

CAS 2024/A/10310 FC Barcelona v. UEFA

ARBITRAL AWARD

delivered by the

COURT OF ARBITRATION FOR SPORT

sitting in the following composition:

President: Mr Manfred **Nan**, Attorney-at-Law, Amsterdam, The Netherlands
Arbitrators: Mr Jeffrey G. **Benz**, Attorney-at-Law & Barrister, London, United Kingdom
Ms Raphaëlle **Favre Schnyder**, Attorney-at-Law, Zurich, Switzerland
Ad hoc Clerk: Mr Dennis **Koolaard**, Attorney-at-Law, Amsterdam, The Netherlands

in the arbitration between

Futbol Club Barcelona, Barcelona, Spain

Represented by Mr Lucas Ferrer and Mr Luis Torres, Attorneys-at-Law, Statim Legal,
Barcelona, Spain

- **Appellant** -

and

Union des Associations Européennes de Football (UEFA), Nyon, Switzerland

Represented by Mr Saverio Lembo and Mr Emanuel Cortada, Attorneys-at-Law, Bär &
Karrer AG, Zurich, Switzerland

- **Respondent** -

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I. PARTIES

1. Futbol Club Barcelona (the “Appellant” or “FC Barcelona” or “Club”) is a football club with its registered office in Barcelona, Spain. The Club is registered with the Royal Spanish Football Federation (*Real Federación Española de Fútbol* – the “RFEF”), which in turn is affiliated to the *Union des Associations Européennes de Football* (the “Respondent” or “UEFA”).
2. UEFA is the governing body of football in Europe with its registered office in Nyon, Switzerland, recognised as such by FIFA.
3. The Club and UEFA are hereinafter jointly referred to as the “Parties”.

II. INTRODUCTION

4. These proceedings revolve around the alleged misclassification of FC Barcelona’s profit from the disposition of audiovisual rights in the amount of EUR 267,089,000 for the reporting period ending in 2022 (the “Sale”). The Sale comprises 10% of FC Barcelona’s television rights related to the Spanish domestic championship (“LaLiga”) for a period of 25 years.
5. The UEFA Club Financial Control Body Appeals Chamber (the “CFCB Appeals Chamber”) decided that FC Barcelona intentionally violated the applicable rules and regulations and, confirming the decision (the “First Instance Decision”) of the UEFA Club Financial Control Body First Chamber (the “CFCB First Chamber” and together with the CFCB Appeals Chamber as the “CFCBs”), sanctioned FC Barcelona with a fine of EUR 500,000 (the “Appealed Decision”).
6. FC Barcelona is challenging the Appealed Decision before the Court of Arbitration for Sport (“CAS”), requesting that this Panel find that FC Barcelona did not breach the UEFA Club Licensing & Financial Fair Play Regulations (the “CL&FFP”) or the UEFA Club Licensing & Financial Sustainability Regulations (the “CL&FS”), or, alternatively, that the sanction imposed on the Club be reduced.
7. UEFA requests confirmation of the Appealed Decision.

III. FACTUAL BACKGROUND

8. Below is a summary of the main relevant facts, as established on the basis of the written and oral submissions of the Parties and the evidence examined in the course of the proceedings and at the hearing. This background information is given for the sole purpose of providing a synopsis of the matter in dispute. Additional facts may be set out, where relevant, in connection with the legal discussion.

A. The Functioning of the Break-even Requirement under the CL&FFP

9. Pursuant to the transitional period provided in Article 104.01(a) CL&FS, for the 2022/23 season, the break-even requirement provided in Articles 58-64 CL&FFP continues to apply.
10. The break-even requirement is fulfilled if the participating club has, for a monitoring period, which covers three consecutive reporting periods (T, T-1 and T-2), either an aggregate break-even surplus, or an aggregate break-even deficit which is within the acceptable deviation as set forth in Article 61 CL&FFP.
11. Accordingly, clubs must calculate for each reporting period their break-even result which, pursuant to Article 60(1) CL&FFP, is the difference between relevant income and relevant expenses. The terms relevant income and relevant expenses are defined in Annex X CL&FFP (“Relevant Income” and “Relevant Expenses”). These terms are addressed in more detail below when the merits of the case are addressed below.
12. While “*other operating income*” is considered as Relevant Income, “*profit on disposal of intangible assets*” is not considered as Relevant Income and is excluded in the calculation of the break-even result for a reporting period.
13. If a club’s Relevant Expenses are less than the Relevant Income for a reporting period, then it has a break-even surplus. If a club’s Relevant Expenses are greater than Relevant Income for a reporting period, then it has a break-even deficit.
14. The aggregate break-even result is then calculated by adding together the break-even results of each reporting period covered by the monitoring period. In case of an aggregate break-even deficit for the monitoring period, the CL&FFP provides an additional opportunity for a club to mitigate its aggregate break-even deficit (Article 60(6) CL&FFP) by reducing its deficit by any surplus resulting from the sum of the break-even results of the two reporting periods prior to the monitoring period (i.e., T-3 and T-4).

B. Background Facts

15. At the end of the 2021/22 season, FC Barcelona qualified to participate in the 2022/23 UEFA Champions League on the basis of sporting merit.
16. On 8 June 2022, after having fulfilled the admission criteria defined in the UEFA Regulations of the UEFA Champions League 2021-24 Cycle (2022/23 Season – the “Competition Regulations”), FC Barcelona was admitted to the 2022/23 UEFA Champions League.
17. On 30 June 2022, FC Barcelona concluded the Sale, by means of which it disposed of 10% of its audiovisual rights related to LaLiga for a period of 25 years.
18. On 21 July 2022, FC Barcelona subsequently sold a further 15% of audiovisual rights in the amount of EUR 400,400,000 under the same conditions as the Sale. FC Barcelona

has therefore in total disposed of 25% of its audiovisual rights for a period of 25 years for a total amount of EUR 667,489,000. The income related to the disposal of the further 15% of audiovisual rights will however only be recognised in the reporting period ending in 2023 and is thus only relevant for FC Barcelona’s football earnings submission for the monitoring period 2023/24 and following.

19. In September 2022, FC Barcelona published its official financial report for the reporting period 2021/22 (the “Financial Report”). In the audited profit and loss statement in the Financial Report, FC Barcelona classified the income generated from the Sale as “*profit from intangible fixed assets*”.
20. On 13 October 2022, the CFCB First Chamber sent to FC Barcelona a request for an independent compliance audit (the “Compliance Audit”) “*in order to gain a better understanding of your club’s financial situation and verify whether the break-even information submitted by your club as part of the 2022/23 monitoring process is complete, accurate and in compliance with the [CL&FFP]*”. In particular, FC Barcelona was informed that “*independent auditors will review specific elements of your club’s break-even submission (for the reporting periods ending in 2021 and 2022 as well as the latest forecast for the reporting period ending in 2023)*”.
21. On 18 October 2022, FC Barcelona submitted its monitoring documentation for the 2022/23 season to the UEFA Administration. This monitoring information included FC Barcelona’s break-even information for the reporting periods ending in 2019, 2020, 2021 and 2022. FC Barcelona certified that all possible care had been taken to ensure that the information provided was accurate, complete and in compliance with the requirements included in the CL&FFP, directives, toolkits and other information communicated to licensees. FC Barcelona’s break-even information for the monitoring period assessed in 2022/23 can be summarised as follows:

Per Club’s self-declaration (EUR million)	T (2022)	T-1 (2021)	T-1 (2020)	T-2 (2019)
Net profit (loss) for the year	[...]	[...]	[...]	[...]
Break-even adjustments	[...]	[...]	[...]	[...]
Declared Annual Break-even result	[...]	[...]	[...]	[...]
Average Break-even result 2020-21	-	[...]		-
Covid Adjustment 2020-21	-	[...]		-
Considered annual Break-Even Result	[...]	[...]		[...]
Declared aggregated break-even result for T, T-1 & T-2 including Covid adj				[...]

22. Accordingly, for the monitoring period 2022/23, FC Barcelona declared an aggregate break-even surplus of EUR [...] million. Furthermore, in its break-even submission, FC Barcelona classified the income related to the Sale explicitly as “*other operating income*”.

23. From 24 to 28 October 2022, PricewaterhouseCoopers (“PwC”) undertook the Compliance Audit under the UEFA program at FC Barcelona’s premises.
24. On 9 February 2023, PwC issued its final report (the “PwC Report”), *inter alia*, concluding that the income related to the Sale was wrongly classified in FC Barcelona’s break-even submission as “*other operating income*”. The PwC Report stated that the Sale should be aligned to and remain consistent with i) FC Barcelona’s financial statements as well as ii) the nature of the transaction, i.e., profits from intangible fixed assets. The PwC Report indicated that the profit from the Sale amounting to EUR 267 million should be reclassified as “*profit on disposal of intangible assets*” in FC Barcelona’s break-even submission. The PwC Report also determined that the profit from the Sale should not have been included as Relevant Income under the CL&FFP. Instead, and in accordance with Article D(b) of Annex X CL&FFP, it should have been excluded from the calculation of FC Barcelona’s break-even result for the reporting period ending in 2022. Finally, the PwC Report concluded that FC Barcelona’s break-even result for the reporting period ending in 2022 was (greatly) overstated by EUR 267 million and proposed an amendment to FC Barcelona’s break-even submission, which proposal FC Barcelona declined.

C. Proceedings before the CFCB First Chamber

25. On 17 February 2023, the CFCB First Chamber opened proceedings against FC Barcelona based on the findings in the PwC Report and appointed a reporting member (the “CFCB Reporting Member”) to establish the facts and collect relevant evidence.
26. On 20 February 2023, the CFCB Reporting Member invited FC Barcelona to submit its observations on the PwC Report.
27. On 13 March 2023, FC Barcelona filed its observations on the PwC Report, concluding that the case against it should be dismissed.
28. On 21 March 2023, the CFCB Reporting Member issued his conclusions, concluding that FC Barcelona breached Article 58(2) CL&FFP as it failed to calculate and reconcile Relevant Income to its audited Financial Report for the reporting period ending in 2022. The CFCB Reporting Member also considered that FC Barcelona breached Article 77.01(e) CL&FS, as it failed to submit complete and accurate information. The CFCB Reporting Member recommended to the CFCB First Chamber i) to adjust FC Barcelona’s break-even submission for the 2022/23 monitoring period to correctly reflect the “*profit on disposal of intangible assets*” in reporting period 2022 and ii) to impose a EUR 100,000 fine on FC Barcelona for the breaches of Articles 58(1) and (2) CL&FFP as well as Article 77.01(e) CL&FS.
29. On 30 March 2023, FC Barcelona opposed the CFCB Reporting Member’s conclusions.
30. On 3 May 2023, a hearing was held at UEFA’s headquarters in Nyon, Switzerland.
31. On 13 July 2023, the CFCB First Chamber issued the First Instance Decision, with the following operative part:

“Having assessed the Conclusions of the CFCB Reporting Member dated 21 March 2023 and the observations submitted by the Club on 30 March 2023, the CFCB First Chamber considers that the break-even information submitted by FC Barcelona for the monitoring period assessed in the 2022/23 season was not in compliance with the reporting requirements set in the Articles 58 (1) and (2) of the CL&FFP, thus breaching the Club’s regulatory obligation pursuant to Article 77.01 (e) of the CL&FS.

As a consequence, the CFCB First Chamber concludes that the Club’s break-even result for the reporting period ending in 2022 is overstated by € 267 million and amounts to a deficit of € [...] million (instead of a surplus of € [...] million as submitted by the Club); as a result, FC Barcelona’s aggregate break-even surplus for the monitoring period assessed in the 2022/23 season (including the reporting periods ending in 2017, 2018, 2019, 2020, 2021 and 2022) amounts to € [...] million.

The CFCB First Chamber highlights that a similar breach by the Club in the 2023/24 monitoring process would constitute a case of recidivism and would be addressed by the imposition of a harsher disciplinary measure on FC Barcelona.

Based on the foregoing, and pursuant to Articles 14.06 (e), 28, 29.01 (c), 30.01, 31 and 32.01-02 of the Procedural Rules, the CFCB First Chamber hereby decides:

- *to impose a fine of € 500’000 on the Club; and*
- *the Club is to pay € 1’000 towards the costs of these proceedings.”*

32. On 18 September 2023, the First Instance Decision with grounds was notified to FC Barcelona.

D. Proceedings before the CFCB Appeals Chamber

33. On 20 September 2023, FC Barcelona submitted a declaration of appeal with the CFCB Appeals Chamber.

34. On 29 September 2023, FC Barcelona submitted the grounds of its appeal.

35. On 6 October 2023, the CFCB First Chamber submitted its observations with respect to FC Barcelona’s appeal.

36. On 13 October 2023, FC Barcelona responded to the CFCB First Chamber’s observations.

37. On 30 October 2023, the members of the CFCB Appeals Chamber convened to assess the case and issued the Appealed Decision, with the following operative part:

“The CFCB Appeals Chamber hereby decides:

- 1. To reject the appeal lodged by the Club.*
- 2. To confirm the CFCB First Chamber decision of 13 July 2023.*
- 3. The costs of the appeal proceedings and the costs of the proceedings before the First Chamber totalling, €2,000, are to be paid by the Club.”*

38. On 12 January 2024, the Appealed Decision with grounds was notified to FC Barcelona. UEFA summarised the key reasons for the Appealed Decision as follows in its Appeal Brief:

- *“[FC Barcelona] is subject to UEFA’s Statutes, Rules and Regulations, particularly the CL&FFP and CL&FS, following its qualification and admission to the UEFA Champions League season 2022/23.*
- *The CL&FS and the CL&FFP and its Annex X are unambiguous and crystal clear on how each licensee must classify, calculate, and reconcile the Relevant Income and Relevant Expenses, and the break-even result in the break-even submission.*
- *However, [FC Barcelona] deviated from its audited Financial Report and wrongly classified the income generated from the Sale as ‘other operating income’ which was therefore incorrectly included as Relevant Income in the calculation of [FC Barcelona’s] break-even result (Annex X.B.f to the CL&FFP). Consequently, [FC Barcelona] greatly overstated its break-even result for the reporting period ending in 2022 by EUR 267,000,000.*
- *[FC Barcelona] has been unable to explain why the profit generated from the Sale was classified under ‘other operating income’ (i.e. Relevant Income), instead of being correctly classified under ‘profits on disposal of intangible assets’ pursuant to Annex X.D.b to the CL&FFP (i.e. not Relevant Income).*
- *Consequently, based on the clear factual and legal situation, [FC Barcelona’s] break-even information submitted was not in compliance with the reporting requirements set forth in Art. 58(1) and (2) CL&FFP. Furthermore, [FC Barcelona] also breached its regulatory obligation to provide complete and accurate information pursuant to Art. 77.01 lit. e CL&FS.*
- *In conclusion, the CFCB Appeals Chamber considered that the fine of EUR 500’000 emerges as a well-considered and proportionate response to (i) the substantial amount incorrectly reported by [FC Barcelona], (ii) the intentional nature of the violation, (iii) the overall gravity of the*

offence, (iv) the bad behaviour of [FC Barcelona] during the Compliance Audit, and (v) is aligned with established jurisprudence.”

IV. PROCEEDINGS BEFORE THE COURT OF ARBITRATION FOR SPORT

39. On 22 January 2024, FC Barcelona filed a Statement of Appeal with CAS in accordance with Articles R47 and R48 of the 2023 edition of the Code of Sports-related Arbitration (the “CAS Code”), challenging the Appealed Decision. In this submission, FC Barcelona nominated Mr Jeffrey G. Benz, Attorney-at-Law and Barrister in London, United Kingdom, as arbitrator.
40. On 12 February 2024, UEFA nominated Ms Raphaëlle Favre Schnyder, Attorney-at-Law in Zurich, Switzerland, as arbitrator.
41. On 21 February 2024, FC Barcelona filed its Appeal Brief in accordance with Article R51 CAS Code.
42. On 9 April 2024, UEFA filed its Answer in accordance with Article R55 CAS Code.
43. On 10 April 2024, the CAS Court Office informed the Parties that, pursuant to Article R54 CAS Code, and on behalf of the Deputy President of the CAS Appeals Arbitration Division, the arbitral tribunal appointed to decide the appeal was constituted as follows:

President: Mr Manfred Nan, Attorney-at-Law, Amsterdam, The Netherlands;
Arbitrators: Mr Jeffrey G. Benz, Attorney-at-Law & Barrister, London, United Kingdom;
Ms Raphaëlle Favre Schnyder, Attorney-at-Law, Zurich, Switzerland.
44. On 15 and 17 April 2024 respectively, FC Barcelona informed the CAS Court Office that it considered a hearing necessary, whereas UEFA indicated that it did not consider a hearing necessary. Neither of the Parties considered it necessary for a case management conference to be held.
45. On 19 April 2024, the CAS Court Office informed the Parties that the Panel had decided to hold a hearing.
46. On 25 April 2024, following consultation of the Parties, the CAS Court Office informed the Parties that an in-person hearing would be held at the CAS Court Office in Lausanne, Switzerland, on 5 June 2024. The Parties were further informed that Mr Dennis Koolaard, Attorney-at-Law in Amsterdam, The Netherlands, had been appointed as *Ad hoc* Clerk.
47. On 23 and 28 May 2024 respectively, UEFA and FC Barcelona returned duly signed copies of the Order of Procedure to the CAS Court Office, provided to them on 22 May 2024.

48. On 31 May 2024, further to a request of the CAS Court Office, UEFA submitted a draft hearing schedule jointly agreed upon by the Parties.
49. On 5 June 2024, a hearing was held at the CAS Court Office in Lausanne, Switzerland. At the outset of the hearing, FC Barcelona and UEFA confirmed that they had no objection to the constitution and composition of the arbitral tribunal.
50. In addition to the members of the Panel, Mr Giovanni Maria Fares, CAS Counsel, and Mr Dennis Koolgaard, *Ad hoc* Clerk, the following persons attended the hearing:
- a) For FC Barcelona:
 - 1) Mr Pere Lluís Mellado, FC Barcelona Legal Director;
 - 2) Mr Lucas Ferrer, Counsel
 - 3) Mr Luis Torres, Counsel.
 - b) For UEFA:
 - 1) Mr Pablo Rodriguez, UEFA Chief of Financial Monitoring and Compliance;
 - 2) Ms Alice Williams, UEFA CFCB Lawyer;
 - 3) Mr Saverio Lembo, Counsel;
 - 4) Mr Emanuel Cortada, Counsel.
51. The Panel heard evidence from Mr Oriol Amat and Mr Andrei Boar, Professors of Financial Economics and Accounting at the *Universitat Pompeu Fabra*, experts called by FC Barcelona. Both experts were instructed by the President of the Panel to tell the truth subject to the sanctions of perjury under Swiss law. The Parties and the members of the Panel had full opportunity to examine and cross-examine the experts.
52. The Parties were given full opportunity to present their cases, submit their arguments and answer the questions posed by the members of the Panel.
53. Before the hearing was concluded, FC Barcelona and UEFA expressly stated that they had no objection to the procedure adopted by the Panel and that their right to be heard had been respected.

V. SUBMISSIONS OF THE PARTIES AND REQUESTS FOR RELIEF

54. The Panel confirms that it carefully heard and took into account in its decision all of the submissions, evidence, and arguments presented by the Parties, even if they have not been specifically summarised or referred to in the present arbitral award.

A. The Appellant

55. FC Barcelona summarises its Appeal Brief as follows:

- The Appealed Decision states that FC Barcelona incorrectly classified the profit from the Sale as “*other operating income*” in its break-even submission for the 2022/23 season’s monitoring period. According to the Appealed Decision, it should have been classified as a “*profit/loss on disposal of other intangible assets*” pursuant to the CL&FFP.
- In essence, the present case relates to the correct classification of the profit of the Sale in accordance with the CL&FFP and the CL&FS, where applicable, and specifically, whether the classification made by FC Barcelona in the relevant reporting period amounts to a violation of the Articles 58(1) and (2) CL&FFP, and Article 77.01(e) CL&FS.
- Subsidiarily, FC Barcelona submits that, in any case, if a breach of the rules is found, the sanction imposed for the (alleged) wrong information submitted by FC Barcelona is completely disproportionate and shall be substantially reduced.
- The CFCBs mistakenly considered as “irrelevant”, among others, certain critical and specific aspects that are fundamental for the correct determination of the decision in the present matter. In particular, FC Barcelona’s unique legal structure as a “sports club” (*asociación civil* in Spanish) prevents it from receiving capital injections, as many other clubs do when they encounter similar difficulties. Faced with a scenario where the incoming Board of Directors of FC Barcelona inherited one of the largest debts in football, the only available option to fully restore equity was through the sale of non-sports assets to secure the long-term viability and sustainability of FC Barcelona.
- Among other operations, FC Barcelona performed the Sale, classifying its profit as Relevant Income for the UEFA FFP break-even calculations, considering the assessment also made of the Sale by i) its auditors, ii) its advisors and experts on the matter, iii) the LaLiga Financial Fair Play system, and iv) Spanish and EU law. This operation is central to the case at hand, as, according to the Appealed Decision, it was misclassified in FC Barcelona’s break-even submission for the 2022/23 season’s monitoring period, resulting in a breach of Articles 58(1) and (2) CL&FFP as well as Article 77.01(e) CL&FS.
- The extraordinary Sale had a major positive impact on FC Barcelona’s financial position and long-term sustainability, which are aligned with the objectives and spirit of the UEFA Financial Fair Play Regulations. As a result, FC Barcelona correctly classified the profits from the Sale as Relevant Income, in line with the applicable regulations.
- On a subsidiary basis, and only in case the Panel finally considers that there was an infringement of the regulations, although the CFCB Reporting Member had recommended imposing a fine of EUR 100,000, the CFCBs imposed a five-times-higher and grossly disproportionate fine

of EUR 500,000 for such (alleged) breach. The sanction imposed is far from proportional and a substantial reduction shall be granted by the Panel.

56. On this basis, FC Barcelona submits the following prayers for relief in its Appeal Brief:

“a. *Principally,*

i. *To declare the present appeal is admissible.*

ii. *To set aside the decision rendered by the CFCB AC with ref. no. AC-04/2023 in its entirety; and to establish that FC Barcelona did not breach the CL&FFP or the CL&FS in its break-even submission assessed in the 2022/23 season.*

iii. *Subsidiarily to (a)(ii), to issue a new decision imposing a warning, a reprimand, or a fine substantially lower than EUR 500.000 on FC Barcelona and, in any case, no greater than EUR 100.000.*

b. *In any event, to order UEFA to bear the arbitration costs pertaining to these CAS proceedings; and to pay FC Barcelona a contribution for its legal costs and expenses incurred in an amount of CHF 20.000.”*

B. The Respondent

57. UEFA summarises its Answer as follows:

- This case is from a factual and legal standpoint very straightforward. In essence, it is about FC Barcelona’s manifestly inaccurate and non-compliant break-even information submitted on 18 October 2022.
- More specifically, the present case concerns FC Barcelona’s misclassification of the profit from the Sale.
- Despite the crystal-clear factual and legal situation, FC Barcelona i) classified the profits from the Sale as “*other operating income*”, instead of classifying it as “*profit on disposal of intangible assets*” in accordance with the applicable rules and regulations; and ii) deliberately deviated from its own financial statements. As a consequence, FC Barcelona overstated its break-even result in reporting period 2022 by EUR 267 million.
- During the proceedings before the CFCBs, FC Barcelona has not provided any explanation nor any reason(s) as to why it should be entitled to misclassify the profits related to the Sale in its break-even submission. In fact, there is no right to do so, and the misclassification is a violation of the applicable rules, i.e., the 2018 CL&FFP and the 2022 CL&FS, respectively.

- FC Barcelona still does not address the issue at stake in its Appeal Brief. Instead, it puts forward irrelevant arguments and obfuscates important concepts under the applicable rules and regulations. With all due respect, this is an unfounded attempt to divert the honourable Panel’s attention from the core issue at stake: the wrong classification of the profits from the Sale and FC Barcelona’s manifestly non-compliant break-even information.
- The CFCB Appeals Chamber rightly found that FC Barcelona had intentionally violated the applicable rules and regulations and, confirming the First Instance Decision, sanctioned FC Barcelona with a fine of EUR 500,000. Contrary to FC Barcelona’s assertions, the Appealed Decision is not only fully proportionate, but in fact very lenient.
- CAS jurisprudence has recognised the importance of the financial fair play rules and in particular of the principle according to which such rules shall apply to all clubs in the same manner. Individual domestic “privileges” or “exceptions” have no space, and the concepts and terms defined in the rules must be applied to all clubs in the same manner. FC Barcelona’s attempt to not respect the rules and to wilfully and consciously submit the wrong break-even information has to be condemned in the clearest terms.

58. On this basis, UEFA submits the following prayers for relief in its Answer:

- “1. *To dismiss the Appeal in its entirety and to confirm the Appealed Decision.*
2. *In any event, to charge the costs of the present arbitration proceedings to Appellant.*
3. *In any event, to order Appellant to pay an amount of CHF 30’000 as contribution to the costs and expenses incurred by UEFA.”*

VI. JURISDICTION

59. The jurisdiction of CAS, which is not disputed, derives from Article 62.1 UEFA Statutes (2021 edition), as it determines that “[a]ny decision taken by a UEFA organ may be disputed exclusively before the CAS in its capacity as an appeals arbitration body, to the exclusion of any ordinary court or any other court of arbitration”, and Article R47 CAS Code. The jurisdiction of CAS also derives from Article 34.01 of the UEFA Procedural rules governing the UEFA Club Financial Control Body (edition 2022 – the “CFCB Procedural Rules”), which provides that “[a]ppeals against final decisions by the First Chamber or Appeals Chamber may be made only to the Court of Arbitration for Sport (CAS), in accordance with Articles 62 and 63 of the UEFA Statutes”. The jurisdiction of CAS is further confirmed by the Order of Procedure duly signed by the Parties.

60. The Parties also participated fully and without reservation in the proceedings.

61. It follows, therefore, that CAS has jurisdiction to adjudicate and decide on the present dispute.

VII. ADMISSIBILITY

62. The appeal was filed within the deadline of 10 days set by Article 62(3) UEFA Statutes. The appeal complied with all other requirements of Article R48 CAS Code, including the payment of the CAS Court Office fee.

63. It follows that the appeal is admissible.

VIII. APPLICABLE LAW

64. FC Barcelona and UEFA agree that Article 25 CFCB Procedural Rules provides that “[i]n rendering its decisions, the CFCB applies the UEFA Statutes, UEFA’s rules and regulations and, subsidiarily, Swiss law”.

65. Article R58 CAS Code provides as follows:

“The Panel shall decide the dispute according to the applicable regulations and, subsidiarily, to the rules of law chosen by the parties or, in the absence of such a choice, according to the law of the country in which the federation, association or sports-related body which has issued the challenged decision is domiciled or according to the rules of law that the Panel deems appropriate. In the latter case, the Panel shall give reasons for its decision.”

66. The Panel finds that, in accordance with Article R58 CAS Code and also considering the agreement between FC Barcelona and UEFA, the present dispute is primarily governed by the various rules and regulations of UEFA, in particular the Competition Regulations (2022/23 Season), the CL&FS (edition 2022), the CL&FFP (edition 2018), the CFCB Procedural Rules (edition 2022) and, subsidiarily, by Swiss law.

IX. MERITS

A. The Main Issues

67. The main issues to be resolved by the Panel are the following:

- i. Did FC Barcelona violate Articles 58(1) and (2) CL&FFP as well as Article 77.01(e) CL&FS?
- ii. Do FC Barcelona’s alleged unique legal structure or the reasons behind the Sale have any impact on the regulatory framework to be applied?
- iii. What are the consequences thereof?

i. Did FC Barcelona violate Articles 58(1) and (2) CL&FFP as well as Article 77.01(e) CL&FS?

68. Before commencing with an analysis of the issues to be addressed by the Panel, it is deemed appropriate to set forth a comprehensive overview of the applicable regulatory framework set forth in the CL&FFP and the CL&FS.

a) The applicable regulatory framework

69. Article 57(1) CL&FFP provides as follows:

“All licensees that have qualified for a UEFA club competition, with the exception of the UEFA Women’s Champions League, must comply with the monitoring requirements, i.e. with the break-even requirement (Articles 58 to 64) and with the other monitoring requirements (Articles 65 to 68).”

70. Articles 58(1) and (2) CL&FFP provide as follows:

- “1. Relevant income and relevant expenses are defined in Annex X.*
- 2. Relevant income and expenses must be calculated and reconciled by the licensee to the audited annual financial statements and/or underlying accounting records and to the projected break-even information if applicable.”*

71. Article A (entitled “Summary of the calculation of the break-even result”) of Annex X CL&FFP provides as follows:

- “1. Relevant income is equivalent to the sum of the following elements (defined in part B):*
 - a) Revenue – Gate receipts*
 - b) Revenue – Sponsorship and advertising*
 - c) Revenue – Broadcasting rights*
 - d) Revenue – Commercial activities*
 - e) Revenue – UEFA solidarity and prize money*
 - f) Revenue – Other operating income*
 - g) Profit on disposal of player registrations (and/or income from disposal of player registrations)*
 - h) Excess proceeds on disposal of tangible fixed assets*
 - i) Finance income and foreign exchange result*

Relevant income must be decreased if any of the elements a) to i) above include any of the items j) to n) below (defined in part B):

- j) Non-monetary credits/income*
- k) Income transaction(s) with related party(ies) above fair value*

- l) Income from non-football operations not related to the club*
 - m) Income in respect of a player for whom the licensee retains the registration*
 - n) Credit in respect of a reduction of liabilities arising from procedures providing protection from creditors*
- 2. *Relevant expenses are equivalent to the sum of the following elements (defined in part C):*

[...]
- 3. *The break-even result does not include the following (defined in part D):*
 - a) Profit/loss on disposal and depreciation/impairment of certain tangible fixed assets*
 - b) Profit/loss on disposal and amortisation/impairment of certain intangible assets other than player registrations*
 - c) Tax expenses/income”*

72. Article B of Annex X CL&FFP provides as follows:

“Definitions for the calculation of relevant income are as follows:

[...]

- f) Revenue – Other operating income*

Includes all other operating income not otherwise described above, including revenue derived from other sources such as subsidies, grants and other money from the government of the territory of the licensee, rent, dividends and income from non-football operations related to the club.

[...]”

73. Article D(b) of Annex X CL&FFP provides as follows:

“The following items are not included in the calculation of the break-even result:

[...]

- b) Profit/loss on disposal and amortisation/impairment of intangible assets other than player registrations*

An intangible asset is an identifiable non-monetary asset without physical substance (e.g. goodwill arising on a business combination). An asset is a resource that is controlled by the entity as a result of past

events (for example, purchase or self-creation) and from which future economic benefits (inflows of cash or other assets or reduced future costs) are expected.

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

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

The profit/loss on disposal and amortisation/impairment loss of intangible assets other than in respect of player registrations in a reporting period is excluded from the calculation of the break-even result. However, if the intangible asset generates or generated relevant income, then the related amortisation/impairment must also be recognised as relevant expense.

For the avoidance of doubt, the loss on disposal and amortisation/impairment of player registrations must be included in the calculation of the break-even result for a reporting period (see part C(d)).

[...]"

74. Article 77.01(e) CL&FS provides as follows:

“The licensee must:

[...]

e) confirm that all the submitted documentation and information are complete, accurate and in compliance with the regulations;

[...]"

b) The positions of the Parties

i. The position of FC Barcelona

75. FC Barcelona submits that it – correctly and in good faith – classified the revenue from the Sale as Relevant Income under the CL&FFP. The main issue in this case is a mere disagreement between the Parties concerning the classification of the Sale’s income; and, for all intents and purposes, an issue amounting to the “*submission of accurate*

information”, as per the CL&FS, which has been found to be in breach of the pertinent regulations. As acknowledged by the CFCBs, this determination does not affect the positive result for the 2022/23 monitoring period. Not only did the Sale notably contribute to guarantee FC Barcelona’s long-term viability, but it also ensured that UEFA Financial Fair Play’s general and specific objectives were duly safeguarded and protected and thus, FC Barcelona, following the advice of auditors, advisors, experts and previous experience with LaLiga, correctly classified the Sale’s revenue as Relevant Income under the applicable regulations.

76. The extraordinary Sale had a major positive impact and helped in achieving the objective of economic and financial stability. The Sale does not have such a substantial effect on FC Barcelona’s total finances to be considered as risky operations that have put it in jeopardy. UEFA may have wanted FC Barcelona to adopt a financial strategy based on austerity. This may have helped FC Barcelona in the short term, but it would not have been sufficient to avoid a technical default, and it would also have jeopardised the team’s on-pitch activities and long-term revenue generation. By effectively balancing short-term sacrifices with long-term gains, FC Barcelona has adhered to the spirit of UEFA’s financial regulations.
77. Any suggestion that FC Barcelona may have attempted to circumvent the objectives of the CL&FFP and the CL&FS is to be strongly rejected. This is also confirmed in the expert report of Mr Oriol Amat and Mr Andrei Boar, Professors of Financial Economics and Accounting at the *Universitat Pompeu Fabra* (the “FCB Expert Report”).
78. UEFA’s approach that FC Barcelona’s equity operations should never be treated as Relevant Income as they endanger its long-term sustainability must be dismissed. Each club’s circumstances must be considered on a case-by-case basis to verify that not only the letter of the law, but also the spirit of the law is met. There is no doubt that the measures taken by FC Barcelona are in strict compliance with the overall objectives established by UEFA in the applicable regulations. There is simply no room to state that the Sale might be capable of worsening the economic and financial capability of FC Barcelona or damaging its long-term viability and sustainability.
79. FC Barcelona was comfortably satisfied in its classification of the proceeds of the Sale as Relevant Income for the purposes of its break-even submission upon considering i) the opinion of its external auditors in the Consolidated Annual Accounts and Management Report 2021/22, which specifically reviewed FC Barcelona’s accounting treatment of the Sale as income by evaluating the accounting criteria and methodology applied, the supporting documentation and the adequacy of the information disclosed; ii) the opinion of the experts in the FCB Expert Report, who reached the same conclusion: recognising it as income also in accordance with the accounting recognition criteria of the Spanish General Accounting Plan and the decisions of the Spanish Accounting and Auditing Institute; iii) the positive impact of the Sale on FC Barcelona’s financials was also considered as income by LaLiga in accordance with the LaLiga financial fair play regulations – a more stringent set of financial fair play regulations than UEFA’s; and iv) also considering that the Sale was the first operation of its kind for FC Barcelona, it stood to reason that if different advisors and stakeholders validated

the consideration of these amounts as income, this revenue should be accounted and classified as such for the purposes of calculating FC Barcelona's break-even result pursuant to the CL&FFP.

80. FC Barcelona was comfortably satisfied in its classification of the revenue from the Sale as Relevant Income (specifically, “*other operating income*” – “*income from non-football operations related to the club*” as per Article B(f) of Annex X CL&FFP for the purposes of its break-even submission. FC Barcelona's classification of the revenue generated from the Sale as Relevant Income in the 2022/23 monitoring period does not amount to an infringement of Articles 58(1) and (2) CL&FFP or Article 77.01(e) CL&FS. FC Barcelona's break-even result for the reporting period ending in 2022 amounts to a surplus of EUR [...] million, with an aggregated break-even result for the monitoring period assessed in the 2022/23 amounting to EUR [...] million.

ii. The position of UEFA

81. UEFA's rules and regulations are designed to maintain the integrity of the UEFA club competitions, to ensure financial fair play in competition and aim to promote more discipline in club football finances. One of UEFA's objectives is that clubs – regardless of their country, size (and legal structure) – protect their own (tangible and intangible) assets as far as possible and operate based on their revenues. A material part of these assets are intangible assets (e.g., audiovisual rights), which represent a source of future income from a club. Accordingly, as UEFA aims to protect the long-term financial sustainability of European club football, the disposal of (tangible fixed and) intangible assets is discouraged since it reduces the clubs' future income and therefore impacts their long-term viability and sustainability. This is the reason why the profits related to the disposal of (tangible fixed and) intangible assets are explicitly excluded from the break-even and football earnings calculations.
82. All clubs – including FC Barcelona – agree to comply with the monitoring requirements as set out in the UEFA regulations (Article 6.01(g) UEFA Competition Regulations). This has been accepted by FC Barcelona by signing the Admission Criteria Form.
83. FC Barcelona manifestly wrongly classified the profit from the Sale as “*other operating income*” in its break-even submission, instead of classifying it correctly as “*profit from disposal of intangible assets*” under the CL&FFP.
84. This misclassification is incomprehensible, especially in view of FC Barcelona's initial classification of the Sale as “*profit from intangible assets*” in its Financial Report. At no point in time was there any doubt that i) the audiovisual rights are intangible assets; and ii) their sale generates a profit due to the disposal of an intangible asset. The situation was crystal clear to FC Barcelona and its experts.
85. Pursuant to Article D(b) of Annex X CL&FFP, the only correct approach would have been to classify the profit related to the Sale as “*profit from disposal of intangible assets*” for the purposes of the monitoring requirements. Yet, FC Barcelona wrongly included the profit related to the Sale in its break-even submission as Relevant Income under Article B(f) of Annex X CL&FFP.

86. This wrong classification undoubtedly violates Articles 58(1) CL&FFP. The wrong classification also clearly contradicts FC Barcelona's previous classification of the Sale, i.e., the one made and published in its Financial Report. Therefore, FC Barcelona also violated Article 58(2) CL&FFP. FC Barcelona highly overstated its break-even result by EUR 267 million. FC Barcelona was obliged to confirm that all its submitted documentation and information are complete, accurate and in compliance with the applicable rules and regulations. Since, as demonstrated above, FC Barcelona's classification of the profit from the Sale was evidently wrong in its break-even submission, FC Barcelona also violated Article 77.01(e) CL&FS.
87. With respect to the arguments advanced by FC Barcelona, UEFA submits that FC Barcelona and its experts continue to deliberately obfuscate "income" and Relevant Income under the CL&FFP. The question whether the profits related to the Sale constitute "income" is not, and has never been, the subject of these proceedings. The CFCB has never challenged the fact that the profits related to the Sale constitute "income" (or revenue) for FC Barcelona. Rather, the question is whether these profits are considered Relevant Income as defined in the CL&FFP for the calculation of the break-even result. Neither FC Barcelona's auditor nor its experts confirmed that these profits are Relevant Income.
88. FC Barcelona's experts clearly state that the revenue from the Sale is "*income from the sale of intangible assets*", which, according to the unambiguous Article D(b) of Annex X CL&FFP, is explicitly not considered Relevant Income for the purposes of break-even and must therefore be excluded from FC Barcelona's break-even result.
89. FC Barcelona's argument that the Sale did not have an actual or material effect on its break-even result, i.e., that it would still have an aggregate break-even surplus in the 2022/23 monitoring period, is irrelevant. FC Barcelona violated Articles 58(1) and (2) CL&FFP as well as Article 77.01(e) CL&FS, irrespective of whether it had a positive or negative break-even result. In case FC Barcelona had a break-even deficit, it would additionally have infringed further rules (e.g., Article 64 CL&FFS).
90. FC Barcelona was only able to mitigate its aggregate break-even deficit in the 2022/23 monitoring period thanks to the following permitted adjustments: i) the "*Non-Relevant Expenses*" defined in Annex X CL&FFP; ii) the COVID-19 adjustments; and iii) the historical break-even surplus as permitted by Article 60(6) CL&FFP. Without such adjustments, FC Barcelona would have had an aggregate break-even deficit of EUR [...] million in the 2022/23 monitoring period:

Break-even information (EUR million)	2022/23 Monitoring period				Aggregate
	2019	2020	2021	2022	
Reporting periods	T-2	T-1	T-1	T	
Net profit (loss) for the year					
Adjustments for profit from sale of TV rights					
Adjusted net profit (loss)					
Break-even adjustments					
Covid adjustments					
Results T-3/T-4					
Revised Break-even result					

c) The findings of the Panel

91. The Panel notes that it is not in dispute between the Parties that the revenue generated from the Sale was profit from the sale of intangible assets. Indeed, it was classified as such in FC Barcelona’s audited Financial Report, and this remained uncontested by FC Barcelona in the present appeal arbitration proceedings.
92. The key question to be answered is how such revenue is to be classified under the CL&FFP, i.e., as “*other operating income*” as per Article A(1)(f) in conjunction with Article B(f) of Annex X CL&FFP as argued by FC Barcelona, or as “*profit from disposal of intangible assets*” as per Article D(b) of Annex X CL&FFP as argued by UEFA.
93. The Panel finds that there cannot reasonably be any doubt that the income generated from the Sale neatly fits the definition set forth in Article D(b) of Annex X CL&FFP. Indeed, such classification would be consistent with the way FC Barcelona classified it in its Financial Report.
94. Whether the income generated from the Sale also fits the definition set forth in Article A(1)(f) in conjunction with Article B(f) of Annex X CL&FFP is less straight-forward.
95. Article A(1) of Annex X CL&FFP lists 9 different types of revenue that together form the total amount of Relevant Income. Article A(1)(f) “*Revenue – Other operating income*” is a rest-category provision as it comprises operating income other than income that falls under any of the other 8 types of revenue. This also follows from the definition in Article B(f) of Annex X CL&FFP, which provides as follows:
- “Includes all other operating income not otherwise described above, including revenue derived from other sources such as subsidies, grants and other money from the government of the territory of the licensee, rent, dividends and income from non-football operations related to the club.”*
96. On this basis, the Panel finds that the revenue generated from the Sale clearly better fits the description set forth in Article D(b) of Annex X CL&FFP. The Panel finds that such specifically applicable definition prevails over the broadly defined rest-category provision of Article A(1)(f) in conjunction with Article B(f) of Annex X CL&FFP. In this respect, the Panel relies on the widely accepted interpretive principle *lex specialis*

derogat legi generali, often applied in CAS jurisprudence (CAS 2020/A/7252, para. 146, with further references).

97. The Panel finds that FC Barcelona has not submitted any convincing argument justifying why, contrary to the classification in its Financial Report, and although its experts agree that the Sale (of the audiovisual rights) comprised a sale of intangible assets, it should not classify the revenue generated from the Sale as such. FC Barcelona's reliance on the opinion of its external auditors and the opinion of its experts is misconceived, as none of them asserted that the revenue of the Sale was not "*profit from disposal of intangible assets*" under Article D(b) of Annex X CL&FFP.
98. FC Barcelona's experts rather submit that, simply put, the revenue generated from the Sale fits both descriptions and that it was therefore permissible for FC Barcelona to choose how it wished to categorise the revenue. During the hearing, FC Barcelona and its experts relied on the fact that Article B(f) of Annex X CL&FFP includes a reference to "*all other operating income not otherwise described above*" (emphasis added by the Panel), that the revenue generated from the Sale does not fit any of the descriptions in Article B(a)-(e) of Annex X CL&FFP and that it could therefore be classified as "*other operating income*".
99. The experts submit that, in case two alternative classifications may apply, the solution in accountancy is to be found based on what is the "true and fair view". They argued that UEFA's interpretation of the rules would not be fair and that categorising the revenue generated from the Sale as "*other operating income*" best fits the objectives of the CL&FFP.
100. The Panel finds that the reference in such definition to "*described above*" is somewhat unfortunate, as it may be taken to mean that anything described below such provision would be irrelevant in determining what type of operating income falls under the definition of "*other operating income*".
101. However, the Panel has no doubt in dismissing FC Barcelona's artificial interpretation of the rules. Article 58(1) CL&FFP provides that "[r]elevant income and relevant expenses are defined in Annex X", which suggests that the entire Annex X is relevant in determining what is Relevant Income and what is not.
102. The structure of Article A(1) of Annex X CL&FFP contradicts FC Barcelona's interpretation. Article A sets forth the structure of Annex X: i) Article B determines what is Relevant Income; ii) Article C determines what are Relevant Expenses; and iii) Article D provides for certain exceptions, including the one related to "[p]rofit/loss on disposal and amortisation/impairment of certain intangible assets other than player registrations".
103. Accordingly, strictly speaking, the exception related to disposal of intangible assets (further defined in Article D of Annex X) is already mentioned "*above*" Article B(f) of Annex X. It follows from the structure set forth in Article A that not only Article B is relevant in determining what is Relevant Income, but that Article D is relevant in this respect as well.

104. In any event, not only do Articles B(a)-(e) determine which types of revenue fall under the definition of Relevant Income, but also Article B(g), i.e., a provision “below” Article B(f). Indeed, should Article B(f) be taken to mean what FC Barcelona suggests, Article B(g) would be redundant, as such form of income would already fall under the definition of Article B(f). This is simply illogical.
105. The Panel finds that Annex X is to be interpreted as a whole and, in doing so, the Panel finds that there cannot be the slightest doubt that Article D(b) of Annex X CL&FFP is also relevant in determining what income comprises Relevant Income.
106. Also if one applies the “true and fair view” test advocated by Barcelona’s experts (for which they did not provide any legal authority aside from a general reference to the IFRS 1 conceptual framework, the applicability of which was not established), the Panel finds that the conclusion remains the same. Article B(f) is formulated as a general rest-category, whereas Article D(b) provides for a specific category that directly and neatly covers the profit from the Sale.
107. Such categorisation is also better aligned with the objectives of the CL&FFP, particularly the objectives set forth in its Articles 2(2)(e) and (f), which provide as follows:
- “e) to encourage responsible spending for the long-term benefit of football;*
- f) to protect the long-term viability and sustainability of European club football.”*
108. The Panel finds that a “true and fair view” would therefore be that the specifically applicable definition is to be applied, i.e., the one set forth in Article B(f) of Annex X.
109. With respect to FC Barcelona’s argument that it may have violated the letter of the law, but not the spirit of the law, the Panel finds that such argument is to be dismissed, as FC Barcelona also violated the spirit of the law.
110. Rather than “*balancing short-term sacrifices with long-term gains*” as submitted by FC Barcelona, the Panel finds that FC Barcelona is balancing long-term sacrifices with short-term gains. Indeed, due to its precarious financial situation, FC Barcelona was apparently in need of cash in the short term. The Sale of LaLiga’s audiovisual rights satisfied this desire, however, at the expense of long-term gains, which is against the rationale behind the CL&FFP and CL&FS.
111. Finally, the Panel finds that FC Barcelona’s reliance on the financial fair play system implemented by LaLiga is of no relevance for the present appeal arbitration proceedings. These regulations may well categorise the sale of intangible assets as income relevant for the purposes of a break-even calculation, but this does not change the fact that the revenue generated from the Sale is not Relevant Income for the purposes of the break-even calculation based on the CL&FFP and the CL&FS, which are the relevant regulations here.

112. Also the application of Spanish or EU law has no impact on the Panel’s conclusions, nor has FC Barcelona submitted any convincing and/or specific arguments in this respect.
113. Given that the Panel has no doubt that the revenue generated from the Sale qualifies as “*profit from disposal of intangible assets*”, the Panel finds that FC Barcelona incorrectly classified the income generated by the Sale as “*Other operating income*”, thus overstating its break-even result by EUR 267 million. FC Barcelona thereby violated Article 58(1) in conjunction with Annex X CL&FFP.
114. The way in which FC Barcelona classified the income generated by the Sale in its break-even submission to UEFA also differs from the way in which it had classified such income in its audited Financial Report. The Panel finds that FC Barcelona thereby also violated Article 58(2) CL&FFP.
115. Finally, since FC Barcelona confirmed that the information set forth in its break-even submission to UEFA was “*complete, accurate and in compliance with the regulations*” and because the Panel finds that the information reported by FC Barcelona in its break-even submission was not accurate or in compliance with the regulations, FC Barcelona also violated Article 77.01(e) CL&FS.
116. Consequently, the Panel finds that FC Barcelona violated Articles 58(1) and (2) CL&FFP as well as Article 77.01(e) CL&FS.

ii. Do FC Barcelona’s alleged unique legal structure or the reasons behind the Sale have any impact on the regulatory framework to be applied?

a) FC Barcelona’s alleged unique legal structure

i. The positions of the Parties

1. The position of FC Barcelona

117. According to FC Barcelona, weight should be given to its exceptional operational model that requires a different approach in order not to create a context of disadvantage vis-à-vis its fellow competitors operating under a profit-making structure. Under Spanish law, FC Barcelona is a non-profit private association, owned by its more than 140,000 members. Unlike most of the Spanish and European clubs, FC Barcelona does not have the legal structure of a company where the share capital is divided into shares and belongs to its shareholders. This structure allows those clubs to transmit shares, either in part or in full, to investors, among other operations, and raise capital. As a “sports club” FC Barcelona cannot be bought or transmitted to a third party. For this reason, FC Barcelona is legally prevented from undertaking corporate actions like bringing in new investors, transmitting shares, or raising funds through a capital increase, activities common among the vast majority of other Spanish and European clubs.
118. For instance, just to highlight the football-company customized approach, the CL&FFP at hand establish that a deficit on the break-even calculation could still be in compliance

with the regulations if it was within the acceptable deviation. This acceptable deviation may be entirely covered by contributions from equity participants (i.e., share capital increase) and/or related parties. This option is simply non-existent and unavailable to clubs like FC Barcelona.

119. In summary, while FC Barcelona operates under a unique and distinctive legal and financial structure as a non-profit private association, it navigates a landscape where many European clubs utilize different models of financial growth and sustainability that are simply not accessible to FC Barcelona; instead of being treated singularly and considered by the football governing bodies, this puts FC Barcelona at an objective disadvantage against its competitors in European football and creates a context of real inequality for FC Barcelona. Thus, it is imperative to duly weigh FC Barcelona's unique organizational form when evaluating its compliance with rules and regulations, recognizing that FC Barcelona's singular operational model may require a different approach, and that it has extremely limited options at its disposal to recover from an extraordinary negative equity position, as was precisely the case with the Sale. These relevant circumstances were either omitted or overlooked by the CFCBs.

2. The position of UEFA

120. According to UEFA, contrary to FC Barcelona's allegation, it must be noted that FC Barcelona's legal structure is not unique in European football. In fact, the landscape of European football club ownership is very diverse and a total of 303 European clubs, i.e., 41% of all European clubs, are organised as associations or foundations similar to FC Barcelona. The cherry-picked examples of FC Barcelona of football clubs owned by shareholders are therefore misleading.
121. More importantly, the applicable financial fair play rules and regulations of UEFA are applicable to all football clubs, irrespective of their legal form. It would be too easy for a club to try to escape the rules and regulations by adopting one legal form or the other.
122. In any event, the legal form of FC Barcelona shall not be of relevance for its incorrect classification of the Sale. Unlike as suggested by FC Barcelona, the UEFA regulations are not tailored for clubs operating under a corporate model. There is no advantage or disadvantage for certain clubs as UEFA's rules and regulations are applied to every club the same way.

ii. The findings of the Panel

123. The Panel is prepared to accept that a legal structure has an impact on the way clubs can raise capital. Clubs like FC Barcelona with an association-type structure simply do not have the option of raising share capital by means of equity contributions, unless they change their legal form.
124. The different types of legal structures that exist in European football may be taken into account in drafting the CL&FFP / CL&FS regulations. For whatever reason, UEFA opted not to diversify the rules applicable to different types of football clubs.

125. The Panel finds that, whether such diversification should take place is not a discussion to be had in the present appeal arbitration proceedings. Rather, these are political/policy considerations that are to be considered when the regulations are drafted and implemented. UEFA opted to apply the same rules to all clubs that participate in its competitions, and the Panel applies the regulations as adopted and it is not its role to substitute any policy judgement.
126. There are no indications on file suggesting that FC Barcelona ever challenged the introduction of the CL&FFP or the CL&FS. The Panel finds that, now that the CL&FFP and the CL&FS appear to have been implemented in accordance with the relevant procedural prerequisites (there are no indications on file that they are not), and following consultation of the European Club Association, an entity that represents the interests of its members (i.e., football clubs affiliated to UEFA's member associations), including FC Barcelona, such considerations can no longer be challenged in proceedings concerning an alleged individual violation of such rules.
127. As argued by UEFA, it has been held in CAS jurisprudence that the CL&FFP “[...] *do not have as their object the restriction or distortion of competition, i.e. to favour or disfavour clubs rather than to prevent clubs from trading at levels above their resources [...]*” (CAS 2016/A/4492, para. 63)
128. What is more, the Panel does not consider it illogical per se that UEFA does not encourage clubs from selling intangible assets as a means to raise capital. By selling intangible assets, a club loses its ability to convert such assets into income in the long-term. It is a *quid pro quo* arrangement, by means of which the club liquidates projected future earnings for short term goals. While this may have been necessary in the case of FC Barcelona, it is nonetheless an endeavour that negatively impacts on FC Barcelona's earning capacity in the long term.
129. As set forth *supra*, pursuant to Article 2(2) CL&FFP, objectives the CL&FFP aims to achieve are, *inter alia*:
- “e) *to encourage responsible spending for the long-term benefit of football;*
- f) *to protect the long-term viability and sustainability of European club football.*”
130. FC Barcelona argues that, unlike other clubs with different legal structures, it has extremely limited options at its disposal to recover from an extraordinary negative equity position. This may be true, but it suggests that FC Barcelona has apparently been living beyond its means, otherwise the Sale may not have been necessary. The CL&FFP discourages clubs from raising capital for the short term at the expense of future earning capacity, irrespective of the reason for such necessity.
131. While selling intangible assets undisputably has a negative impact on a club's long-term earning capacity, this is not necessarily the case for raising share capital by means of equity contributions. In such types of transactions, potential influence over

the management of a club is sold, which does not, by itself, directly impact the earning capacity of a club in the long term.

132. The Panel finds these considerations important because FC Barcelona approaches the situation from the angle that it is unfair that it is unable to raise capital in the way other clubs with different legal structures do, but one of the rationales behind the CL&FFP and CL&FS is the angle that clubs should be discouraged from selling intangible assets. It is not forbidden to do so, but the profits derived therefrom are not counted as Relevant Income. From this perspective, the rules apply equally to all clubs.
133. What is more, the Panel finds that FC Barcelona did not establish that its legal structure is truly unique. UEFA's contention that 41% of all European clubs have a similar legal structure remained uncontested.
134. Consequently, the Panel finds that FC Barcelona's alleged unique legal structure does not have any special impact on the regulatory framework to be applied and does not change the Panel's conclusion that FC Barcelona violated Articles 58(1) and (2) CL&FFP as well as Article 77.01(e) CL&FS.

b) FC Barcelona's reasons behind the Sale

i. The positions of the Parties

1. The position of FC Barcelona

135. According to FC Barcelona, considering the critical financial situation described above, the primary objective of FC Barcelona's new Board of Directors' mandate was to achieve economic stability and rehabilitate FC Barcelona's equity position. Ruling out the possibility to raise share capital, the following potential solutions were considered:
- Extraordinary payments by members or related parties: This option was discarded due to the socioeconomic status of many of FC Barcelona's members and the financial crisis brought about by COVID-19. Following this scenario, goodwill donations or transactions from related parties were a completely unrealistic option for FC Barcelona, as for other clubs in Europe.
 - Extraordinary sales of players: Given FC Barcelona's difficult situation, it would have needed to sell a considerable number of players to achieve a significant improvement in equity. This approach would cause FC Barcelona to lose young players who are strategic for the long term, thereby reducing its competitiveness against its main rivals. Consequently, this would result in a loss of the ability to generate regular income from ticket sales, TV rights, commercial agreements, official product sales, etc., in the medium term. Additionally, the value of players on FC Barcelona's roster has decreased in recent years due to some poor sporting results. Thus, FC Barcelona would not have been able to sell them for an adequate transfer fee and would have faced a loss instead. This is because FC Barcelona would have had to sell these players for less than their cost of amortization, given

that the acquisitions fees were high and based on pre-Covid-19 values. In fact, FC Barcelona would have needed to sell its entire squad to balance its accounts in the summer of 2022. Even faced with the afore-mentioned negative context for making a potential profit from a player sale, FC Barcelona managed to build a balanced squad and transfer the rights of some players in exchange for a fee, such as [...] to Aston Villa for EUR [...] million, or [...] to Chelsea FC for EUR [...] million. FC Barcelona also temporarily transferred some players and settled the termination of other players' contracts. This also enabled FC Barcelona to reduce the burden in amortization of fees and salaries of the squad.

- Extraordinary sales of non-sport assets: The current Board of Directors recognized that monetizing some of FC Barcelona's non-sport assets was the most effective and virtually the only way to recover its equity position and confront the recent years marked by significant salary deviations from a stabilized break-even position. This approach aimed to avoid a direct effect on their members while maintaining direct competitiveness on the field. Indeed, this is seen as a common tool in European football today. FC Barcelona is not the only club that has used the sale of non-sport assets in order to improve its equity position. Even UEFA acknowledged the need for clubs to recover their equity position after the pandemic and encouraged them to "*quickly adjust their balance sheets to solve any immediate cash flow problems threatening their businesses*" and "*to receive cash injections from their owners in the form of capital increases*"; something FC Barcelona is simply prevented to do.

136. According to FC Barcelona, by focussing on non-sport asset liquidation rather than member contributions or player sales, the new Board of Directors sought to protect FC Barcelona's long-term competitive and financial health. Overall, the Sale permitted FC Barcelona to make meaningful progress in terms of its financial position, in line with the objectives and spirit of the UEFA regulations. The strategies described above were undertaken in pursuit of the same objectives promoted by the CL&FFP and the CL&FS. Specifically, they are aimed to protect the long-term viability and sustainability of FC Barcelona by improving equity, rebalancing cash, and reducing debt, all of which are key indicators of financial sustainability and have, in no way, endangered FC Barcelona.

2. The position of UEFA

137. According to UEFA, first, the fact that FC Barcelona was (is) massively overindebted and had (has) to sell assets to somehow survive is no reason for FC Barcelona to be treated differently than any other club participating in European club competitions.
138. Second, the present proceedings undisputedly concern the issue how the revenue from the Sale was classified in the break-even submission of FC Barcelona. This case has nothing to do with the question how FC Barcelona should try to improve its equity, rebalance its cash and reduce its over indebtedness.
139. Third, FC Barcelona tries to impress by alleging that a certain decision was the "*only decision at its disposal*" to restore its equity position. Again: the allegedly financial disastrous status of FC Barcelona does not justify any violation of the applicable

rules. Probably, had FC Barcelona managed its expenses in a better manner, it would have not been induced to the Sale nor to the attempt to wrongly classify the amounts received from such Sale.

ii. The findings of the Panel

140. The Panel finds that the reasons behind the Sale have no impact on the question whether FC Barcelona breached Article 58(1) and (2) CL&FFP as well as Article 77.01(e) CL&FS.
141. The Sale as such was by no means prohibited. Indeed, in view of the financial hardship of FC Barcelona it may have been a rational and appropriate business decision to engage into the Sale. However, importantly, this does not justify classifying the revenue generated from the Sale differently than required by the regulations.
142. The Sale may still achieve the goal of FC Barcelona's current Board of Directors. Regardless of the outcome of these proceedings, the revenue generated from the Sale strengthens FC Barcelona's financial well-being in the short term. The only potential adverse effects of the present proceedings may be that a fine is imposed on FC Barcelona and that the revenue generated from the Sale may not be considered as Relevant Income, so that it cannot be taken into account for break-even purposes, with the consequence that it cannot, or only to a limited extent, be used for Relevant Expenses.
143. Also, just like the decision to enter the Sale is the responsibility of FC Barcelona, so are the factors that caused the financial hardship of FC Barcelona in the past. The decisions of the current Board of Directors are just as much the responsibility of FC Barcelona as a legal entity as the decisions of its former Board of Directors.
144. Consequently, the Panel finds that FC Barcelona's reasons behind the Sale have no impact on the regulatory framework to be applied and does not impact the Panel's conclusion that FC Barcelona violated Articles 58(1) and (2) CL&FFP as well as Article 77.01(e) CL&FS.

iii. What are the consequences thereof?

145. Having determined that FC Barcelona violated Articles 58(1) and (2) CL&FFP as well as Article 77.01(e) CL&FS and that no exceptions are warranted for FC Barcelona, the final issue to be addressed is whether this justifies the imposition of a fine of EUR 500,000.

i. The position of the Parties

1. The position of FC Barcelona

146. According to FC Barcelona, no part of the CL&FFP contains specific sanctions for breaches of the regulations. According to Article 28 CFCB Procedural Rules, the

CFCBs are empowered to “[...] *determine the type and extent of the disciplinary measures to be imposed, depending on the circumstances of the case* [...]”. Article 29 CFCB Procedural Rules includes a list of disciplinary measures that may be imposed. Hence, the decision on the appropriateness of a sanction must be guided by experience, but more importantly, the available jurisprudence, and ultimately Swiss law.

147. A key factor to be considered is whether, under the circumstances, the severity of the sanction is proportionate to the breach. To be proportionate, the sanction must not exceed what is reasonable required to meet the justifiable aim of the sanction.
148. One cannot overlook in this case that, as much as UEFA tries to portray FC Barcelona’s behaviour as extremely reproachable, the present case actually involves a simple technical accounting disagreement that had no relevance or impact on compliance with the break-even requirement under the CL&FFP. In other words, FC Barcelona, despite the classification discrepancy at issue here, still meets the break-even requirement in the 2022/23 monitoring period and, arguably, it can be established that FC Barcelona’s actions do not have any material effect. This was precisely the understanding of the CFCB Reporting Member when he concluded that the proportional fine to be imposed on FC Barcelona should be EUR 100,000.
149. FC Barcelona strongly rejects any argument of the CFCB Appeals Chamber establishing that FC Barcelona wilfully breached or circumvented any provision of the UEFA legal framework applicable to this case. Rather, it has been proven that FC Barcelona made a transparent, prudent, reasonable, and good faith determination of how to classify the income from the Sale – a first of its kind for FC Barcelona – based on the information at its disposal and supported by its experience with this same treatment of income before the LaLiga specialised bodies, national and international accounting standards, and interpretations from financial experts.
150. Further, the fact that FC Barcelona did not amend its break-even submission to conform to the CFCB Reporting Member’s observations when given the chance to do so, or after the CFCB First Chamber proceedings, simply cannot be considered an aggravating circumstance. It would be an affront to any justice system to penalize a party in a *sub judice* process who, firm in its convictions and in the exercise of its fundamental rights, defends its position until a final and binding decision on the matter is reversed. It would be tantamount to offering a person charged with a criminal offense a plea bargain and, upon the person’s refusal to accept the plea and his or her decision to go to trial to defend his or her innocence, the judge rendering a harsher sentence than what the sentencing guidelines indicate and considers that it is justified because the person rejected the plea deal.
151. The CFCB First Chamber – shockingly – qualified as aggravating circumstances i) the fact that FC Barcelona’s expert argued that the CL&FFP rules are “arbitrary”; and ii) that FC Barcelona significantly benefitted from the adjustments foreseen in the CL&FFP. Although it appears the CFCB Appeals Chamber seems to have withdrawn such conclusion, it shows the highly arbitrary condemnatory spirit of the CFCBs in this case.

152. It is telling how the CFCB Appeals Chamber contradicts itself regarding the relevance of the amount reported as Relevant Income. First, the Appealed Decision states that it is irrelevant whether FC Barcelona met the break-even requirement or not. Yet, it later – unfoundedly – concludes that the reported amount is relevant for calculating the appropriate fine to be imposed. UEFA cannot have it both ways.
153. Finally, the CFCB Appeals Chamber maintained the position of the CFCB First Chamber that “*the Appellant caused a significant and unnecessary delay*” in the Compliance Audit. This is an unfair oversimplification of the facts, and second, a false statement that cannot be considered an aggravating circumstance. It is unacceptable to consider as aggravating circumstance a conduct (“lack of cooperation”) that is already defined within the same regulatory framework as a violation, and that the CFCBs themselves previously discarded as it was not considered as reproachable after reviewing the overall circumstances.
154. As it stands, UEFA is left with no aggravating circumstances in this case.
155. The reality of the situation at hand is that there are substantive reasons for mitigating the sanction that warrant the imposition of a warning, reprimand or, at most, a significantly lower fine than the one imposed by the CFCBs.
156. First, the CFCB Appeals Chamber gave no consideration whatsoever to the fact that this is a first-time offense for FC Barcelona in matters pertaining to the break-even requirement under the CL&FFP. This should be taken into account, also considering that the Sale represents a new strategy – the first operation of its kind – for FC Barcelona. Contrary to the CFCB Appeals Chamber’s position when it disregarded this argument brought by FC Barcelona, other CAS panels and the CFCB Appeals Chamber itself have previously held that a first offence can be considered a mitigating factor.
157. Second, should FC Barcelona have breached any rules (*quod non*), these would amount to a mere accounting disagreement over how a specific financial transaction should be reported to UEFA, and nothing more. The alleged breaches did not even have a material impact on the break-even requirement. Even excluding the income from the Sale, FC Barcelona still achieved a break-even surplus of EUR [...] million for the 2022/23 monitoring period. There was also no intention to deceive, as the Appealed Decision wrongly points out, but an interest to accurately reflect FC Barcelona’s position on its financial situation.
158. Furthermore, the submission of the CFCB Reporting Member is relevant. His specialised experience as a member of the CFCB First Chamber plays an important role. After conducting an extensive review of the facts and evidence on file, he was not convinced that this matter was grave enough to warrant a sanction greater than a fine of EUR 100,000; a sanction that, in any case, still appears excessive under the overall circumstances. The CFCBs have not even addressed the reasons why they deviated from the sanction recommended by the CFCB Reporting Member.
159. The reality is that there were no new relevant circumstances that could justify a much harsher sanction than the (already excessive) one recommended by the CFCB Reporting

Member, unless of course one would give credit to the multiple articles that actually linked UEFA's clear animosity against FC Barcelona with its involvement in the so-called Super League project...

160. Another crucial, not to mention revealing, element for assessing the correctness (or lack thereof) of the sanction imposed on FC Barcelona is the proportionality of the disciplinary measure balanced against the Parties' interests at stake. In order to carry out such evaluation, one shall, *inter alia*, place the fine imposed on FC Barcelona by the CFCBs within the context of other recent CL&FFP-related infractions and the fines imposed.
161. FC Barcelona, in its submissions before the CFCB Appeals Chamber, referred to several cases that are – arguably – more reproachable than the “*failure to submit complete and accurate information*” reported in this case (e.g., break-even deficits or overdue payables). Despite the more serious nature of the conduct in these cases, all the sanctions imposed to the offenders were lower than the one at stake. The CFCB Appeals Chamber disregarded those precedents by simply pointing out that they “*are not comparable to the case at hand*”.
162. One can see how disproportionate the sanction imposed on FC Barcelona is by comparing cases related to the same infraction. In this regard, the CFCB Appeals Chamber also rejected the comparison made by FC Barcelona of the cases involving Riga FC and ŠK Slovan Bratislava, where the CFCBs imposed a fine on both clubs amounting to EUR 10,000 for failing to submit complete and accurate break-even information by the required deadline.
163. Further cases also demonstrate the disproportionality of the fine imposed on FC Barcelona. In the present matter, it is rather clear that there seems to exist a sort of “double standard” that, for some mysterious reason, is always applied in detriment of FC Barcelona.
164. Last but not least, in weighing the interests of UEFA in this matter, FC Barcelona recognises the importance of submitting accurate information for assessing the financial situation of clubs participating in UEFA competitions. A fine of EUR 500,000 is a rather extreme sanction compared to the minor infringement reported and the circumstances at hand and, especially, when this appeal relates to a mere disagreement related to the accounting of the Sale under the applicable regulations with no actual or material effect on FC Barcelona's break-even result, which indeed was automatically corrected by the CFCB First Chamber. FC Barcelona's actions in no way pose a threat to the integrity of the Financial Fair Play system or its pursuit of financial stability and sustainability for clubs.
165. UEFA would certainly be able to meet its justifiable aim and the desired deterrent effect with a much lower sanction as it has imposed on other offenders for the same or similar infractions. The fine imposed is also at odds with the genuine efforts of FC Barcelona to recover its equity position as a “sports club”, navigating one of the toughest financial crises in football, and still UEFA chooses to impose further financial burdens on FC Barcelona, which will worsen its – already damaged – financial situation.

2. The position of UEFA

166. Contrary to FC Barcelona's assertion, this case is not about a mere "disagreement" on an abstract accounting issue. Rather, the wrong classification has, under the CL&FFP, substantial consequences on FC Barcelona's break-even result in reporting period 2022.
167. It is standing jurisprudence that an association has discretion when deciding on which disciplinary sanction to impose and that CAS panels shall give a certain level of deference to decisions of sports governing bodies in respect of the proportionality of sanctions.
168. The CFCB Appeals Chamber considers the circumstances of each individual case and has an established jurisprudence that it follows in comparable cases. In the Appealed Decision, the CFCB Appeals Chamber correctly accounted for all the circumstances in this case and imposed a very lenient fine which is clearly in line with the established jurisprudence.
169. The violations themselves are significant violations of key UEFA rules and regulations. In addition, the extent of the violation, i.e., FC Barcelona's misreporting and material overstatement of the break-even result by EUR 267 million is also severe and must be duly considered when imposing a fine. FC Barcelona mixes up two completely different questions about the amount wrongly reported. In order for a violation of the rules and regulations to be committed, it is not relevant whether the violation results in a break-even deficit. In this respect the reported amount is not relevant. Had the wrongly reported amount also led to a break-even deficit, FC Barcelona would have breached additional rules (i.e., Article 64 CL&FFP). On the contrary, the wrongly reported amount in a break-even submission is of course relevant when determining the appropriate sanction. It makes a huge difference whether a club classifies and misreports the Relevant Income by, say, EUR 100 or by EUR 267 million, as FC Barcelona did. It is obvious that these two infringements, although they violate the same rule, cannot be sanctioned with the same measure.
170. Another factor that was taken into account by the CFCB Appeals Chamber in the Appealed Decision was the fact that FC Barcelona consciously and deliberately violated the rules and regulations. FC Barcelona acted in full knowledge of the wrongdoing. FC Barcelona purposely deviated from its Financial Report despite the crystal-clear legal situation, without providing any plausible explanation. FC Barcelona has legal and accounting resources available on a huge scale and it is familiar with the rules and regulations. Despite all this, FC Barcelona made a conscious and deliberate choice to classify the profits from the Sale as "*other operating income*". Also in view of this, the fine imposed is in fact very lenient.
171. FC Barcelona's violations are further compounded by its bad behaviour during the Compliance Audit. FC Barcelona failed to fulfil its obligations by heavily redacting the documents related to the Sale. It was only on 20 December 2022, i.e., two months after the onsite Compliance Audit, that FC Barcelona finally provided the documents in a form that would allow PwC to understand their content and relevance. FC

Barcelona thereby caused a significant and, frankly, unnecessary delay of two months. This was correctly considered as an aggravating circumstance in the Appealed Decision. UEFA submits that its CFCB Appeals Chamber was also not estopped by the conclusions of the CFCB Reporting Member. The CFCB Reporting Member's conclusions are not binding. The CFCB Reporting Member explicitly pointed out that FC Barcelona's behaviour was not exemplary and was inadequate, and only considered that there was no material breach of Article 77.01(a) CL&FS. FC Barcelona's bad behaviour was correctly considered an aggravating circumstance.

172. When assessing the amount of the fine, it is of the utmost importance to bear in mind that disciplinary sanctions must serve as a deterrent and be fair to the clubs that comply with UEFA's regulation. In view of the very serious and deliberate violation of key rules of the CL&FFP and the CL&FS, accompanied by the bad behaviour of FC Barcelona during the Compliance Audit, a lower fine would undoubtedly fail to have a deterrent effect. UEFA's judiciary bodies are best placed to benchmark the gravity of a rule violation by a club with sanctions imposed on other clubs. A fine lower than the one imposed would jeopardise UEFA's objectives, i.e., to prevent any circumvention of UEFA's rules and regulations and to ensure financial fair play in competitions.
173. The fine imposed is perfectly in line with the jurisprudence of the UEFA CFCB. The CFCB Appeals Chamber indeed decided that the cases of Riga FC and ŠK Slovan Bratislava were comparable to FC Barcelona's case. A correct comparison shows that the fine imposed on FC Barcelona is not only proportionate, but also very lenient. In the cases of Riga FC and ŠK Slovan Bratislava, the ratio between the fine and the amount incorrectly reported ranged between 0.2% and 0.7%. In FC Barcelona's case, the fine represents 0.2% of the misconduct. The fine imposed represents 0.08% of FC Barcelona's average operating revenue over the reporting periods 2021 and 2022 (excluding EUR 267 million profits on the disposal of intangible assets). This percentage is also in line with the ratio applied to Riga FC and ŠK Slovan Bratislava, which was between 0.06% and 0.08%.
174. CAS constantly holds that it reviews disciplinary sanctions only with "*self-restraint*" and under the prerequisite that these sanctions turn out to be "*grossly and evidently disproportionate*". In the case at hand, such threshold is clearly not met.
175. UEFA certainly did not violate the *ultima ratio* principle by imposing a fine of EUR 500,000 on FC Barcelona. Contrary to FC Barcelona's assertion, it has been clearly described in the Appealed Decision why the fine is adequate and why a lesser sanction must be rejected. Indeed, a lower fine would not have had a deterrent effect, nor would it be fair to the other clubs who comply with UEFA's rules and regulations.
176. Insofar the CFCB First Chamber considered circumstances as aggravating in the First Instance Decision that are not mentioned in the Appealed Decision, such are irrelevant and FC Barcelona's arguments in this respect are moot.
177. FC Barcelona alleges, without providing any evidence, that the present proceedings and the sanction are related or in connection with the Super League Project and

insinuates that the outcome of this proceeding was affected. It is simply irrelevant whether the resurrection of the so-called Super League Project and the present proceedings coincided in time. Correlation does not equal causation. The so-called Super League Project was not connected to the opening of the proceedings, which happened in October 2022, i.e., long before the news report submitted by FC Barcelona came out. To state it in clear terms, any involvement of FC Barcelona in the Super League Project has no link whatsoever to the present proceedings of the independent financial fair play bodies of UEFA.

178. With regard to the interest at stake, FC Barcelona asserts that the fine of EUR 500,000 is detrimental and imposes a further financial burden which will worsen its already damaged financial situation. However, in a similar vein, FC Barcelona argues that losing EUR [...] million per season by transferring 25% of LaLiga TV rights is only a marginal decrease compared to FC Barcelona's budget and is therefore negligible. This assertion is not only incomprehensible, but also contradictory.
179. FC Barcelona argues that it was considered an aggravating circumstance that it chose to maintain the classification of the profit from the Sale in its break-even submission. This is simply not true. The CFCB Appeals Chamber stated that FC Barcelona acted in full knowledge of the wrongdoing despite its own opinion expressed in its financial statements and the opinion of its auditors and experts and that it therefore deliberately decided to change its previous classification and to classify the profits from the Sale as "*other operating income*" in its break-even submission. The fact that FC Barcelona did not subsequently change the classification of the Sale was not taken into account as an aggravating factor.
180. FC Barcelona draws comparisons with other cases, but none of those cases are connected to the misclassification of Relevant Income under the CL&FFP.
181. Finally, FC Barcelona refers on multiple occasions to the conclusions of the CFCB Reporting Member and attempts to argue that the fine is disproportionate because it deviates from the recommendations of the CFCB Reporting Member. The CFCB First Chamber must however analyse the whole case and issue the appropriate decision based on the individual circumstances of each case. The CFCB Reporting Member therefore only issues recommendations on the basis of Article 13.03 of the CFCB Procedural Rules that are not binding, neither on the CFCB First Chamber, nor on the CFCB Appeals Chamber.

ii. The findings of the Panel

182. While the CFCB Reporting Member recommended a fine of EUR 100,000 to be imposed on FC Barcelona, the CFCB First Chamber considered it appropriate to impose a fine of EUR 500,000, which decision was confirmed by means of the Appealed Decision issued by the CFCB Appeals Chamber.
183. Article 29.01 CFCB Procedural Rules provides as follows:

“The following disciplinary measures may be taken against any defendant/appellant other than an individual:

- a. warning;*
- b. reprimand;*
- c. fine;*
- d. deduction of points;*
- e. withholding of revenues from a UEFA competition;*
- f. prohibition on registering new players in UEFA competitions;*
- g. restriction on the number of players that a club may register for participation in UEFA competitions, including a financial limit on the overall aggregate cost of players registered on the List A for the purpose of UEFA club competitions;*
- h. disqualification from competitions in progress and/or exclusion from future competitions;*
- i. withdrawal of a title or award.”*

184. The range of sanctions set forth in Article 29.01 CFCB Procedural Rules is very wide, with the imposition of a warning at the lower end of the spectrum and disqualification from competitions or withdrawal of a title or award at the higher end. In the matter at hand, no sporting sanctions are imposed, but the sanction is only of a financial nature in accordance with Article 29.01(c) CFCB Procedural Rules.

185. As to the assessment to take place with respect to the proportionality of a sanction, UEFA submits that CAS consistently holds that it reviews disciplinary sanctions only with “*self restraint*” and under the prerequisite that these sanctions turn out to be “*grossly and evidently disproportionate*”.

186. The Panel notes that the following CAS jurisprudence is often cited in this respect:

“[T]he measure of the sanction imposed by a disciplinary body in the exercise of the discretion allowed by the relevant rules can be reviewed only when the sanction is evidently and grossly disproportionate to the offence (see TAS 2004/A/547, [...], §§ 66, 124; CAS 2004/A/690, [...], § 86; CAS 2005/A/830, [...], § 10.26; CAS 2005/C/976 & 986, [...], § 143; 2006/A/1175, [...], § 90; CAS 2007/A/1217, [...], § 12.4).” (CAS 2009/A/1870 (para. 125 of the abstract published on the CAS website)

187. The Panel agrees with this approach, with the caveat set forth in other CAS jurisprudence which the Panel considers to be on point:

“The Panel considers that such jurisprudence cannot be interpreted to mean that a CAS panel in appeals arbitration proceedings would lack the competence or mandate to reduce the sanctions imposed if it would find that a sanction is only somewhat disproportionate, but does not reach the conclusion that the sanction imposed is ‘evidently and grossly disproportionate to the offence’. This interpretation would be incorrect, as CAS panels decide de novo and therefore have full competence to review the

facts and the law, including the proportionality of the sanction, without restriction. If it would be otherwise, procedural flaws at the previous instance could not be healed in a proceeding before the CAS.

However, the Panel accepts the jurisprudence cited above can only be interpreted to mean that, as a matter of courtesy or respect for internal judicial bodies, which are usually in a good position to take into account all relevant factors to decide on an appropriate and proportionate sanction, that a CAS panel should not ‘easily ‘tinker’ with a well-reasoned sanction, i.e. to substitute a sanction of 17 or 19 months’ suspension for one of 18’ (CAS 2011/A/2518, para. 15 of the abstract published on the CAS website, with reference to CAS 2010/A/2283, para. 14.36).

In the exercise of the de novo power granted to it by Article R57 CAS Code, and within the scope of sanctions provided in Article 54 FAS Disciplinary Code [here Article 29.01 CFCB Procedural Rules], the Panel reviews the proportionality of the sanction imposed in the Appealed Decision. In this respect, all aggravating and extenuating circumstances, be it objective or subjective, are to be taken into account, in particular the arguments advanced by the Parties in this respect.” (CAS 2022/A/8695, paras. 142-144)

188. The Panel notes that the Parties adduced extensive submissions with respect to the proportionality of the fine of EUR 500,000 imposed on FC Barcelona. However, the Panel does not consider it necessary to address each and every allegation put forward by the Parties, as it finds that, in the specific circumstances of this case, a fine of EUR 500,000 is actually rather mild. The Panel will therefore only rely on the reasons it considers pertinent to support such conclusion.
189. The Panel finds that FC Barcelona’s argument that the infringements committed have no material impact because, despite the classification discrepancy at issue here, it still meets the break-even requirement in the 2022/23 monitoring period is to be dismissed. The classification discrepancy has a major impact on FC Barcelona’s break-even results, not only now but certainly also for the next two seasons, given that a monitoring period covers three consecutive reporting periods (T, T-1 and T-2).
190. The Panel finds that overstating break-even results by EUR 267 million in a single season, resulting in a deficit of EUR [...] million instead of a surplus of EUR [...] million, is a major infringement with a major impact on FC Barcelona’s break-even results for the purposes of the CL&FFP monitoring requirements.
191. The Panel finds that FC Barcelona’s infringement is also intentional, particularly because it classified the revenue generated from the Sale differently in its break-even submission (“*other operating income*”) than it did in its Financial Report (“*profit from intangible assets*”).
192. Moreover, as concluded *supra* (see paras. 97 and 105), the Panel finds that there cannot be the slightest doubt that Article D(b) of Annex X CL&FFP is relevant in determining

what income comprises Relevant Income and that FC Barcelona's reliance on the opinion of its external auditors and the opinion of its experts is misconceived, as none of them asserted that the revenue of the Sale was not "*profit from disposal of intangible assets*" under Article D(b) of Annex X CL&FFP. The experts called by FC Barcelona only retrospectively submitted at the hearing (not in their expert report) that FC Barcelona's interpretation of Annex X CL&FFP was not unreasonable (with which conclusion the Panel disagrees for the reasons set forth above), but there is no contemporaneous evidence on file suggesting that any expert advised FC Barcelona at the relevant point in time to report the revenue from the Sale to UEFA in the way that it did.

193. Furthermore, the CFCB Reporting Member gave FC Barcelona an opportunity to correct its mistaken accounting classification of the revenue generated from the Sale by changing the classification and incurring a fine of EUR 80,000. However, FC Barcelona persisted in its classification as "*other operating income*". Although the Panel finds that this was FC Barcelona's right and that this is not an aggravating factor in sanctioning FC Barcelona as such, it does show that it was not simply an accounting mistake, because in such case FC Barcelona would have corrected the mistake when being provided with such opportunity. However, FC Barcelona persisted in classifying the revenue generated from the Sale as "*other operating income*". This decision, and persistence, makes the intentional nature of the FC Barcelona classification clear.
194. The Panel also finds that the CFCB First Chamber and the CFCB Appeals Chamber were in no way bound by the proposal of the CFCB Reporting member to sanction FC Barcelona with a fine of EUR 100,000. Pursuant to Article 13.03 CFCB Procedural Rules, "[a]fter the collection of evidence, the reporting member presents his conclusions to the First Chamber, with a recommendation as regards the decision to be taken". The Panel finds that it derives from the wording of this provision that the CFCB Reporting Member indeed only provides a recommendation, not a claim, a demand or prayers for relief. The word "recommendation" suggests that the CFCB is by no means bound by it, it can impose a sanction lower, but also higher than recommended.
195. The Panel finds that the intentional nature of the violation in conjunction with the major impact of an overstatement of Relevant Income in an amount of EUR 267 million in a single season make the infringement severe, justifying also a severe sanction.
196. The Panel finds that the mere fact that this is apparently a first violation of FC Barcelona with respect to the CL&FFP or the CL&FS cannot be considered as a mitigating factor. Rather, should this have been a second violation, this could be taken into account as an aggravating factor. Indeed, Article 26.02 CFCB Procedural Rules provides that "[r]ecidivism counts as an aggravating circumstance".
197. The Panel finds that the imposition of a fine lower than EUR 500,000 would likely not be a sufficiently strong deterrent to prevent a major club like FC Barcelona from intentionally misreporting income with a major impact on its break-even results. Indeed, against the background of FC Barcelona's revenues (forecasted by FC Barcelona at EUR [...] million for the 2024/25 season and EUR [...] million for the

2025/26 season) and the mistaken classification of EUR 267 million to FC Barcelona's benefit, the Panel finds that a fine of EUR 500,000 is not "*evidently and grossly disproportionate to the offence*". Rather, the Panel finds that such sanction is relatively mild.

198. Consequently, the Panel finds that the fine of EUR 500,000 imposed on FC Barcelona is to be confirmed.

B. Conclusion

199. Based on the foregoing, the Panel holds that:

- i) FC Barcelona violated Articles 58(1) and (2) CL&FFP as well as Article 77.01(e) CL&FS.
- ii) FC Barcelona's alleged unique legal structure and the reasons behind the Sale have no impact on the regulatory framework to be applied.
- iii) The fine of EUR 500,000 as imposed on FC Barcelona is justified.

200. Accordingly, FC Barcelona's appeal is dismissed and the Appealed Decision is confirmed.

201. All other and further motions or prayers for relief are dismissed.

X. COSTS

(...).

* * * * *

ON THESE GROUNDS

The Court of Arbitration for Sport rules that:

1. The appeal filed on 22 January 2024 by Futbol Club Barcelona against the decision issued on 30 October 2023 by the Club Financial Control Body Appeals Chamber of the *Union des Associations Européennes de Football* is dismissed.
2. The decision issued on 30 October 2023 by the Club Financial Control Body Appeals Chamber of the *Union des Associations Européennes de Football* is confirmed.
3. (...).
4. (...).
5. All other and further motions or prayers for relief are dismissed.

Seat of arbitration: Lausanne, Switzerland

Date: 18 September 2024

THE COURT OF ARBITRATION FOR SPORT

Manfred Nan
President of the Panel

Jeffrey G. Benz
Arbitrator

Raphaëlle Favre Schnyder
Arbitrator

Dennis Koolaard
Ad hoc Clerk