

# SIGA Financial Integrity Universal Standards and Implementation Guidelines

These Universal Standards are designed to meet the highest levels of financial integrity, good governance, transparency and accountability in sport, and where applicable, reference existing global best practices. In the application of these standards, it is acknowledged that sporting structures can embody different legal forms in different jurisdictions and should always act in accordance with relevant local laws. The Universal Standards should be read alongside applicable laws as a guide to implementing best practice in preserving financial integrity in sport. To the extent there is any inconsistency between local laws and the Universal Standards, local laws shall prevail over the provisions in these Universal Standards.

These standards are addressed specifically to sports governing bodies, competition organisers, clubs and other key sports bodies, (together, “Sporting Organisations”) and, where specified, to Governments, public authorities and/or any other relevant constituent entity as specified.

Whilst significant strides have been made in the last decade to enhance financial sustainability and transparency within the sports industry, there is clear scope for advancement. These Universal Standards aim at providing credible, holistic and effective solutions to meet a series of complex and sophisticated challenges facing financial integrity and transparency in sport, such as the ones set out below:

- Increasing globalisation and financial sophistication of sport, with the emergence of new products and vehicles, including but not limited to, the so-called third-party ownership of economic rights of professional athletes;
- General environment of poor governance, inadequate regulation and lack of effective supervision and independent oversight;
- Lack and/or ineffective club licensing systems, with proper financial criteria, both at national and international level, with exception of a few cases, most notably the European football inter-club competitions;
- Lack of athletes’ transfer matching system at national level and need to improve transfer matching system at international level, as a first step towards a clearing house system at both national and international level;
- The poor regulation and supervision regarding the activities of sports agents;
- Growing incidents of tax evasion related to athletes’ image rights;
- Opaque ownership structures of sports clubs and ascertaining beneficial ownership of sports entities;
- The growing use of off-shore investment funds to acquire sporting entities and clubs, and the use of this mechanism to circumvent financial regulation in sport;
- Money-laundering through sport;
- State aid to sports entities in breach of competition rules; and
- Corruption in the bidding process to host major sporting events.

Whilst positive exceptions exist both at national and international level, there is a general lack of universal standards for all professional sports worldwide, in order to ensure fair competition and financial integrity and transparency in relation to the selling of broadcasting and media rights, sponsorship agreements and other similar commercial arrangements.

High quality and transparent financial reporting is one of the cornerstones of good governance. It is essential that stakeholders have access to this type of information in order to inhibit bribery, corruption and poor governance and to be able to hold organisations to account.

For the purposes of this document, we have used the following definition of financial integrity: “[being] sound, whole, reliable and sustainable, fair and principled, responsible and morally upright in financial structures, transactions and relationships.”<sup>1</sup>

Taking into account the above definition, the following three pillars categorise the SIGA Financial Integrity Universal Standards:<sup>2</sup>

1. *Financial Transparency and Integrity*: producing and publishing reliable financial information
2. *Financial Sustainability*: having the finances to generate value over time through sound management
3. *Fiscal Responsibility*: meeting obligations to pay taxes and social payments

In the absence of existing global standards for financial integrity in sport, in the development of these standards, a general benchmark was taken from the world of large corporate and international organisations and then applied in a sporting context. Likewise, the development of these standards also took into consideration the existing regulations governing sports financial management. Any recommendations would be advocated on a voluntary, best practice basis.

With all these issues in mind, the frameworks reviewed in the development of these Universal Standards include:

- The FATF Recommendations: International Standards on Combating Money-Laundering and the Financing of Terrorism & Proliferation
- “Off Pitch: Football’s financial integrity weaknesses, and how to strengthen them”, Matt Andrews and Peter Harrington, CID Working Paper No. 311, January 2016, Centre for International Development at Harvard University
- Play the Game: Sports Governance Observer 2015 – the legitimacy crisis in international sports governance
- OECD, UNODC and the World Bank: Anti-Corruption, Ethics and Compliance Handbook for Business

---

<sup>1</sup>“Off Pitch: Football’s financial integrity weaknesses, and how to strengthen them”, Matt Andrews and Peter Harrington, CID Working Paper No. 311, January 2016, Centre for International Development at Harvard University <http://sports.growthlab.cid.harvard.edu/publications/pitch-football%E2%80%99s-financial-integrity-weaknesses-and-how-strengthen-them>

<sup>2</sup> *Ibid.*

- United Nations Global Compact: Integrity Measures
- UNODC: An Anti-Corruption Ethics and Compliance Programme for Business
- Transparency International: Business Principles for Countering Bribery
- World Economic Forum: Partnering Against Corruption – Principles for Countering Bribery
- UEFA Club Licensing and Financial Fair Play Regulations – Edition 2015
- NFL/NFLPA Collective Bargaining Agreement 2011-2020
- Premier League Handbook Season 2015/2016

## Guidance

The Universal Standards offer three different levels of phased implementation according to the categories of “Bronze”, “Silver” and “Gold”. The Universal Standards are additive, designed to build on each other. This means that the adoption of the Gold standard is always inclusive of the Silver and Bronze levels; and the adoption of Silver is always inclusive of Bronze. Adhering Sporting Organisations shall adopt the Universal Standards in their entirety, taking into account cost/benefit feasibility.

Sporting Organisations may question at which level they should focus their implementation efforts. This can be a challenging issue given the inherent differences in size, and function, as well as human and financial capacity across a diverse range of entities. For these reasons SIGA has chosen to equate the Bronze, Silver and Gold levels of standards implementation as equivalent to having achieved an organisational standard of “Good”, “Better” and “Best”, respectively.

Sporting Organisations are free to self-select into the process at the level they determine appropriate. For example, a smaller organisation may wish to move directly to adoption at the level of Silver (which is inclusive of Bronze). Larger organisations with compliance structures in place might be able to achieve the level of Gold at the outset (which includes Silver and Bronze by definition). Sporting Organisations should aspire eventually to achieve the Gold standard within a reasonable timeframe. This flexible and self-directed approach is not meant to delay the process of implementation, but rather, to recognise the diversity of environments in which an organisation may be undertaking this important work.

It is envisaged that signatory organisations should commit to the Universal Standards initially on a “comply or explain” basis. Self-assessment will be the starting point with a view to incorporating a level of independent scrutiny and regulation at a later date (independent assessment and rating system).

Specific programs to assist with capacity building, information sharing and implementation challenges are planned as part of the SIGA offering, with a particular focus on helping Sporting Organisations that may need additional support.

Those Sporting Organisations that are well established along the path to achieving the level of Gold can play an important role in both encouraging and aiding those that are at an earlier stage in their good governance journey.

Above all, SIGA is a community and all Members of SIGA, including Governments, International Organisations, Commercial Partners, experts and others eligible to join SIGA should be working together in a “peer-to-peer” environment in support of the adoption and implementation of the Universal Standards. Not only is this critical for the success of SIGA, but it also reinforces that, by joining SIGA, Sporting Organisations are creating a space of mutual credibility and integrity, where the reputation and impact of SIGA is shared and is to be protected by all Members.

Peer-to-peer support is also an important foundational element for creating an effective monitoring and implementation approach. In addition to effective rating and independent monitoring systems, capacity building within and for SIGA begins with Members helping each other to attain the highest possible level of implementation of the SIGA Universal Standards.

## Part I: Financial Transparency and Integrity

The following standards address financial accounting and corporate governance standards as well as anti-money-laundering.

- 1. Sporting Organisations shall prohibit any form of bribery or corruption, money laundering or terrorism financing, tax evasion or fraud within its organisation and in its dealings with third parties.**

Bronze	Silver	Gold
<ul style="list-style-type: none"> <li>- Establish a clear anti-corruption policy within the organisation, addressing each of the following issues:               <ul style="list-style-type: none"> <li>(a) bribery;</li> <li>(b) political contributions;</li> <li>(c) charitable contributions;</li> <li>(d) gifts, entertainment and hospitality; and</li> <li>(e) facilitation payments</li> </ul> </li> <li>- Establish comprehensive anti-bribery and corruption, anti-money laundering and countering the financing of terrorism, tax and economic sanctions compliance policies that reflect a recognised global standard and comply with applicable legislation</li> </ul>	<ul style="list-style-type: none"> <li>- To the extent appropriate under the circumstances, include contractual language in agreements with third parties to reflect the organisation’s anti-corruption and anti-money laundering policies</li> <li>- Ensure support and commitment to anti-corruption and anti-money laundering policies of the organisation’s leadership by, for example:               <ul style="list-style-type: none"> <li>(a) communicating policies to staff and other stakeholders;</li> <li>(b) reviewing periodically control and monitoring systems to assess compliance; and</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Assign oversight and accountability for these policies to the appropriate leadership or governing body</li> <li>- Provide periodic awareness building and/or education covering these policies for all leadership, staff and stakeholders as appropriate for their role</li> <li>- Establish consultation channels to address any concerns of or questions from member leadership, staff and stakeholders regarding the matters covered under these policies</li> </ul>

	<p>(c) requiring suppliers and contractors to be selected through a fair, honest and transparent procurement process</p>	<ul style="list-style-type: none"> <li>- Implement an annual process for all member leadership, staff, stakeholders and third parties to confirm in writing that they comply with these policies</li> <li>- Include the consideration of corruption risks in existing members periodic risk assessments to assess the nature of corruption risk for the member in a manner appropriate to its business</li> <li>- Review existing and potential third-party business relationships, as appropriate, to assess and address third-party corruption risk</li> <li>- Establish periodic reporting requirements related to the implementation and effectiveness of these policies to the appropriate leadership or governing body</li> </ul>
--	--	---

**2. Sporting Organisations shall produce annual audited and independently verified financial statements.**

<b>Bronze</b>	<b>Silver</b>	<b>Gold</b>
- Produce and make available annual financial statements	- Improve accounting and reporting procedures by making the production of	- Disclose details on material sources of revenue (historical and

<p>- Ensure that financial statements and associated filings confirm to legal requirements in the relevant jurisdiction</p>	<p>financial statements a requirement in applications for funding (for FAs and Clubs) and for sports licensing procedures</p> <p>- Publish on the organisation's website an externally audited annual financial report, prepared to appropriate high quality accounting standards (in accordance with International Financial Reporting Standards (IFRS) accounting standards, if applicable)</p>	<p>projected), disbursement of funds, transactions with related parties, details of other relevant shareholdings and intangible assets such as player rights</p> <p>- Ensure the organisation has independent internal audit and compliance functions assisting and reporting to the Board and, where relevant, to the supervisory body</p>
---	---	---

**3. Sporting Organisations shall undertake appropriate due diligence measures throughout the course of dealings with third parties in order to prevent money-laundering and/or terrorist financing.**

Bronze	Silver	Gold
<ul style="list-style-type: none"> <li>- Ensure appropriate business risk assessment measures are routinely implemented</li> <li>- Understand and, as appropriate, obtain information on the purpose and intended nature of the business relationship</li> <li>- Identify the counterparty of financial transactions (as a possible value reference, above USD 10,000.00) and verify that counterparty’s organisation using reliable, independent source documents, data or information</li> <li>- If a Sporting Organisation suspects or has reasonable grounds to suspect that funds are the proceeds of a criminal activity, or are related to terrorist financing, it should report promptly, subject and to the extent it complies with national law, its suspicions to its jurisdiction’s financial intelligence unit (FIU), or the financial regulatory authority in the relevant jurisdiction</li> </ul>	<ul style="list-style-type: none"> <li>- Endeavour to identify the beneficial owner of the third party, including understanding the ownership and control structure of the entity</li> <li>- Sporting Organisations should be required to take reasonable measures to determine whether an employee, counterparty or beneficial owner is a foreign politically exposed person (PEP) or a person who is or has been entrusted with a prominent function by an international organisation</li> </ul>	<ul style="list-style-type: none"> <li>- In the case of a domestic or foreign politically exposed person (PEP), (whether as business counterparty or beneficial owner), in addition to performing normal due diligence measures:               <ul style="list-style-type: none"> <li>○ Have appropriate risk-management systems to determine whether the customer or the beneficial owner is a PEP</li> <li>○ Obtain senior management approval for establishing such business relationships, or continuing, for ongoing relationships;</li> <li>○ Take reasonable measures to establish the source of wealth and source of funds; and</li> <li>○ Conduct enhanced ongoing monitoring of the business relationship</li> </ul> </li> </ul>

<p>- Conduct ongoing due diligence on the business relationship and scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the Sporting Organisations' knowledge of the counterparty, their business and risk profile, including, where necessary, the source of funds</p>		
--	--	--

**4. Sporting Organisations shall maintain thorough records of financial transactions.**

<b>Bronze</b>	<b>Silver</b>	<b>Gold</b>
<p>- To the extent it complies with national data protection laws, maintain contractual and banking records on transactions and information for at least five years</p> <p>- To the extent it complies with national data protection laws, maintain, for at least five years, all necessary records on transactions, (as a possible value reference, for example USD 10,000.00), both domestic and international, to enable them to comply swiftly with information requests from the competent authorities</p>	<p>- To the extent it complies with national data protection laws, records must be sufficient to permit reconstruction of individual transactions (including the amounts, types of currency involved and financing and /or legal arrangements, if any) so as to provide, if necessary, evidence for prosecution of criminal activity</p>	<p>- To the extent it complies with national data protection laws, maintain all records obtained through due diligence measures (e.g. copies or records of official identification documents like passports, identity cards, or similar documents), account files and business correspondence, including the results of any analysis undertaken (e.g. inquiries to establish the background and purpose of complex, unusual large transactions), for at least five years after the business relationship is ended</p>

<p>- Make banking and contractual information and the transaction records available to domestic competent authorities upon appropriate authority</p>		
--	--	--

**5. International/national federations and leagues shall establish a framework to govern the transfer of professional athletes and related financial transactions.**

<b>Bronze</b>	<b>Silver</b>	<b>Gold</b>
<p>- Develop and/or review (where existing) the regulations governing financial transactions related to players' transfers and establish adequate financial supervision mechanisms, at national and international level</p> <p>- Ensure that all documentation submitted in relation to a transfer is a true and transparent record of the transaction</p>	<p>- Establish a players' transfer matching system (similar to FIFA) at national and international level</p>	<p>- Set up a clearing house for financial transactions in sport, to ensure proper supervision and effective integrity and transparency</p> <p>- Ensure that all financial transactions, including those related to players' transfers, club ownership and agents/intermediaries' commissions, are made through a clearing house</p>

**6. International/national federations and leagues shall establish a framework to standardise the role and operation of agents.**

Bronze	Silver	Gold
<ul style="list-style-type: none"> <li>- Establish a registration system for agents/intermediaries in compliance with all applicable laws and regulations</li> <li>-Ensure that payments of commissions and other fees by clubs and players to agents/intermediaries are only made to registered/licensed agents/intermediaries</li> <li>- Maintain records of any payment or financial obligation (or any series of connected payments or financial obligations relating to the same transaction) made or undertaken by or to or in favour of a Club and recorded in its accounting and administration records which is (or are) in respect of any of the following:               <ul style="list-style-type: none"> <li>(a) Compensation Fees; (b) Contingent Sums or Loan Fees;</li> <li>(c) Remuneration of Players (including any benefits they are entitled to receive);</li> <li>(d) Payments to or for the benefit of Intermediaries/Agents; or</li> <li>(e) Third Party Payments;</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Explore the possibility of establishing a centralised financial 'clearing house' for all player transfer related payments</li> <li>- Publicise all relevant information about the registered/licensed agents/intermediaries (both physical persons and legal entities), including which jurisdiction they are legally based and operate</li> <li>- Publicise the aggregate amounts paid to agents/intermediaries by clubs and players</li> </ul>	<ul style="list-style-type: none"> <li>- Set up a clearing house for financial transactions in sport</li> <li>- Ensure all payments by clubs and players to agents/intermediaries are made through the clearing house, both at national and international level</li> </ul>

## Part II: Financial Sustainability

The following standards address the financial sustainability of sport and acting in a responsible way in preserving the financial integrity of sport for the future.

**7. Sporting Organisations shall establish a fit for purpose club licensing process for professional club competitions both at a national and international level.**

Bronze	Silver	Gold
<ul style="list-style-type: none"> <li>- Establish a uniform system, with appropriate financial criteria for participation in both national and international, inter-club competitions</li> <li>- Establish/appoint independent and impartial club licensing organs, including a first instance body in charge of managing licensing process and granting or declining the license, and an appeal body</li> <li>- Ensure equal treatment amongst license applicants/licensees and guarantee full confidentiality on the information they provide during the licensing process</li> <li>- Establish the principle of “no overdue payables” towards other clubs/sports entities, employees and tax authorities as a core feature (and mandatory criteria) of sports licensing systems</li> <li>- Prohibit contract provisions that authorise</li> </ul>	<ul style="list-style-type: none"> <li>- Establish a cost control mechanism for players/coaches linked to either;               <ul style="list-style-type: none"> <li>(a) the overall income generated by the club; or</li> <li>(b) the distribution of the revenues resulting from the central selling of media rights</li> </ul> </li> <li>- Produce and publish an annual benchmarking and analysis report assessing clubs’ overall performance based on the information collected on clubs – notably during the licensing process, if any</li> </ul>	<ul style="list-style-type: none"> <li>- Set up a clearing house for financial transactions in sport</li> <li>- Ensure the solvency of the organisation at all times of operation</li> <li>- Consider introduction of salary caps, squad size limits and player drafting systems in order to combat excessive wage inflation in sports competitions</li> <li>- Introduce licensing process to be governed by FAs</li> </ul>

<p>sporting organisations to obtain forfeiture on any salary from an employee (athlete, coach, administrator, etc.), consistent with the provisions in the relevant player contract</p> <p>- Set up a catalogue of sanctions in case of breach/non-compliance with relevant licensing requirements</p>		
--	--	--

**8. Sporting Organisations shall maintain full transparency with respect to the ownership of its member clubs, potential conflicts of interests, bidding processes and development funds.**

<b>Bronze</b>	<b>Silver</b>	<b>Gold</b>
<p>- Adopt routine owner or controlling shareholders' tests, maintain current records and require transparency on ownership, control and interests</p> <p>- Establish clear criteria for individuals endeavouring to acquire ownership or controlling holdings of sports clubs, or to become board members including, but not limited to:</p> <ul style="list-style-type: none"> <li>○ Identification of conflicts of interest;</li> <li>○ Prohibition by law from being a director;</li> <li>○ Previous criminal conviction;</li> <li>○ Bankruptcy or insolvency proceedings;</li> </ul>	<p>- Develop clear rules and processes regarding notifications in changes of circumstances of beneficial ownership or executives</p> <p>- Conduct due diligence and promote independent oversight regarding the use of development funds attributed to national or regional members</p>	<p>- Establish a beneficial ownership register that can be made available to other clubs operating under the national and international governing bodies/competition organisers</p> <p>- Perform due diligence on investors' suitability, origin of funds and ultimate beneficial ownership prior to concluding any club ownership process and/or controlling stake</p>

<ul style="list-style-type: none"> <li>○ Previous suspension or ban from involvement in the administration of a sport body or professional body; and</li> <li>○ Breach of sports betting rules</li> </ul> <p>- Establish similar criteria for legal entities</p> <p>- Declare any ownership interest they may hold in other sports clubs, including direct or indirect ownership by the sport organisation itself and/or any of its executives and non-executive directors</p> <p>- Develop a transparent, open and fair bidding process, with objective selection/award criteria for:</p> <ul style="list-style-type: none"> <li>○ the organisation of major sports events; and/or</li> <li>○ Selling of any rights for commercial purposes (such as audiovisual, sponsorship, ticketing and other commercial relationships)</li> </ul>		
--	--	--

## Part III: Fiscal Responsibility

The following standards address international tax standards as a means to combat money-laundering and corruption in global sport and to strengthen market integrity through the identification of abusive practices, paving the way for governments to drive fiscal responsibility in sport.

### 9. Governments shall use their best endeavours to raise awareness around fiscal responsibility issues in sport.

Bronze	Silver	Gold
<ul style="list-style-type: none"> <li>- Consider the real cost-benefit of granting tax exemptions to international sports governing bodies and competition organisers related to the host of major sports events</li> <li>- Review tax exemptions rules of major sporting events</li> <li>- Publish all sports entities that have received tax exemptions</li> </ul>	<ul style="list-style-type: none"> <li>- Establish proper regulation, discipline and supervision of offshore structures, including the respective beneficial ownership and financial transactions</li> <li>- Regulate different kinds of incomes (including players' image rights and transfer of related sums to third parties) earned by athletes and Sporting Organisations</li> <li>- Consider setting a maximum percentage (e.g. 20%) of players' image rights, for the purpose of preventing tax evasion</li> <li>- Transparency around tax benefits, refund of subsidies and cancellation of special organisational status, such as public utility status to non-compliant entities</li> </ul>	<ul style="list-style-type: none"> <li>- Develop an awareness campaign to promote tax transparency in sports clubs and stakeholders</li> <li>- Penalise the use of either direct or indirect offshore holding structures in relation to entities that attempt to circumvent its tax obligations</li> <li>- Disclose tax paid specifying the recipient government</li> <li>- Publish all sports tournament tax exemptions</li> <li>- Withhold public funding for entities that are indebted to tax/social authorities or fail to assume their fiscal responsibilities</li> </ul>

**10. National and international sports governing bodies, Sporting Organisations shall act responsibly in conducting its tax affairs.**

Bronze	Silver	Gold
<ul style="list-style-type: none"> <li>- Establish local, regional and global tax conduct policies</li> </ul>	<ul style="list-style-type: none"> <li>- Publish details of any special tax status or exemptions granted to Sports Organisations, major tournament organisers or sponsors</li> <li>- Publish local, regional and global tax conduct policies</li> </ul>	<ul style="list-style-type: none"> <li>Publish global, regional and local tax conduct policies and publish a list with compliant and non-compliant entities</li> </ul>

**11. Sports clubs and other key sports bodies shall act responsibly in conducting its tax affairs.**

Bronze	Silver	Gold
<ul style="list-style-type: none"> <li>- Disclose club ownership structures, entities involved in transactions and jurisdictions where the parties involved are located</li> <li>- Identify the ultimate beneficial owner of clubs and of all parts involved in transactions within the club and league systems, namely regarding players' transfers</li> </ul>	<ul style="list-style-type: none"> <li>- Publish annual fiscal responsibility reports</li> <li>- Assess tax risk of management decisions made in the past, in particular regarding non-compliance of tax obligations, calculation of unpaid taxes and potential tax liabilities and ongoing tax audits</li> <li>- Publish compliance reports containing guidelines and recommendations to all clubs and leagues</li> <li>- Prevent the utilisation of harmful preferential tax regimes in transactions related to the transfer of</li> </ul>	<ul style="list-style-type: none"> <li>- Liaise between clubs, leagues and regional governing bodies in order to create mechanisms to provide accessible tax support services to smaller clubs</li> <li>- Identify, clarify and publish details of major tax responsibilities (and associated risks) for athletes as part of an ongoing education program</li> <li>- Ensure that agents and intermediaries are involved in discussions around tax obligations of athletes, in particular in relation to sponsorship deals, image rights</li> </ul>

	<p>players' economic and image rights, in particular by sanctioning clubs carrying out transactions with countries, lack of effective exchange of information or lack of transparency</p>	<p>arrangements and structure schemes</p> <p>- Encourage agents and intermediaries to sign up to the organisation's tax conduct policies</p>
--	---	--