

The FIFA Clearing House: Is Ugandan Football ready?

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In October 2018, the FIFA Council endorsed a major reform in the football transfer system. By the third quarter of 2022, the FIFA Clearing House (FCH) will become operational. The FCH is an independent entity incorporated as a company in France with a payments service provider licence.



The objective of FCH is to centralize, process, and automate payments between clubs following an international transfer or initial registration of a professional player especially training compensation and solidarity payments in addition to agent fees and transfer fees. The entire FCH payments process is estimated to take a maximum of 6 (six) months.

When a male player is registered as a professional for the first time, and each time the player is transferred before his 23rd birthday, clubs that participated in his professional development are entitled to training compensation. Every time a professional player is transferred before the expiry of his/her contract, every training club that played part in the professional player's development is entitled to a solidarity payment. However, only 25% of such training rewards are paid out. In 2021, in spite of the COVID-19 pandemic, the FIFA Player Status department received a total of 1371 and 566 solidarity contributions and training compensation claims respectively.

That notwithstanding, many clubs have little or no clue about lodging training compensation claims or tracking the movements of their former players. The transfer of former Cranes captain Ibrahim Ssekagya from Arsenal de Serandi to Red Bull Salzburg offers a good example. Though Ugandan clubs were entitled to about 5% of the transfer fee, documenting and lodging the compensation claims was onerous.

The FCH is designed to cover the gap between training rewards due and those that are actually paid, promote financial transparency, protect football integrity and promote anti-money laundering (AML) in football.

For the FCH to be operational, FUFA Member Associations (MAs) including FUFA have to meet certain requirements. These include the registration of all players. This is something that FUFA has registered good traction on. Clubs will also have to sign the to-be availed terms and conditions to be bound by the FCH.

Each player is also required to have an Electronic Player Passport (EPP). These will gather information from FIFA MAs and consolidate player profiles from the age of 12. FUFA is mandated to implement this locally. This is similar to the requirement of the FIFA connect ID that 91% of FIFA MAs have fully

implemented, Uganda exclusive. This is an area where Uganda has to drastically improve.

The FCH will also take on the duties of policing AML in football. The FCH will conduct due diligence on each transfer, and verify the source funds used in international transfers and the beneficial ownership of the participating clubs.

Under Ugandan law, FUFA is an accountable person with direct legal obligations to actively combat money laundering and financing terrorism.¹ But according to the Financial Intelligence Authority (FIA) list of registered persons, FUFA is yet to register with the FIA.² This exposes the Ugandan football industry to the vice of money laundering that is also often linked to match fixing. Though the inception of the FCH is poised to partially cover this gap, it doesn't negate FUFA's obligation to register with the FIA.

The training rewards are only triggered when there is an international transfer, a transfer with an international dimension, or the maiden registration of a professional player. Once a reward is triggered, the responsible and benefitting clubs will be notified. This will be beneficial to many Ugandan clubs that do not have the capacity to diligently trace the movements of their former athletes, assess transfer rewards, or lodge compensation or solidarity claims.

It is estimated that around about USD 400M will be distributed yearly by the FCH to more than 10,000 clubs. If a good proportion of such sums is directed to Ugandan football, it will be a good incentive for growth of Ugandan sport.

According to the FIFA transfer report 2021-22, Uganda football was connected to 66 professional transfers in women's and men's football combined. Uganda recorded at least 2 billion Uganda shillings in international football transfers in 2020. All these are incidents with the potential to trigger training benefits. It is thus evident that the FCH system will uplift many football academies and clubs in Uganda that often struggle with access to funds.

Ugandan football needs not only to be aware of FCH benefits but also the ramifications of non-compliance. By the end of this calendar year, all payments in international transfers will be handled through the FCH.

1 Anti-Money Laundering Act, 2013, Second Schedule, Paragraph 2.

2 FIA, List of Registered Accountable Persons, <https://www.fia.go.ug/sites/default/files/downloads/List%20of%20Registered%20Accountable%20Persons.pdf> (accessed on 4th/05/2022)

There will be no more club-to-club payments on transfers where the FCH is competent to act. This means that if a club is not registered, then it will have no access to any monies from an international transfer of its player. FUFA and its member clubs may be given extra time to comply with the FCH obligation. It is also expected the FCH regulations will have a transitional period for clubs and FUFA to adjust to the new football transfer dimension. But elongated non-compliance will expose the FUFA and Ugandan clubs to fines and bans from international transfers.

MAAs and clubs that may be aggrieved by FCH decisions or calculated compensation, will still have a window to lodge their complaints in the newly structured Football Tribunal.

As a footballing nation, Ugandan clubs under the auspices of FUFA ought to set up frameworks with viable timelines so as to be in a position to sync with this momentous development. This will not only create an avenue for Ugandan clubs and academies to earn what is due to them, but also shield Ugandan football from avoidable sanctions and enable proper documentation of Ugandan female and male footballers.

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