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The Rise and Fall of Third Party Ownership in Football

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Introduction

Third Party Ownership ("TPO") refers to a contractual arrangement under which a third party acquires some or all a football player's economic rights. That investor may be an agent, a sports management company, or an investment fund. In a typical arrangement, the investor puts money into a club and, in return, acquires the right to a share of the fee the player brings at his next transfer to another club. The arrangement often functions like a loan, because the club receives the money at once while the investor recovers it, with a return, only if and when the club sells the player.

The FIFA Regulations on the Status and Transfer of Players ("RSTP") originally defined a third party as *"a party other than the two clubs transferring a player from one to the other, or any previous club, with which the player has been registered."*[1] On its face, this meant a third party was anyone outside the two clubs in the transfer and any club the player had previously played for. The original wording did not mention the player himself, an omission that caused difficulty once the ownership ban took effect in 2014 and that FIFA later addressed by amending the definition in 2019.

In the early 2000s, TPO originated in South America and spread through Europe, where it became common in Spain, Portugal, and Italy. This paper explains why the practice grew, how FIFA moved from controlling third party influence to banning third party ownership outright, how the courts have responded to that ban, and what has happened since.

The rise of TPO

TPO addressed a basic financial problem in football. Although clubs often hold significant value in their players, many lack the financial resources needed to sign new players, pay their wages, or meet other expenses. It allowed a club to sell an investor a share of a player's future transfer fee and immediately use the proceeds to fund those costs.[2] The arrangement also shifted

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[1] *FIFA Regulations on the Status and Transfer of Players*, Definitions no. 14, p. 6.

[2] De Marco, N QC. (2020, Jan 6). *TPO in Football: What it is, how it is developing, and what it should be*, Football Legal #12.

part of the financial risk to the investor. If the player failed to develop or generate a significant transfer fee, the investor bore part of the loss rather than leaving the club to bear it alone.

This arrangement allowed smaller clubs to sign players beyond their means and opened a path to top level football for talented players from less wealthy regions. For example, FC Porto relied on the same model to build successful teams, including when it signed Radamel Falcao from River Plate for approximately 5.5 million euros in 2009 and sold him two years later for approximately 40 million euros.[3]

By the time FIFA intervened, TPO had become widespread. By 2013, Spanish and Portuguese investors alone held roughly 1.1 billion euros in player holdings across Europe, covering more than 1,100 players.[4] England, France, and Poland were the only three nations in the world that banned TPO.[5] Therefore, the TPO ban removed a key source of funding that clubs across the world had come to rely on.

FIFA's response to TPO

The Carlos Tevez case remains the best known example of TPO and brought the practice to public attention in Europe. In 2006, West Ham United Football Club ("West Ham") signed Carlos Tevez and Javier Mascherano, but two offshore companies, not the club, held shares in the players' economic rights.[6] This case illustrated how outside parties could acquire and control a share of a player's economic rights. In this instance, Media Sports Investments ("MSI"), a firm controlled by prominent agent Kia Joorabchian, held part of those rights. West Ham also entered into undisclosed agreements with MSI that allowed the firm to retain substantial control over the players, including the power to require their transfer during a later transfer window.[7] Before this case, TPO had little to no presence in England, although it was common in Eastern Europe,

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[3] Auberg, E. (2021, September 10). Third Party Ownership, EA Sports Law.

[4] Bailey, B.A. *O Colapso do "Joga Bonito": How FIFA's Banishment of Third-Party Ownership Runs Counter to European Union Law,*, Vanderbilt Journal of Transnational Law, Vol. 52 (2019), p. 195.

[5] De Marco, N. *Supra note 2,* p. 20.

[6] Bailey, B.A. *Supra* Note 4, p. 193.

[7] Kopp, S.A. (2025, October 29). Third-Party Ownership (TPO) in football- The Transfers of Carlos Tevez and Javier Mascherano to West Ham in 2006.

Portugal, Spain, and widespread across South America.[8] The English Premier League found that West Ham had violated its rules by failing to disclose the agreements connected to the Tevez and Mascherano signings and fined the club 5.5 million pounds.[9]

FIFA's wariness of third parties predated the 2015 ban. The 2001 edition of the RSTP already carried a limited restriction: "entitlement to compensation cannot be assigned to a third party."[10] That provision reached only compensation for contractual breaches, but it showed that FIFA was already reluctant to let outside parties hold rights over transfer related money.[11] In 2008, FIFA acted on that concern through Article 18bis (Third-Party influence on clubs), which targeted influence rather than ownership:

1. No club shall enter into a contract which enables the counter club/counter clubs, and vice versa, or any third party to acquire the ability to influence in employment and transfer-related matters its independence, its policies or the performance of its teams.

2. The FIFA Disciplinary Committee may impose disciplinary measures on clubs that do not observe the obligations set out in this article.[12]

This Article prohibited clubs from entering into agreements that allowed another club or third party to influence their independence, decision making or team performance. FIFA could refer violations to its Disciplinary Committee. Per the Article, FIFA sought to prevent investors from using their economic interest in a player to pressure a club over when to sell or play the player or which transfers to accept. A club could still accept third party investment in a player, provided the third party received no influence over the club's decisions. FIFA's purpose was therefore to protect the club's independence and autonomy.

In 2015, Article 18ter (Third Party Ownership of Players' Economic Rights) came into force, which completely prohibited clubs and players from entering into new TPO agreements.

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8 Bailey, B.A. *Supra* Note 4, p. 193.

9 Bailey, B.A. *Supra* Note 4, p. 194.

10 Auberg, E. *Supra* Note 3.

11 *Id.*

12 *FIFA Regulations on the Status and Transfer of Players*, p. 33 (January 2025 ed.).

Before the ban, investors and other third parties commonly financed player signings in exchange for a share of the player's future transfer fee.[13]

1. No club or player shall enter into an agreement with a third party whereby a third party is being entitled to participate, either in full or in part, in compensation payable in relation to the future transfer of a player from one club to another or is being assigned any rights in relation to a future transfer or transfer compensation.

2. The interdiction as per paragraph 1 comes into force on 1 May 2015.[14]

Per this Article, FIFA aimed to prevent third parties from owning any share of a player's transfer fee or holding any rights connected to a future transfer. FIFA's Disciplinary Committee later determined that players do not qualify as third parties under Definition 14 and Article 18ter of the FIFA RSTP.[15] Definition 14 of FIFA's RSTP now states:

> Third party: a party other **than the player being transferred,** the two clubs transferring the player from one to the other, or any previous club, with which the player has been registered. (emphasis added).[16]

The previous definition was:

> Third party: a party other than the two clubs transferring a player from one to the other, or any previous club, with which the player has been registered.[17]

The definitions differ by one phrase. The earlier version excluded only the clubs involved in the transfer and the player's former clubs from the definition of a third party. It did not exclude the player. The amended version added *"the player being transferred"*, confirming that a player is not a third party to his own transfer and may hold a share of his future transfer fee. The amendment did not change the ban as it applied to outside investors.

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[13] Auberg, E. *supra* Note 3.

[14] *FIFA Regulations on the Status and Transfer of Players*, p. 33 (January 2025 ed.).

[15] Auberg, E. *supra* Note 3.

[16] *FIFA Regulations on the Status and Transfer of Players*, p. 8 (January 2025 ed.).

[17] *FIFA Regulations on the Status and Transfer of Players*, Definitions no. 14, p. 6.

Landmark case regarding TPO

The Royal Football Club Seraing ("Seraing") case is the most significant test of FIFA's bans on third party influence and ownership under Articles 18bis and 18ter. In 2015, Seraing entered into a cooperation agreement with Doyen Sports Investment Limited ("Doyen"), under which Seraing agreed to transfer the economic rights of three of its players to Doyen, for 300,000 euros, and shortly afterward sold Doyen a 25% share in another player's economic rights for 50,000 euros.[18] FIFA's Disciplinary Committee found that Seraing breached Articles 18bis and 18ter and imposed a four (4) season transfer ban and a fine of CHF 150,000.[19]

Moreover, Seraing appealed to the Court of Arbitration for Sport ("CAS"), which upheld the sanction. The panel applied the proportionality test drawn from European case law and held that even if the ban restricted the EU freedoms of movement, establishment, services, and capital, FIFA's legitimate objectives justified those restrictions.[20] The panel put the burden on Seraing to prove the ban breached EU law, rather than on FIFA to justify it.[21] The panel defined the relevant market as the transfer market rather than the financing market. On the financing market the discrimination would have been clear, because the ban targeted TPO investors while leaving traditional banking institutions untouched.[22] The panel stopped the proportionality test halfway, never asking whether strict regulation would have served FIFA's aims without a total ban.[23]

The Swiss Federal Supreme Court dismissed Seraing's appeal. The club also pursued proceedings in the Belgian courts, which eventually referred a question of EU law to the Court of Justice of the European Union.[24] On 1 August 2025, the Court delivered its ruling and did not decide whether FIFA's TPO ban was lawful. It addressed a narrower question: whether a

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[18] Moyersoen, P. Rontogianni, D. Ruiz-Huerta, J. C. (2017, March 09). *FIFA's TPO ban: an in-depth analysis of the CAS award of 9 March 2017 (CAS 2016/A/4490 ASBL Royal Football Club Seraing v. FIFA).* Football Legal #7.

[19] *Id.*

[20] *Id.*

[21] *Id.*

[22] *Id.*

[23] *Id.*

[24] Snowball, F. Edworthy, C. Grimes, C. J. Brown, M. (2025, September 26). R*FC Seraing v FIFA: Redefining the autonomy of sports arbitration.* Macfarlanes.

national court in the EU may review an arbitral award for compliance with EU law where the dispute concerns professional sport as an economic activity.[25] The Court held that such review is permitted and clubs and players must accept the jurisdiction of CAS as a condition of taking part in organized football, so that arbitration is imposed rather than freely chosen, Those subject to it cannot therefore be treated as having waived their right to the protection of EU courts.[26] Therefore, a governing body can no longer rely on the finality of a CAS award seated outside the EU to shield its rules from review under EU law.[27]

Overall, the Seraing case demonstrated the gap between what Article 18bis was meant to prevent and what Article 18ter actually banned, and the legality of the TPO ban itself remains uncertain. FIFA defended both articles as measures to protect the independence of clubs and the integrity of competition. The CAS award showed why that concern was real. It quoted a clause in Seraing's contract with Doyen under which, if an offer of 500,000 euros or more came in for a player and both Doyen and the player wanted to accept it, Seraing had to pay Doyen 30% of that offer if it refused to sell. In effect, the club was held hostage by the investor and unable to decide its own transfers freely because saying no to a sale came at a heavy cost owed to Doyen.[28]

Conclusion

The TPO ban changed football, but it did not solve the problem it intended to solve. The ban stopped TPO agreements and gave FIFA a clear basis to punish clubs that broke the rule. However, it did not remove the financial pressures that made TPO attractive in the first place. Much of that money simply moved into less transparent arrangements, which changed the form of the practice rather than ending it.[29] FIFA had already identified the central concern in Article 18bis: the risk that an outside investor could influence a club's decisions. Article 18ter went further and prohibited third party investment itself. In doing so, FIFA removed a source of financing that many clubs relied on, without fully removing the influence the regulations were

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[25] *Id.*

[26] *Id.*

[27] Id.

[28] Moyersoen, P. Rontogianni, D. Ruiz-Herta, J. C., *Supra* note 18. Football Legal #7.

[29] De Marco. *Supra note 2,* p. 23.

meant to prevent. A regulated system, built on registration, fit and proper requirements, and defined limits on the share a third party may hold, funded by a levy on transfer fees, may have answered FIFA's concerns more directly than an outright ban.[30]

[30] De Marco. *Supra note 2,* p. 24.

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