

TURKISH FOOTBALL FEDERATION



CLUB LICENSING AND FINANCIAL SUSTAINABILITY REGULATIONS

DECEMBER 2022

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PART 1. GENERAL PROVISIONS

DEFINITIONS AND TERMS

For the purpose of these regulations, the following definitions apply:

Administration procedures

A voluntary or mandatory process that may be used as an alternative to the liquidation of an entity, is often known as going into administration. The day-to-day management of the activities of an entity in administration may be operated by the administrator on behalf of the creditors.

Agent/Intermediary

A natural or legal person who, for a fee, or free of charge, represents players and/or clubs in negotiations with a view to concluding an employment contract or represents clubs, in negotiations with a view to concluding a transfer agreement.

Agreed-upon procedures

In an engagement to perform agreed-upon procedures, an auditor is engaged to carry out those procedures of an audit nature to which the auditor and the entity and any appropriate third parties have agreed and to report on factual findings. The recipients of the report must form their own conclusions from the report by the auditor. The report is restricted to those parties that have agreed to the procedures to be performed since others, unaware of the reasons for the procedures, may misinterpret the results.

Associate

An entity, including an unincorporated entity such as a partnership, which is neither a subsidiary nor an interest in a joint venture and over which the investor has significant influence.

Auditing company

It must be an Independent Audit Firm authorized by the Public Oversight Accounting and Auditing Standards Authority of the Republic of Turkey for independent audits, including the audits of Public Interest Entities (KAYİK), must have at least 3 responsible joint lead auditors who is authorized to KAYİK audit and 9 auditors working full-time in the audit staff and must have undertaken at least 2 periods of KAYİK audits in the periods prior to the accounting period in which the audit will be undertaken.

Break-even

The principle of equality of the income and cost as stated by the regulations.

Break-even information

Financial information that must be calculated and reconciled to the audited financial statements and underlying accounting records, to be submitted by a club to assess its compliance with the break-even requirement.

CL/FS IT Solution

IT system developed by UEFA for the purpose of gathering information from license applicants/licensees and for sharing information with TFF s concerning their affiliated clubs, within the scope of the implementation, assessment and enforcement of these regulations.

Club licensing criteria

Requirements, divided into five categories (sporting, football social responsibility, infrastructure, personnel and administrative, legal and financial), to be fulfilled by a license applicant for it to be granted a license.

Club Licensing Quality Standard

Document that defines the minimum requirements with which TFF s must comply to operate the club licensing system.

Club monitoring requirements

Requirements to be fulfilled by a licensee that has qualified for a UEFA club competition, with the exception of UEFA Women's Champions League.

Control

The power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control may be gained by share ownership, statutes or agreement.

Costs of acquiring a player's registration

The amount paid or to be paid for registration of a player excluding the developments within the club or other costs. This shall include:

- Transfer fee;
- Player's agent fee; and
- Other costs having a direct impact on the cost of a player registration; e.g. transfer charges.

Deadline for submission of the application to the TFF

The date by which each TFF requires license applicants to have submitted all relevant information for their applications for a license.

Event or condition of major economic importance

An event or condition that is considered material to the financial statements of the reporting entity/entities and would require a different (adverse) presentation of the results of the operations, financial position and net assets of the reporting entity/entities if it occurred during the preceding financial reporting period or interim period.

Future financial information

Information in respect of the financial performance and position of the club in the reporting periods ending in the years following commencement of the UEFA club competitions (reporting periods T+1 and later).

Government

Any form of government, including government agencies, government departments and similar bodies, whether local or national.

Group

A parent and all its subsidiaries. A parent is an entity that has one or more subsidiaries. A subsidiary is an entity, including an unincorporated entity such as a partnership, that is controlled by another entity (known as the parent).

Image rights payments

Amounts due to employees (either directly or indirectly) as a result of contractual agreements with the license applicant/licensee for the right to exploit their image or reputation in relation to football and/or non-football activities.

Interim period

A financial reporting period that is shorter than a full financial year. It does not necessarily have to be a six-month period.

International Financial Reporting Standards (IFRS)

A financial reporting period that is shorter than a full financial year. It does not necessarily have to be a six-month period.

- International Financial Reporting Standards;
- International Accounting Standards; and
- Interpretations originated by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).

Joint Control

The contractually agreed sharing of control over an economic activity, which exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Joint Venture

A contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

Key management personnel

Persons having authority over and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly, including but not limited to any director (executive or otherwise) of the entity.

License

Certificate granted by the TFF confirming fulfilment of all minimum criteria by the license applicant as part of the admission procedure for entering UEFA club competitions.

License applicant

Legal entity fully and solely responsible for the football team participating in national and international club competitions which applies for a license.

Licensee

License applicant that has been granted a license by the TFF.

License season

UEFA season for which a license applicant has applied for/been granted a license. It starts the day following the deadline for submission of the list of licensing decisions by the TFF to UEFA and lasts until the same deadline the following year.

Licensor

The body, that governs the Club Licensing system, that has the authority to issue license and also undertakes certain roles during the monitoring period. TFF is the licensor as stated in this Regulation.

List of licensing decisions

List submitted by the TFF to UEFA containing, among other things, information about the license applicants that have undergone the licensing process and been granted or refused a license by the national decision-making bodies in the format established and communicated by the UEFA administration.

Materiality

Omissions or misstatements of items or information are material if they could individually or collectively influence the decisions of users taken on the basis of the information submitted by the club. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances or context. The size or nature of the item or information, or a combination of both, could be the determining factor.

Minimum criteria

Criteria to be fulfilled by a license applicant in order to be granted a license.

Monitoring documentation

Financial information (break-even information, overdue payables information and club information) and management representation which is communicated to the TFF and licensee via the CL/FS IT Solution.

National accounting practice

The accounting and reporting practices and disclosures required of entities in a particular country.

Net debt

The aggregate of the following balances:

- Net borrowings (i.e. bank overdrafts and loans, other loans, accounts payable to related parties less cash and cash equivalents);
- Net player transfers balance (i.e. the net of accounts receivable from players' transfers and accounts payable from players' transfers).

Parties involved

Any person or entity involved in the UEFA club licensing system or monitoring process, including UEFA, the TFF, the license applicant/licensee and any individual involved on their behalf.

Party

A person or a legal entity.

Protection from creditors

Procedures pursuant to laws or regulations whose objectives are to protect an entity from creditors, rescue insolvent entities and allow them to carry on running their business as a going concern. This process encompasses administration procedures and other insolvency proceedings (that might result in a compromise with creditors, bankruptcy or liquidation).

Reporting entity/entities

A registered member and/or football company or group of entities or some other combination of entities which is included in the reporting perimeter and which must provide the TFF with information for both club licensing and club monitoring purposes.

Reporting period

A financial reporting period ending on a statutory closing date, whether this is a year or not.

Season

Season, is the period between the first and the last league match days of the season.

Significant change

An event that is considered material to the documentation previously submitted to the TFF and that would require a different presentation if it occurred prior to submission of the documentation.

Significant influence

Ability to influence but not control financial and operating policy decision-making. Significant influence may be gained by share ownership, statute or agreement. For the avoidance of doubt, a party or in aggregate parties with the same ultimate controlling party (excluding UEFA, a TFF and an affiliated league) is deemed to have significant influence if it provides an amount equivalent to 30% or more of the licensee's total revenue in a reporting period.

Stadium

The venue for a competition match including, but not limited to, all surrounding properties and facilities (for example offices, hospitality areas, press centre and accreditation centre).

Season

The period between July 1 and June 30

Statutory closing date

The annual accounting reference date of a reporting entity.

Supplementary information

Financial information to be submitted to the TFF in addition to the financial statements if the minimum requirements for disclosure and accounting are not met.

The supplementary information must be prepared on a basis of accounting, and accounting policies, consistent with the financial statements. Financial information must be extracted from sources consistent with those used for the preparation of the annual financial statements. Where appropriate, disclosures in the supplementary information must agree with, or be reconciled to, the relevant disclosures in the financial statements.

TCMB

Republic of Turkey Central Bank

TFF

Turkish Football Federation

Ticket revenues

Consists of the tickets sold on match days and fees collected for season tickets, box seats, and general admissions, and membership fees with respect to national competitions (leagues and cups), UEFA club competitions, and other competitions (special competitions and tournaments).

Training facilities

The venue(s) at which a club's registered players undertake football training and/or youth development activities on a regular basis.

Transfer Fee

The fees paid and/or to be paid to other clubs for player registration including the training compensation and solidarity contribution;

ARTICLE 1 – PURPOSE

- (1) The aim of this regulation is to carry out and implement the Turkish Football Federation and the Club Licensing Body's working procedures and guidelines along with the Club Licensing System's core principles consisting of the licensing period, The UEFA Club Licensing and Financial sustainability Regulations outlining Clubs participating in UEFA competitions requirement to meet the minimum licensing criteria, The Domestic Club Licensing and Financial sustainability System, applying the relevant sanctions imposed to clubs that do not meet the required criteria and carrying out the guidelines of the Financial sustainability concept.
- (2) These regulations aim:
 - a) To further promote and continuously improve the standard of all aspects of football in Europe and to give continued priority to the training and welfare of young players in every club;
 - b) To promote participation in football and contribute to the development of women's football;
 - c) To ensure that clubs have an adequate level of management and organization;
 - d) To adapt clubs' sporting infrastructure to provide players, spectators and media representatives with suitable, well-equipped and safe facilities;
 - e) To protect the integrity and smooth running of the UEFA club competitions;
 - f) To safeguard each club's identity, history and legacy
 - g) To encourage cooperation between licensors and clubs and enable the development of benchmarking for clubs in financial, sporting, football social responsibility, legal, personnel, administrative and infrastructure-related criteria throughout Europe.
 - h) To embrace social responsibility in football;
 - i) to promote a healthy relationship between clubs and supporters and increase accessibility in football.
- (3) Furthermore, they aim to promote more discipline and rationality in club football finances and in particular:
 - a) To improve the economic and financial sustainability of the clubs, increasing their transparency and credibility;
 - b) To place the necessary importance on the protection of creditors and to ensure that clubs settle their liabilities with employees, social/tax authorities and other clubs punctually;
 - c) To promote better cost control
 - d) To introduce more discipline and rationality in club football finances;
 - e) To encourage clubs to operate on the basis of their own revenues;
 - f) To encourage responsible spending for the long-term benefit of football;
 - g) To protect the long-term viability and sustainability of European club football.

ARTICLE 2 – SCOPE

- (4) These Regulations apply to all men's club competitions to be played by clubs regulated by TFF and under the auspices of TFF and whenever expressly referred to by specific Regulations governing men's club competitions to be played under the auspices of UEFA.
- (5) These Regulations govern the rights, duties and responsibilities of all parties involved in the UEFA club licensing and financial sustainability system and national club licensing and financial sustainability system.
 - a) Procedures regarding the Licensor's structure, duties, responsibilities, reviews, investigations, notices, resolutions and objections (Part 2 – Chapter 1)
 - b) The Licence Applicants, the licence required to enter the national competitions and UEFA club competitions and applications as well as sanctions (Part 2 – Chapter 2 and Chapter 3)

- c) The minimum sporting, football social responsibility, infrastructure, personnel – administrative, legal and financial criteria required to be fulfilled by a club in order to be granted a licence by the Licensor as part of the admission procedure to enter the national competitions and UEFA club competitions (Part 2 – Chapter 4 and Chapter 5).
- (6) These Regulations further govern the rights, duties and responsibilities of all parties involved in UEFA and national club monitoring process (Part 3) to promote UEFA's financial sustainability objectives and define in particular
 - a) The responsibilities of UEFA Club Financial Control Body and TFF Club Licensing Committee and monitoring process (Part 3 – Chapter 1);
 - b) The club monitoring requirements to be fulfilled by licensees that are admitted to UEFA club competitions and national competitions (Part 3 – Chapter 2).

PART 2. CLUB LICENSING

ARTICLE 3 – CORE PROCESS

- (1) TFF defines the core process for the verification of the club licensing criteria and thus manage this issuing of licences.
- (2) In respect of the UEFA Club License, the core process starts on submission of the licensing documentation to the license applicants and ends on submission of the list of licensing decisions to the UEFA Administration, and for the Domestic licensing system the core process ends when the Club Licensing Committee gives the final decisions on the domestic club licensing cycle.
- (3) The core process at least consists of the following basic stages:
 - a) Submission of the licensing documentation to the license applicants;
 - b) Return of the licensing documentation to the TFF;
 - c) Assessment of the documentation by the licensing administration;
 - d) Submission of the written representation to TFF;
 - e) Assessment and decision by the Board;
 - f) Submission of each licensing decision to the TFF Presidency, relevant parties and UEFA Administration within seven days of each decision being final.
- (4) Each year, all deadlines related to the process steps of the core process are clearly determined by the Club Licensing Committee upon proposal of the Club Licensing and Financial fair play coordinator Unit and communicated to the concerned license applicants before the start of the core process with the licensing documentation.

ARTICLE 4 – ASSESSMENT PROCEDURES

The TFF defines the assessment methods, except those used to verify compliance with the defined criteria for which specific assessment processes must be followed as set out in Annex VIII.

ARTICLE 5 – EQUAL TREATMENT AND CONFIDENTIALITY

The TFF ensures equal treatment of all license applicants during the core process. The TFF guarantees the license applicants full confidentiality with regard to all information submitted during the licensing process. Anyone involved in the licensing process or appointed by the TFF must sign a confidentiality agreement before assuming their tasks.

ARTICLE 6 – EXCEPTIONS POLICY

The UEFA administration may grant an exception to the provisions set out in part II within the limits set out in Annex I.

CHAPTER I. TFF

ARTICLE 7 – TFF

- (1) The TFF is the Turkish Football Federation (TFF). TFF governs the TFF club licensing and financial sustainability system; in this respect, TFF uses its powers through the Club Licensing Committee, the Appeals Body and the Club Licensing Unit.
- (2) The decision-making bodies are the Club Licensing Committee (acting as the first-instance body) and the Appeals Body (acting as the second-instance/appeals body). They must be independent of each other.

ARTICLE 8 – CERTIFICATION OF TFF CLUB LICENSING SYSTEM

- (1) TFF must be certified against the UEFA Club Licensing Quality Standards on an annual basis by an independent body appointed by UEFA.

ARTICLE 9 – CLUB LICENSING AND FINANCIAL SUSTAINABILITY COORDINATORY

- (1) The management and supervision of the TFF club licensing system is carried out by the Club Licensing and Financial Sustainability Coordinatory (Club Licensing and Financial Sustainability Unit/Club Licensing Unit) under the coordination of the Club Licensing Committee which consists of the Club Licensing coordinator and sufficient number of experts. The TFF must appoint a licensing coordinator who is responsible for the licensing administration.
- (2) Club Licensing and Financial sustainability Unit staff members must be university graduates and speak and write at least one of the FIFA official languages at a good level. At least one staff member of the Club Licensing and Financial sustainability Unit must be a financial expert or a contract of service must be signed with an external financial adviser who has the necessary certificates.
- (3) The duties of the Club Licensing Unit are as follows:
 - a) To conduct inspections at the clubs within the scope of this Manual in accordance with the programme to be prepared and approved by the Club Licensing Committee;
 - b) To assist the drafting studies to be carried out for modifications on this Manual;
 - c) To prepare, implement and further develop the TFF club licensing system; to serve as the contact point for and share expertise with the licensing departments of other UEFA member associations and with UEFA itself;
 - d) To inform UEFA of any event occurring after the licensing decision that constitutes a significant change to the information previously submitted to the TFF, including a change of legal form, legal group structure (including change of ownership) or identity;
 - e) To provide the Club Licensing Committee and the Executive Committee and other departments with the required specialization support;
 - f) To offer consulting and guidance to license applicants and licensees during the licensing process and the license season;
 - g) To conduct the secretarial works of the Club Licensing Committee; and

- h) To carry out other tasks given by the Chairman and/or Deputy Chairman of the Club Licensing Committee.

ARTICLE 10 – CLUB LICENSING COMMITTEE (KLK)

- (1) The Club Licensing Committee consists of seven (7) primary and seven (7) substitute members including a Chairman, and a Deputy Chairman, who are appointed by the TFF Executive Committee upon the proposal of the President of TFF. One (1) Rapporteur member may be appointed by the Board of Directors from amongst the reserve members of the Club Licensing Committee upon the proposal of the President of TFF. The Rapporteur member shall attend the Committee meetings and offer opinions in writing or verbally when prompted by Committee members. The Rapporteur member shall not vote during the decision-making processes of the Committee. The obligations of independence, impartiality, and confidentiality as specified in Article 10 apply also to the Rapporteur member.
- (2) The Club Licensing Committee should be formed by:
- a) one member should have a bachelor's degree in law with minimum a five (5) years of experience in profession,
 - b) one member should be a chartered accountant pursuant to the law on independent accountants, certified public accountants and chartered accountants.
 - c) two members should be independent auditors authorized by the public oversight, accounting and auditing standards authority pursuant to the statutory decree no. 660,
 - d) one member should be an independent accountant and certified public accountant pursuant to the law on independent accountants, certified public accountants and chartered accountants.
 - e) two members should have a bachelor's degree with a minimum five (5) years of professional experience in business management or economics.
- (3) For each meeting they attend, Committee members and the Committee Rapporteur shall be furnished with a "per diem" (attendance fee) to be designated by TFF Board of Directors at the beginning of each season.

ARTICLE 11 – RESPONSIBILITIES AND POWERS OF THE CLUB LICENSING COMMITTEE

- (1) The Club Licensing Committee is empowered and responsible:
- a) To decide on whether the relevant license shall be granted to a license applicant and on whether the relevant license shall be withdrawn, within the framework of this Manual, by examining the documents and information presented by the license applicant as well as the reports prepared by the Club Licensing and Financial Fair Play Coordinator Unit;

To decide on the sanctions for the violations of the criteria stated in this Manual;

To carry out studies in order to establish the TFF club licensing and Financial sustainability system; to hold meetings with club representatives for this purpose, to stage conferences, workshops and similar training activities, and to cooperate with universities and specialized non-governmental organizations when required;

To disclose opinion when requested about the TFF club licensing and financial sustainability system for the problems encountered in practice; and

To employ other powers stated in the law, TFF Statutes and in this Manual.

- (2) The Club Licensing Committee's evaluations about "(1) a" above form the basis for the licensing decisions are based on the sporting, football social responsibility, infrastructure, personnel and administrative, legal and financial criteria stated in this Manual.
- (3) The license applicants are responsible for facilitating the duties of the Club Licensing Committee members and/or Club Licensing and Financial Fair Play Coordinator Unit's members during their audits and inspections. Copies of the inspection and audit reports are also sent to the concerned license applicant.
- (4) In order to assist the audit of the Club Licensing Committee on financial criteria and to assist and help the Club Licensing Committee on financial issues, a service contract is signed between TFF and an independent audit company with audit certificate and without any business relation with any club within the scope of this instruction. The independent audit company is chosen following a tender, by an evaluation board chaired by the Deputy Chairman of TFF Executive Committee and comprising three TFF Executive Committee members by taking into account qualification, price and similar criteria.
- (5) The independent audit company presents the audit reports prepared by its auditors and, when required, the financial statements and the evaluations conducted on other documents as a general report to the Club Licensing Committee for the latter's evaluation and decision.

ARTICLE 12 – CLUB LICENSING COMMITTEE MEETINGS, RESOLUTIONS AND LIABILITIES OF ITS MEMBERS

- (1) The Club Licensing Committee must gather in case of its Chairman's absence with a minimum five members upon the Deputy Chairman's invitation. Ordinary meetings are held once a month as a minimum. The Club Licensing Committee meets at the place allocated by TFF, as a principle on the date determined by its Chairman.
- (2) Club Licensing Committee members must attend the meetings. Members who fail to attend three successive meetings or totally seven meetings in a year are considered as resigned. However, any member who fails to attend the absolute majority (i.e. 50% + 1) of ordinary meetings in a year is considered as withdrawn even if he reports an excuse and takes permission. The member, who is considered as withdrawn, may not attend the following meeting. The Chairman of the Club Licensing Committee informs in writing the President of TFF of this issue.
- (3) The Club Licensing Committee must act independently and impartially in its decisions and works. Any organ or authority of TFF may and must not give orders or recommendations to the Chairman, Deputy Chairman and other members of the Club Licensing Committee.
- (4) The Club Licensing Committee takes its decisions with the affirmative votes of the majority of the full number of its primary members. The members are obliged to vote and they may not abstain from voting. In case of a tie, the Chairman has the casting vote. The decisions on the requests for the rejection of a member claiming a conflict of interest or lack of impartiality are also subject to the same procedure.
- (5) The decision shall be written down by a member that has voted in favor of the decision to be designated by the Chairman or the Rapporteur and signed thereupon by the members that have taken part in the session marking the finalization of the decision. The decision shall also be annotated if opposed by any members. Decisions and annotations shall be drawn up with due justification.
- (6) The members may not become the delegates of the TFF Congress during their membership. They may not act simultaneously as Club Licensing Manager and they may not undertake responsibilities at any TFF board, committee, body or organ; they may not work for any member or club associated with TFF during their assignment. The members are obliged to work in full independence and impartiality when fulfilling their responsibilities related to their duties. A member must withdraw from discussion and voting if there is a conflict of interest or if there is any doubt to his independence from the license applicant. In this

connection, the independence of a member may not be guaranteed if he, his parents, children and other blood relatives, as well as affinity relatives, are members, shareholders, business partners, sponsors or consultants of the license applicant or if they are in a relation of self-interest with the license applicant in any manner whatsoever.

- (7) Members of the Club Licensing Committee may not profit from the license applicants, club authorities or individuals who are directly or indirectly related with them, neither by themselves, nor for their relatives or third persons or organizations either directly or indirectly.
- (8) The Club Licensing Committee members may not use the information they have obtained due to their duties in order to obtain an economic, political or social interest for themselves, their relatives or third parties either directly or indirectly; they may not disclose them to anybody (except the State authorities if duly required by the applicable law) after they leave their post.

ARTICLE 13 – REVIEW, RESEARCH, NOTIFICATION

- (1) The Club Licensing Committee conducts its inspection and research upon applications within the framework of the procedures and principles stated in this Regulation.
- (2) The completed file regarding a club license application is submitted by the Club Licensing Unit to the Club Licensing Committee together with the Club Licensing and Financial Fair Play Coordinator's opinion. The Club Licensing Committee examines the file as a rule. Nevertheless, if required, it may request additional information and documents, conduct on-site inspection, assign an expert and decide on the conduct of oral hearing.
- (3) The Chairman chairs the discussions, and voting is held in the order of surnames at the end of inspections and evaluations. The chairman votes last.
- (4) The Club Licensing Committee must conclude and announce its decisions regarding all club license applications by the 21 day of May at the latest and for the Domestic Licensing system the final decisions must be concluded and announced by the end of the working hours on the last working day in July.
- (5) The summarized versions of the Committee decisions shall be published on www.tff.org, the official Website of the Federation and the justified versions of the decisions shall be notified to the clubs by fax or electronic mail; such notifications shall bear the capacity of notices.
- (6) In principle, all communications are made to the address stated by the license applicant in its license application. When required, the Club Licensing Committee may also send the communication to the fax number or electronic mail address of the license applicant registered at TFF.

ARTICLE 14 – REQUESTING INFORMATION AND DOCUMENTS

- (1) Clubs and any football related organization along with its members are obliged to provide the information and documents requested by the Club Licensing Committee.
- (2) The Club Licensing Committee is authorized to invite the relevant representatives of the license applicant to a hearing or to provide information.

ARTICLE 15 – APPEALS BODY

- (1) The decisions of the Club Licensing Committee may only be challenged by the license applicants, whose license applications have been rejected by the Club Licensing Committee; the licensees, whose licenses have been withdrawn by the Club Licensing Committee; Club Licensing Committee Coordinator on behalf of the TFF.

- (2) In case of license refusal by the decision-making body, License applicants have the right to appeal to the appeals body within 7 days of the licensing decision.
- (3) . The Appeals Body decides on appeals submitted in writing and makes a final decision on whether a licence should be granted or withdrawn..Also the sanctions given by the Committee under this regulation may be appealed.The Appeals Body shall finally decide on these appeals. The Appeals Body may request experts' opinions especially on financial matters when deciding on the objected issues. The experts assigned by the Appeals Body for financial matters are chosen among certified financial consultants.
- (4) The members of the Appeals Body may not be simultaneously members of other decision- making bodies, committees or organs of TFF.
- (5) The rules concerning conflict of interest and independency of the members of the club licensing committee are also applicable for the members of the Appeals Body.

CHAPTER II. LICENSE APPLICANT AND LICENSE

ARTICLE 16 – GENERAL RESPONSIBILITIES OF THE LICENSE APPLICANT AND THE THREE YEAR RULE

- (1) The license applicant may only be a football club, registered member of TFF i.e. a legal entity fully and solely responsible for its football team participating in the TFF and UEFA club competitions.
- (2) By the start of the licence season, the membership and/or the contractual relationship (if any) must have lasted for at least three consecutive seasons. Furthermore, the licence applicant must have participated in the official competitions for at least three consecutive seasons (hereinafter : three year rule)
- (3) In order to apply for a license, the applicant must have been registered with TFF for at least three consecutive years. In case football activities of the club are assigned in accordance with the Club Registration Regulations this provision shall not be applicable.
- (4) These include information and documents on the reporting entity/entities in respect of which sporting, infrastructure, personnel and administrative, legal and financial information is required to be provided which is stated under the Chapter V.
- (5) All necessary information and documents indicating that the licensing obligations are completely fulfilled, as well as any other document relevant for decision-making, must be presented by the license applicant to the TFF.
- (6) Any change to the legal form legal group structure (including a merger with another entity or transfer of football activities to another entity) or identity (including headquarters, name or colours) of a licence applicant/ licensee must be notified to the TFF and UEFA before the start of the licensing process.
- (7) Any change to the legal form legal group structure (including a merger with another entity or transfer of football activities to another entity) or identity (including headquarters, name or colours) of a licence applicant/ licensee that took place within the three seasons preceding the start of the licence season to the detriment of the integrity of a competition; or to facilitate the licence applicant's qualification for a competition on sporting merit; or to facilitate the licence applicant receipt of a licence is deemed as an interruption of membership or contractual relationship (if any) within the meaning of this provision.
- (8) Exceptions to the three year rule may be granted by the CFCB in accordance with Annex I

ARTICLE 17 – LICENSE

- (1) Clubs which qualify for the UEFA club competitions on sporting merit or through the UEFA fair play rankings must obtain a license issued by TFF according to the national licensing regulations, except where Article 21 applies.
- (2) A license cannot be transferred.
- (3) A license may be withdrawn by TFF Club Licensing Committee if:
 - a) Any of the conditions for issuing the club license are no longer satisfied; or
 - b) The licensee violates any of its obligations under the national club licensing regulations.
- (4) As soon as a license withdrawal is envisaged, the TFF must inform the UEFA administration accordingly,
- (5) Pursuant to the provisions of this regulation, Super League, 1. League and 2. League clubs must apply for a Domestic Club License. Clubs that apply for a UEFA Club License will automatically be applying for a Domestic Club License and will be assessed accordingly during the licensing process.

ARTICLE 18 – LICENSE APPLICATION

- (1) The license applicant must apply to TFF in writing every year by the last working day of March at the latest for the relevant license, and, when doing so, it must indicate that it will meet all applicable club licensing criteria and that he accepts all related mandates together with all information and documents as evidence that he has fulfilled the licensing requirements.
- (2) In general license applications are made for the relevant National Club License. In their written applications, clubs must indicate that they are applying for the UEFA Club License.

ARTICLE 19 – GRANTING OF LICENSE

License applicants who meet all the applicable Club Licensing and Financial sustainability criteria within this Regulation will be granted the license for which they have applied for. The license granted by the Club Licensing and Financial sustainability Committee will be valid for one year, i.e. for the license season.

ARTICLE 20 – TERMINATION AND WITHDRAWAL OF THE LICENSES ISSUED BY TFF

- (1) All licenses granted by TFF, automatically expire at the end of the season for which they were issued, without requiring any transactions or notifications.
- (2) All licenses granted by TFF may be withdrawn by the Club Licensing Committee if:
 - a) The licensee fails to meet the commitments given in regards to the infrastructure criteria by the given deadline. (only applicable for the domestic license);

Any of the information or documents submitted by the licensee is found to be misleading or false or the licensee violates any of its obligations under this Regulation;

For any reason any of the conditions for the issuing of the relevant license are no longer satisfied or the licensee becomes insolvent and enters liquidation, or where the licensee becomes insolvent but enters administration during the license season.

- (3) In the case of any of the above circumstances occurring, the license is withdrawn and the sanctions stated in Club Licensing and Financial sustainability Regulations are imposed with an additional 50% increase for monetary sanctions.
- (4) UEFA shall immediately be informed by the TFF if a process for the withdrawal of the UEFA Club License is initiated.

ARTICLE 21 – SPECIAL PERMISSION

- (1) If a club qualifies for a UEFA club competition on sporting merit but has not undergone any licensing process at all or has undergone a licensing process which is lesser/not equivalent to the one applicable for top division clubs to enter the UEFA club competitions, because it belongs to a division other than the top division, on behalf of the club concerned the TFF may request an extraordinary application of the club licensing system in accordance with Annex III.
- (2) Based on such an extraordinary application, UEFA may grant special permission to the club to enter the corresponding UEFA club competition subject to the relevant UEFA club competition regulations. Such an extraordinary application applies only to the specific club and for the season in question.

ARTICLE 22 – AUDIT SYSTEM

- (1) All financial documents for the clubs that apply for the UEFA and Super League Domestic Club License must be audited by an independent auditing company.
- (2) All financial documents for the 1st and 2nd League clubs that apply for the Domestic Club License must be audited by an independent auditing company or a certified chartered accountant.

ARTICLE 23 – THE UEFA CLUB LICENSE

- (1) The participation of a professional football club, registered in the TFF, to the UEFA club competitions depends on the issuance of the UEFA Club License by the club licensing committee. The license applicants must fulfil all sporting, football social responsibility, infrastructure, personnel and administrative, legal and financial criteria of this Regulation, in order to obtain the UEFA Club License.
- (2) The final admission decision to the UEFA club competitions is taken by UEFA.

CHAPTER III. SANCTIONS

ARTICLE 24 – TO APPLY FOR THE RELEVANT NATIONAL CLUB LICENSE

Super League, 1st League, and 2nd League clubs which do not apply for the relevant National Club License by the end of the work hours on the last working day of March, the license applicant will be relegated to the lower league, cannot enter the Turkey Cup, subject to article 25

ARTICLE 25 – LATE APPLICATION FOR THE RELEVANT NATIONAL CLUB LICENSE

The applications made for the relevant National Club License straight after the last working day of March and within the following 7 working days are considered as late applications. A fine of TL 150,000 for the Super League clubs, TL 75,000 for the 1st League clubs, and TL 40,000 for the 2nd League clubs will be imposed for late applications.

ARTICLE 26 – REFUSAL OF THE NATIONAL CLUB LICENSE

- (1) As a result of the evaluation by the Club Licensing Committee, the license applicants identified as having not met one or more applicable club licensing criteria are first warned and they are provided with an additional period for fulfilling the missing club licensing criterion or criteria.

Then a sanction is imposed on the license applicants which do not remedy the failure(s) within the period assigned to them. Appendix XIV defines the period to be provided to the license applicants for them to remedy the failures in that case and the sanctions to be imposed if the failures are not eliminated. The relevant National Club License cannot be obtained if the failures are not eliminated.

- (2) Pursuant to the provisions of this Regulation, point deduction sanction can be imposed on the license applicants/licensees in the subsequent license season from the license application, and a maximum of 3 points maximum can be imposed for one season.

ARTICLE 27 – SPECIAL CASES FOR SANCTIONS

- (1) Clubs will be sanctioned as per the league that they are competing in at the date of the sanction.
- (2) For clubs that apply for a license, but are promoted to the higher division, they will still be assessed accordingly to the league that the license applicant was competing in at the date of the license application.
- (3) In cases where clubs that are sanctioned are relegated to a league where a licensing system is not applied, the sanctions will not be applied.
- (4) The sum of the monetary sanctions applied for not matching the criteria will not exceed the monetary sanction applied due to late application for the related season.

CHAPTER IV. CLUB LICENSING CRITERIA APPLICABLE TO THE NATIONAL CLUB LICENSES

ARTICLE 28 – CLUB LICENSING/MONITORING CRITERIA APPLICABLE TO THE SUPER LEAGUE LICENSE

The following club licensing criteria apply to the Super League License:

a) Sporting Criteria:

1. Youth Development Program
2. Youth Teams
3. Women's football activities
4. Medical care of Players
5. Registration of Players
6. Written contract with professional players
7. Loan of professional players
8. Refereeing matters and Laws of the game

b) Football Social Responsibility criteria:

1. Football social responsibility strategy
2. Equality and inclusion
3. Anti-racism
4. Child and youth protection and welfare
5. Football for all abilities

6. Environmental protection

c) Infrastructure Criteria:

1. Stadium for UEFA/TFF club competitions
2. Training Facilities - Availability
3. Training Facilities – Minimum infrastructure

d) Personnel/Administrative Criteria:

1. Club Secretariat
2. General Manager
3. Finance officer
4. Media Officer
5. Medical Doctor
6. Physiotherapist
7. Youth teams medic
8. Match Organisation officer
9. Masseur
10. Safety and Security Officer
11. Safety and Security Officer- Organization
12. Football social security officer
13. Supporter Liaison Officer
14. Disability Access Officer
15. Head Coach of first squad
16. Assistant Coach of first squad
17. Goalkeeper coach of the first squad
18. Head of Youth Development Program
19. Youth Coaches
20. Goalkeeper coach of youth teams
21. Responsible staff for accreditation
22. Stadium Manager
23. Ethics Representative
24. Club Licensing and Financial sustainability System Officer
25. Ticketing Officer
26. Rights and duties
27. Written contracts
28. Service providers
29. Occupation of functions
30. Organisation structure
31. Duty of replacement during the Season

e) Legal Criteria:

1. Club Licensing and Financial sustainability License Application Form
2. Legal Group Structure

3. Ultimate controlling party, ultimate beneficiary and party with significant influence
4. Declaration in Respect of Participation in UEFA/TFF Club Competitions
5. Confidentiality Agreement
6. Minimum Legally Required Information
7. Written contract with a football company
8. Written representation prior to licencing decision

f) Financial Criteria:

1. The Reporting Entity/Entities and the Reporting Perimeter
2. Annual Financial Statements (Audited)
3. Interim Financial Statements (Audited)
4. Net equity rule
5. No Overdue Payables Towards Football Clubs
6. No Overdue Payables in Respect of Employees
7. No Overdue Payables Towards Social/Tax Authorities
8. No Overdue Payables in respect of UEFA and TFF
9. Written Representations prior to the Licensing Decision
10. Future Financial Information
11. Solvency requirements
12. Stability requirements –
13. Duty to report subsequent events
14. Team Expense Limit

ARTICLE 29 – CLUB LICENSING/MONITORING CRITERIA APPLICABLE TO THE 1ST LEAGUE

The following club licensing criteria apply to the 1st League:

a) Sporting Criteria:

1. Youth Development Program
2. Youth Teams
3. Women's football activities
4. Medical care of Players
5. Registration of Players
6. Written contract with professional players
7. Loan of professional players
8. Refereeing matters and Laws of the game

b) Football Social Responsibility criteria:

1. Football social responsibility strategy
2. Equality and inclusion
3. Anti-racism
4. Child and youth protection and welfare
5. Football for all abilities
6. Environmental protection

c) Infrastructure Criteria:

1. Stadium for UEFA/TFF club competitions
2. Training Facilities - Availability
3. Training Facilities – Minimum infrastructure

d) Personnel/Administrative Criteria:

1. Club Secretariat
2. General Manager
3. Finance officer
4. Media Officer
5. Medical Doctor
6. Physiotherapist
7. Youth teams medic
8. Match Organisation officer
9. Masseur
10. Safety and Security Officer
11. Safety and Security Officer- Organization
12. Football social security officer
13. Supporter Liaison Officer
14. Head Coach of first squad
15. Assistant Coach of first squad
16. Goalkeeper coach of the first squad
17. Head of Youth Development Program
18. Youth Coaches
19. Goalkeeper coach of youth teams
20. Responsible staff for accreditation
21. Stadium Manager
22. Ethics Representative
23. Club Licensing and Financial sustainability System Officer
24. Ticketing Officer
25. Rights and duties
26. Written contracts
27. Service providers
28. Occupation of functions
29. Organisation structure
30. Duty of replacement during the Season

e) Legal Criteria:

1. Club Licensing and Financial sustainability License Application Form
2. Legal Group Structure
3. Ultimate controlling party, ultimate beneficiary and party with significant influence
4. Declaration in Respect of Participation in UEFA/TFF Club Competitions
5. Confidentiality Agreement

6. Minimum Legally Required Information
7. Written contract with a football company
8. Written representation prior to licencing decision

f) Financial Criteria:

1. The Reporting Entity/Entities and the Reporting Perimeter
2. Annual Financial Statements (Audited)
3. Interim Financial Statements (Audited)
4. Net equity rule
5. No Overdue Payables Towards Football Clubs
6. No Overdue Payables in Respect of Employees
7. No Overdue Payables Towards Social/Tax Authorities
8. No Overdue Payables in respect of UEFA and TFF
9. Written Representations prior to the Licensing Decision
10. Future Financial Information
11. Solvency requirements
12. Stability requirements
13. Duty to report subsequent events

ARTICLE 30 – CLUB LICENSING CRITERIA APPLICABLE TO THE 2ND LEAGUE

The following club licensing criteria apply to the 2nd League:

a) Sporting Criteria:

1. Youth Development Program
2. Youth Teams
3. Medical care of Players
4. Registration of Players
5. Written contract with professional players
6. Refereeing matters and Laws of the game

b) Football Social Responsibility criteria:

1. Football social responsibility strategy
2. Equality and inclusion
3. Anti-racism
4. Child and youth protection and welfare
5. Football for all abilities
6. Environmental protection

c) Infrastructure Criteria:

1. Stadium for UEFA/TFF club competitions
2. Training Facilities - Availability
3. Training Facilities – Minimum infrastructure

d) Personnel/Administrative Criteria:

1. Club Secretariat

2. Club Manager
3. Finance officer
4. Media Officer
5. Medical Doctor
6. Physiotherapist
7. Masseur
8. Youth teams medic
9. Head Coach of first squad
10. Assistant Coach of first squad
11. Goalkeeper coach of the first squad
12. Head of Youth Development Program
13. Youth Coaches
14. Goalkeeper coach of youth teams
15. Responsible staff for accreditation
16. Stadium Manager

e) Legal Criteria:

1. Club Licensing and Financial sustainability License Application Form
2. Declaration in Respect of Participation in UEFA/TFF Club Competitions
3. Confidentiality Agreement
4. Minimum Legally Required Information
5. Legal Group Structure
6. Ultimate controlling party, ultimate beneficiary and party with significant influence

f) Financial Criteria:

1. The Reporting Entity/Entities and the Reporting Perimeter
2. Annual Financial Statements (Audited)
3. Interim Financial Statements (Audited)
4. Net equity rule
5. No Overdue Payables Towards Football Clubs
6. No Overdue Payables in Respect of Employees
7. No Overdue Payables Towards Social/Tax Authorities
8. No Overdue Payables in respect of UEFA and TFF

CHAPTER V. UEFA AND DOMESTIC LICENSING CRITERIA

ARTICLE 31 – GENERAL

- (1) With the exception of those in paragraph 2 below, the criteria defined in this chapter must be fulfilled by clubs in order for them to be granted a license to enter the the UEFA Champions League, the UEFA Europa League or the UEFA Europa Conference League (the relevant competitions).
- (2) Failure to fulfil the criteria defined in Article 34, Article 38 to Article 45, Article 48, Article 56, Article 60 to Article 62, Article 68 and Article 75 to Article 79 and Paragraph 35.02 and Paragraph 37.02 does not lead to

refusal of a licence but to a sanction defined by the TFF according to its catalogue of sanctions (see Annex XIV).

❖ **SPORTING CRITERIA**

ARTICLE 32 – YOUTH DEVELOPMENT PROGRAMME

- (1) The license applicant must have a written youth development programme approved by the TFF.
- (2) The TFF must verify and evaluate the implementation of the approved youth development programme and evaluate its quality.
- (3) The programme must cover at least the following areas:
 - a) Youth development objectives and philosophy;
 - b) Youth sector o(organizational chart, bodies involved, relation to license applicant, youth teams etc.);
 - c) Personnel (technical, medical, administrative etc.) and minimum qualifications required;
 - d) Infrastructure (training and match facilities, availability, etc);
 - e) Financial resources (budget, contribution, from license applicant, players or local community etc.);
 - f) Football education for various age groups (playing skills, technical, tactical and physical);
 - g) Educational initiatives (Laws of the Game; anti-doping; integrity in sports; anti-racism);
 - h) Medical support for youth players (including medical checks);
 - i) Review and feedback process to evaluate the results and achievements against the objectives;
 - j) Duration of the programme (at least three years but maximum seven).
- (4) The license applicant must further ensure that:
 - a) Every youth player involved in its youth development programme can follow mandatory school education in accordance with national law; and
 - b) No youth player involved in its youth development programme is prevented from continuing their non-football education.

ARTICLE 33 – YOUTH TEAMS

- (1) The license applicant must have the following youth teams within its legal entity or affiliated to its legal entity:
 - a) At least four within the range of 10 to 21 ;
 - b) At least one under 10 team or organized football activities 10-s years of age.
- (2) Each youth team except of the under-10s of the license applicant must participate in national, regional or local scale official tournaments or programme recognized by the TFF.
- (3) For the teams under 10 years of age, suitable events (mini tournaments, local level youth meetings, etc.) must be organized for entertainment purposes and for gaining experience through playing with other youth teams.
- (4) For the 2nd League clubs, a minimum of 3 youth teams between the 13-18 years old age groups will be sufficient to fulfil the criteria for the Domestic Club License.

ARTICLE 34 – WOMENS FOOTBALL ACTIVITIES

(1) The licence applicant must support women's football by implementing measures and activities aimed to further develop, professionalise and popularise women's football such as:

- a. entering a first and/or youth team in official competitions;
- b. providing support to an affiliated women's football club; or
- c. organising other women's football initiatives as defined by the licensor.

ARTICLE 35 – MEDICAL CARE OF PLAYERS

- 1) The license applicant must establish and apply a policy to ensure that all its players eligible to play in its first squad undergo a yearly medical examination in accordance with the relevant provisions of the UEFA medical regulations.
- 2) The license applicant must establish and apply a policy to ensure that all youth players above the age of 12 undergo a yearly medical examination in accordance with the relevant provisions defined by its TFF in line with its domestic legislation.

ARTICLE 36 – REGISTRATION OF PLAYERS

All players of the license applicant, above the age of 10 must be registered with TFF in accordance with the relevant provisions of the FIFA Regulations on the Status and Transfer of Players.

ARTICLE 37 – WRITTEN CONTRACT WITH PROFESSIONAL PLAYERS

- (1) Each of the license applicants' professional players must have a written contract with the license applicant in accordance with the relevant provisions of the FIFA Regulations on the Status and Transfer of Players, and the TFF Professional Player Statutes and Transfer Regulations.
- (2) The licence applicant must ensure that its professional players' contracts are in line with the relevant provisions of the Agreement regarding the minimum requirements for standard players contracts in the professional football sector in the European Union and the rest of the UEFA territory.

ARTICLE 38 – LOAN OF PROFESSIONAL PLAYERS

- (1) The licence applicant must respect the provisions of the FIFA Regulations on the Status and Transfer of Players with regard to loans of professional players.

ARTICLE 39 – REFEREEING MATTERS AND LAWS OF THE GAME

(1) The license applicant must ensure that all members of its first squad (players, coaches and other technical staff) attend a session or an event on refereeing organised by or in collaboration with the UEFA member association during the 12 months prior to the licence season.

❖ FOOTBALL SOCIAL RESPONSIBILITY CRITERIA

ARTICLE 40 – FOOTBALL SOCIAL RESPONSIBILITY STRATEGY

(1) The licence applicant must establish and implement a football social responsibility strategy in line with the UEFA Football Sustainability Strategy 2030 and relevant UEFA guidelines, for at least the areas of equality and inclusion, anti-racism, child and youth protection and welfare, football for all abilities, and environmental protection

ARTICLE 41 – EQUALTY AND INCLUSION

(1) The licence applicant must establish and implement a policy to ensure equal rights and opportunities for all people following and contributing to football activities organised by the licence applicant.

ARTICLE 42 – ANTI RACISM

(1) The licence applicant must establish and implement a policy to tackle racism and to guarantee that all the licence applicant's policies, programmes and practices are exercised without discrimination of any kind.

ARTICLE 43 – CHILD AND YOUTH PROTECTION AND WELFARE

(1) The licence applicant must establish and implement a policy to protect, safeguard and ensure the welfare of youth players and ensure they are in a safe environment when participating in activities organised by the licence applicant.

ARTICLE 44 – FOOTBALL FOR ALL ABILITIES

(1) The licence applicant must establish and implement a policy to make following and contributing to football activities organised by the licence applicant accessible and enjoyable for everyone, irrespective of disability or disabling factors

ARTICLE 45 – ENVIRONMENTAL PROTECTION

(1) The licence applicant must establish and implement a policy to improve its environmental footprint and sustainability in relation to the organisation of events, infrastructure construction and management.

❖ **INFRASTRUCTURE CRITERIA**

ARTICLE 46 – STADIUM FOR UEFA/TFF CLUB COMPETITIONS

- (1) The license applicant must have a stadium available where UEFA/TFF club competitions can be played and which must be located within the territory of Turkey. Such stadium must be approved by TFF in accordance with the UEFA Stadium Infrastructure Regulations.
- (2) When the ownership of the stadium does not belong to the license applicant, the license applicant must provide a written contract signed with the owner/owners of the stadium(s) it will use.
- (3) It must be guaranteed that the stadium/stadiums can be used for the Domestic and UEFA home matches that are to be played by the license applicant during the license season.
- (4) In regards to the license applicants stated in par 1 & 2, the license applicants' stadiums must fulfill All infrastructure criteria articles as per the Club Licensing and Financial sustainability Regulations.
- (5) This/these stadiums /stadiums must fulfil all minimum requirements as stated in the UEFA Stadium Infrastructure Regulations and must be classified at least as a UEFA category 2 stadium. As for the domestic licenses, the license applicants must fulfil the minimum requirements within the Stadium and security Regulations. For their Stadiums where their matches will be played, the license applicants must also submit their security certification documents.

ARTICLE 47 – TRAINING FACILITIES AND THEIR USE

- (1) The license applicant must have training facilities which can be used throughout the year.
- (2) When the ownership of these training facilities does not belong to the license applicant, the license applicant must provide a written contract signed with the owner/owners of those training facilities.
- (3) It must be guaranteed that the training facilities can be used by all the licence applicant's teams during the licence season, taking into account its youth development programme

ARTICLE 48 – TRAINING FACILITIES MINIMUM INFRASTRUCTURE

- (1) The minimum requirements for the training facilities must be as defined below;
 - a) Teams should have different fields; there must be 1 training field for team A (at least 68m x 105m natural grass field), and youth teams should have at least 1 training field (at least 68mx105m natural grass or FIFA licensed artificial grass field);
 - b) Clubs applying for a UEFA license must have a lighting system in at least one training area.
 - c) There should be 1 separate dressing room for team A and at least 1 separate dressing room for youth teams (with hot / cold water and shower facilities), close to the training grounds.
 - d) There must be at least 1 health room for A team and youth team in the training facility. If the A team and youth team facilities are separate, the health room should be separate for everyone in their own building. Health rooms should be adequately lit, spacious enough to allow stretcher access, AED Defibrillator, Portable aspirator (suction) equipment, as well as the minimum equipment required by the UEFA Health Instruction in Article 13.

❖ PERSONNEL AND ADMINISTRATIVE CRITERIA

ARTICLE 49 – CLUB SECRETARIAT

The license applicant must employ the required (i.e. in accordance with its needs) number of quality office personnel in order to conduct its daily activities. The license applicant must have an office area in which to conduct its own administrative works. In addition, it must ensure the communication of its office area with TFF and the public, and have available at least telephone, fax and e-mail facilities in its office and also a website.

ARTICLE 50 – GENERAL MANAGER

- (1) The competent body of the license applicant (Executive Committee) must appoint a General Manager who will be in charge of conducting the clubs daily works.
- (2) The General Manager must be responsible for the preparation and submission in due time of the complete and flawless information and documents requested by TFF; and he must have the power to sign these information and documents and make declarations on behalf of the license applicant.
- (3) As long as the General Manager's own responsibilities and powers are in accordance with those described above and as long as the General Manager is assigned by the competent body of the license applicant and as long as his duties and powers are identified, the license applicant can reserve its right to use another title for this position in accordance with its bylaws and regulations. The responsibilities and powers of the General Manager must be determined by the executive body of the license applicant
- (4) The General Manager must be a University graduate (financing, management, economy, law or sports) or have at least 5 years' experience in the team sports industry.

ARTICLE 51 – FINANCE OFFICER

- (1) The competent body of the license applicant (Executive Committee) must appoint a Finance Officer responsible for its financial matters (bookkeeping, preparing the documents required for the financial criteria, etc.).
- (2) The Finance Officer must hold as a minimum one of the following:
 - a) Diploma of certified public accountant;
 - b) Diploma of qualified auditors who have been granted the license to audit under the national law 3568 Public and Chartered accountants' legislations.
 - c) As stated by the Executive Order 660, an independent auditors certified by The Public Oversight, Accounting and Auditing Standards Authority;
 - d) A financial adequacy diploma issued by any authority recognized by the TFF.
- (3) The Finance Officer may be:
 - a) A full time employee of the license applicant; or
 - b) An external person/company with whom a written contract is made for the fulfilment of the duties determined by the competent body of the license applicant.

ARTICLE 52 – MEDIA OFFICER

- (1) The competent body of the license applicant (Board) must appoint a Media Officer responsible for media matters. The number of compulsory Media Officers is set as (2) in respect of the Super League and (1) in respect of the 1st League.
- (2) The Media Officer(s) must hold at least one of the following qualifications:
 - a) Journalism, or Television and Radio graduate from a Communications faculty;
 - b) A minimum of 3 years' experience as a professional journalist;
 - c) Media officer diploma provided by TFF or an organization recognized by TFF.

ARTICLE 53 – MEDICAL DOCTOR

- (1) The competent body of the license applicant (Exco Committee) must appoint at least one medical doctor responsible for providing medical support during matches and trainings and for applying the anti-doping policy. The doctor must be registered with TFF.
- (2) The medical doctor qualification must be certified by the Chamber of Medical Doctors and the Ministry of Health of Turkey.

ARTICLE 54 – PHYSIOTHERAPIST

- (1) The competent body of the license applicant (Board) must appoint at least one physiotherapist responsible for providing medical treatment and massage services to the first squad during training and matches. The physiotherapist must be registered with TFF.
- (2) The physiotherapist qualification must be certified by the related authority.

ARTICLE 55 - YOUTH TEAMS MEDIC

The license applicant must have appointed at least one doctor or physiotherapist recognized as such by appropriate national health authorities who is responsible for the medical care of the youth teams.

ARTICLE 56 – MATCH ORGANIZATION OFFICER

- (1) The licence applicant must have appointed a match organisation officer who is responsible for the overall organisation of the first squad home matches.

ARTICLE 57 – MASSEUR

- (1) The license applicant must have appointed at least one (1) masseur responsible for providing medical treatment and massage services to the first squad during training and matches. The masseur must be registered with the TFF.
- (2) The qualifications of the physiotherapist must be certified by the Ministry of Health of Turkey.

ARTICLE 58 – SAFETY AND SECURITY OFFICER

- (1) License applicant must appoint a security officer – who is trained in terms of crowd management or who worked in a related profession, and is able to undertake the responsibilities below;
 - a) Developing, implementing and reviewing safety and security policy and procedures, including risk management and planning;
 - b) Being the main point of contact between the public authorities and the licence applicant on all safety and security matters;
 - c) Managing match-related safety and security operations.
- (2) The Safety and the Security Officer must be appointed by the authorized unit of the license applicant.
- (3) The safety and security officer must have at least one of the qualities given below:
 - a) Military, police or private security officer diploma which is obtained in accordance with the national regulations;
 - b) A security & safety diploma which is issued by TFF or approved by an official organization;

ARTICLE 59 – SAFETY AND SECURITY ORGANISATION – PRIVATE SECURITY

- (1) The license applicant must establish and apply a safety and security organization by employing qualified private security stewards for the matches played in its own stadium, in accordance with the TFF Statutes and the Law on the Prevention of Violence and Irregularities in Sports. For this purpose, the license applicant must either:
 - c) Employ, in accordance with the Law 6222, private security stewards whose number is to be determined by the provincial and district sports security boards; or
 - d) Make a written contract with a private security organization/company which supplies the private security stewards, and present it for TFF's information.
- (2) The license applicant must employ the relevant people internally or outsource this operation to an external company to fulfil the requirements.

ARTICLE 60 – FOOTBALL SOCIAL RESPONSIBILITY OFFICER

- (1) The licence applicant must have appointed a football social responsibility officer who is responsible for the implementation of football social responsibility policies and measures in accordance with the UEFA Football Sustainability Strategy 2030 and relevant UEFA guidelines

ARTICLE 49 – SUPPORTER LIAISON OFFICER (SLO)

- (1) The license applicant must have appointed a supporter liaison officer to act as a key contact point for supporters.
- (2) The supporter liaison officer will regularly meet and collaborate with the relevant club personnel on all related matters.

ARTICLE 62 – DISABILITY ACCESS OFFICER (DAO)

- (1) The license applicant must have appointed a disability access officer to support the provision of inclusive, accessible facilities and services.
- (2) The disability access officer will regularly meet and collaborate with the relevant club personnel on all related matters.

ARTICLE 63 – HEAD COACH OF FIRST SQUAD

- (1) The license applicant must have appointed a qualified head coach who is confirmed as the head coach by the relevant UEFA member association and who is responsible for the following matters of the first squad.
 - a. Players' selection;
 - b. Tactics and training;
 - c. Management of the players and technical staff in the dressing room and the technical area before, during and after matches; and
 - d. Duties regarding media matters (press conference, interviews, etc.)
- (2) In respect of the UEFA Club License only, the Head Coach must hold one of the following minimum coaching qualifications
 - a. Valid UEFA Pro coaching licence if the licensor (or its UEFA member association) is a signatory of the UEFA Coaching Convention at Pro level;
 - b. Valid UEFA A coaching licence if the licensor (or its UEFA member association) is not a signatory of the UEFA Coaching Convention at Pro level;
 - c. Valid UEFA recognition of competence equivalent to the licence required under a) or b) above as applicable.

ARTICLE 64 – ASSISTANT COACH OF THE FIRST SQUAD

- (1) The license applicant must have appointed a coach in charge of assisting the Head Coach in all football matters of its first squad.
- (2) In respect of the UEFA Club License only, this Assistant Coach must hold one of the following minimum coaching qualifications issued by a UEFA member association in accordance with the UEFA Coaching Convention:
 - a. Valid UEFA A coaching licence if the licensor (or its UEFA member association) is a signatory of the UEFA Coaching convention at Pro Level
 - b. Valid UEFA B coaching licence if the licensor (or its UEFA member association) is not a signatory of the UEFA Coaching Convention at Pro level;
 - c. Valid UEFA recognition of competence equivalent to the licence required under a) or b) above as applicable.

ARTICLE 65 – GOALKEEPER COACH OF FIRST SQUAD

- (1) 1. The licence applicant must have appointed a qualified goalkeeper coach who assists the headcoach in goalkeeping matters of the first squad.
- (2) The goalkeeper coach must hold one of the following minimum coaching qualifications, issued by a UEFA member association in accordance with the UEFA Coaching Convention:
 - a) -Highest available valid UEFA goalkeeper licence according to licensor's (or its UEFA member association's) membership status under the UEFA Coaching Convention;
 - b) Valid domestic goalkeeper licence;
 - c) Valid UEFA recognition of competence issued in accordance with the UEFA Coaching Convention and equivalent to the licence required under a) above.

ARTICLE 66 – HEAD OF THE YOUTH DEVELOPMENT PROGRAMME

- (1) The license applicant must have appointed a Head of its Youth Development Programme responsible for running the daily business and technical activities of its youth department.
- (2) In respect of the UEFA Club License only, the Head of Youth Development Programme must hold one of the following minimum coaching qualifications issued by a UEFA member association in accordance with the UEFA Coaching Convention:
 - a) Valid UEFA Elit Youth A coaching license;
 - b) Valid UEFA A coaching licence if the licensor (or its UEFA member association) is a signatory of the UEFA Coaching Convention at Pro level;
 - c) Valid UEFA B coaching licence if the licensor (or its UEFA member association) is not a signatory of the UEFA Coaching Convention at Pro level;

- d) Valid UEFA recognition of competence equivalent to the licence required under a) , b) or c) above as applicable

ARTICLE 67 – YOUTH COACHES

- (1) For all youth teams involved in its youth development programme, the license applicant must have appointed at least one qualified coach responsible for all football matters related to that team.
- (2) At least three youth team head coaches must each hold one of the following minimum coaching qualifications issued by a UEFA member association in accordance with the UEFA Coaching Convention:
 - a) Valid UEFA Elite Youth A coaching licence;
 - b) Valid UEFA A coaching licence if the licensor (or its UEFA member association) is a signatory of the UEFA Coaching Convention at Pro level;
 - c) Valid UEFA B or UEFA Youth B coaching licence if the licensor (or its UEFA member association) is not a signatory of the UEFA Coaching Convention at Pro level;
 - d) Valid UEFA recognition of competence equivalent to the licence required under a), b) and c) above as
- (3) Other youth team coaches must possess the minimum skills that has been set and stated by the TFF.

ARTICLE 68 – GOALKEEPER COACH OF YOUTH TEAMS

- (1) The licence applicant must have appointed at least one qualified goalkeeper coach who assists the youth coaches in goalkeeping matters of the youth sector.
- (2) The goalkeeper coach must hold one of the following minimum coaching qualifications, issued by a UEFA member association:
 - a. Second-highest available valid UEFA goalkeeper licence according to licensor's (or its UEFA member association's) membership status under the UEFA Coaching Convention;
 - b. Valid domestic goalkeeper licence;
 - c. Valid UEFA recognition of competence issued in accordance with the UEFA Coaching Convention and equivalent to the licence required under a) above.

ARTICLE 69 – ACCREDITATION OFFICER

The license applicant must appoint a person who; has attended the seminars held by the TFF; has fulfilled all regulations related to the TFF's accreditation regulations; and has the ability to carry out this manual including all other applicable regulations in coordination with the club's stadium, Security, Supporter Liaison and Media Officers.

ARTICLE 70 – STADIUM MANAGER

License applicant must appoint a stadium manager – who obtains a certificate after participating in the seminars organized by TFF and who is responsible from carrying out all regulations that are stipulated in all instructions and statuses of TFF in relation to the stadium infrastructure, from all technical and administrative matters related to the stadium, from the coordination of the club – which uses the stadium – with press, supporter and security

officers, from the fulfilment of all decision taken by the local authorities in related to the stadium, and from keeping stadium available for competitions.

ARTICLE 71 – ETHICS REPRESENTATIVE

The license applicant must appoint an Ethics Representative in order to fulfil the functions stated in the TFF Ethics Board Regulations. The representative will be responsible for promoting and developing the ethics procedures within the club.

ARTICLE 72 – CLUB LICENSING AND FINANCIAL SUSTAINABILITY SYSTEM OFFICER

The license applicant must appoint a Club Licensing System Officer responsible for; conducting the required works on the issues stated in this Regulation, controlling and coordinating the preparations during the licensing process, working in cooperation with the TFF Club Licensing Unit; and performing training activities within the license applicant about the TFF club licensing system.

ARTICLE 73 – TICKETING OFFICER

- (1) License applicant is obligated to determine a ticket officer in order to manage its ticketing operations (planning, printing, distribution, etc.) in its club's home competitions.

ARTICLE 74 – COMMON PROVISIONS

- (1) A holder of the required UEFA coaching license within the meaning of articles 63-68 is considered a coach who, in accordance with the implementation provisions of the UEFA Coaching Convention, has:
 - a) Been issued a UEFA coaching license by a UEFA member association; or
 - b) At least started the required UEFA coaching diploma course. Registration for the required diploma course is not sufficient to meet the criterion.
- (2) If the UEFA Coaching Convention membership status of a UEFA member association is upgraded (e.g. from A to Pro level), the following apply:
 - a. With regard to paragraph 1(a) above, the new highest or second-highest available UEFA coaching licence (as applicable) will become mandatory for the licence applicant as soon as the licensor has run its second course at this higher level. After this transitional period, only a holder of the newly required UEFA coaching diploma will be deemed in compliance with the criterion;
 - b. With regard to paragraph 1(b) above, only participation in an education course for the newly available highest or second-highest UEFA coaching diploma (as applicable) will be deemed in compliance with the criterion.
- (3) In case of a partnership agreement under the UEFA Coaching Convention, the UEFA coaching qualifications offered by the UEFA member association with limited UEFA Coaching Convention membership status apply.
- (4) UEFA reserves the right to review the consequences of any downgrade in UEFA Coaching Convention membership status (e.g. from Pro to A level) as well as those of partnership agreements with the UEFA member association in question, and to take decisions on a case-by-case basis in this respect.
- (5) All qualified coaches must be duly registered with the UEFA member association and/or its affiliated league.

ARTICLE 75 – WRITTEN CONTRACTS

- (1) All administrative, technical, medical and security staff or service providers performing any of the functions referred to in Article 50 to Article 73 must have written contracts with the licence applicant (or another entity within the legal group structure of the licence applicant) in accordance with the national legal framework.
- (2) The licence applicant must ensure that each coach's contract is in line with the relevant provisions of the FIFA Regulations on the Status and Transfer of Players.

ARTICLE 76 – SERVICE PROVIDERS

- (1) If a given function is entrusted to a service provider in accordance with the national legal framework, the licence applicant must sign a written contract with the service provider. It must contain the following information as a minimum:
 - a. Defined tasks and responsibilities;
 - b. Information on the person(s) responsible for the function, including their relevant qualifications.

ARTICLE 77 – OCCUPATION OF FUNCTIONS

- (1) The mandatory functions defined in Article 50 to Article 73 represent the minimum organisational structure required of the licence applicant.
- (2) One person could occupy more than one function, provided the person has sufficient time, adequate competencies and the necessary qualifications for each function, and no conflict of interest.

ARTICLE 78 – ORGANIZATIONAL STRUCTURE

- (1) The licence applicant must provide the licensor with an organisational chart clearly identifying the relevant personnel and their hierarchical and functional responsibilities in its organisational structure.
- (2) As a minimum, the organisational chart should provide information on the key personnel defined in Article 50 to Article 62 and Article 66

ARTICLE 79 – DUTY TO NOTIFY REPLACEMENTS DURING THE LICENSE SEASON

- (1) If any position defined in articles 50 to 73 becomes vacant during the license season, the licensee must ensure that, within a period of a maximum of 15 days, the position is taken over by a person who holds the required qualification.
- (2) If any position defined in articles 50 to 73 becomes vacant due to illness or accident during the license season, the TFF may grant an extension to the 15-day period only if reasonably satisfied that the person concerned is still medically unfit to resume his duties.
- (3) The licensee must communicate each replacement to the TFF within 15 working days.

❖ LEGAL CRITERIA

ARTICLE 80 – DECLARATION IN RESPECT OF THE PARTICIPATION IN UEFA AND TFF CLUB COMPETITIONS

(1) The license applicant must submit a legally valid declaration confirming the following:

- a) it recognizes as legally binding the statutes, regulations, Regulations and decisions of FIFA, UEFA, TFF as well as the jurisdiction of the Court of Arbitration for Sport (CAS) in Lausanne (Switzerland) as provided in the relevant articles of the *UEFA Statutes* and that it will abide by all the relevant regulations;
- b) at national level, it will play in all club competitions recognized and endorsed by the TFF;
- c) at international level, it will participate in club competitions recognized by UEFA (this provision does not relate to friendly matches);
- d) all presented documents are complete and correct, and after the license decision, it will promptly inform TFF about any significant change, event or condition of major economic importance;
- e) it will abide by and observe the TFF Club Licensing and Financial sustainability Regulations;
- f) it will abide by and observe the UEFA Club Licensing and Financial sustainability Regulations in respect of the participation in the UEFA club competitions only (i.e. only for the UEFA Club License);
- g) Its reporting perimeter is defined in accordance with Article 87bis;
- h) All revenues and costs related to each of the football activities listed in Paragraph 65.03 have been included in the reporting perimeter.
- i) It will be accountable for any consequences of an entity included in the reporting perimeter not abiding by and observing items e) and f) above;
- j) All relevant information related to any change of its legal form, legal group structure (including ownership) or identity from the three seasons preceding the start of the licence season have been reported to the TFF and UEFA
- k) all presented documents are complete and correct;
- l) it authorizes UEFA and TFF to conduct any kind of inspection at all its facilities and offices in order to examine any kinds of documents and information related to the license application;
- m) it acknowledges that UEFA reserves the right to execute compliance audits in accordance with the TFF Club Licensing Regulations article 118.

(2) This declaration must be executed by an authorized signatory of the license applicant no more than three months prior to the deadline for its submission to the TFF.

ARTICLE 81 – MINIMUM LEGAL INFORMATION

(1) The license applicant must submit at least the following minimum legal information about the licence applicant and if different, the registered member :

- a. Complete legal name;
- b. Legal form;
- c. Copy of current, valid statutes (e.g. company act);
- d. Extract from a public register (e.g. trade register);
- e. List of authorised signatories;
- f. Type of signature required (e.g. individual, collective).

(2) The licence applicant must also provide the following contact information :

- a. Address of its official headquarters;
- b. Official contact details (such as phone/fax number and email addresses);
- c. Address of its official public website;

- d. Name and direct contact details of its main official contact person for club licensing matters.

ARTICLE 82 – WRITTEN CONTRACT WITH A FOOTBALL COMPANY

Clubs, keeping their rights reserved about the related terms indicated by the club registration regulations, must present a written transfer contract in such cases; as if their related football branches will be transferred to a new formatted or existing incorporation certified by the Turkish Commercial Code, with all its active and passive assets.

ARTICLE 83 – WRITTEN CONTRACT WITH A FOOTBALL COMPANY

(1) If the licence applicant is a football company as defined in Paragraph 14.01(b), it must provide a written contract of assignment with a registered member.

(2) The contract must stipulate the following, as a minimum:

- a. The football company must comply with the applicable statutes, regulations, directives and decisions of FIFA, UEFA, the UEFA member association and its affiliated league.
 - b. The football company must not further assign its right to participate in a competition at national or international level
 - c. The football company's right to participate in such a competition ceases to apply if the assigning club's membership of the association ceases.
 - d. If the football company is put into bankruptcy or enters liquidation, this is deemed to be an interruption of membership or contractual relationship within the meaning of Article 14. For the sake of clarity, a licence already granted to the football company cannot be transferred from the football company to the registered member.
 - e. The UEFA member association must be reserved the right to approve the name under which the football company participates in national competitions.
 - f. The football company must, at the request of the competent national arbitration tribunal or the Court of Arbitration for Sport (CAS), provide views, information, and documents on matters regarding the football company's participation in national or international competitions.
3. The contract of assignment and any amendment to it must be approved by the UEFA member association or its affiliated league

ARTICLE 84 - LEGAL GROUP STRUCTURE

- (1) The license applicant must provide the TFF with a document that presents its legal structure at the annual accounting reference date prior to the deadline for the submission of its licence application to the TFF. It must be presented in a chart and duly approved by management. The TFF must be informed of any changes there may have been to the legal group structure during the period between annual accounting reference date and the submission of the chart to the TFF.

(2) This document must clearly identify and include information on:

- a) the license applicant and, if different, the registered member;
- b) any subsidiary of the license applicant and, if different, the registered member;
- c) any associate entity of the license applicant and, if different, the registered member
- d) any direct or indirect controlling entity of the license applicant,;
- e) any party that has a 10% or greater direct or indirect ownership of or otherwise significant influence over the license applicant or 10% or greater voting rights;
- f) any other football club, in respect of which any of the parties identified in a) to e), or any of their key management personnel, have any ownership interest or voting rights or membership or any other involvement or influence whatsoever in its management, administration or sporting performance; and
- g) the key management personnel of the licence applicant and, if different, the registered member.

(3) The reporting perimeter as defined in Article 87 must also be clearly identified in the document.

(4) If deemed relevant the TFF may request the license applicant/licensee to provide other information other than that listed above

(5) The following information must be provided in relation to each of the parties included in the legal group structure:

- a) Name and if applicable legal form;
- b) Main activity and
- c) Percentage of ownership interest and, if different, percentage of voting rights .

For any subsidiary of the license applicant and, if different, the registered member of the UEFA member association, the following information must also be provided:

- a) Share capital;
- b) Total assets;
- c) Total revenues;
- d) Total Equity

(6) The licensor must be informed of any changes there may have been to the legal group structure during the period between the annual accounting reference date and the submission of this information to the licensor.

(7) The licence applicant must confirm that the information about the legal group structure is complete, accurate and in compliance with these regulations. This must be evidenced by way of a brief statement and signature by the executive body/ authorised signatories of the licence applicant.

ARTICLE 85 – ULTIMATE CONTROLLING PARTY, ULTIMATE BENEFICIARY AND PARTY WITH SIGNIFICANT INFLUENCE

- a. The licence applicant must provide the licensor with a document which contains information on:
- b. the ultimate controlling party of the licence applicant;
- c. the ultimate beneficiary of the licence applicant, i.e. a natural person on whose behalf an entity or

ARTICLE 86 – WRITTEN REPRESENTATION PRIOR TO THE LICENSING DECISION

- 1) The licence applicant must submit written representation to the licensor within the seven days prior to the start of the First Instance Body's decision-making process, as defined by the licensor in accordance with Article 10.
- 2) The licence applicant must confirm:
 - a. that all documents submitted to the licensor are complete, accurate and in compliance with these regulations;
 - b. whether or not any significant change or similar event has occurred in relation to its licensing application or any of the club licensing criteria;
 - c. whether or not any event or condition of major economic importance has occurred that may have an adverse impact on the licence applicant's financial position since the balance sheet date of the preceding audited annual financial statements and reviewed interim financial statements (if so, the management representations letter must include a description of the nature of the event or condition and an estimate of its financial effect, or a statement that such an estimate cannot be made);
 - d. whether or not the licence applicant and, if different, the registered member or any parent company of the licence applicant included in the reporting perimeter is seeking or has received protection from its creditors pursuant to laws or regulations within the 12 months preceding the licence season.
- 3) Approval by the licence applicant's management must be evidenced by way of a signature on behalf of the executive body of the licence applicant.

❖ FINANCIAL CRITERIA

ARTICLE 87 – REPORTING ENTITY/ENTITIES AND REPORTING PERIMETER

- (1) The license applicant determines and provides to the TFF the reporting perimeter, i.e. the entity or combination of entities in respect of which financial information (e.g. single entity, consolidated or combined financial statements) has to be provided in accordance with Annex VI/B and assessed in accordance with Annex VIII
- (2) The reporting perimeter must include:
 - a) the license applicant and if different , the registered member;
 - b) b) any subsidiary of the license applicant and if different , the registered member;
 - c) any entity, irrespective of whether it is included in the legal group structure, which generates revenues and/or performs services and/or incurs costs in respect of football activities as defined in paragraph 3 a) and b) below.
 - d) any other entity included in the legal group structure which generates revenues and/or performs services and/or incurs costs in respect of any of the football activities defined in paragraph 3(c) to (k) below.

(3) Football activities includes:

- a) employing/recruiting employees (as defined in Article 93) including payment of all forms of consideration to employees arising from contractual or legal obligations;
- b) acquiring/selling players' registrations (including loans);
- c) ticketing;
- d) sponsorship and advertising;
- e) broadcasting;
- f) merchandising and hospitality;
- g) club operations (e.g. administration, match day activities, travel, scouting etc.);
- h) financing (including financing secured or pledged against the assets of the license applicant, or debt directly or indirectly secured or pledged against the licence applicant's assets or revenues.);
- i) use and management of stadium and training facilities;
- j) women's football;
- k) youth sector.

(4) An entity may be excluded from the reporting perimeter only if the football activities it performs are already entirely reflected in the financial statements of one of the entities included in the reporting perimeter, and

a) its activities are entirely unrelated to the football activities defined in paragraph 3 above and/or the locations, assets or brand of the football club; or

b) it is immaterial compared with all the entities that form the reporting perimeter and it does not perform any of the football activities defined in paragraph 3 a) and b) above; or

(5) The license applicant must submit a declaration by an authorized signatory which confirms:

- a) that all revenues and costs related to each of the football activities indicated in paragraph 3 have been accounted for in the books of one of the entities included in the reporting perimeter providing a detailed explanation if this is not the case ; and
- b) whether any entity included in the legal group structure has been excluded from the reporting perimeter, justifying any such exclusion with reference to paragraph 4.

ARTICLE 88 – ANNUAL FINANCIAL STATEMENTS

1. Super League Clubs must adopt a special accounting period from June 1 to May 31.
2. The licence applicant must prepare and submit, by the date communicated by the licensor, annual financial statements for the reporting period ending in the year preceding the deadline for submission of the application to the licensor and preceding the deadline for submission of the list of licensing decisions to UEFA.
3. Annual financial statements, including comparative amounts for the prior period, must be prepared in accordance with International Financial Reporting Standards or national accounting standards (as applicable) and must include:
 - a. A balance sheet as at the end of the reporting period;
 - b. A profit and loss account/income statement for the reporting period;
 - c. A cash flow statement for the reporting period;
 - d. A statement of changes in equity over the reporting period;
 - e. Notes, comprising a summary of significant accounting policies and other explanatory notes; and
 - f. A financial review by management
4. The annual financial statements must be audited by an independent auditor as defined in Annex IV

5. If the annual financial statements do not meet the minimum disclosure requirements set out in Annex V, then the licence applicant must also submit to the licensor:
 - a. supplementary information to meet the minimum disclosure requirements set out in Annex V; and
 - b. an assessment report provided by the same auditor that signs the annual financial statements by way of agreed-upon procedures prescribed by the licensor to confirm the completeness and accuracy of the supplementary information.
6. If the annual financial statements do not comply with the accounting requirements set out in Annex VI, then the licence applicant must also submit to the licensor:
 - a. restated financial statements that meet the accounting requirements set out in Annex VI, covering the same reporting period and including comparative amounts for the previous comparative reporting period;
 - b. a declaration by the licence applicant's management that the restated financial statements are complete, accurate, and in compliance with the regulations; and
 - c. an assessment report provided by the same auditor that signs the annual financial statements by way of agreed-upon procedures prescribed by the licensor in respect of the completeness and accuracy of the restated financial statements

ARTICLE 89 PUBLICATION OF FINANCIAL INFORMATION

The UEFA license applicant must publish on its website by the date (which cannot be later than the date of the submission of the list of licensing decision to the UEFA) and in the form communicated by the TFF:

- a) the audited annual financial information for the last reporting period assessed by the TFF and ;
- b) the total amount paid in the latest reporting period to or for the benefit of agents/intermediaries.

ARTICLE 90 – INTERIM FINANCIAL STATEMENTS

- (1) If the licence applicant's annual financial statements under Article 88 are for a reporting period ending more than six months before the deadline for submission of the list of licensing decisions to UEFA, then additional financial statements covering the interim period must be prepared and submitted.
- (2) The interim period starts the day immediately after the annual accounting reference date and ends on the 31 December preceding the deadline for submission of the list of licensing decisions to UEFA.
- (3) Exceptionally, if a licence applicant has an annual accounting reference date of 31 May, then it may prepare and submit interim financial statements for a six-month period ending 30 November.
- (4) The interim financial statements, including comparative amounts for the prior interim period, must be prepared in accordance with the same accounting policies as the annual financial statements with the exception of accounting policy changes made after the date of the previous annual financial statements that are to be reflected in the next annual financial statements.
- (5) The interim financial statements must consist of:
 - i. A balance sheet as of the end of the interim period
 - ii. A profit and loss account for the interim period;
 - iii. A cash flow statement for the interim period
 - iv. A statement of changes in equity for the interim period
 - v. explanatory notes
 - vi. Additional supplementary information as per the application booklet.
- (6) If the licence applicant did not have to prepare interim financial statements for the prior interim period, then the comparative figures may instead be from the annual financial statements for the immediately preceding reporting period.
- (7) Interim financial statements must be reviewed or audited by an independent auditor as defined in Annex IV.
- (8) If the interim financial statements do not meet the minimum disclosure requirements as set out in Annex V, then the licence applicant must also submit to the licensor:

- a) supplementary information to meet the minimum disclosure requirements set out in Annex V; and
 - b) an assessment report provided by the same auditor that signs the annual financial statements by way of agreed-upon procedures prescribed by the licensor in respect of the completeness and accuracy of the supplementary information.
- (9) If the interim financial statements do not comply with the accounting requirements set out in Annex VI, then the licence applicant must also submit to the licensor:
- a) restated financial statements that meet the accounting requirements set out in Annex VI, covering the same period and including comparative amounts for the previous comparative period;
 - b) a declaration by the licence applicant's management that the restated financial statements are complete, accurate, and in compliance with the regulations; and
 - c) an assessment report provided by the same auditor that signs the annual financial statements by way of agreed-upon procedures prescribed by the licensor in respect of the completeness and accuracy of the restated financial

ARTICLE 91 – NET EQUITY RULE

- (1) The licence applicant must report in its annual financial statements or interim financial statements (whichever close as at the 31 December preceding the deadline for submission of the application to the licensor and preceding the deadline for submission of the list of licensing decisions to UEFA) a net equity position which:
- a. is positive; or
 - b. has improved by 10% or more since the previous 31 December.
- (2) Net equity means the residual interest in the assets of the entity after deducting all its liabilities as set out in its annual financial statements or interim financial statements as applicable, if a licence applicants exceed its liabilities, then the licence applicant has a net asset position, i.e. positive equity. If a licence applicant's liabilities exceed its assets, then the licence applicant has a net liability position, i.e. negative equity.
- (3) If a licence applicant does not comply with paragraph 1 above as at 31 December, the licence applicant can submit a new audited balance sheet by 31 March at the latest in order to demonstrate that one of the conditions in Paragraph in 91.01 (a) or (b) has since been fulfilled.
- (4) For the purpose of compliance with this criterion, equity can include subordinated loans that are, for at least the following 12 months, subordinated to all other liabilities and non-interest-bearing.
- (5) The licensor's assessment must be in accordance with Annex VIII.
- (6) Exceptionally, a licence applicant can request an alternative assessment date if:
- a. it has an annual accounting reference date of 31 May, in which case it may prepare interim financial statements for a six-month period ending 30 November and use such interim financial statements for the purposes of the net equity rule; or
 - b. it has an annual accounting reference date of 30 November, in which case its annual financial statements for the reporting period ending 30 November may be used for the purposes of the net equity rule.

In such exceptional cases a) or b), all references to 31 December in the net equity rule should be understood as 30 November

ARTICLE 92 – NO OVERDUE PAYABLES TO FOOTBALL CLUBS

- (1) The licence applicant must prove that as at the 31 March preceding the licence season, it has no overdue payables (as defined in Annex VII) to other football clubs as a result of obligations arising from transfers due to be paid by the 28 February preceding the licence season.
- (2) Payables are those amounts due to football clubs as a result of:

- a) transfers of professional players (as defined in the FIFA Regulations on the Status and Transfer of Players), including any amount payable upon fulfilment of certain conditions;
 - b) players registered for the first time as professionals, including any amount payable upon fulfilment of certain conditions;
 - c) training compensation and solidarity contributions as defined in the FIFA Regulations on the Status and Transfer of Players; and
 - d) any joint and several liability decided by a competent authority for the termination of a contract by a player.
- (3) The licence applicant must prepare and submit to the licensor a transfers table unless the transfers information has already been disclosed to the licensor under existing national transfer requirements (e.g. national clearing house system) and the licensor is able to extract and assess all the required information as described in paragraphs 4 and 5 below. A transfers table must be prepared even if there have been no transfers/loans during the relevant period.
- (4) The licence applicant must disclose :
- a) all new player registrations (including loans) as a result of transfer agreements concluded in the 12-month period up to 28 February, irrespective of whether there is an amount outstanding as at 28 February;
 - b) all transfers for which a payable is outstanding as at 28 February (whether they relate to the release or registrations of players and irrespective of when the transfers were undertaken); and
 - c) all transfers subject to any amounts disputed as at 28 February (as defined in Annex VII).
- (5) The transfers table must contain the following information as a minimum (in respect of each player transfer):
- a) Player's name and date of birth;
 - b) Date of the transfer agreement;
 - c) Name of the football club that is the creditor;
 - d) Transfer (or loan) fee paid or payable (including training compensation and solidarity contribution) even if payment has not been requested by the creditor;
 - e) Other direct costs of the player's registration paid or payable;
 - f) Any other compensation paid or payable in the scope of a transfer agreement;
 - g) Amounts settled (as defined in Annex VII) before 28 February and payment date(s);
 - h) Balance payable as at 28 February, including the due date(s) for each unpaid element;
 - i) Amounts overdue as at 28 February, including the due date(s) for each unpaid element and, if applicable amounts settled between 28 February and 31 March together with the settlement dates as well as any remaining overdue payable as at 31 March (rolled forward from 28 February), together with explanatory comment;
 - j) Amounts deferred as at 28 February (as defined in Annex VII), including the original and new due date(s) for each deferred element, and the date when a written agreement between the parties was concluded;
 - k) Amounts disputed as at 28 February (as defined in Annex VII), including the case references and a brief description of the positions of all involved parties; and
 - l) Conditional amounts (contingent liabilities) not yet recognised in the balance sheet as at 28 February.
- (6) The licence applicant must reconcile its liabilities as per the transfers table to its underlying accounting records.
- (7) The licence applicant must confirm that the transfers table is complete, accurate and in compliance with these regulations. This must be evidenced by way of a brief statement and signature by the executive body/authorised signatories of the licence applicant.

ARTICLE 93 – NO OVERDUE PAYABLES IN RESPECT OF EMPLOYEES

- (1) The licence applicant must prove that as at the 31 March preceding the licence season, it has no overdue payables (as defined in Annex VII) in respect of its employees as a result of contractual or legal obligations due to be paid by the 28 February preceding the licence season.

- (2) Payables are all forms of consideration due in respect of employees as a result of contractual or legal obligations, including wages, salaries, image rights payments, bonuses and other benefits as specified in Annex X/1.ii.c
- (3) The term “employees” includes the following persons:
- a) All professional players according to the FIFA Regulations on the Status and Transfer of Players;
 - b) All administrative, technical, medical and security staff performing any of the functions referred to in Article 50 to Article 73; and
 - c) Service providers performing any of the functions referred to in Article 50 to Article 73.
- (4) If any of the “employees” is employed by, contracted to, a consultant of or otherwise provides services to an entity within the legal group structure or the reporting perimeter other than the licence applicant, these payables must be also included in the scope of paragraph 1 above.
- (5) Amounts payable to persons who, for various reasons, are no longer employed or engaged by the licence applicant or an entity within the legal group structure of the licence applicant fall within the scope of this criterion and must be settled within the period stipulated in the contract or defined by law, regardless of how such payables are accounted for in the financial statements.
- (6) The licence applicant must prepare and submit to the licensor an employees table showing the following total balances in respect of the employees as at the 28 February preceding the licence season:
- a) Total balance payable;
Total amount overdue as well as any remaining overdue amount as at 31 March (rolled forward from 28 February);
 - a. Total amount deferred (as defined in Annex VII); and
 - b. Total amount disputed (as defined in Annex VII).
- (7) The following information must be given, as a minimum, in respect of each overdue, deferred or disputed amount as at 28 February, together with an explanatory comment:
- a) Name and position/function of the employee (irrespective of whether the person was employed or engaged during the year up to 28 February);
 - b) Start date and end date (if applicable);
 - c) Amounts overdue, including the due date(s) for each unpaid element and, if applicable, amounts settled between 28 February and 31 March together with the settlement dates as well as any remaining overdue payable as at 31 March (rolled forward from 28 February);
 - d) Amounts deferred, including the original and new due date(s) for each deferred element, and the date when a written agreement between the parties was concluded; and
 - e) Amounts disputed, including the case references and a brief description of the positions of all involved parties.
- (8) The licence applicant must reconcile its liabilities as per the employees table to its underlying accounting records.
- (9) The licence applicant must confirm that the employees table is complete, accurate and in compliance with these regulations. This must be evidenced by way of a brief statement and signature by the executive body/authorized signatories of the licence applicant.

ARTICLE 94 – NO OVERDUE PAYABLES TO SOCIAL/TAX AUTHORITIES

- (1) The licence applicant must prove that as at the 31 March preceding the licence season, it has no overdue payables (as defined in Annex H) to social/tax authorities as a result of contractual or legal obligations in respect of all employed individuals due to be paid by the 28 February preceding the licence season.
- (2) Payables are those amounts due to social/tax authorities as a result of contractual or legal obligations in respect of all employed individuals. Payables include, but are not limited to, personal income tax, pension fund payments, social security and similar payments.
- (3) The licence applicant must submit to the licensor a social/tax table as at the 28 February preceding the licence season showing:
- a) total balance payable to the social/tax authorities;
total amount overdue as well as any remaining overdue amount as at 31 March (rolled forward from 28 February);

- a) total amount deferred (as defined in Annex VII);
 - b) b. total amount disputed (as defined in Annex VII); and
 - c) c. total amount subject to a pending decision by the competent authority (as defined in Annex VII).
- (4) The following information must be given, as a minimum, in respect of each overdue, deferred, disputed or pending amount as at 28 February, together with explanatory comment
- a) Name of the creditor;
 - b) Amounts overdue, including the due date(s) for each unpaid element and, if applicable, amounts settled between 28 February and 31 March together with the settlement dates as well as any remaining overdue payable as at 31 March (rolled forward from 28 February);
 - c) Amounts deferred, including the original and new due date(s) for each deferred element, and the date when a written agreement between the parties was concluded;
 - d) Amounts subject to a pending decision by the competent authority and a brief description of the licence applicant's request; and
 - e) Amounts disputed, including the case references and a brief description of the positions of all involved parties.
- (5) The licence applicant must reconcile its liabilities as per the social/tax table to its underlying accounting records.
- (6) The licence applicant must confirm that the social/tax table is complete, accurate and in compliance with these regulations. This must be evidenced by way of a brief statement and signature by the executive body/authorized signatories of the licence applicant.

ARTICLE 95 – NO OVERDUE PAYABLES IN RESPECT OF UEFA AND THE LICENSOR

- (1) The licence applicant must prove that as at the 31 March preceding the licence season, it has no overdue payables (as defined in Annex VII) in respect of UEFA, additional entities designated by UEFA or the licensor as a result of obligations due to be paid by the 28 February preceding the licence season.
- (2) Payables in respect of UEFA include, but are not limited to, financial contributions imposed by the CFCB.
- (3) By the deadline and in the form communicated by the licensor, the licence applicant must prepare and submit a declaration confirming total payables to UEFA, additional entities designated by UEFA and the licensor and the absence or existence of overdue payables.

ARTICLE 96 – WRITTEN REPRESENTATIONS PRIOR TO THE LICENSING DECISION

1. Within seven days prior to the start of the period in which the licensing decision is to be made by the Club Licensing Committee, the license applicant must make written representations to the TFF.
2. The license applicant must confirm the following:
 - a. That all documents submitted to the TFF are complete and correct;
 - b. Whether or not any significant change has occurred in relation to any of the club licensing criteria;
 - c. Whether or not any events or conditions of major economic importance have occurred that may have an adverse impact on the license applicant's financial position since the balance sheet date of the preceding audited annual financial statements or reviewed interim financial statements (if applicable). If any events or conditions of major economic importance have occurred, the management representations letter must include a description of the nature of the event or condition and an estimate of its financial effect, or a statement that such an estimate cannot be made;
 - d. Whether or not the license applicant (or the registered member of the TFF which has a contractual relationship with the license applicant within the meaning of Article 15) or any parent company of the license applicant included in the reporting perimeter is seeking or has received protection from its creditors pursuant to laws or regulations (including voluntary or mandated administration procedures) within the 12 months preceding the license season.

3. Approval by management must be evidenced by way of a signature on behalf of the executive body of the license applicant.

ARTICLE 97 – FUTURE FINANCIAL INFORMATION

- (1) The licence applicant must prepare and submit future financial information to demonstrate to the licensor its ability to continue as a going concern until the end of the licence season if the auditor's report in respect of the annual financial statements or interim financial statements submitted in accordance with Article 66 and Article 68 includes, regarding the going concern, an emphasis of matter, a key audit matter or a qualified opinion/conclusion.
- (2) Future financial information must cover the period commencing immediately after the later of the annual accounting reference date of the annual financial statements or, if applicable, the balance sheet date of the interim financial statements, and it must cover at least the entire licence season.
- (3) Future financial information consists of:
 - a. a budgeted balance sheet, with comparative figures for the immediately preceding reporting period and interim period (if applicable)
 - b. budgeted profit and loss account/income statement, with comparative figures for the immediately preceding reporting period and interim period (if applicable);
 - c. a budgeted cash flow statement, with comparative figures for the immediately preceding reporting period and interim period (if applicable);
 - d. d. explanatory notes, including a brief description of each of the significant assumptions (with reference to the relevant aspects of historic financial and other information) that have been used to prepare the future financial information, as well as of the key risks that may affect the future financial results.
- (4) Future financial information must be prepared, as a minimum, on a quarterly basis.
- (5) Future financial information must be prepared in a way that is consistent with the audited annual financial statements and follows the same accounting policies as those applied for the preparation of the annual financial statements except for accounting policy changes made after the date of the most recent annual financial statements that are to be reflected in the next annual financial statements, in which case details of must be disclosed.
- (6) Future financial information must meet the minimum disclosure requirements as set out in Annex F and the accounting principles as set out in Annex G. Additional line items or notes must be included if they provide clarification or if their omission would make the future financial information incomplete and/or inaccurate.
- (7) Future financial information with the assumptions upon which they are based must be approved by the licence applicant's management. This must be evidenced by way of a declaration by the licence applicant's management that the future financial information submitted is complete, accurate and in compliance with the regulations.

PART 3. UEFA/DOMESTIC CLUB MONITORING

CHAPTER I. RIGHTS, DUTIES AND RESPONSIBILITIES OF PARTIES INVOLVED

ARTICLE 98 – MONITORING PROCESS

(1) UEFA Monitoring Process;

- a) The monitoring process starts on the submission by the licensor of the list of licensing decisions to UEFA and ends at the end of the licence season.
- b) This process consists of the following minimum key steps:
 - 1) Issuing of the requirements for monitoring documentation to the licensor and licensee;
 - 2) Return of the required completed monitoring documentation by the licensee to TFF Club Licensing Committee;
 - 3) Assessment and confirmation of the completeness of each licensee's monitoring documentation by the licensor;
 - 4) Submission of the validated monitoring documentation by the licensor to UEFA;
 - 5) Assessment of the monitoring documentation by the UEFA administration and the CFCB;
 - 6) If appropriate, request for additional information by the UEFA administration/TFF or the UEFA Club Financial Control Body;
 - 7) Decision by the CFCB as specified in the relevant provisions of these regulations and the Procedural rules governing the UEFA Club Financial Control Body.

The deadlines for submission of the validated monitoring documentation to UEFA are communicated to the licensors in a timely manner by UEFA.

(2) Monitoring Process for Domestic Licensing;

- a. Super League and 1. League clubs will be included in the Domestic monitoring process.
 - 1) In the domestic monitoring process, Super League and 1. league clubs will be subject to 30 September controls.
 - 2) All requested information and documents for 30 September monitoring will need to be submitted to the TFF by 31 October at the latest.
- b. It consists of the following minimum key steps:
 - 1) Issuing of the monitoring documentation from the TFF to the licensee;
 - 2) Return of the completed monitoring documentation by the licensee to the TFF;
 - 3) Assessment of the documentation by the TFF Club Licensing and Financial sustainability Committee;
 - 4) If appropriate, request for additional information by the TFF or TFF Club Licensing and Financial sustainability Committee;
 - 5) Decision by the TFF Club Licensing Committee according to CL&FFP.
- c. If the Club Licensing Committee decides that the conditions of Part 3. Chapter.2 the solvency and/or stability condition is not fulfilled, then the Club Licensing Committee reserves the right to invite the licensee for a meeting.
- d. In the meeting, the Club Licensing Committee will request the licensee to submit a forecasted financials/ reconstruction plan as to how it will comply with the solvency and/or stability rule.
- e. If the Club Licensing Committee is satisfied with the forecasted financials/ reconstruction plan submitted by the licensee, then the Committee may decide to sign a settlement agreement with the licensee for the given period requested by the licensee.

- f. In compliance with the settlement agreement, the club is monitored with 3-month periods to ensure the compliance of the plan, to fulfill its' commitments and follow-up the economic measures designated by the settlement agreement.
- g. In case of the licensee not fulfilling the conditions of the settlement agreement, or the club refuses to meet with the Club Licensing Committee prior to the settlement agreement, or the licensee and the committee fails to reach an amicable agreement, then one or more than one of the sanctions as per Annex XIV/D may be imposed upon the licensee.

ARTICLE 99 – RESPONSIBILITIES OF THE TFF

1. The TFF must:

- a. Communicate the deadlines of the monitoring process to the licensee;
- b. Cooperate with the UEFA administration and UEFA Club Financial Control Body in respect of its requests and enquiries;
- c. As a minimum assess the monitoring documentation in accordance with Annex VIII;
- d. Assesses and confirm to the UEFA Club Financial Control Body that the selected reporting perimeter is the same as used for the fulfilment of the club licensing criteria and is appropriate for club monitoring purposes;
- e. Inform the UEFA administration and UEFA Club Financial Control Body of any relevant information submitted by the licensee in respect of club monitoring requirements and any event occurring after the licensing decision that constitutes a significant change to the information previously submitted by the licensee.

3. In carrying out these responsibilities, the TFF ensures equal treatment and guarantees full confidentiality of all information provided.

ARTICLE 100 – RESPONSIBILITIES OF THE LICENSEE

1) For the UEFA Monitoring process, the licensee must:

- a) cooperate fully and guarantee that all personnel cooperate fully with the licensor, UEFA and the CFCB in respect of their requests and enquiries including by responding accurately and completely to all requests for documents, information and other data;
- b) use the same reporting perimeter for the monitoring documentation as used for the fulfilment of the club licensing criteria;
- c) provide the licensor, the UEFA administration and the CFCB with the monitoring documentation and all other necessary information and relevant documents to fully demonstrate that the club monitoring requirements are fulfilled, as well as any other document and/or information requested and deemed to be relevant for club monitoring decision-making, by the deadline set by the licensor and/or UEFA;
- d) grant or procure access to the documentation, information, premises and personnel of the licensee and/or any other entity in the licensee's legal group structure required by any of the CFCB, the UEFA administration and/or a nominated body/agency acting on behalf of UEFA;
- e) confirm that all the submitted documentation and information are complete, accurate and in compliance with the regulations;
- f) promptly notify the licensor in writing about any subsequent events that constitute a significant change, including a change of legal form, legal group structure (including change of ownership) or identity.

2) For the Domestic monitoring process the process above will be carried out between the licensee and the TFF

ARTICLE 101 – CLUB INFORMATION

(1) The licensee must submit club information to the UEFA administration and the CFCB comprising its legal group structure (as defined in the Paragraph 62.02) and

information on its ultimate controlling party, its ultimate beneficiary and any party with significant influence over the licensee (as defined in the Paragraph 63.01).

(2) As part of the club information, the licensee must clearly identify any other football clubs over which any of the parties identified in its legal groups structure, its ultimate controlling party, its ultimate beneficiary and any party with significant influence, or any of their key management personnel, have control or significant influence.

(3) By the deadline and in the form communicated by UEFA, the licensee must prepare and submit the information indicated in paragraphs 1 and 2 as at the annual accounting reference date of the reporting period ending in the calendar year that the UEFA club competitions commence. If not previously submitted to the UEFA administration and the CFCB, the licensee must provide club information on the immediately preceding two reporting periods. The licensor must confirm the completeness and accuracy of the licensee's submission.

(4) The UEFA administration and the CFCB must be promptly informed of any changes to the information indicated in paragraphs 1 and 2 occurring at any time during the licence season.

(5) The licensee must confirm that its club information is complete, accurate and in compliance with these regulations. This must be evidenced by way of a brief statement and signature by the executive body/authorised signatories of the licensee.

CHAPTER II. CLUB MONITORING REQUIREMENTS

ARTICLE 102 – SCOPE OF APPLICATION AND EXEMPTION

(1) All licensees that have been admitted to the UEFA Champions League, the UEFA Europa League or the UEFA Europa Conference League (the relevant competitions) must comply with the club monitoring requirements as set out below.

(2) Club monitoring requirements comprise the following:

- a. Solvency requirements;
- b. Stability requirements;
- c. Cost control requirements.

(3) The solvency requirements must be fulfilled by all clubs admitted to the relevant competitions.

(4) The stability requirements must be fulfilled by all clubs admitted to the relevant competitions except those clubs that have employee benefit expenses in respect of all employees below EUR 5 million in each of the reporting periods ending in the two calendar years before commencement of the UEFA club competitions.

(5) The cost control requirements must be fulfilled by all clubs that qualify for the group stages of the relevant competitions except those clubs that have employee benefit expenses in respect of all employees below EUR 30 million in the reporting period ending in the calendar year in which the UEFA club competitions commence and the reporting period immediately prior to that.

(6) Decisions related to an exemption to the requirements defined in this chapter are taken by the CFCB and are final.

(7) If a licensee's annual financial statements are denominated in a currency other than euros, then to determine whether it should be exempt or not from the stability

requirements and cost control requirements, the relevant figures must be converted into euros at the average exchange rate of the reporting period, as published by the European Central Bank or other appropriate source.

(8) If a licensee's annual financial statements are for a reporting period which is greater or less than 12 months, then the threshold amount for exemption is adjusted up or down according to the length of the reporting period. The licensee's employee benefit expenses are then compared to the adjusted threshold amount.

(2) Scope of application and exemption for the Domestic License:

- a) Domestic Club License applicants are subject to the domestic monitoring process as per articles through 103 to 114 The domestic monitoring process is undertaken by the Club Licensing Committee.
- b) Solvency rule will be applied to Super League and 1. League clubs
- c)) For Super League clubs, If the total employee benefit expenses of each of the previous 2 reporting periods prior to the start of the domestic league season is below 10 million Turkish Lira, and for 1. League clubs, If the total revenue of each of the previous 2 reporting periods prior to the start of the domestic league season is below 5 million Turkish Lira, these clubs will be exempt from the stability rule. The decision on exemption is taken by the club licensing committee and is final.
- d) Cost control rule will not be applied at the domestic monitoring process
- e) Under certain conditions, as stated in article 98/2 c,d and e , in regards to fulfilling the stability requirement, a licensee may request to go into a voluntary settlement agreement with the club licensing committee.

❖ **SOLVENCY REQUIREMENT**

ARTICLE 103 – NO OVERDUE PAYABLES TO FOOTBALL CLUBS – ENHANCED

(1) As at 15 July, 15 October and 15 January in the licence season, the licensee must have no overdue payables (as defined in Paragraph 92.02 and Annex VII) to other football clubs as a result of obligations arising from transfers due to be paid by 30 June, 30 September and 31 December respectively.

(2) The licensee must prepare and submit the transfers information by the deadline and in the form communicated by UEFA, even if there have been no transfers during the relevant period. Every licensee must declare its no overdue payables status as at 15 July and as at 15 October. If a licensee has overdue payables as at 15 July or as at 15 October, if it has deferred payables as at 15 October or if otherwise requested by the CFCB, then the licensee must also declare its no overdue payables status as at 15 January. The licensor must confirm the completeness and accuracy of the licensee's submission according to the licensor's assessment procedures defined in Annex VIII.

(3) The licensee must disclose:

- a. all new player registrations (including loans) as a result of transfer agreements concluded in the 12-month period up to 30 June/30 September/31 December, irrespective of whether there is an amount outstanding as at 30 June/30 September/31 December;
- b. all transfers (whether they relate to the release or registrations of players and irrespective of when the transfers were undertaken) for which an amount is outstanding as at 30 June/30 September/31 December; and
- c. all transfers subject to any amounts disputed as at 30 June/30 September/31 December.

(4) The transfers information must contain the following as a minimum (in respect of each player transfer):

- a. Player's name and date of birth;
- b. Date of the transfer agreement;
- c. Name of the football club that is the creditor;
- d. Transfer (or loan) fee paid or payable (including training compensation and solidarity contributions) even if payment has not been requested by the creditor;
- e. Other direct costs of the player's registration paid or payable;
- f. Any other compensation paid or payable in the scope of a player transfer agreement;
- g. Amounts settled (as defined in Annex VII) before 30 June/30 September/31 December and payment date(s);
- h. Balance payable as at 30 June/30 September/31 December, including the due date(s) for each unpaid element;
- i. Amounts overdue as at 30 June/30 September/31 December, including the due date(s) for each unpaid element, any amounts settled between 30 June/30 September/31 December and 15 July/15 October/15 January respectively and the corresponding settlement dates;
- j. Amounts deferred (as defined in Annex VII) as at 30 June/30 September/31 December, including the original and new due date(s) for each deferred element, and the date when a written agreement between the parties was concluded;
- k. Amounts disputed (as defined in Annex VII) as at 30 June/30 September/31 December, including the case references and a brief description of the positions of all involved parties; and
- l. Conditional amounts (contingent liabilities) not yet recognised in the balance sheet as at 30 June/30 September/31 December.

(5) The licensee must reconcile its liabilities as per the transfers information to its underlying accounting records.

(6) In addition to the transfers information, the licensee must declare overdue receivables from other football clubs in respect of obligations arising from transfers due to be paid by 30 June, 30 September and, if requested, by 31 December with the breakdown in respect of each transfer.

(7) The licensee must confirm that the transfers information is complete, accurate and in compliance with these regulations. This must be evidenced by way of a brief statement and signature by the executive body/authorised signatories of the licensee.

ARTICLE 104 – NO OVERDUE PAYABLES IN RESPECT OF EMPLOYEES

(1) As at 15 July, 15 October and 15 January in the licence season, the licensee must have no overdue payables (as defined in Paragraph 93/2,3 and Annex VII) in respect of its employees as a result of contractual or legal obligations due to be paid by 30 June, 30 September and 31 December respectively.

(2) The licensee must prepare and submit a declaration confirming total payables in respect of employees and the absence or existence of overdue payables by the deadline and in the form communicated by UEFA. Every licensee must declare its no overdue payables status as at 15 July and as at 15 October. If a licensee has overdue payables as at 15 July or as at 15 October, if it has deferred payables as at 15 October or if otherwise requested by the CFCB, then the licensee must also declare its no overdue payables status as at 15 January. The licensor must confirm the completeness and accuracy of the licensee's submission according to the licensor's assessment procedures defined in Annex VIII.

(3) The licensee must disclose all employees for which an amount is overdue, deferred or disputed (as defined in Annex VII).

(4) The following information must be given, as a minimum, together with an explanatory comment:

- a. Name and position/function of the employee;
- b. Start date and end date (if applicable);
- c. Amounts overdue as at 30 June/30 September/31 December, including the due date(s) for each unpaid element, any amounts settled between 30 June/30 September/31 December and 15 July/15 October/15 January respectively and the corresponding settlement dates;
- d. Amounts deferred as at 30 June/30 September/31 December, including the original and new due date(s) for each deferred element, and the date when the written agreement between the parties was concluded; and
- e. Amounts disputed as at 30 June/30 September/31 December, including the case references and a brief description of the positions of all involved parties.

(5) The licensee must reconcile its liabilities as per the employees information to its underlying accounting records.

(6) The licensee must confirm that the employees information is complete, accurate and in accordance with these regulations. This must be evidenced by way of a brief statement and signature by the executive body/authorised signatories of the licensee

ARTICLE 105 – NO OVERDUE PAYABLES TO SOCIAL/TAX AUTHORITIES

(1) As at 15 July, 15 October and 15 January in the licence season, the licensee must have no overdue payables (as defined in Paragraph 94/2 and Annex VII) to social/tax authorities as a result of contractual or legal obligations in respect of all employed individuals due to be paid by 30 June, 30 September and 31 December respectively.

(2) The licensee must prepare and submit a declaration confirming total payables to social/tax authorities and the absence or existence of overdue payables by the deadline and in the form communicated by UEFA. Every licensee must declare its no overdue payables status as at 15 July and as at 15 October. If a licensee has overdue payables as at 15 July or as at 15 October, if it has deferred payables as at 15 October or if otherwise requested by the CFCB, then the licensee must also declare its no overdue payables status as at 15 January. The licensor must confirm the completeness and accuracy of the licensee's submission according to the licensor's assessment procedures defined in Annex VIII.

(3) The following information must be given, as a minimum, together with an explanatory comment:

- a. Name of the creditor;
- b. Amounts overdue as at 30 June/30 September/31 December, including the due date(s) for each unpaid element, any amounts settled between 30 June/30 September/31 December and 15 July/15 October/15 January respectively and the corresponding settlement dates;
- c. Amounts deferred (as defined in Annex VII) as at 30 June/30 September/31 December, including the original and new due date(s) for each deferred element, and the date when the written agreement between the parties was concluded;
- d. Amounts subject to a pending decision by the competent authority (as defined in Annex VII) as at 30 June/30 September/31 December and a brief description of the licensee's request; and
- e. Amounts disputed (as defined in Annex VII) as at 30 June/30 September/31 December, including the case references and a brief description of the positions of all involved parties.

(4) The licensee must reconcile its liabilities as per the social/tax information to its underlying accounting records.

(5) The licensee must confirm that the social/tax information is complete, accurate and in accordance with these regulations. This must be evidenced by way of a brief

statement and signature by the executive body/authorised signatories of the

ARTICLE 106 – NO OVERDUE PAYABLES IN RESPECT OF UEFA/TFF

(1) As at 15 July, 15 October and 15 January in the licence season, the licensee must have no overdue payables (as defined in Annex VII) in respect of UEFA and additional entities designated by UEFA as a result of obligations due to be paid by 30 June, 30 September and 31 December respectively.

(2) Payables in respect of UEFA/TFF include, but are not limited to, financial disciplinary measures imposed by the CFCB.

(3) The licensee must prepare and submit a declaration confirming total payables to UEFA/TFF and additional entities designated by UEFA and the absence or existence of overdue payables by the deadline and in the form communicated by UEFA. Every licensee must declare its no overdue payables status as at 15 July and as at 15 October. If a licensee has overdue payables as at 15 July or as at 15 October, if it has deferred payables as at 15 October or if otherwise requested by the CFCB, then the licensee must also declare its no overdue payables status as at 15 January.

❖ STABILITY REQUIREMENT

ARTICLE 107 – RELEVANT INCOME & EXPENSE

(1) Relevant income and relevant expenses are defined in Annex IX.

(2) Relevant income and expenses must be calculated and reconciled by the licensee to the audited annual financial statements and/or underlying accounting records and to the projected information if applicable.

(3) Relevant income and expenses must be adjusted to reflect the fair value of any such transactions as described in Annex IX or, for player transfers between clubs that are related parties, the value as set out in Annex VI.

(4) If a licensee's annual financial statements are denominated in a currency other than euros, then its relevant income and expenses must be converted into euros at the average exchange rate of the reporting period, as published by the European Central Bank or other appropriate source. (this paragraph is not valid for domestic monitoring process)

ARTICLE 108 – REPORTING PERIOD AND MONITORING PERIOD

(1) A reporting period covers one financial year on which a licensee is assessed for the purpose of the football earnings rule.

(2) A monitoring period covers three consecutive reporting periods on which a licensee is assessed for the purpose of the football earnings rule.

(3) A monitoring period comprises:

- a. the reporting period T, which is the reporting period ending in the calendar year that the UEFA club competitions commence;
- b. the reporting period T-1, which is the reporting period immediately preceding reporting period T; and
- c. the reporting period T-2, which is the reporting period immediately preceding reporting period T-1.

ARTICLE 109 – CALCULATION OF FOOTBALL EARNINGS AND AGGREGATE FOOTBALL EARNINGS

(1) Football earnings are the difference between relevant income and relevant expenses calculated in respect of a single reporting period.

(2) A licensee may have a football earnings surplus or a deficit. A football earnings surplus is generated when relevant income is greater than relevant expenses. A football earnings deficit is generated when relevant expenses are greater than relevant incomes.

(3) Aggregate football earnings are the sum of the licensee's football earnings for each of the three consecutive reporting periods up to and including the reporting period ending in the calendar year in which the UEFA club competitions commence (i.e. reporting periods T, T-1 and T-2), plus an upwards adjustment for relevant investments in accordance with Article 112, if applicable.

(4) If a licensee's aggregate football earnings are positive (zero or above), then the licensee has an aggregate football earnings surplus. If a licensee's aggregate football earnings are negative (below zero), then the licensee has an aggregate football earnings deficit.

ARTICLE 110 – ACCEPTABLE DEVIATION

- (1) The acceptable deviation is the maximum possible aggregate football earnings deficit for a licensee to be deemed in compliance with the football earnings rule.
- (2) The acceptable deviation is EUR 5 million. However, the deficit can exceed this level, up to a maximum of EUR 60 million, if such excess is entirely covered by either contributions in reporting period T or equity at the end of reporting period T.
- (3) For the domestic monitoring process, in the 2022-23 season, the acceptable deviation for Super League clubs cannot exceed 30m TL and for 1. League clubs cannot exceed 10m TL. For the 2023-24 season and all upcoming season, the acceptable deviation for Super League clubs cannot exceed 40m TL and for 1. League clubs cannot exceed 12m TL.
- (4) The acceptable deviation can be further increased by up to EUR 10 million for each reporting period in the monitoring period in which:
 - a. the licensee has not been subject to a disciplinary measure in respect of the club monitoring requirements;
 - b. the licensee is not subject to a settlement agreement with the CFCB; and
 - c. the licensee complies with the following financial conditions as set out in Annex IX
 - i. Positive equity
 - ii. Quick ratio
 - iii. Sustainable debt
 - iv. Going concern
- (5) If a monitoring period comprises a reporting period which is greater or less than 12 months, the acceptable deviation is adjusted up or down according to the number of months in the monitoring period.

ARTICLE 111 – CONTRIBUTIONS

- (1) Contributions comprise ;
 - a. Contributions from an equity participant, being amounts received in respect of equity instruments, net of any repayment to equity participants, which are amounts paid and/or payable to an equity participant other than distributions (i.e. dividends);
 - b. Monies received from any party (not limited to related parties) as a donation (e.g. an unconditional gift) or a waiver of liability, which increases the entity's equity without any obligation for repayment or to do anything in consideration for receiving the donation or waiver; and
 - c. Income transactions from any party (not limited to related parties) in excess of fair value, the excess being equivalent to the difference between the amount recorded in net result for the reporting period and the fair value.
- (2) For the avoidance of doubt, the following types of transaction are not contributions:
 - a. Positive movement in net assets/liabilities arising from a revaluation of assets;

- b. Creation, or increase in the balance, of other reserves where there is no contribution from equity participants;
- c. A transaction as a result of which the reporting entity has a liability or a contingent liability, in that the reporting entity has an obligation to act in a certain way; and
- d. Amounts received or receivable from owners in respect of instruments classified as liabilities.

- (3) The burden is on the licensee to demonstrate the substance of the contribution, which must have been completed in all respects and without any condition attached. The cash or cash equivalents must have been received by the reporting entity net of repayment in respect of monies received. An intention or commitment from owners to make a contribution is not sufficient for such a contribution to be taken into consideration.

ARTICLE 112 – RELATED INVESTMENTS

- (1) The following costs are considered relevant investments for the long-term benefit of football as defined in Annex IX:
- a. Expenditure directly attributable to youth development activities;
 - b. Expenditure directly attributable to community development activities;
 - c. Expenditure directly attributable to women's football activities;
 - d. Expenditure directly attributable to non-football operations related to the club net of the corresponding income;
 - e. Finance costs directly attributable to the construction and/or substantial modification of tangible assets;
 - f. Costs of leasehold improvements.
- (2) Aggregate football earnings may be adjusted upwards if relevant expenses include relevant investments and only if the aggregate amount of any such adjustment is covered either by contributions in the reporting period T or equity at the end of reporting period T that have not already been used to cover the acceptable deviation.

ARTICLE 113 – FOOTBALL EARNINGS RULE

- (1) A licensee is in compliance with the football earnings rule if for the monitoring period it has:
- a. an aggregate football earnings surplus; or
 - b. an aggregate football earnings deficit that is within the acceptable deviation.
- (2) A licensee is not in compliance with the football earnings rule if the licensee has an aggregate football earnings deficit that exceeds the acceptable deviation.

ARTICLE 114 – FOOTBALL EARNINGS INFORMATION

- (1) By the deadline and in the form communicated by UEFA, the licensee must prepare and submit:
- a. the football earnings information for the reporting period T-2, if not already submitted;
 - b. the football earnings information for the reporting period T-1; if not already submitted;
 - c. the football earnings information for the reporting period T.
- (2) The football earnings information must:
- a. relate to the same reporting perimeter as used for the fulfilment of the club licensing criteria as defined in Article 87;
 - b. be approved by management, as evidenced by way of a brief statement confirming the completeness and accuracy of the information, and signature on behalf of the executive body of the licensee.

- (3) Football earnings, aggregate football earnings, equity and contributions must be calculated and reconciled by the licensee to the annual financial statements and/or underlying accounting records which must also be submitted to UEFA.

Cost Control Requirements

ARTICLE 115 – Calculation of squad cost ratio

- (1) A licensee's squad cost ratio is calculated as the sum of:
- employee benefit expenses in respect of relevant persons;
 - amortisation/impairment of relevant persons' costs; and
 - costs of agents/intermediaries/connected parties (if not included in i or ii above);
- divided by the sum of:
- adjusted operating revenue; and
 - net profit/loss on disposal of relevant persons' registrations and other transfer income/expenses.
- (2) The squad cost ratio numerator is the sum of a), b) and c) above. The squad cost ratio denominator is the sum of d) and e).
- (3) The elements of the squad cost ratio are defined in Annex X.
- (4) The relevant periods for the calculation of the squad cost ratio are:
- the 12-month period to the 31 December during the licence season for elements a) to d) above; and
 - the 36 months to the 31 December during the licence season, prorated to 12 months, for element e) above.
- (5) Exceptionally, a licensee may request an alternative period for the elements in paragraph 1 above if it has an annual accounting reference date of:
- 31 May, in which case it may prepare interim financial statements for a six-month period ending 30 November and use such interim financial statements for the cost control requirements, or
 - 30 November, in which case it may use the annual financial statements for the reporting period ending 30 November for the cost control requirements.

In both such exceptional cases, all references to 31 December in the cost control requirements should be understood as 30 November.

ARTICLE 116 – Squad cost rule

- (1) A licensee's squad cost ratio for the licence season must be no greater than the defined limit of 70%.

ARTICLE 117 – Squad cost information

- (1) The licensee must prepare and submit squad cost information by the deadline and in the form communicated by UEFA.
- (2) The squad cost information must:
- relate to the same reporting perimeter as used for the fulfilment of the club licensing criteria as defined in Article 87;
 - be approved by management, as evidenced by way of a brief statement confirming the completeness and accuracy of the information, signed by the executive body of the licensee.
- (3) The elements of the squad cost ratio must be calculated and reconciled by the licensee to the annual financial statements, interim financial statements, underlying accounting records and player identification table, including the minimum information in respect of each relevant player as set out in Annex V/F

ARTICLE 118– Compliance audits

1. UEFA and/or its nominated bodies/agencies reserve the right to, at any time, conduct compliance audits of the TFF and, in the presence of the latter, of the license applicant/licensee.

2. Compliance audits aim to ensure that the TFF, as well as the license applicant/licensee, have fulfilled their obligations as defined in these regulations and that the license was correctly awarded at the time of the final decision of the TFF.

3. For the purpose of compliance audits, in the event of any discrepancy in the interpretation of the national licensing regulations and between the UEFA official language version and the official national language version, the UEFA official language version is authoritative.

Common provisions for all club monitoring requirements

ARTICLE 119– Duty to report subsequent events

- (1) The licensee must promptly notify the licensor and UEFA in writing about any significant change(s) including, but not limited to, a subsequent event of major economic importance until at least the end of the licence season.
- (2) The information prepared and submitted by the licensee's management must include:
 - a. description of the significant change, where applicable describing the nature of the event or condition of major economic importance; and
 - b. an estimate of the financial effect of the significant change, or a statement (with supporting reasons) that such an estimate cannot be made.

ARTICLE 120– Non-compliance with club monitoring requirements

- (1) If one or more of the club monitoring requirements is not fulfilled, then the CFCB makes a decision, taking into consideration other factors as defined in Annex XII. It takes the appropriate measure(s) in accordance with the relevant provisions of these regulations and the procedure defined in the Procedural rules governing the UEFA Club Financial Control Body.
- (2) In the case of failure to fulfil the solvency requirements, if at any of the payment deadlines (15 July, 15 October or 15 January in the licence season) the licensee has overdue payables as described in Article 103 to Article 106 that have been overdue for more than 90 days, the CFCB will consider this as an aggravating factor, and, depending on the specific circumstances of the case, it may lead to a potential exclusion from future competitions, as provided for in the Procedural Rules governing the UEFA Club Financial Control Body.
- (3) In the case of failure to fulfil the stability requirements, the CFCB has the possibility to conclude a settlement agreement with the licensee.
- (4) In the case of failure to fulfil the cost control requirements, the licensee will be subject to a financial disciplinary measure and may be subject to additional disciplinary measures based on the principles defined in Annex XI.

ARTICLE 121– Setting Team Expense Limit for clubs

Super League clubs shall be obliged to comply with the limits to be designated in line with the principles provided in Annex-XIII by TFF in terms of Professional Player Wage Costs, Professional Team Coach Wage Costs, Transfer Expenses and Agent Costs. TFF aims to enable Super League clubs to achieve a sustainable financial structure by setting team expense limits.

IV Final Provisions

ARTICLE 122 – Authoritative text and language of correspondence

- (1) If there is any discrepancy in the interpretation of the Turkish version of these regulations, the English version prevails.

- (2) All correspondence between UEFA and the licensor and/or the licensee must be in one of the three UEFA official languages (English, French and German) and UEFA may ask the licensor and/or licensee for a certified translation of documents at their expense.

ARTICLE 123 – Disciplinary procedures

- (1) The CFCB at all times bears in mind the overall objectives of these regulations, in particular to defeat any attempt to circumvent those objectives.
- (2) Any breach of these regulations may be dealt with by UEFA in accordance with these regulations and the Procedural rules governing the UEFA Club Financial Control Body.

ARTICLE 124 – Lack of provisions in the regulation

- (1)
The TFF is authorized to decide on the events which are not governed by a provision in this Regulation

ARTICLE 125 – Appendices

- (1) All Appendices are inseparable and integral parts of this Regulation

ARTICLE 126 – Implementing provisions

- (1) UEFA will take the decisions and adopt, in the form of directives, the detailed provisions necessary for implementing these regulations.

ARTICLE 127 – Abrogation

- (1) These regulations replace the Club Licensing and Financial Fair Play Regulations (June 2019)

ARTICLE 128 – Adoption and entry into force

- (1) This regulation was accepted at the meeting of the Board of Directors dated 08.12.2022 and numbered 44 and entered into force after being published on the official website of the TFF, www.tff.org, on 30.12.2022
- (2) At the meeting of the TFF Board of Directors dated 13.02.2023 and numbered 56, it was decided to add the Provisional Article 8 to this Regulation and this amendment was published on the official website of the TFF on 14.02.2023 and entered into force.
- (3) At the meeting of the TFF Board of Directors dated 21.03.2023 and numbered 68, it was decided to change the definition of clause g “audit company” in Part 1 GENERAL PROVISIONS of this Regulation and this change was published on the official website of the TFF, which is www.tff.org on 27.03.2023 and entered into force.
- (4) At the meeting of the TFF Board of Directors dated 06.06.2023 and numbered 78, it was decided to add Provisional Articles 9, 10, 11, 12, 13, and 14 to this Regulation and this amendment was published on the official website of TFF, which is www.tff.org, on 13.06.2023 and entered into force.
- (5) At the meeting of the TFF Board of Directors dated on 26.07.2023 and numbered 8, it was decided to add Provisional Article 15 to this Regulation and this amendment was published on the official website of TFF on 27.07.2023 and entered into force.
- (6) At the meeting of the TFF Board of Directors dated 09.08.2023 and numbered 12, it was decided to change the (qq) section of Part 1 - Definitions of this Regulation and this change was published on the official website of TFF on 11.08.2023 and entered into force.

(7) At the meeting of the TFF Board of Directors dated on 29.09.2023 and numbered 20, it was decided to add Provisional Article 16 to this Regulation and this amendment was published on the official website of TFF on 29.09.2023 and entered into force.

(8) At the meeting of the TFF Board of Directors dated 26.10.2023 and numbered 25, it was decided to amend Article 15, paragraphs 1 and 3, Provisional Articles 6 and 7, Annex IV, Annex VI and Annex X of these Regulations and this amendment entered into force by being published on the official website of the TFF on 27.10.2023.

TRANSITIONAL PROVISION 1

(1) To be valid only in the 2022-2023 season, the Regulation "Annex XIII. G.3 – calculation of the increase of the Team Expense Limit minding the financial criteria of the Clubs Participating in the UEFA Competitions, Net Debt/Net Operating Income ratio is to be altered to a upper level which will be used in calculation of the Team Expense Limit. The new calculation of the ratios will be as follows:

- For clubs with a Net Debt/Net Income ratio of 201% or more; the ratio will be altered from 1/3 to 2/3
- For clubs with a Net Debt/Net Income ratio of 51-200% or more; the ratio will be altered from 2/3 to 100%
- For clubs with a Net Debt/Net Income ratio of ≤ 0 -50% or more; the ratio will be 100%

TRANSITIONAL PROVISION 2

To be valid only in the 2022/2023 Season, the foreign currency liabilities of the team expenditure items defined in the APPENDIX-XIII A. Principle article are calculated by converting the average of the CBRT's foreign exchange buying rates between 01.06.2021 and 31.05.2022 in the relevant currencies into Turkish Lira.

TRANSITIONAL PROVISION 3

Effective only in the 2022/2023 Season, the negative impact of the revenue loss caused by the COVID 19 outbreak on the revenues of the clubs; APPENDIX XIII.C 1.1- Box Office Revenues, APPENDIX XIII.C 1.4- Commercial Activity Income and APPENDIX XIII.C 2.1- Product Sales Costs (in match day revenue and Commercial Activity income) will be taken into account in the calculations.

TRANSITIONAL PROVISION 4

To be valid only in the 2022-23 season, the Inflation Adjustment calculations in Article C of ANNEX XIII, the CPI index for the T+1 season (May 2023) will be determined by considering only the CPI increase rate of the last year, instead of the average of the increase rates of the previous two years; the coefficients to be used will be calculated as shown below:

CALCULATION OF THE ADJUSTMENT COEFFICIENT

Adjustment coefficient 2020	May 2023 CPI	1,616.57	3.5095
	May 2020 CPI	460.62	
Adjustment coefficient 2021	May 2023 CPI	1,616.57	3.0101
	May 2021 CPI	537.05	
Adjustment coefficient 2022	May 2023 CPI	1,616.57	1.7350
	May 2022 CPI	931.76	

	A May.22	B May.21	C May.20	D $\{(C-B)/B\} * C$	A+D May 23
CPI	931,76	537,05	460,62	684,81	1.616,57

Example

The Club's Box Office Revenues, Sponsorship and Advertising Revenues and Commercial Activity Revenues in million TL for the last three seasons are as follows:

Pre-Index (Million TL)	May.20	May.21	May.22	Total	Average
Box office revenues	15	17	20	52	17
Sponsorship revenues	40	47	52	139	46
Commercial activities revenues	5	7	9	21	7

According to the calculations above, the Adjustment Coefficients to be applied to the years to which the income belongs are given below.

	May.20	May.21	May.22
Adjustment coefficient	3,5095	3,0101	1,7350

Multiplying the revenues of the relevant years with the Adjustment Coefficient of the relevant year will be as follows:

Pre-Index (Million TL)	May.20	May.21	May.22	Total	Average
Box office revenues	53	51	35	139	46
Sponsorship revenues	140	141	90	371	124
Commercial Activities revenues	18	21	16	55	18

TRANSITIONAL PROVISION 5

To be valid only in the 2022-2023 Season, the Acceptable Deviation amount specified in ANNEX-XIII E of this Regulation, the Team Spending Limit has been determined as 40%. In the following seasons, clubs must remain within the Team Spending Limit.

TRANSITIONAL PROVISION 6

- (1) Exceptional and transitional provisions in respect of the club licensing requirements as follows
- a) Article 34 (Women's football activities), Article 65 (Goalkeeper coach of the first squad) and Article 68 (Goalkeeper coach of youth teams) are not applicable for the licence season 2023/24..
 - b) By exception to Paragraph 33/1 (a) (Youth teams), for the licence season 2023/24 the licence applicant must have at least three youth teams within the age range of 10 to 21.
 - c) By exception to Paragraph 67/2 (Youth coaches), for the licence season 2023/24 at least two of the licence applicant's youth team coaches must each hold one of the defined minimum coaching qualifications.
 - d) . By exception to Article 91, for the licence season 2024/25 failure to fulfil the net equity rule will not lead to refusal of a licence but a sanction will be applied by TFF which is defined at Annex XV.

TRANSITIONAL PROVISION 7

- (1) Exceptional and transitional provisions in respect of the club monitoring requirements as follows
- a) The following transitional provisions apply in respect of the stability requirements (Article 107 to Article 114):
 - i. For the licence season 2023/24:
 - Article 108 to Article 110 and Article 113 do not apply; and
 - by exception to Article 114, the licensee is required to submit football earnings information only in respect of the reporting period ending in 2023.
 - ii. For the licence season 2024/25:
 - by exception to Article 109, the licensee's aggregate football earnings are the sum of the licensee's football earnings for each of the two reporting periods ending in 2023 and 2024; and
 - by exception to Article 114, the licensee is required to submit football earnings information in respect of the reporting periods ending in 2023 and 2024.
 - b) The following transitional provisions apply in respect of the cost control requirements (Article 115 to Article 117)
 - i. For the licence season 2023/24:
 - by exception to Article 116, the defined limit is 90%; and
 - by exception to paragraph 115(4), for the squad cost ratio, profit or loss on disposal of player registrations and other transfer income/expenses are calculated from the licensee's annual financial statements and/or interim financial statements for either the 12 months, the 24 months or the 36 months to the 31 December during the licence season, at the discretion of the licensee, then prorated to 12 months.
 - ii. For the licence season 2024/25:
 - by exception to Article 116, the defined limit is 80%; and
 - by exception to Paragraph 115/2, for the squad cost ratio, profit or loss on disposal of player registrations and other transfer income/expenses are calculated from the licensee's annual financial statements and/or interim financial statements for either the 24 months or the 36 months to the 31 December during the licence season, at the discretion of the licensee, then prorated to 12 months.

TRANSITIONAL PROVISION 8

(1) Due to the earthquake disaster in our country on 06.02.2023, the amounts deducted from the broadcast pool of the Super League Clubs are added to the team expense limits of the relevant clubs for the 2022-2023 season, within the scope of the 1,000 Container Donation campaign launched jointly with the Turkish Football Federation and the Super League Clubs Association Foundation.

TRANSITIONAL PROVISION 9

For the 2023-2024 season only, it has been decided to raise the Team Spending Limit by considering the financial criteria specified in Article "Annex XIII. G.3 - CALCULATION OF TEAM EXPENSE LIMITS FOR CLUBS " The decision involves increasing the portion of the UEFA revenue calculated based on the Net Debt/Net Operating Income ratio to the upper tier. The ratios which will be used at the new calculation are:

- For clubs with a Net Debt/Net Income ratio $\leq 0 - 50\%$, the portion of the UEFA Revenue increase that can be added to the Team Spending Limit will remain at 100%.
- For clubs with a Net Debt/Net Income ratio of 51-200%, the portion of the UEFA Revenue increase that can be added to the Team Spending Limit, which was initially 2/3, will now be 100%.
- For clubs with a Net Debt/Net Income ratio of 201% and above, the portion of the UEFA Revenue increase that can be added to the Team Spending Limit, initially 1/3, will now be 2/3.

TRANSITIONAL PROVISION 10

For the 2023/2024 Season only, the foreign currency liabilities of the team expenditure items defined in Annex-XIII A. Principle shall be calculated by converting the average of the CBRT's foreign exchange buying rates of the relevant currencies between 01.06.2022-31.05.2023 into Turkish Lira.

TRANSITIONAL PROVISION 11

For the 2023/2024 Season only, the negative impact of the loss of revenue caused by the COVID 19 pandemic on clubs' revenues will be taken into account in the calculation of Annex XIII.C 1.1.1 - Ticketing Revenues, Annex XIII.C 1.4 - Commercial Activity Revenues and Annex XIII.C 2.1 - Cost of Product Sales (Matchday revenues and Commercial Activity revenues).

TRANSITIONAL PROVISION 12

In the Inflation Adjustment calculations in Article C. of Annex XIII CALCULATION OF TEAM EXPENSE LIMITS FOR CLUBS, to be valid only for the 2023-2024 season, the T+1 season (May 2024) TUE index will be determined by taking into account only the last year's TUE increase rate instead of the average of the previous two years' increase rates and the coefficients calculated as follows will be used.

- MAY 2024 TUE CALCULATION

	A	B	C	D	A+D
	May.23	May.22	May.21	$((A-B)/B)*2$	May.24
TUE	1300,60	931,76	537,05	514,85	1.815,45

CORRECTION COEFFICIENT CALCULATION

2021 Correction Coefficient	$\frac{\text{May 2024 TUE}}{\text{May 2021 TUE}}$	$\frac{1.815,45}{537,05}$	3.3804
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2022 Correction Coefficient	May 2024 TUFÉ	1.815,45	1.4835
	May 2022 TUFÉ	348.34	
2023 Correction Coefficient	May 2024 TUFÉ	1.815,45	1.3959
	May 2023 TUFÉ	1.300,60	

- For Example;
- The Club's Ticketing Revenues, Sponsorship and Advertising Revenues and Commercial Activity Revenues for the last three seasons are as follows in million TL

Before Index (Million TL)	May 2021	May 2022	May 2023	Total	Average
Ticketing Revenues	15	17	20	52	17
Sponsorship and Advertising Revenues	40	47	52	139	46
Commercial Activity Revenues	5	7	9	21	7

Correction Coefficient	According to May 2024 above calculations, the Correction Coefficient to be applied to the years 2021 and 2022 are as follows.	May 23
	3,3804	1,9484 1,3959

- The adjustments made as a result of multiplying the revenues of the related years by the Adjustment Coefficients of the related years will be as follows.

After Index (Million TL)	May.21	May.22	May.23	Total	Average
Ticketing Revenues	51	33	28	112	37
Sponsorship and Advertising Revenues	135	92	73	299	100
Commercial Activity Revenues	17	14	13	43	14

TRANSITIONAL PROVISION 13

For the 2023/2024 Season only, the Acceptable Deviation from the Team Expenditure Limit in Annex XIII E. of these Regulations is set at 30%. In the following seasons, clubs are obliged to stay within the Team Expenditure Limit.

TRANSITIONAL PROVISION 14

The clubs request to withdraw from the professional leagues in the 2022-2023 season was accepted due to the earthquake disaster that occurred in our country on 06.02.2023 and in order to determine the team expenditure limits for the 2023-2024 football season;

- The reports required to be prepared by the Independent Audit Company within the scope of the notifications in Articles B.1, B.2 and B.3 of Annex XIII CALCULATION OF TEAM EXPENSE LIMITS FOR CLUBS, of the Club License and Financial Sustainability Regulation may also be prepared by a Certified Public Accountant and submitted to the TFF,
- In the event that the notifications required to be made in Articles B.1, B.2 and B.3 of Annex XIII of the Club Licensing and Financial Sustainability Regulation regarding CALCULATION OF TEAM EXPENSE LIMITS FOR CLUBS cannot be submitted with the reports prepared by a Certified Public Accountant, the Team Spending Limits of these clubs shall be determined within the scope of Annex XIII-F of the Club Licensing and Sustainability Regulation.

TRANSITIONAL PROVISION 15

The deadline for the Club Licensing Board to make a final decision on the National Club License applications for the 2023-2024 football season has been extended until 30.09.2023.

TRANSITIONAL PROVISION 16

The deadline for the Club Licensing Board to make a final decision on the National Club License applications for the 2023-2024 football season has been extended until 30.11.2023.

APPENDICES

ANNEX I – EXCEPTIONS POLICY

A. PRINCIPLE

1. The UEFA administration or the CFCB may, in accordance with Article 6, grant exceptions on the following matters:
 - a. Non-applicability of a minimum requirement concerning the decision-making bodies or process defined in Article 3 due to national law or any other reason;
 - b. Non-applicability of a minimum requirement concerning the core process defined in Article 3 due to national law or any other reason;
 - c. Non-applicability of a minimum assessment procedure defined in Article 4 due to national law or any other reason;
 - d. Non-applicability of the three-year rule defined in Article 16(2) and (3) in case of change to the legal group structure of the license applicant (e.g reorganization or restructuring, merger of clubs, split of club) on a case-by-case basis;
 - e. Non-applicability of a certain criterion defined in part 2, Chapter 5 , and the relevant annexes due to national law or any other reason;
 - f. Extension of the introduction period for the implementation of a criterion or a category of criterion defined in part , Chapter 5.
2. Exceptions related to items a), b), c), e) and f) are granted to a TFF and apply to all clubs which are registered with the TFF and which submit a licensing application to enter the UEFA club competitions. Exceptions related to item d) are granted to the individual club that applies for a license.
3. In principle an exception is granted for a period of one season. Under specific circumstances this period may be extended and the TFF may be placed on an improvement plan.
4. A renewal of the exception is possible upon a new request.

B. THE PROCESS

1. The UEFA administration or the CFCB acts as the decision-making body on exception requests. The UEFA administration decides on all exceptions related to items defined under A (1) (a), (b), (c), (e) and (f), and the UEFA CFCB decides on exception requests under A(1)(d).
2. An exception request must be clear and well-constructed.
3. Exceptions related to items defined under A (1) (a, b, c, e and f) must be submitted by the TFF member association to the UEFA administration by the deadline and in the form communicated by the UEFA administration.
4. Exceptions related to the item defined under A(1)(d) must be submitted by the TFF on behalf of the license applicant by the deadline and in the form communicated by the UEFA administration.

5. The UEFA administration or the CFCB use the necessary discretion to grant any exception within the limits of these regulations.
6. The status and situation of football and of the license applicant within the territory of the TFF will be taken into account when granting an exception. This encompasses, for example:
 - a. size of the territory, population, geography, economic background;
 - b. size of the TFF (number of clubs, number of registered players and teams, size and quality of the administration of the association, etc.);
 - c. level of football (professional, semi-professional or amateur clubs);
 - d. status of football as a sport within the territory and its market potential (average attendance, TV market, sponsorship, revenue potential, etc.);
 - e. UEFA coefficient (association and its clubs) and FIFA ranking;
 - f. stadium ownership situation (club, city/community, etc.) within the association;
 - g. support (financial and other) from the national, regional and local authorities, including the national sports ministry.
 - h. protection of creditors
 - i. Legal group structure and reporting perimeter.
 - j. Club identity
7. The decision will be communicated to the TFF. The decision must be in writing and state the reasoning. The TFF must then communicate it to all license applicants concerned.
8. Appeals can be lodged against decisions made by the UEFA administration or the CFCB in writing before the Court of Arbitration for Sport (CAS) in accordance with the relevant provisions laid down in the UEFA Statutes.

ANNEX II – INTEGRATION OF UEFA CL CRITERIA INTO NATIONAL CL&FS REGULATIONS

A. PRINCIPLE

In its national club licensing regulations, TFF must define the parties involved, their rights and duties, the criteria and the necessary processes in accordance with these regulations for entering the UEFA club competitions.

B. PROCESS

1. The TFF must finalize the wording of the national club licensing regulations and send them, translated in one of the UEFA official languages, to the UEFA administration for review by the deadline communicated by the latter.
2. The TFF is responsible for ensuring, and must demonstrate to the UEFA administration, that all applicable provisions of these regulations have been integrated in its national club licensing regulations. Exceptions may be granted by the UEFA administration according to Article 6 of these regulations.
3. The TFF is free to increase or introduce additional minimum criteria in its national club licensing regulations for the purpose of entering the UEFA club competitions. Where introduced by the licensor in its national club licensing regulations, any increased or additional minimum criteria apply *mutatis mutandis* to entry in UEFA club competitions.
4. Where introduced by the TFF in its national club licensing regulations, any increased or additional minimum criteria apply *mutatis mutandis* to entry in the UEFA club competitions.
5. The TFF must confirm to the UEFA administration that all provisions contained in the national club licensing regulations are in compliance with the applicable national law.
6. The national club licensing regulations must be approved by the TFF and communicated to the license applicants before the start of the licensing process and they cannot be amended during the latter process, unless duly approved by UEFA.
7. The UEFA administration reviews the final version of the national club licensing regulations and confirms in writing to the TFF that:
 - a. the applicable provisions of these regulations for the purpose of entering the UEFA club competitions are integrated in the national club licensing regulations;
 - b. the license issued by the competent national bodies according to the national club licensing regulations is based on the minimum criteria set out in part II Chapter V of these regulations.

ANNEX III – EXTRAORDINARY APPLICATION OF THE CLUB LICENSING SYSTEM

1. The UEFA administration defines the necessary deadlines and the minimum criteria for the extraordinary application of the club licensing and financial sustainability system as specified in Article 21(1) and communicates them to the licensors at the latest by 31 August of the year preceding the license season.
2. Licensors must notify the UEFA administration of such extraordinary application requests in writing and stating the name of the club concerned by the deadline communicated by the UEFA administration.
3. The Licensor is responsible for submitting the criteria to the club concerned for the assessment for the extraordinary procedure at national level. They must also take immediate action with the club concerned to prepare for the extraordinary procedure.
4. The club concerned must provide the necessary documentary proof to the TFF that will assess the club against the fixed minimum standards and forward the following documentation in one of the UEFA official languages to the UEFA administration by the deadline communicated by the latter:
 - a. a written request to apply for special permission to enter the corresponding UEFA club competition;
 - b. a recommendation by the TFF based on its assessment (including the dates and names of the persons having assessed the club);
 - c. all documentary evidence provided by the club and the TFF as requested by the UEFA administration;
 - ç. any other documents requested by the UEFA during the extraordinary application procedure.
5. UEFA bases its decision on the documentation received and grants special permission to enter the UEFA club competitions if all the set criteria are fulfilled and if the club ultimately qualifies on sporting merit. The decision will be communicated to the licensor, which must forward it to the club concerned.
6. If such a club is eliminated on sporting merit during this extraordinary application procedure, the licensor concerned has to notify the UEFA immediately, and the procedure terminated, without further decision. Such a terminated procedure cannot be restarted at a later stage.
7. Appeals can be lodged against decisions made by the UEFA administration in writing before the Court of Arbitration for Sport (CAS) in accordance with the relevant provisions laid down in the UEFA Statutes.

ANNEX IV – DETERMINATION OF THE AUDITOR AND AUDITOR'S ASSESSMENT PROCEDURES

A. PRINCIPLE

1. The auditor must be independent in compliance with the International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants (see Articles 88 and 90 and Annex VI).
2. The auditor must be a member of one of the relevant IFAC member bodies must be a CPA licensed by TÜRMOB and/or an independent audit firm authorized by the public oversight accounting and auditing standards institution. If there is no member of the IFAC within a license applicant's territory, the license applicant is required to use an independent auditor who is permitted by national law to carry out audit work.
3. License applicants are requested to inform and submit to the TFF Club Licensing and Financial sustainability Unit of the auditor who will be carrying out the audit for the financial criteria and supporting documents along with the auditor agreement between the license applicant and the auditor. This information must be submitted by the license applicant to the TFF Club Licensing and Financial sustainability unit by the end of December, prior to the license application deadline.
4. The Auditing Criteria is as follows;
 - a) For Super League Clubs, the auditor must be an Independent Auditing Company
 - b) For 1. League Clubs, the auditor must be an Independent Auditing Company or a certified chartered accounted
 - c) For 2. League Clubs, the auditor must be an Independent Auditing Company or a certified chartered accounted

B. ASSESSMENT PROCEDURES

1. The auditor must audit the annual financial statements. The auditor's report must:
 - a. include a statement confirming that the audit was conducted in accordance with the International Standards on Auditing or relevant national auditing standards or practices where these comply with, as a minimum, the requirements of the International Standards on Auditing; and
 - b. be submitted to the TFF together with the annual financial statements to form a basis for the licensing decision.

In addition, the auditor must provide another statement about whether or not the annual financial statements comply with the accounting requirements set out in AnnexVI. If not, the statement must include a brief description of the requirements not met. In such a case, the CFCB will review the transactions in detail in line with the Procedural rules governing the UEFA Club Financial Control Body.
2. The auditor must, as a minimum, review the interim financial statements. The auditor's report must:
 - a. include a statement confirming that the review was conducted in accordance with either the International Standard on Review Engagements (ISRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', or relevant national standards or practices for such reviews where these comply with, as a minimum, the requirements of ISRE 2410; and
 - b. be submitted to the TFF together with the interim financial statements to form a basis for his licensing decision.

In addition, the auditor must provide another statement about whether or not the interim financial statements comply with the accounting requirements set out in AnnexVI. If not, the statement must include a brief description of the requirements not met. In such a case, the CFCB will review the transactions in detail in line with the Procedural rules governing the UEFA Club Financial Control Body.
3. The auditor must assess supplementary information, and/or restated financial statements, if any. The auditor's report of factual findings must:
 - a. Describe the procedures prescribed by the licensor and the findings in respect of each;

- b. include a statement confirming that the assessment was conducted by way of agreed-upon procedures according to the International Standard on Related Services (ISRS) 4400 or relevant national standards or practices where these comply with, as a minimum, the requirements of ISRS 4400; and
 - c. be submitted to the TFF together with the supplementary information to form a basis for the licensing decision.
- 4. Financial information other than that defined in paragraphs 1 to 3 above may be assessed by an auditor. In this case, the auditor's report of factual findings must:
 - a. include a statement confirming that the assessment was conducted either:
 - i) by way of agreed-upon procedures according to the International Standard on Related Services (ISRS) 4400 or relevant national standards or practices where these comply with, as a minimum, the requirements of ISRS 4400; or
 - ii) for the assessment of future financial information (if applicable), according to the International Standards for Assurance Engagements (ISAE) 3400 or relevant national standards or practices where these comply with, as a minimum, the requirements of ISAE 3400; and
 - b. be submitted to the TFF together with the relevant documentation to form a basis for the licensing decision.

ANNEX V – MINIMUM DISCLOSURE REQUIREMENTS FOR THE FINANCIAL STATEMENTS

A. PRINCIPLE

1. Notwithstanding the requirements of national accounting practice, the International Financial Reporting Standards or the International Financial Reporting Standard for Small and Medium-sized Entities, the financial criteria of these regulations require license applicants/licensees to present a specific minimum level of financial information to the TFF as set out in Articles 88, 90, and 97.
2. Each component of the financial statements must be identified clearly. The following information must be displayed prominently, and repeated where necessary within the financial statements, for a proper understanding of the information presented:
 - a. The name (and legal form), domicile and business address of the reporting entity/entities and any change in that information since the previous annual accounting reference date;
 - b. Whether the financial information covers the individual license applicant/licensee or a group of entities or some other combination of entities, and a description of the structure and composition of any such group or combination;
 - c. The annual accounting reference date and the period covered by the financial information (for both current and comparative information); and
 - d. The presentation currency.
3. If the annual financial statements and/or interim financial statements are not in compliance with the disclosure requirements set out in Annex V, then the licence applicant must also submit to the licensor:
 - a. supplementary information to meet the disclosure requirements set out in Annex V;
 - b. an assessment report provided by the same auditor that signs the annual financial statements and/or interim financial statements by way of agreed-upon procedures prescribed by the licensor in respect of the completeness and accuracy of the restated financial statements.

B. BALANCE SHEET

1. The minimum disclosure requirements for balance sheet items are stated below.

Assets

- i. cash and cash equivalents
- ii. accounts receivable from player transfers (current and non-current)
- iii. accounts receivable from group entities and other related parties (current and non-current)
- iv. other current accounts receivable
- v. tax assets (current and non-current)
- vi. inventories
- vii. other assets (current and non-current)
- viii. tangible assets
- ix. intangible assets – player registrations
- x. intangible assets – other
- xi. investments

Liabilities

- xii. bank overdrafts
- xiii. bank and other loans (current and non-current)
- xiv. accounts payable to group entities and other related parties (current and non-current)
- xv. accounts payable relating to player transfers (current and non-current)

- xvi. accounts payable to employees (current and non-current)
- xvii. accounts payable to social/tax authorities (current and non-current)
- xviii. accruals and deferred income (current and non-current)
- xix. other tax liabilities (current and non-current)
- xx. other current accounts payable
- xxi. provisions (short term and long term)
- xxii. other liabilities (current and non-current)

Net assets/liabilities

- xxiii. net assets/liabilities

Equity

- xxiv. share/fund capital
- xxv. revaluation reserve
- xxvi. other reserves
- xxvii. retained earnings

2. Management may consider that line items (i) to (xxvii) are best presented on the face of the balance sheet or in the notes.

C. PROFIT AND LOSS ACCOUNT

1. The minimum disclosure requirements for the profit and loss account are stated below.

Revenue

- i. gate receipts
- ii. sponsorship and advertising
- iii. broadcasting rights
- iv. commercial activities
- v. UEFA solidarity and prize money
- vi. Grants/subsidies from national football body or government
- vii. other operating income
- viii. total revenue (the sum of i through vii)

Expenses

- ix. cost of sales/materials
- x. employee benefits expenses (players and other employees)
- xi. depreciation and impairment of tangible assets
- xii. amortization and impairment of intangible assets (excluding player registrations)
- xiii. other operating expenses
- xiv. total operating expenses (sum of items ix to xiii)

Player registrations:

- xv. amortization of player registrations and impairment of player registrations
- xvi. profit/loss on disposal of player registrations
- xvii. other transfer income/expenses
- xviii. total net result of accounting for player registrations (sum of items xv and xvii)

Other

- xix. profit/loss on disposal of tangible assets
- xx. financial income and expense
- xxi. non-operating income/expense

xxii. tax income/expense

xxiii. net result (sum of items viii, xvi,xviii and xix to xxii)

2. Management may consider that line items (i) to (xxiii) are best presented on the face of the profit and loss account or in the notes.

D. CASH FLOW STATEMENT

1. The cash flow statement must report cash flows for the financial period, classified separately as stated below.

Cash flow from operating activities

Operating activities are the principal revenue-producing activities of the reporting entity and other activities that are not investing or financing activities. Therefore, they generally result from the transactions and other events that enter into the determination of net result. The minimum disclosure requirements are stated below:

- i. Net cash inflow/outflow from operating activities

Cash flows from investing activities

Investing activities are the acquisition and disposal of long-term assets (including player registrations) and other investments not included in cash equivalents. The reporting entity must report separately major classes of gross cash receipts and gross cash payments arising from investing activities. The minimum disclosure requirements are stated below:

- i. Cash inflow/outflow from acquisition/disposal of player registrations
- ii. Cash inflow/outflow from acquisition/disposal of tangible assets
- iii. Other cash inflow/outflow from investing activities

Cash flows from financing activities

Financing activities are activities that result in changes in the size and composition of the contributed equity share capital and borrowings of the reporting entity. The entity must separately report each major class of gross cash receipts and gross cash payments arising from financing activities. The minimum disclosure requirements are stated below:

- i. Cash inflows/outflows from borrowings - shareholders and related party
- ii. Cash inflows/outflows from borrowings - financial institutions
- iii. Cash inflows from increase of capital/equity
- iv. Cash outflows from dividends paid to owners/shareholders
- v. Other cash inflow/outflows from financing activities

Other cash flows

Cash flows from interest and dividends received and paid must each be disclosed separately. Each must be disclosed in a consistent manner from period to period as either operating, investing or financing activities.

Cash flows arising from taxes on income must be disclosed separately and classified as cash flows from operating activities unless they can be appropriately and specifically identified as financing or investing activities.

2. The components of cash and cash equivalents must be disclosed and a reconciliation of the amounts in the cash flow statement presented, with the equivalent items reported in the balance sheet.

E. NOTES TO THE FINANCIAL STATEMENTS

3. Notes to the annual financial statements must be presented in a systematic manner. Each item on the face of the balance sheet, profit and loss account and cash flow statement must be cross-referenced to any related information in the notes. The minimum requirements for disclosure in notes are as follows:

a. Accounting policies

The basis of preparation of the financial statements and a summary of the significant accounting policies used.

b. Tangible assets

Each class of tangible asset must be disclosed separately (e.g. property, stadium and equipment-right-of-use assets).

The following information must be disclosed for each class of tangible asset:

- i. the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period; and
- ii. a reconciliation of the carrying amount at the beginning and the end of the period, showing additions, disposals, increases or decreases during the period resulting from revaluations, impairment losses recognized in the profit and loss account during the period any impairment losses reversed in the profit and loss account during the period and depreciation.

The depreciation methods and useful lives (or depreciation rates) used must be disclosed in the accounting policy notes.

c. Intangible assets

Each class of intangible asset must be disclosed separately e.g. player registrations, goodwill, and other intangible assets. The following information must be disclosed for each class of intangible asset:

- i. the gross carrying amount and the accumulated amortization (aggregated with accumulated impairment losses) at the beginning and end of the period; and
- ii. a reconciliation of the carrying amount at the beginning and the end of the period, showing additions, disposals, any decreases during the period resulting from impairment losses recognized in the profit and loss account during the period and amortization.

See annex VI for further information on accounting requirements for player registrations.

d. Pledged revenues and assets

The reporting entity must disclose:

- i. The existence and amounts of restrictions on title, and property, plant and equipment (such as the stadium and training facilities) pledged as security for liabilities or contingent liabilities;
- ii. The existence and carrying amounts of intangible assets whose title is restricted and the carrying amount of intangible assets (such as player registrations) pledged as security for liabilities or contingent liabilities; and
- iii. The existence and carrying amount of financial assets and/or amount of future income (such as receivables and future income in respect of disposal of a player's registration, competition distributions/prize money, season ticket and other gate receipts, broadcasting rights and sponsorship arrangements) pledged as security for liabilities or contingent liabilities.

e. Investments

Investments must include investments in subsidiaries, jointly controlled entities and associates. In respect of investments in subsidiaries, jointly controlled entities and associates, the following information must be disclosed as a minimum for each investment:

- i. name;
- ii. country of incorporation or residence;
- iii. type of business/operations of the entity;
- iv. proportion of ownership interest;
- v. if different, proportion of voting power held; and
- vi. description of the method used to account for the investments.

f. Bank overdrafts and loans

For each class of financial liability, the following must be disclosed:

- i. information about the extent and nature of the financial instruments, including amounts and duration and any significant terms and conditions that may affect the amount, timing and certainty of future cash flows; and
- ii. the accounting policies and methods adopted, including the criteria for recognition and the basis of measurement applied.

g. Provisions

Provisions must be disclosed in separate classes. In determining which provisions may be aggregated to form a class, it is necessary to consider whether the nature of the items is sufficiently similar to be combined in a statement of a single amount.

For each class of provision, the carrying amount at the beginning and end of the period, the amount utilised and any amount released, or credited, in the period must be disclosed.

h. Issued capital and reserves

Share capital, revaluation reserves, other reserves and retained earnings must be disclosed separately.

i. Share/fund capital

In relation to share capital issued during the reporting period, the following must be disclosed:

- number and type of shares issued;
- share premium (if applicable) arising on the shares issued;
- total amount raised as a result of the issuing of shares;
- reason for the issuing of new shares.

ii. Revaluation reserves

Where items of property, stadium, equipment and/or intangible assets are stated at revalued amounts, the revaluation surplus, indicating the change for the reporting period and any restrictions on the distribution of the balance to shareholders, must be disclosed.

iii. Other reserves

Any other form of reserves that is not contained in revaluation reserves, including any changes for the reporting period and any restrictions on the distribution of the balance to shareholders, must be disclosed.

iv. Retained earnings

The balance of retained earnings i.e. accumulated profit or loss at the beginning of the reporting period and at the balance sheet date, and changes during the reporting period must be disclosed.

i. Controlling party and ultimate controlling party

When the reporting entity is controlled by another party, the related party relationship and the name of that party must be disclosed and, if different, that of the ultimate controlling party. This information must be disclosed irrespective of whether any transactions have taken place between the reporting entity and the controlling party or parties.

j. Related party transactions

A related-party transaction means a transfer of resources, services or obligations between related parties, regardless of whether a price has been charged. A related-party transaction may or may not have taken place at fair value.

If there has been one or more related party transactions during the reporting period, the reporting entity must disclose the nature of the related party relationship, as well as information about the transaction(s) and outstanding balances, including commitments, necessary for an understanding of the potential effect of the relationship on the financial statements. Items of a similar nature may be disclosed in aggregate except when separate disclosure is necessary to understand the effects of related-party transactions on the financial statements of the reporting entity.

As a minimum, disclosures must include for each related party:

- i. the amount and the nature of the transaction(s);
- ii. the amount of outstanding balances, including commitments, and:
 - their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and
 - details of any guarantees given or received;
- iii. provisions for doubtful debts related to the amount of outstanding balances; and
- iv. the expense recognized during the period in respect of bad or doubtful debts due from related parties.

The disclosures required must be made separately for each of the following categories:

- a. the parent;
- b. entities with joint control or significant influence over the reporting entity;
- c. subsidiaries;
- d. associates;
- e. joint ventures in which the reporting entity is a venturer;
- f. the entity or its parent's key management personnel; and
- g. other related parties.

Confirmation that related party transactions were made on terms equivalent to those that prevail in arm's length transactions must be made if such terms can be substantiated.

k. Contingent liabilities

Unless the possibility of any outflow in settlement is remote, for each class of contingent liability at the reporting entity must disclose a brief description of the nature of the contingent liability at the annual accounting reference date and, where practicable:

- i. an estimate of its financial effect;
- ii. an indication of the uncertainties relating to the amount or timing of any outflow; and
- iii. the possibility of any reimbursement.

l. Events after the balance sheet date

Material non-adjusting events after the balance sheet date must be disclosed including the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made. Examples of such events are:

- i. fixed-term borrowing approaching maturity without realistic prospects of renewal or repayment;
- ii. substantial operating losses;
- iii. discovery of material fraud or errors that show the financial statements are incorrect;
- iv. management determining that it intends to liquidate the entity or to cease trading, or that it has no realistic alternative but to do so;
- v. player transactions where the amounts paid or received are significant;
- vi. transactions relating to property – e.g. in relation to the club's stadium.

m. Other disclosures

- i. Agents/intermediaries fees

The total amount paid in the reporting period in respect of or for the benefit of agents/intermediaries must be disclosed.

- ii. Tax expense

The components of tax expense must be disclosed separately. That is, the aggregate amount included in the determination of net profit or loss for the reporting period in respect of current and/or deferred tax.

- iii. Miscellaneous

Any additional information or disclosure that is not presented on the face of the balance sheet, profit and loss account or cash flow statement, but is relevant to an understanding of any of those statements and/or is required to meet the minimum financial information requirements, must be disclosed.

4. Notes to the interim financial statements consist as a minimum, of:

- a. a statement that the same accounting policies and methods of computation are followed in the interim financial statements as in the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change;
- b. notes equivalent to those in the annual financial statements as defined in Annex V/E.1; and
- c. disclosure of any events or transactions that are material to an understanding of the interim period

F. PLAYER IDENTIFICATION TABLE

1. All license applicants/licensees must prepare and submit to the TFF a player identification table.
2. The player identification table must be provided to the auditor, who must reconcile the aggregate figures in the player identification table to the relevant figures in the balance sheet and profit and loss account in the audited annual financial statements. However, the player identification table does not need to be disclosed within the annual financial statements or interim financial statements.
3. The minimum information to be included in the player identification table in respect of each relevant player is as follows:
 - a) Name and date of birth;
 - b) Start date of original player contract and end date of current contract;
 - c) Costs of acquiring the player's registration,
 - d) Accumulated amortization brought forward and as at the end of the period;
 - e) amortization of the player's registration in the period;
 - f) Impairment of the player's registration in the period;
 - g) Disposal of the player's registration (cost and accumulated amortization);
 - h) Net book value (carrying amount);
 - i) Profit/loss from disposal of player's registration; and
 - j) Sell-on rights (or similar), i.e. description and (if possible) quantification of any sell-on rights to a football club that formerly held the player's registration, excluding training compensation and/or solidarity contributions.
4. Relevant players, about whom details are required in the player identification table, are:
 - a) all players whose registration is held by the license applicant/licensee at any time during the period and in respect of whom some direct acquisition cost has been incurred (at some point in time in the reporting period or prior periods); and
 - b) all players in respect of whom some income/profit (or loss) has been recognized (at some point in time in the reporting period).
5. For license applicants/licensees who have reorganized player accounting figures to meet the accounting requirements of these regulations, these aggregate figures from the player identification table must agree with/be reconciled to the restated financial statements.

G. FINANCIAL REVIEW BY MANAGEMENT

5. The annual financial statements must include a financial review or commentary by management (sometimes referred to as a directors' report) that describes and explains the main features of the reporting entity's financial performance and financial position and the principal risks and uncertainties it faces.
6. The annual financial statements must also include the names of persons who were members of the reporting entity's executive body, or board of directors, and of the supervisory bodies of the reporting entity at any time during the year.

ANNEX VI – BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

A. PRINCIPLE

- (1) Irrespective of the legal structure of the licence applicant, financial statements as defined in Articles 88 and 90 shall be prepared and audited based on:
 - a) the International Financial Reporting Standards or fully harmonised Turkish Financial Reporting Standards for Super League clubs;
 - b) the National Accounting Practices or International Financial Reporting Standards or fully harmonised Turkish Financial Reporting Standards for 1.League and 2.League clubs.
- (2) Financial statements must be prepared on the assumption that the licence applicant is a going concern, meaning it will continue in operation for the foreseeable future. It is assumed that the licence applicant has no intention or need to go into liquidation, cease trading or seek protection from creditors pursuant to laws or Regulations.
- (3) The financial reporting framework, suitable as a basis for the preparation of financial statements, must contain the following principles:
 - c) Fair presentation;
 - d) Consistency of presentation;
 - e) Accrual basis for accounting;
 - f) Separate presentation of each material class of items;
 - g) No offsetting of assets and liabilities or income and expenses.
- (4) Notwithstanding that each licence applicant has to prepare annual financial statements and interim financial statements under its own national accounting practice for incorporated companies, the International Financial Reporting Standards or the International Financial Reporting Standard for Small and Mediumsized Entities, these regulations include specific accounting requirements to be complied with as set out in Annex VI/B to VI/F.
- (5) If the accounting requirements as set out in this annex are not met through the information available in audited annual and/or interim financial statements and accounting practices, the licence applicant must submit to the licensor:
 - a. Restated financial statements to meet the accounting requirements set out in Annex VI, covering the same period and including comparative amounts for the previous comparative period;
 - b. A declaration by the licence applicant's management that the restated financial statements are complete, accurate and in compliance with the regulations; and
 - c. An assessment report provided by the same auditor that signs the annual financial statements and/or interim financial statements by way of agreed-upon procedures prescribed by the licensor in respect of the completeness and accuracy of the restated financial statements:
- (6) Restated financial statements must include:
 - a. A restated balance sheet as of the end of the period;
 - b. A restated profit and loss account/income statement for the period;
 - c. A restated statement of changes in equity for the period; and

d. Notes, comprising a summary of significant accounting policies, other explanatory notes, and a note (or notes) reconciling the balance sheet and profit and loss account/income statement between the restated financial statements and the relevant annual financial statements or interim financial statements.

B. CONSOLIDATION/COMBINATION REQUIREMENTS

1. The financial information of all entities included in the reporting perimeter (as defined in Article 87/1) must be either combined or consolidated or combined as if they were a single company.
2. Consolidated financial statements are the financial statements of a group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single company.
3. Combined financial statements are those that include information about two or more commonly controlled entities without information about the controlling entity.

C. ACCOUNTING REQUIREMENTS FOR THE REGISTRATION OF PLAYERS

- (1) The acquisition of a player's registration must be recognised in the financial statements when all significant conditions for the transfer to take place have been satisfied, i.e. it is effectively unconditional. This means that there must be a legally binding agreement between the two clubs and between the acquiring club and the player.
- (2) The disposal of a player's registration must be recognised in the licence applicant's financial statements when all significant conditions for the transfer to take place have been satisfied, i.e. it is effectively unconditional and the risks and rewards have been transferred to the new club.
- (3) Licence applicants that capitalise the costs of a player's registration as an intangible fixed asset must apply certain minimum accounting requirements as described in paragraphs 4, 5 and 6 of this Annex VI.3. A licence applicant can expense the costs of a player's registration rather than capitalise them as an intangible fixed asset if this is permitted under national accounting practice.
- (4) The minimum accounting requirements for licence applicants that capitalise the costs of a player's registration as an intangible asset are as follows:
 - a) Only the directly attributable costs of a player's registration can be capitalised as an intangible asset. For accounting purposes, the carrying value of an individual player must not be revalued upwards, even though a licence applicant's management may believe carrying value is higher than market value. In addition, whilst it is acknowledged that a licence applicant may be able to generate some value from the use and/or transfer of locally trained players, for accounting purposes costs relating to a licence applicant's own youth sector must not be included in the balance sheet as only the costs of a player's registration are to be capitalised. All forms of consideration to and/or benefit of players (such as sign-on fees) must be treated as employee benefit expenses and not costs of a player's registration. Finance costs arising in respect of borrowings are treated as finance costs and are not costs of a player's registration even if the borrowings were obtained to help finance the acquisition of player registrations.
 - b) Amortisation of costs of a player's registration must begin when the player's registration is acquired. Amortisation ceases when the asset is fully amortised or derecognised (i.e. the registration is considered as being permanently transferred to another club), whichever comes first.

c) For each individual player's registration, the depreciable amount must be allocated on a systematic basis over the duration of the player's original contract, up to a maximum of 5 years. This is achieved by the systematic allocation of the cost of the asset as an expense from the date the player's registration is acquired and over the period of the player's contract, up to a maximum of 5 years. If the period of a player's contract with the club is extended, then the intangible fixed asset carrying value of the player's registration plus any additional directly attributable contract negotiation costs (e.g. agent/intermediary fees) can either be amortised over the extended period of the player's contract or over the remaining period of the original contract, up to a maximum of 5 years from the date of the contract extension

d) All capitalised player values must be separately reviewed for impairment each year by the licence applicant's management. If the recoverable amount for an individual player is lower than the carrying amount on the balance sheet, the carrying amount must be adjusted to the recoverable amount and the adjustment charged to the profit and loss account as an impairment cost. It is recommended that the licensor requires its licence applicants to apply consistent accounting policies in respect of player capitalisation costs.

The net book value of a player's registration should be reviewed for impairment in the reporting period in the following circumstances:

i) When it becomes clear by the annual accounting reference date that a player will not be able to play again with the club, for example if he suffers a career-threatening injury or is permanently unable to play professional football. In this case, the net book value of the player's registration on the balance sheet must be fully impaired in that reporting period. The following events do not represent a cause for recognising impairment loss:

- A player suffers an injury in a reporting period and is temporarily unable to play professional football with the club, or
- A player suffers a decline in fitness and ability and is not selected for participation in A team matches.

In this regard, the future wages of a player suffering from a career-threatening injury or permanently unable to play professional football must continue to be recognised as employee benefit expenses throughout the duration of the player's contract.

ii) If the management of the club is committed to permanently transfer a player's registration and the transfer occurs just after the annual accounting reference date. In this case, the net book value of the player's registration on the balance sheet should be reviewed for impairment if the disposal proceeds for the permanent transfer of the player's registration to the new club is lower than his net book value. The accounting principles must be disclosed in the financial statements and applied consistently from one reporting period to another.

iii) If the management of the club has temporarily transferred a player's registration for an amount lower than the amortisation cost.

(e) The profit/(loss) on the disposal of a player's registration to another club to be recognised in the profit and loss account is the difference between the net disposal proceeds (after deduction of transfer expenses) and the residual carrying value of the player's registration in the balance sheet as at the date of the transfer. The disposal of a player's registration is recognised in the licence applicant's financial statements when all material conditions for the transfer to take place have been satisfied, i.e. it is effectively unconditional and the risks and rewards have been transferred to the new club.

(5) If two or more players are transferred in opposite directions between clubs, the licence applicant must assess whether these transfers are to be considered as player exchange transactions under the terms of these regulations. If so, the international accounting requirements for the exchange of assets (i.e., currently International Accounting Standard 38, paragraphs 45-47) are to be applied when calculating the profit from the disposal of the outgoing player(s) and the registration costs for the incoming player(s).

In principle, when calculating the profit from the disposal of the outgoing player's registration, the proceeds cannot exceed the net book value of the cost of the player's registration in the licence applicant's financial statements, adjusted to take account of any net cash paid in the context of the exchange transaction and the registration costs for the incoming player must be capitalised at the maximum at the carrying amount of the outgoing player, adjusted to take account of any net cash paid by the club in the context of the exchange transaction.

A player exchange transaction is when two or more players are transferred in opposite directions between clubs, and which typically includes one or more of the following conditions in respect of the players transferred in and out (not exhaustive list). Transfers, incoming and outgoing:

- are included in the same transfer contract;
- are included in different transfer contracts that are linked to each other;
- are concluded in the same registration period;
- do not involve any or only limited monetary disbursements;
- do involve the same or similar payment obligations or payment deadlines for both the players transferred in and the players transferred out that are likely to offset each other.

(6) Profit/loss on disposal of a player's registration must be calculated net of any amounts paid and/or payable that are directly attributable to the disposal of the player's registration, comprising:

- a. Realised conditional transfer compensation for amounts which have become payable on the disposal of the player's registration (e.g. sell-on fee payable to another club);
- b. Any other directly attributable amounts paid and/or payable to another party such as another football club, agent/intermediary, or national football association/league.

(7) The licence applicant must apply the following adjustments in respect of the permanent transfer of a player's registration between clubs that are related parties:

- a. The club that has transferred in the player's registration must calculate the cost of acquiring the player's registration – for the calculation of an amortisation charge for the reporting period (for clubs using the capitalisation and amortisation method of accounting for player registrations) or for the costs of the player's registration (for clubs using the income and expense method of accounting for player registrations) – using the greater of the following amounts:
 - i. The actual transaction cost of acquiring the player's registration;
 - ii. The historical costs of the player's registration in the financial statements of the club that has transferred out the player.

If the calculated amortisation charge is greater than the recorded amortisation charge or the calculated costs of the player's registration are greater than the recorded costs of the player's registration, then an appropriate adjustment must be made so that the difference is recognised in the restated financial statements.

b. The club that has transferred out the player's registration must calculate the disposal proceeds of the player's registration – for the calculation of the profit on disposal of the player's registration (for clubs using the capitalisation and amortisation method of accounting for player registrations) or for the income from the player's registration (for clubs using the income and expense method of accounting for player registrations) – using the lower of the following amounts:

- i. The actual proceeds on disposal;
- ii. The net book value in respect of the costs of the player's registration in its financial statements.

If the calculated profit on disposal is lower than the recorded profit on disposal or the calculated income from the player's registration is lower than the recorded income from the player's registration, then an appropriate adjustment must be made so that the difference is recognised in the restated financial statements.

- (8) The above accounting requirements apply by analogy to any other personnel, e.g. head coach, and release income/costs or similar paid to another club.

D.ACCOUNTING REQUIREMENTS FOR THE TEMPORARY TRANSFER OF A PLAYER'S REGISTRATION

1. The minimum accounting requirements for license applicants that have transactions in respect of the temporary transfer of a player's registration (loan) are as follows:

2. Loan fees received/paid must be reported as player transfer income/expense.

3. Loan of a player from the lender club to the new club with no obligation/option to buy:

a) The loan fees received/receivable by the lender club, if any, must be recognized as income over the period of the loan arrangement. The lender club will continue to recognize the original costs of acquiring the player's registration as an intangible asset on its balance sheet and to allocate systematically the cost of the asset as an amortization expense over the period of the player's contract.

b) The loan fees paid/payable by the new club, if any, must be recognized as an expense over the period of the loan arrangement. If the player's salary is taken over by the new club, it must be recognized as an employee benefits expense over the player's loan term.

4. Loan of a player from the lender club to the new club with an unconditional obligation to buy

a) The loan must be reflected by the lender club as a permanent transfer and the player's registration rights must be derecognized from its intangible assets. The proceeds from the loan and from the future permanent transfer must be recognized from the inception of the loan agreement.

b) The directly attributable costs of the loan and the future permanent transfer for the new club must be recognized by the new club in accordance with the accounting requirements for permanent acquisition of a player's registration.

5. Loan of a player from the lender club to the new club with an option to buy

a) The transaction must be recorded as a loan by the lender club until the option is exercised by the new club. When the option is exercised, any remaining proceeds of the loan and proceeds of the future permanent transfer must be recognized in accordance with the accounting requirements for the permanent disposal of player's registration.

b) When the option is exercised by the new club, any remaining costs of the loan and the costs of the future permanent transfer must be recognized by the new club in accordance with the accounting requirements for the permanent acquisition of a player's registration.

6. Loan of a player from the lender club to the new club with a conditional obligation to buy:

a) If a condition is considered to be virtually certain, then the player's registration must be recognized by both clubs as a permanent transfer from the inception of the loan agreement.

b) If the fulfilment of a condition cannot be assessed with sufficient certainty to trigger the permanent transfer from the inception of the loan, then the player's registration must be recognized first as a loan and then as a permanent transfer once the condition is met.

(7) The licence applicant must apply the following adjustments in respect of the temporary transfer of a player's registration between clubs that are related parties:

a. The club that has temporarily transferred in the player's registration must calculate an expense amount for the reporting period using the greater of the following amounts:

- i. The actual transaction cost in the reporting period;
- ii. The aggregate amount of the amortisation charge in respect of the player's registration and the employee benefit expenses in respect of the player for the period of the loan as recorded in the financial statements of the club that has temporarily transferred out the player.

If the calculated expense is greater than the recorded expense, then an appropriate adjustment must be made so that the difference is recognised in the restated financial statements.

b. The club that has temporarily transferred out the player's registration must calculate an income amount for the reporting period using the lower of the following amounts:

- i. The actual transaction income in the reporting period;
- ii. The aggregate amount of the amortisation charge in respect of the player's registration and the employee benefit expenses in respect of the player for the period of the loan as recorded in the financial statements of the club that has temporarily transferred out the player.

If the calculated income amount is lower than the recorded income, then an appropriate adjustment must be made so that the difference is recognised in the restated financial statements.

E. ACCOUNTING REQUIREMENTS FOR SPECIFIC EXPENSE ITEMS

1. Incentive/bonus expenses for employees

a) All forms of consideration given by an entity in exchange for service rendered by an employee, including any bonuses and incentives such as performance related consideration, contract signing fees, and loyalty incentives, must be reported as employee benefits expenses.

b) Bonus and/or incentive payments that are payable in full by the club to a person with no further condition or service obligation (i.e. the club has no choice but to make the payments) must be recognized as employee benefits expenses when triggered.

c) Bonus and/or incentive payments that are dependent on a certain future condition being satisfied by the player and/or the club, such as a player's participation in matches and/or the club's competition performance, must be recognized as employee benefits expenses at the point in time when the condition has been satisfied or its fulfilment becomes highly probable.

ç) Incentive and/or bonus to players when entering and/or extending an employment agreement with any condition or service obligation must be recognized on a systematic basis over the relevant period.

2. Termination benefits to employees

A club must recognize in full the expense of termination benefits to an employee when the club can no longer withdraw the offer of those benefits.

F. ACCOUNTING REQUIREMENTS FOR SPECIFIC REVENUE ITEMS

1. Season tickets and similar revenues

Revenue in respect of season ticket sales or similar match-related sales must be recognized on a proportionate basis at the point in time when the relevant matches take place during the period.

2. Broadcasting rights and/or prize money revenues

a) Revenue in respect of broadcasting rights and/or other consideration for participation in a competition which are fixed considerations must be recognized on a proportionate basis at the point in time when the relevant matches take place during the period.

b) Revenue in respect of broadcasting rights and/or consideration for participation in a competition which are variable considerations that dependent on certain conditions being satisfied by the club (such as competition performance bonuses) must be recognized at the point in time when the performance obligations are satisfied.

3. Sponsorship and advertising revenues

a) Revenue in respect of sponsorship rights and advertising which are fixed considerations must be recognized on a proportionate basis over the period covered by the sponsorship rights and/or advertising arrangements.

b) Revenue in respect of sponsorship rights and advertising which are variable considerations dependent on certain conditions being satisfied by the club (such as competition performance bonuses) must be recognized at the point in time when the performance obligations are satisfied.

c) Any non-cash consideration as part of a sponsorship and/or advertising arrangement must be measured at fair value.

4. Donations and grants/subsidies

a) A donation is an unconditional gift of consideration that must be recognized as other operating income when received.

b) Grants/subsidies must not be recognized in the accounts of the club until there is reasonable assurance that the club will comply with the conditions to receive the grant and the grant will be received. Then, a grant/subsidy must be recognized in profit and loss on a systematic basis over the reporting periods in which the club recognizes as expenses the related costs for which the grants/subsidies were intended to compensate. Therefore, grants/subsidies in respect of specific expenses are recognized in profit and loss in the same reporting period(s) as the relevant expenses. Similarly, grants/subsidies related to depreciable assets are recognized in profit and loss over the reporting periods and in the proportions in which depreciation expenses on those assets is recognized. A grant/subsidy that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs must be recognized in profit or loss in the period in which it becomes receivable.

ANNEX VII – NOTION OF ‘OVERDUE PAYABLES’

PRINCIPLES

- (1) Payables are considered as overdue if they are not paid according to the contractual or legal terms.
- (2) Payables are not considered as overdue, within the meaning of these regulations, if the licence applicant/licensee (i.e. debtor) is able to prove by 15 January (in respect of article 92 to 95), 31 March, 15 July and 15 October (in respect of article 103 to 106) respectively that:
 - a) The relevant amount has been settled, i.e. either paid in full or offset against the creditor's obligations towards the debtor;
 - b) The deadline for payment of the relevant amount has been deferred (referred to as “amounts deferred” in these regulations), i.e. an agreement has been concluded in writing with the creditor to extend the deadline for payment (a creditor not requesting payment of an amount does not constitute an extension of the deadline); or
 - c) The relevant amount is subject to a legal claim or open proceedings (referred to as “amounts disputed” in these regulations), meaning:
 - i. The debtor has brought a legal claim which has been deemed admissible by the competent authority under national law or has opened proceedings with the national or international football authorities or relevant arbitration tribunal contesting liability in relation to the overdue payable, knowing that if the decision-making bodies (TFF and/or UEFA Club Financial Control Body) consider that such claim has been brought or such proceedings have been opened for the sole purpose of avoiding the applicable deadlines set out in these regulations (i.e. in order to buy time), the amount will still be considered as an overdue payable; or
 - ii. The debtor has contested to the competent authority under national law, the national or international football authorities or the relevant arbitration tribunal, a claim which has been brought or proceedings which have been opened against it by a creditor in respect of overdue payables and is able to demonstrate to the comfortable satisfaction of the relevant decision-making bodies (TFF and/or UEFA Club Financial Control Body) that it has established reasons for contesting the claim or proceedings which have been opened, knowing that if the decision-making bodies (TFF and/or UEFA Club Financial Control Body) consider the reasons for contesting the claim or proceedings as manifestly unfounded the amount will still be considered as an overdue payable; or
 - d) The settlement of the relevant amount is pending (referred to as “amounts pending” in these regulations), meaning:
 - i) The debtor has requested a competent authority, in writing and in accordance with the applicable law, to extend the deadline for payment of payables to social/tax authorities (as defined in articles 94 and 105) and the competent authority has confirmed in writing that this request has been deemed admissible and still pending by 31 March (in respect of article 94) or 15 July, 15 October and 15 January (in respect of article 105); or
 - ii. The debtor is able to demonstrate to the comfortable satisfaction of the relevant decision-making bodies (TFF and/or UEFA Club Financial Control Body) that it has taken all reasonable measures to identify and pay the creditor(s) in respect of training compensation and solidarity contributions (as defined in the FIFA Regulations on the Status and Transfer of Players).
- (3) Employees' enforcement debts that are notified to TFF under these Regulations shall be considered to constitute overdue payables.

ANNEX VIII – EVALUATION PROCEDURES OF THE LICENSING PARTY

A. PRINCIPLE

The licensor defines the assessment procedures, ensuring equal treatment of all clubs applying for a license. It assesses the documentation submitted by the clubs, considers whether this is appropriate and determines to its reasonable satisfaction whether each criterion has been met and what further information, if any, is needed for each license to be granted.

The assessment processes to check compliance with the financial criteria set out in Article 4 and Article 99 comprise specific assessment steps that must be followed by the TFF as set out below.

B. ASSESSMENT OF THE AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

1. In respect of the annual financial statements and interim financial statements, the TFF must perform the following minimum assessment procedures:

- a. Assess whether the reporting perimeter is appropriate for club licensing purposes.
- b. Assess the information to form a basis for the licensing decision.
- c. Read and consider the annual financial statements and interim financial statements and the auditor's report thereon.
- ç. Address the consequences of any modifications to the auditor's report (compared to the normal form of unqualified report) and/or deficiencies compared to the minimum disclosure and accounting requirements according to paragraph 2 below.

2. Having assessed the reporting perimeter and read the auditor's report on the annual and interim financial statements, the TFF must assess these according to the items below:

- a. If the reporting perimeter does not meet the requirements of Article 87, the license must be refused.
- b. If the auditor's report has an unqualified opinion, without any modification, this provides a satisfactory basis for granting the license.
- c. If the auditor's report has a disclaimer of opinion or an adverse opinion, the licence must be refused, unless a subsequent audit opinion without disclaimer of opinion or adverse opinion is provided (in relation to another set of financial statements for the same financial year that meet the minimum requirements) and the licensor is satisfied with the subsequent audit opinion.
- ç. If the auditor's report has, in respect of going concern, an emphasis of matter, a key audit matter or a qualified 'except for' opinion, the license must be refused, unless either:
 - i. a subsequent audit opinion without going concern, an emphasis of matter, a key audit matters or qualification is provided, in relation to the same financial year; or
 - ii. additional documentary evidence demonstrating the license applicant's ability to continue as a going concern until at least the end of the license season has been provided to, and assessed by, the TFF to the satisfaction. The additional documentary evidence must include, but is not necessarily limited to, the information described in Article 97 (Future financial information).
- e. If the auditor's report has, in respect of a matter other than going concern, either a key audit matter or a qualified 'except for' opinion, then the TFF must consider the implications of the modification for club licensing purposes. The license may be refused unless additional documentary evidence is provided and assessed to the satisfaction of the TFF. The additional evidence that may be requested by the TFF will be dependent on the reason for the modification to the audit report.
- f. If the auditor's report makes a reference to any situation defined in Article 86 paragraph 2(ç) the license must be refused.

3. If the license applicant provides supplementary information and/or restated financial statements, the TFF must additionally assess the auditor's report on the agreed-upon procedures in respect of the supplementary information and/or restated financial statements.. The license may be refused if the auditor's report is not the satisfaction of the licensor and/or includes reference to errors and/or exceptions found.
4. The licensor must check that the licence applicant has published the financial information in accordance with Article 89.

C. ASSESSMENT OF LICENSING DOCUMENTATION FOR THE NET EQUITY RULE

In respect of the net equity rule, the licensor must perform the following minimum assessment procedures:

- a. Determine the net equity position as at the 31 December preceding the deadline for submission of the application to the licensor based on the annual financial statements or interim financial statements;
- b. Assess, if applicable, whether the subordinated loans meet the required conditions;
- c. If the net equity position as at the 31 December preceding the deadline for submission of the application to the licensor is negative, assess whether it has improved by at least 10% compared with the net equity position that enabled the licence applicant to satisfy the net equity rule in the previous year;
- ç. If the equity rule is not fulfilled as at the 31 December preceding the deadline for submission of the application to the licensor, assess if the licence applicant has submitted by 31 March at the latest a new audited balance sheet, including any contributions made since 31 December, demonstrating that the net equity position has improved by at least 10% compared with the net equity position that enabled the licence applicant to satisfy the net equity rule in the previous year.

D. ASSESSMENT OF LICENSING DOCUMENTATION FOR NO OVERDUE PAYABLES

1) In respect of the "no overdue payables" criteria to football clubs, employees and SGK and Tax Authorities, the licensor may decide:

- a) to assess itself the information submitted by the licence applicant, in which case it must perform the assessment as set out in paragraphs 2, 3 and 4 below; or
- b) to have Independent Auditors or Certified Public Accountants (CPA) carry out the assessment, in which case the licensor must assess the information submitted by the licence applicant (in particular the payables tables and corresponding supporting documents) and review the auditor's report. The licensor may carry out any additional assessment it believes necessary, including by extending the sample or requesting additional documentary evidence from the licence applicant.

2) Notwithstanding whether the assessment is carried out by the licensor or an independent auditor in respect of the "no overdue payables" criteria to football clubs, employees and social/tax authorities, the following minimum procedures must be performed and described in the licensor's or auditor's report:

- c) Obtain the payables tables as at 31 March submitted by the licence applicant in respect of obligations due to be paid by 28 February (i.e. the transfers table, the employee table, SGK/tax table and corresponding supporting documents);
- d) Perform the necessary steps (including determination of the sample size) to assess the completeness and accuracy of the reported balances and issue a conclusion with regard to each of the procedures performed;
- e) Check the completeness of any overdue balance reported by the licence applicant as at 28 February;
- f) Check the settlement of any overdue payables between 28 February and 31 March; and
- g) Identify any overdue balance as at 31 March.

3) In respect of the "no overdue payables" criterion in respect of UEFA and the licensor, the licensor must perform, as a minimum, the following assessment procedures:

- a) Review any information received from UEFA with regard to pending overdue amounts owed by the licensor's affiliated clubs and check the settlement of any overdue balance between 28 February and 31 March; and
- b) Carry out any additional assessment and request any additional documentary evidence from the licence applicant it believes necessary.

E. ASSESSMENT OF THE WRITTEN REPRESENTATION LETTER PRIOR TO THE LICENSING DECISION

1. In respect of the written representation, the TFF must read and consider the impact of any significant change that has occurred in relation to the club licensing criteria.
2. The TFF must also read and consider the information in respect of any event or condition of major economic importance, in combination with the financial statements, future financial information and any additional documentary evidence provided by the license applicant. The TFF may decide to have this assessment carried out by an auditor.
3. The TFF must assess the club's ability to continue as a going concern until at least the end of the license season. The license must be refused if, based on the financial information that the TFF has assessed, in the TFF's judgement, the license applicant may not be able to continue as a going concern until at least the end of the license season.
4. If the license applicant (or the registered member of the TFF which has a contractual relationship with the license applicant within the meaning of Article 16) or any parent company of the license applicant included in the reporting perimeter is/was seeking protection or has received/is still receiving protection from its creditors pursuant to laws or regulations within the 12 months preceding the license season, then the license must be refused. For the avoidance of doubt the license must also be refused even if the concerned entity is no longer receiving protection from its creditors at the moment the licensing decision is taken.

F. ASSESSMENT OF THE FUTURE FINANCIAL INFORMATION

1. In respect of the future financial information the TFF must assess whether or not the license applicant exhibits the condition as defined in Article 97. If the licence applicant is required to submit future financial information, the TFF may decide:
 - a. to assess the information submitted by the license applicant, in which case the licensor must perform the assessment according to paragraph 2 below; or
 - b. to have independent auditors carry out the assessment procedures, in accordance with ISRS 4400, in which case the licensor must review the auditor's report to ensure they performed the assessment procedures as described in paragraph 2 below.
2. The assessment of future financial information must include, as a minimum, the following procedures:
 - a. Check whether the future financial information is arithmetically accurate;
 - b. Determine through discussion with the license applicant's management and review of the future financial information, determine whether the future financial information has been prepared using the disclosed assumptions and risks;
 - c. Check that the opening balances contained within the future financial information are consistent with the balance sheet shown in the immediately preceding audited annual financial statements or reviewed interim financial statements (if such interim statements have been submitted);
 - d. Check that the future financial information has been formally approved by the executive body of the license applicant by way of a declaration by the license applicant's management that the documents submitted are complete, accurate and in compliance with these regulations;
 - e. If applicable: examine corresponding supporting documents, including agreements with sponsors, banking facilities, share capital increase, bank guarantees and minutes of the board.

3. The TFF must assess the liquidity of the license applicant (i.e. the availability of cash after taking account of financial commitments) and its ability to continue as a going concern until at least the end of the license season. The license must be refused if, based on the financial information that the TFF has assessed, in the TFF's judgement, the license applicant may not be able to meet its financial commitments as they fall due and continue as a going concern until at least the end of the license season.

G. ASSESSMENT OF MONITORING DOCUMENTATION FOR THE SOLVENCY REQUIREMENTS – ENHANCED

1. In respect of the monitoring documentation for the no overdue payables requirements (towards football clubs, employees and SGK and Tax Authorities), TFF must perform, as a minimum, the following assessment procedures:
- a) Read the licensee's completed payables information and make enquiries to the licence applicant if there is any incomplete and/or inaccurate information based on TFF's existing knowledge of the licence applicant derived at the club licensing phase and/or from other reasonable resources;
 - b) Confirm that all requested supporting documents have been attached to the licensee's submission.
- TFF must confirm to the UEFA Club Financial Control Body and/or the UEFA administration the results of the above assessment procedures.

H. ASSESSMENT OF MONITORING INFORMATION FOR THE STABILITY REQUIREMENTS

- (1) In respect of the monitoring information for the stability requirements, TFF must assess whether or not the financial information submitted by the licensee corresponds to the information in respect of the same reporting entity/entities submitted for club licensing purposes.
- (2) In addition, TFF's assessment must include the following procedures:
- a) Check that the amounts in the monitoring documentation for the stability requirements and that the key balances identified by UEFA are consistent with the amounts contained in the annual financial statements and underlying accounting records.
 - b) Check that the monitoring documentation for the stability requirements has been formally approved by the executive body of the licensee by way of a declaration by the licensee's management that the documents submitted are complete, accurate and in compliance with these regulations.
- (3) TFF must confirm to the UEFA Club Financial Control Body and/or the UEFA administration the results of the above assessment procedures.

I. ASSESSMENT OF MONITORING DOCUMENTATION FOR THE COST CONTROL REQUIREMENTS

- (1) In respect of the monitoring documentation for the cost control requirements, the licensor must assess whether or not the financial information submitted by the licensee corresponds to the information in respect of the same reporting entity/entities submitted for club licensing purposes.
- In addition, the licensor's assessment must include, as a minimum, the following procedures:
- a. Check that the amounts in the monitoring documentation for the cost control requirements and those identified by UEFA are consistent with the amounts contained in the annual financial statements and/or interim financial statements, and/or in the supplementary information if applicable, and in the underlying accounting records;
 - b. Check that the monitoring documentation for the cost control requirements has been formally approved by the executive body of the licensee by way of a declaration by the licensee's management that the documents submitted are complete, accurate and in compliance with these regulations.
- (2) The licensor must confirm to the CFCB and/or the UEFA administration the results of the above assessment procedures.

ANNEX IX – ELEMENTS RELATING TO THE CALCULATION OF FOOTBALL EARNINGS

The calculation of football earnings for a reporting period is set out in Article 109.

A. SUMMARY OF THE CALCULATION OF THE FOOTBALL EARNINGS

1. Relevant income is equivalent to the sum of the following elements (defined in part B):

- a. Revenue – Gate receipts
- b. Revenue – Sponsorship and advertising
- c. Revenue – Broadcasting rights
- d. Revenue – Commercial activities
- e. Revenue - UEFA solidarity and prize money
- f. Revenue – Other operating income
- g. Profit on disposal of player registrations (and/or income from disposal of player registrations)
- h. Excess proceeds on disposal of tangible assets
- i. Non operating income
- j. Finance income
- k. foreign exchange result

Relevant income must be decreased if any of the elements a) to k) above include any of the items below (l-o) (defined in part B):

- l. Non-monetary credits/income
- m. Income transaction(s) above fair value
- n. Income from non-football operations not related to the club
- o. income in respect of a reduction of liabilities arising from procedures providing protection from creditors

2. Relevant expenses are equivalent to the sum of the following elements (defined in part C):

- a. Expenses – Cost of sales/materials
- b. Expenses – Employee benefit expenses-players
- c. Expenses – employee benefit expenses-other employees
- d. ç. Expenses – Other operating expenses
- e. amortization/impairment of player registrations, and/or costs of acquiring player registrations
- f. loss on disposal of player registrations
- g. amortization/impairment of release costs for other personnel or release costs for other personnel
- h. non operating expense
- i. finance costs and dividends

Relevant expenses must be increased if any of the elements listed in a) to i) above include the item below, as described in Annex J.3 below:

- j. Expense transaction(s) below fair value

Relevant expenses may be decreased if any of the elements listed in a) to l) above include either of the items listed in k) and m) below, as described in annex j.3 below:

- k. Non-monetary debits/charges
- l. Expenditure directly attributable to non-football operations not related to the club
- m. Financial contribution set out in a settlement agreement with the CFCB and/or a financial contribution imposed by the CFCB in respect of the stability and/or cost control requirements

B. RELEVANT INCOME

1. Definitions for the calculation of the relevant income are as follows:

a. Revenue – Gate receipts

Revenue derived from general admission and corporate match attendance, from both season tickets and matchday tickets, in relation to the club's matches. Gate receipts also include membership fees.

b. Revenue – Sponsorship and advertising

Revenue derived from the main sponsor, other sponsors, pitch-perimeter and other board advertising, and other sponsorship and advertising.

c. Revenue – Broadcasting rights

Revenue derived from the sale of broadcasting rights to television, radio, new media and other broadcast media, in relation to national competitions and other matches, excluding UEFA club competitions.

d. Revenue – Commercial activities

Revenue derived from merchandising, food and beverage sales, conferencing, lottery and other commercial activities.

e. Revenue – UEFA solidarity and prize money

Revenue derived from UEFA in respect of participation in a UEFA club competition and/or solidarity distributions.

f. Revenue – Other operating income

All operating income not otherwise described above, including operating income derived from other sources such as grants and/or subsidies from a national football body or government of the territory of the licensee, rent, dividends and income from non-football operations.

g. Profit on disposal of player registrations and/or income on disposal of player registrations

For the calculation of relevant income, whether a club includes either

(i) profit on disposal of player registrations or

(ii) income on disposal of player registrations will depend on the club's method of accounting for player registrations in its financial statements, in application of the requirements defined below: i. For a club that uses the capitalisation and amortisation method of accounting for player registrations, profit on disposal of a player's registration is calculated by deducting the net book value of the player's registration at the time of the transfer, from the net disposal proceeds received and receivable. ii. A profit on disposal of a player's registration is reported if the net disposal proceeds exceed the net book value of the player's registration at the time of the transfer. Any such profit must be included in relevant income for the calculation of football earnings.

iii. For a club that uses the income and expense method of accounting for player registrations, income from disposal of a player's registration is the net disposal proceeds generated from the transfer of the player's registration to another club. The net disposal proceeds should equate to the monetary income from the disposal of the player's registration. For the calculation of football earnings:

iv. A club that uses the capitalisation and amortisation method of accounting for player registrations in its annual financial statements must apply the same method to relevant income and relevant expenses;

v. A club that uses the income and expense method of accounting for player registrations in its annual financial statements can elect to apply either the income and expense or the capitalisation and amortisation method (to be set out in restated financial statements as per Annex VI. The selected method must be applied consistently from one reporting period to the next.

Appropriate adjustments must be made such that any profit or income in respect of a player whose registration the licensee retains is excluded from the calculation of football earnings.

h. Excess proceeds on disposal of tangible assets

Profit on the disposal of tangible assets in a reporting period (including, but not limited to, a club's stadium and training facilities) must be excluded from the football earnings with the following two exceptions:

i. If a tangible asset other than a stadium or training facilities is not being replaced, then the profit on disposal recognised in the profit and loss account can be taken into account as relevant income up to the difference between the proceeds on disposal and the historical cost of the asset which was recognised as a tangible asset in the reporting entity's financial statements.

ii. If the club demonstrates that it is replacing a disposed tangible asset, then the profit on disposal recognised in the profit and loss account can be taken into account as relevant income up to the difference between the proceeds on disposal and the full cost of the replacement asset which is recognised, or to be recognised, as a tangible asset in the reporting entity's financial statements.

i. Non-operating income

All other income not otherwise included in another line in the profit and loss account.

j. Finance income

Finance income is in respect of interest revenue arising from the use by others of entity assets yielding interest.

k. Foreign exchange result

The net of gains and losses on monetary items, whether realised or unrealised. Foreign exchange gains and losses on non-monetary items, whether realised or unrealised, are non-monetary items and must be excluded from football earnings (see part B 1 j and C 1 j).

l. Non-monetary credits/income

Appropriate adjustments must be made such that non-monetary credits are excluded from relevant income for the calculation of football earnings.

Non-monetary items (e.g. tangible assets and intangible assets such as goodwill and inventories) are items which do not meet the definition of monetary items. Monetary items are defined as units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency. The essential feature of a monetary item is a right to receive (or an obligation to deliver) a fixed or determinable number of units of currency.

Examples of non-monetary credits/income:

- Upwards revaluations of tangible assets, intangible assets (including player registrations) and inventories;
- Write-backs of depreciation/amortisation or impairment of tangible assets and intangible assets (including player registrations); and
- Foreign exchange gains on non-monetary items.

m. Income transaction(s) above fair value

For the calculation of football earnings, the licensee must reflect any income transaction, irrespective of whether it is with a related party, at fair value. If the estimated fair value is different to the recorded value, then the relevant income must be adjusted accordingly, bearing in mind, however, that no upward adjustments can be made to relevant income.

Examples of income transactions that may require a licensee to demonstrate the estimated fair value of the transaction:

- Revenue from sponsorship arrangements;
- Revenue from corporate hospitality tickets and/or use of executive boxes;
- Any transaction whereby goods or services are provided by the club. Examples of income transactions that are not relevant income:
- Monies received as a donation; and
- Waivers of liability.

n. Income from non-football operations not related to the club

Income from non-football operations not related to the club (i.e. not related to the football activities, locations or brand of the football club) must be excluded from the calculation of relevant income.

Examples of non-football operations related to a club (which are included in the calculation of relevant income):

- Operations based at, or in close proximity to, the club's stadium or training facilities, such as a hotel, restaurant, conference centre, business premises (for rental), health centre or other sports team; and
- Operations clearly using the club's name/brand.

o. Credit in respect of a reduction of liabilities arising from procedures providing protection from creditors

Any credit in respect of a reduction of liabilities arising from procedures providing protection from creditors must be excluded from the calculation of football earnings.

C. Relevant expenses

(1) Definitions for the calculation of relevant expenses are as follows:

a. Expenses – Costs of sales/materials

Costs of sales for all activities, such as catering, medical care, kits and sports materials, except for costs of purchase of merchandise.

b. Expenses – Employee benefit expenses – players

All forms of consideration in exchange for services rendered during the reporting period by registered players. Includes consideration for the termination of employment.

c. Expenses – Employee benefit expenses – other employees

All forms of consideration in exchange for services rendered during the reporting period by all employees other than registered players, including directors, management and those charged with governance. Includes consideration for the termination of employment.

d. Expenses – Other operating expenses

All other operating expenses, such as match expenses, rental costs, lease costs, depreciation charges in respect of right-of-use assets, administration and overhead expenses, and non-football operation expenses. In accordance with the minimum disclosure requirements set out in Annex V/C, the depreciation, amortisation and impairment of tangible and intangible assets are not included in other operating expenses and are to be disclosed separately in the profit and loss account.

e. Finance costs and dividends

Finance costs include interest and other costs incurred by an entity in respect of the borrowing of funds, including interest on bank overdrafts and on bank and other loans, and finance charges in respect of leases.

Regardless of whether the dividends are presented in the profit and loss account or in an alternative statement, if dividends are recognised in the financial statements, then the amount of dividends must be included as relevant expenses.

f. Amortisation/impairment of player registrations and/or costs of player registrations

For the calculation of relevant expenses, whether a club includes either (i) amortisation/impairment of player registrations or (ii) costs of a player's registration will depend on the club's method of accounting for player registrations in its financial statements and the minimum accounting requirements as described in Annex VI/C.

For the calculation of football earnings:

- A club that uses the capitalisation and amortisation method of accounting for player registrations in its annual financial statements must apply the same method to relevant income and relevant expenses;
- A club that uses the income and expense method of accounting for player registrations in its annual financial statements can elect to apply either the income and expense or the capitalisation and amortisation method (to be set out in restated financial statements as per Annex VI/C. The selected method must be applied consistently from one reporting period to the next.

g. Loss on disposal of player registrations

For the calculation of relevant expenses, the loss on disposal of player registrations will depend on each club's method of accounting for player registrations in its financial statements and the application of the requirements defined below:

- For a reporting entity that uses the capitalisation and amortisation method of accounting for player registrations in its annual financial statements:

i. the loss on the disposal of a player's registration is calculated by deducting the net book value of the player's registration at the time of the transfer, from the net disposal proceeds received and receivable;

ii. a loss on the disposal of the player's registration will be reported if the net disposal proceeds are less than the net book value of the player's registration at the time of the transfer. Any such loss must be included within relevant expenses for the calculation of football earnings.

▪ For a reporting entity that uses the income and expense method of accounting for player registrations, the costs of acquiring a player's registration are recorded in a reporting period. For the calculation of football earnings:

- A club that uses the capitalisation and amortisation method of accounting for player registrations in its annual financial statements must apply the same method to relevant income and relevant expenses;
- A club that uses the income and expense method of accounting for player registrations in its annual financial statements can elect to apply either the income and expense or the capitalisation and amortisation method (to be set out in restated financial statements as per Annex VI. The selected method must be applied consistently from one reporting period to the next.

h. Amortisation/impairment of release costs for other personnel or release costs for other personnel

In respect of released costs to another party for a club to acquire the services of a head coach and/or other personnel other than players:

- A club that uses the capitalisation and amortisation method of accounting must recognise the amortisation/impairment of compensation paid and/or payable for personnel other than players in the reporting period;
- A club that uses the income and expense method of accounting must recognise the costs of compensation paid and/or payable for personnel other than players in the reporting period.

i. Non-operating expenses

All other expenses not otherwise included in another line in the profit and loss account.

j. Finance costs and dividends

Finance costs include interest and other costs incurred by an entity in respect of the borrowing of funds, including interest on bank overdrafts and on bank and other loans, and finance charges in respect of leases.

Regardless of whether the dividends are presented in the profit and loss account or in an alternative statement, if dividends are recognised in the financial statements, then the amount of dividends must be included as relevant expenses.

k. Expense transaction(s) below fair value

For the calculation of football earnings, the licensee must determine the fair value of transactions as defined in Annex IX/G. If the estimated fair value is different to the recorded value, then the relevant expenses must be adjusted accordingly, bearing in mind, however, that no downward adjustments can be made to relevant expenses.

Examples of expense transactions that may require a licensee to demonstrate the estimated fair value of the transaction:

- Any expense transaction whereby goods and/or services are provided for free to an entity;
- Employee benefit expenses in respect of employees of entities outside of the reporting perimeter if those employees contribute to the football activities of entities in the reporting perimeter;
- Non-interest-bearing loans received by the licensee. For the purpose of calculating football earnings, if the result of player transactions is different to the requirements set out in Annex IX, then the licensee must apply the adjustments as set out in Annex IX.

l. Non-monetary debits/charges

Appropriate adjustments may be made such that non-monetary debits/charges are excluded from relevant expenses for the calculation of football earnings. Non-monetary items (e.g. tangible assets and intangible assets such as goodwill and inventories) are items which do not meet the definition of monetary items. Monetary items are defined as units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency. The essential feature of a monetary item is a right to receive (or an obligation to deliver) a fixed or determinable number of units of currency.

Examples of non-monetary debits/charges:

- Downwards revaluations of inventories;
- Foreign exchange losses on non-monetary items.

m. Expenditure directly attributable to non-football operations not related to the club

Expenditure directly attributable to non-football operations not related to the club (i.e. not related to the football activities, locations or brand of the football club) may be excluded from the calculation of relevant expenses.

n. Costs related to decisions of the CFCB

For the calculation of football earnings, an appropriate downward adjustment may be made in respect of any costs of a financial contribution set out in a settlement agreement and/or a financial contribution imposed by the CFCB in respect of the football earnings rule and/or squad cost rule paid and/or payable in the licence season.

o. Non-operating expenses

All other expenses not otherwise included in another line in the profit and loss account.

D. ITEMS NOT INCLUDED IN THE CALCULATION OF FOOTBALL EARNINGS

(1) The following items are not included in the calculation of football earnings:

a. Profit/loss on disposal and depreciation/impairment of tangible assets

The profit (or loss) on the disposal of a tangible asset is calculated as the sale proceeds (less costs incurred to sell) less the asset's net book value (as per the balance sheet) at the date of sale.

The profit/loss on disposal and depreciation/impairment of tangible assets in a reporting period is excluded from the calculation of football earnings because the aim is to encourage investment in and expenditure on facilities and activities for the long-term benefit of the club.

For the avoidance of doubt, any depreciation charge in respect of right-of-use assets (for operating leases) must be included in the calculation of football earnings.

b. Profit/loss on disposal and amortisation/impairment of intangible assets other than player registrations and other personnel's release costs

An intangible asset is an identifiable non-monetary asset without physical substance (e.g. goodwill arising on a business combination). An asset is a resource that is controlled by the entity as a result of past events (for example, purchase or self-creation) and from which future economic benefits are expected (inflows of cash or other assets or reduced future costs).

Profit (or loss) on the disposal of an intangible asset is calculated as the sale proceeds (less costs incurred to sell) less the asset's net book value (as per the balance sheet) at the date of sale.

Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life, i.e. the period over which an asset is expected to be available for use by an entity. An impairment loss is the amount by which the carrying amount of an asset exceeds its fair value less costs to sell.

The profit/loss on disposal and amortisation/impairment loss of intangible assets other than in respect of player registrations and for other personnel's release costs is excluded from the calculation of football earnings for a reporting period. However, if the intangible asset generates or generated relevant income, then the related amortisation/impairment must also be recognised as a relevant expense.

For the avoidance of doubt, the loss on disposal and amortisation/impairment of player registrations and for other personnel's release costs must be included in the calculation of football earnings for a reporting period.

c. Tax income/expense

Tax expense in respect of income tax includes all domestic and foreign taxes that are based on taxable profit. Taxable profit (tax loss) is the profit (loss) for a reporting period upon which income taxes are payable (recoverable). Tax expense is the amount recognised for a reporting period in respect of the current and future tax consequences of transactions and other events.

Tax expense does not include value added taxes or tax and social security contributions in respect of employees.

The tax amount – whether it is a credit or a debit in the profit and loss account – is excluded from the calculation of football earnings.

E. RELEVANT INVESTMENTS FOR THE LONG-TERM BENEFIT OF FOOTBALL

A licensee may adjust aggregated football earnings for a monitoring period if relevant expenses include any of the below investments for the long-term benefit of football as defined in Article 112:

a. Expenditure directly attributable to youth development activities

A licensee may adjust expenditure directly attributable to youth development activities.

Expenditure directly attributable to youth development activities means expenditure by a licensee that would have been avoided if the licensee did not undertake youth development activities including activities to train, educate and develop players involved in its youth development programme in the territory of the UEFA member association.

Examples of youth development activities:

- i. Organisation of a youth sector;
- ii. Youth teams taking part in official national, regional or local competitions or programmes recognised by the UEFA member association;
- iii. Football education programmes for different age groups (playing skills, technical, tactical and physical);
- iv. Other education programmes (Laws of the Game, anti-doping, integrity, antiracism);
- v. Medical support for youth players; and
- vi. Non-football education arrangements. Examples of expenditure directly attributable to youth development activities:
 - vii. Costs of materials and services used to undertake youth development activities, including accommodation costs, medical fees, educational fees, travel and subsistence, kit and clothing and facility hire;
 - viii. Employee benefit expenses for employees other than players wholly involved in youth development activities such as the head of the youth development programme and youth coaches, as defined in Article 66 to Article 68, if their employment by the club is for the purpose of youth development activities;
 - ix. Employee benefit expenses for employees who are youth players under the age of 18 as at the licensee's annual accounting reference date. Employee benefit expenses for employees who are youth players aged 18 or over as at the licensee's annual accounting reference date cannot be excluded from relevant expenses. If a licensee cannot identify expenditure on youth development activities as distinct from other expenditure, then such expenditure will not be treated as expenditure directly attributable to youth development activities. The following are not considered expenditure directly attributable to youth development activities for the purpose of this requirement:
 - x. Player scouting costs;
 - xi. Costs of obtaining a youth player's registration, such as any fees paid to an agent/intermediary or to another club;
 - xii. Sales, administrative and other general overhead expenditure, unless this expenditure can be directly attributed to the youth development activities;
 - xiii. Employee benefit expenses for employees only partly involved in youth development activities (for example, a coach working part-time on youth development activities).

b. Expenditure directly attributable to community development activities

A licensee may adjust expenditure directly attributable to community development activities.

Expenditure directly attributable to community development activities means expenditure that would have been avoided if the licensee did not undertake community development activities.

Examples of community development activities:

- i. Activities for the public benefit to promote participation in sport and advance social development;
- ii. The advancement of education;
- iii. The advancement of health;
- iv. The advancement of social inclusion and equality;
- v. The prevention or relief of poverty;
- vi. The advancement of human rights, conflict resolution or the promotion of religious or racial harmony or equality and diversity;
- vii. The advancement of amateur sport;
- viii. The advancement of environmental sustainability, environmental protection or improvement;
- ix. The relief of those in need by reason of youth, age, ill health, disability, financial hardship or another disadvantage.

Examples of expenditure directly attributable to community development activities:

- x. Costs of materials and services used to undertake the community development activities;
- xi. Employee benefit expenses for employees wholly involved in community development activities;
- xii. Donations to other entities whose purpose is to promote participation in sport and/or advance social development.

If a licensee cannot identify expenditure on community development activities as distinct from other expenditure, then such expenditure will not be treated as expenditure directly attributable to community development activities.

The following are not considered expenditure directly attributable to community development activities for the purpose of this requirement:

- xiii. Sales, administrative and other general overhead expenditure unless this expenditure can be directly attributed to the community development activities;
- xiv. Employee benefit expenses for employees only partly involved in community development activities (for example, a player having some form of involvement in community development activities).

c. Expenditure directly attributable to women's football activities

A licensee may adjust expenditure directly attributable to women's football activities.

Expenditure directly attributable to women's football activities means expenditure that would have been avoided if the licensee did not undertake football activities for players involved in women's teams in the territory of the UEFA member association.

Examples of women's football activities:

- i. Organisation of a women's football sector to train, educate and develop players;
- ii. Women's teams taking part in official national, regional or local competitions or programmes recognised by the UEFA member association. Examples of expenditure directly attributable to women's football activities:
- iii. Costs of materials and services used to undertake women's football activities, including accommodation costs, medical fees, educational fees, travel and subsistence, kit and clothing and facility hire;
- iv. Employee benefit expenses for employees wholly involved in women's football activities, such as players and technical staff, if their employment by the licensee is for the purpose of women's football activities. If a licensee cannot separately identify expenditure on women's football activities from other expenditure, then such expenditure will not be treated as expenditure directly attributable to women's football activities. The following are not considered expenditure directly attributable to women's football activities for the purpose of this requirement:
- v. Player scouting costs;
- vi. Costs to obtain the registration of a player, such as any fees paid to an agent/ intermediary or to another club;
- vii. Selling, administrative and other general overhead expenditure unless this expenditure can be directly attributed to women's football activities;
- viii. Employee benefit expenses for employees only partly involved in women's football activities (for example, a coach working part time on women's football activities).

d. Expenditure directly attributable to non-football operations related to the club

A licensee may adjust relevant expenses against the net of:

- i. expenditure directly attributable to non-football operations related to the club; and
- ii. the corresponding income.

e. Finance costs directly attributable to the construction and substantial modification of tangible assets

A licensee may adjust any finance costs that are directly attributable to the construction and/or substantial modification of tangible assets for use for the club's football activities, provided the finance costs have been expensed in a reporting period rather than capitalised as part of the cost of the asset, up until when the asset is ready for use.

The amount that may be adjusted is the actual interest expense (not otherwise capitalised) less any investment income on the temporary investment of the amount borrowed in respect of which the interest relates. The relevant interest is from the date when the entity incurs expenditure for the asset, incurs borrowing costs and/or undertakes activities that are necessary to prepare the asset for its intended use or sale, until the asset is ready for use.

After completion of the construction and/or substantial modification of an asset, these finance costs can no longer be offset.

f. Costs of leasehold improvements

A licensee may adjust subsequent construction and/or substantial modification costs it has incurred on a tangible asset that has been leased for at least ten years if such costs (i) can be measured reliably, (ii) will result in future economic benefits for the licensee, and (iii) are not otherwise capitalised.

For the avoidance of doubt, day-to-day servicing and regular maintenance costs in relation to specific items of property, plant or equipment cannot be offset.

F CONDITIONS FOR THE INCREASE OF THE ACCEPTABLE DEVIATION DEFINED IN ARTICLE 110

A licensee must satisfy the following financial conditions to be entitled to an increase in the level of acceptable deviation for a reporting period

a. Condition 1: Positive equity

At the end of the reporting period, the licensee reports positive equity.

b. Condition 2: Quick ratio

At the end of the reporting period, the licensee reports a quick ratio equal to or above 1.

The quick ratio is calculated as total current assets less inventories divided by total current liabilities.

Total current assets = Sum of current items (i) to (v) of Annex V/B Inventories = item (vi) of Annex V.2.1

Total current liabilities = Sum of current items (xii) to (xxii) of Annex V.2.1

c. Condition 3: Sustainable debt ratio

At the end of the reporting period,

- the licensee's net debt (less the amount that is directly attributable to the construction and/or substantial modification of a stadium and/or training facilities)

is less than three times

- the average (which must be positive) of relevant earnings for the reporting period in question and the one immediately preceding it.

For the purpose of condition 3, relevant earnings are calculated as the sum of:

- i. the total revenue (as calculated for football earnings); and
- ii. total net result from player transfers; less
- iii. total operating expenses (as calculated for football earnings).

d. Condition 4: Going concern

The auditor's report in respect of the annual financial statements for the reporting period does not contain, regarding the going concern, an emphasis of matter, a key audit matter or a qualified opinion/conclusion.

G. DEFINITION OF FAIR VALUE

Fair value means the price that would have been received to sell an asset or paid to transfer a liability in an orderly transaction between market participants or between willing parties in an arm's length transaction at the transaction date.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. An arrangement or a transaction is deemed not to be an arm's length transaction if it has been entered into on terms more favourable to either party to the arrangement than would have been otherwise obtained.

H. FAIR VALUE ASSESSMENT

In situations where the declared fair value of a transaction is assessed by the CFCB, an independent third-party assessor will perform a fair value assessment conform to standard market practices and assign a fair value to the transaction. The club may choose an independent third-party assessor which has been approved by UEFA.

The assessment of commercial transactions must be based on the procedure approved by the CFCB.

If the licensee initiates a fair value assessment or the CFCB reviews a fair value declared by the licensee as per these regulations, the licensee can appoint an independent third-party assessor from the shortlist of entities approved by UEFA to perform such fair-value assessment. The third-party assessor must not be subject to any conflict of interest with the licensee or a related party of the licensee (e.g. otherwise contracted with the licensee or licensee's related party in any other business during the relevant period including the current licence season) and will be required to confirm its independence.

If the fair value assessment performed by a third-party assessor appointed by the licensee is deemed satisfactory by the CFCB, the corresponding assigned fair value is then used for the calculation of football earnings and/or the squad cost ratio.

The CFCB reserves the right to mandate additional approved third-party assessors to perform an additional fair value assessment of the same transaction under review. In this situation, the fair value used for the calculation of football

earnings and/or the squad cost ratio corresponds to the average of fair values indicated in the two fair value assessment reports.

I. FAIR VALUE ASSESSMENT OF PLAYER EXCHANGE TRANSACTIONS

If the CFCB has doubts about the value of any exchange transaction between the licensee and another party or other parties, it can request the licensee to adjust the proceeds resulting from the disposal of a player's registration (for the calculation of the profit on disposal of the player's registration for clubs using the capitalisation and amortisation method of accounting for player registrations) by considering the proceeds to be the lower of:

- i. the actual transaction proceeds on disposal; and
- ii. the net book value in respect of the costs of the player's registration in the licensee's financial statements.

ANNEX X – ELEMENTS RELATING TO THE CALCULATION OF THE SQUAD COST RATIO

A- Squad cost ratio numerator

(1) Definitions for the calculation of the squad cost ratio numerator are as follows:

(2) Employee benefit expenses of relevant persons

a. Employee benefit expenses of relevant persons are the aggregate of the employee benefit expenses incurred by the licensee or any entity of the reporting perimeter, as defined in Article 87, in respect of each relevant person.

b. Relevant persons include:

i. each professional male player registered with the licensee at any time during the relevant period;

ii. any other professional male player whose registration the licensee has agreed to temporarily transfer to another football club for the relevant period;

iii. any other professional male player in respect of whom the licensee has incurred employee benefit expenses in the relevant period;

iv. any person who acted as head coach, as defined in Article 63, in the relevant period; and

v. any other person who previously acted as head coach and for whose role as head coach the licensee has incurred employee benefit expenses in the relevant period.

c. Employee benefit expenses of relevant persons include:

i. gross wages/salaries, i.e. gross of any income tax and employee social security charges;

ii. non-monetary benefits for current employment e.g. benefits-in-kind, access to private medical care, housing, cars and free or subsidised goods and services;

iii. signing-on and loyalty payments;

iv. sporting performance bonus costs and other bonus costs;

v. post-employment benefits, including pension contributions and any lump sum payments on retirement, and any other post-employment benefits, e.g. life insurance and access to medical care;

vi. other long-term employee benefits, e.g. long-term paid absences, jubilee or other long-service benefits, profit sharing and bonuses, and deferred remuneration;

vii. termination benefits/payments;

viii. fees, performance or other contractual bonuses;

ix. image rights payments directly or indirectly resulting from contractual agreements for the right to exploit the employees' image or reputation for promotional, media or endorsement work in relation to football and/or nonfootball activities;

x. any employer social security charges;

xi. if not otherwise included in items set out above, any other forms of consideration such as cryptocurrencies, crypto-assets, fan tokens and nonfungible tokens; and

xii. all costs incurred in respect of a relevant person, by a third party relating to appearances, sponsorship, endorsement or merchandising work, unless the licensee can prove to the satisfaction of the CFCB that the arrangement is genuine, is at fair value, and has been negotiated and entered into independent of any relationship between the sponsor/third party and the licensee.

(3) Amortisations/impairment of relevant persons' costs are calculated from the licensee's annual financial statements and/or interim financial statements as defined in Annex G.

(4) Costs of agents/intermediaries/connected parties

a. Costs of agents/intermediaries are costs of agents/intermediaries not otherwise included in employee benefit expenses of relevant persons and amortisation/ impairment of relevant persons' costs.

b. Costs of connected parties are all costs paid to a connected party and incurred by the licensee, any entity of the reporting perimeter or a third party in respect of a relevant person.

c. Connected party means, in relation to a relevant person:

i. any close member of such relevant person's family, where close family member means: - a spouse, domestic partner or civil partner; - any other person with whom the relevant person lives as partner in an enduring family relationship; - children or step-children of the relevant person or of any person falling within paragraph (i) of this definition; - any children or step-children of a person falling within paragraph (i) of this definition who live with the relevant person and have not attained the age of 18; - siblings; - parents; and - dependents of the relevant person or of any person falling within paragraph (i) of this definition.

ii. any agent/intermediary or representative acting on behalf of the relevant person;

iii. any legal entity in relation to which a relevant person or any of the categories of person identified within paragraphs (i) and (ii) of this definition is: - beneficially entitled to 20% or more of the entire issued share capital of that body corporate; or - entitled to exercise or control the exercise of more than 20% of the voting power at any general meeting of that body corporate; and

iv. any company, trust, partnership, or other body, organisation or mechanism established or operating directly or indirectly in whole or in part for the benefit of or in respect of the relevant person or any or all of the other categories of person referred to in this definition.

B- Squad cost ratio denominator

(1) Definitions for the calculation of the squad cost ratio denominator are as follows:

(2) Adjusted operating revenue is calculated as the sum of the following items as described in Annex IX:

a. Revenue – Gate receipts

b. Revenue – Sponsorship and advertising

c. Revenue – Broadcasting rights

d. Revenue – Commercial activities (net of costs directly attributable to merchandise sales)

e. Revenue – UEFA solidarity and prize money

f. Revenue – Other operating income (net of costs directly attributable to nonfootball operations related to the club)
The above revenues must be decreased if any of the elements listed in a) to e) above include any of the items below as described in Annex IX:

g. Income transaction(s) above fair value;

h. Income from non-football operations not related to the club;

i. Exceptional income.

(3) Net profit or loss on disposal of relevant persons' registrations must be recognised as described in Annex VI.

(4) Other transfer income/expenses are calculated as the sum of the following items:

i. Costs of relevant persons in the relevant period which are not otherwise accounted for using the capitalisation and amortisation method of accounting in employee benefit expenses or in other costs of agents/intermediaries;

ii. Loan costs comprising amounts incurred in respect of the temporary transfer-in of a player from another club or transfer-out of a player to another club plus any directly attributable amounts incurred towards another party such as another football club, agent/intermediary, or national football association/league;

iii. Income accounted for in the relevant period from disposal of relevant persons' registrations which is not otherwise accounted for using the capitalisation and amortisation method of accounting; and iv. Loan income comprising amounts recognised in respect of the temporary transfer-out of a player to another club or transfer-in of a player less any directly attributable amounts paid and/or payable for a commitment to another party such as another football club, agent/intermediary, or national football association/league.

ANNEX XI – IMPLICATIONS OF BREACHES OF THE SQUAD COST RULE

(1) Principles

- a. A licensee with a squad cost ratio above the limit defined in Article 116, i.e. in breach of the squad cost rule, will be subject to a financial disciplinary measure decided by the CFCB based on the extent to which the licensee's squad cost ratio is in excess of the defined limit and the number of breaches by the licensee in the current and the previous three licence seasons.
- b. The financial disciplinary measure will be permanently withheld by UEFA from the UEFA solidarity and prize money the licensee earns from its participation in UEFA club competitions in the licence season. If the solidarity and prize money generated from UEFA club competitions is less than the financial disciplinary measure, UEFA shall withhold all such solidarity and prize money and the club shall pay the remainder by a deadline set by the CFCB.
- c. If a licensee is considered to have committed a significant breach of the squad cost rule, the CFCB will apply additional disciplinary measures in addition to the financial disciplinary measure in accordance with the list provided in the Procedural rules governing the UEFA Club Financial Control Body.

(2) Definition of significant breach

A licensee is considered to have committed a significant breach of the squad cost rule if:

- a. its squad cost ratio for the licence season is more than 20% points above the limit defined in Article 116; or
- b. its squad cost ratio for the licence season is more than 10% points above the limit defined in Article 116 and it has exceeded the limit defined in Article 116 once or more in the previous three licence seasons; or
- c. its squad cost ratio for the licence season is above the limit defined in Article 116 and its squad cost ratio has exceeded the limit defined in Article 116 two or more times in the previous three licence seasons.

(3) Calculation of the financial disciplinary measure

If a licensee's squad cost ratio is in excess of the defined threshold, then the licensee will be subject to a financial disciplinary measure, to be calculated as a proportion of the squad cost ratio excess.

A licensee's squad cost ratio excess is the amount by which the licensee's squad cost ratio numerator as defined in Article 115 exceeds the squad costs that would otherwise have been required for the licensee's squad cost ratio to equal the limit defined in Article 116.

The financial disciplinary measure to be imposed by the CFCB will be a percentage of the licensee's squad cost ratio excess, based on the severity of the breach and number of breaches of the squad cost rule committed by the licensee in the last four licence seasons (including the licence season). When imposing the financial disciplinary measure, the CFCB will take into consideration the table in accordance with Annex XI/4 below.

4. Financial disciplinary measure grid

The level of financial disciplinary measure as a percentage of the licensee's squad cost ratio excess:

Squad cost ratio % points above defined limit	First time in breach	Second time in breach	Third time in breach	Fourth time in breach
>0 - ≤10	10%-25%	25%-50%	50%-75%	75%-100%
>10 - ≤20	25%-50%	50%-75%	75%-100%	
>20 - ≤30	50%-75%	75%-100%		
>30	75%-100%			

ANNEX XII – OTHER FACTORS TO BE CONSIDERED IN RESPECT OF THE CLUB MONITORING REQUIREMENTS

(1) Other factors to be considered in respect of the club monitoring requirements

Other factors within the meaning of Article 119 to be considered by the CFCB (nonexhaustive list):

a. Quantum and trend of non-compliance

The larger the quantum of the non-compliance with a monitoring requirement, the less favourably it will be viewed. An improving trend in respect of a monitoring requirement will be viewed more favourably than a worsening trend.

b. Football earnings surplus

As part of its assessment of the squad cost ratio, the CFCB may view more favourably a licensee that demonstrates that it has a football earnings surplus in each of the reporting periods T and T+1 (based on audited financial statements).

c. Impact of conversion of accounts from local reporting currency into euros

If exchange rates have changed such that there is an adverse impact on the licensee's aggregate football earnings in euros compared to the currency used by the licensee for its annual financial statements, then the quantum of the impact of changes in exchange rates will be taken into account.

If the aggregate football earnings in the local currency are positive, then the licensee should in principle not be sanctioned.

For the avoidance of doubt, this mitigating factor does not address the impact of currency exchange differences (exchange gains and/or losses as recognised in the annual financial statements) resulting from transactions denominated in foreign currencies but solely to the conversion of football earnings from a local reporting currency into euros in the CL/FS IT solution.

d. Short-term forecast and long-term business plan

As part of its considerations, the CFCB may request from the licensee its shortterm forecast and long-term business plan. The required information consists of a balance sheet, a profit and loss account and a cash flow statement, which must be based on reasonable and prudent assumptions and submitted in the form communicated by UEFA.

A long-term business plan that indicates a licensee's ability to comply with the club monitoring requirements will be viewed favourably by the CFCB.

e. Debt situation

Additional information may also be requested from a licensee in respect of its debt situation. This may include aspects such as the source of debt, the ability to service interest and principal payments, compliance with debt covenants and the maturity profile of debt.

As part of its considerations, the CFCB may evaluate among others the following debt ratios to assess a licensee's capital structure and debt-servicing capability:

- i. Degree of leverage – the level of net debt relative to revenues and underlying assets;
- ii. Profitability and coverage – the level of revenues relative to net debt servicing costs;
- iii. Cash flow adequacy – the capacity to cover both interest and principal repayments of net debt.

f. Force majeure

The CFCB may take into account extraordinary events or circumstances beyond the control of the club which are considered as a case of force majeure.

g. Major and unforeseen changes in the economic environment

The CFCB may take into account the quantifiable financial impact on the club of extraordinary national economic events which are temporary and considered to be beyond the general fluctuation of the economic environment. Such events were beyond the control of the club and the club had no reasonable chance to mitigate the significant negative financial impact. Such quantifiable financial impact on the club must be covered by contributions not already considered in the club monitoring requirements.

h. Operating in a structurally inefficient market

The CFCB may consider whether the licensee is operating in a structurally inefficient football market. The inefficiency of a football market (defined as the territory of a UEFA member association) is determined by UEFA on a yearly basis by means of a comparative analysis of the top-division clubs' total gate receipts and broadcasting rights revenues relative to the population of the territory of the UEFA member association concerned. Such structurally inefficient market factor must be covered by contributions not already considered in the club monitoring requirements.

ANNEX XIII – CALCULATION OF TEAM EXPENSE LIMITS FOR CLUBS

A. PRINCIPLE

The principal repayments of clubs to financial institutions in Season T+1 shall be deducted from the respective Club Spending Limits.

Team Expense Limit includes:

- Professional Player Wage Costs;
- A Team Coach Wage Costs (A Team Head Coach and Coaches); and
- Agent Wage Costs.

Gross sums (taxes included, V.A.T not included) shall be taken into consideration for calculating the amounts included in Team Expense Limit.

Professional football players' contracts which exceeds the Team Expense Limits will not be registered.

In calculating the Team Spending Limit, consolidated or combined financial figures of the associations in the legal group structure, all affiliates and affiliates affiliated to the association and all affiliates and subsidiaries of the Joint Stock Company engaged in sports shall be taken into consideration.

Clubs may also use the Team Expense Limit for covering the losses arising from transfers. The transfer losses of Clubs which could be covered through the Team Expense Limit shall be equal to the negative sum to be calculated by deducing the transfer fee payable from the transfer revenue to be acquired in T+1 season.

If the sum to be calculated by deducing the transfer fee payable by Clubs from the transfer revenue to be acquired in T+1 season is positive, TFF shall define additional expense limits for clubs in line with the criteria specified in F.4 below.

If there is any configuration and / or credit principal payment made with the banks from the T + 1 season, these principal payments will also have to remain within the team expenditure limit.

B. SUBMISSION DEADLINES FOR FINANCIAL REPORTS

1- Clubs shall be obliged to provide the TFF with their expected financial reports for season T and their revenues and expenses to be calculated in line with the following criteria for Season T+1 complete with the opinion fathered from an independent auditing company along with their realised and audited financial reports for seasons T-1 and T-2 by 30th April at the latest.

2- Clubs shall be obliged to provide the TFF with the revised versions of their expected financial reports for season T, their revenues, and expenses to be calculated in line with the following criteria for Season T+1. and their current obligations included in the respective Team Spending Limit by reason of their contracts in progress, complete with the opinion fathered from an independent auditing company by 31st May at the latest.

3- Clubs shall be obliged to provide the TFF with their realised and audited final financial statements pertaining to season T under Article 21 of the Instructions and the final versions of their revenues and expenses to be calculated with respect to season T+1 in line with the criteria specified below as approved by an Independent Auditing Company (Assurance Report) by 31st July at the latest. For clubs with shares traded at Istanbul Stock Exchange, the financial notification deadlines prescribed by Istanbul Stock Exchange shall apply for the purposes of the present article.

A. CALCULATION OF INCOME AND EXPENSE ITEMS FORMING BASIS FOR TEAM EXPENSE LIMIT

“New season budget” refers to the consolidated financial results to be created based on the following criteria.

1- Calculation of Revenues:

1.1- Calculation of Ticketing Revenues:

The Ticketing Revenues to be applicable for the Team Expense Limit in T+1 season shall be calculated based on the average value of the relevant sums in T-2, T-1 and T seasons through inflation adjustment.

1.2.- Sponsorship and Advertising Revenues

The Sponsorship and Advertising Revenues to be applicable for the Team Expense Limit in T+1 season shall be calculated based on the average value of the relevant sums in T-2, T-1 and T seasons through inflation adjustment.

1.3.- Broadcasting Revenues

The Broadcasting Revenues to be taken into consideration for setting Team Expense Limit in T+1 season shall be comprised of the share of previous championships, equal distribution share, season-end ranking awards and match point performance share. The share of previous championships as well as the equal distribution share shall be determined by TFF. The amount of point performance share shall be calculated according to the premiums for draws and wins to be defined for T+1 season by TFF based on the average sum of wins and draws of clubs in T-2, T-1 and T seasons whereas season-end ranking awards shall depend on the average of the club ranking in T-2, T-1 and T seasons. Broadcasting Revenues shall also include the average amount of the shares and win revenues generated by Clubs for seasons T-2, T-1. and T under the Turkish Cup.

1.4.- Commercial Revenues

The Commercial Revenues to be applicable for the Team Expense Limit in T+1 season shall be calculated based on the average value of the relevant sums in T-2, T-1 and T seasons through inflation adjustment.

1.5.- UEFA Revenues

The broadcasting, participation, market share etc. revenues to be acquired from UEFA competitions in T-2, T-1 and T seasons shall not be taken into consideration for ascertaining the Team Expense Limit for T+1 season. If clubs qualify for UEFA competitions in T+1 season, additional expense limits shall be defined for the relevant clubs in line with the criteria specified in article G.3 below.

1.6.- Other Operational Revenues

Other operational revenues of clubs shall not be taken into account for setting the Team Expense Limit for T+1 season. If there is any other operational revenue regularly obtained for the same activity in T-2, T-1 and T seasons, the Team Expense Limit for T+1 season shall be calculated in line with the average value of the relevant sums actualized in T-2, T-1 and T seasons through inflation adjustment.

1.7.- Transfer Revenues

No transfer revenue shall be included in the budget to be presented to TFF for T+1 season by clubs. If there appears to be a positive sum after the transfer fee payable by clubs in T+1 season is deduced from the transfer revenues to be derived in the same season, TFF shall define additional expense limits for the relevant clubs in line with the criteria specified in article G.4 below.

Transfer revenues refer to the net revenues generated by reason of the permanent or temporary transfer of professional footballers by their clubs during the relevant transfer season. The net revenue arising from a transfer represents the net sum excluding VAT calculated through the deduction of solidarity contributions and training compensations, etc. to be paid to third parties from the gross transfer revenue to be paid to a given club in return for a transfer. The calculation of transfer revenues shall take into consideration only the sum of unconditional amount due to a club by reason of a transfer. However, the registration of such amount due as transfer revenue depends on the materialization of the condition.

1.8.- Profit made by selling intangible assets

Profits made by selling intangible assets from previous seasons will not be considered when calculating the “Team Expanse Limit” for the T+1 season.

1.9.- Assessment divergence of Intangible Assets

Assessment divergences of intangible assets from previous seasons will not be considered when calculating the “Team Expanse Limit” for the T+1 season.

Example-1 Calculation of Revenues:

a- Calculation of Ticket Revenues, Sponsorship and Advertising Revenues, and Revenues from Commercial Activities:

The Ticket Revenues, Sponsorship and Advertising Revenues, and Revenues from Commercial Activities of a club are as given below in million TRY:

	2018	2019	2020
Ticket revenues	15	17	20

Sponsorship and Advertising Revenues	40	47	52
Revenues from Commercial Activities	5	7	9

Inflation Adjustment Coefficient:

The Adjustment Coefficient refers to the coefficient calculated through the division of the price index pertaining to the month of the financial statements (CPI=TUFE) by the price index of the financial statement belonging to the end of the previous period (CPI=TUFE) in line with the consumer price index (CPI=TUFE) as announced by the Statistical Institute of Turkey (TURKSTAT).

The calculation of Team Spending Limits for the next season (T+1) will bring the revenues from 2018, 2019 and 2020 seasons to the year 2021 with the application of the Adjustment Coefficient.

The calculation of the TUFE price index for May 2021 will determine the price index by averaging the rates of increase pertaining to the previous two years.

	A	B	C	D	A+D
	May.20	May.19	May.18	(A-C)/2	May.21
TUFE	460.62	413.52	348.34	56.14	516.76

$$\text{Correction Coefficient} = \frac{\text{Price Index for the Financial Statement Month (TUFE)}}{\text{Price Index for the Month Covering the Previous Date in the Financial Statement (TUFE)}}$$

Adjustment of 2018 Revenue Calculations;

$$\text{2018 Correction Coefficient} = \frac{\text{May 2021 TUFE}}{\text{May 2018 TUFE}} = \frac{516.76}{348.34} = 1.4835$$

Adjustment of 2019 Revenue Calculations;

$$\text{2019 Correction Coefficient} = \frac{\text{May 2021 TUFE}}{\text{May 2019 TUFE}} = \frac{516.76}{413.52} = 1.2497$$

Adjustment of 2020 Revenue Calculations;

2020 Correction Coefficient	May 2021 TUFÉ	516.76	1.1219
	May 2020 TUFÉ	460.62	

The Adjustment Coefficient will be employed to bring the revenues for 2018, 2019, and 2020 seasons to the year 2021.

The following Adjustment Coefficient will be applied for the years pertaining to the revenues according to the calculations above.

	2018	2019	2020
Correction Coefficient	1.4835	1.2497	1.1219

The adjustment operations undertaken through the product of revenues pertaining to the relevant years with the respective Adjustment Coefficients are as follows and the calculations for season T+1 will be based on adjusted average values.

	2018	2019	2020	Total	Average
Ticket revenues	22	21	22	66	22
Sponsorship and Advertising Revenues	59	59	58	176	58
Revenues from Commercial Activities	7	9	10	26	9

b-) Calculation of Broadcasting Revenues

The Numbers of Wins and Draws of a Club for the Last 3 Seasons are as follows:

	2017-2018	2018-2019	2019-2020	Total	Average
Wins	13	14	16	43	14
Draws	12	9	12	33	11

The club has an average number of 14 wins and an average number of 11 draws for the last three seasons. The club has an average rank of six in the last three seasons. Accordingly, the expected broadcast revenues of the Club for season T+1 will be as follows:

	Million TRY
Share from Past Championships	0
Equal Distribution Share	35
End-Season Rank Awards	4
Wins (2.8 x 13)	40
Draws (1.4 x 10)	15
Total	95

2- Calculation of Expenses and Costs:

2.1.- Product Sales Costs

The product sales costs to be applicable for determination of the Team Expense Limit for T+1 season shall be calculated based on the average value of the actual sums in T-2, T-1 and T seasons through inflation adjustment.

2.2.- Player/Coach/Agent Wage Costs

Player, A Team Head Coach and Coaches and Agent wage expenses shall not be taken into consideration for calculating the Team Expense Limit for T+1 season.

2.3.- Other Personnel (excluding Players and Coaches) Wage Costs

The gross sums payable to other employees of clubs which shall set the basis for calculation of the Team Expense Limit for T+1 season shall be calculated based on the average value of the actual sums in T-2, T-1 and T seasons through inflation adjustment. The variations in taxes and other legal liabilities, if any, shall be posted to the value designated for T+1 season.

2.4.- Other Operational Costs

For calculation of the Team Expense Limit for T+1 season, the other operational costs (excluding agent fees if applicable for the purposes of this heading) shall be calculated based on the average value of the actual sums in T-2, T-1 and T seasons through inflation adjustment.

2.5.- Costs Related to Transfers

No transfer cost shall be included in the budgets to be presented to TFF for T+1 season by clubs. If there appears to be a negative sum after the transfer fee payable by clubs in T+1 season is deducted from the transfer revenues to be derived in the same season, the Team Expense Limit shall be reduced in proportion to this sum.

Transfer expenses refer to all sums pertaining to this period payable non-conditionally or conditionally to any other clubs for the handover of the license of a professional footballer or their lease as effectuated by clubs during the relevant seasons. Transfer expenses cover all definite payments addressed to the former clubs of transferred footballers and to any other clubs by reason of such transfer. All solidarity contributions and training compensations, etc. payable to other clubs by reason of transfers are to be included in the calculation of transfer expenses.

2.6.- Financing Expenses

The Financing Expenses to be considered in the designation of Team Spending Limits for season T+1 are calculated on the basis of the difference (if positive) between the credit / debit (net) balances of the parties subject to the long- and short-term financial obligations (bank loan and factoring debts) as specified in the financial statements of 31st May for season T. The rate of interest pertaining to financial obligations in Turkish Lira is applied as the weighted average of the effective rate of interest.

Financial Obligations consisting of sums in TRY and other currencies are subject to the rate of interest as applicable to obligations in TRY.

Financial Obligations consisting of sums only in currencies other than TRY are subject to the overnight imputed rate of interest for Turkish Lira (TLREF) + 5. The rate to be applied for calculations is average TLREF + 5 for the month marked by the release of the financial statements.

In case of any changes in the market rate of interest, the TFF reserves the right to alter the rates of interest to be applied under the present article with relevant information communicated by the Club Licensing Committee to the Clubs.

Example-2: Calculation of Expenses and Costs:

a- Calculation of Other Personnel Remuneration Expenses, Product Sale Costs, and Other Activity Expenses

The Other Personnel Remuneration Expenses, Product Sale Costs, and Other Activity Expenses of a Club are as follows in million TRY:

	2018	2019	2020
Other Personnel Remuneration Expenses	3	5	9
Product Sale Costs	3	5	6
Other Activity Expenses	15	17	20

Inflation Adjustment Coefficient:

The Adjustment Coefficient refers to the coefficient calculated through the division of the price index pertaining to the month of the financial statements (TUFÉ) by the price index of the financial statement belonging to the end of the previous period (TUFÉ) in line with the consumer price index (TUFÉ) as announced by the Statistical Institute of Turkey (TURKSTAT).

The calculation of Team Spending Limits for the next season (T+1) will bring the revenues from 2018, 2019 and 2020 seasons to the year 2021 with the application of the Adjustment Coefficient.

The calculation of the TUFÉ price index for May 2021 will determine the price index by averaging the rates of increase pertaining to the previous two years.

	A	B	C	D	A+D
	May 20	May 19	May 18	(A-C)/2	May 21
TUFÉ	460.62	413.52	348.34	56.14	516.76

$$\text{Correction Coefficient} = \frac{\text{Price Index for the Financial Statement Month (TUFÉ)}}{\text{Price Index for the Month Covering the Previous Date in the Financial Statement (TUFÉ)}}$$

Adjustment of 2018 Revenue Calculations;

2018 Correction Coefficient	May 2021 TUFÉ	516.76	1.4835
	May 2018 TUFÉ	348.34	

Adjustment of 2019 Revenue Calculations;

2019 Correction Coefficient	May 2021 TUFÉ	516.76	1.2497
	May 2019 TUFÉ	413.52	

Adjustment of 2020 Revenue Calculations;

2019 Correction Coefficient	May 2021 TUFÉ	516.76	1.1219
	May 2020 TUFÉ	460.62	

The Adjustment Coefficient will be employed to bring the revenues for 2018, 2019, and 2020 seasons to the year 2021.

The following Adjustment Coefficient will be applied for the years pertaining to the revenues according to the calculations above.

	2018	2019	2020
Adjustment Coefficient	1,4835	1,2497	1,1219

The adjustment calculations are to be as shown below, by multiplying the Income belonging to the related years with the adjustment coefficient of the related year. The adjusted average values will be used for the T+1 period calculation.

	2018	2019	2020	Total	Average
Other Personnel					
Remuneration Expenses	4	6	10	21	7
Product Sale Costs	4	6	7	17	6
Other Activity Expenses	22	21	22	66	22

b- Calculation of Financing Expenses:

Example.1

According to the last Financial Statement, the total sum of the Short- and Long-Term Financing Debts of a Club is 100 million TRY and 50 million TRY of this sum consists of foreign-currency loans and the remaining 50 million TRY of loans in Turkish Lira.

Financial Obligations consisting of sums in TRY and other currencies are subject to the weighted average of the effective rate of interest applied to financial obligations in TRY. The weighted average of the effective rate of interest pertaining to the financial obligations of the Club in Turkish Lira is 15%. Accordingly, the financing expenses of the Club for season T+1 will be;

100 million x 15% = 15 million TRY.

Example.2

According to the last Financial Statement, the total sum of the Short- and Long-Term Financing Debts of a Club is 100 million TRY consisting of foreign-currency loans as a whole.

Financial Obligations consisting of sums only in currencies other than TRY are subject to the overnight imputed rate of interest for Turkish Lira (TLREF) + 5. The rate to be applied for calculations is average TLREF + 5 for the month marked by the release of the financial statements. 2020/ May TLREF Rate + 5 ($8.70 + 5 = 13.70$).

Accordingly, the financing expenses of the Club for season T+1 will be $100 \text{ million} \times 13.79\% = 13.7 \text{ million TRY}$.

B. SETTING TEAM EXPENSE LIMIT

Team Expense Limits of clubs shall be the lower of the two figures found out with the use of the two calculation methods provided below in line with the financial statements to be presented to TFF.

Method 1: Calculation of income and expense difference

Method 2: Calculation method over Net Debt / Net Operating Income Ratio

In the 2019/2020 season, the team Expense limit will be calculated by averaging the amounts to be found using these two calculation methods.

Starting with the 2020/2021 Season, the Team Spending Limit will be calculated through averaging the sums to be determined with the use of these two calculation methods.

The Team Expense Limits will be determined in TRY (Turkish Currency)

1. Method for Calculation Based on Difference between Revenues and Expenses:

These are the amounts to be found by deducting the above-mentioned expenses from the incomes of the clubs using the calculation methods mentioned above.

Example: 3

Football & Product Sale Expenses	(million TRY)
Footballer & Technical Staff & Management Remuneration	-
Other Personnel Expenses	7
Product Sale Costs	6
Other Activity Expenses	22
Financing Expenses	15
Loan Repayments	30
Total Activity Expenses	80

Team Spending Limit	104
----------------------------	------------

Football & Product Sale Revenues	(million TRY)
Ticket Revenues	22
Sponsorship and Advertisement Revenues	58
Broadcasting Revenues	95
UEFA Revenues	-
Revenues from Commercial Activities	9
Revenues from Other Activities	-
Total Activity Revenues	184

2. Calculation Based on Net Debt / Net Operating Income Ratio:

The consolidated financial figures of all affiliates and subsidiaries of the Company will be taken into consideration when calculating the team expense limit based on Net Debt / Net Operating Income ratio

The association in its structure, all affiliates and subsidiaries of the association and Incorporation.

Net debt in the last audited consolidated IFRS financial statements within the scope of consolidation, Net Operating Income is calculated as follows:

Net Debt = Total Liabilities - Current Assets - Sports Facility Investments Net Book Value

Net Operating Income = Sales Revenues - Transfer Revenues - UEFA Revenues

Above the ratio is calculated by dividing the Net Debt by Net Operating Income.

What percentage of the Total Operational Income calculated by procedures will be determined as Team Expense Limit is shown in the table below.

Net Debt / Income Ratio	Total Operational Income Ratio
≤ 0 - 10%	95%
11 - 25%	90%
26 - 50%	85%
51 - 75%	80%
76 - 100%	70%
101 - 150%	65%
151 - 200%	60%
201 - 250%	55%
251 - 300%	50%
301-350%	45%
351% and above	40%

Team Expense Limit shall be calculated by multiplying the value equal to the calculated ratio with the Total Operational Income of the club.

Example: 4-

Club's Financial Data:

	Mio TRY
Short-Term Liabilities	85
Long-Term Liabilities	60
Total Liabilities	145
Current Assets	-20
Net Book Value of Sports Facility Investments	-5
Consolidated Net Debt ^A	120
Consolidated Sales Revenues	81
Transfer Revenues	0
UEFA Revenues	0
Consolidated Net Income ^B	81
Ratio % (Consolidated Net Debt/Consolidated Net Income) ^{A / B}	148 %
Net Debt / Income Ratio	65%
Total Operational Income	184
Available Team Expense Limit	120
(Total Operational Income * Total Operational Income Ratio)	

The team expense limit will be the average some of the two above mentioned calculation methods,

	Million TRY.
1. Calculation method based on income/expense difference	104
2. Calculation method based on consolidated net debt/consolidated net income ratio	120
Average	112

According to the examples provided above, the result to be achieved through the Calculation Based on Income / Expense Difference is TRY 104 million while the Calculation Based on Consolidated Net Debt / Consolidated Income Ratio turns out to be TRY 120 million. Hence, the Team Expense Limit to be determined for the club for T+1 season shall be TRY 112 million, which is the average of the two sums.

C. ACCEPTABLE DEVIATION FROM TEAM EXPENSE LIMIT

Clubs shall not be imposed any sanction for limit excesses up to 30% in 2019-2020 season. This ratio shall be reduced to 15% in 2020-2021 season. Clubs shall have to observe the Team Expense Limit in the ongoing seasons.

D. SETTING A TEAM EXPENSE LIMIT FOR CLUBS QUALIFYING FOR UPPER LEAGUES

The professional football team spending limits of clubs not involved in the Super League in season T will be calculated as the average of the Team Spending Limits (excluding the teams with the highest and the lowest spending) approved for season T+1 with respect to the clubs that have completed the Super League at ranks between 7 and 15 during season T. If these clubs apply to the Club Licensing Committee with their reports, approved by an independent auditing company, specifying their revenue and expense items as considered for the Team Spending Limit finalized for season T, realized for season T+1, and estimated for the term until the end of season T+1, the Club Licensing Committee will designate their Team Spending Limit in line with the principles prescribed in the present instructions.

E. INCREASING TEAM EXPENSE LIMITS

The team spending limits designated to the clubs may be increased by the Club Licensing Committee upon the lodging of the relevant applications by 15th December and of subsequent applications by 18.00 on the last day of both transfer and licensing seasons in line with the following justifications and procedures.

The club's team spending limit increase rates are determined according to the ratios calculated in the Calculation Method as stated in the article Annex XII D 2 Net Debt/Net Operating Income Ratio.

Net debt / Income ratio	The Part of Income Increase that Can Be Added to the Expense Limit
≤ 0 - 50%	100%
51 – 200%	2/3
201 % and above	1/3

1. Increasing Expense Limits Based on Targeted Revenue Increases

Clubs that are included in the budget items in the T-2, T-1 and T seasons and aiming to increase the average values from these items, will submit their reports enclosed the auditor's opinion together with their justifications to the TFF, and after the approval of the TFF Club Licensing Committee, the expected income increase amount will be determined as above Net Debt / The portion to be determined by the ratio corresponding to the Net Operating Income ratio can be used to increase the Team Expense Limits.

2. Increasing Team Expense Limits via Capital Increase

After the capital increase process of the clubs that strengthen their equity and financial structures with the capital increase method, they will submit the paid amount of the capital increase fee to the TFF, and after the approval of the TFF Club Licensing Committee, the amount determined by the ratio corresponding to the Net Debt / Net Operating income ratio as defined above will be able to use to increase Team Spend Limits regardless of break-even deficit.

3. Increases in Team Spending Limits for Clubs Playing in UEFA Competitions

"Clubs' Team Expense Limits may be increased when clubs' participation in the group stages of The UEFA competitions has become definite. Clubs that are entitled to participate in the group stage of The UEFA competitions will set their team spending limits after deducting the penalty amounts applied by the UEFA's authorized or, any other administrative or judicial body, if any, from the documented earnings in The UEFA competitions and determined by notifying the TFF. The portion to be determined by the ratio corresponding to the Net Debt / Net Operating Income ratio will be taken into account by the Club Licensing Committee to increase the team expense limits.

Also; With the determination and confirmation by the Committee that the penalty amounts applied by The UEFA, its authorized body or another administrative or judicial body whose authority is accepted, are repaid to the club; the part of the reimbursed amount to be determined by the ratio corresponding to the Net Debt/Net Operating Income ratio as defined above will be included to the Team Expense Limit."

4. Increases in Team Spending Limits for Clubs with Surplus Revenue from Transfer Activities

The portion of the net transfer income surplus amount obtained by the clubs from the sales of players in the T+1 season which will be determined by the ratio corresponding to the Net Debt/Net Operating income ratio as defined above, can be used to increase the Team Expense Limits after the approval of the TFF Club Licensing Committee.

When calculating the net income surplus in transfer transactions, the amount found by deducting the transfer expenses from the transfer income is taken into account. Net transfer incomes are calculated over the income of the final or temporary transfer contracts of the players and the transfer expense difference of the T+1 season.

5. Increases in Team Spending Limits for Clubs with Decreased Financial Obligations in Season T+1

If a club has relieved itself of any principal payments in season T+1 by completely paying off or restructuring their existing obligations before financial institutions, its Team Spending Limit may be recalculated and increased accordingly.

The calculation will take into consideration the principal payments and interest payments realized by the date when such financial obligation has been paid off or restructured. The calculation of Team Spending Limits will include the formerly deducted sums in the team spending limit due to the elimination of the principal payments that would accrue after such payment. The interest payments due until the end of the season are calculated on the basis of the current effective average rate of interest as reported by an independent auditing company.

If principal payments pertaining to any financial obligation has been covered through new financial obligations, the short-term nature of the payment period of such new obligation (less than 1 year) will not be taken into consideration for any increase in the team spending limit. The payment period for any new obligations registered as new assets must be longer than 1 year.

F. ANNOUNCEMENT AND REVISION OF TEAM EXPENSE LIMIT

The Team Spending Limits to be calculated on the basis of the values budgeted for the first transfer and licensing seasons will be designated and notified by the Club Licensing Committee to relevant Clubs and published on the official Website of the TFF on the starting date of such transfer and licensing period.

The decisions formulated in response to applications for increases in Team Spending Limits as lodged by 15th December and any limits thus increased by the Club Licensing Committee under article G.3 for the second transfer and licensing seasons will be notified to relevant Clubs by 18.00 on the last working day before the commencement of the second transfer and licensing seasons and the new limits will be announced on the official Website of the TFF.

As specified in subparagraph G, the team spending limits designated to Clubs may be increased in response to the relevant applications to be lodged by 18.00 on the closing day of the Second Transfer and Licensing Season at the latest.

The limits announced at the beginning of transfer and licensing seasons will be revised upon each transfer. For clubs that have presented the Club Licensing Committee with their finalized auditing reports satisfying the application conditions for increases in team spending limits by the end of the transfer and licensing season, the Club Licensing Committee will issue decisions to effectuate the necessary revisions to such limits and such revisions will be notified to the respective clubs.

G. REGISTRATION OF THE PROFESSIONAL FOOTBALL PLAYERS' CONTRACTS

The Committee will rule on whether any contract for a professional footballer requested by Super League clubs to be registered is in excess of the respective team spending limit. Clubs are obliged to present the Committee with the contracts for professional footballers they wish to have registered in advance. Contracts for professional footballers that exceed the respective club spending limits will not be registered. The deviation ratios specified in article E are regarded to be included in the team spending limits for the purposes of contracts for professional footballers.

Contracts for professional footballers that exceed the respective club spending limits will not be registered. If a club has shifted its amateur footballers with a registration under that club of at least 6 months to professional football, the relevant contract will be registered even if it is in excess of the respective Team Spending Limit on the condition that the contract value does not exceed 150.000 TRY. The said contract value will be increased in line with the most current TUFÉ rate (the rate of change when compared to the same month of the previous year) as announced by TURKSTAT on 31st May of every year for the seasons following the 2020-2021 season.

J. PENAL SANCTIONS

Penalties to be Applied for Excess of Team Expense Limits:

(1) If the Team Expense Limit is exceeded, the Club Licensing Committee shall issue:

- Warning in case of excess up to 5%.
- Restriction of squad for excess from 6% to 10%.
- Prohibition of transfer for excess from 11% to 15%.

- Deduction of 1 point plus one or more of prohibition of transfer, restriction of squad or fine for excess from 16% to 20%.
- Deduction of 2 points plus one or more of prohibition of transfer, restriction of squad or fine for excess from 21% to 25%.
- Deduction of 3 points plus one or more of prohibition of transfer, restriction of squad or fine for excess equal to 26% and above.

(2) Other Violations:

If the clubs fail to submit the required documentation and information completely or in a timely manner or they submit misleading documentation and information to the Committee under this Annex-XII, the Committee may impose sanctions of Warning, Restriction of Squad, Prohibition of Transfer or Deduction of Points jointly or severally based on the severity of the violation.

ANNEX XIV – DOMESTIC CLUB LICENSING AND FINANCIAL SUSTAINABILITY SYSTEM SANCTIONS TABLE

A. SANCTIONS APPLIED IN CASE OF NOT APPLYING FOR THE RELEVANT LICENSE (Article 24)

League	Sanction
Super League	Non participation in his own Domestic league & Turkish Cup
1 st League	
2 nd League	

B. SANCTIONS APPLIED IN CASE OF LATE APPLICATION FOR THE RELEVANT LICENSE

(The 7 working days preceding the last working day of March)

League	Sanction
Super League	150.000 TRY
1 st League	75.000 TRY
2 nd League	40.000 TRY

C. SANCTIONS IN CASE OF NON-FULFILLMENT OF CRITERIA

League	Legal/Sporting/Personnel&Admin.	Infrastructure	Football Social Responsibility
Super League	1 phase - Warning + 30 day 2 nd phase- 75.000 TRY + 30 day 3 rd phase - 1 (one) point deduction	1 phase - Warning + 30 day 2 nd phase- 75.000 TRY + 30 day 3 rd phase - 3 (three) point deduction	Warning
1 st League	1 phase - Warning + 30 day 2 nd phase- 30.000 TRY + 30 day 3 rd phase - 1 (one) point deduction	1 phase - Warning + 30 day 2 nd phase- 30.000 TRY + 30 day 3 rd phase - 3 (three) point deduction	
2 nd League	1 phase - Warning + 30 day 2 nd phase- 15.000 TRY + 30 day 3 rd phase - 1 (one) point deduction	1 phase - Warning + 30 day 2 nd phase- 15.000 TRY + 30 day 3 rd phase - 3 (three) point deduction	

Financial Criteria

Financial	Article 88 & Article 90 & Article 97	Article 92 & Article 93 & Article 94 & Article 95
Super League	1 phase - Warning + 60 day 2 nd phase- 1 (one) point deduction	1 phase - Warning + 60 day 2 nd phase- 3 (three) points deduction
1 st League		
2 nd League		

Financial Criteria / Article 91 – Net Equity Rule

League	2023-24 Season	2024-25 Season	2025-26 Season		
UEFA Licence applicants	N/A	Player Limitation / Breach of % higher 0-%10 >> 1 player %11-%25 >> 2 players %26 and above >> 3 players	UEFA License Refusal		
Domestic Licence	League	2023-24 Season	2024-25 Season	2025-26 Season	
	Super League	N/A	Player Limitation / Breach of % higher 0-%10 >> 1 player %11-%25 >> 2 players %26 and above >> 3 players	Player Limitation / Breach of % higher 0-%10 >> 1 player %11-%25 >> 2 players %26 and above >> 3 players	
	1st League		Warning		
	2nd League				

D. SANCTIONS IN CASE OF THE DOMESTIC MONITORING PROCESS

For Super League and 1st League:

FOR FOOTBALL EARNINGS RULE BREACHES

1) Breach of the acceptable deviation:

- a) For clubs with a breach of 30% and higher – 3 points deduction.
- b) For clubs with a breach between 15%-30% - 2 points deduction.
- c) For clubs with a breach between 1%-15% – 1 points deduction.

2) Transfer Embargo

3) New Transferred Players Ineligibility to play in the Domestic league

FOR SOLVENCY REQUIREMENTS

Article 103 , 104 , 105 , 106

- 1) Warning + 60-day period
- 2) 3 points deduction

E. TABLE OF SANCTIONS FOR NON-COMPLIANCE WITH UEFA/DOMESTIC LICENSE B CRITERIA

In case of non-compliance with the following criteria (criteria B), clubs will be given a warning to be valid for the 2023-24 season.

UEFA/Domestic club license B Criteria:

Article 34: Women's football activities

Article 35/2: Medical care of players (Mandatory for national license)

Article 37/2: Written contracts with professional players

Article 38: Loan of professional players

Article 39: Refereeing Subjects and Laws of the Game (mandatory for national license)

Article 40: Football social responsibility strategy

Article 41: Equality and inclusion

Article 42: Anti racism

Article 43: Child and youth protection and welfare (mandatory for national license)

Article 44: Football for all abilities

Article 45: Environmental protection

Article 48: Training facilities - minimum infrastructure (mandatory for National license)

Article 56: Match organization officer

Article 60: Football social responsibility officer

Article 61: Supporter liaison officer (Mandatory for National license)

Article 62: Disabled access officer

Article 68: goalkeeper coach of youth teams

Article 75: Written contracts

Article 76: Service providers

Article 77: occupation of functions

Article 78: Organizational structure

Article 79: duty of replacement during the license season

ANNEX XV - DECLARATION OF ACCEPTANCE, INDEPENDENCE, IMPARTIALITY AND SUITABILITY FOR DUTY:

Law No. 5894 on the Establishment and Duties of the Turkish Football Federation,

I have been assigned in accordance with TFF Statute and the provisions of the instructions, in accordance with the law, statute, instruction and other regulations;

1. I accept as The President / Member of Club Licensing Committee;
2. I am bound by The Law No. 5894 on the Establishment and Duties of the Turkish Football Federation, TFF Statute and the instructions;
3. I fulfill the criteria and I will maintain and carry the conditions during my assignment as specified in the instructions of The Law No. 5894 on the Establishment and Duties of the Turkish Football Federation and TFF Statute.
4. I shall not be able to work for any member or club affiliated with the Turkish Football Federation, TFF Board of Directors or any other permanent or temporary board or General Secretariat;
5. I will be acting with full independence and impartiality while fulfilling the responsibilities related to my duty. I will be obligated to protect my impartiality and independence during my duty, I will not take orders, instructions, advice or suggestions from any authority, or person;
6. I will avoid all kinds of conflicts of interest during my duty and that I will declare any relationship that may lead to a conflict of interest in the context of my future activities, and as specified in the TFF Statute and Instructions I will withdraw from the relevant file or from my membership in the occurrence of such state of conflict of interest arises;

I accept, declare and undertake.

ANNEX- XVI – TEXT OF OATH

“I swear on my honor, integrity and all my beliefs and values that I consider sacred, as The President / Member of The Club Licensing Committee I will fulfill my duty of independence, impartiality, honesty and with a sense of respect for rights; considering all fundamental rights and freedoms, away from all kinds of effects and concerns, in accordance with the basic principles of law adhering to the principle of equality before the law and the rule of honesty.”