To the national associations affiliated to FIFA

________________________

Circular no. 826

Zurich, 31 October 2002
GS/gmo/clu

Revised FIFA Regulations for the Status and Transfer of Players – Training Compensation

Dear General Secretary,

We revert to our circular letter no. 799, dated 19 March 2002, in which we set out a number of factors serving as guidelines to establish the training compensation fees for young players. In particular, we outlined which type of expenses should be taken into account when calculating the costs of training young players, how clubs should be categorised by their national associations and how training compensation would actually be calculated. Finally, all national associations were made aware of the timeframe by which this information had to be sent to FIFA as well as the fact that FIFA would have to establish those values itself, if it were not provided with the required information on time.

Although 23 national associations did undertake these tasks with diligence, a very large number of associations have not been able to provide us with their answers to our circular letter. It is therefore clear that many national associations are, at this stage, unable to assemble the data required to put the calculation system in place. Also, and despite a small number of responses, FIFA has not received any suggestions on the applicable parameters that would be supported by the respective players’ unions within the EU/EEA as provided for in the Regulations.

In addition, during the ongoing consultations with national associations, leagues and players’ representatives, concerns about the complexity of the new system were repeatedly expressed.

Accordingly, pursuant to Art. 45 of the Regulations for the Status and Transfer of Players, the FIFA Players Committee, as endorsed by the Executive Committee, has concluded that it is necessary to help the various participants with the calculation of training compensation amounts by (i) establishing indicative amounts per confederation, which are subject to review by the Dispute Resolution Chamber in individual cases, and (ii) postponing the application of certain principles relating to transfer compensation until the review of the entire regulations governing the status and transfer of players at the end of the 2003/2004 season.
(i) Indicative amounts

Until a more definitive calculation system is put into place, FIFA has established the following indicative amounts on the basis of information received for all national associations on a confederation basis, also keeping in mind the many requests from interested parties for simplicity:

Africa:
1. Category: USD 50,000
2. Category: USD 30,000
3. Category: USD 10,000
4. Category: USD 2,000

Asia:
2. Category: USD 40,000
3. Category: USD 10,000
4. Category: USD 2,000

Europe:
1. Category: EURO 90,000
2. Category: EURO 60,000
3. Category: EURO 30,000
4. Category: EURO 10,000

North and Central America:
2. Category: USD 40,000
3. Category: USD 10,000
4. Category: USD 2,000

Oceania:
2. Category: USD 30,000
3. Category: USD 10,000
4. Category: USD 2,000

South America:
1. Category: USD 50,000
2. Category: USD 30,000
3. Category: USD 10,000
4. Category: USD 2,000

These amounts will be used when applying the provisions contained in Chapter VII of the FIFA Regulations for the Status and Transfer of Players (hereafter “Basic Regulations”), as well as Chapter III of the Regulations governing the Application of the Regulations for the Status and Transfer of Players (hereafter “Application Regulations”), together with circular letters nos. 769 and 799, subject to the simplifications outlined below.

Any party that objects to the result of a calculation based on the rules on training compensation is entitled to refer the matter to the Dispute Resolution Chamber. The Chamber will then review whether the training compensation fee calculated on the basis of the indicative amounts and the principles of the revised regulations, as simplified below, is clearly disproportionate to the case under review in accordance with Art. 42.1.b.(iv) of the Basic Regulations, while taking into account the indicative nature of these amounts. Whenever particular circumstances are given, the Dispute Resolution Chamber can adjust the amounts for the training compensation so as to reflect the specific situation of a case. For this task the Dispute Resolution Chamber can ask for all documents and/or information it deems necessary, such as invoices, training centres budgets, etc.
FIFA will reconsider these indicative amounts before 1 September 2003, in the light of further information received as well as the jurisprudence of the Dispute Resolution Chamber.

(ii) Simplified Calculation Principles

In order to facilitate the initial implementation of the rules on training compensation, the application of certain provisions that have raised many questions so far, will be postponed until the review of the entire regulations governing the status and transfer of players at the end of the 2003/2004 season.

To begin with, the rule remains that training compensation will be payable to all clubs that have trained a player between the age of 12 and 21 once the player acquires non-amateur status (i.e., by signing a non-amateur contract with the club for which he has been playing as an amateur, or by signing a non-amateur contract with another club to which he transfers). This is in accordance with Art. 5.2 (b) of the Application Regulations.

However, the principles concerning subsequent transfers will be simplified until the review of the revised regulations at the end of the 2003/2004 season has been completed. Until then, for any subsequent transfer up to the age of 23, including transfers from clubs belonging to the third and fourth categories as referred to in art. 5.2 (c) of the Application Regulations, training compensation will only be owed to the previous club of the player for the time he was effectively trained by that club.

Furthermore, the application of the cascade principle that is outlined in art. 5.4 (d) & (e) as well as art. 8 of the Application Regulations will be postponed until the review of the revised regulations at the end of the 2003/2004 season.

As a result, in case of subsequent transfers of young players, a training compensation fee will only be payable to the previous training club, and not to any other training club, until the review of the revised regulations will have been completed.

It is recalled that, pursuant to Art. 7.3 of the Application Regulations, as a general principle compensation for training is based on the costs of the country in which the new club is located. However, within the EU/EEA area, compensation for training is based on the costs of the country in which the training club was located, subject to the principles set out in Art. 7.4 of the Application Regulations.

The actual compensation fee is calculated by multiplying the amount corresponding to the category of the relevant training club by the number of years of training from 12 to 21. It will be recalled that, pursuant to Art. 7.2 the amounts due for the training of players aged 12 to 15 will always be based on the training and education costs established for Category 4.
(iii) Categorisation of Clubs

Attached to this circular letter you will find a table for each Confederation, setting out the categories in which each National Association is asked to allocate its clubs. As you can note, only very few National Associations will be asked to assign their clubs into 4 different categories, since these National Associations incorporate clubs that provide the highest standard of training for young players. All remaining associations are considered to have between one and three different standards of training offered by their clubs. Upon having received this circular letter, your National Association is asked to immediately categorise its affiliated clubs following the guidelines contained in art. 6 of the Application Regulations. You shall be required to allocate your clubs in the categories that are indicated in the table. No allocation will be required if all your clubs fall under Category 4. The categorisation of clubs will be reviewed as from 30 June 2003.

You are kindly asked to communicate the categorisation of your clubs to FIFA by 15 November 2002. If we do not receive your reply, Category 4 will apply to all calculations involving one of your affiliates until the end of June 2003, when the categorisation will be reviewed.

(iv) Player Passport

The new club of a player must pay the compensation for training and education of a player within 30 days of signing the first non-amateur contract and is responsible to calculate and distribute this amount. The player is required to assist the new club in carrying out this procedure. If a player’s career cannot be traced back to the age of 12, any missing years will be based on Category 4 for the purposes of determining training compensation and the amount will be distributed to the player’s national association of origin and earmarked for training young players. The ‘player’s passport’, introduced in circular letter no. 775 will assist in this task. All national associations are therefore asked to ensure that the passport is attached to all international registration transfer certificates that are being issued. In this context, we wish to clarify the wording of art. 10 of the Application Regulations. The new club of a player responsible for paying compensation to the player’s former club is also responsible for ensuring that the 5% solidarity contribution is distributed to the clubs involved in the training and education of the player. Furthermore, we wish to outline that the 5% solidarity contribution is to be deducted from the amount payable to the player’s former club.

*******************************

For greater certainty, it is reaffirmed (as already established in circular letter no. 799) that the revised regulations are applicable to all transfers of players that have occurred after the entry into force of the revised transfer regulations on 1 September 2001. All pending cases on the compensation amounts owed for the training of young players, that have transferred as from 1 September 2001, are to be calculated in accordance with the present circular.
We hope that this solution will be of assistance to you and alleviate some of the difficulties that you may have been encountering when working with the revised FIFA Regulations for the Status and Transfer of Players.

We thank you for your kind attention to the above and remain at your full disposal for any further information that you may require.

Yours faithfully,
FEDERATION INTERNATIONALE
DE FOOTBALL ASSOCIATION

Urs Linsi
Acting General Secretary

Copy: - Executive Committee
    - Players’ Status Committee
    - Dispute Resolution Chamber
    - Confederations
    - FIFPro

Enclosures mentioned