

Payments through the FIFA Clearing House entity

Session 4 of 4

FIFA Clearing House Go-Live Webinar

October 2022



Topics of this presentation

Introduction

Overall process

Step 1: Allocation statement

Step 2: Compliance assessment

Step 3 and 4: Payments in and out

Step 5: Reporting

FIFA Clearing House process

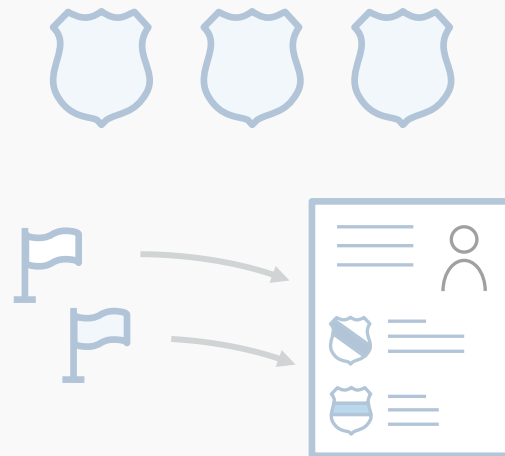
1- Training rewards triggers

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.



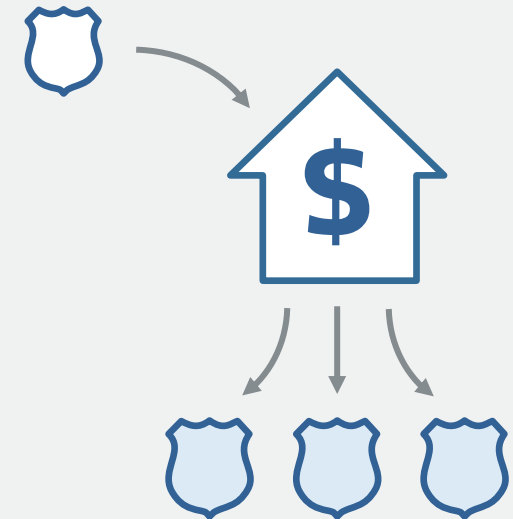
2- Electronic player passport (EPP)

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.



FIFA Clearing House core stakeholders



FIFA

- Set overall strategy and mandate for the FCH
- Provide accurate information via allocation statements (TMS)
- Communicate with football stakeholders (MAS, confederations, etc.)
- Approve budget/provide funding
- Dealing with breaches of FCH regulations



FIFA Clearing House

FIFA
Clearing House

- PSD2-licensed payment service provider
- Ensure compliance with regulatory obligations
- Development and implementation of policies and procedures governing the FCH operations
- Performance of onboarding, compliance assessment and transaction monitoring processes on all clients of the FCH



Autorité de Contrôle
Prudential et de
Résolution
(ACPR)

- Financial regulator responsible for overseeing FCH and issuing PSD2 licence

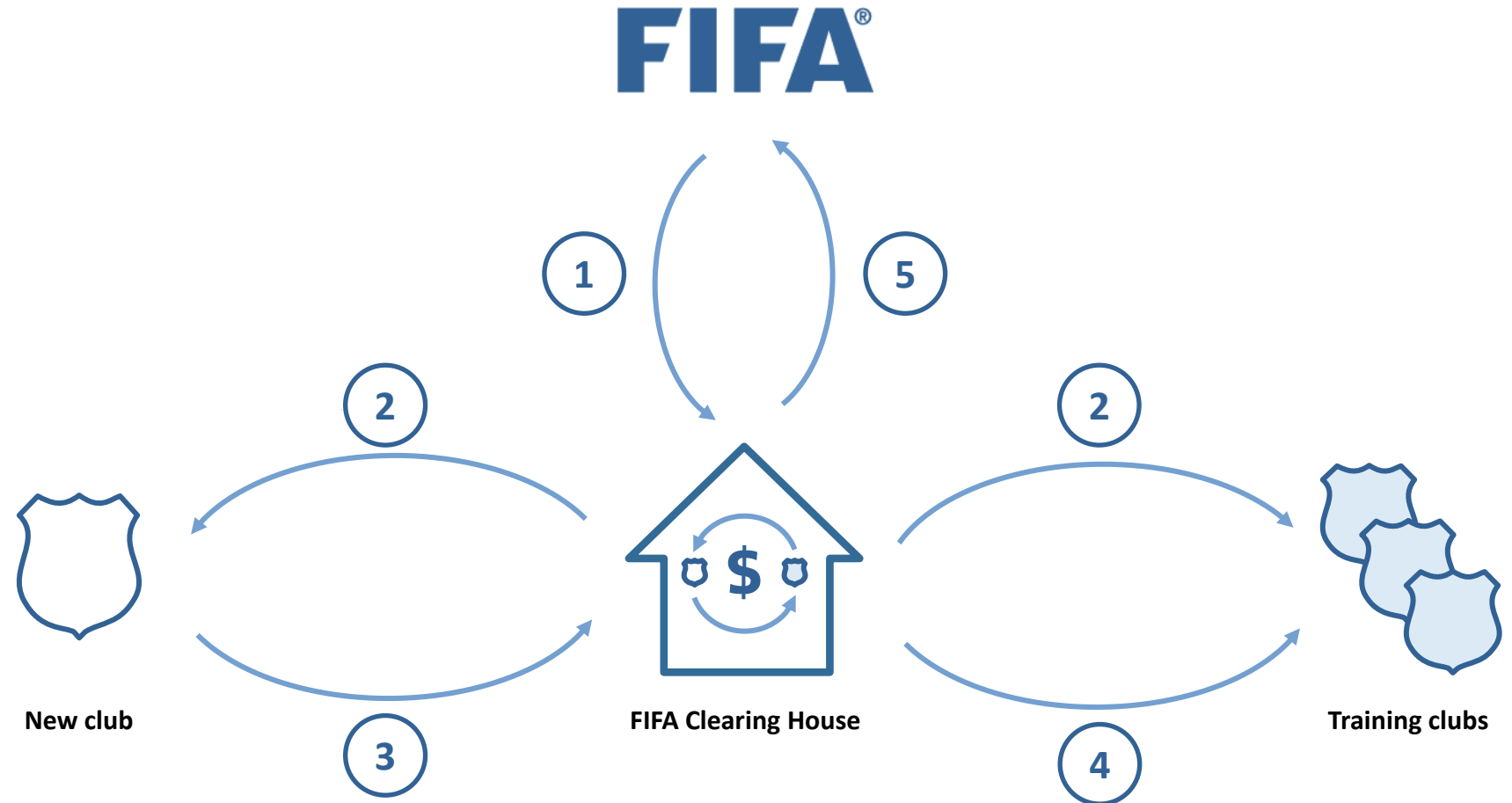


Payments through the FIFA Clearing House entity
Overall process

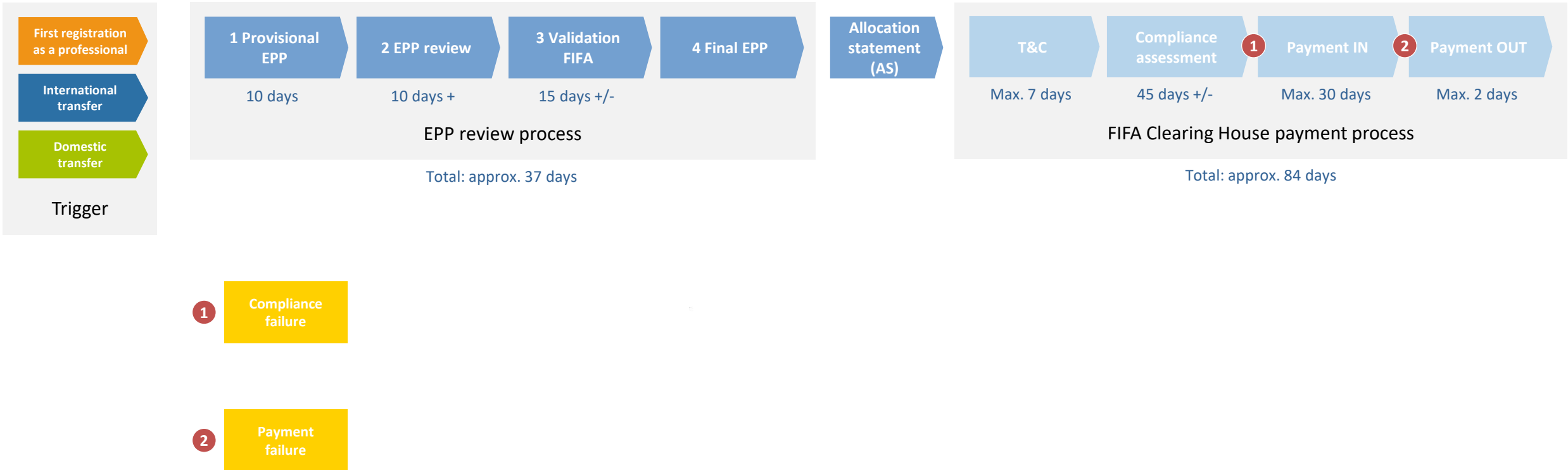
FIFA Clearing House process

The following steps are executed to process payments of training rewards through the FIFA Clearing House:

- 1) Communication of allocation statement
- 2) Compliance assessment of all parties involved in transaction
- 3) New club payment
- 4) Training club payment
- 5) Reporting to FIFA



Overall timeline





Payments through the FIFA Clearing House entity
Step 1: Allocation statement

Step 1 – Allocation statement

FIFA provides the FCH with an allocation statement with the information necessary to process the payment of training rewards

Allocation statement

_____	(###,###)
_____	###,###
_____	###,###



- ⚽ Player information
- ⚽ Trigger event details



- ⚽ Contact information*
- ⚽ Bank details (where available)



- ⚽ Contact information*
- ⚽ Player registration information
- ⚽ Bank details (where available)



- ⚽ Training rewards (currency and values)

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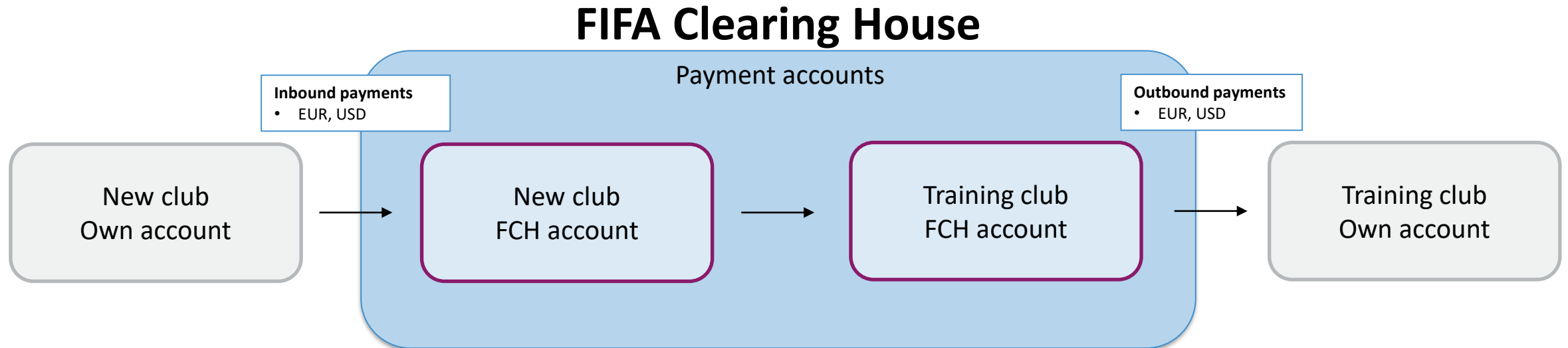
FIFA Clearing House

*If club contact information is not available, contact information for the member association is provided.

Step 1 – Allocation statement

Currency of training reward payments

- ⚽ The FCH will initially only process payments in EUR, USD or GBP (est. 98% of all transactions)
- ⚽ Training compensation
 - Only paid in EUR and USD according to regulations

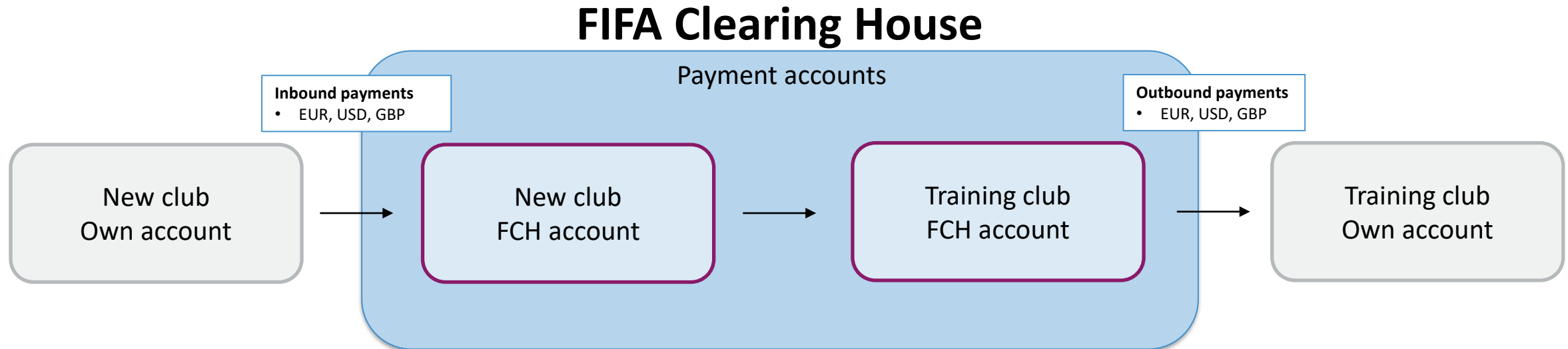


Step 1 – Allocation statement

Currency of training reward payments

⚽ Solidarity contribution

- Can be in any currency depending on the underlying transfer
- Solidarity contribution payable not in EUR, USD or GBP will be converted to EUR in the allocation statement
- Exchange rate used will be that at the date of the payment of the underlying transfer fee



Step 1 – Allocation statement

Contact information

- ⚽ The FCH will always contact the clubs via the email information provided in the allocation statement.

- ⚽ Depending on the contact information available, the FCH will contact:
 - if the club is active in TMS, the TMS manager
 - if the club is not active in TMS but club contact information is available, the club contact
 - if the club is not active in TMS and no club contact information is available, the MA TMS manager to obtain club contact information

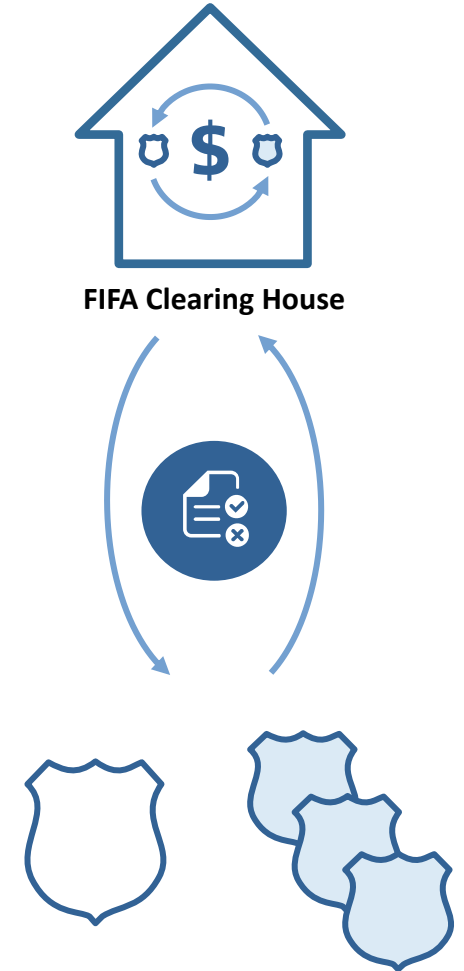
- ⚽ Please add @fifaclearinghouse.org to your safe sender list on your email platform to ensure emails are not filtered into spam or junk folders.



Payments through the FIFA Clearing House entity
Step 2: Compliance assessment

Step 2 – Compliance assessment

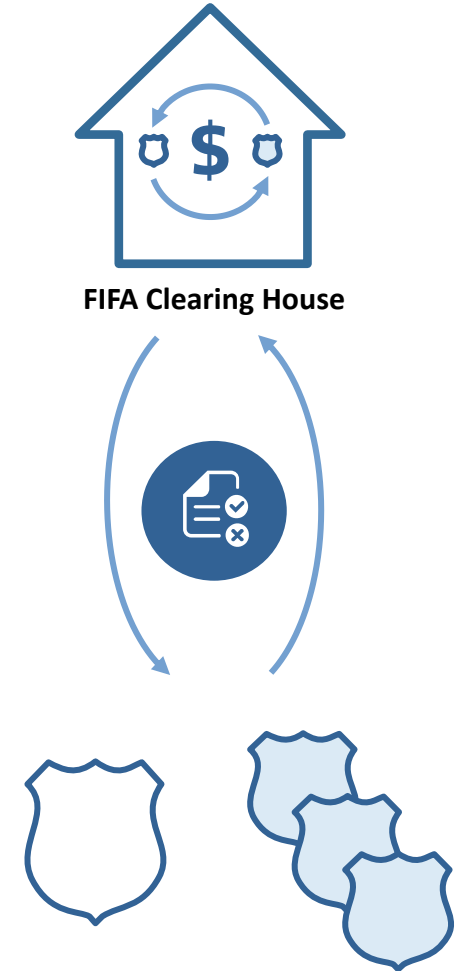
- ⚽ The FCH will be a licensed payment service provider operating from France. As such it will be required to abide by relevant EU and French legislation, particularly regarding anti-money-laundering (AML) laws.
- ⚽ No money will be requested or paid until the relevant parties have passed the compliance assessment.
- ⚽ Before initiating the compliance assessment, each party must accept the FCH terms and conditions for each transaction.
- ⚽ The FCH will directly contact the club and the relevant representatives will be asked to provide information to allow the compliance assessment to take place.
- ⚽ Three parts to the compliance assessment:
 1. **Risk assessment**
 2. **Due diligence**
 3. **Acceptance/rejection**



Step 2 – Compliance assessment

Risk assessment

- ⚽ In accordance with the EU AML directives and French AML-CFT legislation, each club will be rated as high, medium or low risk
- ⚽ Some of the key factors that will be taken into account are:
 - Industry – the football industry is deemed high risk for money laundering
 - Geographical – the FCH maintains a list of “no-go” countries in accordance with applicable regulations as well as a risk assessment that classifies all other countries as either high, medium or low risk.
 - Screening – if hits are discovered when screening for sanctions, negative media, PEPs, legal judgements or regulatory enforcements, this would likely result in enhanced due diligence procedures.
- ⚽ To complete this assessment, each club must complete a club information form.
- ⚽ The risk rating given to the club determines the level of due diligence required to onboard them as a client of the FCH.



Step 2 – Compliance assessment

Due diligence (1)

- ⚙️ Due diligence will be performed on three parties:
1. The club as a legal entity
 2. The legal representatives as an individual or individuals
 3. The ultimate beneficial owner (UBO) as an individual or individuals

Example documentation requested:

	Club	Legal representative	UBO
Mandatory	<ul style="list-style-type: none"> • Certified copy of trade register/certificate of incorporation or equivalent • Articles of association/memorandum of article or similar • Bank statement 	<ul style="list-style-type: none"> • Certified copy of valid passport or ID 	<ul style="list-style-type: none"> • Certified copy of valid passport or ID
Optional (at discretion of FCH)	<ul style="list-style-type: none"> • Audited financial statements • Organisational charts • For associations recognised as being a public utility, a copy of the decree recognising the public utility • Proof of listing for public companies • Certificate of incumbency or register of directors • Extract of UBO register 	<ul style="list-style-type: none"> • Proof of residency in the form of a copy of original internet/landline/utility bill or copy of original local government correspondence • Signed appointment resolution • Signed power of attorney 	<ul style="list-style-type: none"> • Proof of residency in the form of a copy of original internet/landline/utility bill or copy of original local government correspondence • Nominee shareholder statement (self-declaration by the club) • Personal wealth statement • Tax income statement • Financial position (declaration from accountant or lawyer) • Audited annual account of personal company • Copy of original income tax return

Step 2 – Compliance assessment

Due diligence (2)

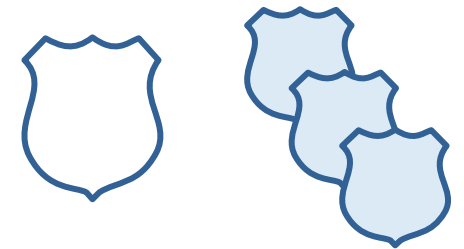
⚽ Ultimate beneficial owner (UBO)

- Based on the information provided by the club, including the list of individual shareholders and legal representatives, the FCH will identify the UBO as a natural person who:
 - holds a direct or indirect interest of 25% or more of the shares, voting rights or ownership interest
 - is a beneficiary of at least 25% of the capital of a fund, foundation or common law trust or is deemed to be the controller of the fund
 - is considered to be the controlling person (e.g. through shareholder agreements, outstanding debt convertible to voting rights, power to appoint senior management) regardless of the percentage holding
 - If no UBO can be properly identified, the legal representatives of the club may be designated as the UBO.

- ⚽ N.B. It remains at the sole discretion of the FIFA Clearing House to determine who the UBO of the club will be.



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Step 2 – Compliance assessment

Due diligence (3)

⚽ Sanctions

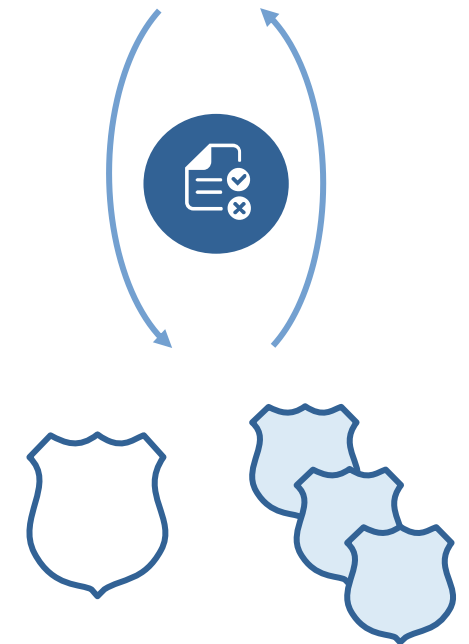
- Clubs, representatives and UBOs will be screened against sanction databases. Where a hit is received, further information will be required and it is probable that the FCH would not be able to process payments, depending on regulatory restrictions.

⚽ Politically exposed persons (PEPs)

- Where the UBO is a PEP, enhanced due diligence is required. Examples of PEPs are:
 - heads of state, heads of government, ministers and deputy or assistant ministers;
 - members of parliament or of similar legislative bodies;
 - members of the governing bodies of political parties;
 - members of supreme courts, of constitutional courts or of other high-level judicial bodies, the decisions of which are not subject to further appeal, except in exceptional circumstances;
 - members of courts of auditors or of the boards of central banks;
 - ambassadors, chargés d'affaires and high-ranking officers in the armed forces;
 - members of the administrative, management or supervisory bodies of state-owned enterprises; and
 - directors, deputy directors and members of the board or equivalent function of an international organisation.

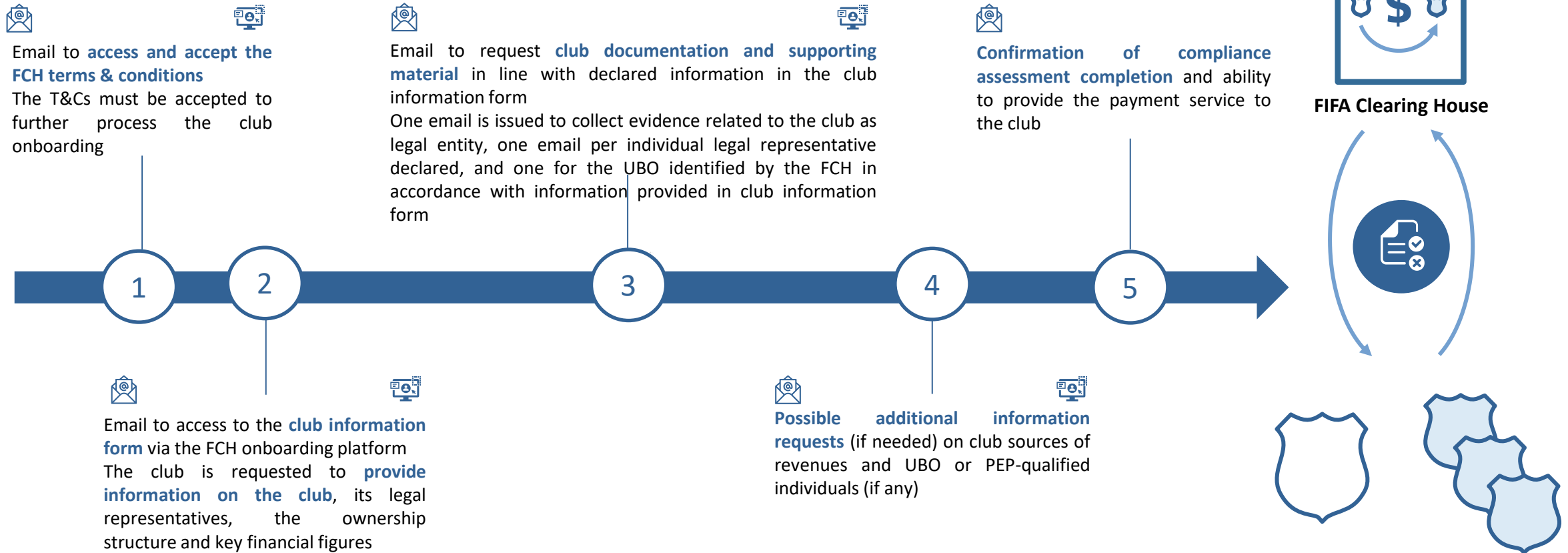


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Step 2 – Compliance assessment FCH onboarding platform

- ⚙️ All requests from the FCH to clubs will come via email. The emails will contain a link to the online secure FCH onboarding platform, where the club should provide the relevant information.



Step 2 – Compliance assessment

FCH onboarding platform

FIFA® | CLEARING HOUSE CLUB RELATED PARTY FORM Language: English

ADMIN

- CLUB INFORMATION
- RELATED PARTIES
- SOURCE OF FUNDS & WEALTH

CLUB INFORMATION

-Full legal name of the Club*
FC Sochaux-Montbelliard
Commercial Name

Legal Name is Required

Has the club used any previous names or trading names within the last 3 years?
 Yes No
Previous Club Name

Association
Limited Company
Public Limited company
Name of the government/region/municipality
Official registration number*
If the club is a state-owned or related company
Registration Number is Required

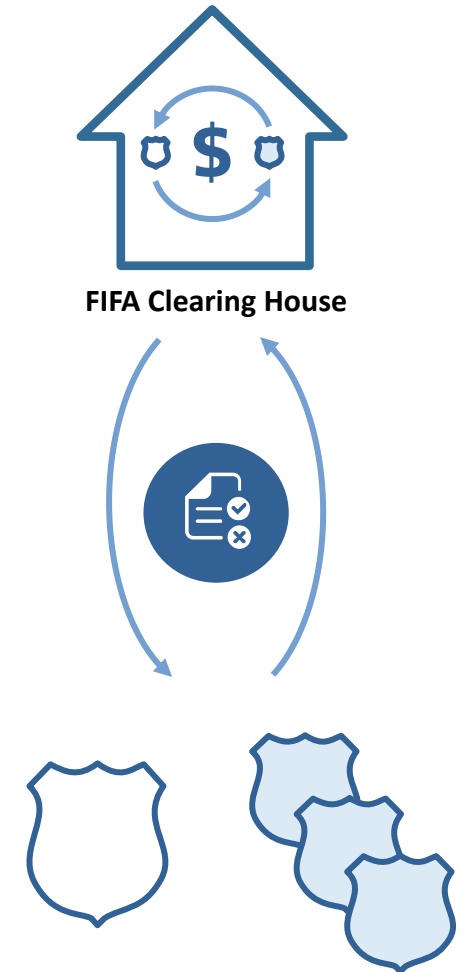
Country is Required

REGISTERED LEGAL ADDRESS ⓘ

Official address - Line 1*
Official address - Line 2
City/Town*
Address is Required
City is Required

SAVE **SAVE AND SUBMIT** **CANCEL**

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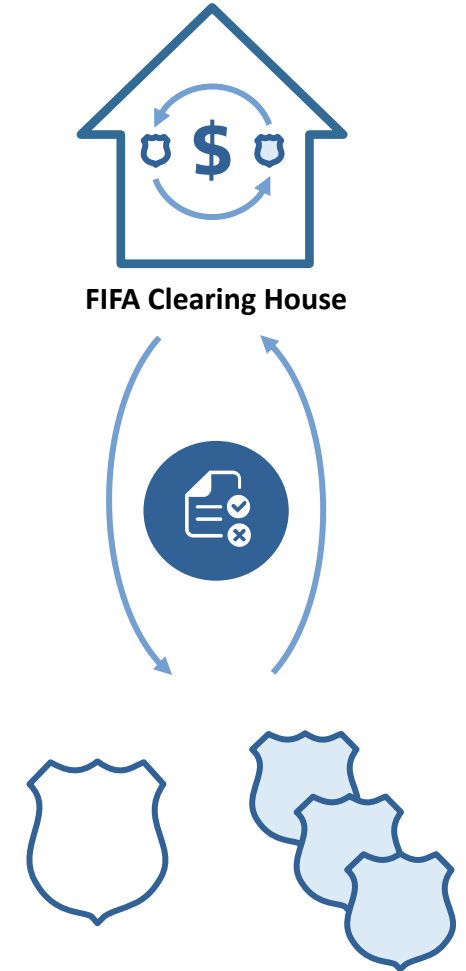
N.B. The system is usable in English, French and Spanish. Documents uploaded to the system must also be in these three languages. Documents not in these three languages must be provided with a certified translation to either English, French or Spanish.

Step 2 – Compliance assessment

Acceptance/rejection

⚽ Acceptance/rejection

- Based on the results of the due diligence procedures, the club will either be accepted or rejected by the FCH. Only those clubs who have passed the compliance assessment will be able to utilise the FCH services.
- Note – all allocation statements are treated individually, a compliance failure on one allocation statement does not impact on another allocation statement.



Step 2 – Compliance assessment

Member associations

- ⚽ In cases where a club has ceased to exist, is disaffiliated or where the training club has failed the second compliance assessment, the training rewards will be instead paid to the member association.
- ⚽ The member association will be required to undergo the same compliance assessment as the clubs and would be subject to sanction if it failed.
- ⚽ Should a member association fail a first and second compliance assessment, the training rewards would be forfeited and would no longer be payable by the new club.

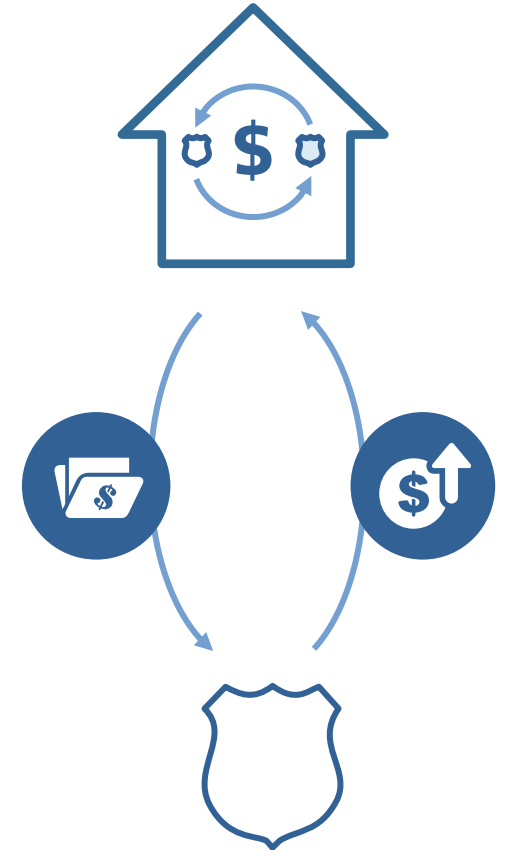
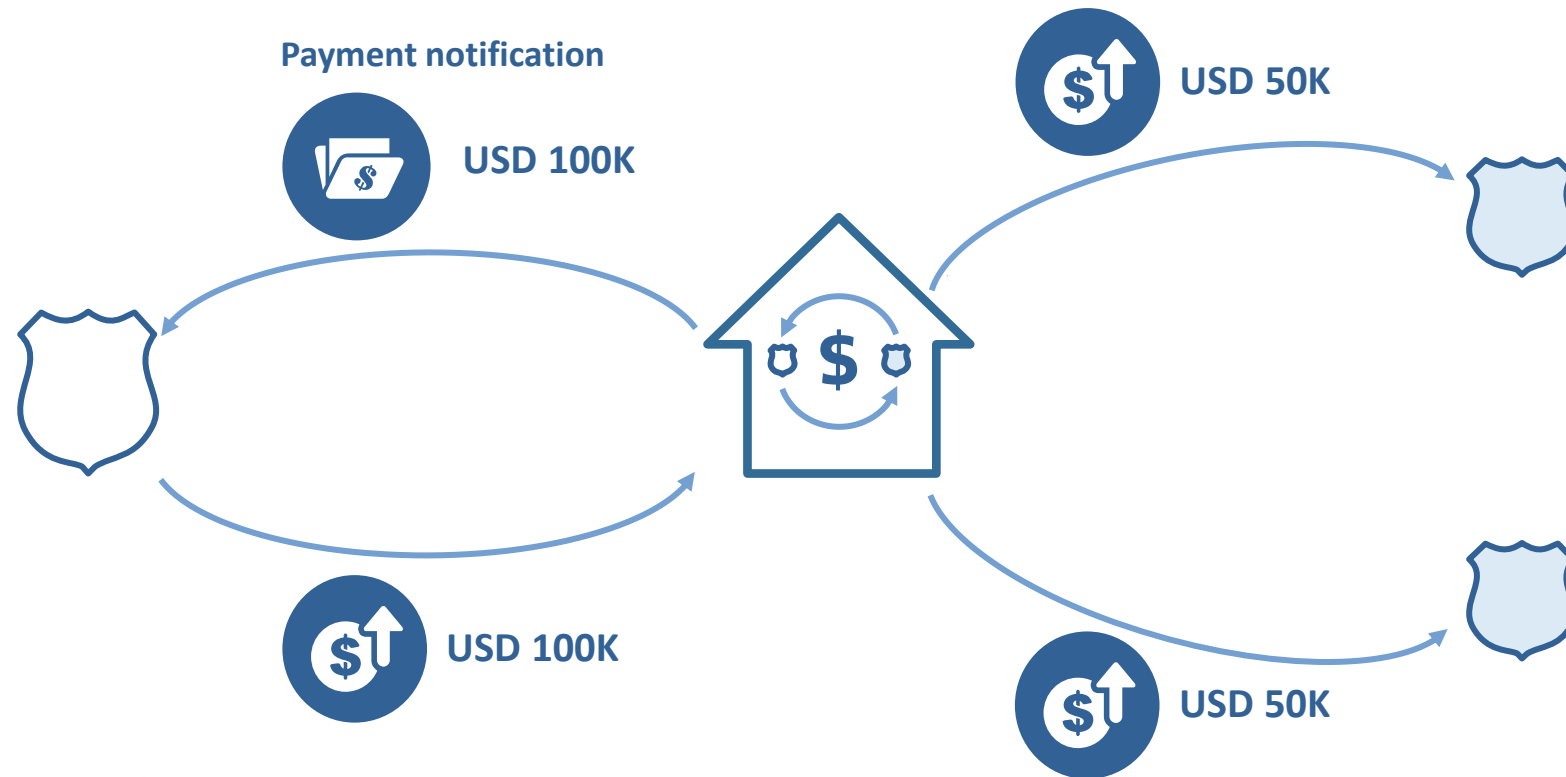


Payments through the FIFA Clearing House entity
Steps 3 and 4: Payments

Step 3 – New club payment

Payment notification

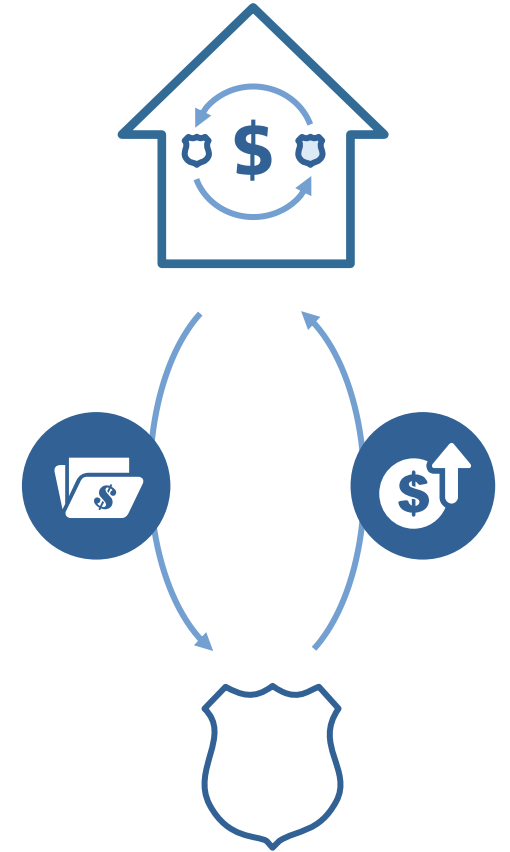
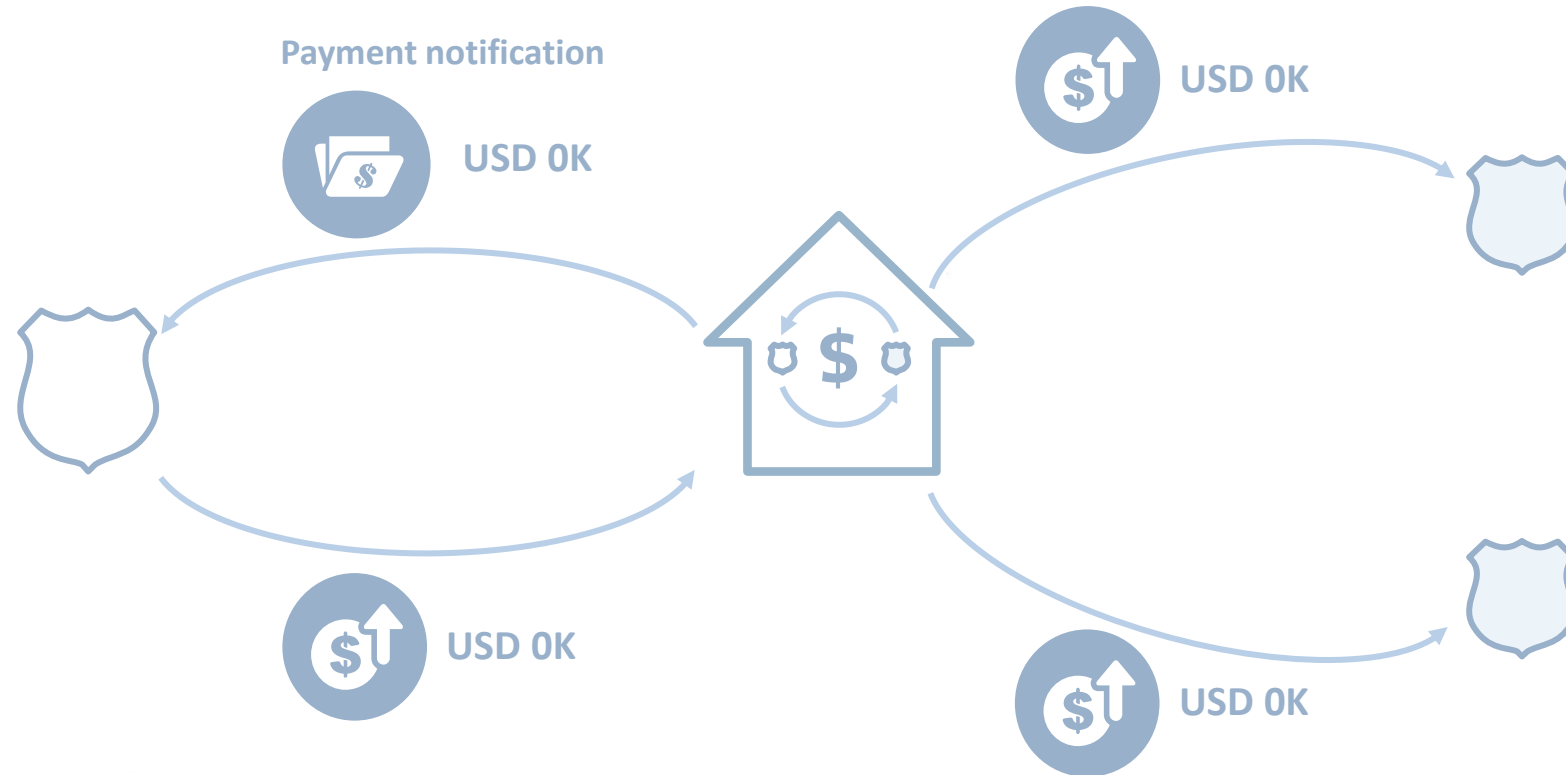
- ⚽ In principle, only when **all** parties have passed the compliance assessment will a payment notification be generated and sent to the new club.



Step 3 – New club payment

Payment notification

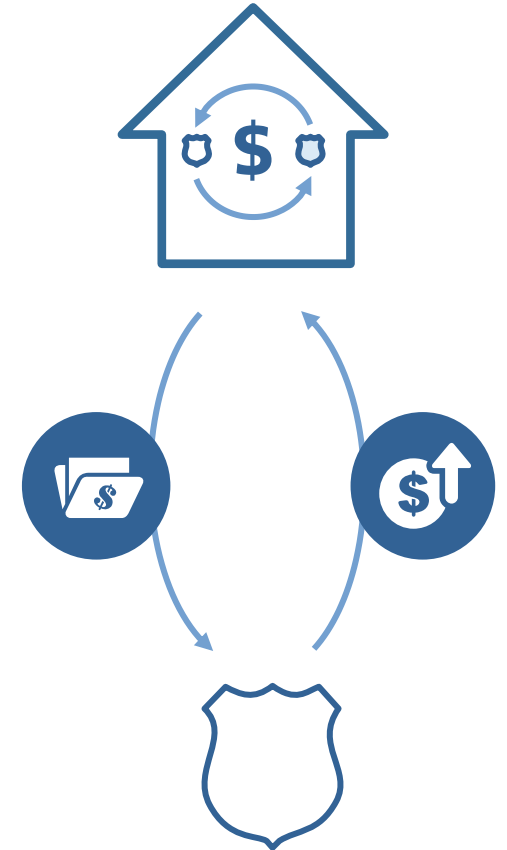
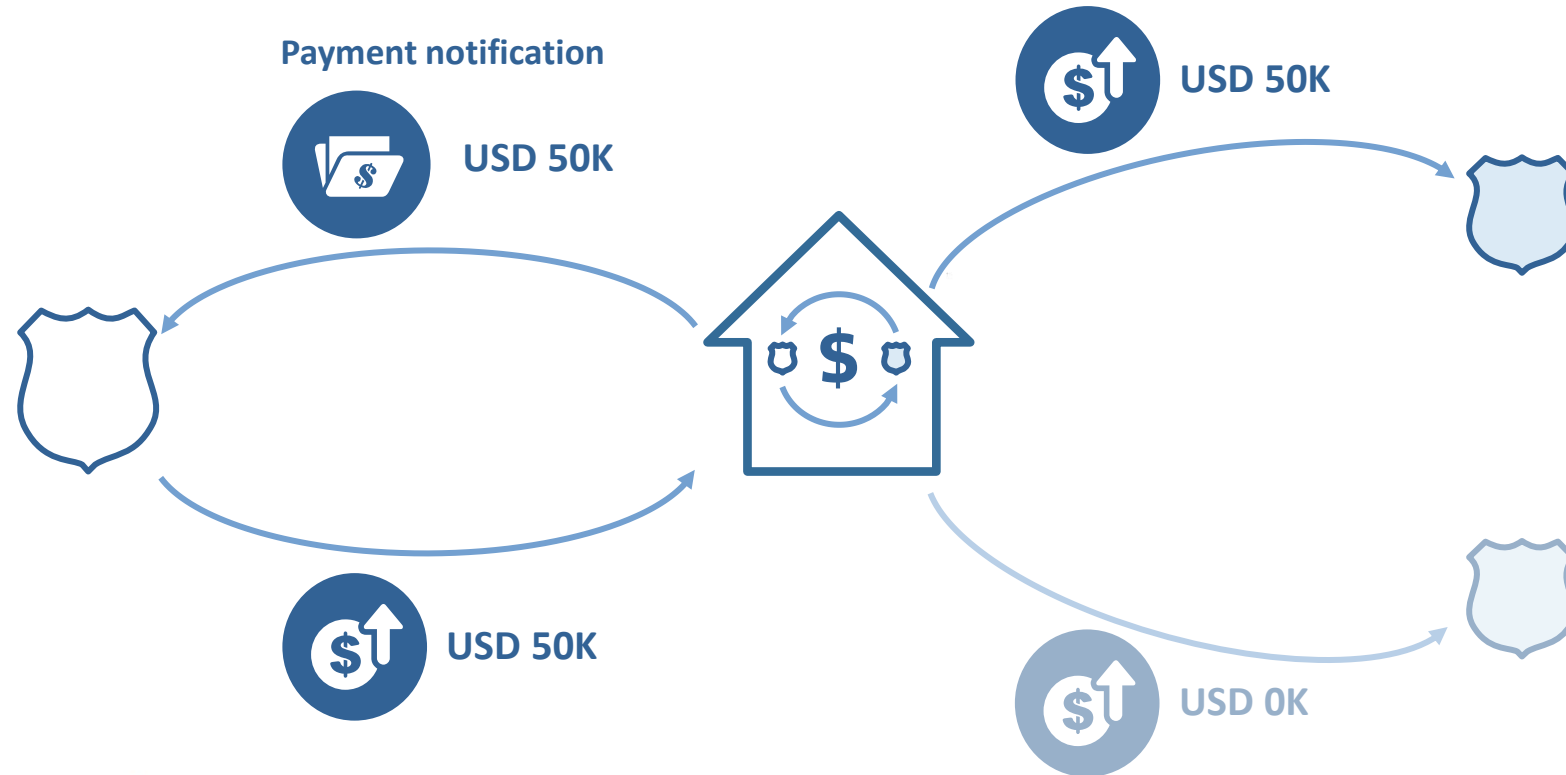
- ⚽ In principle, only when **all** parties have passed the compliance assessment will a payment notification be generated and sent to the new club.
- ⚽ If the new club fails, no payments can be made through the FCH.



Step 3 – New club payment

Payment notification

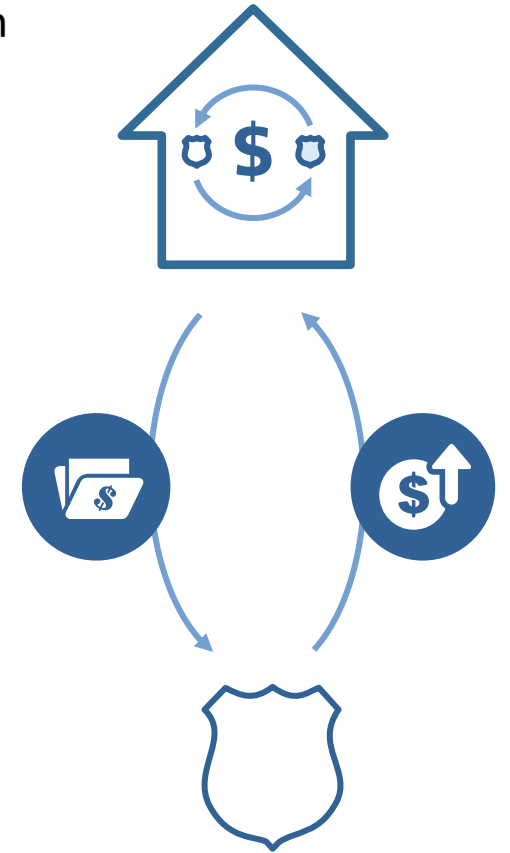
- ⚽ In principle, only when **all** parties have passed the compliance assessment will a payment notification be generated and sent to the new club.
- ⚽ If one training club fails, only the payment to the other training club can be processed.
- ⚽ The USD 50K not paid remains due. A payment notification will only be generated once the training club passes the second compliance assessment. Otherwise, the amount is forfeited and payable to the MA of the training club.



Step 3 – New club payment

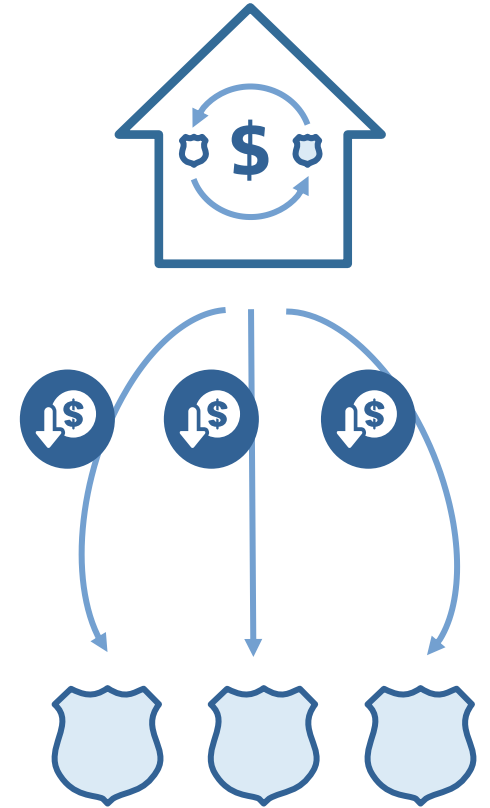
Payment to FCH

- ⚽ The new club must make the payment to the FCH within 30 days of the payment notification being issued.
- ⚽ The FCH must receive the full amount, in the currency requested, and from the bank account identified in the compliance process. All conversion/banking fees up to the point the funds are received on the account of the FCH must be borne by the new club.
- ⚽ Payments received more than 30 days after the issuance of the payment notification are subject to a late payment levy of 2.5% of the total balance, payable to the training club.
- ⚽ If full payment, including any late payment levy, has not been received 37 days after issuance of the initial payment notification, the club will be reported to FIFA for disciplinary measures.
- ⚽ N.B. Payments to the FCH must always be made via bank transfer from an account in the name of the club. Payments from third parties will be rejected.



Step 4 – Training club payment

- ⚽ Payment to training club(s)
 - Once the payment has been received from the new club, it should be paid on to the training club(s) within one to two business days.
- ⚽ Distribution statement
 - Upon payment of the training rewards to the training club, a distribution statement will be sent.
 - This statement will include details of the relevant trigger event, the amount and currency the payment was made as well as details of the bank account from which the payment was made.





Payments through the FIFA Clearing House entity
Step 5: Reporting

Step 5 – Reporting

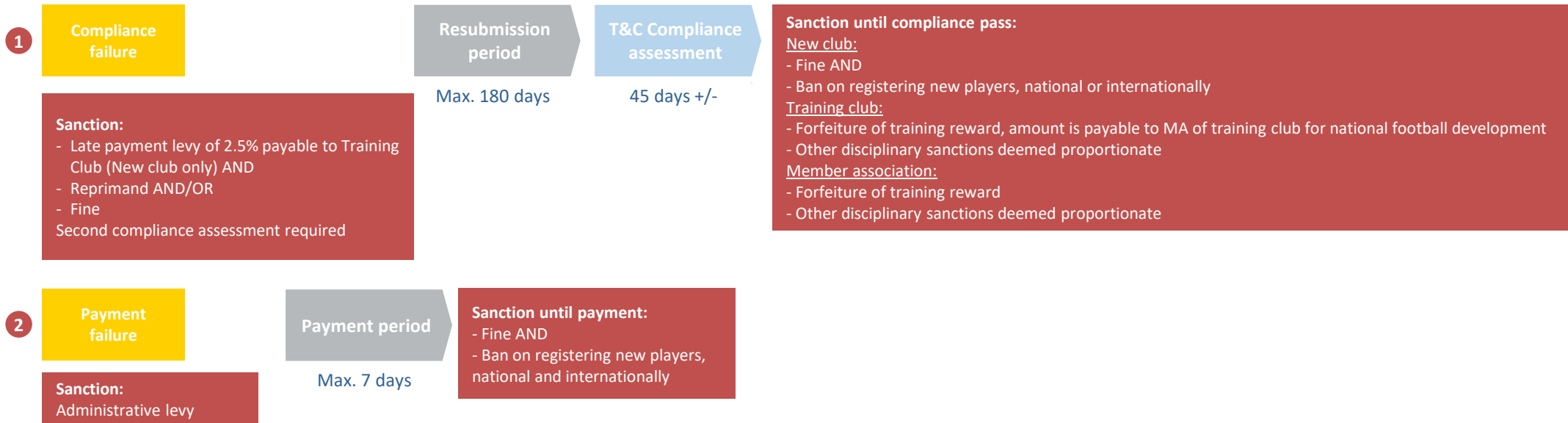
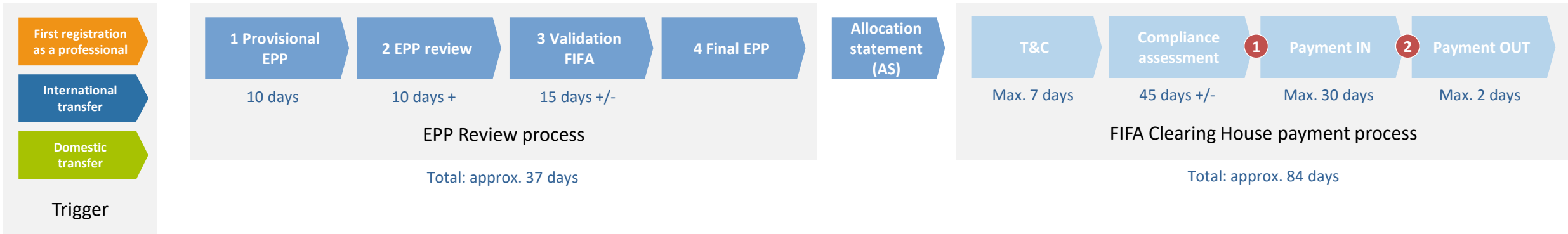
- ⚽ The FCH will provide information to FIFA on the following:
 - General data and statistics from the FCH activities
 - Instances of compliance assessment failures according to step 2
 - Instances of payment failures according to step 3

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Step 5 – Reporting

Overall timeline



Step 5 – Reporting

New club's first compliance failure – temporary provision

- ⚽ Where a new club fails a first compliance assessment in the period to 31 December 2023, the training rewards due should be paid directly to the relevant bank account of the training club within 30 days of notification by the FCH of the first compliance failure. If the full amount is not paid, the new club will be sanctioned for a payment failure as per the FCH regulations.
- ⚽ Where the relevant training club has also failed the first compliance assessment, no payment should be made.
- ⚽ Proof of payment or evidence why payment is not possible to be provided to FIFA.
- ⚽ The 2.5% late payment levy imposed after a first compliance failure will be sent to the FCH for processing six months after the date of notification of first compliance failure. This late payment levy will count as the clubs second compliance assessment. The new club may request for the late payment levy to be submitted earlier than six months.

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Summary

What you need to know

- ⚽ Payments to and from the FCH will be made in EUR/USD/GBP only. Other currencies will be converted to EUR on the allocation statement.
- ⚽ Please add @fifaclearinghouse.org to safe sender list on email platform.
- ⚽ Compliance assessment is performed on both new clubs and training clubs.
- ⚽ Compliance assessment requires documentation from:
 - the club;
 - legal representative(s); and
 - the ultimate beneficial owner(s).
- ⚽ Documents provided to the FCH must be in English, French or Spanish. Documents not in these three languages must be provided with a certified translation to either English, French or Spanish.
- ⚽ Six months after notification of a first compliance failure, the transaction will be submitted by FIFA to the FCH for a second compliance assessment. The club may request FIFA to submit it earlier than six months.
- ⚽ Temporary provision where new clubs should pay training rewards directly to the training club after a first compliance failure on or before 31 December 2023.
- ⚽ Member associations that would receive training rewards must also pass a compliance assessment and would be sanctioned for failure as a club would be.
- ⚽ Payments to or from the FCH must be made by bank transfer to an account in the name of the club.

Teams and contact information

FIFA Clearing House

- Entity responsible for processing of allocation statements
- Website:
 - www.fifaclearinghouse.org – Not yet active
- Email contact:
 - info@fifaclearinghouse.org – Not yet active

Clearing House Department – Operations Group

- Team within FIFA responsible for FIFA-FCH interactions and managing breaches of the FCH regulations in cooperation with the Disciplinary team.
- Email contact:
 - clearinghouse@fifa.org

Thank you

