# FIFA Clearing House Go-Live Webinar

October 2022



#### Today's sessions



Session 1: Objectives, status and operational model

- 14:00 to 14:45 CET
- Jan Kleiner César Chaparro



Session 2: Member associations' integration & triggers

- 14:45 to 15:45 CET
- Adriano Gattiker



Session 3: Training rewards and electronic player passport (EPP) process

- 16:00 to 17:00 CET
- Laura Römer



Session 4: Payments through the FIFA Clearing House entity

- 17:00 to 18:00 CET
- David Squires

#### Practical points about this webinar

- If you have any questions, please enter them using the Q&A function in Zoom. There will be a live Q&A discussion at the end of each session where we will try to answer all submitted questions.
- Slides will be distributed to participants after the webinar. If you have any questions about the Clearing House after this webinar, feel free to write to <a href="mailto:CHwebinar@fifa.org">CHwebinar@fifa.org</a>.

#### **Initial remarks**

FIFA Clearing House Go-Live Webinar

October 2022

### Objectives, status and operational model

Session 1 of 4 FIFA Clearing House Go-Live Webinar

October 2022

#### **Topics of this presentation**

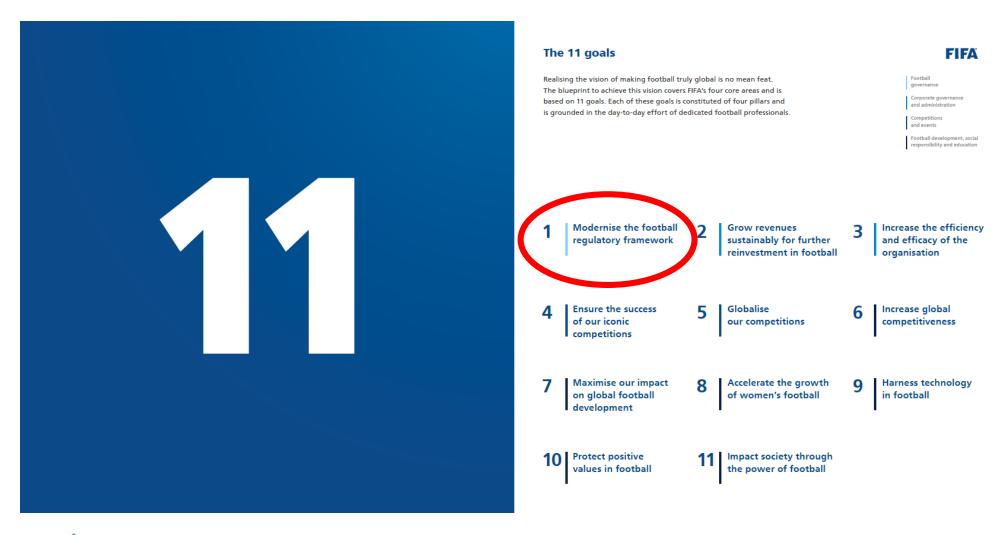
I. Context II. Training rewards III. Objectives of the FIFA Clearing House IV. Clearing House process V. FIFA Clearing House entity



Objectives, status and operational model

I. Context

#### The 11 goals





#### The three reform packages of the transfer system



- First reform package October 2018
  - Domestic electronic registration and transfer systems
  - FIFA Clearing House
- Second reform package October 2019
  - Training Rewards 2.0
  - Loans
  - Agents
- Third reform package ongoing
  - Minors
  - Transfer windows (registration periods)
  - Squad sizes
  - Financial regulations

### What is the objective of the Clearing House?

On 26 October 2018, the FIFA Council endorsed the first reform package of the transfer system recommended by the FIFA Football Stakeholders Committee, which included:

- Creation of a clearing house to process transfers with the aim of protecting the integrity of football and avoiding fraudulent conduct
- Mandatory introduction by all MAs of an electronic player registration system and an electronic transfer system at national level

The objective of the FIFA Clearing House (FCH) is to centralise, process and automate payments between clubs, in a first step related to training rewards payments (training compensation and solidarity contribution), with the vision to potentially expand to agent fees and transfer fees in the future.

It is estimated that around **USD 400m** will be distributed per year through the FCH to more than 10,000 training clubs.



FIFA Clearing House



Objectives, status and operational model II. Training rewards (quick reminder)

### Training rewards in brief

- Objective: financially reward training clubs for participating in training future professional players
- Two pillars: training compensation and solidarity contribution
- Training period begins from the start of calendar year of the player's 12<sup>th</sup> birthday until end of calendar year of 23<sup>rd</sup> birthday.

#### Regulations on training rewards



#### Regulations on the Status and Transfer of Players (RSTP)

- Training compensation: article 20 and Annexe 4
- Solidarity mechanism: article 21 and Annexe 5



#### **Draft Clearing House Regulations**

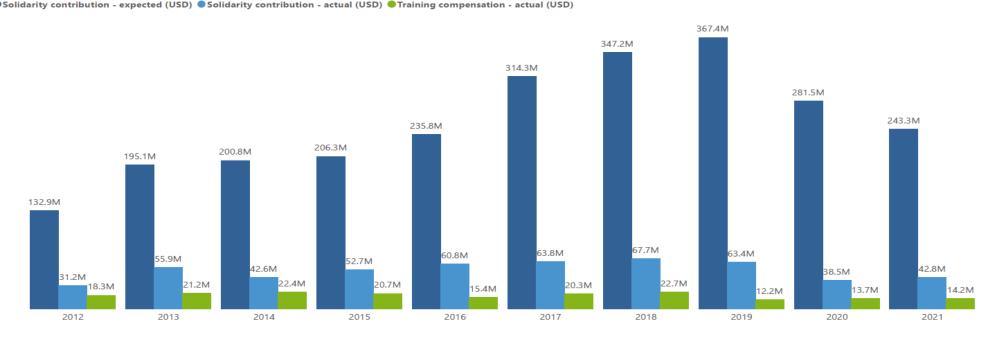
- Registration of players: article 4
- Identification of training rewards: articles 5 to 7
  - Creation and review of EPP: articles 8 to 11
- Payment process through FIFA Clearing House: articles 12 to 16





Objectives, status and operational model III. Objectives of the FIFA Clearing House

### Why do we need a FIFA Clearing House?



- To cover the current gap between training rewards due and actually paid (only one fifth of those). With the FCH, FIFA will shift from a claims system to automatic entitlement.
- To promote integrity and financial transparency, by conducting a risk and compliance due diligence on clubs and transactions before any payments are processed by the FCH, assessing adequacy to antimoney laundering and other financial regulation.



#### **External stakeholder support**

- Loretta Lynch (former US Attorney General) speech (3rd FIFA Compliance Summit) October 2020
- GRECO report May 2021
  "...the FIFA Clearing House will represent a milestone in achieving comprehensiveness, transparency and integrity of the transfer system for football players around the world"
- President of Swiss Confederation speech (71st FIFA Congress) May 2021
- European Parliament Report on EU Sports Policy November 2021: "The recent reforms in the football transfer market, including the establishment of a clearing house [...] go in the right direction; the relevant sport authorities should ensure the prompt implementation of these reforms."

Objectives, status and operational model IV. Clearing House process

### How does the FCH work?



#### **FIFA Clearing House process**

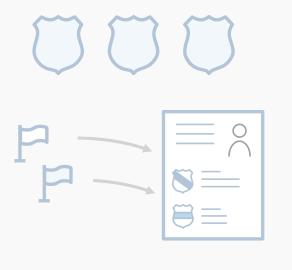
#### 1- Training rewards triggers

Training rewards triggers (international and domestic transfers, as well as first professional registrations) are declared by MAs and processed by FIFA for identification of potential entitlement.



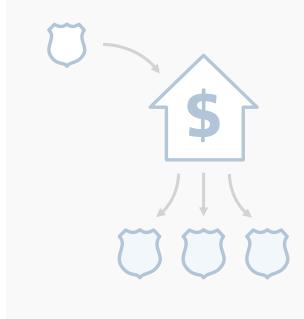
### 2- Electronic player passport (EPP)

When a training reward trigger is identified, an EPP is created with registration information from relevant MAs. A review process will ensure the EPP is complete.



### **3- Distribution of training rewards through FIFA Clearing House**

The FIFA Clearing House entity will conduct a compliance assessment on all parties and, once accepted, it will process the payments from the new club to the training clubs.



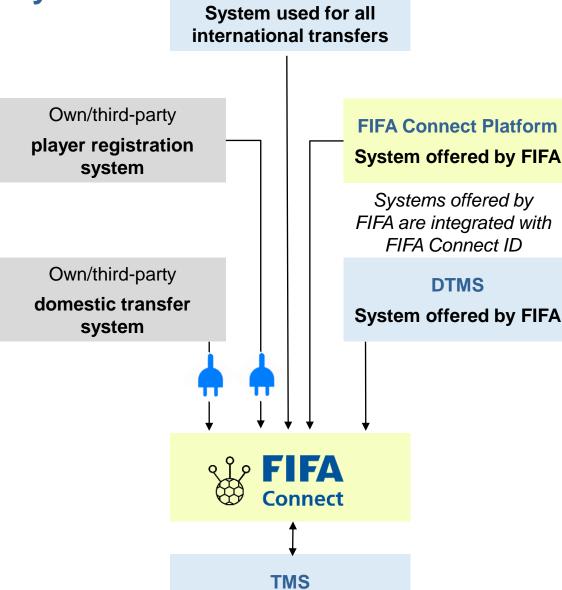


# Requirement for use of electronic systems by member associations and clubs

In order for FIFA to be able to create an EPP, every member association must:

- ensure ITMS is used for all international transfers;
- 2) implement an electronic player registration system
  - a) implement an own/third-party system, or
  - implement the system offered by FIFA (i.e. FIFA Connect Platform);
- 3) implement an electronic domestic transfer system
  - a) implement an own/third- party system, or
  - b) implement the system offered by FIFA (i.e. DTMS); and
- 4) integrate those electronic systems with **FIFA Connect ID.**



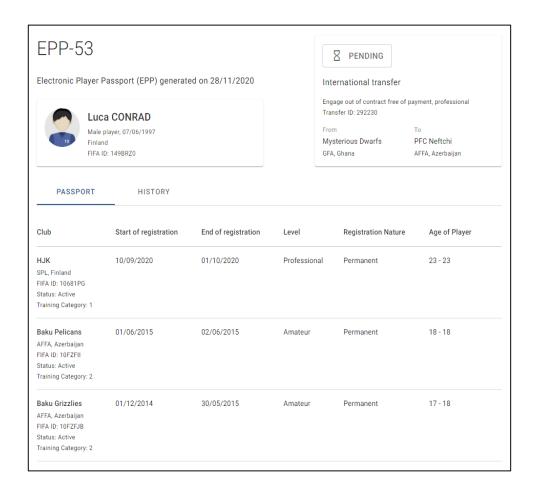


**Electronic player passport** 

**ITMS** 

#### **Electronic player passport (EPP)**

- An EPP is generated after identification of a training rewards trigger: (i) international transfer, (ii) domestic transfer with international dimension, or (iii) first professional registration.
- TMS will query all MA's domestic systems to feed the EPP with registration information for a relevant FIFA ID of a player.
- The EPP provides a consolidated view of a player's career, creating transparency and facilitating the calculation of training rewards.



#### **FIFA Clearing House process**

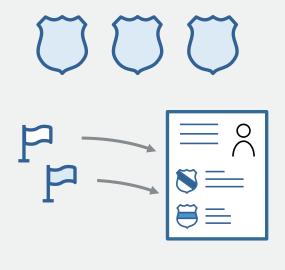
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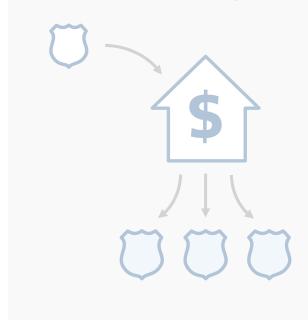
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#### **Overview of the EPP process**

#### 1 – Provisional EPP

- EPP generated automatically from training reward triggers
- □ Inspection of EPP by MAs and clubs for ten days. MAs may request to be added to the EPP review process
- Assessment by FIFA and release for review (after inspection)

### 2 – Review by MAs and clubs

- ☐ Review process opened by FIFA for ten days
- MAs review and request amendments to registration information
- ☐ New, former and training clubs provide relevant documentation

#### 3 – Validation by FIFA

- Evaluation of requests and determination by the FIFA general secretariat
- □ Possible request by FIFA to clubs and MAs on additional information/ documentation
- □ Referral of complex cases to DRC for decision

### 4 – Final EPP and allocation statement

 ☐ Final EPP and allocation statement communicated to participating parties



#### Training rewards claim process v. electronic player passport (EPP) process

Claims of training rewards	Electronic player passport process
Training club(s) <b>become aware</b> of the trigger of training rewards	
Training club(s) lodge(s) claim in TMS within two years and 30 days of registration/due payment(s)	Creation of EPP and review <b>process executed immediately</b> after training rewards trigger is declared <b>- no claim needed</b>
Payment of solidarity contribution triggered from registration with the new club and instalment dates	Payments of solidarity contribution triggered from upload of proof of payment of transfer compensation
Claim managed by the FIFA general secretariat	EPP review process managed by the FIFA general secretariat
Proposal by the FIFA general secretariat or decision by the DRC	Determination by FIFA general secretariat, decision by the DRC in cases of factual or legal complexity
Club-to-club payment(s)	Payment through the FIFA Clearing House



#### FIFA Clearing House process

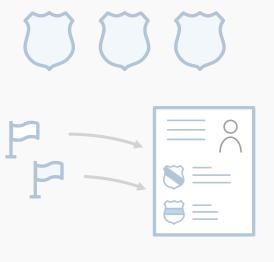
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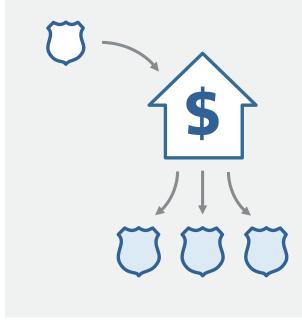
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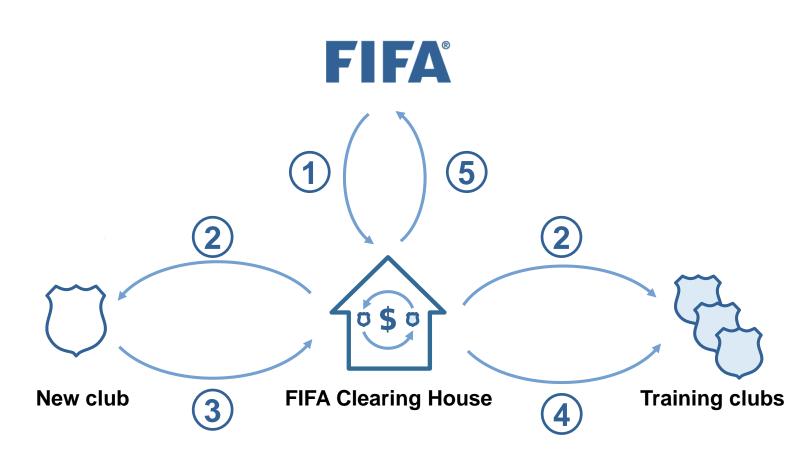
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#### **FIFA Clearing House process**

- 1) Communication of allocation statement
- 2) Compliance assessment of all parties involved
- 3) New club payment
- 4) Training club payment
- 5) Reporting to FIFA: general data and statistics; compliance and payment failures
- ✓ Sanctions by FIFA, which may include fines and registration bans





Objectives, status and operational model IV. FIFA Clearing House entity

#### FCH: licensing and location

#### • Why a regulated entity?

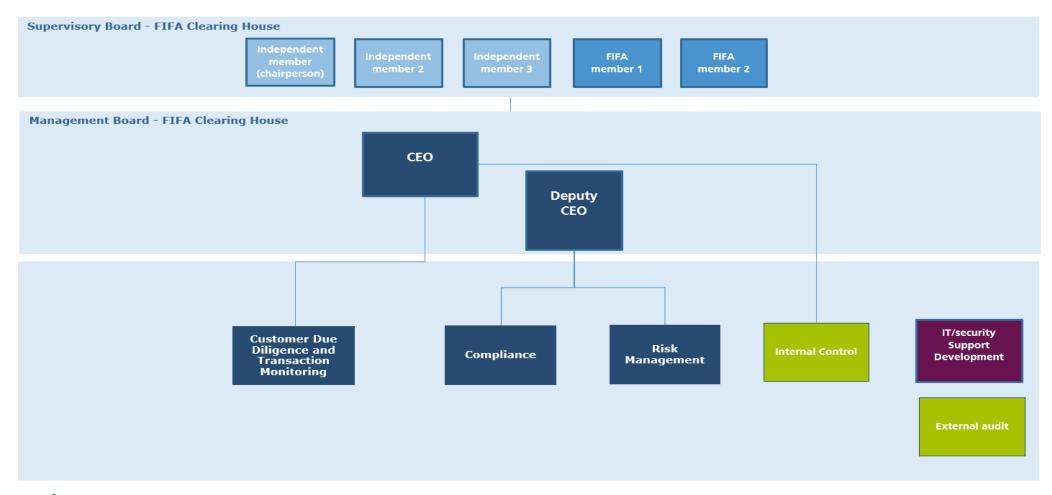
- For the FCH-envisioned services, a payment services licence is necessary, as per the European Payment Services Directive II 2015/2366 and equivalent legislation.
- Having a (separate) regulated entity allows for the operational procedures to be tailored to the needs and risks in the football sector.

#### • Why did the FCH apply for the PSD2 licence in Europe/France?

- EU-based: the vast majority of payments are between EU clubs.
- The EU has one of the most transparent and robust financial regulatory systems.
- Other than "passporting" the licence within the EU, in most other key jurisdictions, no local authorisation is required.

#### FCH: organisational structure

The FCH is a separate entity from FIFA and independent in its regulated activities, but FIFA exerts a certain control through shareholding, the governance framework, full funding and the service agreement.





#### **Project timeline**

- FIFA Clearing House licence to operate as a payment institution: granted by ACPR (French authorities) on 23 September 2022
- Approval of the FIFA Clearing House Regulations by the FIFA Council: expected in October 2022
- Go-live of the FIFA Clearing House: expected on 16 November 2022

### Thank you

