

With Manchester City FC and Spanish club Girona FC (both of which sit within the City Football Group (“CFG”)) having qualified for the UEFA Champions League in 2024/5, **Rob Jones, a sports corporate specialist with TSC Legal**, discusses:

- What is multi club ownership (MCO)?
- Is MCO a growing trend? If so, why?
- What issues does MCO pose to the football landscape?
- What regulations govern MCO?
- Are Manchester City FC and Girona FC eligible to compete in the 24/25 UEFA Champions League?
- What is the future of MCO and what is UEFA’s response to it?
- What can other sports take from MCO Groups in football?

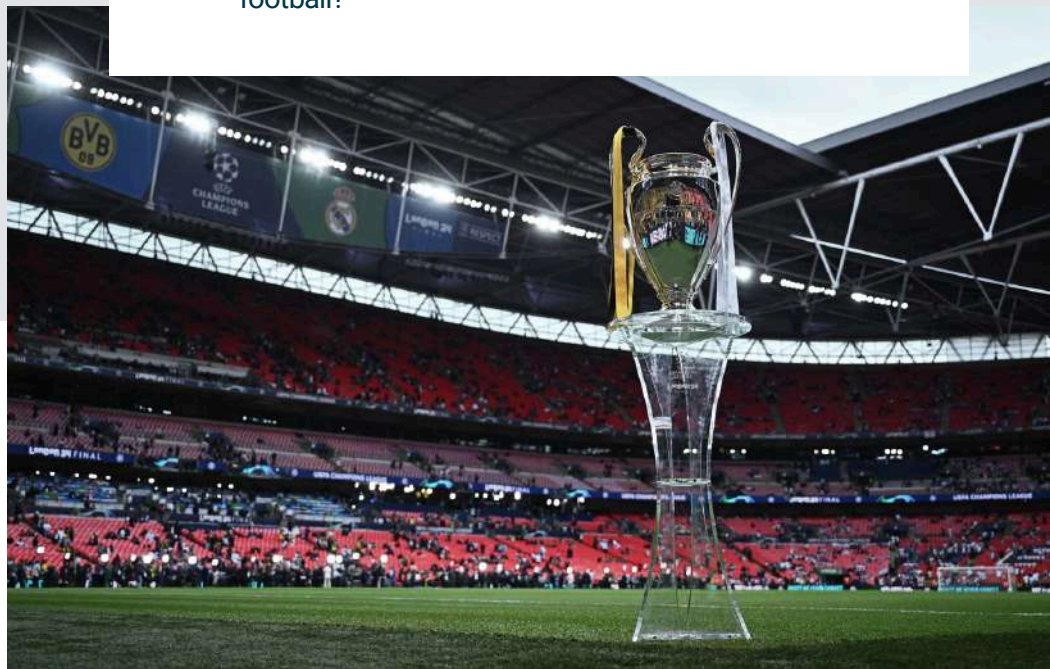
WHAT IS MCO?

It is where an entity or individual (anywhere in the world) has anything between:

- control and/or decisive influence; or
- investment interests (without exerting control or decisive influence),

over multiple football clubs across one or more continents. For the purposes of this article, I will refer to all such groups as an “MCO Group” or “MCO Groups”.

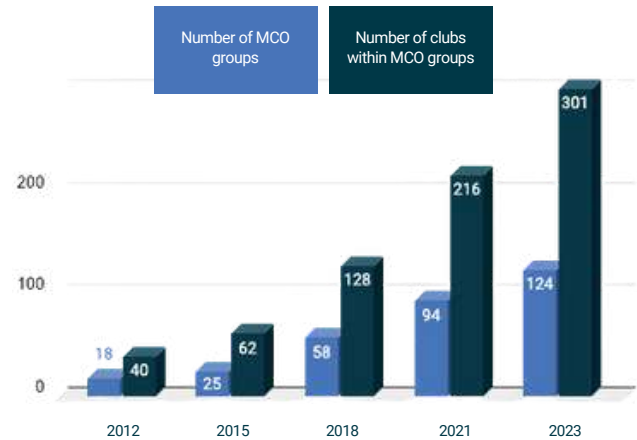
We see a wide range of MCO Group owners – from high-net-worth individuals to sovereign wealth funds to other investment funds to brands. Each investor may have different motivations for investing in an MCO model. See examples overleaf.



IS MCO A GROWING TREND?

According to a [UEFA report from 2023](#), while MCO is not a new phenomenon, it has been one of the fastest-growing trends in football's financial ecosystem in recent years. This was clearly demonstrated in the adjacent figures taken from the [SportBusiness report](#). In particular, of the 301 clubs within MCO Groups in 2023, 65% have two clubs in their MCO Group and only 6% have six or more clubs. The majority of MCO Group investment is from the US.

UEFA's report also states that MCO models incorporate clubs from multiple tiers in 15 countries worldwide, most of which are based in England, Italy, Spain, US, and France.



EXAMPLES OF MCO GROUPS

	Cityfootball	777 PARTNERS	INEOS	Red Bull
Europe (UEFA)				
North America (CONCACAF)				
South America (CONMEBOL)				
Asia & Australia (AFC)				

WHY HAVE WE SEEN SUCH AN INCREASE IN MCO?

Efficiency: Football is the world's most popular sport and financial weakness, exacerbated by the game's inequalities and the global pandemic, has accelerated the trend of MCOs. In particular, MCO is regarded as a more efficient club ownership model/structure that is more resistant to such circumstances. These efficiencies can be seen across a MCO Group's playing and commercial functions.



For example, MCO Groups can:

- Achieve economies of scale through shared services and multi club commercial agreements, subject to applicable league restrictions.
- Build a group wide playing style, with a shared playing and coaching philosophy, with players able to transition seamlessly between MCO Group clubs without buying new talent.
- Acquire talent earlier for less and control their development by loaning them out to MCO Group clubs before moving them onto a higher level club.
- Acquire players who would not immediately qualify for a work permit in the UK. Post-Brexit immigration rules make it harder to transfer EU talent into the UK, and having a base in the EU enables clubs to develop players and increase their banding under the points-based system, subsequently making it easier to move players into the Premier League.



WHAT EFFECT DOES THIS HAVE ON THE FOOTBALL LANDSCAPE?

Conflicts/Integrity: MCO inevitably increases the number of conflicts of interest as clubs from the same MCO Group aim to compete in the same UEFA competitions. This can diminish the integrity of the applicable clubs and competition they play in and, in turn, cause long standing club fans to lose interest and connection with their local club.

In addition, from 2024/25 onwards, the UEFA Champions League group stage will feature 36 participating teams in one league table, where each team plays eight matches against eight (rather than three) different opponents, meaning such conflicts will happen more readily.

Anti-Competitive: It is estimated that more than 6,500 players worldwide are registered with clubs belonging to MCO Groups. MCO promotes intra-group transfers and loans causing a larger group of players being controlled by a small number of MCO Groups. This can make it more difficult for other clubs to sign such players, which threatens the competitive order within the game. It also raises questions about the value being paid for such players and, overtime, may also adversely impact the level of services required by agents of players and coaching staff, and agents' commission level as a result.

Control: The more clubs within MCO Groups the lower the number of clubs required to disrupt the existing football landscape, which may not be in the interests of fans or clubs. For example, 6 out of the 12 founders of the proposed European Super League are already part of MCO Groups.

Reputation: In addition, an ultimate MCO Group's owner/investor financial hardship or conduct can lead to multiple MCO Group clubs across multiple leagues being affected. This was the case when Parma AC and Palmerias (both owned by Calisto Tanzi's company Parmalat in the 90s) were dragged into Parmalat's financial conduct in 2002.



Player/Financial Performance: MCO provides a more stable player development pathway which can benefit national teams (via improved technical coaching and personal stability) and the overall value of the product. In addition, financial risk can be spread across MCO Groups bolstering investment and stability. MCO may also serve to boost clubs' commercial offering to sponsors in different markets through package deals and increased brand penetration.

WHICH REGULATIONS GOVERN MCO?

UEFA Regulations (for Champions League, Europa League and Conference League)

Prior to 1 May 2024:

Article 5 of the UEFA Regulations prohibited any two or more clubs from competing in any UEFA club competition in the same season if the same individual or legal entity had control or influence in such clubs, such control being established most commonly via either (i) majority shareholding; or (ii) decisive control or influence. Majority shareholding is a precise mechanism and is well established as a result, but (ii) above is a catch-all provision that lacks the same clarity, providing uncertainty for MCO Groups.

The only exception to this restriction was if the two MCO Group clubs involved qualified for the UEFA Champions League (group stage) and the UEFA Conference League (any stage) respectively.

In previous years, MCO Group clubs have avoided breaching Article 5 (and thus qualified and competed in the same UEFA competition) by implementing governance and corporate structural changes, including transferring the club to a trust that is controlled by an independent third party (referred to as a “blind trust” mechanism).

For example, Article 5 didn't prevent FC Red Bull Salzburg from playing against RB Leipzig in the UEFA Europa League in 2018 on the basis that UEFA “deemed that no individual or legal entity had anymore a decisive influence over more than one of the clubs”, and as a consequence, Article 5 would not be breached.

1 May 2024 onwards:

To address what is becoming a more and more prevalent issue, UEFA did not expressly incorporate or detail the blind trust mechanism in its regulations. With effect from 1 May 2024, UEFA included Article 5.05 meaning MCO Group clubs that do not comply with Article 5.01 (i.e. are controlled or influenced by the same entity or person) can nevertheless compete in separate UEFA competitions. This has at least addressed and protected UEFA's key integrity concern – two clubs with the same owner or investor playing against each other in one of its competitions.



Premier League:

The Premier League’s rules on co-ownership of multiple Premier League clubs differs from UEFA’s. Premier League Rule D.2.2 stipulates that no individual can have a 10% (or more) stake in more than one Premier League club. This is a simpler, clearer and more restrictive approach than UEFA’s.



FIFA:

FIFA does not place direct MCO regulation on football clubs and instead requires its member associations (i.e. UEFA, AFC etc.) to ensure that no person exercises control over more than one club whenever the integrity of any match or competition could be jeopardised.

As a result of this regionalised approach, there is currently no globally cohesive framework, which allows for variation at a national level.

In addition, FIFA’s approach raises questions about the eligibility of MCO Group clubs to compete in the FIFA Club World Cup. FIFA owns/controls such competition and, as shown above, MCO structures often cross multiple member associations and confederations, making FIFA the only body with jurisdiction over all MCO Group clubs.

With the number and scale of MCO Groups increasing, it will be interesting to see how FIFA aims to protect the integrity of the FIFA Club World Cup competition if two (or more) clubs from an MCO Group qualify to compete in it.



ARE MANCHESTER CITY FC AND GIRONA BOTH ELIGIBLE TO COMPETE IN THE UEFA CHAMPIONS LEAGUE 2024/25?

In applying Article 5 (from 1 May 2024 onwards) to the circumstances faced by CFG (via Manchester City FC and Girona FC), we understood that CFG were potentially in breach of Article 5 as CFG was deemed to have decisive influence over both clubs. As a result, CFG had the following options:

1. transfer all its shares in Girona FC to an independent blind trust; or
2. reduce its ownership stake in Girona FC.

If CFG did not take either option (or an alternative that satisfied UEFA), in accordance with the UEFA Regulations, Girona FC would not be eligible to compete in any European competition due to their lower domestic ranking.



However, in early July 2024, UEFA accepted the admission of Girona FC and Manchester City FC to the 2024/25 UEFA Champions League, as CFG demonstrated it had transferred its shares in Girona FC through a blind trust structure and agreed not to transfer players nor agree any joint cooperation, technical or commercial agreements between such clubs.

Manchester United FC and OGC Nice also made the same changes and commitments and were thus both eligible to compete in the UEFA Europa League in 2024/25.

WHAT IS THE FUTURE OF MCO, AND WHAT IS UEFA'S RESPONSE TO IT?

It's hard to see how UEFA will continue to uphold integrity by allowing clubs from within the same MCO Group to compete in the same UEFA competition, without being more explicit on what is deemed "decisive control", and/or reducing the level of shareholder control. Reacting on a case by case basis (as shown in the CFG case above) seems unsustainable.

Given the attempted ESL breakaway and exponential growth of the number and scale of MCO Groups, the issue is obviously very sensitive and nuanced for UEFA and its members.

Any resolution requires appropriate collaboration and expertise.



WHAT CAN OTHER SPORTS TAKE FROM MCO GROUPS IN FOOTBALL?

Due to the economies of scale being achieved by MCO Groups and UEFA's flexible interpretation of its regulations, the number and scale of MCO Groups will continue to grow within football. At TSC, we are also seeing such MCO Groups across multiple sports for the same reasons. For example, Red Bull, which owns multiple football clubs, also owns two F1 teams - Red Bull Racing and Visa Cash App RB (previously Alpha Tauri).

Although F1's regulations allow for the selling of parts between teams (and Red Bull has historically been able to take advantage of these rules) there will be plenty of operational and commercial efficiencies within the Red Bull Group across the different sports.

As the number and scale of MCO Groups in football expand, we will continue to see similar economies of scale being achieved...but within even larger multi-sport MCO Groups.

For more information or if you would like to discuss your organisation's investment modelling, please contact the team.



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