs within their association the training and education compensation costs per category of clubs, taking into account a player factor, i.e. the ratio between the number of players who need to be trained to produce one professional player. These amounts may be reviewed after 24 months or 4 registration periods.²⁴

Outside the EU/EEA, National Associations may define the relevant training compensation costs according to different methods. Such compensation costs may be reviewed from time to time, as the need arises.²⁵

FIFA will acknowledge the training and education criteria defined by National Associations, subject to their proportionality. FIFA will communicate the applicable training and compensation cost criteria by mid-season at the latest every year to each National Association, and publish them on FIFA's internet site as well.²⁶

On the basis of experience with the assessments of training and education costs by National Associations, FIFA will set out from time to time guidelines for assessing such costs in a Circular.²⁷

Once the training and education costs of a club category have been established, the compensation amount which is due in an actual case can be calculated as follows: by multiplying the amount corresponding to the category of the training club for which the player was registered by the number of years of training which the player effectively received from this particular club. The maximum number of years of training to be taken into

²² See Art. 7.4 of the Application Regulations.

²³ See Art. 7.3 of the Application Regulations.

²⁴ See Art. 6.5 of the Application Regulations.

²⁵ See Art. 6.3 of the Application Regulations.

²⁶ See Art. 6.4 of the Application Regulations.

²⁷ See Art. 6.5 of the Application Regulations.

account is 10. While training is deemed to occur between the ages of 12 and 23, such training is only payable for training incurred through the age of 21.²⁸ Furthermore, only years of effective training may be taken into account.²⁹ Thus, if it is evident that a player has terminated his training period before the age of 21, fewer years than 10 shall be taken into account, i.e. only those years between the age of 12 and the age when it is established that the player effectively completed his training.³⁰

Thus, if a player has stayed with the same club from the time he was 11 years old and decides to transfer to another non-amateur club when he is 22 and 6 months old, his training club is entitled to the annual training and education costs of the category to which it belongs x 10, even though the club arguably has trained this player 12 and a half years. In fact, in case this club belongs to a higher category than category 4, its training costs will only be multiplied by a factor of 7, as for the first 3 years, until the player was 15 years old, the annual training costs of club in category 4 of the same National Association will be used.³¹

If a player changed clubs more often between the ages of 12 and 23, different calculations will have to be made. This is illustrated with four examples:

Assume a player signs his first contract at the age of 19 with club C, in category 1, in Germany. From 12 until 16 the player trained with club A in category 3, in Portugal. From 16 through 19 the player trained with club B, in category 2, in Portugal as well. Club C is to pay for 7 years training, which shall be distributed pro rata according to full years of proper and proven training, and in relation to the category to which the training clubs belong: i.e., 3 years at category 2 level to club B (assuming the player left club B during his 4th year of training); and 1 year at category 3, plus 3 years at category 4 level³² to club A (assuming the player left club A after 4 full years of training).³³

Assume a player has been effectively trained from the age of 15 in club A, a category 4 club, in Norway. At 18, club A offered the player a non-amateur contract. At 19 the player signs a non-amateur contract with a Swedish club B, in category 3. The Swedish club pays the Norwegian club B an amount of y, which represents five years of training compensation at club category 4 level.³⁴ In Sweden, the player receives effective training until the age of 20,

²⁸ See Art. 13 of the Basic Regulations; Art. 7.1 of the Application Regulations.

²⁹ See Art. 13 of the Basic Regulations.

³⁰ Note that for the first years of implementation, it shall be necessary to use the same amount of training compensation for all years of training prior to the enforcement of these Regulations within the same club category. This is unavoidable as no costs have been established in previous years. However, as costs for the seasons as from 2001-2002 become available, these shall have to be used to calculate the costs for these years of training.

³¹ See Art. 7.2 of the Application Regulations.

³² Recall that the amount for players aged 12 to 15 will always be based on the training or education costs for category 4. See Art. 7.2 Application Regulations.

³³ See Art. 5.4.(b) of the Application Regulations.

³⁴ See Art. 5.4.(c) of the Application Regulations.

when he starts playing regularly in the first team of club B. At 21 the player transfers to club C in England, which plays in the third category as well. Club C is to pay non-amateur club B 1 year of training at category 3 level, plus the amount of y which club B paid to club A.³⁵

Assume a player has been effectively trained from the age of 12 to the age of 18 in club A, in France. The player then transfers to non-amateur club B in Italy, of category 2, where he continues to receive training. At age 22 the player transfers to non-amateur club C, of category 1, in Spain. The training compensation which Club C will need to pay to club B, shall correspond to the training costs of club B for the years 18 to 21.³⁶

Assume a player has been effectively trained from the age of 13 to 19 by amateur club A in Venezuela, and moves to non-amateur club B in Mexico. Training compensation due by club B to club A will be calculated according to the category established by the Mexican national association times 6. Note that the relevant category for the player's training between the age of 13 and 15 will, in any event, be the lowest category.³⁷

(i) Calculation principles outside the EU/EEA area

As seen above, to arrive at the actual training and compensation fee which is due in a particular case, different calculation rules apply depending on whether a transfer occurs within the EU/EEA area or not. Thus, in case of (i) a transfer of a player from a country outside the EEA to a country of the EEA, (ii) a transfer of a player from a country outside the EEA to a country outside the EEA, or (iii) a transfer of a player from a country inside the EEA to a country outside the EEA, whenever training compensation is due it shall be based on the costs of the country of the *new* club, in order to stimulate solidarity within the world of football.³⁸ In other words, while taking the category of the club which has effectively trained the player, the new club will pay according to the cost standards prevailing in its own country.

In this way, clubs will be discouraged from hiring young players from clubs in other countries merely on the grounds that training costs in these other countries are lower. Rather, all clubs should be encouraged to invest in training themselves. Furthermore, clubs which have the resources to hire football talent abroad, will be paying a foreign club according to their own standards.

(ii) Calculation principles within the EU/EEA area

Within the EU/EEA area compensation shall, in principle, be based on the training costs of the country of the *former*, training club.³⁹ This principle is to be applied as follows:

- if the player moves from one club to another of the same category, the relevant cost is the costs of this category

³⁵ See Art. 5.4.(c) of the Application Regulations.

³⁶ See Art. 5.4.(f) of the Application Regulations.

³⁷ See Art. 7.2 of the Application Regulations.

³⁸ See Art. 7.3 of the Application Regulations.

³⁹ See Art. 7.4 of the Application Regulations.

- if the player moves from a lower to a higher category: the relevant cost is the average of the training costs for the two categories;
- if the player moves from a higher to a lower category: the relevant cost is the training costs of the lower category club
- if the player moves from a club in category 1, 2 or 3 to a club in category 4: no compensation for training is payable.⁴⁰

Moreover, within the EU/EEA area training compensation fees should, in any event, not exceed a ceiling. These ceilings are to be established annually by National Associations for every club category, having heard the views of representatives of players and clubs. Such ceilings shall be acknowledged by FIFA subject to their proportionality. FIFA shall communicate the ceilings before the mid-season registration period via a circular to the national associations, and publish them on its internet site.⁴¹

In FIFA's view, the most logical formula to calculate the ceiling would be to divide the average costs of training per club in a certain category by the average number of players being offered a non-amateur contract by the training clubs in that category. Accordingly, FIFA recommends the national associations to include this principle in setting a ceiling per category of training clubs.

(iii) Disputes as to training compensation

If in a particular case there is a dispute about (the level of the) training compensation fees, any party can submit this dispute to FIFA's Dispute Resolution Chamber. The Chamber will rule on this dispute within 60 days. It has discretion to adjust the training compensation fee resulting from the application of the principles outlined above, if the Chamber finds that the fee is clearly disproportionate in the individual circumstances of the case. Any ruling of the Chamber regarding training compensation can be appealed against to the Arbitration Tribunal for Football.⁴²

c. How are training compensation amounts distributed?

Training compensation should benefit all clubs which have contributed to the training of a young player who transfers as a non-amateur player. With this in mind, the regulations provide that amounts paid for training compensation shall be distributed as follows:

In case training compensation is due to be paid when the player signs his first non-amateur contract, the amount must be distributed on a pro rata basis according to full years of proper and proven training, and in relation to the category to which the training clubs belong.⁴³

⁴⁰ See Art. 7.4 of the Application Regulations.

⁴¹ See Art. 7.5 of the Application Regulations.

⁴² See Art. 42.1(b).(iv) of the Basic Regulations.

⁴³ See Art. 5.4.(b) of the Application Regulations.

In cases of subsequent transfers from clubs belonging to the third or the fourth categories, the new club is to pay the former club the costs which the latter incurred in training the player as well as the training compensation costs which the latter paid when registering the player.⁴⁴ In case of a transfer from clubs belonging to the first or the second category, the new club is to pay the former club only the costs which the latter incurred in training the player.⁴⁵ However, portions of these amounts may have to be allocated among different clubs in the following circumstances:

- (a) For any transfer of a player from a club in the third or fourth categories to a club in a higher category, 75% of the amount exceeding the costs of the category of the “old” club, shall be redistributed on a pro-rata basis to all the clubs having trained the player from the age of 12 onwards.⁴⁶
- (b) For any transfer of a player from a club in the second category to a club in the first category, 50% of the amount exceeding the costs of the category of the “old” club, shall be redistributed on a pro-rata basis to all the clubs having trained the player from the age of 12 onwards.⁴⁷
- (c) For any transfer between two clubs of the same category, 10% of the training compensation, corresponding to the training costs of the former club for the transfers which take place inside the EU/EEA or to the training costs of the new club in all other cases, shall be redistributed on a pro-rata basis to all the clubs having trained the player from the age of 12 onwards.⁴⁸
- (d) If the career of the player cannot be traced back to the age of 12 any “missing years” will be based on category four for the purposes of determining training compensation and the amount will be distributed to the national association of origin of the player and be earmarked for the training of young players.⁴⁹

d. Payment of the training compensation fee

The amount to be paid as compensation for training and education pursuant to the above rules shall be paid by the new club to the training clubs at the latest within 30 days of the signature of the first non-amateur contract, or, for any subsequent transfer, within 30 days from the new registration of the player.⁵⁰ It is the responsibility of the new club to calculate

⁴⁴ See Art. 5.4.(c) of the Application Regulations.

⁴⁵ See Art. 5.4.(f) of the Application Regulations.

⁴⁶ See Art. 7.4.(a) and 8.(a) of the Application Regulations.

⁴⁷ See Art. 7.4.(a) and 8.(b) of the Application Regulations.

⁴⁸ See Art. 7.3 and 7.4 and Art. 8.(c) of the Application Regulations.

⁴⁹ See Art. 8.(d) of the Application Regulations.

⁵⁰ See Art. 9.1 of the Application Regulations.

the amount of the compensation for training and education and the way in which it should be distributed to the different clubs where the player played previously. The player shall, if so requested, assist the new club in discharging this obligation.⁵¹

The FIFA Players Status Committee may impose disciplinary measures on clubs or players who do not observe these payment-related obligations.⁵²

e. Scope of the training compensation system

Finally, it bears emphasis that this entire system of training compensation only applies to international transfers of players younger than 23 years. In other words, these rules do not apply to national transfers, although in this respect National Associations shall adopt rules on transfers which must be in conformity with the principles of the FIFA Regulations.⁵³ Moreover and regardless of the nationality of a player or the status or location of any club involved in an international transfer, no training compensation is due when a player aged 23 years or more changes club.⁵⁴

3. Contractual stability

Contractual stability is of paramount importance in football, from the perspective of clubs, players, and the public. The relations between players and clubs must therefore be governed by a regulatory system which responds to the specific needs of football and which strikes the right balance between the respective interests of players and clubs and preserves the regularity and proper functioning of sporting competition.

Accordingly, the new Regulations seek to ensure that, in the event a club and a player choose to enter into a contract, this contract will be honoured by both parties. Unilateral termination of such contracts particularly during the first three, or depending on the age of the player two, years is to be discouraged. On the other hand, the rules also reflect the recognition that players may have sportive justification ('sporting just cause'), which can go beyond just causes found in regular employment law and the previous FIFA Regulations on the Status and Transfers of Players, to terminate a longer term contract unilaterally.

a. Contractual breaches

(i) Sportive sanctions

⁵¹ See Art. 9.2 of the Application Regulations.

⁵² See Art. 9.3 of the Application Regulations.

⁵³ See Preamble to the Basic Regulations.

⁵⁴ See Art. 20 of the Basic Regulations.

The Regulations stipulate that a club wishing to hire a player who is still under contract with another club is obliged to inform that club and the player before commencing negotiations with either of them. The club and the player will have to be so informed simultaneously. Failure to observe this obligation will result in a fine of at least CHF 50.000.⁵⁵

In addition, sportive sanctions apply in case a breach of contract actually occurs. Thus, a club inducing another club to actually break its contract with a player, without the latter's consent, will be subject to sportive sanctions. Similarly, sanctions will be imposed on a club inducing a player to actually break his contract with a club, without the latter's consent. Furthermore, the club, or player, having breached a contract will be subject to sportive sanctions as well. These sanctions are spelled out below.

A player who breaches his contract during the first or the second year (or during the first year only, in the case of a player who signed his contract after he turned 28) risks a restriction on his ability to play in official football matches for his new club in that club's new season. This suspension cannot be longer than 4 months, unless there are aggravating circumstances, in which case the suspension cannot last longer than 6 months.⁵⁶ This is a maximum, and the Dispute Resolution Chamber must take into account all relevant circumstances, be they factual or legal, in fixing the duration of the sanction, in accordance with general principles of law.

Note that a player who breaches his contract during the third year, or second year when he signed at the age of 28 or more, normally will not be suspended from playing for his new club, unless he fails to observe the proper notice period.⁵⁷

A club which induces a player to breach his contract risks being prohibited from registering new players, either domestically or internationally, for a period of up to 12 months following the inducement of the contractual breach. When a club seeks to register a player who has breached his contract during the 'protected period' of three, or two, years, it will be presumed to have induced the contractual breach, and will therefore normally be subject to sportive sanctions, unless this new club can rebut the presumption.⁵⁸

Furthermore, a club which breaches a contract with one of its players during the protected period, risks being prohibited from registering new players, either domestically or internationally, for a period of up to 12 months following the contractual breach.⁵⁹

Finally, sanctions may also be imposed on players' agents who are involved in a breach of contract.⁶⁰

⁵⁵ See Art. 13.2 of the Application Regulations.

⁵⁶ See Art. 21 of the Basic Regulations.

⁵⁷ See Art. 23.1.(b) of the Basic Regulations.

⁵⁸ See Art. 23.2.(c) of the Basic Regulations.

⁵⁹ See Art. 23.2.(a) of the Basic Regulations.

⁶⁰ See Art. 23.3 of the Basic Regulations. These sanctions are listed in FIFA's Players Agents Regulations.

Contractual breaches occurring after the first three, or two, protected years normally no longer provoke the sanctions described above on a player or on clubs. Exceptions are:

- in respect of a player, if the player has unilaterally terminated his contract without giving proper notice,⁶¹
- in respect of a club,
 - o likewise, if the club has unilaterally terminated the contract without giving proper notice,⁶² or
 - o if the new club is actually proven to have induced the player's breach with his former club, as there is no presumption that the new club hiring the player induced the breach in such a case.⁶³

In other words, the mere fact of contacting a player who is under contract (while respecting the provisions described above-) and subsequently registering this player who has unilaterally terminated his contract after the 'protected period' of three, or two, years does not constitute the inducement of a breach of contract by his new club and, hence, does not expose his new club to sportive or financial sanctions (other than the financial compensation due by virtue of the present regulations).

Players' agents who have induced a contractual breach after the 'protected period' of three or two years may also be subject to sanctions.⁶⁴

In any event, contractual breaches during the season are prohibited, and can therefore only take effect at the end of the season, unless the contract is terminated with just cause.⁶⁵

Any sportive sanction envisaged here shall be imposed exclusively by FIFA's Dispute Resolution Chamber, which is composed of representatives of both clubs and players, except for sanctions against players agents which shall be imposed by FIFA's Players Status Committee.⁶⁶ The Dispute Resolution Chamber's decision on the sanction to be imposed must be taken within a maximum of 60 days from the moment the dispute was brought before the Dispute Resolution Chamber, or a national sportive arbitration tribunal, as the case may be.⁶⁷

⁶¹ See Art. 21.2.(c) of the Basic Regulations. This provision defines the notice period as being 15 days following the last official match of the national season of the club with which the player is registered.

⁶² See Art. 21.2.(c) of the Basic Regulations.

⁶³ See, a contrario, Art. 23.2.(c) of the Basic Regulations.

⁶⁴ See Art. 13.2 of the Applications Regulations.

⁶⁵ See Art. 21.2(a) of the Basic Regulations.

⁶⁶ See Art. 21 of the Basic Regulations.

⁶⁷ See Art. 42.1.(b)(ii) of the Basic Regulations.

⁶⁸ See Art. 42.(b)(i) and (ii) of the Basic Regulations.

Interested parties can appeal any decision of the Dispute Resolution Chamber to the Arbitration Tribunal for Football, which in such cases will be composed of members chosen by players and clubs.⁶⁹ Sanctions imposed by the Players Status Committee can be appealed to the Arbitration Tribunal for Football.

(ii) Compensation

Contractual breaches, whether inside or outside a 'protected period', also give rise to compensation claims.⁷⁰ The compensation amount may be stipulated in the contract, or shall be calculated in accordance with objective criteria, of which the regulations list several.⁷¹

Apart from bringing claims before national courts, compensation claims can be brought before FIFA's Dispute Resolution Chamber. The Chamber will decide within 60 to 90 days after the date on which the claim has been submitted to it.⁷² In arriving at its decision, the Chamber will, as in other cases, also take account of all relevant arrangements, laws and/or collective bargaining agreements, which exist at national level, as well as the specificity of sport.⁷³ Interested parties can appeal any decision of the Dispute Resolution Chamber to the Arbitration Tribunal for Football.

Note that any amount of compensation awarded by FIFA's Dispute Resolution Chamber following a breach of contract is payable within one month after notification of the Chamber's decision.⁷⁴ Appeals to the Arbitration Tribunal for Football do not have suspensive effect.⁷⁵ FIFA's Players Status Committee may impose disciplinary measures on the party responsible for the breach who has missed the one month deadline for payment.⁷⁶ Moreover, if a player is responsible for the breach, and has not paid the compensation awarded by the Chamber within one month, the new club (whether or not it is found to have induced the breach) shall be deemed jointly responsible for payment of the compensation award.⁷⁷ Again, if this new club has not paid the compensation amount within one month after having become jointly responsible with the player, the new club may also be subject to disciplinary measures from the Players Status Committee.⁷⁸

⁶⁹ See Art. 42.(c) of the Basic Regulations.

⁷⁰ See Art. 21 of the Basic Regulations.

⁷¹ See Art. 22 of the Basic Regulations.

⁷² See Art. 42.1.(b)(iii) of the Basic Regulations.

⁷³ See Art. 43 of the Basic Regulations.

⁷⁴ See Art. 14.1 of the Application Regulations.

⁷⁵ See Art. 42.1.(c) of the Basic Regulations.

⁷⁶ See Art. 14.2 of the Application Regulations.

⁷⁷ See Art. 14.3 of the Application Regulations.

⁷⁸ See Art. 14.4 of the Application Regulations.

b. Justified contractual terminations

The unilateral termination of a contract can on occasion be justified. Either a club or a player may have a just cause, within the meaning of regular employment law or existing FIFA rules,⁷⁹ for such termination. In addition, however, the regulations have envisaged specifically for players the possibility to terminate a contract for a valid sporting reason ('sporting just cause').⁸⁰

Sporting just cause shall be established on a case by case basis, depending on the individual merits of the case and taking into account all relevant circumstances.⁸¹ One ground establishing sporting just cause would be if the player can show, at the end of the season, that he has been fielded in less than 10% of the official matches played by his club.⁸² Whether a player has sporting just cause to break his contract with his club will only be determined at the end of a season, and before the expiry of the relevant registration period in the country of the former club.⁸³

Nevertheless, a player can ask the Dispute Resolution Chamber whether he has just cause to terminate his contract immediately, before the end of the season. Furthermore, when assessing the players' claim, the Dispute Resolution Chamber may find, on the basis of the particular circumstances of the case, that in fact the club's behaviour amounts to a breach of contract by the club. In that case, the player would have the option to leave this club immediately, and the club responsible for the contractual breach may be subject to sportive sanctions and liable to pay financial compensation to the player. The Chamber will assess the contractual elements of the players' claim within 30 days after the date on which the player has submitted his case; The Chamber will determine any sportive sanctions or financial compensation within another 30 days at the most. Interested parties can appeal the decision of the Dispute Resolution Chamber to the Arbitration Tribunal for Football.⁸⁴ An appeal does not have suspensive effect.⁸⁵

When sporting just cause is established, it shall be determined whether compensation is payable and the amount of any such compensation.⁸⁶ In the event it is determined that compensation is payable, the amount must obviously be less than the compensation due in the case of an unjustified contractual breach, since the club is at least in part responsible for

⁷⁹ Thus, FIFA's Players Status Committee developed case law under the previous version of the present Regulations that a player who had not been paid his contractual salary for several months had just cause to terminate the employment contract with his club.

⁸⁰ See Art. 24 of the Basic Regulations.

⁸¹ See Art. 24 of the Basic Regulations.

⁸² See Art. 12 of the Application Regulations.

⁸³ See Art. 24 of the Basic Regulations.

⁸⁴ See Art. 42.1.(b)(i) of the Basic Regulations.

⁸⁵ See Art. 41.1.(c) of the Basic Regulations.

⁸⁶ See Article 24 of the Basic Regulations.

the breach, and should, in principle, not exceed the salary remaining until the end of the contract.

Of course, no compensation shall be due by the player, if he is found to have just cause for terminating his contract. Compensation may however be due to the player by his former club, if the latter's behaviour must be interpreted as amounting to an unjustified breach on its part of the contract with the player.

4. Solidarity mechanism

If a non-amateur engages in an international transfer during the term of his contract, his previous club may receive financial compensation, either because the player's departure constitutes a breach of contract or in the context of an agreement between the left club, the new club and the player concerned. In those circumstances, and regardless of the age of the (non-amateur) player, the new club concerned is to distribute 5% of this compensatory amount to all the clubs where this player has played between the age of 12 and 23. This distribution of monies is meant as a solidarity contribution to the clubs involved in the training and education of the player.⁸⁷

The solidarity contribution shall be apportioned between clubs as follows, depending on where the player played at a certain age:

- 12 – 13 years: 5%
- 13 – 14 years: 5%
- 14 – 15 years: 10%
- 15 – 16 years: 10%
- 16 – 17 years: 10%
- 17 – 18 years: 10 %
- 18 – 19 years: 10 %
- 19 – 20 years: 10 %
- 20 – 21 years: 10 %
- 21 – 22 years: 10%
- 22 – 23 years: 10%.⁸⁸

If the career of the player cannot be traced back to the age of 12, the amount for any "missing years" will be distributed to the national association of origin of the player and be ear- marked for the training of young players.

Payment of the solidarity contribution must be effected within 30 days from registration of the player by the new club.⁸⁹ It is the responsibility of the new club to calculate the amount of the contribution and to effect the necessary payments. If so requested, the player shall assist the new club in calculating the appropriate amounts and in identifying the beneficiary

⁸⁷ See Art. 25 of the Basic Regulations.

⁸⁸ See Art. 10 of the Application Regulations.

⁸⁹ See Art. 11.1 of the Application Regulations.

clubs.⁹⁰ The FIFA Players' Status Committee may impose disciplinary measures on clubs or players who fail to observe these payment-related obligations.⁹¹ Decisions of the Players Status Committee regarding disciplinary measures can be appealed against to the Arbitration Tribunal for Football.

5. The administration of international transfers

Players transferring internationally, to a club in another country, are only eligible to play for the new club in any official match upon registration by the national association to which the new club belongs.⁹² Registration must be requested by the player's new club in a timely manner, i.e. during one of two registration periods established by its national association.⁹³ In order to register a player coming from another country, the national association must request an international registration transfer certificate from the national association to which the player's old club belongs.⁹⁴

The national association from which this certificate is requested will immediately contact the player and his old club to confirm whether (i) their contract has expired, (ii) early termination was mutually agreed, or (iii) a contractual dispute exists.⁹⁵ In the first two scenarios, the national association will deliver the international registration transfer certificate within 7 days to the requesting association, with copy to FIFA. However, in the third scenario, the national association will either deliver the international registration transfer certificate to the requesting association:

- (a) upon being notified of the decision on the sanction imposed in case of unjustified breach,⁹⁶ or
- (b) upon being notified of the decision that the unilateral termination was justified, in which case there would not be any decision forthcoming on a sanction on the player.

The player's eligibility to play for his new club in any official matches may be temporarily restricted in case the player is subject to disciplinary measures or sportive sanctions that have been imposed in connection with his previous employment.⁹⁷ This is meant to avoid that a player would change clubs in order to avoid a sanction which had been imposed on him for past misconduct.

⁹⁰ See Art. 11.2 of the Application Regulations.

⁹¹ See Art. 11.3 of the Application Regulations.

⁹² See Art. 11.1 of the Basic Regulations.

⁹³ See Art. 6.2 of the Basic Regulations; Art. 2 of the Application Regulations. For those national associations which presently allow players to be registered throughout the year and do not have registration periods, they are requested to establish such registration windows by the end of October 2001. Until then, they are free to register players.

⁹⁴ See Art. 6.1 and 6.2 of the Basic Regulations.

⁹⁵ See Art. 6.3 of the Basic Regulations.

⁹⁶ See Art. 6.5 of the Basic Regulations.

⁹⁷ See Art. 11.2 of the Basic Regulations.

Note that a player can request FIFA's Dispute Resolution Chamber to award financial compensation and/or impose disciplinary measures on his former club, if it is determined that this player terminated his contract with this club with just cause or sporting just cause and the player as a result of application of the present Regulations has been suspended from playing in the national championship of his new club, pending a decision on the justified character of the breach. The Chamber must rule on this request within 60 days after the date on which the player has submitted to it by the player.⁹⁸ A decision of the Chamber can be appealed to the Arbitration Tribunal for Football, but this appeal shall not have suspensive effect.⁹⁹

6. Release of players for national association representative matches

Within the scope of the revision of the rules for international transfers of players, some adaptations were also made to the chapter of the Regulations dealing with the release of players for national association representative matches, with the aim of improving the system with due consideration of the interests of all of the parties directly concerned by the release of a player. The following remarks concern the main alterations in this connection.

a. Compulsory release of players

As a general rule, the number of matches for which a player has to be released, has been reduced from seven to five games per calendar year. This provision shall come into force on 1 January 2002. On the other hand, after five matches have been played, the compulsory release of the player shall be extended to any additional games which a national association is required to play during the same calendar year in the FIFA World Cup™ preliminary competition as well as – and this is new – in the Olympic Football Tournaments preliminary competition and/or in the preliminary competition of confederation championships for “A” national teams.

Furthermore, we would like to draw your attention to the provision concerning national association's representative teams, which have qualified ex officio for a final competition. For these teams, the compulsory release shall comprise eight international matches (previously five) per calendar year. This provision shall also come into force on 1 January 2002.

Another key clause, which has been added to the relevant provisions, explicitly stipulates that it is not compulsory to release players for friendly matches scheduled on dates outside the coordinated international match calendar (CIMC). As a matter of form, we wish to emphasise that the CIMC will enter into force on 1 January 2002.

b. The period of release

A slight modification concerns the extent of the period of preparation for which a player has to be released. As a general rule, in the case of a summons for a qualifying match for an international competition, the period of compulsory release has been reduced from 5 to 4 days, including the day of the match. However, this period shall be prolonged to 5 days if

⁹⁸ See Art. 42.1.(b)(v) of the Basic Regulations.

⁹⁹ See Art. 42.1.(c) of the Basic Regulations.

the match in question is held on a different continent from that on which the club is domiciled.

c. Responsibility of the national associations

Moreover, the new provisions confer more responsibility on the national associations calling a player for national duty in ensuring that the player respects the timeframes set out in the Regulations. In particular, the national associations shall ensure that the player returns to his club on time after the match.

In this respect the club, with which the player is under contract, shall be notified in writing of the player's expected outward and return journey ten days before the match.

Furthermore, not only the player but, at the same time, his club shall also be informed in writing about the summons at least 15 days before the date of the match for which the player is required. In turn, the club shall confirm the release of the player to the national association concerned within the ensuing six days.

d. Non-observance of the release provisions

So as to ensure that the imposed deadlines are respected, the new Regulations provide for a series of sanctions. In particular, it has to be pointed out that if a player does not resume duty with his club by the timeframes stipulated in the relevant article, the period of release for his national association can be shortened for the subsequent summons. The extent of the reduction will depend on the kind of match concerned.

Furthermore, and in case of recurrent breach of the applicable provisions, the FIFA Players' Status Committee will have the authority to impose appropriate sanctions, such as fines, additional reduction of the period of release or interdiction of a summons to the subsequent match / matches.

If a player reports late for duty more than once, in addition to the above described consequences the FIFA Players' Status Committee may, ex officio or at the request of the player's club, impose supplementary sanctions on the player and/or the national association.

7. Dispute settlement

The key to the new dispute settlement provisions are the following elements:

- a. Players and clubs have the choice to submit the triggering, contract-related elements of their disputes to national courts or to football arbitration.¹⁰⁰ Whatever the choice they make, the sportive sanctions envisaged in the present regulations can only be imposed by FIFA bodies, notably the Dispute Resolution Chamber. Decisions of this Chamber are subject to appeal to the Arbitration Tribunal for Football.
- b. FIFA's Dispute Resolution Chamber will be composed of members chosen in equal numbers by players and clubs, as well as an independent chairman.¹⁰¹ The same is

¹⁰⁰ See Art. 42.1 of the Basic Regulations.

¹⁰¹ See Art. 42.1.(b)(i) of the Basic Regulations; Art. 15 of the Application Regulations.

true for the Arbitration Tribunal for Football whenever it hears appeals from decisions taken by FIFA's Dispute Resolution Chamber.¹⁰²

- c. If a party chooses to have its dispute resolved through football arbitration, the triggering, contract-related elements of the dispute will be handled by FIFA's Dispute Resolution Chamber at the request of this party, unless both parties have agreed in writing or it is provided in a collective bargaining agreement not to submit this part of the dispute to FIFA's Chamber but rather to a national sportive arbitration tribunal. However, for this agreement or this provision to be recognized by FIFA, the national arbitration tribunal must also be composed of members chosen in equal numbers by players and clubs, as well as an independent chairman.¹⁰³
- d. Whenever a dispute between a player and a club is put to football arbitration, and an unjustified contractual breach is found, FIFA's Dispute Resolution Chamber is exclusively competent to establish the consequences of this finding (notably, sportive sanctions, financial compensation), subject to appeal to the Arbitration Tribunal for Football. The same is true for disputes relating to training compensation.¹⁰⁴
- e. Whenever a dispute between a player and a club arises, FIFA will offer low cost, speedy, confidential conciliation facilities available to the parties. The parties are free to accept mediation by an independent mediator. Any such conciliation will not delay or interfere with the formal dispute settlement procedures.¹⁰⁵
- f. Before reaching any decision in the matters discussed here, FIFA's Dispute Resolution Chamber will ask the national association which held the registration of the player before the dispute arose to give its opinion on the dispute.¹⁰⁶

8. Transitional arrangements

The new regulations shall come into force on 1 September 2001. Contracts between players and clubs concluded before this date continue to be governed by the previous version of these regulations, which entered into force on 1 October 1997, unless the clubs and the players expressly agree to subject their agreements signed after 5 July 2001 to the present regulations. In any event, disputes arising in connection with contracts governed by the earlier version of these regulations will be settled according to the procedural provisions¹⁰⁷ of the present Regulations.

¹⁰² See Art. 42.1(c) of the Basic Regulations.

¹⁰³ See Art. 42.1.(b)(i) of the Basic Regulations.

¹⁰⁴ See Art. 42.1(b)(ii)-(v) of the Basic Regulations.

¹⁰⁵ See Art. 42.1.(a) of the Basic Regulations.

¹⁰⁶ See Art. 42.3 of the Basic Regulations.

¹⁰⁷ See Art. 42-44 of the Basic Regulations; Art. 15-17 of the Application Regulations.

* * *

To conclude, it is clear from the above that the national associations will have an important role to play in the new system, and we look forward to working with you. In order to complete the necessary preparations FIFA requests your input in accordance with the following calendar.

September 1, 2001: Entry into force of the new Regulations.

As from October 2001: FIFA will hold a series of information sessions for national associations and affiliates which express an interest.

By 15 October 2001: Please indicate the type of costs your association believes should be taken into account in calculating training and compensation fees. Please consult representatives of clubs and players in your association. To the extent their views diverge, please indicate this, together with your own view. On the basis of your responses FIFA will prepare a Circular containing guidelines on which costs are to be taken into account in the calculation of training and compensation fees.

By 31 October 2001: Those National Associations which presently allow players to be registered throughout the year and do not have registration periods are requested to establish such registration windows and communicate them to FIFA. Until then, they are free to register players.

By 15 November 2001: Assuming FIFA has received a sufficient number of responses by 15 October 2001 FIFA intends to issue a first Circular with guidelines on the types of costs to be taken into account by national associations in calculating training and compensation fees

By 15 December 2001: Please indicate by this date:

- the classification of your clubs as indicated above
- the training and education criteria for each of the relevant club categories.

National Associations within the EU/EEA area are requested by this date as well to indicate a ceiling per club category on training and compensation costs for which they should consult representatives of clubs and players. To the extent their views diverge, please indicate this, together with your own view.

By 15 January 2002: For those national associations which have communicated the necessary information to FIFA, FIFA will establish the final categorisation of the clubs as well as the respective training and education costs, communicate these to the national associations concerned, and publish them on FIFA's internet site.

We thank you in advance for your valuable co-operation and for informing your clubs and players of the above.

Yours faithfully,

FEDERATION INTERNATIONALE
DE FOOTBALL ASSOCIATION

Michel Zen-Ruffinen
General Secretary

Encl.

- cc: - Executive Committee
- Players' Status Committee
- Confederations