

Intermediaries in Saudi Football

Bandar Al Hamidani - Partner - Corporate / Mergers and Acquisitions

b.alhamidani@tamimi.com - Riyadh



Introduction

Intermediaries can have a profound impact on the transfer market in the world of football. Consequently, the Fédération Internationale de Football Association ('FIFA') has implemented the relevant regulations, namely the Regulations on Working with Intermediaries.

For FIFA, it is essential to protect both players and clubs from being involved in unethical and/or illegal practices and circumstances when negotiating transfers and employment contracts.

Accordingly, national football associations must comply with the minimum standards approved by FIFA, which includes those of the Saudi Arabian Football Federation ('SAFF').

An intermediary is defined as *"a natural or legal person who represents players and/or clubs in negotiations with a view to concluding an employment contract or represents clubs in negotiations with a view to concluding a transfer or loan agreement with a fee or free of charge."*

SAFF was founded in 1956 and in the same year joined FIFA and the Asian Football Confederation ('AFC').

When professional football started in Saudi Arabia, SAFF developed laws and regulations to regulate the relationship between football players and clubs in Saudi Arabia.

On 11 June 2014, the General Assembly of FIFA passed Resolution no. 64. This resolution replaced the 'Regulation relating to Players Agents' by a new 'Regulation on Working with Intermediaries' ('RWI').

The objective of RWI is to promote the relationship between intermediaries and players and/or clubs. It aims to regulate methods and principles of negotiation between the parties and sets out parties' rights and obligations. RWI also allows SAFF to implement its own regulations that determine the procedures and

methods to resolve disputes between clubs, players and intermediaries. Accordingly, RWI was adopted in Saudi Arabia pursuant to the Resolution no. 8400/Q/1 issued by the Executive Board of SAFF on 1, July 2015 as amended on 8 August 2017.

RWI in Saudi Arabia also deals with drafting and preparing employment contracts between football players and clubs, as well as preparing permanent transfers and loan agreements between clubs.

In 2015, SAFF established a Disputes Resolution Chamber in order to adjudicate disputes involving intermediaries.

Key Principles of RWI

SAFF has adopted a similar approach to the FIFA Regulation as to the scope of the Principles and Definitions. The arrangements between players, their intermediaries and clubs are, according to Article 3 of the RWI, based on three key principles:

1. football clubs and players may benefit from intermediaries' services when it comes to the execution of football players' employment agreements and/or loan and transfer agreements;
2. an intermediary must be registered in accordance with the provisions of Articles 4 and 5 of the RWI in Saudi Arabia. When an intermediary is selected, players and clubs must use their best endeavours to ensure that an intermediary has signed the intermediary declaration and representation agreement;
3. all members of boards of directors and committees, referees and their associate trainers and associates, technical-medical, administrative affairs' officials of the federation, professional associations and clubs, and any other individuals related to any legal person (official) are prohibited from working as intermediaries. These provisions are aimed at associations in relation to the engagement of the services of an intermediary by players and clubs to terminate an employment contract between a player and a club. The provisions can also conclude a transfer agreement between two clubs.

Registration

As indicated in Article 4 of RWI in Saudi Arabia, SAFF must keep a specific record for intermediaries which will be published. However, relevant parties must declare each time intermediaries are involved in any transaction. Football clubs and players who use intermediary services must submit the intermediary declaration and any other documents requested by the committee of professionalism and players' status with SAFF in respect of each transaction. In addition, SAFF has the right to request any further information or documentation.

Registration Requirements for Intermediaries

In order to be officially registered with SAFF, the intermediary must:

1. submit a written intermediary application;
2. not hold a criminal record nor have violated any public regulations or customs;
3. not be subject to any active decision taken against him issued by a sports authority or the subject of any disciplinary suspension or not be prevented from participating in any football activity;
4. hold a bachelor's degree;
5. experience in football for not less than five years. However, an intermediary is exempt from holding a degree when he has experience of not less than five years as a professional director at a professional club and/or as a players' agent with high school certificate or an equivalent;

6. Saudi national or a registered foreign intermediary, registered in his country or at any federation, recognised by FIFA, with valid registration as an intermediary;
7. contracting with a lawyer licenced by the competent authorities in KSA, if required. Contracting with a lawyer not licenced in KSA is prohibited;
8. be fluent in English, speaking and writing or submit a letter confirming that the intermediary has an employee fluent in English or is dealing with a translation office;
9. should have a special office for his activity as an intermediary and must submit valid evidence from Saudi official authorities;
10. provide a letter signed by the applicant to confirm that the applicant does not hold any official work at SAFF, FIFA, AFC, Association, League or any club when submitting the application;
11. provide a letter signed by the applicant to confirm that the applicant does not have any direct or indirect financial or commercial interest of any form of financial or business relationship with the SAFF or any club;
12. not have any contractual relationship with FIFA, AFC, SAFF or leagues that could lead to a potential conflict of interest. Intermediaries are precluded from implying, directly or indirectly, that such a contractual relationship with FIFA, AFC, SAFF or leagues exists in connection with their activities;
13. submit a copy of his ID and passport;
14. pay the registration fees (currently SAR 20,000 riyals per annum) to the account of the Committee at SAFF. In addition, Intermediaries in Saudi Arabia that have an office registered with the relevant authorities are required to pay five percent of any amount made on an employment, transfer or loan transaction upon registering the player. Furthermore, intermediaries must pay 10 percent in every employment transfer or loan transaction upon registration of the player if they do not have an office in the Saudi Arabia;
15. submit any documents requested by the Committee at SAFF; and
16. when applying for registration, declare that he will comply in full with the laws, regulations, directives and decisions issued by the competent authorities at the SAFF, AFC and FIFA and sign the declaration in accordance with Annex 1 or 2 of the RWI in Saudi Arabia.

Impeccable Reputation

Pursuant to Article 5 of the RWI in Saudi Arabia, the intermediary must sign a declaration in a prescribed format. The complete application and declaration must then be submitted to SAFF.

The applicant is required to make certain declarations and must satisfy various other requirements including the following:

1. pledge to respect and comply with any mandatory provisions of applicable national and international laws, including in particular those relating to his activities as an intermediary. In addition, an intermediary agrees to be bound by the Laws and regulations of SAFF, AFC and, FIFA in the context of carrying out his activities as an intermediary;
2. declare that he has an impeccable reputation and confirms that no criminal sentence has ever been imposed upon him with regard to a financial or violent crime;
3. declare that he has no contractual relationship with SAFF, leagues, AFC or FIFA that could lead to a potential conflict of interest. In case of any uncertainty, the relevant contract must be disclosed;
4. acknowledge that he is precluded from implying, directly or indirectly, that such a contractual relationship with SAFF, leagues, AFC or FIFA exists in connection with his activities as an intermediary;
5. declare that, he shall not accept any payment to be made by one club to another club in connection with a transfer, such as transfer compensation, training compensation or solidarity contributions;
6. declare that he shall not accept any payment from any party if the player concerned is a minor;
7. consent to SAFF to obtaining full details of any payment of whatever nature made to him by a club or a player for his services as an intermediary;
8. consent, to the leagues, SAFF, AFC or FIFA to obtain, if necessary, for the purpose of their

- investigations, all contracts, agreements and records in connection with his activities as an intermediary or if any third party involved;
9. consent, to SAFF publishing details of any disciplinary sanctions taken against him; and
 10. consent to SAFF to use any data or information for the purpose of their publications.

Conflicts of Interests

Prior to engaging the services of an intermediary, SAFF requires a number of measures to be adhered to so as to avoid conflicts of interest arising. Players and/or clubs shall ensure that there are no conflicts of interest that are likely to exist either for the players and/or clubs or for the intermediaries prior to engaging the services of an intermediary. If the intermediary discloses, in writing, that there is any actual or potential conflict of interest and the intermediary obtained, in writing, consent of all the other parties involved prior to the start of the relevant negotiations, then no conflict of interest is deemed to arise.

When a player and a club each want to use the services of the same intermediary for the purposes of the same transaction, the player and the club must give their express written consent prior to the start of the relevant negotiations, and shall confirm in writing which party (player and/or club) will remunerate the intermediary. The parties shall inform SAFF within 72 hours of any such agreement and accordingly submit all the aforementioned written documents within the registration.

Disclosure and Publication of Full Details

The requirements relating to disclosure and publication of payments to an intermediary are set in Article 8 of RWI. These are as follows: players and clubs are required to disclose to SAFF the full details of any and all agreed payments of whatsoever nature that they have made or that are to be made to an intermediary.

When SAFF requests players and clubs to disclose all contracts and agreements signed with intermediaries, information should be disclosed within three business days. All contracts and agreements signed with an intermediary shall be attached to the transfer agreement, loan agreement or the employment contract, as the case may be, for the purposes of registration of the player. The transfer agreement, loan agreement or the employment contract must include the name and the signature of the intermediary, if the player and club have used the services of an intermediary. In the event that a player and club have not used the services of an intermediary in their negotiation, they are obliged to prove that to be the case.

SAFF is required to disclose at the end of March of every calendar year, on its official website, the names of all intermediaries it has registered, details of transactions in which they were involved and the total amount of all remuneration or payments actually made to intermediaries by their registered players and by each of their clubs.

Remuneration

Article 9 of the RWI sets out particular requirements in relation to the remuneration arrangements for an intermediary in Saudi Arabia:

Type I - Player Representation

The total amount of remuneration due to an intermediary who represents the player in negotiation must not exceed 10 percent of the total value of the player's contract.

Type II - Club Representation Whether Transfer Contract or Loan Contract

The total amount of remuneration due to an intermediary who represents a club in a negotiation of transfer or loan contract of player must not exceed 10 percent of the total value of the player's contract.

Type III - General Principles

1. Clubs that engage the services of an intermediary shall remunerate him by payment of a lump sum agreed prior to the conclusion of the relevant transaction. In the case of the completion of a transfer process or loan, the agreed lump sum will be calculated as part of the maximum permitted 10 percent entitlement referred to above.
2. Clubs shall ensure that payments to be made by one club to another club in connection with a transfer or loan agreement, such as transfer compensation, training compensation or solidarity contributions, are not paid to intermediaries and that payment is not made by intermediaries.
3. Clubs are not permitted to pay to intermediaries on behalf of players and any club violating this provision shall be subject to disciplinary sanctions.
4. Officials are prohibited from receiving any payment from an intermediary of all or part of the fees paid to that intermediary in a transaction. Any official who contravenes the above shall be subject to disciplinary sanctions.
5. Players and/or clubs that engage the services of an intermediary when negotiating an employment contract and/or a transfer agreement are prohibited from making any payments to such intermediary if the player concerned is a minor.

Disciplinary Powers and Sanctions

In accordance to Article 11 of the RWI, SAFF has the power to impose sanctions and penalties on any party violating the requirements of the RWI. SAFF is required to publish the disciplinary sanctions against any intermediary and to inform FIFA in relation to any disciplinary sanctions taken against any intermediary. In addition, SAFF may impose sanctions on any intermediary, club or player that/who violates SAFF regulations and/or AFC regulations and FIFA regulations.

The new regulations ensure that SAFF is obliged to publish accordingly and inform FIFA of any disciplinary sanctions taken against any intermediary. SAFF may impose a minimum of one or more sanctions such as a written warning, a financial penalty of no less than SAR 20,000 and not exceeding SAR 500,000 register suspensions, register holding or impose a ban on any football-related activity.

Conclusion

With the regulations outlined by FIFA establishing the relevant minimum standards, the business of intermediaries has suffered some changes over the years. RWI serves to promote the role of an intermediary and the contractual relationship between intermediaries, football players and clubs. Intermediaries compete with other intermediaries not only on a national level, but also on a global scale.

The implementation of RWI has been effective in reducing the financial burden on football clubs and preventing unlawful practices, especially by promoting transparency within national associations that regulate intermediaries on a local level. Most importantly, RWI allows FIFA to monitor association members and check the continuous application of the relevant minimum standards.

Al Tamimi & Company's [Sports & Events Management team](#) regularly advises on football transfers and intermediary arrangements. For further information please contact [Bandar Al Hamidani](#)

[\(b.alhamidani@tamimi.com\)](mailto:b.alhamidani@tamimi.com).