

Football's Financial Regulation Towards Convergence?

This is the second article in a series between Hogan Lovells and Secretariat on legal and expert issues that arise in sports disputes.¹

Recent football seasons have demonstrated that financial regulations are now as much a driver of headlines and focus as transfer sagas and title races. With points deductions, fines, appeals, and legal wrangling over the Premier League's Profit and Sustainability Rules ("PSR") and UEFA's Financial Sustainability Regulations ("FSR") taking centre stage, sound financial decision-making has become more crucial than ever. Additionally, the differing metrics and rules for financial regulations between the Premier League and UEFA show that clubs can find themselves compliant under one framework but in breach under another.

This article examines the current financial regulation frameworks, trends in compliance and recent UEFA settlements, the proposed PSR reforms, and the associated financial and legal risks for clubs.

Current Financial Regulations

Under the Premier League's PSR, clubs are subject to a maximum loss of £105 million over a rolling three-year period.² This is comprised of £90 million of owner funding plus £15 million from a club's resources, with certain exemptions for permitted expenses, including investment in youth and women's football, and infrastructure expenditure.³

UEFA requires teams that are also competing in European competitions to adhere to its FSR.

To comply with FSR, clubs in UEFA competitions are permitted losses of a maximum of €60 million over a rolling three-year period, comprised of €55 million of owner funding plus €5 million from a club's resources.⁴ There are similar cost exemptions to the PSR.⁵ UEFA's current regulations further assess a club's solvency⁶ and squad cost ratio, which caps expenditure on wages, transfers, and agents' fees at 70% of revenue for the 2025/26 season.⁷

Differences between the Premier League's PSR and UEFA's FSR

While the principles of the Premier League's PSR and UEFA's FSR are straightforward, the application has proven otherwise, and in recent seasons, there has been a surge in alleged breaches of both regulations.

During the 2023/24 season, Everton FC and Nottingham Forest FC faced sanctions by the Premier League. UEFA has separately charged and entered into settlement agreements with clubs for alleged breaches of its financial regulations.⁸

PSR is based on accounting profits/losses, meaning that clubs can recognise gains from asset sales (including non-football assets) provided the transaction is at market value ("FMV").⁹ This flexibility has been used in recent years, including:

- Non-football asset disposals - Sales of hotels and real estate.
- Football asset disposals – Sales of women's teams, stadiums, or training facilities.

1 You can read our first article titled "The Premier League's Red Card: disciplinary investigations, Commissions, arbitration – and the role of experts" [here](#).

2 Premier League Handbook, Season 2025/26, paragraph E.54.

3 Premier League Handbook, Season 2025/26, paragraph E.50.3 with reference to Form 3A.

4 UEFA Club Licensing and Financial Sustainability Regulations, June 2024, Part III, Chapter 2, Article 91.

5 UEFA Club Licensing and Financial Sustainability Regulations, June 2024, Annex J.4 and J.5.

6 UEFA Club Licensing and Financial Sustainability Regulations, June 2024, Part III, Chapter 2, Articles 81 to 84.

7 UEFA Club Licensing and Financial Sustainability Regulations, June 2024, Part III, Chapter 2, Article 94.

8 [UEFA media release, July 4, 2025](#).

9 The PL refers to "fair market value" and UEFA refers to "fair value", however, the definitions are generally consistent.

FSR treats asset sales differently. FRS does not permit any profit from the disposal of tangible assets in the calculation of “football earnings”.^{10,11} Under PSR, the gain from the sale of an asset (if at FMV), such as a hotel, training facility, or commercial property, can be included in the maximum permitted loss calculation. By contrast, UEFA’s FSR restricts the recognition of gains to assets directly linked to football activities.¹²

UEFA’s recent enforcement demonstrates how divergent rules can lead to different outcomes for the same financial activity. UEFA recently announced a series of decisions involving clubs under monitoring during the 2024/25 season.¹³ The First Chamber of the Club Financial Control Body (“CFCB”) explained that it “placed particular attention on transactions involving the sale of tangible or intangible assets, the exchange of players (so called ‘swaps’) and the transfers of players between related parties. Clubs were required to perform adjustments, as profits from such transactions cannot be recognised as relevant income according to the [UEFA regulations]”.¹⁴ The CFCB First Chamber stated that it “found that HNK Hajduk Split (CRO), Aston Villa FC (ENG), Chelsea FC (ENG), FC Barcelona (ESP), Olympique Lyonnais (FRA) and FC Porto (POR) did not comply with the football earnings rule which was assessed for the first time in the 2024/25 season”.¹⁵

Potential Legal Risks

There are numerous sanctions that may be imposed for breaches of the PSR¹⁶, with points deductions being the most common in recent cases. Additionally, where a PSR calculation results in losses in excess of £105 million, the Board may require the club to submit and adhere to an agreed budget.¹⁷

In contrast, UEFA’s FSR focuses on financial disciplinary measures, including fines proportionate to the extent of the breach¹⁸. For breaches of the football earnings rule, UEFA has recently¹⁹ entered into settlement agreements with clubs, which involve the payment of fines, the requirement to comply with financial targets, restrictions on spending, and exclusion from UEFA club competitions in the event of breach of the settlement agreement.

Clubs must also consider broader risks. In addition to regulatory sanctions, breaches of financial rules could, in theory, lead to other clubs seeking to bring follow-on claims against the sanctioned club.

Proposed Reforms

The Premier League has proposed reforms that align its framework more closely with UEFA’s framework. Following a vote of the Premier League clubs on 21 November 2025, it has been reported that from the start of the 26/27 season:

- A squad cost ratio (SCR) system will replace the existing PSR rules, under which overall squad costs will have to be limited to 85% of a club’s football related revenue. Clubs competing in European competitions would have to adhere to UEFA’s maximum of 70% of revenue. There will be restrictions on recognising the sale of capital assets.
- A sustainability and systematic resilience (SSR) measure will test clubs to ensure they have sufficient funds to cope with short, medium and long-term financial risks.

However, an “anchoring” proposal – which would have imposed a cap on squad costs as a multiple of the football revenues of the league’s lowest side – was rejected.

These reforms will need to be studied in closer detail when the new rules are published.

Conclusion

Clubs that compete in UEFA competitions as well as the Premier League currently face the challenge of complying with two sets of financial rules which do not seamlessly overlap. This can result in a club complying with one set of financial rules but being in breach of another. Further, breaches of the PSR have so far primarily led to sporting punishment, whereas breaches of FPR have led to financial disciplinary measures and fines. However, reports of recent reforms to the Premier League’s Rules suggest that convergence in the relevant rules may be on the horizon.

10 UEFA Club Licensing and Financial Sustainability Regulations, June 2024, Annex J.2.

11 There are two exceptions to this FRS rule, depending on the nature of the asset and whether it is going to be replaced. See UEFA Club Licensing and Financial Sustainability Regulations, June 2024, Annex J.2(h).

12 UEFA Club Licensing and Financial Sustainability Regulations, June 2024, Annex J.2.

13 [UEFA media release, July 4, 2025.](#)

14 [UEFA media release, July 4, 2025.](#)

15 [UEFA media release, July 4, 2025.](#)

16 Premier League Handbook, Season 2025/26, Section W.

17 Premier League Handbook, Season 2025/26, paragraph E.54, E.17 and H1.1-1.3.

18 UEFA Club Licensing and Financial Sustainability Regulations, June 2024, Annex L(a).

19 [UEFA media release, July 4, 2025.](#)

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