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The concept of Third Party Ownership in the international professional football industry

The professional football industry, a thriving business (increased TV rights, emergence of major sportswear and football equipment suppliers, implementation of new economic models by football clubs through the ownership of stadiums where people can now do many things other than just watching a game, etc.), naturally strives to ensure the integrity and loyalty of sports competitions and events, two fundamentals for the respect and credibility that it is trying to gain and/or maintain on all continents.

In this shifting landscape, a new approach to professional football player contracts has emerged in the past few years: the TPO or Third Party Ownership.

This type of contract first appeared in Europe during transfers of players – sometimes very famous – from South America, in particular through the Iberian Peninsula. It is nothing more than an ownership – through an investment by an individual or company – in the economic rights of the player, i.e. basically the sale value of the player. The apparent benefit for the club that buys the player is that it only has to pay a portion of his estimated value as the balance is borne by the third party investor who owns part of the economic rights of the player and who can expect to earn 150%, 250% or sometimes a higher percentage of his initial investments when “his” player is subsequently transferred at a higher price!

Following concerns raised by what could be viewed as a means of controlling indirectly the sporting career of a player, the *Fédération Internationale de Football Association* (FIFA) has resolved to ban Third-Party Ownership arrangements, effective as from 2020, thereby allowing for a transition period of at least five



years...

The French Professional Football League (LFP) has, for its part, decided to launch a fact-finding mission with the League 1 and League 2 professional clubs, as well as participants in TPO arrangements, the players' union, and sports agents who have already dealt with this type of arrangements.

As Chair of the Legal Affairs Commission of the LFP, I have been commissioned by the Board of Directors of the LFP on September 26, 2014, to present in Spring 2015 a report on the hearings that are currently conducted on this issue and to provide recommendations for the future.

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