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STUDY GUIDE

FEDERATION INTERNATIONALE DE FOOTBALL ASSOCIATION

Agenda : Regulating Multi-club Ownership and its Impact on competitive integrity in Global Football

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COMMITTEE OVERVIEW: FIFA

A Comprehensive Guide to FIFA Governance and Decision-Making

I. Introduction to FIFA: The Global Governing Body

The Fédération Internationale de Football Association (FIFA) is the international governing body for association football, futsal, and beach soccer. Founded on May 21, 1904, in Paris, France, by representatives from seven European nations (Belgium, Denmark, France, the Netherlands, Spain, Sweden, and Switzerland), FIFA was created out of the necessity to oversee international matches and unify the laws of the game. Today, headquartered in Zürich, Switzerland, FIFA has evolved from a modest European coordinator into one of the most high-profile, lucrative, and politically complex transnational non-governmental organizations in the world.

With 211 member associations—more than the United Nations—spanning six continental confederations, FIFA's reach is genuinely global. Its primary mandates include establishing the laws of the game (in conjunction with the International Football Association Board, IFAB), administering international competitions like the men's and women's FIFA World Cups, and distributing revenue to promote the development of the sport globally.

However, overseeing the world's most popular sport requires a sophisticated, highly structured system of governance. Because FIFA is an international organization not directly answerable to any single national government, its internal statutes, committee structures, and democratic voting mechanisms serve as its constitutional foundation. Understanding how FIFA operates requires a deep dive into its tripartite structure: the legislative branch (the Congress), the strategic/executive branch (the Council), and the administrative branch (the General Secretariat).

II. The Tripartite Organizational Structure

Following severe governance crises in 2015, FIFA underwent significant internal reforms to separate political decision-making from day-to-day financial and administrative management. The current structure is designed to provide checks and balances, ensuring that global football issues are discussed comprehensively before policies are enacted.

A. The FIFA Congress: The Supreme Legislative Body

The FIFA Congress is the supreme and legislative body of the organization. It is the equivalent of a global parliament for football.

1. Composition and Voting Power The Congress is composed of representatives from all 211 affiliated Member Associations (MAs). The defining democratic principle of the Congress is "one member, one vote." Regardless of a nation's footballing pedigree, economic size, or population, their vote carries the exact same weight. For instance, the vote of the Brazilian Football Confederation (CBF) counts the same as the vote of the Guam Football Association.

2. Core Responsibilities The Congress meets annually in an ordinary session, though extraordinary sessions can be convened if requested by the FIFA Council or a specific percentage of member associations. Its primary duties include:

- **Approving the Statutes:** Any fundamental change to the FIFA Statutes (the organization's constitution) must be debated and voted upon by the Congress, requiring a three-quarters majority.
- **Electing the President:** The Congress elects the FIFA President every four years.
- **Admitting New Members:** The Congress holds the ultimate authority to admit, suspend, or expel a member association.
- **Approving the Budget:** The Congress ratifies the annual report, the consolidated financial statements, and the budget for the upcoming financial cycle.
- **Awarding World Cup Hosts:** Historically, the Executive Committee chose World Cup hosts, which led to significant controversies. Today, the power to award the hosting rights for the men's and women's FIFA World Cups has been returned to the Congress, ensuring a transparent, open vote among all 211 members.

B. The FIFA Council: The Strategic and Executive Body

While the Congress holds ultimate authority, it only meets once a year. The entity responsible for setting the vision for FIFA and making high-level strategic decisions throughout the year is the FIFA Council (formerly known as the FIFA Executive Committee).

1. Composition and Representation The FIFA Council consists of 37 members: the FIFA President, 8 Vice-Presidents, and 28 other members. Crucially, these members are not appointed by the President; they are elected by the member associations of their respective continental confederations (UEFA for Europe, CONMEBOL for South America, CONCACAF for North/Central America, CAF for Africa, AFC for Asia, and OFC for Oceania). The statutes also mandate a minimum number of female representatives on the Council to ensure diverse voices in the decision-making process.

2. Core Responsibilities The Council is a non-executive, supervisory, and strategic body. It sets the direction for global football. Its duties include:

- **Tournament Logistics:** Deciding the dates, locations (for non-World Cup events like youth tournaments or the Club World Cup), and formats of FIFA competitions.
- **Agenda Setting:** Preparing the agenda for the FIFA Congress.
- **Committee Appointments:** Appointing the members of FIFA's various standing committees and judicial bodies.
- **Strategic Planning:** Addressing global issues, such as the regulation of football agents, the structure of the international match calendar, and overarching commercial strategies.

C. The General Secretariat: The Administrative Engine

If the Congress is the parliament and the Council is the cabinet, the General Secretariat is the civil service. Based in Zürich and employing hundreds of staff members, the Secretariat handles the day-to-day operations and business of FIFA.

1. The Secretary-General The Secretariat is led by the Secretary-General, who serves as the CEO of FIFA. While the FIFA President is a political figure elected by the MAs, the Secretary-General is an appointed professional responsible for the operational and commercial management of the organization. They ensure that the strategic decisions made by the Council are actually executed.

2. Core Responsibilities

- **Commercial Operations:** Negotiating broadcasting rights, sponsorship deals, and managing the massive financial inflows that sustain global football.

- **Tournament Execution:** Handling the logistical, operational, and infrastructural delivery of FIFA tournaments around the world.
- **Development Programs:** Administering the "FIFA Forward" program, which distributes funds to member associations to build pitches, train referees, and develop youth football.

III. The Committee System: Where the Discussions Happen

The FIFA Council cannot possibly maintain specialized knowledge on every single issue affecting global football—from complex financial audits to sports medicine and international labor laws. Therefore, the actual "discussion" of issues heavily relies on FIFA's Standing Committees.

When a problem arises (such as the proliferation of Multi-Club Ownership, the implementation of new technology, or financial disparities), it is first assigned to the relevant committee. These committees consist of global experts, confederation representatives, and independent advisors who dissect the issue, conduct feasibility studies, and formulate proposals for the Council to vote on.

A. The Standing Committees

1. The Finance Committee This committee monitors FIFA's financial management and advises the Council on financial strategy and asset management. Composed of independent experts and confederation representatives, it scrutinizes multi-year budgets, projected revenues, and audits. Following post-2015 reforms, a minimum of half of its members must fulfill strict independence criteria to prevent conflicts of interest. The committee analyzes the financial viability of expansion projects and ensures FIFA's massive reserves are managed responsibly.

2. The Football Stakeholders Committee Modern football involves numerous powerful entities outside of traditional national federations. This committee is designed to bring those voices to the table. It includes representatives for professional clubs (e.g., the European Club Association), professional leagues (e.g., the World Leagues Forum), and the players themselves (represented by FIFPro, the global players' union). This committee discusses highly contentious issues like the international match calendar (when players must be released by clubs for national team duty), the transfer system, and regulations concerning agents.

3. The Organizing Committee for FIFA Competitions This group is tasked with discussing the logistical, competitive, and format-related issues surrounding FIFA tournaments. If FIFA wants to expand the World Cup to 48 teams, or revamp the Club World Cup to 32 teams, this committee analyzes the competitive impact, the scheduling logistics, and the infrastructural requirements before presenting a proposal to the Council.

4. The Development Committee Charged with bridging the massive inequality gap in global football, this committee analyzes financing strategies to develop the sport in poorer nations. It oversees the distribution of development funds, ensuring that money is spent on sustainable

infrastructure and youth academies rather than being absorbed by administrative overhead in member associations.

5. The Referees Committee This committee is responsible for the implementation of the Laws of the Game (as determined by IFAB) and the training and appointment of referees for FIFA competitions. They discuss and refine the integration of technology, such as Goal-Line Technology (GLT), Video Assistant Referees (VAR), and Semi-Automated Offside Technology (SAOT).

6. The Medical Committee Tasked with all medical aspects of the game, this committee discusses player health, anti-doping regulations, concussion protocols, and the impact of environmental factors (like extreme heat) on player safety.

B. The Independent Judicial Bodies

To maintain accountability and separate the political bodies from disciplinary matters, FIFA operates three independent judicial committees. Members of these bodies cannot serve on the Council or any other FIFA body.

- **The Disciplinary Committee:** Enforces the FIFA Disciplinary Code, sanctioning players, clubs, or associations for on-field misconduct, fan behavior (e.g., racism in stadiums), or breaches of tournament regulations.
- **The Ethics Committee:** Divided into an investigatory chamber and an adjudicatory chamber, this is FIFA's internal anti-corruption body. It investigates and judges violations of the FIFA Code of Ethics, such as bribery, match-fixing, and illegal political interference, holding the power to ban officials from all football-related activities globally.
- **The Appeal Committee:** Hears appeals against decisions made by the Disciplinary and Ethics Committees. (Decisions from the Appeal Committee can ultimately be challenged externally at the Court of Arbitration for Sport in Lausanne).

IV. The Decision-Making Lifecycle: How an Issue Becomes Policy

To understand how FIFA discusses and resolves an issue, it is helpful to trace the typical lifecycle of a major regulatory change. The process is designed to build consensus, though it is often characterized by intense political lobbying among the different confederations.

Phase 1: Identification and Initiation

Issues are typically brought to FIFA's attention via several avenues:

- **Top-Down:** The FIFA President or the Council identifies a strategic priority (e.g., the desire to expand the World Cup to increase revenue and global inclusion).

- **Bottom-Up:** Member associations or confederations petition FIFA to address a pressing issue (e.g., European and South American associations complaining about the physical toll of an expanding international match calendar).
- **External Pressure:** External stakeholders like FIFPro (players' union), national governments, or the European Union demand changes regarding labor rights, agent fees, or antitrust concerns.

Phase 2: Committee Assignment and Feasibility Study

Once an issue is recognized, the Council delegates it to the relevant Standing Committee. For complex issues, FIFA often forms specialized "Task Forces."

- *Example:* When considering expanding the men's World Cup from 32 to 48 teams, the Competitions and Finance Committees were tasked with conducting a massive feasibility study. They discussed the impact on player fatigue, the number of stadiums required, the potential increase in broadcast revenue, and the competitive integrity of a new group-stage format.
- During this phase, there is a **consultation period**. FIFA actively solicits input from the 211 member associations, commercial partners, broadcasters, and the players' union.

Phase 3: Drafting the Proposal and The Council Vote

The committee synthesizes its findings and drafts a formal proposal. This document is presented to the 37 members of the FIFA Council.

- The Council holds vigorous, closed-door debates. Because the Council comprises members from all six confederations, these discussions often reflect regional political dynamics. UEFA (Europe) and CONMEBOL (South America) generally seek to protect the interests of their elite, wealthy clubs, while CAF (Africa) and AFC (Asia) frequently push for policies that redistribute wealth and provide more tournament access to developing football nations.
- Decisions in the Council are typically made by a simple majority vote. If consensus is reached, the proposal becomes an official FIFA directive or policy.

Phase 4: Ratification by the Congress (If Applicable)

If the Council's decision involves changing the fundamental FIFA Statutes, altering the geographic rotation of the World Cup, or admitting a new member, it cannot be enacted unilaterally. The Council must place the item on the agenda for the next annual FIFA Congress.

- At the Congress, representatives from all 211 nations debate the proposal openly.

- A vote is held. Depending on the nature of the issue, a simple majority (over 50%) or a supermajority (75%) is required for the measure to pass and become binding international football law.

Phase 5: Implementation and Enforcement

Once passed, the General Secretariat drafts the precise legal language (e.g., updating the *Regulations on the Status and Transfer of Players*). A circular letter is sent to all 211 member associations informing them of the new rule. From that point on, it is the responsibility of domestic associations to enforce the rule within their own borders, under the threat of sanction from FIFA's Disciplinary Committee.

V. Case Studies in FIFA Decision-Making

To contextualize this theoretical framework, we can observe how FIFA has recently discussed and navigated highly complex issues.

Case Study A: The Implementation of VAR (Video Assistant Referee)

The integration of video review into football was a monumental shift in the sport's history, requiring years of meticulous discussion and testing.

1. **Initiation:** Widespread public and media outrage over high-profile refereeing errors in major tournaments prompted the FIFA President to push for technological assistance.
2. **Committee Discussion:** The Referees Committee and the Medical Committee debated the impact on the "flow" of the game. IFAB (which dictates the laws of the game) was brought into the discussion.
3. **Feasibility and Testing:** Rather than a sudden global mandate, FIFA authorized a multi-year testing phase in specific domestic leagues (like the MLS in America and the A-League in Australia) and at the 2017 Confederations Cup. Data on review times and accuracy was rigorously collected.
4. **Final Decision:** Armed with data proving VAR corrected clear and obvious errors without irreparably slowing the game, the FIFA Council formally approved the use of VAR for the 2018 FIFA World Cup in Russia. It was a methodical, data-driven decision-making process.

Case Study B: The Expansion of the FIFA Club World Cup

The decision to expand the Club World Cup to a 32-team tournament held every four years highlights the political friction inherent in FIFA's discussions.

1. **Initiation:** FIFA leadership desired a more lucrative club competition to rival UEFA's Champions League and generate revenue outside the traditional international window.

2. **Stakeholder Resistance:** The proposal faced immediate, fierce backlash from the Football Stakeholders Committee, specifically from UEFA, the European Club Association (ECA), and FIFPro. They argued the calendar was already overly congested and threatened player welfare.
3. **Council Deliberation:** The FIFA Council became a battleground. Non-European confederations overwhelmingly supported the expansion, as it offered their clubs unprecedented access to global revenue and elite competition. UEFA resisted to protect its own monopoly on elite club football.
4. **Compromise and Passage:** Through strategic negotiations and promises of massive prize money distribution to participating clubs, FIFA secured enough votes on the Council to push the expansion through, scheduling the inaugural 32-team tournament for 2025 in the United States.

VI. The Role of Accountability and Modern Reforms

Any examination of how FIFA discusses issues must acknowledge the profound impact of the 2015 corruption scandals, which severely damaged the organization's credibility. Prior to these reforms, the decision-making process was heavily centralized within an insular, deeply flawed Executive Committee that operated with little transparency.

The ensuing governance reforms fundamentally changed *how* FIFA talks about and executes policy:

- **Separation of Powers:** Stripping the strategic Council of direct financial control and placing it in the hands of the professionalized Secretariat was a vital step in reducing patronage and bribery.
- **Independent Oversight:** The requirement that key committees (like Finance, Governance, and the Judicial bodies) feature independent members who have no financial ties to football has introduced necessary friction into the discussion process, ensuring compliance and ethical behavior.
- **Term Limits:** The imposition of term limits (a maximum of three four-year terms) for the FIFA President and Council members prevents the entrenchment of political fiefdoms.
- **Transparency Requirements:** Salaries of top executives, previously highly guarded secrets, are now published annually. The bidding process for World Cups, once decided in closed-door ExCo meetings, is now a highly public, audited procedure voted on by the entire Congress.

AGENDA: REGULATING MULTI-CLUB OWNERSHIP AND ITS IMPACT ON COMPETITIVE INTEGRITY IN GLOBAL FOOTBALL

I. Introduction and Overview: Regulating Multi-Club Ownership

The landscape of global football governance is currently navigating one of the most profound structural transformations in its history. For over a century, the foundational unit of the sport has been the independent, community-rooted football club. Today, this traditional paradigm is being rapidly superseded by the proliferation of Multi-Club Ownership (MCO) models. What began in the late 1990s and early 2000s as a fringe strategy employed by a handful of niche investors has metastasized into the dominant investment vehicle in the global game. As of recent industry reports, over 300 football clubs worldwide are now embedded within an MCO structure, encompassing thousands of professional players and billions of dollars in capital.

For the Fédération Internationale de Football Association (FIFA), alongside regional confederations like UEFA, CONCACAF, and CONMEBOL, this trend presents an unprecedented governance challenge. The influx of sophisticated, transnational capital—driven by private equity firms, sovereign wealth funds, and high-net-worth consortiums—undeniably injects vital financial resources, advanced operational practices, and commercial growth into the sport. However, the centralization of control over multiple competing entities threatens the most sacred pillar of association football: competitive integrity.

The purpose of this committee is not necessarily to roll back the tide of modern sports investment, but to deeply understand its mechanisms and establish a robust, future-proof regulatory framework. We must ensure that the pursuit of financial synergies and corporate scaling does not compromise the unpredictability, fairness, and fundamental trust that billions of fans place in the beautiful game.

A. Definition of Multi-Club Ownership (MCO)

To regulate effectively, this committee must first establish a precise, legally sound, and practically applicable definition of Multi-Club Ownership. In its simplest conceptual form, an MCO exists when a single individual, corporate entity, investment fund, or state apparatus exercises ownership over more than one professional football club. However, modern corporate structuring renders such a basic definition wholly inadequate for regulatory purposes.

Moving Beyond Majority Shareholding: Historically, regulators looked for a simple majority stake (50.1% or more) to establish ownership. Today, the definition of an MCO must pivot away from "absolute ownership" toward the concept of "**Decisive Influence**" or "**Significant Influence.**" An entity does not need a majority stake to dictate a club's sporting or financial policy.

An MCO network can be established through a variety of sophisticated mechanisms, which this committee must categorize and define:

1. **Direct Majority Ownership:** The traditional model, where a parent company holds the controlling equity in several clubs across different jurisdictions.
2. **Minority Stakes with Strategic Control:** An investor may hold only a 15-25% equity stake in a secondary club but secure contractual rights that provide outsized influence. This can include veto power over executive appointments, control over the board of directors, or ultimate sign-off on the sporting director and player recruitment strategy.
3. **Debt and Financial Leverage:** In heavily leveraged clubs, the primary creditor often wields as much, if not more, power than the equity holder. If an ownership group of Club A holds the primary debt of Club B, an effective MCO relationship exists, as Club B's financial survival is contingent upon the owners of Club A.
4. **Shared Centralized Services:** Modern MCOs often utilize a centralized "hub" that provides shared services to all clubs in the network. This includes shared global scouting databases, proprietary data analytics platforms, unified sports science and medical protocols, and even shared commercial sponsorship brokers. While the clubs may appear separate on paper, their operational brains are fused.

For the purpose of this agenda, the committee will operate under a broadened definition: *An MCO network is any grouping of two or more professional football clubs where a single ultimate beneficial owner (UBO) or coordinated investment group possesses the capacity, whether through equity, debt, or contractual arrangement, to materially influence the sporting performance, financial management, or strategic direction of those clubs.*

B. The Rise of the MCO Model: Context and Acceleration

To understand how to regulate MCOs, the committee must understand why capital is flowing so aggressively into this specific structure. The evolution of the MCO model can be broadly categorized into three distinct eras, culminating in the current explosion of investment.

The Era of Speculation and Arbitrage (Late 1990s - Early 2010s): Early iterations of MCOs were relatively crude. The ENIC Group's investments in the late 1990s (holding stakes in Tottenham Hotspur, Slavia Prague, AEK Athens, and Rangers simultaneously) prompted UEFA's first major regulatory intervention in 1998 to prevent them from competing in the same European competitions. Later, the Pozzo family model (owning Udinese in Italy, Watford in England, and Granada in Spain) demonstrated the viability of purely sporting arbitrage. By moving players freely between their clubs, they bypassed the inflated transfer market, using the lesser clubs to develop talent for the flagship club or to showcase them for lucrative external sales.

The Era of the Global Franchise (2010s): The paradigm shifted fundamentally with the creation of the City Football Group (CFG). Backed by sovereign wealth, CFG pioneered the "franchise" model, creating a global brand footprint. By acquiring or establishing clubs in New York, Melbourne, Yokohama, and beyond, CFG created a 24/7 global content network, offering

multinational sponsors unparalleled, unified access to diverse geographic markets. This model proved that MCOs could be powerful vehicles for brand expansion and commercial synergy, not just player trading.

The Era of Institutional Capital (Post-COVID to Present): The financial distress caused by the COVID-19 pandemic accelerated MCO acquisition. Distressed clubs presented undervalued assets. Crucially, this era saw the mass entry of North American private equity firms and alternative asset managers (e.g., RedBird Capital, 777 Partners, Clearlake Capital).

Why are investors choosing this model today?

- **Player Pipeline Efficiency:** In a hyper-inflated transfer market, developing talent internally across a network is cheaper than buying established stars. A player can be scouted in South America, developed in a Belgian or Portuguese network club, and eventually seamlessly transferred to the flagship Premier League or Ligue 1 club.
- **Risk Mitigation:** Football is a notoriously volatile asset class. Relegation or failure to qualify for the UEFA Champions League can instantly wipe out hundreds of millions in revenue. Owning a diverse portfolio of clubs across different leagues and continents hedges this risk. If one node in the network fails, the wider corporate entity survives.
- **Evasion of Post-Brexit Regulations:** For English clubs, post-Brexit Governing Body Endorsement (GBE) rules made it difficult to sign young European talent directly. Acquiring a club in a European Union country allows them to sign the player, develop them until they meet the GBE points threshold, and then transfer them to the English parent club.
- **Economies of Scale:** Centralizing back-office functions—HR, legal, scouting, data analytics, and commercial sales—reduces operational bloat and creates efficiencies that independent clubs simply cannot match.

C. The Core Dilemma: Investment vs. Competitive Integrity

The central task before this FIFA committee is navigating the deep tension between the undeniable economic benefits of MCOs and the existential threat they pose to sporting integrity. This is the "Core Dilemma."

The Argument for Accommodation (The Economic Imperative): The reality of modern football is that the gap between the elite clubs and the rest of the pyramid is widening exponentially. For many mid-sized and lower-tier clubs, inclusion in an MCO network is seen as a lifeline. Network ownership provides vital capital injections, saving historic clubs from bankruptcy. Furthermore, these networks often democratize access to elite sports science, tactical data, and professionalized management structures that secondary leagues desperately need. By

stifling MCOs entirely, regulators risk driving institutional capital out of the sport, precipitating widespread financial instability.

The Argument for Strict Regulation (The Integrity Imperative): Conversely, the unchecked proliferation of MCOs strikes at the very heart of why football is compelling: the belief that the outcome on the pitch is determined solely by the independent sporting endeavor of the two teams competing. The risks to this integrity manifest in several acute ways:

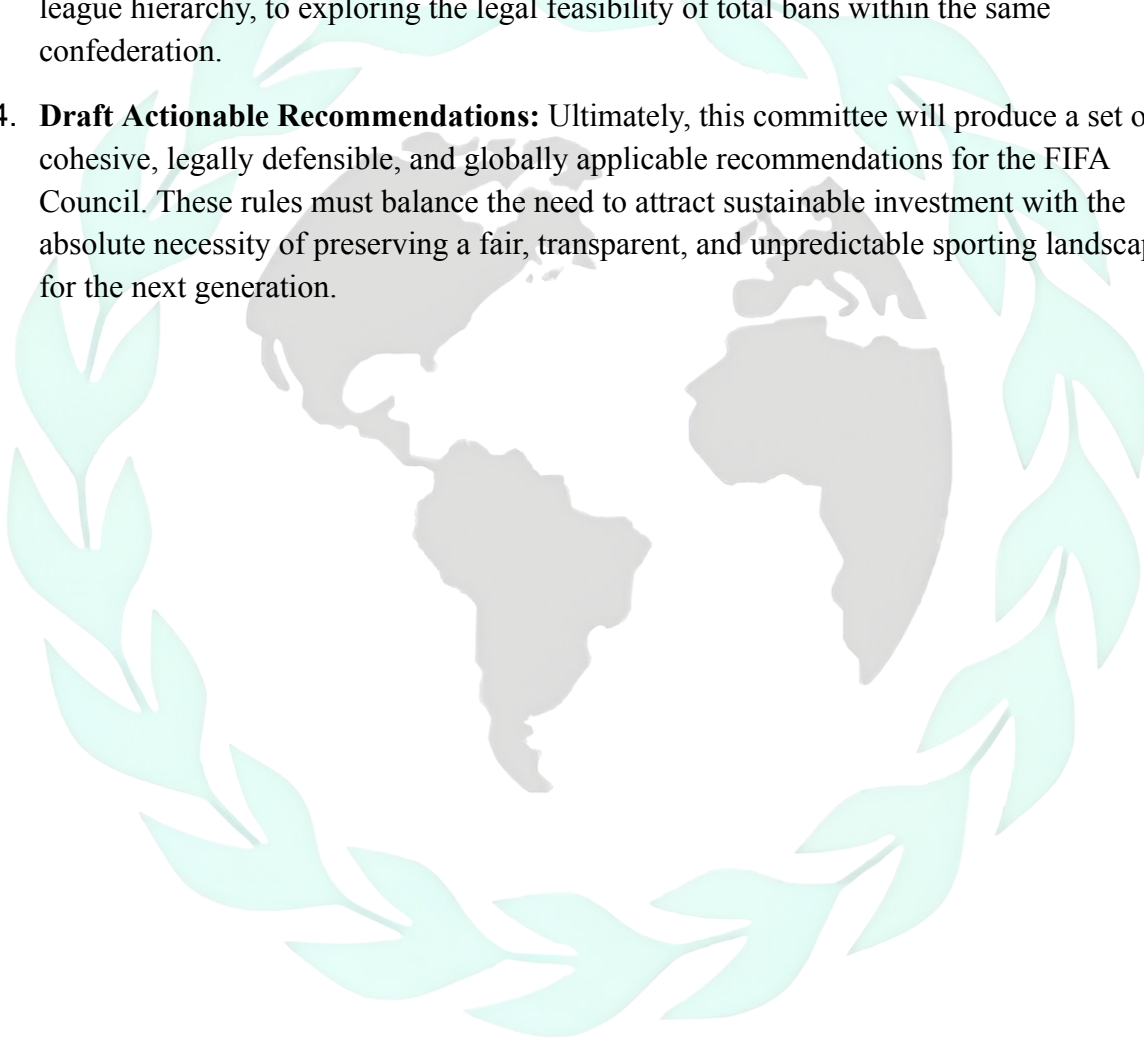
- **The Conflict of Interest Nightmare:** What happens when Club A and Club B, owned by the same entity, are drawn against each other in the knockout stages of the expanded FIFA Club World Cup or the UEFA Champions League? Even if the owner explicitly orders both teams to play to win, the *perception* of collusion—that the owner might prefer the more commercially lucrative club to advance—destroys the trust of the public and the integrity of the competition.
- **Financial Fair Play (FFP) and Regulatory Circumvention:** MCO networks offer sophisticated avenues to bypass financial sustainability rules. For example, if a flagship club needs to balance its books to meet Profitability and Sustainability Rules (PSR), it could sell a surplus player to its sister club for an artificially inflated transfer fee. Alternatively, a sister club could loan a star player to the flagship club for an artificially low fee, providing a massive sporting advantage off the books. Furthermore, sponsorship deals can be obfuscated, with a network's commercial partner injecting funds into a subsidiary club to mask the true financial state of the parent club.
- **The "Farm Team" Phenomenon:** There is a cultural and emotional risk. Independent clubs with century-old histories, deep community ties, and their own domestic ambitions risk being reduced to mere "feeder" or "farm" teams. Their primary purpose shifts from winning their domestic league to merely serving as a development laboratory for a larger entity miles away. This degrades the competitive spirit of secondary leagues, turning them into developmental wastelands rather than vibrant, independent competitions.
- **Talent Hoarding:** Well-capitalized networks can aggressively stockpile the world's top young talent, stashing them across various subsidiary clubs. This creates an oligopoly on talent, preventing independent clubs from accessing the player market fairly and further entrenching the dominance of the mega-networks.

D. Scope of the Agenda

In light of this Core Dilemma, the scope of this committee's agenda is to systematically address the regulatory void surrounding MCOs at the global level. Current regulations are deeply fragmented; domestic leagues enforce their own bespoke rules, while continental bodies like UEFA operate on a case-by-case basis based on competition entry.

This committee is tasked with the following objectives over the course of these proceedings:

1. **Map the Current Landscape:** Analyze the effectiveness, and more importantly the failures and loopholes, of existing regional and domestic regulations regarding multi-club models.
2. **Quantify the Threat:** Establish concrete metrics to determine when "influence" crosses the threshold into a dangerous conflict of interest.
3. **Develop Policy Alternatives:** Transitioning from theoretical debate to practical legislation. We will review options ranging from enforcing strict positional "caps" (limiting the number of clubs owned), implementing "tiered" regulatory models based on league hierarchy, to exploring the legal feasibility of total bans within the same confederation.
4. **Draft Actionable Recommendations:** Ultimately, this committee will produce a set of cohesive, legally defensible, and globally applicable recommendations for the FIFA Council. These rules must balance the need to attract sustainable investment with the absolute necessity of preserving a fair, transparent, and unpredictable sporting landscape for the next generation.



II. The Current Landscape of Multi-Club Ownership

A. Prominent MCO Networks: Archetypes and Case Studies

To ground our regulatory discussions, we must examine the dominant actors currently operating within global football. These networks represent the "stress tests" for any future FIFA legislation.

1. The Sovereign Global Franchise: City Football Group (CFG) The City Football Group remains the undisputed apex predator of the MCO ecosystem and the benchmark against which all other networks are measured. Backed predominantly by the Abu Dhabi United Group (with substantial minority investment from Silver Lake and Chinese consortiums), CFG operates a true global franchise model.

- **The Structure:** CFG holds stakes (ranging from 100% control to minority strategic partnerships) in over a dozen clubs across five continents, including Manchester City (England), New York City FC (USA), Melbourne City (Australia), Yokohama F. Marinos (Japan), Girona FC (Spain), and Palermo (Italy).
- **The Operational Reality:** CFG's brilliance lies in centralized commercial leverage and unified branding (often utilizing "City" in the name and sky blue colors). By offering global commercial partners a single, unified inventory across multiple major markets, they command premium sponsorship revenues. On the sporting side, while player movement exists (e.g., between Girona, Troyes, and Manchester City), the primary goal is global brand omnipresence and commercial synergy, with Manchester City serving as the undisputed crown jewel.
- **Regulatory Challenge:** CFG's model is so well-capitalized and commercially integrated that separating "fair market value" for sponsorships from artificially inflated network injections remains a persistent challenge for domestic and continental financial regulators.

2. The Unified Tactical and Pipeline Model: Red Bull GmbH If CFG is a commercial franchise, the Red Bull network is a highly integrated sporting machine. Comprising RB Leipzig (Germany), Red Bull Salzburg (Austria), New York Red Bulls (USA), Red Bull Bragantino (Brazil), and recently acquiring a minority stake in Leeds United (England), the Austrian energy drink conglomerate operates with a unified sporting philosophy.

- **The Structure:** The Red Bull model is defined by vertical integration. Salzburg historically acted as the primary development hub, scouting elite young talent (often from Africa, South America, and Eastern Europe), developing them in the Austrian Bundesliga, and moving the best performers to RB Leipzig in the more lucrative German Bundesliga.
- **The Operational Reality:** The defining characteristic of the Red Bull network is a standardized tactical identity (high-intensity pressing, transitional football) implemented

across all clubs. This means a player moving from Bragantino to Salzburg to Leipzig requires minimal tactical adaptation. They also share a centralized global scouting database.

- **Regulatory Challenge:** Red Bull forced UEFA's hand in 2017 when both Leipzig and Salzburg qualified for the UEFA Champions League. UEFA ultimately ruled they could both compete after Red Bull demonstrated adequate "corporate separation," a ruling that many critics argue provided a roadmap for modern MCOs to legally circumvent competitive integrity rules by altering boardroom personnel while maintaining de facto control.

3. The Institutional Capital/Private Equity Model: BlueCo and Clearlake Capital A more recent archetype is the private equity-led acquisition model, exemplified by BlueCo (the consortium led by Clearlake Capital and Todd Boehly, which owns Chelsea FC).

- **The Structure:** After acquiring Chelsea in 2022, BlueCo rapidly purchased RC Strasbourg in France's Ligue 1. Unlike CFG or Red Bull, which built their networks over decades, BlueCo represents a rapid, capital-intensive deployment designed to immediately circumvent post-Brexit talent acquisition hurdles and secure a foothold in the European talent market.
- **The Operational Reality:** Strasbourg serves a distinct purpose: a high-level European development ground for Chelsea's vast reservoir of highly-rated young talent. Players who cannot secure a UK work permit or require top-flight European minutes are sent to Strasbourg.
- **Regulatory Challenge:** The overt "feeder club" dynamic creates immense friction with local fanbases. Strasbourg supporters have actively protested the BlueCo ownership, arguing their historic club has been reduced to a mere developmental laboratory, entirely compromising their domestic ambitions for the benefit of a London entity.

4. The Cautionary Tale of Systemic Risk: The Collapse of 777 Partners Crucially, this committee must examine the failures within the MCO space to understand the systemic risk these networks pose. The spectacular rise and subsequent unraveling of Miami-based investment firm 777 Partners serves as a vital case study.

- **The Structure:** 777 aggressively built a portfolio of highly leveraged, often distressed historic clubs, including Standard Liège (Belgium), Genoa (Italy), Vasco da Gama (Brazil), Hertha Berlin (Germany), Red Star (France), and attempted to acquire Everton (England).
- **The Operational Reality:** Unlike CFG or Red Bull, 777 lacked a cohesive sporting strategy or substantial, sustainable liquid capital. The network relied heavily on debt financing, inter-company loans, and complex financial structuring.

- **Regulatory Challenge:** When the parent company faced severe financial distress and legal challenges in the mid-2020s, the contagion spread immediately to the subsidiary clubs. Standard Liège faced transfer embargoes and wage delays, while Vasco da Gama dealt with severe operational instability. This highlights a critical vulnerability: if an MCO holding company collapses, it threatens to bankrupt multiple historic football institutions simultaneously across different jurisdictions.

B. Categorization of MCO Strategies

By analyzing these case studies, the committee can broadly categorize the operational strategies driving MCO investments into three distinct pillars. Regulators must recognize that an ownership group may employ one, two, or all three of these strategies simultaneously.

1. The Talent Development and Pipeline Strategy This is the most common driver for MCO formation. In an era where elite player transfer fees routinely exceed €80 million, controlling the supply chain is an economic necessity.

- *Mechanics:* A flagship club (usually in the Premier League, La Liga, or Serie A) acquires smaller clubs in secondary European leagues (Belgium, Portugal, France) or primary South American leagues (Brazil, Argentina).
- *Objective:* To bypass agent fees, circumvent transfer market inflation, and manage work permit regulations. The network buys raw talent cheaply, develops them in a controlled environment within the network, and either integrates them into the flagship team or sells them externally for pure profit.

2. The Brand Expansion and Commercial Strategy Pioneered by CFG, this strategy treats football clubs as regional nodes in a global entertainment and media network.

- *Mechanics:* Acquiring clubs in major global media markets regardless of the domestic league's prestige (e.g., New York, Melbourne, Mumbai).
- *Objective:* To sell a "global audience" to multinational sponsors. An airline or tire manufacturer can sign one master contract with the MCO and receive stadium naming rights, shirt sponsorships, and digital media access across five different continents simultaneously. It transforms a local football club into a piece of global corporate inventory.

3. The Financial Synergy and Risk Diversification Strategy This appeals heavily to private equity and institutional investors who view football purely as an alternative asset class.

- *Mechanics:* Centralizing all non-football operations. The network establishes a central corporate hub that handles HR, legal, finance, commercial sales, and data analytics for all five or six clubs in the portfolio.

- *Objective:* To slash overhead costs at the individual club level. Furthermore, owning a portfolio diversifies risk. If one club is relegated from the Premier League—a financially catastrophic event for an independent club—the MCO parent company's broader portfolio acts as a shock absorber, protecting the ultimate investors from total loss.

C. Geographical Distribution and Capital Flows

The geography of Multi-Club Ownership is not random; it follows distinct pathways dictated by regulatory environments, talent pools, and media rights values. The committee must observe where capital is originating and where it is being deployed.

1. The Transatlantic Axis (North American Capital to European Clubs) The most dominant trend of the 2020s has been the influx of North American (specifically US) capital into European football. Driven by the perceived undervaluation of European clubs compared to US sports franchises (NFL, NBA) and the appeal of the open promotion/relegation system, American private equity has aggressively targeted the Premier League, Serie A, and Ligue 1. These investors frequently immediately seek secondary European clubs to establish an MCO structure, applying American corporate scaling logic to European sporting traditions.

2. The European Hub-and-Spoke System Within Europe, a clear hierarchy has emerged. English Premier League clubs, enriched by unparalleled domestic and international broadcast revenue, act as the ultimate "Apex" clubs. They heavily target clubs in Belgium, Portugal, and France to serve as the "Spokes" or feeder nodes.

- *Belgium (Pro League):* Highly targeted due to exceptionally lenient non-EU player regulations, making it the perfect entry point for South American or African talent into Europe.
- *France (Ligue 1/Ligue 2):* Targeted because it is arguably the most prolific producer of elite youth talent in the world, yet domestic clubs often lack the financial muscle to hold onto their players.
- *Portugal (Primeira Liga):* Culturally and linguistically tied to Brazil, serving as the traditional gateway for top South American talent into the European market.

3. The South American Frontier (The Rise of the SAF) Historically, South American clubs were entirely member-owned and immune to corporate takeover. However, legislative changes—most notably Brazil's *Sociedade Anônima do Futebol* (SAF) law enacted in 2021—have allowed Brazilian clubs to transition to corporate ownership models. This has triggered a gold rush. Major MCOs (CFG acquiring Bahia, Eagle Football acquiring Botafogo) are aggressively purchasing Brazilian clubs to secure direct, unfiltered access to the world's most lucrative talent pool, bypassing traditional European middlemen entirely.

III. Existing Regulatory Frameworks (Current State)

Committee Briefing: The Patchwork Quilt of Global Governance

As the committee transitions from mapping the landscape of Multi-Club Ownership (MCO) to drafting policy solutions, we must first conduct a forensic audit of the existing regulatory framework. The stark reality is that global football currently lacks a unified, cohesive legislative approach to multi-club networks. Instead, the sport is governed by a fragmented, often contradictory "patchwork quilt" of regulations drafted by various confederations and domestic federations.

Historically, football's regulatory bodies have been reactive rather than proactive. Rules were written to govern independent, sovereign clubs competing within traditional borders. As transnational capital introduced sophisticated corporate structures, regulators found themselves relying on outdated statutes. Consequently, highly capitalized MCOs engage in "regulatory arbitrage"—structuring their investments specifically to exploit the gaps between different jurisdictional rules.

To forge a robust path forward, this committee must understand what currently exists, how it is enforced, and, most importantly, where it is failing. This section analyzes the regulatory hierarchy from FIFA down to domestic leagues, culminating in an examination of the loopholes currently utilized by major networks.

A. FIFA Regulations: The Global Stance and its Limitations

As the supreme governing body of world football, FIFA holds the ultimate authority to impose binding statutes on all member associations. However, regarding the specific phenomenon of Multi-Club Ownership, FIFA has historically adopted a decentralized, relatively hands-off approach, deferring the policing of competitive integrity to its continental confederations (like UEFA and CONMEBOL) and domestic FAs.

1. The Statutes and General Principles Currently, there is no single, explicit "Anti-MCO" article in the core FIFA Statutes that strictly caps the number of clubs an entity can own globally. Instead, FIFA relies on broader principles of integrity.

- **Article 18 of the FIFA Disciplinary Code:** This article broadly addresses the manipulation of football matches and competitions. While it theoretically could be invoked if two MCO clubs colluded, it is a punitive measure applied *after* an infraction, not a preventative structural regulation.
- **Third-Party Ownership (TPO) Bans:** FIFA successfully banned TPO (where investors own the economic rights of players rather than clubs) via Article 18ter of the Regulations on the Status and Transfer of Players (RSTP). Ironically, the ban on TPO accelerated the rise of MCOs; because investors could no longer buy shares in *players*, they simply bought the *clubs* to control the talent pipeline entirely.

2. The Looming Club World Cup Crisis FIFA's reliance on confederations to regulate MCOs is rapidly becoming untenable due to the expansion of FIFA's own competitions. With the introduction of the 32-team FIFA Club World Cup, the probability of two clubs from the same ownership network (e.g., Manchester City and potentially another City Football Group team, or Chelsea and another BlueCo affiliate) meeting in a competitive, high-stakes FIFA tournament has skyrocketed. FIFA's historical delegation of this issue will no longer suffice; the governing body must establish its own explicit "Integrity of the Competition" rules before these scenarios materialize on the global stage.

B. The Continental Paradigm: UEFA and the "Decisive Influence" Test

Because Europe remains the financial epicenter of global football, the Union of European Football Associations (UEFA) has been forced to serve as the de facto global laboratory for MCO regulation. UEFA's approach, primarily driven by its Club Financial Control Body (CFCB), is the most developed framework in the world, yet it is currently buckling under unprecedented strain.

1. Article 5: Integrity of the Competition The cornerstone of UEFA's regulatory defense is Article 5 of its club competition regulations. The rule was drafted to prevent two clubs controlled by the same entity from competing in the same European competition (Champions League, Europa League, Conference League) to avoid match-fixing and conflicts of interest.

The mechanism revolves around the concept of "**Decisive Influence.**" UEFA defines this not just as holding a majority 50.1% equity stake, but holding the power to manipulate the sporting performance or corporate governance of a club. This can be triggered by:

- Holding a majority of shareholders' voting rights.
- Having the right to appoint or remove the majority of the board of directors.
- Providing a massive percentage of a club's funding through debt or sponsorship.

2. The Watershed Precedent: RB Leipzig and Red Bull Salzburg (2017) The integrity of Article 5 faced its ultimate stress test in 2017 when both RB Leipzig and Red Bull Salzburg qualified for the UEFA Champions League. Red Bull GmbH undeniably founded, funded, and branded both clubs. However, UEFA's CFCB ultimately permitted both clubs to compete.

- *The Rationale:* Red Bull made significant cosmetic and corporate governance changes. They removed cross-board memberships, diluted their official voting rights in Salzburg (reclassifying their relationship as merely a "sponsorship"), and ended direct player loans between the two clubs.
- *The Legacy:* UEFA accepted these changes as sufficient "corporate separation." Critics argue this ruling fatally undermined Article 5, effectively providing a legal blueprint for

MCOs: you can own multiple clubs in the same competition, provided you structure the boardrooms cleverly and obscure the direct lines of command.

3. The 2023 Rulings: The Erosion of the Barrier The precedent set in 2017 accelerated the MCO trend, culminating in a crisis during the summer of 2023. Multiple MCO-affiliated clubs qualified for UEFA competitions simultaneously:

- Aston Villa and Vitoria SC (V Sports)
- Brighton & Hove Albion and Union Saint-Gilloise (Tony Bloom)
- AC Milan and Toulouse FC (RedBird Capital Partners)

Once again, UEFA allowed all clubs to compete, provided the owners reduced their shareholdings in the secondary clubs to minority stakes (below 30%), resigned from the boards of the secondary clubs, and agreed to temporary bans on direct player transfers between the affiliated clubs. While UEFA claimed this protected integrity, it effectively signaled to the market that multi-club ownership is entirely permissible, so long as specific bureaucratic concessions are made when a direct collision occurs.

C. Domestic League Regulations: A Spectrum of Strictness

While UEFA manages continental collisions, the day-to-day regulation of MCOs falls to domestic associations. This creates massive inconsistencies, as the appetite for foreign capital varies wildly from nation to nation.

1. The Strict Protectionists: Germany (The 50+1 Rule) The German Bundesliga stands as the primary bulwark against the unfettered MCO model. The famous "50+1 rule" mandates that the club's members (the fans) must retain a majority of their own voting rights. This essentially makes it impossible for an external private equity firm or sovereign wealth fund to execute a hostile takeover or force a German club into a subsidiary role within a broader network. Consequently, German clubs are rarely integrated into modern MCOs (with the notable, highly controversial exception of RB Leipzig, which bypassed the spirit of the rule by limiting its voting membership to Red Bull employees).

2. The Conditional Permissives: England (Premier League and EFL) English football is the apex target for MCOs. The FA and the Premier League do not prohibit owners from acquiring clubs abroad; in fact, it is tacitly encouraged as a way to maintain English financial dominance post-Brexit. However, domestic regulation focuses primarily on internal integrity.

- *Domestic Dual Ownership*: English rules strictly prohibit holding an ownership stake in two clubs within the English professional pyramid simultaneously.
- *Associated Party Transactions (APT)*: The most pressing regulatory battleground in England relates to financial fair play. The Premier League has implemented strict APT rules to prevent MCOs from artificially inflating their revenue by signing sponsorships

with companies owned by the same ultimate beneficiary (e.g., preventing a flagship club from signing a massively inflated shirt deal with a subsidiary company of the ownership group to bypass Profitability and Sustainability Rules).

3. Single-Entity Prohibitions: Italy (FIGC Article 16-bis) Italy recently tightened its domestic rules following the controversy surrounding Claudio Lotito, who owned both Lazio and Salernitana. When Salernitana was promoted to Serie A (creating a conflict of interest with Lazio), Lotito was forced to place Salernitana into a blind trust and eventually sell the club. The FIGC subsequently passed Article 16-bis, which strictly prohibits the ownership of multiple clubs within the Italian professional system, preventing the domestic "feeder club" models historically seen in Italy.

D. Loopholes and Evasion Strategies

The fundamental problem facing this committee is that legal compliance does not always equate to sporting integrity. Highly sophisticated investment groups utilize elite legal counsel to design corporate structures that comply with the letter of existing regulations while utterly subverting their spirit.

Regulators must be acutely aware of the primary evasion strategies currently deployed:

1. The "Blind Trust" and "Independent Board" Illusion As demonstrated by the UEFA rulings of 2023, the primary loophole to avoid the "Decisive Influence" threshold is corporate restructuring. When an owner possesses two clubs heading for a collision, they simply transfer their shares of the lesser club into a "blind trust" or resign from the board of directors, appointing "independent" executives in their place. On paper, the owner no longer exerts decisive influence. In reality, the "independent" executives are often close associates, former employees, or financially aligned proxies who perfectly execute the owner's strategic vision.

2. Debt as a Proxy for Equity Regulations focus heavily on shareholding percentages (e.g., "you cannot own more than 30% of a second club"). However, astute investors circumvent this by structuring their investment as debt. An entity might only own 15% of the equity in a subsidiary club, but hold 100% of the club's high-interest debt and hold the stadium as collateral. While they technically fall below the "decisive influence" equity threshold, their leverage as the primary creditor gives them total, unassailable control over the club's operations.

3. Circumvention of Transfer Bans If UEFA or a domestic league places a temporary ban on transfers between two clubs in the same network, MCOs can utilize "bridge clubs." Club A (the flagship) wants to send a player to Club B (the subsidiary) but is banned. Club A instead sells the player to a seemingly independent Club C (perhaps one with deep, unwritten ties to the MCO owner), who immediately loans the player to Club B.

Summary Conclusion for Section III The conclusion of this regulatory audit is unequivocal: the current global framework is deeply inadequate. It relies on a patchwork of domestic rules that

create regulatory havens, and continental rules (like UEFA's Article 5) that have been fundamentally compromised by legal loopholes and a desire to appease powerful investors. FIFA can no longer afford to be a passive observer. The proliferation of MCOs has outpaced the existing legislative architecture, and without centralized, modernized, and strictly enforced global regulations, the foundational integrity of the sport remains critically exposed.



IV. Impact on Competitive Integrity: The "Pros" and "Cons"

A. Potential Benefits (The Argument for MCOs)

Proponents of the MCO model—including major private equity executives, sovereign wealth fund managers, and administrators of secondary leagues—argue that multi-club networks are a necessary evolution. In an era defined by hyper-inflation in the transfer market and widening financial disparities, they posit that MCOs represent the most efficient mechanism for sustaining the broader footballing pyramid.

1. Vital Capital Injection and Financial Stability The most compelling argument for the MCO model is its capacity to rescue and stabilize distressed historical assets. The economic fallout of the COVID-19 pandemic, combined with the inherent volatility of football finance (where a single relegation can trigger bankruptcy), left hundreds of clubs technically insolvent. When an MCO acquires a club in a secondary market (e.g., Belgium, Portugal, or the English lower divisions), they bring a level of liquidity and creditworthiness that independent local owners simply cannot match. This capital is rarely just spent on player wages; it frequently funds long-term infrastructure projects, such as state-of-the-art training facilities, academy upgrades, and stadium modernizations. For many communities, inclusion in an MCO network is the difference between their historic club thriving and entirely ceasing to exist.

2. The Democratization of Knowledge and Elite Practices Historically, cutting-edge advancements in sports science, data analytics, and tactical coaching were siloed within the absolute elite clubs of Europe (the top 1% of the pyramid). The MCO structure inherently breaks down these silos. When a top-tier Premier League club acquires a subsidiary in South America or Eastern Europe, the parent club immediately exports its elite intellectual property to the new acquisition. The subsidiary gains instant access to proprietary, globally integrated scouting databases, advanced medical and rehabilitation protocols, and elite coaching curricula. This "trickle-down" effect dramatically raises the professional standards of secondary leagues, ultimately improving the quality of domestic football in regions that previously lacked the resources to innovate.

3. Enhanced Commercial Viability for Secondary Leagues MCOs can artificially elevate the global profile of smaller clubs. When a club like Troyes in France or Palermo in Italy is integrated into the City Football Group, their commercial proposition changes overnight. They benefit from bundled global sponsorship deals brokered by the parent company, securing revenues far exceeding their independent market value. Furthermore, the presence of these well-capitalized networks in secondary leagues forces independent rival clubs to elevate their own commercial and sporting operations to compete, hypothetically creating a rising tide that lifts the entire domestic league.

B. Risks to Competitive Integrity (The Core Concerns)

Despite the financial arguments, the proliferation of MCOs introduces profound, existential threats to the sporting integrity of football. If left unchecked, these networks threaten to transform a meritocratic sport into a closed, monopolistic entertainment product controlled by a handful of corporate conglomerates.

1. Direct Conflicts of Interest (The On-Pitch Dilemma) The most acute threat to competitive integrity occurs when two clubs owned by the same ultimate beneficiary compete in the same tournament. Whether it is a UEFA Champions League knockout tie or a domestic cup fixture, the inherent conflict of interest is insurmountable. Even if the parent company issues a strict mandate for both teams to play to win, the *perception* of collusion is fatal to the sport's credibility. Consider a scenario where Club A (the flagship, generating €500M annually) plays Club B (the subsidiary, generating €50M annually) in a tournament where progression guarantees a massive financial windfall. The financial incentive for the ownership group dictates that Club A *must* advance. If a contentious refereeing decision, a missed penalty, or a surprising tactical omission by Club B occurs, the public and the media will inevitably cry foul. This erodes the fundamental trust of the fans, reducing the sport to the level of scripted entertainment.

2. Market Distortion and Financial Fair Play Circumvention MCOs possess the unique ability to act as both the buyer and the seller in the transfer market, creating an entirely closed economic loop. This presents an unprecedented challenge to financial regulators enforcing Profitability and Sustainability Rules (PSR) or Financial Fair Play (FFP).

- *Artificial Transfer Valuation:* If a flagship club needs to record a massive profit to comply with FFP by June 30th, it can simply sell an academy player to a sister club within its network for a highly inflated fee. Conversely, a subsidiary club can sell a superstar talent to the flagship club for significantly under market value, denying the subsidiary vital revenue but granting the flagship an immense sporting advantage without the corresponding FFP penalty.
- *Wage Obfuscation and "Parking":* MCOs can sign an elite player to the subsidiary club, pay the majority of their wages through the parent company's central accounts, and then loan the player to the flagship club for a negligible fee. This completely masks the flagship club's true wage bill from domestic regulators.

3. The "Farm Team" Syndrome and the Death of Domestic Ambition Perhaps the most insidious cultural threat posed by the MCO model is the psychological degradation of historic clubs. European and South American football is built on the romantic premise that any club, regardless of size, can theoretically win their domestic league and conquer their continent. When a club is acquired to serve as a node in an MCO network, its foundational *raison d'être* shifts. The objective is no longer to win the domestic league or cup; the objective is to develop young talent and maximize their resale value for the benefit of the parent club. The subsidiary club becomes a mere "farm team" or developmental laboratory. Fans are forced to watch their best players transferred to the sister club the moment they show promise, often in the middle of a

domestic title race. This destroys local fan engagement, devalues secondary domestic competitions, and fundamentally alters the socio-cultural fabric of community-based football.

4. Talent Hoarding and Monopolistic Squeeze Before the MCO era, elite clubs could only sign a limited number of young players due to squad size constraints and the realization that elite prospects require first-team minutes to develop. The MCO model eliminates this constraint. A well-capitalized network can aggressively scout and acquire twenty of the world's best 18-year-old prospects simultaneously. Instead of sitting on the bench at the flagship club, these players are distributed across the network's subsidiary clubs in Belgium, France, and Brazil, guaranteeing them first-team minutes while retaining absolute control over their economic rights. This creates an oligopoly on elite talent. Independent clubs—even mid-table clubs in the Premier League or La Liga—are entirely priced out of the youth market and starved of the oxygen needed to compete, further entrenching the sporting dominance of the elite networks.

5. Subversion of Democratic Governance and Voting Cartels Beyond the pitch, MCOs threaten the administrative governance of football. Domestic leagues and continental bodies (like the European Club Association - ECA) operate on democratic principles, where clubs vote on broadcasting deals, revenue distribution, and regulatory frameworks. When a single individual or corporate entity controls multiple clubs across the continent, they effectively control multiple votes. They can direct their subsidiary clubs to vote in lockstep with the flagship club's interests, creating a powerful voting cartel. This allows MCOs to shape the very regulations intended to govern them, ensuring that broadcast revenues are distributed in a manner that favors the elite, and blocking any proposed legislative changes that might restrict their monopolistic practices.

V. Strategic and Legal Considerations for FIFA

A. Jurisdiction and Enforcement: The Limits of FIFA's Reach

The first strategic consideration is a structural one: How does a sports governing body regulate entities that exist entirely outside the sporting pyramid?

1. The "Indirect" Regulatory Mechanism FIFA's legal architecture is strictly hierarchical and vertically integrated. FIFA governs the continental confederations, which govern the national member associations (MAs), which govern the domestic clubs, which employ the players and staff. Crucially, FIFA does not have direct legal jurisdiction over holding companies, private equity funds, or sovereign state investment vehicles. If a Delaware-based LLC or a Middle Eastern sovereign wealth fund violates an MCO regulation, FIFA cannot fine, suspend, or sanction the investment fund directly. FIFA can only regulate *indirectly* by sanctioning the football club (the subsidiary) that the fund owns. The regulatory mechanism relies on the threat of sporting sanctions against the club—such as transfer embargoes, points deductions, or expulsion from competitions like the Club World Cup.

2. The Problem of "Collateral Damage" and Proportionality This indirect enforcement mechanism creates a severe ethical and legal dilemma regarding proportionality. If an ultimate beneficial owner (UBO) uses a sophisticated corporate structure to artificially inflate sponsorships across two clubs, the UBO reaps the financial reward. However, if FIFA sanctions the club by deducting points or expelling them from a tournament, the primary victims are the players, the manager, and the local fans—none of whom had any control over the corporate boardroom maneuvers. Legally, investment funds can (and will) argue that severely punishing a historic club for the complex financial structuring of its parent company is a disproportionate and unjust penalty, potentially seeking injunctions in civil courts to halt the sporting sanctions.

3. "Piercing the Corporate Veil" To enforce MCO regulations effectively, FIFA's investigatory bodies must be able to "pierce the corporate veil"—a legal concept describing the act of looking past a company's formal corporate structure to identify the true individuals or entities exercising control. In the modern MCO landscape, UBOs routinely hide behind layers of shell companies, blind trusts, and offshore holding entities. For FIFA to prove that Club A and Club B share the same UBO, it requires forensic accounting and investigatory powers that rival state law enforcement agencies. Without the legal power to subpoena external banking records or compel testimony from private equity executives, FIFA's enforcement bodies often lack the teeth required to prove sophisticated MCO violations beyond a reasonable doubt.

B. Defining "Significant Influence": The Regulatory Battlefield

If FIFA is to cap or restrict MCOs, it must first legally define what constitutes an MCO. As established in earlier sections, defining ownership purely by a 50.1% equity stake is obsolete. The new regulatory standard must revolve around "Significant Influence" or "Decisive Control."

However, writing a legal definition of "influence" that is both broad enough to catch evasive tactics and precise enough to withstand judicial scrutiny is an immense challenge.

1. The Shift to Qualitative Metrics A strict quantitative rule (e.g., "No entity may own more than 30% of two clubs") is easily circumvented. An investor buys 29.9% of the equity, perfectly complying with the letter of the law, but then structures the remaining financing as high-interest debt, holding the club's stadium and media rights as collateral. Technically, they are a minority shareholder; practically, they exercise absolute dictatorial control over the club's future.

Therefore, FIFA's legal phrasing must be qualitative, assessing the *totality of circumstances*. A robust legal definition of "Significant Influence" must trigger regulatory intervention if an entity possesses any combination of the following, regardless of equity share:

- **Board Control:** The ability to appoint, remove, or veto the majority of the Board of Directors or key executive personnel (CEO, Sporting Director).
- **Financial Leverage:** Holding a percentage of a club's debt that is so substantial that the club's ongoing operation is entirely reliant on the creditor's goodwill.
- **Operational Integration:** The sharing of proprietary intellectual property, unified global scouting networks, or centralized commercial sponsorship brokering, which effectively merges the operational brains of two distinct corporate entities.

2. The "Burden of Proof" Reversal Given the difficulty of piercing the corporate veil, FIFA's legal strategy must consider shifting the burden of proof. Rather than FIFA having to forensically prove that two clubs are sharing resources and colluding, the regulations should mandate absolute transparency. If an investment fund holds equity in two clubs participating in the same FIFA competition, the legal burden should fall entirely on the *clubs* to definitively prove, through independent audits, that they operate with total autonomy, separate sporting directors, distinct data platforms, and zero shared financial mechanisms. Failure to conclusively prove this separation would result in automatic disqualification.

C. Compatibility with European Union Law (and Others)

The single greatest legal threat to any robust MCO regulation is antitrust and competition law, most notably within the European Union (EU). Because the epicenter of global football wealth is in Europe, any FIFA regulation will inevitably be tested against the Treaty on the Functioning of the European Union (TFEU).

1. Article 63 TFEU: The Free Movement of Capital The foundational premise of the EU is the free movement of goods, services, people, and capital. Article 63 of the TFEU strictly prohibits all restrictions on the movement of capital between Member States. If FIFA or UEFA passes a law stating, "An investment fund based in France cannot purchase a controlling stake in a football club in Belgium if they already own a French club," this is, by definition, a restriction on the free movement of capital. Corporate lawyers for MCOs will immediately argue that football

governing bodies are acting as illegal cartels, unlawfully restricting free trade and limiting the ability of corporate entities to maximize their investments across European borders.

2. Antitrust Law and the "Super League" Precedent In December 2023, the European Court of Justice (ECJ) issued a landmark ruling in the case of the European Super League (ESL) versus UEFA and FIFA. While the case was about a breakaway competition rather than MCOs, the legal precedent set by the ECJ radically altered the regulatory landscape.

The ECJ ruled that sports governing bodies holding a monopoly (like FIFA and UEFA) are subject to EU competition law. Crucially, the court stated that if FIFA wishes to restrict commercial competition or deny access to the market, its rules must be **transparent, objective, non-discriminatory, and proportionate**. If FIFA's MCO regulations are applied arbitrarily (e.g., allowing a major sovereign wealth fund to bypass rules via a "blind trust" loophole while punishing a smaller investor), or if the rules are deemed unnecessarily restrictive, they will be struck down as an abuse of a dominant market position.

3. The "Sporting Exception" and Objective Justification The only way FIFA can legally restrict the free movement of capital or limit an MCO's commercial operations is by relying on the "specificity of sport." EU law does allow for restrictive rules *if* those rules are pursuing a "legitimate objective in the public interest" and if the restrictions are strictly proportionate to achieving that goal.

This is where the committee's work in Section IV ("Impact on Competitive Integrity") becomes legally vital. To survive an EU antitrust challenge, FIFA must definitively prove in court that limiting MCOs is the *only* way to protect the fundamental integrity, unpredictability, and fairness of sporting competitions. FIFA must articulate that a football club is not a standard commercial asset like a supermarket or a tech startup. Because the intrinsic value of the sport relies entirely on the public's belief that the competition is fair and unpredictable, the strict regulation of MCOs is an "objective justification" necessary to protect the very existence of the product.

If the rules are too draconian (e.g., a total, global ban on any entity owning shares in more than one club), courts will likely deem it "disproportionate" and strike it down. If the rules are too weak, the integrity of the sport collapses. The legal needle FIFA must thread is agonizingly narrow.

VIII. Conclusion and Next Steps: A Strategic Roadmap for FIFA

A. Summary of Key Findings: The Reality of the MCO Era

Before drafting binding recommendations for the FIFA Council, it is vital to formally enshrine the realities this committee has uncovered. These findings must form the justification for any restrictive actions FIFA takes moving forward.

1. The "Regulatory Arbitrage" Crisis is Fatal The current decentralized approach, where FIFA defers to continental confederations (like UEFA) and domestic federations (like the English FA or German DFL) to police MCOs, has created a regulatory Swiss cheese. Sophisticated investors actively engage in regulatory arbitrage, structuring their acquisitions in jurisdictions with the weakest oversight. The UEFA Article 5 "Decisive Influence" tests have been routinely circumvented through cosmetic boardroom reshuffles and the use of blind trusts. A fragmented defense cannot stop a globally coordinated financial strategy.

2. The Threat to Integrity is Immediate and Escalating The expansion of international competitions, specifically the 32-team FIFA Club World Cup, guarantees that network collisions are no longer hypothetical anomalies; they are statistical inevitabilities. The conflict of interest when two clubs owned by the same ultimate beneficiary meet in a high-stakes knockout tie cannot be mitigated by internal memos demanding "fair play." The *perception* of collusion alone is enough to destroy the commercial and cultural value of the tournament.

3. Financial Fair Play is Being Weaponized MCOs possess the unique capability to operate closed-loop internal economies. By transferring players between sister clubs at artificially inflated or deflated prices, or by utilizing centralized sponsorship networks to artificially inject capital into a subsidiary, MCOs are actively subverting Financial Fair Play (FFP) and Profitability and Sustainability Rules (PSR). They have turned regulations meant to curb spending into weapons that punish independent clubs while shielding network-affiliated clubs.

4. The "Farm Team" Syndrome is an Existential Cultural Threat The psychological and socio-cultural degradation of secondary clubs is the most insidious impact of the MCO model. Historic institutions in Belgium, France, Portugal, and South America are being actively stripped of their domestic ambitions, repurposed entirely as developmental laboratories for flagship clubs in England, Spain, or Italy. This talent hoarding starves independent clubs of the resources necessary to compete, effectively pulling up the drawbridge and creating a permanent underclass of subservient clubs.

B. Core Philosophical Pillars for New Regulations

To ensure that the forthcoming regulations survive inevitable legal challenges from elite corporate counsel, FIFA's legislative approach must be grounded in universally defensible principles. Every rule proposed must be tested against these four pillars:

Pillar 1: The Primacy of the Pitch (The Specificity of Sport) As established in Section V, to survive EU antitrust laws (TFEU Article 63) and the ECJ's "Super League" precedents, FIFA must definitively prove that restricting corporate capital is an "objective justification" necessary to protect the sport. Our regulations must emphatically state that football clubs are not standard corporate subsidiaries. Protecting the unpredictability of the match and the emotional trust of the fan is a public interest mandate that supersedes pure free-market capitalism.

Pillar 2: Global Harmonization and Absolute Jurisdiction FIFA can no longer delegate the MCO problem. The regulations must be a unified, top-down mandate. If an investment group wishes to participate in *any* FIFA-sanctioned competition—domestic or international—they must submit to a single, global standard of compliance regarding ownership structures. There can be no safe havens.

Pillar 3: The Reversal of the Burden of Proof Given the impossibility of FIFA's regulatory bodies piercing complex corporate veils, offshore trusts, and layered shell companies, the burden of proof must fundamentally shift. Regulators should not have to prove that two clubs are colluding. Instead, the ultimate beneficial owners must bear the absolute burden of proving, through independent, third-party forensic audits, that their affiliated clubs operate with total sporting, financial, and administrative autonomy.

Pillar 4: Proportionality and "Ring-Fencing" Because a total, global ban on multi-club ownership is legally hazardous, FIFA must adopt a philosophy of strict "ring-fencing." We must allow the financial investment to exist at the holding company level, but construct impenetrable operational walls between the subsidiary clubs. If the network cannot prove the walls are solid, the ultimate sanction must be applied: denial of entry to the competition.

C. Strategic Recommendations for the FIFA Council

Based on these pillars, this committee formally recommends the FIFA Council adopt and immediately begin drafting legislation for the following binding protocols:

Recommendation 1: The "Qualitative Influence" Index FIFA must abandon simplistic equity-percentage thresholds (e.g., the 30% rule) as the sole metric for ownership. We recommend the creation of a comprehensive "Qualitative Influence Index." This index will assess ownership based on the totality of circumstances, triggering regulatory action if an entity possesses:

- Control over the appointment of the Sporting Director or First Team Manager.
- Holding more than 15% of a club's operational debt or controlling the primary stadium infrastructure.
- The utilization of a shared, centralized data, scouting, and player recruitment network. If an entity scores above the threshold on this index across two clubs, those clubs are officially classified as an "Associated MCO Network."

Recommendation 2: The Ironclad Internal Transfer Ban To immediately halt the circumvention of financial fair play and the artificial hoarding of talent, FIFA must institute a permanent, strict ban on all direct, fee-paying player transfers and paid loan agreements between clubs classified within the same Associated MCO Network.

- *Anti-Bridging Clause:* To prevent evasion, this ban must include a strict three-year "cooling-off" period. If Club A sells a player to an independent Club C, that player cannot be transferred or loaned to Club B (Club A's sister club) for a minimum of 36 months.

Recommendation 3: The Associated Party Transaction (APT) Cap FIFA must mandate that domestic FAs implement strict APT regulations. Any commercial sponsorship, stadium naming rights deal, or broadcasting agreement struck between a club and a corporate entity linked to its UBO must be subject to a rigorous, independent "Fair Market Value" assessment. If the deal exceeds fair market value, the excess revenue must be entirely discounted from the club's financial sustainability calculations.

Recommendation 4: The FIFA Competition Integrity Protocol For the FIFA Club World Cup and all other global tournaments, the rule must be absolute: No two clubs under the "Qualitative Influence" of the same UBO may participate in the same competition simultaneously. If two clubs qualify, the UBO must declare, prior to the tournament draw, which club will participate. The other club will be mandatorily replaced by the next highest-ranking independent team from its respective confederation. There will be no exceptions for blind trusts, temporary board resignations, or cosmetic corporate restructuring enacted within 12 months of the tournament start date.

D. Timeline for Implementation and Next Steps

Executing a regulatory shift of this magnitude requires a phased approach to prevent immediate industry collapse while ensuring relentless progress toward compliance. The committee proposes the following timeline for the FIFA Council:

Phase 1: Promulgation and Consultation (Months 1–6)

- Drafting the formal "FIFA Regulations on Multi-Club Ownership."
- Opening a strict, 90-day consultation window with the European Club Association (ECA), FIFPro (the players' union), and representatives from the top 50 global MCO networks. This consultation is not for negotiating the core principles, but for refining the legal definitions of "Qualitative Influence" to ensure they are robust under Swiss and EU law.

Phase 2: Global Auditing and Registration (Months 6–12)

- Establishment of the FIFA Independent MCO Regulatory Body.

- All professional clubs globally must submit a mandatory Declaration of Ultimate Beneficial Ownership. Failure to declare the true UBO behind offshore holdings will result in an immediate global transfer ban.
- FIFA publishes the official, public registry of all Associated MCO Networks.

Phase 3: The "Grace Period" and Structural Adjustment (Year 2)

- A 12-month grace period is initiated. During this time, ownership groups that currently fall foul of the new "Qualitative Influence" Index or the Competition Integrity Protocols must actively divest, restructure their debt, or sever their shared scouting networks to comply with the "ring-fencing" mandates.

Phase 4: Full Enforcement and Punitive Action (Year 3 Onward)

- The Ironclad Transfer Bans and APT Caps go into full effect globally.
- The FIFA Club World Cup and all continental competitions apply the absolute prohibition on dual-network participation. Violations discovered post-entry will result in immediate disqualification, forfeiture of all prize money, and a subsequent three-year ban from all international competitions for *all* clubs within the offending network.

Final Statement of the Committee The window for passive observation has closed. The explosive growth of Multi-Club Ownership represents a brilliance of financial engineering, but it threatens the very soul of the sport we are sworn to protect. By enacting this strategic roadmap, FIFA can achieve the necessary balance: allowing vital, sustainable capital to flow into the game, while building an impenetrable fortress around the pitch. The integrity of the match, the independence of the club, and the faith of the fan must remain the ultimate, untouchable currency of global football.