

**Supporters Direct**  
the supporters' trusts initiative



# WHAT IS THE FEASIBILITY OF A SUPPORTERS DIRECT EUROPE?

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**FULL REPORT**

LONDON, JANUARY 2009

**PREPARED FOR UEFA BY SUPPORTERS DIRECT**

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**Antonia Hagemann**  
Project Manager

# EXECUTIVE SUMMARY

LONDON, JANUARY 2009



“Let’s recognise supporters as an essential part of the identity of clubs.”

*Michel Platini, election programme, The Future of UEFA*

“In an ideal world football clubs would be legally structured and governed in ways that prioritise sporting objectives above financial aspects. Moreover, all clubs would be controlled and run by their members – e.g. supporters – according to democratic principles.”

*UEFA, strategy document*

# WHAT IS THE FEASIBILITY OF A SUPPORTERS DIRECT EUROPE?

EXECUTIVE SUMMARY | LONDON, JANUARY 2009

This Executive Summary summarises the full report: “What is the feasibility of a Supporters Direct Europe?” The full report is the result of a study commissioned by UEFA to investigate the feasibility of extending the work undertaken by Supporters Direct within the UK across the remainder of UEFA’s members associations.

The factors underpinning the development of Supporters Direct in the UK were specific to the economic, cultural and social circumstances of British football. It was clear that these circumstances would not apply to other European countries with differing sporting and legal systems.

Even so, one can make too much of cultural difference and ignore the commonalities. In the European Sports Model, fans watch players play for clubs, who compete in national leagues and cups and the top clubs in each country play cross-border matches in competitions organised by UEFA. The creation of the club, the league and the national association as the basic units of spectator football is a shared inheritance across the continent that provides one with a vital common starting point. The sheer passion that exists for football across Europe is another commonality.

The growth of the trust movement in the UK is evidence of the desire of football supporters to play a part in the ownership and governance of clubs. This desire is the most central issue, as this is the fuel for the trust movement. Without it, all the policies, reports and support cannot make any impact at all.

In assessing the feasibility of a Supporters Direct Europe, it was necessary to answer several related questions. Supporters Trusts in the UK are a grassroots movement, and so the priority was to look at grassroots fan groups and see what their stance was on issues relating to ownership and governance. Did they want to become involved? Had they tried to become involved? What support did they need?

The next issues were – assuming a desire existed – how could fans become involved? Looking at their clubs, were they able to become formally involved in ownership and governance, and how could they go about that? Did opportunities exist for them to buy shares or did national legislation or football regulations enable them to become involved as of right without reference to shareholdings?

## Background

Supporters Direct in the UK is funded in England by the Football Stadia Improvement Fund and in Scotland by the Scottish Government.

On the initiative of the UK Presidency of the European Union, in 2005, José Luis Arnaut was commissioned to undertake what became known as the Independent European Sport Review.

One of his recommendations directed at the football authorities was for them: “to examine the feasibility of a European Supporters Direct body”.

UEFA liaised with Supporters Direct in the UK to address this recommendation and funded a 12-month feasibility study, managed by an independent researcher (overseen by Supporters Direct UK) that commenced in July 2007.



## THE WIDE SPECTRUM OF FAN CULTURES

In most of the countries studied, several different groups with differing aims and objectives were identified and the relative popularity of these different cultures varied from country to country.

There is a spectrum covering, on the one hand, fans who value independence and non-involvement and, on the other hand, fans who wish to become more involved with the clubs, the league and the national association. In Italy and France, for example, some representatives of the Ultra tendency were not hugely concerned about the issue of ownership and governance in their club. Whilst they understood that they could have more influence by becoming more active in the governance of their clubs and in the national association, this was seen as only a potential benefit. Outweighing this was, in their analysis, the possibility of having their independence compromised.

This is not to say that all Ultras are reluctant to engage with their clubs on a formal representative level. There is evidence (in Italy especially) of groups and individuals within the Ultra movement who recognised the benefits of becoming more involved.

In other countries, groups often covered a variety of issues, often relating to the core experience of supporters in travelling to and watching matches, or tackling racism.

Even so, there are many fan groups who understand the benefits of becoming formally involved in governing their clubs and looked to the trust model in the UK as a source of inspiration. The stage of development of these groups is conditioned by the legal and cultural factors present, but they all have needs which could be addressed through the services of a Supporters Direct Europe.

## BELGIUM



Most professional football clubs in Belgium have adopted the structure of non-profit organisations. Football supporters in Belgium are currently not particularly involved in the running of their clubs. Clubs can define and modify their statutes, which presents an opportunity for supporters to become formally involved.

However, the research has found some examples of fan involvement that are worth mentioning in this context. The main challenge that these local and national groups face are acquiring financial support for their day-to-day business and organising their own legal structure (they often lack even basic democratic structures). A Supporters Direct Europe could help in promoting services and foster engagement by responsible fan groups.

## CZECH REPUBLIC



In principle, fans are not involved in any decision-making processes within their clubs, which are mainly structured as joint stock companies and in exceptional circumstances as limited liability companies. However, informal contact between the club and its fans, where classic supporters' club issues are discussed, do often exist.

Most supporters' groups currently use informal structures, while the Bohemian supporters' trust is the only one of its kind in the Czech Republic. There is no national supporters' group representing club-based supporters and, according to the information available, nobody is pursuing any intention to establish such a group. In principle, the fan scene in the Czech Republic is relatively new and the level of fan organisation relatively low. Football is attempting to become the primary sport in the country and advice and information provided by a Supporters Direct Europe could be beneficial at this stage.

## FRANCE



Historically, French citizens have shown a relatively low level of interest in their domestic competition when compared to other footballing nations of a similar size. There is no tradition of involving fans in the management and ownership of the clubs, although both the supporters and those running the clubs currently appear to be comfortable with their existing roles.

The formal links between supporters and the clubs they support typically involve mainly security issues. The French Senate's report about football supporters should be followed with the establishment of a dialogue between the supporters and the football authorities. A Supporters Direct Europe could promote opportunities for responsible supporters' groups and foster engagement with the clubs they support and the authorities.



# GERMANY



Since 1998, professional clubs have had the opportunity to move or incorporate their professional football section into an external limited company that is separate from the parent club (the parent club being the members' association). However, the co-existing members' associations have to retain a majority shareholding in the newly separated limited companies. This '50+1 rule' makes it impossible for investors to take over German football clubs.

Meaningful fan involvement within those ownership structures and regulations has been achieved in several cases. Overall, the ownership regulation guarantees the opportunity for the members' association to influence the limited company through the 50%+1 vote it must hold in that company.

The actual influence of independent supporters clubs and *Fanabteilungen* (fan departments), and Ultra groups, is dependent on various factors, the most relevant ones being: the ownership structure, governance structures, club statutes and the fan culture at the respective clubs. Fan involvement in German football has no single model, neither for fan groups which are part of the clubs, nor for independent groups. Hence, the research shows that the standards and levels of fan involvement in the running of their clubs varies from club to club. There are well-respected and organised fan groups on the local and national level, supporting fan democracy and the 50+1 rule.

However, the fan groups have not currently developed their agenda far enough to be of much benefit at the club level when it comes to questions of governance, particularly the fact that everybody works on a voluntary basis and therefore lacks time to be further involved.

# ITALY



In principle, fans are not involved in any decision-making processes at the professional clubs in Italy. Although supporter "clubs" are common, little formal contact of major significance exists between the clubs and their fanbases when it comes to matters of governance.

Nevertheless, initiatives have existed where fans have raised enough money, bought shares in the club and helped their club to survive. However, the fan groups did not see their shares as marketable assets, and any long-term approach or involvement in running their club seemed alien to them. In general, fan groups simply do not have any strategies, nor do they follow any particular ownership and governance models themselves.

The most important element for a Supporters Direct Europe at this stage would be in empowerment and creating, maintaining and supporting responsible fan networks. What is critical is that the existing groups do not remain isolated, either in reality or perception. A Supporters Direct Europe could advise groups on becoming democratically organised and offer routes to influence.

# SPAIN



In 1992, all professional football clubs whose finances showed a negative balance had to transform from members' associations into Sports Public Limited Companies ("SADs"), which changed the status of supporters dramatically. Supporters who are dissatisfied with the management of their clubs and want to improve transparency and good management have organised themselves as minority shareholders' associations or have undertaken initiatives at several clubs. Furthermore, supporters are challenging the current predominant ownership structure of professional football clubs in Parliament and wish to reinstate the structure of members' associations in Spanish football.

Collaboration with Supporters Direct UK has already been established to help in developing common strategies for enhancing performance, and could be continued by a Supporters Direct Europe. This has already seen the formation of two groups modelled on trusts in the UK, as well as the development of a national body addressing issues related to fans becoming involved in ownership and governance.



## NOTE ON METHODOLOGY

The six countries chosen represent a geographical spread and a compromise between the goals of the project and the available resources. Ideally, it would have been preferable to have surveyed all 53 member associations of UEFA in depth, but this was not practically possible.

Whilst there has been existing work on the economics and finances of clubs, for example, there is no study such as this already in existence.

Given the diversity of fan culture in each country and the time available for the research, the reports could only give a brief overview of the environments in which fan groups exist in the countries covered. Unfortunately, time did not allow coverage of additional fan groups but this could be studied as part of a development of this initiative.

## Why a Supporters Direct Europe is needed

### Volunteers

One statement heard repeatedly during the research across Europe is that when it comes to organising fans and making them a credible force within their clubs, fans are hampered by the fact they are volunteers working in a context of professional sport. Fans are trying to organise these groups and organise programmes at the same time as having jobs and families. As with all volunteer-run groups, this makes them often dependent on a small but committed number of individuals, and so an unforeseen change in individual circumstances can have a big impact on the progress of the wider group.

In this context, a Supporters Direct Europe would be able to support the development of groups as Supporters Direct UK have done in the UK. All of the groups are run by volunteers, but because they have been able to call upon the work of a central body including professionals, their efforts have been more focused and the groups are more resilient. A small input in terms of resources can have a much, much bigger impact. In this respect, Supporters Direct UK has already shown that it has the ability to add value, and is convinced that the same can be achieved outside of the UK.

### Quality Control

The supporter scene in Europe is a diverse one, but experience in the UK shows that the ability of trusts to become involved in clubs is greatly aided by the confidence clubs can have in the quality and attitudes of the groups

concerned. Supporters Direct has essentially licensed its model and only allows groups to use its models when it has established that they are *bona fide* supporters committed to democracy, accountability, non-violence and non-discrimination.

This quality control enables groups who do not share the principles underpinning the trust movement to be prohibited from joining it, whilst the complimentary benefits of a unity of purpose greatly assist those groups within that movement.

Of course, in the UK, this is aided by the ability to licence usage of a specific legal form (the Industrial and Provident Society model rules for a supporters mutual society). It is difficult to implement a similar model so easily across Europe, but a central body would be able to establish that all the groups it worked with signed pledges supporting non-violence, non-discrimination and democratic operation. That is only possible though if there is a central body able to monitor the fulfilment of those pledges.

## What else could a Supporters Direct Europe help improve?

### Fight Against Violence and Racism

In addition to the quality control issue mentioned above, there is evidence which shows that where fan-club relations are characterised by violence in the stadium, a sense of involvement and ownership of the more responsible and constructive tendency of fans can make a positive impact in terms of reducing violence.

Whilst football-linked violence is a complex phenomenon, the study found hints

that part of the cause might be a sense of alienation from the club, leading to a sense of support being a vicarious pleasure. In the long-term, building a sense of involvement and ownership is a crucial step to bringing responsibility. In short, people are less likely to be violent in their own house; the trouble for too many clubs and fans is that the emotional sense of ownership of the stadium is not matched by a sense of ownership of the club which is responsible for the after-effects of their behaviour.

### Club Governance

It has been commented that, in many countries, fans already have power. In some countries – notably Germany – fans already hold formal power by virtue of the clubs being organised as members' associations.

However, as described in the full report, the actual participation in the governance of the clubs by fans varies and large-scale mass participation is not the norm. The crucial point here is not the active number of fans involved and it is unrealistic to expect supporters to be more interested in the governance of the club than the performance of the team or the progress on the field.

However, fans are aware when the governance at the club needs improvement in order to make the team perform better; an excellent example here is Barcelona. For many years, fans had campaigned for a change to the governance of the club, and linked poor governance to poor financial management, which they argued underlay poor performance on the field.

The issue was not that being a members' association was a way of guaranteeing success; football is a competitive game and thus outcomes are always in flux. However, the advantage of Barcelona's governance was that supporters could act to make changes to the governance at their club.

### Dialogue between Fans and National Football Associations

As part of the study, UEFA surveyed its own members, the 53 national associations, and asked their views regarding their own dialogue with supporters, and their views on providing support to enable a better dialogue between fans and clubs, and fans and national associations.

- The national associations all believe that it is important to improve dialogue with supporters and two-thirds think it is very important to improve this dialogue. Good governance will help supporters to be more representative and become serious responsible partners.



- Two-thirds of national associations believe that a central national organisation advising club-based supporters would be beneficial. Good governance of national supporters' organisations is crucial to be accepted among fans and associations.
- If national associations have a relationship to supporters' groups they are often based on security issues (anti violence and anti racism) and moving these onto more positive agendas will improve relationships and outcomes.
- Nearly half of all national associations believe that it is definitely a good thing for supporters to have a say in the running of the club – this, however, would only make sense if they are organised properly.
- A Supporters Direct Europe would need to be a genuine movement owned by and responsible to the supporters groups with whom it worked. The idea that supporters groups would be subordinate to an organisation governed from the UK or by UEFA is simply not tenable.
- By supporting further work on this agenda, UEFA will be taking a lead in the process started with the Independent European Sport Review as part of

more able to enter dialogue with clubs, national associations and leagues. A Supporters Direct Europe would have the independence and credibility to provide this service.

There is also a desire for national supporters' groups to be formed by fans themselves and by national associations. A Supporters Direct Europe could advise on models to help make this happen in a mutually beneficial way, ensuring groups conform to Europe-wide agreed standards

This clearly shows that there is a desire amongst the national associations to improve their dialogue with supporters. That dialogue will be better developed if those national associations could benefit from both being aware of best practice in managing relationships, and that the supporters they wish to engage with have consulted with, and benefited from the advice of, a central body promoting certain aims and principles which are in accord with UEFA's priorities.

In some countries, there is already a group with whom the national association is in dialogue, but the survey results show that national associations could benefit from additional advice and expertise in developing their own dialogue. Many fans begin from a perspective of scepticism about those in authority, and so if the dialogue is to have legitimacy, any advice received by national associations must be perceived by those fans as credible (e.g. given by an organisation with a track record of working for and with supporters).

## Recommendations

### Main conclusions

- There is a demand outside the UK for services similar to those provided by Supporters Direct UK and a Supporters Direct Europe could enhance the contribution fans can make to a wider agenda of ensuring that clubs are financially stable by ensuring they conform to good governance.
- Fan groups are already looking to take advantage of this potential support, and are keen to see the initiative continue.
- In addition, a Supporters Direct Europe could contribute to raising the standards of supporters groups, helping create partners for dialogue which will benefit in the first instance clubs in Europe, but by extension, national associations and UEFA.

the wider policy agenda to improve governance of fan groups and football clubs and tackle some of the problems affecting the sport. Having taken such a lead, UEFA will be well placed to urge others to take action.

## There are three key services that a Supporters Direct Europe could provide:

### 1. Fan group involvement in clubs

This would be the core service of a Supporters Direct Europe, similar to that provided in the UK, advising groups on forming responsible organisations to become actively involved in the governance of their clubs, with Supporters Direct Europe promoting robust models and advising on ways forward using national corporate and football governance frameworks. There is no one-size-fits-all model, but guidance and advice would have to be tailored according to the groups' needs, developed in cooperation. A Supporters Direct Europe would offer advice on the different types of supporters' involvement, depending on the situation.

### 2. Fan group governance – clearing house for best practice

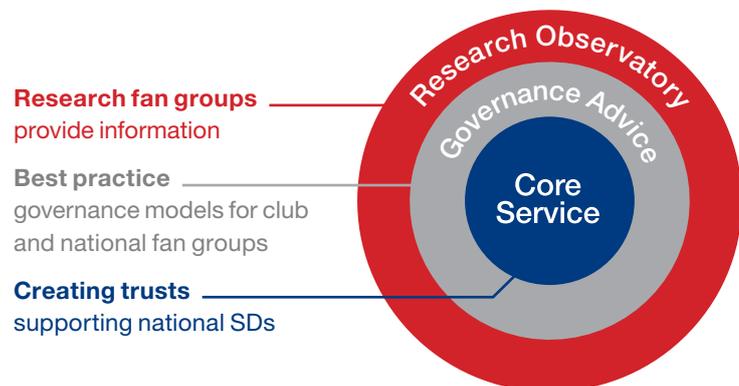
Many groups do not yet wish to become actively involved in their clubs, but do recognise the value of having a good legal structure and good governance. They recognise that this makes them

for democracy, governance and do not become associated with violent, racist or extreme political groups.

### 3. Research and information (observatory of fan groups)

The research has revealed a wide diversity of fan cultures, which contrasts with a tendency to view fans monolithically. This lack of understanding has impacted on the ability of fan groups and authorities to engage with each other. Continuing to monitor the development of fan groups will provide a useful tool for UEFA and others, to have credible information.

The growth of the internet has made information about players and matches widely available to a previously unheard of degree. Fans can easily find out the scores for matches in the 4th tier of minor leagues in Europe, but finding out the situation in relation to ownership, governance and the fan scene is often virtually impossible, because this report is for all intents and purposes the first time this kind of information has been brought together in a systematic way.



For a copy of the full report, please go to: [www.supporters-direct.org](http://www.supporters-direct.org)

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**Note:** The term "supporter" and the term "fan" have been used interchangeably throughout this document.

# RÉSUMÉ

LONDON, JANVIER 2009



“Reconnaissons les supporters comme un élément essentiel de l’identité des clubs.”

Michel Platini, programme électoral, *L’Avenir de l’UEFA*

“Dans un monde idéal, tous les clubs seraient régis et structurés légalement de manière à donner la priorité aux objectifs sportifs sur les objectifs financiers et autres. De plus, tous les clubs seraient contrôlés et gérés par leurs membres – par exemple les supporters – selon des principes démocratiques.”

UEFA, *document stratégique*

# FAISABILITÉ D'UN ORGANISME EUROPÉEN SUPPORTERS DIRECT

RÉSUMÉ | LONDRES, JANVIER 2009

Le présent document résume le rapport complet concernant la faisabilité d'un organisme européen Supporters Direct. Ce rapport est le résultat d'une étude réalisée à la demande de l'UEFA, qui souhaitait examiner la possibilité d'étendre le modèle Supporters Direct utilisé au Royaume-Uni (RU) aux autres associations membres de l'UEFA.

Les facteurs sous-tendant le développement du modèle Supporters Direct au RU sont propres aux conditions économiques, culturelles et sociales du football britannique. Il est clair qu'il ne pourrait pas être appliqué tel quel dans d'autres pays d'Europe dont les systèmes juridiques et sportifs sont différents.

Il ne faut pas non plus accorder une trop grande importance aux différences culturelles et négliger les points communs. Dans le modèle sportif européen, les supporters soutiennent tous des joueurs qui évoluent dans des clubs; ces derniers participent à des coupes et des championnats nationaux; et les meilleurs clubs de chaque pays disputent des matches internationaux au cours de compétitions organisées par l'UEFA. La création du club, de la ligue et de l'association nationale comme unités fondamentales du football est un héritage commun à tout le continent et une excellente base de départ, la passion du football dans toute l'Europe étant un autre dénominateur commun.

La croissance du phénomène des «trusts» de supporters au RU est la preuve que les supporters désirent jouer un rôle dans la propriété et la gouvernance des clubs. Ce désir est la question centrale, car il constitue le moteur du mouvement. Sans lui, l'impact des mesures, des rapports et du soutien serait nul.

Pour évaluer la faisabilité d'un organisme européen Supporters Direct, il fallait apporter une réponse à plusieurs questions annexes. Tout d'abord, les trusts de supporters au RU étant un mouvement du football de base, la priorité était d'examiner les groupes de supporters du football de base et d'étudier leur position sur les questions de propriété et de gouvernance. Voulaient-ils être impliqués? Avaient-ils déjà essayé de l'être? De quel type de soutien avaient-ils besoin?

Les questions suivantes étaient de savoir comment impliquer les supporters désireux de l'être? Leur intérêt pour leur club leur donnait-il la capacité de s'impliquer formellement dans la propriété et la gouvernance, et comment pouvaient-ils procéder? Des dispositions

leur permettaient-elles d'acheter des parts ou est-ce que la législation nationale ou les règles du football prévoyaient leur implication en dehors de toute détention d'actions?

## Situation

Au Royaume-Uni, l'organisme Supporters Direct est financé par le Football Stadium Improvement Fund en Angleterre et par le gouvernement écossais en Ecosse.

A l'initiative de la présidence britannique de l'Union européenne en 2005, Jose Luis Arnaut a été chargé de ce qui est devenu l'*Etude indépendante sur le sport européen*.

L'une de ses recommandations adressées aux autorités du football était «d'examiner la faisabilité d'un organisme européen Supporters Direct».

L'UEFA a collaboré avec Supporters Direct au RU pour répondre à cette recommandation et a financé une étude de faisabilité de 12 mois, à compter de juillet 2007, gérée par un chercheur indépendant (supervisé par Supporters Direct).



## DIVERSITÉ CULTURELLE DES SUPPORTERS

Dans la plupart des pays étudiés, des groupes aux objectifs divers ont été identifiés et la popularité des différentes cultures de supporters variait d'un pays à l'autre.

L'éventail allait des supporters privilégiant avant tout leur indépendance et leur non-implication à ceux souhaitant être davantage impliqués dans leur club, leur ligue et leur association nationale. En Italie et en France, par exemple, certains représentants des ultras ne se sentaient pas fortement concernés par la question de la propriété et de la gouvernance de leur club. S'ils comprenaient que leur poids se trouverait accru s'ils s'engageaient davantage au niveau de la gouvernance dans leur club et leur association nationale, ce n'était pour eux qu'un avantage théorique. Ils craignaient davantage de voir leur indépendance compromise.

Il ne s'agit pas de dire que tous les ultras s'opposent à une

représentation formelle au sein de leur club. Certains individus et groupes au sein des ultras (en Italie notamment) reconnaissent les avantages d'un engagement accru.

Dans d'autres pays, les groupes s'occupaient de nombreux thèmes, souvent liés aux expériences faites par les supporters au cours de leurs déplacements, dans les stades ou en matière de racisme.

En dépit de cette situation, de nombreux groupes de supporters reconnaissent les avantages d'une implication formelle dans leur club et s'inspirent du modèle des trusts britannique. Le stade de développement de ces groupes est aussi conditionné par des facteurs juridiques et culturels, mais tous ont des besoins qui pourraient être satisfaits par un organisme européen Supporters Direct.

## BELGIQUE



En Belgique, la plupart des clubs de football professionnel ont adopté la structure d'organisations à but non lucratif. Les supporters belges ne sont pas particulièrement impliqués dans la gestion de leurs clubs. Les clubs peuvent définir leurs statuts et les modifier, ce qui permettrait aux supporters d'être formellement impliqués.

Toutefois, nous avons trouvé quelques exemples d'implication des supporters méritant d'être cités ici. Le principal défi auquel ces groupes locaux et nationaux sont confrontés est d'obtenir un soutien financier pour leurs activités quotidiennes et l'organisation de leur structure juridique (les structures démocratiques les plus élémentaires font souvent défaut). Un organisme européen Supporters Direct contribuerait à promouvoir les prestations et l'engagement des groupes de supporters responsables.

## RÉPUBLIQUE TCHÈQUE



En principe, les supporters ne sont pas impliqués dans les processus de décision au sein de leurs clubs, qui sont structurés principalement comme des sociétés par actions et, à titre exceptionnel, comme des sociétés à responsabilité limitée. Cependant, il existe souvent des contacts informels entre les clubs et leurs supporters pour aborder des thèmes classiques.

La plupart des groupes de supporters utilisent actuellement des structures informelles, à l'exception du trust des supporters bohémiens, qui est l'unique du genre en République tchèque. Il n'y a pas de groupe national représentant les supporters des clubs et, d'après les informations disponibles, il n'est pas prévu d'en établir un. Les mouvements de supporters tchèques sont relativement nouveaux et leur niveau d'organisation assez bas. Cependant, le football cherche à devenir le premier sport du pays; des conseils et des informations fournies par un organisme européen Supporters Direct seraient donc bienvenues à ce stade.

## FRANCE



Historiquement, les Français s'intéressent relativement peu à leurs compétitions nationales, en comparaison avec d'autres grandes nations du football. Traditionnellement, les supporters ne sont pas impliqués dans la gestion et la propriété des clubs. Pourtant, tant les supporters que les dirigeants des clubs semblent satisfaits de leurs rôles actuels.

Les contacts formels entre les supporters et les clubs qu'ils soutiennent ont principalement trait à la sécurité. Le rapport du Sénat sur les supporters devrait permettre l'établissement d'un dialogue entre les supporters et les autorités du football. Un organisme européen Supporters Direct élargirait le champ d'action des groupes de supporters responsables et encouragerait leur engagement auprès des clubs qu'ils supportent et des autorités.



# ALLEMAGNE



Depuis 1998, les clubs professionnels ont pu intégrer ou transférer leur section de football professionnel à une société anonyme (SA) externe séparée du club (le club ayant un statut d'association). Toutefois, les associations coexistantes doivent conserver la majorité des actions des SA nouvellement formées. Cette règle du 50+1 % empêche les investisseurs de prendre le contrôle des clubs allemands.

Un engagement judicieux des supporters au sein de ces structures et règles de propriété a été possible dans de nombreux cas. La réglementation en matière de propriété garantit à l'association la possibilité d'influencer la SA en tant qu'actionnaire majoritaire du club.

L'influence réelle des clubs de supporters indépendants, des départements de supporters et des groupes d'ultras dépend de différents facteurs, notamment des structures de propriété et de gouvernance, des statuts du club et de la culture des supporters. L'implication des supporters allemands ne suit pas un modèle unique, ni pour les groupes de supporters qui font partie des clubs, ni pour les groupes indépendants. L'étude montre ainsi que les modèles et les niveaux d'implication des supporters dans la gestion des clubs varient de l'un à l'autre. Les groupes de supporters sont respectés et bien organisés aux niveaux local et national, ont une structure démocratique et respectent la règle de l'actionnaire majoritaire.

Cependant, les groupes de supporters ne sont pas encore suffisamment développés pour soutenir les supporters des clubs dans les questions de gouvernance, et ce pour différentes raisons, dont le fait que les membres de ces groupes sont bénévoles et manquent donc de temps pour un engagement plus important.

# ITALIE



En principe, les supporters ne sont pas impliqués dans les processus de décision des clubs de football professionnel italiens. Il existe peu de contacts généraux ou formels importants entre les clubs et leurs supporters.

Néanmoins, des initiatives ont été lancées par des supporters réussissant à réunir des fonds, à acheter des parts de leur club et à contribuer ainsi à sa survie. Ces groupes de supporters n'ont toutefois pas considéré leurs actions comme des actifs négociables et ne se sont pas engagés dans une démarche à long terme concernant la gestion de leur club. En règle générale, les groupes de supporters ne suivent eux-mêmes aucune stratégie particulière ni aucun modèle de propriété et de gouvernance.

Dans ce contexte, la tâche la plus importante d'un organisme européen Supporters Direct serait d'encourager la prise de responsabilité des supporters et de créer, maintenir et soutenir un réseau de supporters engagés. Le point essentiel est de rompre l'isolement des groupes existants, tant réel que dans l'opinion publique. Un organisme européen Supporters Direct pourrait conseiller les groupes en matière d'organisation démocratique et leur proposer des moyens d'influence.

# ESPAGNE



En 1992, tous les clubs de football professionnel dont les finances présentaient un solde négatif ont dû passer du statut d'associations à celui de sociétés anonymes à objet sportif (SAD), ce qui a changé considérablement le statut des supporters. Les supporters qui sont mécontents de la gestion de leur club et souhaitent en améliorer la transparence et la gouvernance se sont organisés en associations d'actionnaires minoritaires et ont pris des initiatives dans plusieurs clubs. En outre, les supporters contestent la structure de propriété actuelle des clubs de football professionnel devant le Parlement et souhaitent rétablir le statut d'association qui existait auparavant dans le football espagnol.

Une collaboration a déjà été instaurée avec Supporters Direct RU pour le développement de stratégies communes permettant d'accroître la performance, et elle pourrait se poursuivre dans le cadre d'un organisme européen Supporters Direct. Deux groupes sont déjà nés de cette collaboration, sur le modèle des trusts britanniques, ainsi qu'un organe national s'occupant des questions relatives à l'implication des supporters dans les questions de propriété et de gouvernance.



## NOTES CONCERNANT LA MÉTHODOLOGIE

Ces six pays présentent une répartition géographique intéressante et constituent un bon compromis entre les objectifs du projet et les ressources disponibles. L'idéal aurait été d'étudier les 53 associations membres de l'UEFA en détail, mais en pratique, c'était impossible.

Alors que des travaux ont été effectués concernant, par exemple, la gestion économique et financière des clubs, aucune étude telle que la présente n'a été réalisée à ce jour.

Compte tenu de la diversité des cultures des supporters et du temps disponible pour la recherche, le rapport n'a pu donner qu'un bref aperçu de l'environnement dans lequel les groupes de supporters évoluent dans les pays sélectionnés. Malheureusement, le temps n'a pas permis d'étudier d'autres groupes de supporters, mais cette initiative pourrait être développée ultérieurement.

## Pourquoi un organisme européen Supporters Direct?

### Bénévolat

Un problème récurrent lorsqu'il s'agit d'organiser les groupes de supporters et d'en faire des interlocuteurs crédibles auprès des clubs est qu'ils fonctionnent avec des bénévoles dans le contexte d'un sport professionnel. Les supporters tentent d'organiser ces groupes et leurs programmes parallèlement à leur activité professionnelle et à leur famille. Comme tous les groupes gérés par des bénévoles, ces groupes dépendent d'un petit nombre d'individus très engagés. Dès lors, tout changement personnel peut avoir un impact important sur l'évolution du groupe dans son ensemble.

Dans ce contexte, un organisme européen Supporters Direct permettrait de soutenir le développement de ces groupes comme il l'a fait au RU. Tous les groupes de supporters britanniques sont aussi gérés par des bénévoles, mais l'existence d'un organisme central leur a permis de mieux cibler leurs efforts et d'avoir une plus grande stabilité. Un petit investissement en termes de ressources peut avoir un très grand impact. A cet égard, Supporters Direct a déjà montré sa valeur ajoutée et est convaincu que ce même modèle peut être appliqué en dehors du RU.

### Contrôle de qualité

Les mouvements de supporters continentaux sont différents, mais l'expérience britannique montre que les trusts ont plus de chances d'être impliqués dans les clubs si ces derniers ont confiance dans leur qualité et leur attitude. Supporters Direct dispose d'une licence pour son modèle et n'autorise des groupes à l'utiliser que s'il s'agit de supporters qui sont dignes de confiance et qui respectent les principes

de démocratie, de responsabilité, de non-violence et de non-discrimination.

Ce contrôle de qualité permet d'exclure les groupes ne partageant pas les principes fondateurs du mouvement des trusts et d'offrir un fort soutien aux groupes licenciés grâce aux bénéfices d'objectifs communs.

Bien entendu, le contexte britannique est favorable puisqu'il est possible d'y obtenir une licence pour l'utilisation d'une forme juridique donnée (le modèle des sociétés industrielles et de prévoyance (Industrial and Provident Society) s'applique aux sociétés mutuelles de supporters). Il serait difficile d'instaurer aussi facilement un système similaire au niveau européen, mais un organisme central pourrait imposer aux groupes avec lesquels il travaillerait de signer un accord par lequel ils s'engageraient à respecter les valeurs de non-violence, de non-discrimination et de démocratie, et en contrôler le respect.

## Autres avantages d'un organisme européen Supporters Direct

### Lutte contre la violence et le racisme

Outre le contrôle de qualité mentionné ci-dessus, des preuves attestent que là où les relations entre les supporters et leur club sont caractérisées par la violence dans les stades, le sentiment d'implication et de propriété des mouvements de supporters constructifs et responsables peut avoir un impact positif en termes de réduction de la violence.

La violence liée au football est un phénomène complexe. L'étude permet de conclure qu'une de ses causes pourrait être un sentiment d'aliénation vis-à-vis du club, induisant une impression de ne vivre sa passion de supporter que par procuration. Le sens des responsabilités ne peut être créé à long terme que sur la base d'un sentiment d'implication et de propriété. En

bref, on est souvent moins violent dans sa propre maison. Le problème pour de trop nombreux clubs et supporters est qu'ils ont l'impression de posséder leur stade sans se sentir propriétaires de leur club, qui est responsable pour les conséquences du comportement indésirable.

### Gouvernance des clubs

Il a été noté que, dans de nombreux pays, les supporters disposent déjà d'un certain pouvoir. En Allemagne notamment, les supporters possèdent des droits formels issus du statut d'association des clubs.

Toutefois, comme décrit dans le rapport complet, la participation réelle des supporters à la gouvernance des clubs varie et une participation massive n'est pas la règle. Le point essentiel n'est d'ailleurs pas le nombre de supporters activement impliqués et il n'est pas réaliste de s'attendre à ce qu'ils s'intéressent davantage à la gouvernance du club qu'à leurs performances de leur équipe sur le terrain.

Les supporters savent cependant quand la gouvernance du club devrait être améliorée pour optimiser les performances de l'équipe. Citons l'exemple de Barcelone. Pendant de nombreuses années, les supporters ont fait campagne pour changer la gouvernance du club: ils pensaient que la mauvaise gouvernance entraînait une mauvaise gestion financière, qui se répercutait ensuite sur les performances sportives.

Il ne s'agissait pas de dire que le statut d'association était la clé du succès, car le football est un jeu dont les résultats sont toujours aléatoires. Cependant, l'avantage à Barcelone est que les supporters ont pu agir pour faire changer la gouvernance de leur club.

### Dialogue entre les supporters et les associations nationales de football

Dans le cadre de l'étude, l'UEFA a effectué un sondage auprès de ses propres membres, les 53 associations nationales, pour leur demander leur avis concernant le dialogue avec les supporters et le soutien à un meilleur dialogue entre supporters d'un côté et clubs et association nationale de l'autre.

- Les associations nationales estiment toutes qu'il est important – voire très important pour deux tiers d'entre elles – d'améliorer le dialogue avec les supporters. Une bonne gouvernance permettrait aux supporters d'être mieux représentés et de devenir des partenaires véritables et responsables.
- Deux tiers des associations nationales estiment qu'une organisation centrale nationale conseillant les supporters



des clubs serait bénéfique. Une bonne gouvernance des organisations nationales de supporters est essentielle pour qu'elles soient acceptées par les supporters et les associations.

- Les relations que les associations nationales entretiennent avec les groupes de supporters sont souvent en rapport avec la sécurité (lutte contre la violence et le racisme). Nouer des contacts sur une base plus positive améliorerait les relations et les résultats.
- Presque la moitié des associations nationales considèrent que les supporters devraient avoir leur mot à dire dans la gestion des clubs, ce qui n'est possible que s'ils sont bien organisés.

Ce sondage montre clairement que les associations nationales désirent améliorer leur dialogue avec les supporters. Ce dialogue pourra s'établir sur de meilleures bases si ces associations connaissent les meilleures pratiques en termes de gestion des relations et si elles savent que les supporters avec lesquels elles veulent entrer en contact ont bénéficié des conseils d'un organisme central promouvant certains buts et principes en accord avec les priorités de l'UEFA.

Certaines associations nationales ont déjà entamé le dialogue avec un groupe, mais les résultats de l'enquête montrent que même celles-ci pourraient bénéficier de conseils et d'informations spécialisées pour développer le dialogue de leur côté. De nombreux supporters sont sceptiques vis-à-vis des autorités, donc si le dialogue a une légitimité, ils percevront les conseils reçus des associations nationales comme crédibles (par ex. conseils donnés par une organisation au bénéfice d'une longue expérience du travail avec et pour les supporters).

## Recommandations

### Conclusions principales

- En dehors du RU, il y a un besoin de services similaires à ceux fournis par Supporters Direct; un organisme européen Supporters Direct permettrait d'optimiser la contribution que les supporters peuvent apporter à la bonne gouvernance des clubs et ainsi à leur stabilité financière.
- Les groupes de supporters ont hâte de bénéficier de ce soutien potentiel et souhaitent que l'initiative prenne corps.
- En outre, un organisme européen Supporters Direct contribuerait à élever le niveau des groupes de supporters, faisant d'eux de meilleurs partenaires pour le dialogue, ce qui bénéficierait en premier lieu aux clubs en Europe, mais aussi aux

associations nationales et à l'UEFA.

- L'organisme européen Supporters Direct devrait être un mouvement authentique émanant des groupes de supporters avec lesquels il travaillerait et responsable envers eux. L'idée d'une subordination de ces groupes à une organisation contrôlée par le RU ou l'UEFA n'est pas défendable.
- En soutenant les activités entreprises dans ce cadre, l'UEFA prendra la tête des efforts entrepris avec l'*Etude indépendante sur le sport européen*, l'objectif plus large étant d'améliorer la gouvernance des groupes de supporters et des clubs de football et de résoudre certains problèmes affectant ce sport. Ayant donné l'exemple, l'UEFA sera bien placée pour recommander vivement des mesures.

mieux en mesure d'entamer le dialogue avec les clubs, les ligues et les associations nationales. Un organisme européen Supporters Direct aurait l'indépendance et la crédibilité requises pour fournir ce service.

Un désir actuel est que les groupes nationaux de supporters soient formés par les supporters eux-mêmes et par les associations nationales. Un organisme européen Supporters Direct pourrait conseiller sur les modèles avantageux pour les deux parties et s'assurer que ces groupes respectent les valeurs européennes en matière de démocratie et de gouvernance et qu'ils ne s'associent pas à des groupements violents, racistes ou extrémistes.

### Etude sur les groupes de supporters

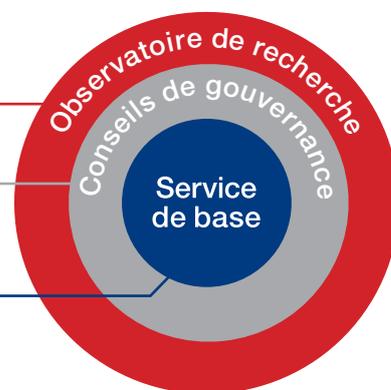
Fournir des informations

### Meilleures pratiques

Modèles de gouvernance pour les clubs et les groupes de supporters nationaux

### Création de trusts

Soutenir les SD nationaux



## Trois services clés fournis par un organisme européen Supporters Direct:

### 1. Implication des groupes de supporters dans les clubs

Il s'agirait du service de base d'un organisme européen Supporters Direct, qui, selon le modèle britannique, conseillerait les groupes sur la manière de créer des organisations responsables et solides s'impliquant activement dans la gouvernance de leurs clubs, mais en fonction de la structure nationale en matière de sociétés et de gouvernance du football. Il n'existe pas de modèle unique: les conseils devront être adaptés aux besoins des groupes et le développement coordonné. Un organisme européen Supporters Direct permettrait de choisir parmi différents types d'engagement des supporters selon la situation.

### 2. Gouvernance des groupes de supporters: les meilleures pratiques

De nombreux groupes ne veulent pas encore d'une participation active dans leur club mais reconnaissent la valeur d'une bonne structure juridique et d'une bonne gouvernance, grâce auxquelles ils seraient

### 3. Recherche et information: observation des groupes de supporters

Les recherches ont révélé une grande diversité dans les cultures des supporters, qui contraste fortement avec une perception monolithique de ces derniers. C'est ce manque de compréhension qui a pesé sur la capacité des groupes de supporters et des autorités à entrer en relation. Continuer à observer le développement des groupes de supporters offrira en outre un outil très utile à l'UEFA et aux autres organismes pour obtenir des informations crédibles.

La croissance d'Internet a rendu les informations sur les joueurs et les matches disponibles à un niveau jamais atteint auparavant. Les supporters peuvent trouver les résultats de matches de 4e division dans des ligues mineures européennes, mais il est impossible de se renseigner sur la situation en matière de propriété et de gouvernance et sur les mouvements de supporters, car ce rapport est pratiquement le premier du genre.

Le rapport complet est disponible sur le site: [www.supporters-direct.org](http://www.supporters-direct.org)

Pour plus d'informations, veuillez contacter Antonia Hagemann, responsable du projet Supporters Direct Europe: [antonia.hagemann@supporters-direct.org](mailto:antonia.hagemann@supporters-direct.org)

# ZUSAMMENFASSUNG

LONDON, JANUAR 2009



“Wir müssen die Fans als wichtiges Element der Identität der Klubs anerkennen.”

*Michel Platini, Wahlprogramm, Die Zukunft der UEFA*

“Vorstellung einer idealen Welt: Alle Klubs haben eine rechtliche Struktur und werden auf eine Art und Weise geleitet, die sportliche über finanzielle Ziele stellt. Alle Klubs werden gemäss demokratischen Grundsätzen von ihren Mitgliedern, z.B. Fans, kontrolliert und geführt.”

*UEFA, Strategiepapier*

# IST EIN EUROPÄISCHES NETZWERK FÜR FAN-MITBESTIMMUNG NACH DEM MODELL VON SUPPORTERS DIRECT MACHBAR?

ZUSAMMENFASSUNG | LONDON, JANUAR 2009

Dies ist eine Zusammenfassung des Berichts „Ist ein europäisches Netzwerk für Fan-Mitbestimmung nach dem Modell von Supporters Direct machbar?“ Der vollständige Bericht ist das Ergebnis einer von der UEFA in Auftrag gegebenen Studie im Hinblick auf die Ausweitung der Arbeit von Supporters Direct in Grossbritannien auf die übrigen UEFA-Mitgliedsverbände.

Supporters Direct entstand infolge von bestimmten wirtschaftlichen, kulturellen und gesellschaftlichen Eigenheiten des britischen Fussballs. Natürlich sind in anderen europäischen Ländern mit anderen Sport- und Rechtssystemen nicht dieselben Grundvoraussetzungen anzutreffen.

Andererseits dürfen die kulturellen Unterschiede nicht überbewertet und dabei die Gemeinsamkeiten vergessen werden. In Europa verfolgen Fans ihre Klubs, die in nationalen Ligen als auch in Pokalwettbewerben gegeneinander antreten. Gleichzeitig bestreiten die Spitzenklubs von der UEFA organisierte, länderübergreifende Wettbewerbe. Fussball ist in allen europäischen Ländern auf den gleichen Grundelementen aufgebaut – Verein, Liga und Nationalverband. Eine weitere Gemeinsamkeit in ganz Europa ist die Leidenschaft für den Fussball.

Die wachsende „*Supporters Trust*“ – Bewegung in Grossbritannien ist Ausdruck des Wunsches von Fans, an den Klubs und ihrer Führung beteiligt zu sein. Dies ist ein zentraler Punkt und gleichzeitig der Motor für diese Bewegung. Ohne den Willen der Fans sind alle Beschlüsse, Berichte und Massnahmen wirkungslos.

Im Vorfeld der Studie mussten einige grundsätzliche Fragen geklärt werden. Die britische Supporters Trust-Bewegung geht von der Basis aus. Deshalb musste herausgefunden werden, wie Fangruppierungen zur Mitbestimmung in ihren Klubs und deren Führung stehen. Wollen sie beteiligt sein? Haben sie es versucht? Welche Unterstützung brauchen sie?

Angenommen, der Wunsch nach Mitbestimmung existiert, so war die nächste Frage die nach dem Wie. Schafften sie es, formell an ihren Klubs und deren Führung beteiligt zu werden, und wie gingen sie dabei vor? Konnten sie Anteile am Klub erwerben oder ermöglichten die nationale Gesetzgebung bzw. für den Fussball geltende Regelungen in ihrem Land eine Beteiligung unabhängig vom Besitz von Anteilen?

## Hintergrund

Supporters Direct wird in England durch den Football Stadia Improvement Fund finanziert, in Schottland von der Regierung.

Auf Initiative der damaligen britischen EU-Ratspräsidentschaft wurde im Jahr 2005 José Luis Arnaut beauftragt, eine unabhängige Studie zum europäischen Sport durchzuführen.

Eine seiner Empfehlungen an die Fussballorganisationen lautete, die Machbarkeit eines europäischen Netzwerkes für Fan-Mitbestimmung nach dem Modell von Supporters Direct zu prüfen.

Die UEFA kontaktierte daraufhin Supporters Direct und finanzierte eine zwölfmonatige Machbarkeitsstudie, die von einer unabhängigen Expertin (unter Aufsicht von Supporters Direct) durchgeführt wurde und im Juli 2007 begann.



## DAS WEITE SPEKTRUM DER FANKULTUREN

In den meisten untersuchten Ländern gibt es mehrere Gruppen mit unterschiedlichen Zielen. Die Beliebtheit der einzelnen Arten von Fankultur war von Land zu Land verschieden.

So gibt es einerseits Fans, denen Unabhängigkeit und somit Nichtbeteiligung wichtig sind; andere möchten stärker in die Klubs, den Ligen und den Nationalverband eingebunden werden. In Italien und Frankreich beispielsweise waren die Ultras teilweise nicht besonders an der Beteiligung an Klubs und deren Führung interessiert. Ihnen war zwar bewusst, dass sie grösseren Einfluss bekommen könnten, wenn sie sich aktiver an der Führung der Klubs oder im Nationalverband engagieren würden, doch ist dies lediglich eine theoretische Möglichkeit, da es eine Einschränkung ihrer Unabhängigkeit bedeuten würde.

Das soll nicht heissen, dass alle Ultras sich dagegen sträuben, formell in ihren Klubs repräsentiert zu sein. Besonders in Italien

gibt es Hinweise darauf, dass bestimmte Gruppen und Einzelpersonen innerhalb der Ultra-Szene sich der Vorteile einer stärkeren Beteiligung bewusst sind.

In anderen Ländern kümmern sich Fangruppen um eine Vielzahl von zentralen fanspezifischen Bereichen, häufig in Verbindung mit den Reisen zu Spielen und den Spielen selbst oder mit der Bekämpfung von Rassismus.

Trotzdem wissen viele Fangruppen um die Vorteile einer formellen Beteiligung an der Klubführung und sehen das britische Trust-Modell als Quelle der Inspiration. Die Entwicklung der einzelnen Gruppen hängt von den rechtlichen und kulturellen Bedingungen des jeweiligen Landes ab, doch sie alle haben Anliegen, bei denen ein europäisches Netzwerk für Fan-Mitbestimmung weiterhelfen könnte.

## BELGIEN



Die meisten Profi-Fussballklubs in Belgien sind wie gemeinnützige Organisationen aufgebaut. Fans sind in Belgien derzeit nicht besonders stark in die Führung ihrer Klubs eingebunden. Die Klubs können ihre Satzungen jedoch selbstständig festlegen und ändern, was die formelle Einbindung von Fans ermöglichen würde.

Im Rahmen der Studie traten allerdings einige erwähnenswerte Beispiele zu Tage. Die grösste Schwierigkeit für lokale und nationale Fangruppierungen besteht darin, finanzielle Mittel für ihr Tagesgeschäft aufzutreiben und ihre rechtliche Struktur festzulegen (oft fehlen sogar grundlegende demokratische Strukturen). Ein europäisches Netzwerk für Fan-Mitbestimmung könnte neue Tätigkeitsfelder anregen und verantwortungsvolle Fangruppen zu mehr Engagement ermutigen.

## TSCHECHISCHE REPUBLIK



Grundsätzlich sind Fans hier nicht an den Entscheidungsfindungsprozessen der Klubs beteiligt, die meist Aktiengesellschaften und in Ausnahmefällen Gesellschaften mit beschränkter Haftung sind. Allerdings bestehen oftmals informelle Kontakte zwischen Vereinen und ihren Fans, bei denen klassische Fanklub-Belange besprochen werden.

Die meisten aktuellen Fangruppierungen sind informelle Zusammenschlüsse; der Supporters Trust des Klubs Bohemians 1905 ist der einzige seiner Art in Tschechien. Es gibt keinen nationalen Zusammenschluss von Fangruppen und laut den verfügbaren Informationen ist auch nichts dergleichen geplant. Grundsätzlich ist die Fanszene in Tschechien relativ neu und das Organisationsniveau recht gering. Der Fussball strebt an, zur Sportart Nummer Eins im Land zu werden, und Ratschläge und Informationen seitens eines europäischen Netzwerkes für Fan-Mitbestimmung könnten hierbei von Nutzen sein.

## FRANKREICH



Historisch haben Franzosen verglichen mit anderen Fussballnationen vergleichbarer Grösse relativ wenig Interesse an ihren nationalen Fussballwettbewerben gezeigt. Es gibt keine traditionelle Beteiligung von Fans an Klubs oder an deren Führung, wobei sowohl Fans als auch Klubführung mit ihrer aktuellen Rolle zufrieden zu sein scheinen.

Formelle Kontakte zwischen Fans und Klubs bestehen hauptsächlich hinsichtlich Sicherheitsfragen. Im Anschluss an den Bericht des französischen Senats zum Thema Fussballfans sollte ein Dialog zwischen Fans und Fussballorganisationen aufgebaut werden. Ein europäisches Netzwerk für Fan-Mitbestimmung nach dem Modell von Supporters Direct könnte verantwortungsbewussten Fangruppen zeigen, wo sie sich einbringen können, und sie zu mehr Engagement in ihren Klubs und im Verband ermutigen.



# DEUTSCHLAND



Seit 1998 können Profiklubs in Deutschland ihre Berufsfussball-Abteilung in eine externe Kapitalgesellschaft, die vom Mutterverein (d.h. dem „eingetragenen Verein“) getrennt ist, auslagern oder in eine solche eingliedern.

Allerdings muss der Mutterverein die Mehrheit der Stimmen der neuen Kapitalgesellschaft besitzen. Diese „50+1 Regel“ verhindert eine Übernahme deutscher Fussballklubs durch Investoren.

In mehreren Fällen haben sich im Rahmen dieser Vorgaben erwähnenswerte Fan-Beteiligungen entwickelt. Generell bietet die 50+1 Regel den Mitgliedern die Möglichkeit, die Klubpolitik über den Mutterverein als Mehrheitseigner zu beeinflussen.

Der tatsächliche Einfluss von unabhängigen Fanklubs, Fanabteilungen oder Ultra-Gruppen hängt von verschiedenen Faktoren ab, darunter die Eigentumsverhältnisse, die Führungsstrukturen, die Vereinssatzung und die Fankultur rund um den jeweiligen Klub. Es gibt kein einheitliches Modell für Fan-Mitbestimmung in Deutschland, weder für klubeigene Fanabteilungen noch für unabhängige Fanklubs. Die Studie ergab, dass Qualität und Ausmass der Mitbestimmung von Fans an der Klubführung von Verein zu Verein verschieden sind. Es gibt respektierte, organisierte Fangruppen auf lokaler und nationaler Ebene, die sich fuer den Erhalt der 50+1 Regel und mehr Mitspracherechte fuer Fans aussprechen.

Allerdings sind die Fangruppierungen bisher nicht so organisiert, dass sie anderen Gruppen Hilfestellung leisten können, wenn es um deren Beteiligung an der Klubführung geht. Dies liegt an mehrerlei Faktoren und teilweise daran, dass es sich durchgängig um ehrenamtliche Arbeit handelt und dass den Beteiligten oft die Zeit für Engagement fehlt.

# ITALIEN



Grundsätzlich sind Fans in Italien nicht in Entscheidungsfindungsprozesse in Profiklubs eingebunden. Es besteht im Allgemeinen wenig erwähnenswerter Kontakt, auch formeller Natur, zwischen Klubs und ihren Fans.

Dennoch hat es Initiativen von Fans gegeben, die genug Geld zusammenbrachten, um sich in ihren Klub einzukaufen und ihm das Überleben zu sichern. Allerdings sehen solche Fangruppen ihre Anteile nicht als gewinnbringende Investitionen, und langfristige Vorhaben oder die Beteiligung an der Klubführung sind für sie eine seltsame Vorstellung. Generell verfolgen die dortigen Fangruppen keine bestimmte Strategie und orientieren sich nicht an bestimmten Beteiligungs- und Führungsmodellen.

Die wichtigste Aufgabe für eine europäische Netzwerk für Fan-Mitbestimmung wäre es momentan, die Fans zur Übernahme von Verantwortung zu bestärken und verantwortungsvolle Fan-Netzwerke zu schaffen, zu erhalten und zu unterstützen. Wichtig dabei ist, dass die bestehenden Gruppen nicht isoliert bleiben, sei es tatsächlich oder in der öffentlichen Wahrnehmung. Ein europäisches Netzwerk für Fan-Mitbestimmung nach dem Modell von Supporters Direct könnte Fangruppen anleiten, wie sie sich demokratisch organisieren und an Einfluss gewinnen können.

# SPANIEN



1992 mussten alle Profifussballklubs, die in ihren Büchern eine negative Bilanz aufwiesen, sich von einem Verein in eine Sport-Aktiengesellschaft („S.A.D.“) umwandeln, was den Status der Fans dramatisch veränderte. Mit der Führung ihrer Klubs unzufriedene Fans, die mehr Transparenz und ein besseres Management wollen, haben sich in Verbänden von Minderheitsanteileseignern zusammengetan; in verschiedenen Klubs ergriffen sie die Initiative. Zudem fechten Fans vor dem Parlament die derzeit vorherrschenden Besitzverhältnisse bei Profiklubs an und wollen eine Wiedereinführung von Vereinsstrukturen („Verein“ als Zusammenschluss von Mitgliedern) im spanischen Fussball.

Es wurde bereits eine Zusammenarbeit mit Supporters Direct in Grossbritannien initiiert, die zum Aufbau einer allgemeinen Strategie zur Verbesserung der eigenen Arbeit beitragen soll. Dies könnte mit einer europäischen Bewegung fortgesetzt werden. Als Folge wurden bereits zwei Gruppen nach dem britischen *Supporters Trust* – Vorbild gegründet und ein nationales Gremium geschaffen, das sich um die Thematik von an Klubs und deren Führung beteiligten Fans kümmert.



## ANMERKUNG ZUR METHODIK

Die sechs ausgewählten Länder zeigen einen geografischen Querschnitt und einen Kompromiss zwischen den Projektzielen und den vorhandenen Ressourcen. Ideal wäre es gewesen, in der Studie alle 53 UEFA-Mitgliedsverbände eingehend zu untersuchen, doch dies war aus praktischen Gründen unmöglich.

Zwar gibt es bereits Arbeiten zu den wirtschaftlichen und finanziellen Verhältnissen von Klubs, aber noch keine Studie wie diese.

Aufgrund der Unterschiede zwischen den Fankulturen der einzelnen Länder und des zeitlichen Rahmens des Projekts konnte nur ein kurzer Überblick über die Bedingungen gegeben werden, unter denen Fangruppen in den untersuchten Ländern existieren. Leider war es aus Zeitgründen unmöglich, weitere Fangruppen zu analysieren, doch könnte dies im Rahmen einer Weiterführung dieses Projektes geschehen.

## Gründe für ein europäisches Netzwerk für Fan-Mitbestimmung

### Ehrenamtlich Beschäftigte

Im Zusammenhang mit der Organisation von Fans und der Frage, inwieweit sie innerhalb ihres Vereins ernst genommen werden, wird immer wieder gesagt, dass es von Nachteil sei, als Ehrenamtliche innerhalb eines Profisports zu arbeiten, neben dieser Aufgabe (Organisation von Fangruppen und Projekten) auch berufstätig zu sein und eine Familie zu haben. Wie alle ehrenamtlich geführten Gruppen sind Fanggruppierungen deshalb oft auf eine kleine Anzahl engagierter Personen angewiesen. Dadurch können sich Veränderungen der Lebensumstände von Einzelnen unter Umständen entscheidend auf die Weiterentwicklung der ganzen Gruppe auswirken.

Ein europäisches Netzwerk für Fan-Mitbestimmung könnte den Aufbau von Fanggruppen unterstützen, wie geschehen in Grossbritannien. Dort werden alle Gruppen von ehrenamtlich Beschäftigten geführt, doch da diese auf das Know-How eines zentralen Gremiums zurückgreifen können, arbeiten sie gezielter und die Gruppen sind stabiler. Eine kleine Investition kann eine grosse Wirkung haben. Supporters Direct hat in Grossbritannien bewiesen, dass es einen Beitrag leisten kann, und ist überzeugt, dass dies auch in anderen Ländern möglich ist.

### Qualitätskontrolle

Die Fanszene ist vielschichtig, doch die britische Erfahrung hat gezeigt, dass Supporters Trusts viel bessere Chancen haben, Beteiligung an Klubs zu erhalten, wenn Letztere sich auf Qualität und Einstellung der jeweiligen Gruppierung verlassen können. Das Modell von Supporters

Direct ist ein Lizenzmodell, das Fangruppen nur verwenden dürfen, wenn bestätigt wurde, dass es sich um vertrauenswürdige Fans handelt, die hinter Demokratie, Verantwortlichkeit, Gewaltverzicht und Nichtdiskriminierung stehen.

Durch eine solche Qualitätskontrolle können Gruppen, die diese Grundsätze nicht teilen, aus der Supporters Trust-Bewegung ausgeschlossen werden. Gleichzeitig helfen einheitliche Ziele innerhalb der Bewegung allen angeschlossenen Gruppierungen.

In Grossbritannien half die Tatsache, dass das Auftreten unter einer bestimmten Rechtsform („Industrial and Provident Society“) lizenziert werden konnte. Ähnliches dürfte auf gesamteuropäischer Ebene schwieriger umzusetzen sein, doch ein zentrales Gremium könnte festlegen, dass alle Gruppen, mit denen es arbeitet, sich zu den oben genannten Zielen bekennen. Dies ist jedoch nur möglich, wenn dieses Gremium die Einhaltung dieser Verpflichtung überwachen kann.

## Weitere Vorteile eines europäischen Netzwerkes für Fan-Mitbestimmung

### Kampf gegen Gewalt und Rassismus

In Fällen, in denen die Beziehung zwischen Fans und Verein durch Stadiongewalt belastet ist, kann eine Beteiligung von verantwortungsvollen und konstruktiven Fans am Klub zu einer Verminderung der Gewalt beitragen.

Gewalt in der Fussballszene ist ein komplexes Phänomen, doch die Studie lässt darauf schliessen, dass ein Grund das Gefühl der Entfremdung vom eigenen Verein sein kann, was dazu führt, dass zwar der Klub unterstützt wird, aber keine direkte Identifikation mehr stattfindet. Auf lange Sicht kann Verantwortungsbewusstsein nur durch Mitbestimmung im Klub und

dessen Führung aufgebaut werden. Anders gesagt: Es ist weniger wahrscheinlich, dass jemand bei sich „zu Hause“ gewalttätig ist. Das Problem in vielen Klubs ist, dass die Fans zwar denken, dass ihnen das Stadion gehört, nicht aber, dass ihnen auch der Verein gehört, der für die Folgen ihres Benehmens geradestehen muss.

### Klubführung

Wie gesagt sind in vielen Ländern die Fans bereits an Entscheidungsprozessen beteiligt. Mancherorts – v.a. in Deutschland – haben sie bereits formell Einfluss, da die Klubs als eingetragene Vereine organisiert sind.

Allerdings fällt die tatsächliche Mitbestimmung an der Klubführung sehr unterschiedlich aus und ein grossflächiges Engagement vieler ist nicht die Regel. Das Entscheidende ist dabei nicht die Zahl der aktiv beteiligten Fans. Es ist unrealistisch zu erwarten, dass Fans an der Klubführung mehr Interesse haben könnten als an der Leistung der Mannschaft.

Allerdings merken Fans durchaus, wenn die Klubführung besser werden muss, um die Leistungen der Mannschaft zu verbessern; ein gutes Beispiel hierfür ist Barcelona. Jahrelang hatten sich Fans für Veränderungen in der Klubführung eingesetzt und eine schlechte Führung für ein schlechtes Finanzmanagement verantwortlich gemacht, das ihrer Meinung nach die Ursache für die schlechten Leistungen auf dem Platz war.

Die Frage war nicht, ob der Klub als Zusammenschluss von Mitgliedern eine Erfolgsgarantie haben würde; Fussball ist ein Spiel und die Resultate sind stets schwankend. Allerdings war der Vorteil an der Klubstruktur in Barcelona, dass die Fans etwas tun konnten, um Veränderungen in der Klubführung zu erreichen.

### Dialog zwischen Fans und Nationalverband

Im Rahmen der Studie fragte die UEFA ihre 53 Mitgliedsverbände nach deren Ansicht zu ihrem eigenen Dialog mit den Fans und zur Unterstützung eines besseren Dialogs zwischen Fans und Klubs sowie Fans und Nationalverband.

- Alle Nationalverbände sind der Auffassung, dass es wichtig ist, den Dialog zu verbessern; zwei Drittel halten dies sogar für sehr wichtig. Eine gute Führung hilft Fans, besser repräsentiert zu sein und echte, verantwortungsvolle Partner zu werden.
- Zwei Drittel der Verbände glauben, dass ein zentrales, nationales Gremium zur Beratung von Klubfans nützlich wäre. Eine



gute Führung eines solchen Gremiums ist Voraussetzung für die Akzeptanz vonseiten der Fans und Verbände.

- Sofern Beziehungen zwischen Verbänden und Fanggruppen bestehen, geht es oft um Sicherheitsfragen (Verhinderung von Gewalt und Rassismus). Ein positiverer Ansatz in diesem Bereich könnte Beziehungen und Resultate verbessern.
- Fast die Hälfte aller Verbände findet, dass die Fans bei der Führung ihres Klubs mitreden sollten – allerdings wäre dies nur dann sinnvoll, wenn sie gut organisiert sind.

Daraus geht hervor, dass die Nationalverbände den Dialog mit den Fans verbessern möchten. Dies kann geschehen, wenn die Verbände sowohl Empfehlungen für die Beziehungen mit Fans folgen und die Fans, die sie einbeziehen möchten, eine Beratung von einem zentralen Gremium erhalten haben, das bestimmte Ziele und Grundsätze verfolgt, die den Prinzipien der UEFA entsprechen.

In einigen Ländern gibt es bereits Gruppierungen, die mit dem Nationalverband im Dialog stehen, doch die Umfrage hat ergeben, dass die Verbände von zusätzlicher Beratung und Expertise bei der Weiterentwicklung dieses Dialogs profitieren könnten. Viele Fans sind grundsätzlich skeptisch gegenüber Verantwortungsträgern. Deshalb müssen Ratschläge an den Verband von den Fans als glaubwürdig wahrgenommen werden (d.h. z.B. von einer Organisation kommen, die schon lange für und mit Fans arbeitet).

## Empfehlungen

### Schlussfolgerungen

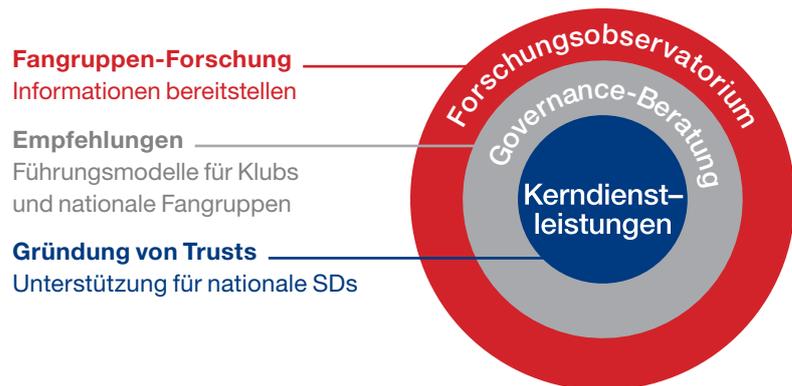
- Auch ausserhalb Grossbritanniens gibt es Bedarf an Dienstleistungen wie denen von Supporters Direct. Ein europäisches Netzwerk für Fan-Mitbestimmung nach dem Modell von Supporters Direct könnte für einen effizienteren Beitrag von Fans zur finanziellen Stabilität von Klubs über die Gewährleistung einer guten Führung sorgen.
- Fanggruppierungen versuchen bereits, diese mögliche Unterstützung zu nutzen, und hoffen auf eine Ausweitung des Projektes.
- Zudem könnte eine solche Bewegung dazu beitragen, die Standards in Fanggruppen zu erhöhen und diese zu Gesprächspartnern zu machen, was zunächst den Vereinen in Europa und später auch Nationalverbänden und der UEFA zugute kommt.
- Ein europäisches Netzwerk für Fan-Mitbestimmung müsste ganz den Fanggruppierungen, mit denen es zusammenarbeitet, gehören und diesen

verantwortlich sein. Die Vorstellung, dass Fanggruppen einer britischen oder UEFA-Organisation untergeordnet sind, ist nicht tragbar.

- Durch die weitere Arbeit in diesem Bereich wird die UEFA eine Führungsposition in diesem Prozess einnehmen, der mit der Unabhängigen Studie zum europäischen Sport begann und bei dem es darum geht, die Führung von Fanggruppen und Fussballklubs zu verbessern und einige der grössten Probleme im Fussball zu beseitigen. Als Leiterin eines solchen Prozesses kann die UEFA auch andere zu mehr Engagement ermutigen.

an, dass sie dadurch als Gesprächspartner für Klubs, Nationalverbände und Ligen attraktiver werden. Ein europäisches Netzwerk für Fan-Mitbestimmung wäre unabhängig und glaubwürdig genug, eine solche Dienstleistung anzubieten.

Es besteht auch ein Wunsch nach nationalen Fanggruppierungen, die von Fans und Nationalverbänden gegründet werden. Ein europäisches Netzwerk für Fan-Mitbestimmung nach dem Modell von Supporters Direct könnte Ratschläge zu Modellen geben, mit denen dies auf für beide Seiten befriedigende Weise geschehen könnte. So könnten Gruppen



## Ein europäisches Netzwerk für Fan-Mitbestimmung könnte drei Hauptaufgaben übernehmen:

### 1. Einbindung von Fanggruppen in Vereine

Dies wäre die Hauptaufgabe eines europäischen Netzwerkes für Fan-Mitbestimmung, wie bei Supporters Direct in Grossbritannien. Dazu gehören Beratung, wie Gruppen Verantwortung übernehmen und sich aktiv in der Führung ihres Vereins engagieren können, die Bereitstellung von Modellen und Ratschlägen hinsichtlich der Nutzung der nationalen rechtlichen und fussballspezifischen Rahmenbedingungen. Dabei gibt es kein Standardrezept für alle, sondern Unterstützung und Beratung müssten in Zusammenarbeit mit den einzelnen Gruppen auf deren Bedürfnisse zugeschnitten werden. Ein europäisches Netzwerk für Fan-Mitbestimmung müsste situationsabhängige Beratung hinsichtlich der verschiedenen Arten von Fan-Mitbestimmung anbieten.

### 2. Fanggruppenführung – Aufzeigen von empfehlenswerten Vorgehensweisen

Viele Gruppierungen wollen noch nicht aktiv in ihre Klubs eingebunden werden, sind sich jedoch des Wertes einer guten rechtlichen Struktur und Führung bewusst. Sie erkennen

nach europaweit einheitlichen Demokratie und Führungsstandards entstehen, die sich von Gewalt, Rassismus und politischem Extremismus distanzieren.

### 3. Forschung und Information (Fanggruppen-Observatorium)

Die Forschung hat ergeben, dass eine breite Palette an Fankulturen existiert, was der allgemeinen Wahrnehmung von Fans als monolithischer Block widerspricht. Dieses mangelnde Verständnis hat sich in der Vergangenheit negativ auf das Verhältnis zwischen Fanggruppen und Behörden auswirkt. Der kontinuierliche Austausch über die Entwicklung von Fanggruppierungen bietet der UEFA und anderen die Möglichkeit, verlässliche Informationen zu erhalten.

Das Internet bietet eine bis dato ungekannte Fülle an Informationen über Spieler und Spiele. Fans können problemlos Spielergebnisse aus der 4. Liga abrufen, doch Informationen über Eigentumsverhältnisse, Vereinsführung und Fanszene sind häufig unauffindbar. Im vorliegenden Bericht wurden erstmals entsprechende Fakten zusammengetragen.

Den vollständigen Bericht (auf Englisch) finden Sie unter: [www.supporters-direct.org](http://www.supporters-direct.org)

Für weitere Informationen wenden Sie sich bitte an Antonia Hagemann, Projektmanagerin Supporters Direct Europe: [antonia.hagemann@supporters-direct.org](mailto:antonia.hagemann@supporters-direct.org)

# A – Main Reports

## Belgium

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## Summary

1. Belgian football is governed by the URBSFA/KBVB, while the Profliga represents the first division Jupiler Pro League (formerly Jupiler League). In contrast to other European countries, the Belgian government, and in particular its Interior Ministry, takes a strong stand on both supporter related issues and the general social aspects of football. The security and prevention department of the Belgian Interior Ministry has incorporated a football unit that deals with security and prevention of violence in Belgian football. Furthermore, this unit has issued a handbook that covers the matters surrounding increasing solidarity in football and strengthening the relationship between supporters, clubs and the community. Both the football association and the Ministry have contact with supporters’ groups, while the government appears to lobby for their issues more than the football association.

2. The rules of the URBSFA/KBVB do not provide for any particular ownership structure that must be adopted by its members. However, most professional football clubs have adopted the structure of non-profit organisations, *association sans but lucratif* (ASBL). While ASBLs do not have many obligations to fulfil they do, most importantly, allow clubs to define and modify their statutes. The Jupiler Pro League will be reduced from 18 to 16 clubs from the 2009/10 season on and a joint Belgian-Dutch league (BeNe Liga) has been proposed.

3. Football supporters in Belgium are currently not particularly involved in the running of their clubs. However, our research has found some examples of fan involvement that are worth mentioning in this context. Some clubs, due to the financial incentive from Open Stadium, the government funded “football in the community” organisation, are

stimulated to incorporate CSR in their daily operation and are thus stimulated to take into account issues related to all stakeholders, e.g. the supporters. Furthermore, Open Stadium should become the driving force for raising awareness about the social aspects of football throughout Belgium, on the local as well as the national level. The SFP, Supportersfederatie Profclubs / Federation of Supporters’ Clubs Prof, representing supporters’ federations from 14 of the Jupiler Pro League clubs, promote the legal structure of non-profit organisations for supporters’ federations, and hence advocates a more democratic and professional governance structure. The main difficulties here are that many groups often lack even basic democratic structures. The main challenges organised supporters face are acquiring financial support for their day-to-day business and organising the legal structure of supporters’ groups.

A Supporters Direct Europe could help promoting services and foster engagement by responsible fan groups.

## 1. Structure of Belgian Football

Football is the most popular sport in Belgium with cycling, being the second most popular sport. The first football clubs emerged in the late 19th century and obtained sequential registration numbers in accordance with their order of registration with the Belgian Football Association (Koninklijke Belgische Voetbal Bond (KBVB)/Union Royale Belge des Sociétés de Football-Association (URBSFA), URBSFA/KBVB). Hence, the oldest football club and the first to be registered, Royal Antwerp FC, has the registration number 1. While football is governed by the URBSFA/KBVB, the first division, known as the Jupiler Pro League,

is represented by an organisation called the Profliga / Ligue Professionnelle (formally Liga Betaald Voetbal / Ligue de Football Rémunérée). There were 18 teams in the Jupiler League during the 2007/08 season, and of these teams twelve clubs came from Flanders, four from Wallonia, and two from the Brussels-Capital Region. Most football clubs have adopted the structure of non-profit organisations, even though the rules supplied by the URBSFA/KBVB do not impose any particular ownership structure on its members. Only five clubs have the legal structure of limited companies, Standard de Liège, Germinal Beerschot, Sporting du Pays de Charleroi in the first division, and KV Oostende and OH Leuven in the second division.

Mergers between football clubs is a characteristic occurrence in Belgium football and the relatively low economic power of Belgian football clubs, when compared to their European neighbours,

has resulted in numerous mergers over the last 40 years. In the 1958/59 season there were 128 football clubs in the first four national league divisions<sup>7</sup>. About 40 years later more than half of these clubs had been involved in at least one merger, with more than one-third of those occurring in the last ten years. However, evidence shows that although football clubs merge mainly for financial reasons, their balance sheets do not necessarily improve as a result. It is believed that political issues, as well as financial reasons, play a major part in the mergers. On a small scale, local authorities may find it easier to maintain a single ground rather than two, as it is they who mostly own the football grounds. On the wider scale, the country is divided into two large regions with different languages and national identities, and this seems to be more important than inter-club rivalry<sup>8</sup>. There have been cases where many fans have left the clubs in the event of a merger,

## General Introduction to Economic, Political and Cultural Environment

Belgium is home to about 10.5 million people and has a combined GDP of \$378.9 billion. Brussels, the bilingual capital, accommodates the headquarters of the European Union<sup>1</sup> and NATO. The country is governed by a federal parliamentary democracy under a constitutional monarchy, with ten provinces that are spread across two large regions – the Dutch-speaking region of Flanders in the north (58% of the population) and the French speaking region of Wallonia in the south (32% of the population). Politically, the tensions between the regions have led to constitutional amendments in 1970, 1980, 1988, 1993 and 2001, which transformed Belgium into a federal state, and which now consists of Communities and Regions, and which grant them formal recognition and autonomy, with political power bound closely to the need for representation of the main cultural communities. Hence the public is confronted with four levels of power, the federal, regional, provincial and local level<sup>2</sup>. Each level of authority has a certain set of competences.

Belgium's government changed on the 20th March 2008, and the new appointment ended a nine-month dispute between the Flemish and Walloon parties which had caused a serious political crisis. It was even speculated by international observers that against the backdrop of this crisis the 177-year-old state was in danger of separation. Political observers expected that extra tensions could arise over the following months, triggered by Flemish demands for more influence in the regions and the opposition to these by French-speaking parties. As Belgium evolves from a centrally run state towards a confederal state, tensions between the two communities will probably result in a new reform of the institutions. Finally, in July, after only four months in office the Belgian government teetered on the brink of collapse.

Belgium is one of the world's largest trading nations, and its industry is mainly situated within the Flemish region in the north. Companies must comply with the Belgian code of corporate governance, or otherwise explain their reasons for not doing so<sup>3</sup>. Public companies are managed by a board of directors and have a unitary structure, although the shareholders' meeting

can establish a management committee. However, for private companies the unitary structure of the board is mandatory. The code also emphasises the importance of transparency, as obtained through the disclosure of certain documents, while non-profit associations are also subject to minimal legal requirements regarding accounting and transparency<sup>4</sup>.

Minority shareholders of a public company can file court actions alleging mismanagement, if they hold at least 1% of the voting rights. In private companies, minority shareholders must hold at least 10% of the voting rights to file such an action, while minority shareholders of non-listed public companies have to base their requests on sufficient grounds, such as abuse by the majority<sup>5</sup>. There are also special requirements set out for internal controls, risk management, and the responsibilities of directors, auditors and others.

In Belgium there is no guarantee that employees will receive representation on the board. However, the rules governing European companies do provide employees with mandatory consultation and optional board representation. Belgium is a highly unionised country, with Belgium Trade Union affiliation ranking amongst the highest in the world; in the private sector 54% of workers are members of a Trade Union. Belgian labour unions hold positions on a wide range of political issues, like public finance, education, environmental protection and women's rights. 'Belgium has an elaborate system of social dialogue at all levels (intergraded, sectorial and company), and in the different socio-economic fields (economic policy, social policy, and occupational safety and health). Every two years, the social partners try to reach an intergraded agreement. In this agreement, measures about 'social progress' (wages, employment, training) are taken for active and non-active workers. The intergraded agreement is valid for the country's entire private sector. A system of control mechanisms and inspection, including labour courts, enables the effective implementation of agreements and regulatory systems. A similar consultation is also found in the public sector<sup>6</sup>.

although there have also been successful mergers that were supported by the fans of all the clubs involved<sup>9</sup>.

The comparatively high minimum wages that non-EU players receive in Belgium is another characteristic of Belgian football, which has led to the Belgian league becoming a stepping-stone for players from outside the EU, and particularly from Africa. This situation is further aided by the country's relatively lax work permit regulations, which allow an EU passport to be obtained in just two years. This has resulted in the bigger European football clubs shopping for players within Belgian football. Hence, other European clubs have formed beneficial links to Belgian football clubs, with the most relevant partnerships existing between Arsenal and Beveren<sup>10</sup> and Manchester United and Antwerp, with Antwerp's former coach coaching the second team of Manchester United from the 2008/09 season on. Also, several players now in the first squad of Manchester United once played in Antwerp. Additionally, further foreign investment has been made in Standard de Liège, Lierse and La Louvière.

Since the early 1980's, Belgian football has experienced several episodes of match-fixing, with the most recent occurring in late 2005<sup>11</sup>. In February 2006 it was announced that four clubs were being investigated on suspicions of match-fixing, focused on allegations against a Chinese betting cartel of affecting the outcome of various football matches. Individual players and coaches were accused of manipulation. A Chinese/Taiwanese businessman allegedly bought stakes in several Belgian clubs with the intention of manipulating results in matches on which he had placed bets, although initially the individual was found not guilty. The judiciary has been dealing with the case since the beginning of 2006. Against the background of these events, the presidents of Belgium's professional football clubs have agreed to sign a charter that commits them to compliance with the regulations laid down by the football association, and forbids them from legally challenging any of the 2005/06 season's results. Other measures have been established, but these will undergo additional reinforcement by a working group set up by the Belgian Professional Football League<sup>12</sup>. The Belgian football association has said it will rescind the licences of those clubs that are convicted, even though thus far it is only players who have been sentenced.

In 1995 Belgium was the setting for the most prominent change in European football law, which affected the European

football labour market in particular. Jean-Marc Bosman, who was a player in the Jupiler League, wanted to change teams, but his club did not agree with the transfer fee offered and refused to let him go. As a result Bosman sued for restraint of trade, with the European Court of Justice ruling in his favour<sup>13</sup>. The so called "Bosman ruling" is based on the decision concerning the freedom of movement for workers and the freedom of association, with its direct effect on article 39 of the EC Treaty. Post-Bosman professional football players working in the EU can now move freely to the highest bidding club when the term of contract with their present team expires<sup>14</sup>. Dejonghe has considered this new scenario to be one of the main responsible factors behind the decline of Belgian football, while other authors, like Kessenne, suggest this decline is instead the result of poor management performances, which have allowed a general rise in salaries even though there have not been sufficiently available funds<sup>15</sup>.

Many consider the competitiveness of the Jupiler Pro League to be insufficient in Europe, thereby hindering the bigger clubs in Belgium as a result. As participation in the Champions league is important for the clubs, representatives from all first division clubs (2007/08) have agreed to reorganise the league<sup>16</sup>.

On 17 May 2008, the Belgian Football Association (KBVB/URBSFA) decided to reduce the number of clubs in the Eerste Klasse/Jupiler Pro League from 18 to 16 from the 2009/10 season. The two bottom sides will be automatically demoted while the two above them will play in a promotion/relegation play-off series against the sides who finished second and third in the Tweede Klasse, Belgium's second division. The winner of this competition will gain a top-flight berth, together with the second division champions. The KBVB/URBSFA also intends to have play-offs to decide who will participate in European football the following season. However, the exact format of the play-offs has not been agreed yet.

Furthermore, there is a lobby for Belgium and the Netherlands to form a new league called the BeNe Liga, and the proposed competition would include the best sides of each country. Although no details have been disclosed so far, the involvement in this new league of PSV Eindhoven, Ajax, Feyenoord, Anderlecht, FC Brugge, and Standard de Liège would be likely<sup>17</sup>.

### 1.1. The Government

In contrast to other European countries, the Belgian government, and in particular

its Interior Ministry, takes a strong stand on supporter related issues and the social aspects of football in general. The security and prevention department of the Belgian Interior Ministry has incorporated a unit for dealing with security and prevention of violence in Belgian football. The main governmental aims are to strengthen the relationship among supporters, clubs and communities, and to work closer with football fans.

The funding of community projects seems to be the main challenge within the social environment of Belgian football. Hence, the government is planning to propose that provisions for supporters' social projects are expressly incorporated into the licenses of first and second division clubs<sup>18</sup>. The football association does not currently provide financial support for the community work run by Open Stadium or any independent initiatives. However, implementing such obligations into the licence could secure the funding of community projects. The proposal will be modelled on the fan projects run in Germany, overseen there by the KOS (*Koordinationsstelle Fanprojekte*), which are two-thirds funded by the public authorities and one third by the DFB (*Deutscher Fußball-Bund*)<sup>19</sup>. In Belgium, a working group will be set-up, which will be chaired by the Interior Ministry and will include fan representatives.

So far, the football association seems to disapprove of the idea of implementing social obligations into the football clubs' licenses. Rather than requiring clubs to engage with their community, the football association would prefer to wait for any decisions from UEFA regarding the implementation of corporate social responsibility into the UEFA club license<sup>20</sup>.

Prior to the 2007 elections, the Interior Minister met with football fans, the URBSFA /KBVB, and the press every six weeks for open discussions. However, everything was put on hold, including the meetings with fans, between the elections in summer 2007 and February 2008, when the government was successfully established. Nevertheless, the football unit still has a close relationship to the president of the Federation of Supporters' Clubs of Professional Football Clubs (*Supportersfederatie Profclubs* (SFP)).

Many Belgian football clubs seem to have no definite idea of who their fans are, and as such they do not have much data about them other than the names of their season ticket holders, which often are not even distinguished by gender. As previously mentioned, the government aims to improve the relationship between

fans and the clubs by extensively supporting community projects, although when the government conducted a survey to identify the fans who attended matches the clubs struggled to provide any data. The government has tried to bring all stakeholders together and has called for more solidarity amongst them through two handbooks: one about fan coaching and the other about football in the community.

The Minister of Home Affairs has appealed for the development of ties between the fans, the community, and the clubs in “a plea for more solidarity”, which is contained in the 140 page handbook called “Football in the Community”, due to be published in 2008. In the foreword the Minister says:

*“The Community model offers clubs the opportunity to build a stronger and more positive image. A club which invests in its stakeholders and busies itself with a transparent management, can also count on great loyalty if things somewhat unwind. A club which expresses a positive image is the pride of the city/town or municipal authority. A club with a socially responsible image can find sponsors more easily. In short, a social engagement has a snowball effect, gets benefits going and is a win-win situation for both the club as well as society.”<sup>21</sup>*

The handbook addresses the clubs, everyone involved in the running of clubs, and other stakeholders, and urges them to take part in socially committed projects, with a general plea made for more solidarity at all levels. Best practice in other European countries is also outlined in the handbook, with a recommendation for rendering a level of solidarity between all stakeholders into the licence conditions, both at a Belgian as well as a European level. Supporters Direct UK and the trust model are mentioned in the report as vehicles for improving the social role of clubs, through involving supporters in decision-making processes.

*“Where the clubs and society meet each other, there is room for exchange, dialogue and reciprocal enrichment. It will be self-evident that supporters form a part of this. Between the supporters there are also people with networks and expertise and they are moreover extremely loyal to their club. This handbook desires to be a platform for a strong contribution from the supporters via Supporters Trusts. Supporters Trusts that have a say in the (financial) policy (sometimes because they themselves hold shares) of the club make a difference to the club that is on the edge of ruination, and lessens the unpredictability*

*which often frightens off other (potential) supporters and sponsors. If the supporters are afforded more participation, the club will go in another direction and it will take on a more social role as a matter of course. Supporters’ participation exists in various forms. Regular consultation with supporters’ representatives is the minimum, co-management by supporters’ representatives and the holding of shares is the acme.”<sup>22</sup>*

The Belgian government takes a serious approach to fan involvement and is keen to maintain and improve its relationship with supporters. To ensure an ongoing and productive dialogue with the SFP, and especially with its president, the football unit is looking into ways to partly fund the SFP president’s position.

## **1.2. Koninklijke Belgische Voetbal Bond (KBVB)/Union Royale Belge des Sociétés de Football-Association (URBSFA) – Royal Belgian Football Association and Profliga**

In 1970, the law on cultural autonomy of the regions was declared and national federations had to split into separate language based sections or lose public funding. At this time the Belgian Football Association kept its status as an unitary national federation<sup>23</sup>, therefore losing all funding from the government. The Association is geographically structured with a federal head office and nine provincial offices.

The URBSFA/KBVB is an *association sans but lucratif* (ASBL) (non-profit organisation), and it administrates football in Belgium, including executive, policy, and discipline and regulatory affairs, which in turn are administered by various committees and commissions. The associations’ regulations are currently reviewed and rewritten to make them easier to understand and update. The football association is also represented on the board of Open Stadium. There are currently 2,000 football clubs and 800 indoor football clubs organised within in the URBSFA/KBVB, which has more than 400,000 members.

### **The division of the votes in the General Meeting**

	<b>Votes in AGM</b>	<b>In % of AGM</b>
First division (18 teams)	108	19.85
Second division (18 teams)	72	13.24
Third division (32 teams)	64	11.76
Fourth Division (64 teams)	64	11.76
Lower division (1790 teams)	236	43.39

Source: KBVB in Dejonghe, 2006, p. 3.

The professional league became an independent legal entity with the creation of the Jupiler League in 1974, run by the Profliga. The Jupiler Pro League, Belgium’s first division, is the only fully professional football league in Belgium, and until the end of the 2008/09 season it will contain 18 professional football clubs. At the end of each season, the lowest placed team is directly relegated to the second division and is replaced by the champions of the second. Belgium’s second division, the Belgian National Football League (NFL/NF), was created ten years earlier, in 1964, and it contains professional and semi-professional or semi-amateur clubs. The first three clubs of the NFL’s second division and the 17th ranking team of the Jupiler Pro League play for promotion to, or the ability to stay in, the Jupiler Pro League.

The Profliga represents the football clubs of the first division and it negotiates collective TV rights, along with other broadcasting and marketing contracts, where the clubs, who own their publicity rights, consent to global commercialisation. The Profliga is also responsible for organising and managing the calendar for the Jupiler Pro League. As the representative of the professional clubs in the first division, the Profliga is involved in implementing the objectives that are contained within the URBSFA/KBVB’s articles of association.

However, if the professional league wishes to implement any changes to the rules and regulations in governing Belgian football as a whole it needs to get 81% of the votes at the URBSFA/KBVB AGM<sup>24</sup>. In other words, the professional league only has a blocking minority of 19.85%, which enables them to veto any proposals, while the clubs in the lower divisions have the majority of the votes in the AGM, which allows them to veto any changes that could lead to more commercially orientated policies in Belgian football. Hence, the lower league clubs generally have a greater say than the bigger clubs, e.g. they have a say in the distribution of the Profliga’s TV money to the lower divisions. This is why the KBVB is called the “dictatorship of democracy”<sup>25</sup> or the association of the lower leagues.

## 2. Structure of Belgian Football Clubs – Ownership and Governance<sup>26</sup>

### 2.1. Ownership Structures

The URBSFA/KBVB rules do not provide its members with any provisions that relate to the adoption of particular ownership structures. The clubs only have to present their statutes and specify the legal personality of the club or, in the absence thereof, confirm that the club is an *association de fait*, or *de facto* association in fact<sup>27</sup>. The *association de fait* has no legal basis and hence no legal personality.

Most football clubs adopt the ASBL structure of a non-profit organisation. In these cases the URBSFA/KBVB provides best practice recommendations for the club's statutes<sup>28</sup>. Additionally, these clubs must not seek their own enrichment, but they can conduct subsidiary activities that accumulate profits, which in turn can only be used for activities necessary for retaining the association's non-profit function<sup>29</sup>. Some clubs have taken the form of a *société commerciale* and have hence chosen the structure of the *société anonyme*<sup>30</sup>, which is based on a contract among people who agree to pay in a specified amount of capital to the extent of which they are liable. Only five clubs take the legal structure of limited companies, Standard de Liège, Germinal Beerschot, Sporting du Pays de Charleroi in the first division, and KV Oostende and OH Leuven in the second division.

### 2.2. Governance Structures

In general, football clubs with an ASBL structure do not have many obligations to fulfil. However, since 2004 the clubs have been required to publish their annual reports. The clubs are also required to have specifications within their statutes with regards to, e.g., elections, method of nominations, the duties and powers held by directors, and the powers held by the shareholders' meeting. Most importantly, defining the rules that outline the processes involved in modifying the statutes is required. Clubs with the ASBL structure have two different types of members, the *membres associés* and the *membres adhérents*. 'The *membres associés* can participate in shareholders' meetings and can make all decisions essential to the life of the association, including modifying the basic contract constituting the ASBL. The *membres adhérent* are third parties who have a connection to the association; their rights and obligations are set forth in the by-laws<sup>31</sup>.

Clubs structured as *sociétés anonymes* have a very structural hierarchy; the annual shareholders' meeting approves the accounts, while special shareholders' meetings are called where amendments to any of the statutes are concerned. Shareholders are entitled to file for suit with the courts where the auditor is considered ineffective, allowing them to be actively involved in the shareholders' meeting. If the shareholders own 1 % of the voting rights, or own shares worth at least €1.25 million, they can file a suit against the directors on behalf of the *société anonyme*. However, some shares are issued without voting rights so that capital can be increased without influencing the existing shareholder structure. The clubs' day-to-day business is run by a board of directors, which has to have at least three members<sup>32</sup>.

### 2.3. Financial Regulation – Licensing System

Many first division clubs have faced serious financial difficulties in the past, and some have even experienced bankruptcy. The current licensing system was introduced in 2002 in an environment of increasing pressure from the federal government, and according to this new system clubs can only be granted a licence if their accumulated debts are not football related. However, debts to other clubs, the league, players, social authorities, or tax would lead to a refusal of their licence application.

The Belgian football association, through the License Commission, is in charge of implementing the system<sup>33</sup>. The composition of its members was changed in response to the match-fixing scandal of 2006, and it is now formed by external experts. To obtain the license, each team of the first and second division have to annually comply with the conditions declared in article III/6 and III/7 of the URBSFA/KBVB statutes<sup>34</sup>. According to the licensing system, clubs must have a legal entity (although it does not provide for any particular ownership structure that the clubs must adopt), and they are required to give evidence of payments relating to, e.g. players' salaries, social security payments, taxes on wages, contributions to pension funds of the professional football players, and debts to the KBVB and other clubs.

However, as a result of several scandals, the football authorities and federal government defined an additional set of controlling measures. From the 2006/07 season all clubs in the first division have to undergo three financial audits, in March, June and October, compared the previous situation of a single audit in March. The clubs are now required to

inform the Belgian football association about the identities of all investors, and members of the same family will no longer be allowed to hold shares in two different clubs. "Furthermore, any transfer money collected by players' agents will have to be channelled through the Belgian football association first. An additional clause is being included in players' and coaches' contracts; banning them from betting on matches they are involved in. Any players, coaches or managers who notice any unlawful activity (such as attempted bribery, for example) are encouraged to tell an official specially designated to handle the enquiry"<sup>35</sup>.

The License Commission principally assesses the documentation that is provided by clubs, and upon satisfying itself regarding compliance will grant the licence. Otherwise, the appeal commission will ask non-complying clubs to fulfil additional requirements so that required standards are achieved<sup>36</sup>. The appeal commission will grant the license if the club has either an "austerity plan", including a full statement of assets and liabilities approved by the authorised court of justice, or a financing plan, which must include debt reduction measures. Furthermore, the Licence Commission can set additional requirements that accompany the licence, e.g. a full statement of assets and liabilities for a longer period. The Licence Commission also has the following abilities: withdrawing the prohibition on incoming players, granting the license if the club provides a bank guarantee, and contacting the institutional creditors to obtain all necessary information about any disputable debts.

All but two clubs have posted losses over the 2006/07 season according to the financial data provided by the Profliga. However, for the 2008/2009 season UEFA has provided licenses to 14 clubs in the Jupiler Pro League, while the required coaching license was not held by the coaches of two of the remaining clubs. Regarding the second division, eleven clubs have been granted a domestic license, which allows them to compete in the first and second division during the 2008/2009 season. However, one team that did not receive a license sued the URBSFA/KBVB for not signing the compulsory document that allows them to appeal in front of an arbitration court.

### 2.4. Financial Performance

As previously mentioned, all but two clubs have posted losses over the 2006/07 season according to the financial data provided by the Profliga. As stated by

Dejonghe, budgets are published by the media rather than being openly available<sup>37</sup>. The total turnover of the Profliga grew from €106.6 million in 1999 to €146 million in 2005/06, of which the four biggest clubs generated €48 million of the latter: RSC Anderlecht, FC Brugge, RC Genk and Standard de Liège<sup>38</sup>. The regular participation of FC Brugge in the Champions League, and the additional broadcasting revenue over this time, can explain the increase.

While the share of the total league budget held by the bigger clubs has been rising, many smaller teams in the first division have been facing financial problems. The endogenous growth in financial resources for the Belgian clubs appears to be limited, and many clubs are struggling to obtain additional resources. Furthermore, the repeated match-fixing scandals and tax frauds involving Belgian clubs over the last three decades has caused the banks to be reluctant in granting additional loans to football clubs<sup>39</sup>. Most clubs of the first division have a turnover between €2.5 and €6 million.

Belgian revenue sources are split as follows: 58% in is merchandising and catering, comprising more than half of their revenue source, as compared to the 10-17% seen in the 'big five' European leagues<sup>40</sup>; ticketing provides 30%, and TV rights only provide 12% of their revenue, while the latter is the most dominant revenue source for football clubs in the 'big five' European leagues, except for the German Bundesliga (when commercial and sponsorship revenue are combined)<sup>41</sup>. Several reasons may exist for the low percentage of TV rights in the composition of Belgian clubs' balance sheets, one may be Belgium's division into two language regions, which in turn creates two media markets.

Each region has its own broadcasting stations, while pay-per-view and trade in internet and other media rights is alien to Belgian football. Another main reason for the low revenue obtained through TV rights could be the potential negative impact of mergers on the clubs' market value. Dejonghe argues that the market is simply too small, suggesting that the number of clubs should be decreased to 16, 14 or even 12, and an international league with the Netherlands should be created<sup>42</sup>. However, Kesenne has stated that the bad management of Belgium football in general has jeopardised the clubs' financial success<sup>43</sup>.

However, it has been mentioned that the reduction in the number of its first division teams from 18 to 16 from the 2009/10 season on could increase the

clubs' TV income from €36 million to €50-55 million per season.

### 3. Fan Culture

Our research has found that football fan culture generally does not seem to be an important issue in Belgium; neither the clubs nor the associations appear to be acquainted with those with whom they are dealing.

The prices for season tickets went down noticeably in 1999, and average attendances rose from 7,500 - 8,000 in 1985-1999 to around 9,700 in the 2004/05 season and over 10,000 in 2005/06. The attendees of four clubs alone make up 50% of all matchday attendances. Additionally, the number of season ticket holders in the first division went up from around 70,000 in 2000/02 to almost 100,000 in the 2006/07 season<sup>44</sup>.

Mergers between rival football clubs have often been seen as takeovers rather than unions, and have hence caused a lot of opposition from fan groups, and in several cases the opposing supporters have formed a new club<sup>45</sup>. The unused names from the pre-merged clubs cannot be reused for ten years, according to the Belgian FA<sup>46</sup>. Mergers between two clubs had ended many rivalries by 2000, and in these cases many fans simply left their clubs. However, there have been successful mergers that were supported by the fans of all the clubs involved<sup>47</sup>.

In the past, several Belgian professional football clubs, as well as the URBSFA /KBVB, have drawn up supporters' charters<sup>48</sup>. The supporters' charters of clubs mainly outline the responsibilities that supporters have towards their clubs, and in particular they summarise the obligations of supporters' clubs. Conversely, clubs are responsible for guaranteeing a safe and welcoming experience in the stadium. The national supporters' charter also outlines the responsibilities of supporters' clubs, while prioritising stadium security.

In addition to the "*Charte de Sécurité de toutes les associations de supporters*" (Security Charter of all supporters' associations), the "*Charte Sociale de l'URBSFA*" (URBSFA/KBVB Social Charter) promotes equality, social integration, and anti-racism. The charters mainly focus on the behaviour and obligations held by supporters and supporters clubs, while barely defining the responsibilities that clubs have to their supporters. Furthermore, the charters suffer from a lack of credibility amongst supporters as they were all drafted without any input from them.

In contrast, Open Stadium is the Belgium variant of the so-called "football

in the community" model, and it aims to implement (a sense of) corporate social responsibility into Belgian football clubs. There are currently 12 clubs who have appointed community managers who organise and administer community projects together with football supporters, the clubs and any local partners.

#### 3.1. Supporters' Clubs

Supporters' clubs in Belgium can take the form of an ASBL or a *associations de fait*<sup>49</sup>. They can also be grouped within "federations" in the form of an ASBL<sup>50</sup>. The supporters' federations mostly have no influence over the organisation of the club or its decisions, even though the football clubs officially recognise them.

If a supporters' club adopts the *associations de fait* structure it would, in principle, mean that the group has no legal personality, and therefore no rights or duties. Hence, such groups cannot purchase assets or enter into legally binding agreements. 'The members of *associations de fait* do not have a direct ownership interest in its assets: the association itself is the owner. Therefore, if the football club was one of these assets, for example, all the members would hold an undivided interest in the club. The members would then be able to exercise their rights through this undivided interest. In cases where no managers are designated in the by-laws (*associations de fait* can have [statutes]) the legal rules concerning *mandats* apply, and the members of *associations de fait* will appoint a proxy to represent their undivided share in the football club in question<sup>51</sup>.

The involvement of football supporters in the running of their clubs is generally limited to issues that arise from travel, entertainment and security. However, certain groups do have some manner of influence in the wider decision-making process. One supporters' federation worth mentioning here is the *Famille des Rouches* (the Reds Family) of Standard de Liège.

#### • Famille des Rouches (the Reds Family) – Standard Liège

Standard de Liège fought off several takeover attempts during the 1980s. In 1988 the club adopted the structure of a limited company and in 1996 the club merged with FC Seraing, which was in serious financial difficulties. The club's main investor is Robert Louis Dreyfus, CEO of Adidas, who is also a member of the management board. In the 2007/08 season, Standard won the Jupiler League for the first time in 25 years.

Standard de Liège has had a supporters' federation, the *Famille des*

*Rouches*, since April 2004. The club itself promoted the launch of the supporters federation, and furthermore granted them a role in the club by appointing a “representative for supporter relations”, who supports the supporter groups.

The federation adopted the legal structure of an ASBL and is the only supporters’ federation at Standard that is officially recognised by the club. Due to its structure as an ASBL, the group is required to have rules within its statutes covering, e.g. elections, method of nominations, the duties and power held by directors, and the powers held by the shareholders’ meeting. Most importantly, it is required to define the rules that relate to modifying the statutes. However, the members of the *Famille des Rouches* management board are not appointed based on democratic principles and processes such as elections. Instead, directors are appointed following a “natural” designation, which is based on the supporters they represent and their previous level of commitment. However, the group aims to implement a more democratic system, and an internal meeting will be organised by the management board of *La Famille des Rouches* to discuss the potential guidance that would be available from a *Supporters Direct Europe* in relation to this goal.

The federation’s most obvious characteristic is the wide range of stakeholders that it speaks for. The *Famille des Rouches* represents supporters’ associations from the Walloon and Flemish communities, Fan Coaching projects, and ultra groups. The Chief Executive of *Standard de Liège* and members of the management board are also members of the *Famille des Rouches* because of this wide range of representatives, communication between the supporters and the management board of the club is considered to be very effective.

The federation’s main goals are to define the club’s social policies, to help organise the supporters and to generate funding for their activities. The group is also involved in ticket pricing and organises travel to away games. Due to the relationship between the *Famille des Rouches* and the management board of the club, many Belgian football supporters consider it to be the most influential supporters’ federation in Belgian football. The *Famille des Rouges* is also managing the *Open Stadium* projects of *Standard de Liège*.

### 3.2. Fan Initiatives

Belgian football fans usually do not have much of an influence on the decision-making processes within their clubs.

However, we did find several fan initiatives that are worth mentioning in the context of this study. The supporters of *KV Mechelen* helped to save their club in 2003 and have set-up a supporters’ board (*Supportersraad*), which takes a watchdog role ensuring the financial stability of their club. In contrast, supporters from *RWD Molenbeek* attempted to save their club and failed. Additionally, the ultra initiative *Tribunes Libres* was to set up to improve dialogue with the football authorities, but this ultimately failed as well.

#### • KV Mechelen

The supporters of *KV Mechelen* managed to raise enough money, through various initiatives, to save their club after it went into liquidation in the 2002/03 season and was relegated from the first to the third division. The group was headed by a famous Belgian TV personality, which helped to raise the group’s profile. Requests were made to provide the supporters with a watchdog function over the management of the club, through active participation in the clubs’ decision-making processes. Hence, in 2003 the supporters founded the *Supportersraad*.

This *Supportersraad* consists of people from each faction of the supporter base: representatives of the supporters’ federation, the supporters’ clubs and independent supporters who are not connected to a supporters club. One-third of the club’s management board consists of members provided by the *Supportersraad*. Each member has to fulfil various tasks, which range between legal, financial and management advice, as they perform a watchdog role for ensuring the club’s financial stability. Everyone can apply for a seat on the council, but the application process, and the actual appointment of members, is based on invitations from the board and is therefore not democratic. Nevertheless, the majority of fans accept the *Supportersraad*.

The *Supportersraad*’s main aim is to relay information in two directions: they inform the supporters about the management board and vice versa. Each year two meetings are held where the supporters, the *Supportersraad*, and the management board meet to exchange information and ask questions. The *Supportersraad* also sends out surveys every year, which ask the fans for their opinions on various issues. The 2008 survey will ask the fans if they would prefer their club’s structure to be that of a members’ association, similar to that seen in *Barcelona*. The supporters’

board has 33+1% voting rights on the management board, which gives them a minority blocking share. However, so far the supporters have not made use of it.

The supporters set up the club’s rules and regulations when the club was relegated to the third division. At this time decisions had to be made quickly and democratic principles were not used in setting-up either the governance structure of the club or the representation of fans at the federation and the *Supportersraad*. However, *Mechelen* is now back in the first division and the supporters’ federation and the *Supportersraad* have decided that the time has come to change the current structure of the club’s organs, fan groups, and legal structure. However, mediation has become difficult due to the fact that everyone involved was part of the initial group who helped save the club, and everybody knows the other parties.

The average attendance at *Mechelen* is around 11,000, and the sale of matchday tickets accounts for 60% of the club’s overall income. The annual budget is €6 million (with between €800,000 and €1 million coming from TV rights) and from this the club is planning on building a new stadium, as the current capacity does not meet the demand. One of the threats they face are takeover bids; in 2005 English investors wanted to buy parts of the club, but the directors and the *Supportersraad* succeeded in unanimously blocking the offer by implementing a set of criteria in the club’s statutes which made a potential take-over unattractive.

The overall aim of the *Supportersraad* is to preserve the club’s non-profit structure by improving its own, and also the club’s, ownership and governance structure. Their particular aims are the increase of democracy, the election of an independent director for everyday business onto the management board, and the professionalisation of the club’s structure. Additionally, the *Supportersraad* seeks to improve communication with the fans and generally increase the membership within fan clubs, which it intends to do by developing close relationships with the community. Furthermore, *Supporters Direct UK* has been asked to advise the group on these issues<sup>52</sup>.

#### • RWD Molenbeek

*RWD Molenbeek* was another club that experienced financial trouble around the same time, although this club finally disappeared in August 2002. In contrast to the initiatives at *Mechelen*, all the fans’ attempts at raising sufficient funds to save

Molenbeek failed due to various factors. In September 2002, around a month after Molenbeek went into administration, Strombeek, a small second division club from outside of Brussels, moved into Molenbeek's vacant stadium. Molenbeek's directors were not involved in the move. The following season (2003-2004) KFC Strombeek changed their name into the present-day FC Brussels.

Most of the RWD Molenbeek's old fans are now following FC Brussels, while others re-created a new RWD Molenbeek that started in the eighth division, the lowest league of the Belgian football pyramid. The club currently plays in the seventh division, is close to relegation and also lacks a strong fan base.

#### · Tribunes Libres

The initiative *Tribunes Libres* (Free Stands) was launched in 2005 by Belgian Ultra groups, who were facing a period of restrictive conditions after the implementation of the act against spectator violence, called the Football Act (of Belgian football)<sup>53</sup>. In a similar manner to the "*Union contre la répression*", which was launched by French Ultra groups in 2003, the Belgian Ultra groups were campaigning against abusive police repression.

The aim was to organise a dialogue with the football authorities to discuss issues like police repression, ticket prices (e.g. away-tickets between €8 and €12), stadia regulations by the Interior Ministry, and the influence of broadcasters on the match-day calendar.

Tribunes Libres even wanted to set up an umbrella organisation, with more than ten clubs wishing to join from both the Flemish and Walloon territories. However, the Ultras' philosophy of independence, along with other issues that collided with the Ultra mentality, made it difficult for them to become more active in the overall decision-making processes within football, and the initiative eventually died out.

### 3.3. Open Stadium

Open Stadium is the Belgium variant of the so-called "football in the community" model, which is known in the UK and the Netherlands among other countries, and aims to implement corporate social responsibility within Belgian football clubs. The organisation was set up in 2006 by the government, and it is based on four pillars: economic, social, environmental and participation. The non-profit organisation promotes the social aspects of football by encouraging a dialogue with all stakeholders through appropriate projects.

Open Stadium became an independent non-profit organisation (ASBL) in April 2007 so that it could extend its help in setting up community projects at football clubs.

A multi-disciplinary jury decides how to allocate resources, and this jury includes a representative from the Interior Ministry's football unit and the SFP. The outcome of the community projects, or the effective value that they provide to the clubs, is assessed by the clubs' obligation to inform Open Stadium about those projects. In addition, Open Stadium monitors the implementation twice a year. The clubs also have to consent to possible accounts audits by a business auditor.

Educational, social and sporting elements are present in all of the 12 community projects. The projects are often carried out by co-operating stakeholders, as well as by 12 community managers who regularly convene for network meetings and are responsible for managing the social actions within their clubs<sup>54</sup>.

The community projects, for example, promote education-integration through monthly matches between youth and other teams and promote social responsibility through providing emotional support for children in hospitals<sup>55</sup>. Another project focuses on the ethnic and cultural diversity in the community and provides internship opportunities, the use of the stadium infrastructure for community initiatives, as well as having launched a youth academy<sup>56</sup>. Other projects, to mention just a few, tackle racism among other initiatives<sup>57</sup>, or have promoted the professionalisation of community management by developing a handbook for community work at football clubs<sup>58</sup>.

Open Stadium is funded by the government (around €350,000) and is sponsored by private companies like Coca-Cola and Start People. A maximum of 80% of the total cost of the project is repaid.

However, as the new government of Belgium took seven months to appoint, the future of Open Stadium was hanging in the balance and future budgets have not received accreditation yet.

The Organising Committee considers this initiative to be the social pillar behind the FIFA World Cup 2018 bid, but nothing has been agreed so far concerning the involvement of Open Stadium. Overall, Open Stadium aims to become a brand for football in the community, gathering knowledge and experience from other European groups, including Supporters Direct, and sharing it with Belgian clubs to compel more of them into assuming a social role, as being a win-win<sup>59</sup>.

### 3.4. Fan Coaching

After the Heysel stadium disaster at the European Cup Final in 1986, the Catholic University of Leuven developed a dual integration model that focussed on educational work with young football supporters who were at a high risk of social exclusion. This programme was initiated in Antwerp during 1988, and in Liège during 1990, by the Interior Ministry in cooperation with the *Fondation Roi Baudouin*<sup>60</sup>. It is considered as *offensive prevention* in football<sup>61</sup>, compared to *defensive prevention*, such as the security measures established in the *loi football* (football act). The programme's social workers are paid by the city council and have the status of municipal workers.

Ten fan coaching projects, which were situated all over the country, existed during the EURO 2000, but nowadays only two are still operating in Charleroi and Liège. In some cases the responsibility held by Fan Coaches preventing violent incidents was transferred to the police, while other projects ended due to a general lack of confidence among the supporters<sup>62</sup>. New fan coaching strategies that match the current needs of Belgian football supporters are currently being discussed. The fan coaching programme is based on four main pillars<sup>63</sup>:

1. *Preventive supervision and physical attendance of hard-core supporters* by youth and social workers at all matches. The objective is to guarantee institutional representation within the "side" and to set up a communication channel between the supporters and the authorities (i.e. by law and order forces, and club managers). The presence of fan coaches induces a sort of informal social control that evokes positive behaviour in supporters.

2. *Pedagogical and sporting activities*. The aims here are to offer an alternative to inactivity and provide socialisation, to build a confident relationship with the target group, but also to work as a social-integration and development vehicle for young people.

3. *The Fan Home* is located on the stadium site and welcomes supporters on weekday evenings and on home match days. It is seen as an alternative to neighbourhoods or bars, which may be conducive to crime, and allows young people to enjoy their group life under social-educational supervision. Meetings organised between the young people and the club managers, coaches or players aim to give the supporters a sense of responsibility towards their club, and vice versa.

4. *Social reintegration.* Social assistance is available to all supporters. Social workers help young people to normalise their situation and, in some occasions, they act as intermediaries for the competent social institutions (social assistance centre, national employment institution, police or judicial authorities), helping to administer alternative imprisonment measures on young offenders.

**3.5. National Supporters' Groups**

Belgium has two nationally organised supporters' groups, of which only the *Fédération Nationale des Supporters du football / Nationaal Verbond van de Footballsupporters* (National Federation of Football Supporters – FNS) receives official recognition from the football association, while the league association recognises the *Supportersfederatie Profclubs / Federation of Supporters' Clubs Prof* (SFP) as well. The football association have been reluctant to recognise the SFP in the past as they have considered them as not representative enough, in particular of Walloon football clubs. However, the group represents supporters clubs of almost all 18 first division clubs.

the group is currently working on a brochure for their members, which will give legal and practical advice pertaining to club statutes, legislation, volunteers, risk and legal provisions concerning liability and organised trips. They were also working on a directory for their members, which will include information and tips on tackling racism and organising fundraising activities<sup>65</sup>. So far the group have attempted to abolish the compulsory security card, which fans are required to hold if they want to enter the stadia, by offering advice to the Interior Minister, who will make the final decision on the matter. The group has also had some influence in meetings with the ministry where anti-racism matters were concerned.

The members' general meeting is the superior decision-making body and the organisation's democratic backbone. It meets every two to three months to discuss problems, exchange information and to define their stance on certain matters for the government. The general meeting elects the board of directors for a term of four years, and they in turn appoint the executive board and make decisions on general policies. The board of directors has seven members who are supported

of Open Stadium, where they decide, together with a representative from the Interior Ministry and the Open Stadium management (observer status), which community projects should be funded in the future. The group is also in contact with the football association and league, but it notes that it will take time to establish a constructive dialogue with these bodies. However, the group evaluates the standard of away stadiums and it wants to present the findings from this assessment to the league association, and from this the relationship is appearing to improve.

The SFP is currently facing two main challenges: acquiring sufficient financial support for their day-to-day business and deciding on the best manner with which to organise the legal structure of their members. The group's only funding is from membership fees. However, SFP promotes the legal structure of non-profit organisations for supporters' federations, and hence advocates a more democratic and professional governance structure. The main difficulties here are that many groups lack even basic democratic structures, and the leaders of such groups are often appointed by the football clubs and consequently lack sufficient fan support<sup>66</sup>. A Supporters Direct Europe could help the SFP to identify adequate funding for the president of the group and could also assist in promoting the importance of professional structures for supporters' groups if they desire more influence in their club's decision making processes. The group is also planning a study trip to England so that they can meet Supporters Direct and discuss these issues.

Group	Objectives
<b>SFP</b>	Represents 14 out of 18 clubs in the first division. Main objectives focus on security, ticket prices, the matchday calendar, racism, disability, and the general involvement of all stakeholders.
<b>FNS</b>	Represents 52 supporters' federations. Tackles violence in and outside stadia, organises trips to sporting events, and promotes and encourages relationships among their members.
<b>Red Devils Kop<sup>64</sup></b>	Small group of supporters in the Walloon part of Belgium. They have the ambition to be the official supporters' group of the National Team. The group is not officially recognised by the football association.

**3.5.2. The Fédération Nationale des Supporters du football / Nationaal Verbond van de Footballsupporters (National Federation of Football Supporters) – FNS**

The FNS was formed in 1957, but was only officially recognised by the URBSFA/KBVB in the early 80s. The group is structured as a non-profit organisation and, in accordance with its legal status, is led by a management body (*Conseil d'administration*) and the general meeting. In 1993, the group's membership reached 52 supporters' federations, each of whom pays a membership fee of €150. Many officials of the group have been established in their posts for over 20 years.

The FNS aims to represent their members on the national level. They tackle violence in and outside stadia, organise trips to sporting events, and promote and stimulate relationships among their members. For more than 40 years

**3.5.1. Supportersfederatie Profclubs/ Federation of Supporters' Clubs Prof – SFP**

The SFP is a representative body, covering supporters' federations from 14 of the Jupiler Pro League clubs and claiming to represent some 160,000 supporters. The SFP is a non-profit organisation and has democratic structures that are bound to its statutes. The groups' main objectives focus on security, ticket prices, the matchday calendar, racism and disability. Their motto is to include all stakeholders effectively in decision-making processes at the club.

As seen in relatively new national supporters' groups in other countries, in the beginning their focus lay on growing their membership, rather than establishing an agenda and a list of actions. However,

by three experts in fan coaching, legal and translation issues. The board of directors meets every six weeks and all mandates are performed on a voluntary basis.

According to their president, the supporters' clubs of first division football clubs all experience similar challenges, but co-operation between the groups runs smoothly and often the groups assist each other on issues, e.g. questions concerning members' contracts or complaints about trips.

The SFP has close contact with other groups and organisations in Belgian football. They are in regular contact with the Interior Ministry and its football unit, with Intro (a working group on football and people with disabilities), and with the Centre for Equality of Opportunity and Racism. The SFP has a seat on the jury

the group has also been organising an annual dinner party, where every year five supporters' groups are awarded with a medal to recognise their achievements.

The FNS is the only national supporters' federation that is officially recognised by the football association. The URBSFA/KBVB has a closer relationship to the FNS than the SFP, although they criticise the FNS's dated approach to football and lack of constructive contribution where developing the game is concerned. The URBSFA/KBVB encourages the FNS to be more involved in fan relevant issues and to take a more pro-active approach. They also propose that the FNS should set up a national supporters' organisation for the Belgian national team, incorporating it within their existing organisation. Furthermore, the football association offered the allocation of funds for this project. The FNS has agreed to present a business plan for such an organisation, but so far nothing has been officially introduced.

### 3.6. Dialogue with the Authorities

There are no other official links between the football authorities and the supporters. However, the authorities consider the SFP as the most active national fan group in Belgium. The Minister of Home Affairs used to meet fan groups on a regular basis, but these meetings have been put on hold since the elections in 2007. So far no regular formal meetings have been set up between the football unit of the Interior Ministry and the president of the SFP, although they are in informal contact with each other.

The URBSFA/KBVB is represented on the board of Open Stadium and hence has informal contact with the president of the SFP, who is also on the board.

## 4. Suggestions

In principle, fans are not involved in any decision-making processes within Belgian football clubs. There is no general or formal contact between the clubs and their fan bases that is worth mentioning, but some clubs do have informal meetings with their supporters to discuss various issues and some groups do have a certain amount of influence within their clubs. Nevertheless, at KV Mechelen the supporters have raised enough money to save their club, they have set up a supporters' board, and they also now have a blocking minority of 33.3% on the management board. The supporters at Mechelen, in contrast to many other initiatives, wanted to be involved in the running of their club beyond just raising

the money and then handing it over to their club. The *Famille des Rouches* at Standard also has an influence in the decision-making processes at their club.

However, these examples seem to be exceptions and so far there have been no other imitators in Belgium, especially where the initiative at Mechelen is concerned. In general, fan groups simply do not have any strategies or follow particular ownership and governance models, and often they do not have a legal structure either. The SFP plans to help supporters' clubs in the adoption of legal structures, and it is lobbying for the rights of fan groups on a national level, while helping to increase their influence on the club level. However, the organisation is struggling financially and is currently seeking funding.

The Belgian government takes a progressive approach with respect to the support of football fan culture, which is in contrast to the other countries we have examined. Not only does the government finance Open Stadium, but it is also responsible for the Interior Minister's latest publication, the handbook on football in the community, which supports the social phenomenon of fan culture and actively involved supporters.

Our research shows that organised supporters' culture in Belgium is currently in its infancy. The supporters are generally not interested in fan ownership or any active involvement in the running of their clubs, with the exceptions being two club-based supporters' groups, at Mechelen and the SFP, the latter of which have asked Supporters Direct UK for support.

### 4.1. Image of Football Supporters

Irrespective of football's popularity, match-going fans generally have a very one-dimensional image in Belgium. Both the authorities and the communities often see them as a violent and disorganised. Focusing on changing this current image would be a crucial step for fans, and they would have to do this to be taken seriously in any of their attempts at gaining more influence. As we mentioned earlier, there is no single fan culture and the identification of the non-violent fans, and the subsequent promotion of their positive characteristics, would involve observing the fan movement more closely.

Both Open Stadium and the government are helping to acknowledge fan culture as a social phenomenon and they are urging more clubs to assume their social role within the community, improving, in particular, the perception and understanding of fan culture and the social aspects of sport among teenagers.

The Open Stadium projects should be run more extensively to spread understanding of the social importance of sport and the diversity of fan culture. Ideas relating to the democratisation of football via fan ownership could be promoted through these projects.

### 4.2. Open Stadium

We believe that Open Stadium could become the driving force for raising awareness about the social aspects of football throughout Belgium, on the local as well as the national level. Open Stadium would be able to improve the image of football fans in Belgium through its community projects and it would help to reduce violence within the stadia. To achieve this, Open Stadium would have to develop more national and local projects with social value, executing them in cooperation with the clubs. Open Stadium would have to become a consultancy to satisfactorily organise community projects as this would allow them to identify and implement measures of best practice, in cooperation with national and local partners, with regard to corporate social responsibility.

We believe that all first and second division clubs should be guaranteed community managers, who would supervise the community work of the clubs. This would ensure a certain standard of community work area-wide, while helping supporters to strengthen the bonds between their club and their community. The projects would have to be supported by both the authorities and local (social and corporate) partners to create a sufficiently balanced public-private-football partnership for the general activities and function of Open Stadium.

Open Stadium could help supporters' groups in Belgium by improving both their reputation and profile through helping them to be active in their communities. The activities, although good in themselves, may also lead to an increased membership and therefore revenue. More importantly, this would also give the groups credibility with key stakeholders, such as the local authority.

Supporters are sometimes regarded with a degree of suspicion or distrust by the communities that surround a football club, which means a moral case can also be made as this negative impact could be addressed by the supporters' groups providing some public benefit through community activities. Supporters are a key stakeholder of football clubs and they could provide an important and valuable link with the communities that the clubs affect. Furthermore, it can use the kudos

associated with being a football club to develop activities that meet local needs.

Open Stadium would have to secure sufficient funding to convert these suggestions into action, thereby allowing them to take corporate social responsibility in Belgian football clubs to a higher level. The government currently funds the organisation, but we suggest improving their uncertain financial situation by providing additional financial support from the URBSFA/KBVB and other partners.

### 4.3. Adequate Legal Structures of Supporters' Groups

The SFP advises their members, the supporters' federations of the first division clubs, that influence in the decision making processes in their clubs can be increased by adopting a legal personality. The Swiss Institute of Comparative Law suggests that supporters' groups should adopt the structure of non-profit organisations, or ASBLs<sup>67</sup>. Such a structure would give them a legal personality that would follow democratic principles and be genuinely independent from the club.

Supporters' groups that are structured as ASBLs could go even further and become a *membre associé* (member) of their club, since the law allows a legal entity to fill such a role<sup>68</sup>. This way the

supporters' club could participate in the club's decision-making processes via the shareholders meeting. If the supporters' clubs only become a *membre adhérent* they would have less influence, as the statutes of the football club can define members' rights and obligations.

The supporters' group can become a shareholder if the football club is a *société anonyme*. If the group holds 1% of the votes or represents at least €1.25 million of the capital, in the event of apparent mismanagement it can even file a shareholders suit and demand that an auditor reviews the accounts<sup>69</sup>.

Hypothetically speaking, if the group were a *société coopérative*, it would be recommended for the supporters' group to become a member, 'whose investment can be variable, provided, however, that the by-laws so allow. This option permits supporters' clubs to participate in the shareholders' meeting and to vote on decisions, unless otherwise provided in the by-laws, on a one-share, one-vote basis'<sup>70</sup>.

### 4.4. National Supporters' Groups

The SFP is the group that has contact with the football unit in the Interior Ministry and the league association. However, the group is still not officially recognised by

the football association.

The SFP wants to help their members to gain more influence in their clubs, which it does through endorsing professional structures and promoting a national agenda.

The group is fairly young and is mainly concerned with supporters' club issues such as travel, ticketing and anti-racism. Hence, we believe that the SFP as a whole could also benefit from guidance by the Football Supporters International (FSI) group, where developing an influential and representative voice within the Belgian football structures is concerned, while a Supporters Direct Europe could help SFP's members to develop ownership and governance structures, and advising on ways forward using national, corporate and football governance frameworks.

It seems that many Belgian football clubs have no definite idea of who they are actually dealing with in terms of supporters and fans. They do not have much data about their fans other than the names of their season ticket holders, which often do not even include any distinction of gender. The SFP and their organised members could help clubs and stakeholders to understand the football environment better, which would be a win-win situation for everyone.

<sup>1</sup> European administrations and institutions in Brussels: European Commission, Council of the European Union, extraordinary and committee sessions of the European Parliament.

<sup>2</sup> For more information about the dividing up of competences, see [http://www.dekamer.be/kvvcr/pdf\\_sections/pri/fiche/05E.pdf](http://www.dekamer.be/kvvcr/pdf_sections/pri/fiche/05E.pdf).

<sup>3</sup> Corporate Governance Committee, 'The Belgian Code on Corporate Governance', 9 December 2004, [http://www.corporategovernancecommittee.be/library/documents/final%20code/CorpoGov\\_UK.pdf](http://www.corporategovernancecommittee.be/library/documents/final%20code/CorpoGov_UK.pdf).

<sup>4</sup> With the introduction of new fiscal laws for non-profit organisations in 2005, non-profit clubs have to publish their annual accounts.

<sup>5</sup> [www.practicallaw.com/A45456](http://www.practicallaw.com/A45456).

<sup>6</sup> [http://eng.acv-online.be/Belgium/Trade\\_unions/Belgium\\_tarde\\_unions.asp](http://eng.acv-online.be/Belgium/Trade_unions/Belgium_tarde_unions.asp).

<sup>7</sup> Duke, V., Renson, R., 'From Factions to Fusions?', The Rise and Fall of Two-Club Rivalries in Belgian Football', *International Review for the Sociology of Sport* 38/1, 2003, 61-77, p. 71-72.

<sup>8</sup> For more detailed information about mergers of Belgian football clubs, see Duke and Renson, 2003.

<sup>9</sup> For more information about the identification of supporters with their club, see Breda, J. and Mortelmans, D., "'Rood-witte honden en Kielse ratten" De identificatie van supporters met hun club, Een geografische studie naar de breuklijnen bij Antwerp FC en Germinal Beerschot', University Antwerp, Faculteit Politieke en Sociale Wetenschappen Academiejaar 2006 – 2007.

<sup>10</sup> Arsenal was found not guilty of breach ownership regulations after a FIFA enquiry, <http://news.bbc.co.uk/sport1/hi/football/teams/a/arsenal/5131002.stm>.

<sup>11</sup> Halpin, P., 'Match fixing a history', *The Observer*, 8 January 2006.

<sup>12</sup> Gomez, P., 'A special meeting for a special matter', News from members

associations, 2006, <http://www.footbel.com/documents/DE%20KBVB/UEFA%20Direct%20EN/Page17-from-415233.pdf>.

<sup>13</sup> Union Royal Belges des Sociétés de Football Association ASBL & others v. Jean-Marc Bosman; Case C-415/93, ECR I-4921.

<sup>14</sup> For more detailed information about the Bosman case and its implications, see McArdle, D., *From Boot Money to Bosman: Football, Society and the Law*, 2000, pp 31-58; Morris, S. Morrow and P. Spink, 'EC Law and Professional Football: Bosman and its implications', *Modern Law review*, vol. 59, no. 6, pp. 893-902.

<sup>15</sup> Comparing management performances of Belgian football clubs, p.4, December 2007. Critical about this suggestion, see Kesenne, S., 'Belgian Football – A Comment', *Journal of Sports Economics*, Vol. 8 No. 6, December 2007, 670-676; Dejonghe, T., 'The Evolution of Belgian Football over the last Decades', UEFA/IASE Seminar, 'The economic impact of UEFA Champions League national football economics', Nyon, 2006, pp. 1-45.

<sup>16</sup> <http://www.uefa.com/footballeurope/news/kind=2/newsid=673448.html?cid=rssfeed&att=index>

<sup>17</sup> Soccer Investor, 28 April 2008; The introduction of the BeNe league was also suggested by Dejonghe, 2006, p. 37.

<sup>18</sup> Interview with Heidi Deridder, Attaché Football Unit, Security and Prevention FPS Interior, Brussels, 10 April 2008.

<sup>19</sup> <http://www.kos-fanprojekte.info/>.

<sup>20</sup> Interview with Filip van Doorslaer, Head of Marketing and Commercial, URBSFA /KBVB, Brussels, 10 April 2008.

<sup>21</sup> Best Practice, Prevention of Football Violence, Part 2: "Football in the Community", a Plea for more Solidarity', A publication from the Federal Public Service of Home Affairs, General Directorate for Security and Prevention Policy, Football cell, version April 2008, p. 1.

- <sup>22</sup> 'Best Practice, Prevention of Football Violence, Part 2: "Football in the Community", a Plea for more Solidarity, 2008, p. 44.
- <sup>23</sup> If the football association would have split up in regional associations, they would have received government funding.
- <sup>24</sup> KBVB, 2004: article I/17;I/23.
- <sup>25</sup> Dejonghe, 2006, p. 4.
- <sup>26</sup> For the analysis of ownership and governance structures of Belgian football clubs and the most adequate legal structures for supporters' groups, we have made extensive use of the Swiss Institute of Comparative Law, 'Comparative Study of the Legal Structures of Football Clubs and Supporters' Organisations in 45 Jurisdictions', Volume I, 2008, pp. 1-367.
- <sup>27</sup> Swiss Institute of Comparative Law, 2008, p. 92.
- <sup>28</sup> [http://www.footbel.com/nl/clubs\\_spelers/clubs/jurisdiction/vzw\\_\\_statuten.html](http://www.footbel.com/nl/clubs_spelers/clubs/jurisdiction/vzw__statuten.html).
- <sup>29</sup> Swiss Institute of Comparative Law, 2008, p. 92-93.
- <sup>30</sup> Standard de Liège and Germinal Beershot.
- <sup>31</sup> Swiss Institute of Comparative Law, 2008, p. 93; Due to a lack of clarity we cannot be more precise on who these members actually are.
- <sup>32</sup> For detailed information about the legal structure of football clubs in Belgium, see Swiss Institute of Comparative Law, 2008, p. 93; also, Dejonghe, 2006, p. 8.
- <sup>33</sup> Article I/3 Reglement Belgian FA.
- <sup>34</sup> <http://www.dhnet.be/sports/football/article/206478/licences-chomage-technique-pour-la-commission-d-appel.html>.
- <sup>35</sup> Gomez, 2006.
- <sup>36</sup> Their legal regime it is established in Article I/4 Compétences et procédures.
- <sup>37</sup> Dejonghe, T. and Vandeweghe, H., 'Belgian Football: The Financial Crisis', 2004, pp. 1-20, p. 11, The Rimini Group, <http://www.imperial.ac.uk/business/dynamic/other/RiminiGroup/report120304/Reports/BELGIUM.doc>.
- <sup>38</sup> Dejonghe, 2006, p. 8
- <sup>39</sup> with the exception of SC Anderlecht stadium was rebuilt (total cost: €40m) on loans by the then General Bank (now Fortis NV) and sponsor of the team.
- <sup>40</sup> Deloitte, Annual Report of Football Finance, May 2008, p. 14.
- <sup>41</sup> Dejonghe and Vandeweghe, 2004, p. 11; Deloitte 2008, p. 14.
- <sup>42</sup> Critical about this suggestion, see Kesenne, 2007.
- <sup>43</sup> Kesenne, 2007, p. 672; Kesenne, S., 'Comparing management performances of Belgian Football clubs, Research Paper 2007-028, University of Antwerp, Faculty of Applied Economics, December 2008, pp. 1-12.
- <sup>44</sup> Numbers provided by the Profliga.
- <sup>45</sup> Lyra TSV (1972), FC Belgica (1974), Hasselt Vluc en Vrij (1965), Oostendse Voetbalgemeenschap (1982), Racing Club Tienen (1991), FC Winterslag 88 (1988) and Roeselare (2000).
- <sup>46</sup> Duke and Renson, 2003, p. 73.
- <sup>47</sup> For more information about the identification of supporters with their club, see Breda, J. and Mortelmans, D., "'Rood-witte honden en Kielse ratten" De identificatie van supporters met hun club, Een geografische studie naar de breuklijnen bij Antwerp FC en Germinal Beerschot', University Antwerp, Faculteit Politieke en Sociale Wetenschappen Academiejaar 2006 – 2007.
- <sup>48</sup> Wurbs, D. and Schneider, T., 'Handbook on developing and establishing supporters' charters in Europe', European Convention on Spectator Violence and Misbehaviour at Sports Events and in particular at Football Matches (T-RV), Council of Europe, 31 January 2008, pp. 34-36.
- <sup>49</sup> Response of C. Poskin, Community Manager, Standard de Liège, e-mail of 18 February 2008.
- <sup>50</sup> The "*Famille des Rouches*" federation supporting the *Royal Standard de Liège*, the *Fédération des supporters du Club brugeois*; Comparative Study of the Legal Structures of Football Clubs and Supporters' Organisations in 45 Jurisdictions, Swiss Institute of Comparative Law, March 2008, p. 92; Swiss Institute of Comparative Law, March 2008, p. 93.
- <sup>51</sup> Swiss Institute of Comparative Law, 2008, p. 93.
- <sup>52</sup> Interview with Luc Houman, President of the Supportersraad and Stefaan Leroux, President of the Supporters Federation and member of the Supportersraad, Mechelen, 9 April 2008.
- <sup>53</sup> FC Brussels (Brussels Power), KVC Westerlo (Westel Die Hards), KAA Gent, Kv Oostende (Ultras Kustboys), SV Roeselare (Roslar Army), Union (Bhoys), Sp. Lokeren (Jong en Fanatiek Lokeren), Sv Zulte Waregem (Old Mills), KSK Lierse (Yellow Black Army), Kv Kortrijk (Red Lions 19), Cercle Brugge (Ultras Bryggja), Krc Genk (Coal Boys), Krc Genk (Drughi), Waasland (Wase Wolven), Tienen (Sugarboys), Kv Mechelen (Malinwa Catholics), Sint-Truiden (Sector-L), Charleroi (Storm Ultras) and Mouscron (Rem Fanatics).
- <sup>54</sup> Antwerpen - Germinal Beerschot, Antwerpen - Royal Antwerp Football Club, Brugge - Club Brugge K.V., Charleroi - Royal Charleroi Sporting Club, Charleroi - Royal Charleroi Sporting Club, Genk - KRC Genk, Gent - KAA Gent, Leuven - Oud-Heverlee Leuven, Luik - Standard de Liège, Mechelen - YR KV Mechelen (samen met Racing Mechelen), Oostende - KV Oostende, Roeselare - KSV Roeselare, Sint-Niklaas - KV Red Star Waasland; For detailed information about the individual projects, go to <http://www.socialeconomy.be/Open%20Stadion/NL/overzicht%20projecten.htm>.
- <sup>55</sup> Luik - Standard de Liège, Project "Foot Citoyen/ Voetbal Burgers".
- <sup>56</sup> Antwerpen - Germinal Beerschot, Project "Downtown", <http://www.germinalbeerschotdowntown.be/>.
- <sup>57</sup> Brugge - Club Brugge K.V., Project "Allemaole Thope", <http://www.clubbrugge.be/club/nl/index.php?a=sociaal>.
- <sup>58</sup> Genk - KRC Genk, Project "KRC Genk laat jou scoren!", <http://www.krcgenk.be/nl/club/community>
- <sup>59</sup> Interview with Guido Poppelier, Open Stadion-manager, Ghent, 11 April 2008.
- <sup>60</sup> The Liege project is jointly supervised by the City of Liege and Fan coaching ASBL, whose head office is located in the Department of Criminology, University of Liege.
- <sup>61</sup> Comeron, M., Socioprevention through Social and Pedagogical Coaching, Eurofan Book, 2006, pp. 83-85, p 85.
- <sup>62</sup> Telephone interviews with Federic Paulus and Bertrand Fincoeur and Salomon Aktan, Fan Coaches of Liege, April-2008.
- <sup>63</sup> Comeron 2006, p85.
- <sup>64</sup> As this study observes the relationship between supporters groups and their clubs, a closer observation of the national supporters group of the national team is obsolete.
- <sup>65</sup> The dossier is supported by the King Baudouin Foundation.
- <sup>66</sup> Interview with Dirk Vos, President SFP, Gent, 11 April 2008.
- <sup>67</sup> Swiss Institute of Comparative Law, 2008, p. 93.
- <sup>68</sup> Swiss Institute of Comparative Law, 2008, p. 93.
- <sup>69</sup> Swiss Institute of Comparative Law, 2008, p. 94.
- <sup>70</sup> Swiss Institute of Comparative Law, 2008, p. 94.

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# Czech Republic

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## Summary

1. Czech Republic football has been governed by the Czech-Moravian Football Federation since 1993. After the ‘velvet revolution’ in 1989, football in Czech Republic had to be reorganised and most notably professional football replaced the socialist structure of sport. Hence the new first division officially started only in the 1993/94 season. The Czech-Moravian Football Federation organizes the football leagues, *Gambrinus liga* and *2. liga*, and the Czech Republic national football team. The Ministry of Education, Youth and Sport governs sport, but has adopted a non-interventionist model in combination with a basic law on sport. Neither the government, nor the football association have relationships to supporters groups and there has been no evidence of any support for the improvement of dialogue with fan groups.

2. Back in the communist state all football clubs were non-profit organisations, closely bound by strict regulations.

Under the new regime the rules of the Czech-Moravian Football Federation provide the ownership structure of joint stock companies that must be adopted by its members. Even though the Czech economy has been growing, for years the revenue from TV rights and sponsorships remained static and the budgets of the first league clubs decreased. Overall, revenue is low and the low matchday attendances have not generated any significant additional income.

3. Fan clubs can be characterised as classical supporters’ clubs, often united in supporters’ federations who, for example, handle ticketing and travel to away games. In principle, fans are not involved in any decision-making processes within their clubs. However, informal contact between the club and its fans, where classic supporters’ club issues are discussed, do often exist. Fan culture in the Czech Republic has not yet been recognised as a social phenomenon, and neither the

authorities nor the clubs have targeted it accordingly. Most supporters’ groups currently use informal structures, while the Bohemian supporters’ trust is the only one of its kind in the Czech Republic. There is no national supporters’ group representing club-based supporters and, according to the information available, nobody is pursuing any intention to establish such a group. In principle, the fan scene in the Czech Republic is relatively new and the level of fan organisation relatively low. Football is attempting to become the primary sport in the country and advice and information provided by a Supporters Direct Europe could be beneficial at this stage.

## 1. Structure of Czech Football

The collapse of the communist state and its planned economy has had a huge influence on all aspects of Czech society. Due to the associated social and political changes over the last 20 years, professional football

## General Introduction to Economic, Political and Cultural Environment

The separation of the Czech Republic from the Slovak Republic in the early 1990s had a major impact on the evolution of the country, shaping a new economic and social context. The country's new constitution was ratified in December 1992 and was effective from the 1st January 1993. The country is a pluralist multi-party parliamentary representative democracy, and is divided into 14 administrative regions. The Czech Republic joined NATO in 1999 and the European Union in 2004.

When compared to other post-Communist states in Central and Eastern Europe, the Czech Republic has the highest economic growth. However, the Republic has been recovering from a recession since mid-1999. Recent growth has been led by exports to the European Union, especially Germany, and foreign investment. An increase in domestic demand, the tightening of social benefits, and reforms in pensions and healthcare have all been challenging prospects for the country, while the rate of corruption has remained one of the highest among OECD countries<sup>1</sup>.

After the so-called 'velvet revolution' in 1989 the Czech Republic went from a communist to a market orientated economy, with big changes implemented in the ownership and governance structures of companies. This privatisation happened in two phases<sup>2</sup>, with the so-called voucher privatisation scheme beginning in 1991, which was a mass privatisation scheme, occurring on a scale previously unseen in transition economies.

Overall, vouchers representing interests in about 1,850 firms were offered between 1991 and 1994. About 70% of the Czech economy was in private hands after only a few years<sup>3</sup>, and a complicated web of interlocking and non-transparent ownership structures emerged. 'Thus the Czech Republic does not offer a clear data environment to work with<sup>4</sup>'. 'Stock market data also have some weaknesses. While the stock market is

reasonably active in the Czech Republic, liquidity is clearly lower than in market economies. Furthermore, there is much block-trading off-the-exchange, often at prices different from those on the exchange. The prices at the exchange may then be more a reflection of the valuation of firms by minority shareholders, and not necessarily incorporate the value of control<sup>5</sup>.

Reporting standards are still far from perfect, and the main forces behind the improvement of corporate governance in the Czech Republic are non-governmental organisations and the European Union. Shareholders generally take a passive stand and they do not push for extra transparency; simply deciding on a model of corporate governance seemed challenging for them. The flexible Anglo-American approach was preferred in the beginning of the country's transformation, although now, with EU accession, the Continental model of corporate governance is more accepted. This oscillation has often resulted in hybrid corporate governance models.

Non-profit organisations (mainly being civil associations) were disbanded after 1989, as such independent public initiatives were deemed undesirable. In a study of the Czech Republic's non-profit sector, performed by Fric et al in 1998, it was asserted that negative public perception was the main challenge that non-profit organisations had to overcome<sup>6</sup>. Non-profit organisations are associated with 'fraudulence, waste of public resources or inconsequential fringe groups<sup>7</sup>' by a large section of the public. However, since 2002 the number of non-profit organisations has been rising due to reforms, improved public awareness, and EU membership, the latter of which has provided funds for supporting the activities of non-profit organisations. It has been suggested that further lobbying in Europe could help to raise awareness and acceptance of non-profit organisations within the society of the Czech Republic, thereby strengthening their importance and influence.

has replaced the socialist structure of sport. Previously, all football clubs were non-profit organisations that were closely bound by strict financial regulations, while football players had amateur status and were employed by factories and nationalised enterprises.

In the context of the mass privatisation that Czech enterprises and factories underwent, football clubs also had to adopt new forms of private ownership to survive after the communist era. As a result of these unstable times, many key players left the clubs for the higher wages paid in Western Europe. The quality of Czech football was affected enormously by these transfers, and the game became less attractive to fans. However, these player transfers became the clubs' biggest revenue streams<sup>8</sup>.

The new first division officially started in the 1993-94 season. The Slovakian teams were now playing in their own league and had to be replaced to keep the Czech league alive, but many of the smaller clubs, with their relatively small

stadiums, who tried to fill the gaps left by the Slovakian teams went bankrupt. The global football market that Czech football clubs suddenly became a part of was alien to them, and so were the various revenue streams that professional football clubs in other European countries considered part of their budgets. Even though the Czech economy has been growing, for years the revenue from TV rights and sponsorships has remained static and the budgets of the first league clubs decreased<sup>9</sup>. Overall, revenue is low and the low matchday attendances have not helped to generate any additional income.

Football clubs changed quickly from non-profit organisations to commercial enterprises, the latter of which were bought by businessmen who were still connected to the old system. Many of these businessmen were linked to corruption cases and sent to prison. The personnel of the Czech FA changed after the corruption scandal in 2004, but the conditions that led to corruption taking hold remain in place.

### 1.1. Government

Prior to 1989 sport was governed in a centralised way, but when the Czech and Slovak Republics separated the government's previous control on sport suddenly ceased<sup>10</sup>. The government needed to redefine its role in sport in a time of countrywide change and reforms. New sports legislation was needed, but at the same time the old definition of sport had to yield to a newer decentralised translation. Consequently, professional sport emerged, which, according to Novotny and Pouraux, was almost not existent before 1989<sup>11</sup>.

The Czech Republic has adopted a non-interventionist model in combination with a basic law on sport. 'Sports associations suddenly became independent and are required to comply with more general legal regulations<sup>12</sup>'. Sports federations are represented by the Czech Confederacy of Sports, who deal with employment, pay and social issues<sup>13</sup>.

The Ministry of Education, Youth and Sport (Act No. 115/2001) governs sport and provides sponsorship by financing sporting

organisations. The Sport Ministry consists of the Council of Physical Education and the Council of Sports Representation. Both private and public sports associations are bound by the general legislation, but they are all governed by their respective federations. There are more than 20,000 local sport clubs operating in the Czech Republic, and the larger civil associations are represented on the advisory board of the Ministry's Council of Physical Education<sup>14</sup>.

Sports organisations are currently funded by both governmental and non-governmental funds. The government funding comes from Sazka, a private lottery company, and is mainly 'used to cover (the) operating costs of the sports associations'<sup>15</sup>. Sazka has a legal obligation to spend a certain percentage of their profits on 'social ends or any other purpose in the interest of the public. Funds allocated to not-for-profit organisations, including sports organisations, are tax free.'<sup>16</sup> All in all, Sazka spends 20% of their revenue on sports.

## 1.2. Českomoravský Fotbalový Svaz – Czech-Moravian Football Federation

The Czech-Moravian Football Federation has been the governing body of football in the Czech Republic since 1993. It organizes the football leagues, *Gambrinus liga* and *2. liga*, and the Czech Republic national football team. The structures that govern football in the Czech Republic are laid out in the Czech-Moravian Football Federation statutes and the organisational directive for Czech football organisations<sup>17</sup>.

## 2. Structure of Czech Football Clubs – Ownership and Governance<sup>18</sup>

### 2.1. Ownership Structures

According to the licensing system administered by the Czech-Moravian Football Federation all professional football clubs in the 1st and 2nd division have to be organised as joint stock companies<sup>19</sup>, i.e. FC Bohemians 1905<sup>20</sup>, SK Slavia Praha<sup>21</sup>, AC Sparta Praha<sup>22</sup> and FC Banik Ostrava<sup>23</sup>.

Joint stock companies have the legal structure of a capital company<sup>24</sup>. 'A constituent general meeting must be held and the Articles of Association approved. It is also necessary to obtain confirmation that the contributions required to be paid upon registration of the company in the Commercial Register have been paid. In general, a trade licence or concession must be obtained for each activity the joint stock company is to perform. The

registered capital of the company has to be at least CZK 2,000,000. The registered capital is divided into shares'<sup>25</sup>.

### 2.2. Governance Structures

Football clubs are structured as joint stock companies, with a management board and a supervisory board. The management board, which is responsible for the day-to-day business of the company, has to have at least three members. The members of the management board are elected for a maximum of five years, and it is they who elect their own chairman.

The supervisory board reviews the performance of the management board, and informs the shareholders at the general meeting about the annual accounts. In principle, the supervisory board has the right to review all the company's activity and to analyse accounting and other company records. The supervisory board has to have at least three members as well. The employees must elect one-third of the supervisory board's members if the company has more than 50 full-time employees (the member elected by the employees is usually a representative of the labour union)<sup>26</sup>. The general meeting elects both the management board and the supervisory board. Among other matters, the general meeting has the final decision where changes to the articles of association are concerned, and it also approves the company's financial statements.

'A public offering for a subscription of shares must be made, and a General Meeting on the establishment of the company must be held by the subscribers, unless the founder(s) agree in the [articles] of association to pay the total registered capital of the company themselves in a certain ratio. If the shares of the company are subscribed through a public offering of shares, the prospectus in accordance with the Act on Capital Market Business must be approved by the Securities Commission, prior to publication of the announcement on the public offering, and published no later than jointly with the public offering. Joint stock companies can trade shares on the Prague Stock Exchange if their shares are accepted for trading under Prague Stock Exchange rules and the Securities Act. Those rules also set the framework for dealing with share transfers'<sup>27</sup>.

### 2.3. Financial Regulation – Licensing System

The Czech Licensing Manual was approved by the Executive Board of the Czech-Moravian Football Federation in February 2004.

Since then, all 32 professional football clubs from the 1st and 2nd division have to fulfil certain criteria, which among others, cover personal and administrative, legal and financial issues.

Fundamentally, the clubs have to be financially accountable. A series of documents need to be presented, including financial statements for the current playing year as well as a financial plan for the next season. The most important aspect is the applicant's liquidity, specifically to ensure that operations are maintained. Hence, the applicant needs to assure the payment of any unpaid transfer commitments and liabilities towards staff.

Clubs which fail to comply could be banned from the competition by the Czech-Moravian Football Federation.

It has been common practice to punish clubs which fail to comply with a ban on transfers until the clubs have paid-off all football creditors (e.g. players, coaches or agents). The licensing system is currently under revision.

### 2.4. Financial Performance

The most important revenue stream for football clubs in the Czech Republic comes from player transfers and the accompanying fees. Compared to the revenue gained from transfers, sponsorship, TV and ticket revenue do not play a major role in clubs' budgets<sup>28</sup>.

The collapse of government funding in the early 90s resulted in many financial problems for sports organisations, requiring them to be self-sufficient on an almost day-to-day basis. When the six Slovakian clubs left the Czechoslovakian league and formed their own league, six clubs from the Czech second league were promoted to the Czech first division. Many clubs were struggling financially while they adapted to the new system and economic environment of professional football, as they didn't receive state financial support anymore and their debts were rapidly accumulating. The clubs were suddenly left with a level of independence they had never experienced before, requiring their prompt adjustment to the new capitalist economy<sup>29</sup>. Sporting organisations had to look for alternative revenue streams, which wasn't an easy task in this environment. Additionally, in this transition phase the public's general interest in sport was limited, as was their will to engage financially<sup>30</sup>.

Clubs rely on transfer fees and as such they have to sell their best players, which makes it difficult to establish a high quality squad. Accordingly, the games have become less attractive, with fewer people

attending them or even watching on TV. Additionally, after the corruption scandal in 2004, TV rights were much less valuable than they had been previously, which heavily influenced investor behaviour. Furthermore, it is only recently that TV rights for the national team and the league have been sold separately. For many years previous to this they were sold as a package.

Overall, there are no official statistics covering economic data for all of the professional clubs in the Czech Republic. All the figures that are presented in the media are unofficial.

### 3. Fan Culture

Football in the Czech Republic went through a rather violent phase during the 1980's. According to Landa, and in contrast with most other locations in communist society, public control measures could be evaded in the stadia<sup>31</sup>. The authorities eventually responded with repression, which led to Czech football becoming unattractive to ordinary supporters, and average matchday attendance fell to an all time low.

The introduction of the market oriented economy and many new clubs caused the composition of the audience and the level of brutality to change as well, 'including supporters from militant socio-political movements'<sup>32</sup>. Matchday attendance has been falling dramatically since the 1990s; the average attendance in 1986 was 4,000, which increased in the mid 1990s although the average attendance dropped to 3,700 by 2004<sup>33</sup>. The growing group among spectators has been young people and students, while middle class supporters have been losing interest. Czechs are generally more interested in Ice Hockey, their most popular sport, and their national football team. Only the big games in league football seem to have the potential for attracting bigger crowds.

The lack of interest in league football has been hugely influenced by the many scandals the sport has experienced. Even though matchday tickets are affordable, football has never been marketed as entertaining and exciting. In general, football is considered to be corrupt and it lacks quality as the league's best players leave Czech teams for the higher wages paid in Western Europe and elsewhere. This situation, paired with bad or absent marketing, creates a mixture that is clearly unattractive to potential supporters.

The behaviour of football fans in the Czech Republic seems to be rather

irregular, which makes it difficult to paint a clear image of fan culture or find any pattern in the actions of fans. When it comes to attendances, or indeed any type of community behaviour, many Czechs seem to decide spontaneously whether or not to attend a game, and their decision can even be non-club related. Sometimes games can suddenly sell out, and then the stadium can be empty in the next fixture. There are not even any patterns where the big games are concerned, and although attendance is higher in principle they do not often attract particularly big crowds. For example, only 6,000 tickets were sold one week before the February 2008 UEFA Cup tie between Slavia Prague and Tottenham, despite a stadium capacity of 20,000.

There have been attempts to explain these behaviours. In general the Czech economy is growing and as the tickets prices are affordable, and the stadiums are more or less comfortable, these aspects can be ruled out. The main cause for this decline in the interest of football needs to be related to the societal changes that were introduced by the Velvet Revolution in 1989. The activities offered prior to the collapse of the communist state were limited, and attending football games was a popular leisure time activity; football attracted sizeable crowds of between 20,000 and 30,000. However, in the 1980s attendance fell dramatically and the number of violent incidents rose. Social life in the Czech Republic has since changed and football games are only one of many possible leisure time options, that are now available to Czechs.

The corruption scandals, the most recent of which occurred in 2004, are another reason for the limited interest in football. It has been argued that many Czechs have lost confidence in the game and its authorities as the games were obviously fixed<sup>34</sup>. Since then the reputation of the Czech FA, club officials and referees has improved, but the image of corruption remains, especially as many of the people who were involved in the scandals remain active behind the scenes.

The number of dedicated fans who do not belong to either the ultra or hooligan movement is low. There is no such thing as a fan 'community' like we know in Germany or the UK, for example. Neither are there any such communities that are dedicated to the clubs around the stadiums. Hence, it is difficult for the clubs to approach fans or to even increase their fan base. According to the president of the Bohemians Supporters' Trust (*Družstvo Fanoušků Bohemians* (DFB)), the lack of a community

made it difficult for them to attract people to their initiative; they simply did not know whom to address. However, in the case of the Bohemians this pattern changed, as many football fans from all over the country supported the club when it was in administration by becoming members of the DFB.

In terms of fan representation, the supporters' trust at Bohemians is the only one that exists in the country. Although some other clubs do have fan representatives, or they at least have members of the relevant supporters' clubs in their management teams.

#### 3.1. Supporters' Clubs and Bohemians Supporters' Trust

##### 3.1.1. Supporters' Clubs

Most supporters' groups currently use informal structures to avoid incurring additional costs and bureaucratic burdens. However, some groups do proclaim that they are non-profit associations, even though they are often not registered as such. Nevertheless, many groups follow democratic structures, vote on their statutes, elect their own board, and have allocated budgets. However, their formal influence on the decision-making processes within the clubs is limited, and sometimes non-existent. The use of unofficial structures, and informal meetings held with ultra groups, often seem to have more success than when the fan clubs use the official structures.

The supporters' clubs represent their members and organise travel to games. Anybody can join them and they are mostly financed through membership fees and small grants that are provided by the clubs. The groups do not receive any financial support from the local council, government or the community<sup>35</sup>. They have regular meetings, consultations with other stakeholders, and meet football club representatives on a regular basis, although they have no contact with the Czech-Moravian Football federation.

The DFB is the only supporters' group that has representation on board of their club. However, others have expressed that they would find it very useful to have an elected fan representative on their club's board. Additionally, other groups have shown a general interest in a central information tool (website) that would keep everyone updated, whilst also providing a forum for discussion<sup>36</sup>.

In the clubs, communication between the individual fan groups and the umbrella fan club can be challenging. They often operate separately and do not appear

to work in the same direction, leading to suggestions that unity between them is required before they can attain a stronger voice<sup>37</sup>. However, presently the groups lack constructive ideas on how to achieve this.

The management teams of at least two clubs have (board) members from the relevant supporters' club working in them<sup>38</sup>. They are the main contact points for fans, although they do not take on the role of an official fan liaison officer like others do in, for example, Germany. These 'representatives' seems to have a challenging workload, as they have no official role as fan managers and at the same time they hold other positions in the club.

To the best of our knowledge there is at least one club where individuals who own only one or two shares meet occasionally with the club's management and attend the general meeting. However, they are not organised as minority shareholders and, their small shareholding gives them no special rights regarding decision-making<sup>39</sup>.

### 3.1.2. Družstvo Fanoušků Bohemians (DFB) – Bohemians Supporters' Trust

The formation and history of the DFB is worth mentioning here, as it is the only supporters' trust of its kind in the Czech Republic. The DFB was established in early 2005 and their initial aim was to help their club, FC Bohemians 1905, out of administration. They intended to do this by attracting 1,500 members and raising CZK 3 million, which they needed to pay the fine imposed by the football association for their financial performance in the 2004/05 season. It only took them six weeks to generate the money required to pay the fine, and after this the trust spent CZK 200,000 on 10.23% of the club's shares and then donated the rest to the club. To date, the trust has donated a total of CZK 3.5 million to the club.

The campaign was launched on the club's website, which the trust runs independently<sup>40</sup>, and further press releases and good contacts with the media spread their message quickly. The key people in the group included one lawyer, who is now member of the supervisory board of the club; one web administrator, who is now the president of the DFB; a business manager; a popular sports commentator, who is now one of the three directors of the club; and the club's most famous player, Antonín Panenka<sup>41</sup>. Football fans from all over the world paid money to the trust, and contributions were even received from Slavia Prague, one of their historic rivals.

The biggest challenge was that the club had no assets and, as a result, companies

were not interested in financing the club. The new owners, FC Bohemia 1905, bought the league license, the grounds, and 89.77% of the club. Hence, the trust had to purchase 10.23% of the club's shares.

Of the overall CZK 40 million in debt, 20% was, and still is, owed to so-called football related matters like agents, players and clubs, while the rest was owed to non-football companies and others. The Czech-Moravian Football Federation sold the football related debts to the club, which decreased the club's football-related liabilities to 10% of the total.

The club has eight staff, including five directors, and there are three elected members on each of the club's management and supervisory boards, while the trust has one representative on the club's supervisory board. The management currently plans to attract more fans by building a new stadium. One of the directors of the club was open to the involvement of fans and also understands that the trust has the potential to not only increase the club's membership, but also to help build a Europe-wide recognition of, and solidarity with, the club<sup>42</sup>.

#### • Structure of the DFB

The DFB took the form of a cooperative ("družstvo"), which is the cheapest way to form a corporate entity in the Czech Republic, and its members are not liable for the debts that are held by the trust. The commercial code defines a cooperative as an association based on the membership principle, and they must have a minimum registered capital of CZK 50,000. Cooperatives are generally set up for business or other purposes, although they are often seen as part of the non-profit sector, as many cooperatives are organised for social purposes<sup>43</sup>.

The general meeting elected the four board members of the trust in 2005, and they then elected the president and the auditing commission. It also voted on the trust's statutes. The membership entrance fee is CZK 1,000 and the trust currently has around 1,600 members, who benefit from cheaper season tickets and reductions on trips to away games.

#### • Influence of the DFB

The trust manages the website, live radio shows and the publication of a magazine. The radio show is an essential discussion forum for the director of the club, the coach and the fans, and every fortnight fans can express their concerns on the show over the telephone. Additionally,

fans can post questions directly to the club's director through the forum on the club's website, and these are answered on a daily basis<sup>44</sup>.

The trust has gone quiet since their activities in 2005, and has become more of a shareholding supporters' club that mainly handles travel and security matters on behalf of the fans. Their membership 1,500 in 2005 – has only grown by roughly 100 fans, mainly attracted by ticket discounts. 750 members attended the first general meeting of the trust, but only 50 members were present at the latest meeting, held in summer 2007.

The president of the trust believes that the 10.23% of the shares they hold only has symbolic value<sup>45</sup>, and according to him there is no ambition for gaining influence in the club's decision-making processes. The enthusiasm felt in 2005, and the support received from all over the country, has clearly died out; the original aim was no less than saving the club, but there were no greater aspirations either. The trust's involvement is currently restricted to having a representative on the supervisory board, who happens to be a lawyer, although the representative's scope of influence is not clear.

Transparency is not considered to be an inevitable prerequisite for the practice of democratic rights in the Czech Republic. In the case of Bohemians, and any other company, the accounts have to be published on their website. Information is exchanged on a regular basis, considering the many communication channels in place, such as discussion forums, radio shows and informal meetings between the club's management and the fans. However, there are concerns about the information flow between the supervisory board and the trust itself, with, for example, information on strategic matters not being adequately communicated<sup>46</sup>.

Any analysis of professional football and fan culture in the Czech Republic needs to take account of this fairly new state's unique environment. In such a context, the setting-up of the DFB is a great achievement, considering the fact that the weight of football, and its corresponding fan culture, in the Czech Republic is comparatively small relative to other European countries. However, any further development regarding the DFB's influence on the running of their football club is presently unrealistic. There is no further backing from the fan culture for democracy in Czech football. However, it seems that one of the club's directors wishes to involve the DFB in the management of the club. He not only

considers the trust to be a potentially image boosting vehicle for the attraction of supporters and sponsors, but also as a unique characteristic that could help to create a brand on the European level.

### 3.2. Fanprojekt Liberec

'Fan projects serve as a mainly independent mediating interface between all relevant parties in football, particularly supporters, clubs and regulatory bodies. One of their major tasks is to provide a permanent communication channel between supporters and the club, to improve mutual understanding and thus to initiate sustainable and positive structural and ideological changes on both sides'<sup>47</sup>. The projects mainly concentrate on social work and have no financial aims. Cultural and educational projects aim to prevent violence among youth.

Liberec is the only fan project in the Czech Republic so far, and the project was launched with the aims of campaigning against racism, discrimination and violence, while creating a friendlier environment for all spectators. The project offers a club room to young football supporters where social and preventive measures are provided to them, with an aim of improving the attitude and behaviour of young supporters and thereby helping to develop a new generation of fans. The fan project has helped to improve the communication between supporters and the club, keep young supporters away from violent supporters' groups, and establish relationships with supporters' groups outside of the Czech Republic. Overall, there has been a reduction in reported violent incidents within the stadium since the project was set up. The project has received financial support from the club and the public sector. The club room and required equipment were subsidised by the Interior Ministry with a grant of CZK 100,000 in 2004, but the project is still struggling to sustain itself as salaries and other costs were not covered<sup>48</sup>.

### 3.3. National Supporters' Representation

There is no national supporters' group that represents club-based supporters in the Czech Republic, and to the best of our knowledge nobody is pursuing any intention to establish such a group. However, there is the *Fanclub Fotbal*<sup>49</sup>, which is the national body for supporters of the national team. However, it has been suggested by some fan representatives that a national supporters' federation would be useful for representing and protecting the interests of active fans on the national level.

## 4. Suggestions

Mapping out the various fan cultures, existing fan groups and their respective agendas has proved to be challenging. Fan clubs can be characterised as classical supporters' clubs, often united in supporters' federations who, for example, handle ticketing and travel to away games. In principle, fans are not involved in any decision-making processes within their clubs. Informal contact between the club and its fans, where classic supporters' club issues are discussed, does, however, often exist. Fan culture in the Czech Republic has not yet been recognised as a social phenomenon, and neither the authorities nor the clubs have targeted it accordingly.

The only existing supporters' trust at FC Bohemians 1905 has become more of a shareholding supporters' club, although the trust does not have much influence in the club's decision-making process. However, it seems that one of the club's directors wants to increase the involvement of the DFB in the management of the club, and they might contact a Supporters Direct Europe for guidance. Nevertheless, any expansion of the influence of the trust in the running of its football club, or the involvement of supporters' groups at other clubs, is presently unrealistic. There is no further backing within fan culture for democracy in Czech football.

In general, fan groups simply do not have any strategies, nor do they follow any particular ownership and governance models. Hence, the creation of a national supporters' federation could have the potential to lobby for the rights of fan groups on a national level, while helping to increase their influence and image on the club level. Our research shows that there is no football community in the Czech Republic, as seen in countries like Spain or the UK for example, and fan culture is not accepted as a social entity. Hence, there is likely no clear role for a Supporters Direct Europe in the Czech Republic at the moment. We believe that football supporters in the Czech Republic require help in adopting the adequate legal structures for their groups, improving their involvement with the potential community, and in improving their image. Furthermore, the creation of a national supporters' federation could represent club-based supporters' groups on the national level, while additionally helping to establish a relationship with the Czech-Moravian Football Federation.

### 4.1. Adequate Legal Structure for Supporters' Clubs

Most supporters' groups presently use informal structures to avoid additional costs and bureaucratic burdens. However, some groups proclaim that they are non-profit associations, even though they are not registered as such. Nevertheless, many groups do follow democratic structures, vote on their statutes, elect their board, and have allocated budgets. However, their formal influence in the decision-making processes within clubs is limited, if not non-existent. Supporters should adopt legal structures to allow them to have more influence in their clubs' decision-making processes. Furthermore, this could help to improve the image of organised fans in the Czech Republic, while ensuring that the groups follow the principles of good governance, democracy and transparency of accounts.

The legal structure that supporters' groups should adopt depends on how much influence they desire in the running of their football club. The DFB took the form of a cooperative (*"druzstvo"*), which is the cheapest way to form a corporate entity in the Czech Republic and, furthermore, it means its members are not liable for the trust's debts. The commercial code defines a cooperative as an association based on the membership principle, which must have a minimum of CZK 50,000. Cooperatives are generally set up for business or other purposes, but they are seen as part of the non-profit sector as many of them follow social purposes. Establishing a cooperative involves a constitutive meeting that assigns the value of basic capital, approves the code of rules, and elects the cooperative board and control commission.

Supporters' groups could take the structure of joint stock companies, which have to have management and supervisory boards, as well as clearly defined governance regulations. The general meeting elects both the management and supervisory boards, and it decides on changes to the association's articles and approves its financial statements, among other matters. Although the structure of a joint stock company would enable supporters to cooperate with another joint stock company, e.g.: companies managing football organisation activities, the administrative and financial requirements are comparatively high, and hence dissuade supporters' groups from adopting such a structure.

Supporters' groups could also adopt the form of associations<sup>50</sup>. The groups could then design their governance structure including, goals, economic management, rights and duties and the

number and composition of organs, via statutes. Supporters' groups organised as associations would be less effective in influencing the football clubs than if they were structured as joint stock companies. However, the administrative, legal, and financial skills required are much lower than within joint stock companies.

Another legal structure supporters' groups could adopt is the public benefit corporation, delivering beneficial services to the general public and all other clients under identical terms and conditions to those other forms of organisation mentioned above. The profit gained in such a structure may not be used for the benefit of its founders, members of its bodies, or its employees. 'The Public Benefit Corporation may apply for subsidies granted from the governmental budget, from the budget of the District Administrative Office, from the communal budget or from the budget of another territorial body of the public administration, as well as apply for grants from a fund established by the law. As such, this can make the running of such a corporation less financially demanding. The budget may be granted to the Public Benefit Corporation for one and the same project, or one and the same activity, from a single source only. For a subsidy from the governmental budget, the Public Benefit Corporation shall apply to the competent governmental body according to the prevailing activity rendered by the Public Benefit Corporation. The body, through which the subsidy is being granted, shall decree the terms and conditions for granting the subsidy and it shall inspect and evaluate the utilisation of the subsidy made'<sup>51</sup>.

The *Neziskovky.cz, p.b.c.* (Information Centre for Non-profit organizations (ICN)) raises awareness about the non-profit sector and its role in society. It encourages professional governance structures within non-profit organisations and it supports mutual cooperation, and as such it may be able to assist supporters' groups with any structural changes<sup>52</sup>. It is a transparent organisation that works with donor organisations, public administration and business organisations. The ICN offers non-profit organisations important services, operates a public library of specialised literature, administrates both a database of non-profits in the Czech Republic and a database of financial resources available to non-profit organisations, organises seminars, and facilitates specialised consultations.

#### 4.2. Supporters Involvement in their Communities and Image of Football Supporters

The many scandals that league football

has experienced has contributed greatly to the lack of interest in the sport. Additionally, even though matchday tickets are affordable, football has never been marketed as entertaining and exciting. Football in the Czech Republic is generally considered to be corrupt, and it lacks quality as the league's best players often leave for the higher wages paid in Western Europe, Russia, Ukraine or Poland. It is often the national side's players, including U21 and U19 representatives, that are sold. This combination, paired with poor or no marketing, is clearly unattractive to potential supporters. The behaviour of football fans in the Czech Republic seems to be irregular / random, and it is difficult to find any patterns in, or paint a clear image of, fan culture. The decision by Czechs to attend a game, or any type of community behaviour, appears to be spontaneous, and the game attended may not even be related to their club. The number of dedicated fans who do not belong to either the ultra or hooligan movement is low, and there is no 'community' like those seen, for example, in Germany or the UK. Additionally, there are no communities dedicated to the clubs around the stadiums, and hence it is difficult for supporters' clubs to approach the fans and increase their membership.

An important goal of Supporters Direct UK is increasing supporters' involvement with their communities, helping them to strengthen bonds between their club and its community. One example worth mentioning of a football club and its supporters' club trying to reach its potential fans and community is that of FC Slovan Liberec. The club is in regular contact with fans and organises trips to football matches. Furthermore, the club offers free football match tickets to schools, allowing them to reach young football supporters. The club also attractively markets membership in the supporters' club by offering price reductions in municipal shops, entertainment and service facilities, and half-price transport to matches out of Liberec. Meanwhile, the fan project provides a club room and offers social and preventive measures, aimed at young football supporters, which include discussions, setting up their own websites, and organising tournaments.

Supporters in the Czech Republic could improve both their reputation and profile by being active in their communities. The activities, although good on their own merits, may lead to an increased membership and therefore revenue, while more importantly giving the group credibility with key stakeholders such as the local authorities. Fan projects are one

vehicle for improving a club's relationship with its community, and there have been suggestions that help should be given to aid the establishment and coordination of more fan projects in the Czech Republic<sup>53</sup>.

A moral case can also be made as supporters may actually have a negative impact on the communities that surround a football club, thus the negative impact might be addressed through supporter's groups delivering public benefit via community activities. Supporters are a key stakeholder of football clubs, and therefore could provide an important and valuable link with the communities that the clubs affect. Furthermore, the kudos that are associated with being a football club can be used to develop activities that meet local needs.

#### 4.3. Fan Liaison Officers

Some clubs have fan 'representatives', or at least members from the relevant supporters' clubs, in their management teams. Our research has found that these 'representatives' are the unofficial contact for fans, but they mainly have other jobs to fulfill, e.g. communication and marketing. As their workload is hefty and challenging to manage, we suggest the inclusion of a so called fan liaison officer, along the line of the German model "*Fanbeauftragte*", into the governance structure of the clubs.

Czech football clubs could have a fan liaison officer who is employed by the club or working on a voluntary basis, depending on the size of the respective club and its fan base. These fan liaison officers could help to build a bridge between the club and its fans, and to preserve and increase its fan scene. Hence the job profile of fan coordinators is relatively diverse and challenging. They inform the fans about relevant decisions made by the boards and, in the other direction, communicate the needs of the fans to the board. They build relationships, not just with fans, but with the police, security officers, and fan projects, and they also engage with fan liaison officers at other clubs before matches, ensuring that the fans behave in accordance with security guidelines. Fan liaison officers could not only help fans to improve their image and their involvement in the club, but they could also help the club to get to know its supporters and, ideally, increase its following.

#### 4.4. National Supporters' Organisation

A national supporters' organisation could be created to increase the local and national influence of supporters' organisations in general. Such a federation would represent and protect the interests

of active club-based fan groups on the national level. The supporters' clubs would be represented in the controlling organs of the federation on a pro-rata basis, depending on the number of their individual members. Additionally, the national fan group could help to improve the image of organised fans in the Czech Republic and ensure that the different supporters' groups follow the principles of good governance, democracy and transparency of finances. Some supporters have suggested that a national supporters' organisation should be established, but to the best of our knowledge there are currently no plans

to launch such an organisation. However, should supporters decide to launch a national group, we believe they would benefit from cooperation with the FSI. This would help in addressing issues such as ticketing, fan culture, discrimination, and policing in football, while aiding the development of an influential representative voice within the football structures of the Czech Republic.

#### 4.5. Football Authorities

The relationship between the fans and the governing bodies is non-existent, and there is very little evidence that this situation will change significantly in the

foreseeable future. There is certainly less dialogue between the authorities and the supporters' organisations in the Czech Republic than there is in countries such as England and Germany. The government and the Czech-Moravian Football Federation do not consult fan groups on any of the football related issues we have discussed, and there has been no evidence of any support for the improvement of dialogue with fan groups. However, the football association does consider a central national organisation for advising club-based supporters' groups to be potentially beneficial for football in the Czech Republic.

- 1 Transparency International Annual Report 2006.
- 2 'The share auctions, organised in five sequential rounds of bidding, were designed to reveal as much information and analysis of firm valuation as possible, to improve price discovery. And after the bidding rounds vouchers were exchanged for shares and secondary trading started on the Prague stock exchange', Claessens, S., Djankov, S and Pohl, G., 'Ownership and Corporate Governance – Evidence from Czech Republic', Policy Research Working Paper 1737, The World Bank, Office of Regional Vice President East Asia and Pacific and Europe and Central Asia, and Middle East and North Africa Technical Department, Finance and Private Sector Development Division, March 1997; The schemes resulted in relatively concentrated ownership of the shares offered. Two thirds ended up with investment funds, most of them with a small number of bank sponsored funds. Losses had to be made transparent, prices were liberalised and new accounting standards were adopted.
- 3 Claessens, S. *et al*, 1997, p.1.
- 4 Kocenda, E., 'Development of ownership structures and its effect on performance: Czech firms from Mass privatisation', CERGE-EI, Center For Econ Research & Grad Education, and Econ Institute, Prague; Centre for Economic Policy Research (CEPR); University of Michigan at Ann Arbor – The William Davidson Institute, January 2002.
- 5 Claessens, S. *et al*, 1997, p.5; Lskavyan, V., Spatareanu, M., 2006, 'Ownership Concentration, market monitoring and performance: Evidence from the UK, the Czech Republic and Poland', Journal of Applied Economics, May, 2001, pp. 91-104, pp. 94-95.
- 6 For a detailed overview of the historical background and the major types of organisations please, see Fric, P., Deverova, L., Pajas, P. and Silhanova, H., 'Defining the non-profit sector: the Czech Republic', Working Papers of the Johns Hopkins Comparative Non-profit Sector Project, no. 27, The Johns Hopkins University Institute for Policy Studies, 1998, 1-22.
- 7 Fric *et al*, 1998, p. 15.
- 8 Landa, P., 'Changes within the football crowds during the last 15 years – Case of English and Czech Football', Faculty of Physical Education and Sport, Charles University, Prague, Czech Republic, Department of Psychology, 30 September 2006, pp. 1-22, p.5.
- 9 Landa, P., 'Consequences of corruption scandal on stakeholders – Case of Czech football', Olympic Studies Seminar in Olympia, Greece, *International Olympic Academy*, 2006, pp. 1-12, p.8.
- 10 Novotny, J. and Poupaux, S., 'The transformation of sport in Czech Republic: an economic approach, Centre d'Economie de la Sorbonne et CNRS, pp.1-23, p.20.
- 11 Novotny and Poupaux, p. 15.
- 12 Novotny and Poupaux, p. 20.
- 13 Novotny and Poupaux, p. 20.
- 14 Farkasova, H. in 'The European Sports Charta Indicators Questionnaire' of the European Council, Sport Department, 6 March 2006.
- 15 Novotny and Poupaux, p. 11; Sazka shareholders are the confederations at the Czech Olympic Committee.
- 16 Novotny and Poupaux, p. 11.
- 17 <http://www.fotbal.cz/e/index.asp>.
- 18 For the analysis of ownership and governance structures of Czech football clubs and the most adequate legal structures for supporters' groups, we have made extensive use of the Swiss Institute of Comparative Law, 'Comparative Study of the Legal Structures of Football Clubs and Supporters' Organisations in 45 European Jurisdictions', Volume I, 2008, pp. 1-367.
- 19 Licence Manual of the Czech-Moravian Football Federation, '3.3. Legal Status of Football Clubs', Prague, 19 February 2004.
- 20 <http://www.bohemians.cz/>.
- 21 <http://www.slavia.cz/>.
- 22 <http://www.sparta.cz/>.
- 23 <http://www.fcb.cz/>.
- 24 For detailed information about the legal structure of joint stock companies, see Swiss Institute of Comparative Law, 2008, p. 166-167.
- 25 Swiss Institute of Comparative Law, 2008, p. 174.
- 26 Swiss Institute of Comparative Law, 2008, p. 174.
- 27 Swiss Institute of Comparative Law, 2008, p. 175.
- 28 Information taken from Interviews.
- 29 Novotny and Poupaux, p. 3.
- 30 See also Čáslavová, E. and Berka, P., 'The Financial Management of Sports Clubs in Czech Republic', *Kinesiology* 37, 2005, 204-213.
- 31 Landa, September 2006, p. 14.
- 32 and, September 2006, p. 15; Smolik, J., 'Football fan culture in the Czech Republic', *Esporte e Sociedade*, numero 3, July 2006, pp. 1-10.
- 33 Landa, September 2006, p. 16.
- 34 Information obtained from interviews.
- 35 To the best of our knowledge at least one fan groups at a club is treated as a member of the sport club, rather than the football club, and hence receives money from the state.
- 36 Interview with Supras Unisono, FC Slovan Liberec, and Tomas Carnogursky, Fan Project Liberec, February 2008.
- 37 Interview with Ondřej Zlámal, Press Officer SK Slavia Praha, Prague, February 2008.
- 38 At SK Slavia Praha and AC Sparta Praha.
- 39 Individual shareholders at SK Slavia Praha.
- 40 <http://www.bohemians1905.cz/>.

- <sup>41</sup> The first trust member was one of the most famous actors of Czech Republic, which helped to boost membership.
- <sup>42</sup> Interview with Lukáš Příbyl, President Bohemians 1905, Prague, 5 February 2008.
- <sup>43</sup> Fric *et al*, p. 9.
- <sup>44</sup> Interview with Lukáš Příbyl, President Bohemians 1905, Prague, 5 February 2008.
- <sup>45</sup> Interview with Antonin Jelinek, President Bohemians Supporters Trust, Prague, 5 February 2008.
- <sup>46</sup> Information obtained from interviews.
- <sup>47</sup> Wurbs, D. and Schneider, T., 'Handbook on developing and establishing supporters' charters in Europe', European Convention on Spectator Violence and Misbehaviour at Sports Events and in particular at Football Matches (T-RV), Council of Europe, 31 January 2008, p. 36.
- <sup>48</sup> Interview with Tomas Carnogursky, Fanprojekt Liberec, February 2008.
- <sup>49</sup> <http://www.fanclubfotbal.cz/>.
- <sup>50</sup> 'According to the Czech Associations Act (No. 83/1990, Coll.), citizens may establish associations, societies, unions, movements, clubs and other civic associations as well as trade unions (hereinafter referred to as "associations") and unite in them. Legal entities may be also members of associations.' Swiss Institute of Comparative Law, 2008, p. 176.
- <sup>51</sup> Swiss Institute of Comparative Law, 2008, p. 177.
- <sup>52</sup> <http://neziskovsky.cz/cz/ostatni/2493.html>.
- <sup>53</sup> Interview with Tomas Carnogursky, Fanprojekt Liberec, February 2008.

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# France

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## Summary

1. French football is governed by the Fédération Française de Football (FFF), the French football federation, while The Ligue de Football Professionnel (LFP), the professional football league, has authority over French professional football. The league system is as follows: Ligue 1, Ligue 2, National and the Championnat de France Amateurs (CFA). Professional football clubs are represented in their capacity as employers by the Union des Clubs Professionnels de Football (UCPF). In France, the sports division in the Ministry of Sport is responsible for sports policies and provides the framework for the organisation of sport with the French Code du Sport including the regulation of the ownership structures of football clubs.

2. In 1984 the State decided to change the status of French football clubs from Members’ Associations due to the increasing level of involvement from

businesses. All Ligue 1 and 2 football clubs have adopted sports corporations by shares (SAO and SASP) as their structure. Olympique de Lyon is the only football club registered on the stock exchange.

Strict regulation from the National Board for Management Control (*Direction Nationale du Contrôle de Gestion* [DNCG]) has meant that finances in the game are audited closely. This body is responsible for controlling the clubs’ finances through a number of measures, thereby preventing them from getting into debt. Approval is required from the DNCG prior to any player transfers, and the body also examines the source of funding of any investor where French football clubs are concerned.

French football clubs are highly dependent on broadcasting revenues. Many supporters perceive this to be a threat, as they feel that commercialisation is becoming excessive (what they refer to as ‘modern football’), with television

imposing changes on kick off times and prioritising its own commercial interests, normally contrary to the supporters’ needs. The league also seems to be competitively unbalanced, with Lyon just having won its 7th title in a row, which leaves the rest of the championship in considerable uncertainty.

3. Historically, French citizens have shown a relatively low level of interest in their domestic competition when compared to other footballing nations of a similar size. The French do not have a tradition of involving fans in the management and ownership of the clubs, although both the supporters and those running the clubs currently appear to be comfortable with their existing roles. Hence, the links between supporters and the internal organisation of French football clubs typically involve the security staff, and the topics that are open to discussion by the supporters mainly relate to security.

## General Introduction to Economic, Political and Cultural Environment

The Fifth French Republic has an estimated population of 63.8 million, including its overseas territories. Mainland France's political administration is divided in 22 administrative regions, which contains 96 departments, while there are four administrative regions and four departments overseas. The core democratic values of French society, "*Liberté égalité, fraternité* (freedom, equality, fraternity)", come from the French Revolution of 1789, and these exist along with centralism, strong government and *dirigisme* (interventionism)<sup>1</sup>.

In business, the pre-eminent role of state-owned companies is so strong that it is common for the *président-directeur général* (PDG) of any important national company to consult the government about any major acquisition, even when it is not required<sup>2</sup>. France has an insider system, where only a small amount of companies are listed on the stock exchange and their ownership is mostly in the hands of few institutions, families or government, who are responsible for their management. Furthermore, these core shareholders do not trade their shares on the stock market very often. The capital market is rather illiquid, and its existing shareholders tend to have complete control over its operations, reflecting its *dirigiste* economic system.

The management structures of French firms are a result of both the state's influence and direct control by the banks, who have established close and stable relations with both management and shareholders. The French public sector is different from that in a number of other countries due to specific legislation; a board representative for employees exists on a state-owned level, with the number of elected representatives depending on the size of the organisation concerned. Three representatives can be elected by institutions that employ between 200 and 1,000 workers, whereas in larger enterprises up to a third of the board's size can be elected among the employees. Firms with fewer than 200 workers but above 50 have employee representatives that attend board meetings in a consulting role as they do not have the right to vote. Those companies that have been privatised adopt a more conventional management structure than that seen in the former public sector.

Some companies may give their employees the right to elect members of the supervisory body. In addition, some are also given the right to nominate one or more directors, subject to certain exceptions such as requiring the employee shareholding to be over three percent<sup>3</sup>.

The Paris stock exchange (*Euronext Paris*) has around 750 companies listed on it<sup>4</sup>, and the CAC 40 is the benchmark French stock market index composed of only French companies, although foreign investors own about 50 percent of these companies' shares.

The principles of French corporate governance have recently been legally strengthened, following the publication of the Viénot report (1999), the NRE law (on new economic regulations – 2001) and the Bouton report (2002)<sup>5</sup>. Prior to this, many French companies fiercely resisted any pressure to align their corporate governance practices with the Anglo-Saxon model.

French companies can take various legal forms: *société anonyme* (SA), *société par actions simplifiées* (SAS), *société à responsabilité limitée* (SARL), *entreprise unipersonnelle à responsabilité limitée* (EURL), *société en nom collectif* (SNC), *société en commandite simple* (SCS), and *société en commandite par actions* (SCA). The most common form in France is the SA. In France the president-director general (*président-directeur général* (PDG)) traditionally holds both the roles of chairman and CEO, which often results in a greater concentration of power. Some corporations have chosen voluntarily to split the PDG role into two separate positions, although this split is often motivated by a former PDG wishing to become the company's chair, thereby ensuring proper succession in the managerial positions<sup>6</sup>.

The legal provisions that surround the structure of the board allow an SA to exist as one of two different types of organisation. The traditional system rotates around the figure of the PDG and a board of directors, called the *conseil d'administration*, whose members are selected by the PDG and not by the Annual General Meeting. The second system, which was introduced in 1966 and is equivalent to the German one, provides a *conseil de surveillance* (supervisory board) and a *directoire* that appoints its president.

There are two main different types of supporters' organisations. The traditional organisations have existed since the 1970s, and one affiliated to the Federation of French Supporters' Associations (*Fédération des Associations de Supporters du Football Français* (FAS)). The actual organisation of their activities depends on the clubs they support, and so they have tended to be loyal to directors. The other type of organisation is the Ultra groups, which emerged in the 1980s. The supporters in these groups have a lower average age when compared to the traditional organisations, and they are more critical where the clubs' management are concerned, an attitude they reaffirm through their philosophy of independence from the club.

The formal links between supporters and the clubs they support typically mainly involve security issues. The French Senate's report about football supporters

should be followed with the establishment of a dialogue between the supporters and the football authorities. A Supporters Direct Europe could promote opportunities for responsible supporters' groups and foster engagement with the clubs they support and the authorities.

## 1. Structure of French Football

### 1.1. Fédération Française de Football (FFF) – French Football Federation

The French Football Federation (*Fédération Française de Football* (FFF)) was founded in 1919 and has the legal structure of an association, meaning it follows the 1901 association law (*la loi d'association 1901* – hereafter *Loi 1901*). Its aims are the organisation and development of football in all its forms, and to that end it also controls the teaching and practice of football, while additionally overseeing

the French national teams. The FFF has authority over amateur football and the control of professional football, which entitles it to regulate through its governing bodies and statutes. The one exception to this authority concerns the ability to make disciplinary decisions, which are taken by the disciplinary committee of the Professional Football League (*Ligue de Football Professionnel* (LFP)). However, the FFF can examine and reverse all decisions taken by the LFP where it deems them contrary to either the best interests of football or the statutes and regulations.

The FFF has been recognised as a public body since 1945, and therefore the state has delegated some of its own competences to the body. It also maintains relations with other associations that are affiliated to FIFA, the national sports bodies and the public authorities. Furthermore, the FFF is in charge of granting affiliation to clubs, granting sports licences and

sports agents' licences, implementing and ensuring compliance with safety regulations, governing football rules and codes of conduct, organising medical supervision and exercising disciplinary power on appeal.

The top of the French league system is as follows: *Ligue 1*, *Ligue 2* and *National*. The three leagues each consist of 20 professional clubs. In these divisions three teams each are promoted and relegated at the end of each season and below that operates the *Championnat de France Amateurs* (CFA), with four teams moving between the two CFA divisions at the end of each season. The CFA has 18 clubs in four regional leagues followed by the fifth division, CFA 2, with 16 clubs each in eight regional divisions.

In the third league, *National*, clubs can decide whether to retain their amateur status or to become fully professional, which is compulsory for *Ligue 1* and 2. Promoted clubs must be able to prove they can meet certain financial rules to be able to accept promotion to the higher league; in the past, clubs have been denied promotion to the professional league due to failing this test,

### 1.2. Ligue de Football Professionnel (LFP) – The Professional Football League

The FFF possessed the legislative mandate that initiated the LFP's creation. The relationship between the LFP and the FFF has been further specified in an agreement between both parties, with the FFF delegating its authority over French professional football to the LFP. This agreement is revisited every five years and it sets out the terms of their relationship and those powers they jointly exercise, which are not included and those conferred exclusively on the FFF – namely issuing sports and sports agents' licences.

The LFP's role is to organise and manage the regulations governing professional competitions (*Ligue 1*, *Ligue 2* and the *Coupe de la Ligue*). It also establishes the regulations that govern player transfers.

### · Union des Clubs Professionnels de Football (UCPF)

The structure of French football has a unique institution that is not found anywhere else in European football: the Union of Professional Football Clubs (Union des Clubs Professionnels de Football (UCPF))<sup>7</sup>. The UCPF can be considered to be the clubs' true representative, as it was established directly by the clubs' presidents and it does not merely derive its power from the League. The UCPF protects

the rights of the clubs in their capacity as employers<sup>8</sup>.

### 1.3. Government

In France, the State is responsible for sports policy. The Sports Division of the Ministry for Youth and Sport (MS) is responsible for sport at a national and international level. It manages and controls State funding to federations, groups, committees and associations, and together with partners from ministries and associations draws up the training objectives in sports and management professions. Furthermore, it allows sports federations to organise and promote the practice of their disciplines and supports them via target agreements and by providing technical frameworks. The French Code of Sport provides the framework for the organisation of sport.

The state also retains certain rights in the implementation of sports policies as part of the cooperation between the state and the sporting movement and requires each sport organisation to establish regulations that foster the following principles: democracy, transparency, gender equality and self-regulation<sup>9</sup>. However, even though government representatives are not prohibited from serving on sports governing bodies, the government's interventionist-type regulation of the sports movement has not affected its de facto independence and growth.

The state's development and promotion of sport in France is organised, both regionally and nationally, across a wide range of stakeholders: the Ministry for Health, Youth and Sport; decentralised government bodies (22 regional and local government bodies for youth and sports, and 83 local government bodies for youth and sports, including nine in the French overseas departments and territories); 24 regional centres for sporting activities and sports education (*centre régional d'éducation physique et sportive* (CREPS)); regional sports centres; and five national schools and institutes<sup>10</sup>. The government's involvement in professional sport takes place through two kinds of regulation. The first is legislation that covers those structures that govern professional sports at federal and local levels, including taxation levels. The second is a labour law that is linked to the professionalism of athletes.

It also performs a counselling and support role for the sport federations, and goal-oriented agreements have been signed between the MS and the sport federations. The MS provides funding for the sport federations, allowing them to fulfil their public-service missions and implement ministerial policies<sup>11</sup>.

The French state provides the sports movement with significant resources, and the subsidy qualification criteria are well balanced to represent the wide democratic base of all the citizens involved in sport. The state rules affecting sport organisations are often based on the consent and advice of a broad sport constituency<sup>12</sup>. Hence, the size and diversity of the country's sports council, and its impact on state policies, offers French sport a sound democratic base. Over the last few years a trend has developed where more support has been given to regional and local sporting initiatives, while grants for national federations have been decreasing.

### · Conseil National des Activités Physiques et Sportives (CNAPS) – National Council for Sports and Physical Education

The MS established the National Council for Sports and Physical Education (*Conseil national des activités physiques et sportives* (CNAPS)) in June 2001. This body is equivalent to the Supreme Sports Council seen in other countries. It plays two critical roles in the country's sport community: it provides consultative functions on sporting legislation, and it is also responsible for evaluating the state's policies on sport. In the latter role, it submits a report to both the government and parliament on the development of physical activity and sport in France.

### · French Code of Sport

All of the sport organisations in France have been established according to the terms of the Loi 1901, and all sport associations function, in theory, according to rules of democratic representation. The French Code of Sport (*Code du Sport*) provides the framework for the organisation of sport. The code considers that physical activity and sports play an important role in education, culture, social inclusion and social life, and hence the promotion and development of these factors is of a general interest to all<sup>13</sup>. Additionally, the organisation, management and funding of French sport depends on the complementary nature of the authority exercised by, and the contribution of, the various officials and parties who are involved in sport<sup>14</sup>, i.e. the State (central and decentralised), regional authorities, sports federations (with their leagues and clubs) and professional organisations.

The code also allows local authorities to provide the football clubs with financial

support. Where sporting associations, or the companies they constitute, are considered to be of public interest they can receive public subsidies, although the maximum amount of subsidies paid by all the local authorities as a whole must not exceed €2.3 million per sporting season<sup>15</sup>. The decree also states that missions of public interest can carry out various activities, such as participating in schemes that contribute to education, integration and social cohesion, or those that aim to improve public safety and prevent violence in sport.

Finally, the code's decree 2001- 828 of 4 September 2001 states that local authorities can spend up to 30% of the preceding year's profit on service contracts. For sporting companies this amount has also been limited to an absolute value of €1.6 million per sporting season: "The money paid by local authorities to groups of sports companies benefiting from service contracts, or agreements that are not considered to be of public interest, must not exceed an amount fixed by law"<sup>16</sup>. These contracts concern several types of services, such as the purchase of tickets in sports arenas, purchasing advertising space during sporting events, or putting the name or the logo of the local authority on various types of merchandise (players' shirts, club newsletters, tickets and posters).

#### • The French Senate Report

The French Senate published a report on the 26th of September 2007, called "Must we be afraid of supporters?"<sup>17</sup>, after several violent incidents, in particular the incident in November 2006 near Paris' Parc des Princes football stadium.

On 24 November 2006 a PSG fan was shot dead by police and another seriously injured when violence broke out after Paris Saint Germain (PSG) lost 4-2 to Israeli club Hapoel Tel Aviv in the Parc des Prince in a UEFA Cup match.

PSG fans chased a French-Jewish Hapoel fan shouting racist and anti-semitic slogans. A black plain clothes police officer, who tried to protect the French Hapoel fan was also attacked. He then fired tear gas, before he drew his gun and, amid scenes of chaos, one fan was shot dead and another seriously injured. The fan who was shot, was linked with the *Boulogne Boys*, a group of fans who modelled themselves on British hooligans in the 1980s. The groups name comes from the Kop of Boulogne (KOB), one of the two main home fan stands at the Parc des Princes.

Some sections of PSG fans have a reputation for violent incidents and the club has been disciplined for their behaviour several times in the past. They traditionally gather at different ends of the ground – the far-right white nationalists in the Boulogne end and the multi-ethnic fans opposite them in the Auteuil. They are continually clashing.

Senators Bernard Murat and Pierre Martin consulted with various specialists to produce this report, which focussed on spectator violence and separated the supporters groups into four separate categories: isolated spectators, supporters' associations that are part of their club, Ultras, and hooligans. They began the report by enumerating the incidents that were covered by the French media in the preceding season, and the senators stated that 'the supporter phenomenon couldn't be maintained if its only incidents were violent ones', and 'the real violence in the stadiums seemed to be less significant than commonly perceived'. They also admitted that 'the assertion that the stadiums are increasingly violent is false', and that '95% of matches take place without incident'. Additionally, they denounce the negative role of the media asserting that 'the security issue in the stadiums is sometimes reported in an alarmist way by the contemporary media'. They add that 'the backing of supporters goes beyond the strict scope of the stadium and for some members of these groups, in particular for the youngest, it constitutes an important method of socialisation". One other tension point is the use of flares, which are totally condemned by the senators.

Overall, the senators answered 'no' to the question 'Must we be afraid of supporters?'. Instead, they suggested that a 'subtle combination of prevention and repression' should be adopted, as 'heavy sanctions result in a sound, but repressive, system (this is inspired by the English model)'. Hence, if a dialog between the supporters, the clubs and the authorities is considered to be advisable, then it must be established. Overall, the main proposals from the report were to introduce police officers into all the high-risk clubs; reinforce the importance of dialogue with all the supporters' associations; promote good supporter practice, especially with the young; prohibit barriers in stadia; create a common European file of those people banned from stadia; establish penalties of 3 year stadium bans enforceable by law and allow the option to accept a one year voluntary ban<sup>18</sup>.

## 2. Structure of French Football Clubs – Ownership and Governance<sup>19</sup>

### 2.1. Ownership Structures

All French clubs were structured as members' associations prior to 1984, and as such they had to follow Loi 1901. They were highly dependent on the funding that was provided by the state, but due to the increasing level of business that was becoming involved in sports the state decided to change their status. According to the French Code of Sport<sup>20</sup>, when sporting associations meet two criteria they are obliged to set up companies. These criteria are when the revenue from their events is €1.2 million, or when their remunerations exceed the ceiling of €0.8 million. When they set up the companies, the clubs can chose from the following models: a one person company with limited responsibility (*entreprise unipersonnelle sportive à responsabilité limitée* (EUSRL)), or a public company for sports (*société anonyme à objet sportif* (SAOS)), or a public company for professional sport (*société anonyme sportive professionnelle* (SASP)). Mixed local sports companies (*société d'économie mixte sportive locale* (SEMSL)) that were formed before the 29th September 1999 can retain their previous legal structure, although none of the clubs who are currently playing in the first division have remained with this structure. In Ligue 1 all the clubs have established SASP companies except for Auxerre, which established an SAOS. Only Olympique de Lyon is registered on the Stock Exchange.

#### • Associations

According to the Swiss Institute of Comparative Law, 'associations are paramount in France and are regulated by the law of July 1st 1901. This law sets the general framework of an association in a very laissez faire manner, leaving a lot of autonomy to the founding members. An association is created by contract, which must comply with the general conditions such as free and informed consent, civil capacity, a permitted corporate purpose (*objet social*) as specified in the Civil Code and in law. The association must have a governing body to be legally formed.

The association must have a name that complies with legal requirements. The seat of the association may be chosen freely. The aim (corporate purpose) of the association must be legal. This purpose determines the legal capacity of the association. An association is a non-profit entity. In particular, members of the association may

not share the benefits of the association nor any assets left over after its winding up. Any profits are paid into a fund which is not limited by law and which is used to accomplish the objectives of the association and create a financial reserve. Formally, the association acquires legal personality after having been registered at the prefecture and having published this registration in the Official Journal<sup>21</sup>.

**· La Société Anonyme à Objet Sportif (SAOS) – The Public Company for Sports**

An SAOS aims to preserve the sporting spirit. It does not allow dividends to be shared among its board of directors, and the sporting association that establishes it holds at least 33% of the shares.

*'This sort of company was created by the Law of 16 July 1984. This company's shares are formed of nominative shares. Since the law n° 2006-1770 of 30 December 2006, bearer shares may be issued if the company is public. Some of the shareholders are determined by law. Article L 122-6 of the Sports Code provides that the sports association that creates the sports company must hold at least one third of the capital and of voting rights at the general meeting. As a result, no decision that belongs to the extraordinary general meeting can be taken without the consent of the sports association.'*

*The 33% portion of the capital must be maintained throughout the life of the company and thus if the number of shares issued is increased, the sports association must receive a third of the new shares. Typical by-laws of such companies provide for an authorization of the company in case of transfer of shares. Such a transfer also entails additionally an administrative authorization. The necessary procedure is described in the decree n° 93-112 of January 22 1993. The Prefect controls the transfer and its compliance with the law of July 16 1984. In particular, the control only applies to the legality of such a transfer, not to the timeliness of accepting a new shareholder<sup>22</sup>.*

**· La Société Anonyme Sportive Professionnelle (SASP) – The Public Company for Professional Sport**

This type of company was created by the law n° 99-1124 of December 28th 1999. It was introduced to attract private investors, as the association that creates this company does not necessarily hold a third of the capital and there is no

administrative control on the transfer of shares. Additionally, unlike the SAOS, the SASP can pay dividends to its shareholders. Since the law n° 2006-1770 of December 30 1999, SASPs, like SAOSs, can go public. In these cases authorisation clauses providing for the transfer of shares must be included in the by-laws.

**· Main Shareholders**

Most large corporations sold their shares in French football clubs 20 years ago. However, there have always been some cases in which the relationship between these companies and the football clubs has been quite old. The origins of French football demonstrate that some clubs have had a very close relationship with certain corporations, i.e F.C. Sochaux was founded by Peugeot, as both entities were founded in Sochaux-Montbéliard. Further evidence for the link is the fact that the club was initially created exclusively for Peugeot employees. A similar case is the link between A.S. Saint-Étienne and Casino (a supermarket chain). However, since 1991 the company profiles have changed and the size of the companies has increased, according to the volume of the business, which has resulted in powerful stakeholders entering into football<sup>23</sup>.

France has no tradition of fan ownership. Initially, the clubs were mainly funded by the government and in the 1960s football was completely linked to local government, the so called *municipal football*. This trend ended when the '*loi Buffet*' came into force in 1999, which forbade members of local Councils being part of the clubs' board of directors<sup>24</sup>. However, the state has continued to have an important role despite this law and it intervenes in football through the the National Board for Management Control (*Direction Nationale du Contrôle de Gestion* (DNCG)), a semi-independent watchdog body. One of the DNCG's duties is to control the takeover of football clubs, which it does by assessing the solvency of the corporations that aim to buy a club, while at the same time verifying the origin of the funding to avoid money laundering<sup>25</sup>.

Generally, there are no shares in French football clubs available to the public, although there are two exceptions: Olympique de Lyon and F.C. Istres. This situation is due to the floatation of clubs being prohibited in France up until December 2006. At this point the European Commission instructed the French

Government to open up the market and to modify the Act No. 84-610 of 16 July 1984, which, pursuant to article 13, prevented French limited companies (*société anonyme* (SA)) which were operating in the sporting arena from raising capital from members of the general public. This essentially meant that they could not go public or float their companies on the French Stock Exchange. As a result, the French government changed the law – doing so by altering that relating to the development of employee-sharing schemes, and various economic and social provisions – specifically Article 68 of Act 2006-1770 (dated the 30th December 2006), which lifted the ban and allowed sports companies to go public<sup>26</sup>.

This move had no relation to any strategy – government or otherwise – for increasing supporters' involvement in the ownership of clubs. Both of the previously mentioned clubs became listed in order to attract investors to finance real estate operations – predominantly new stadia. Where Olympique de Lyon was concerned, only 10% of the shares that were floated in the stock exchange were available for supporters, and the other 90% of the listed shares listed were aimed at professional investors.

## Distribution of Shares in the Clubs According to the Type of Shareholder

Clubs	Private Shareholders	Associations
Auxerre	0 % (9 shares)	100 %
Bordeaux	99.83 %	0 % (10 shares)
Le Mans	100 %	0 %
Lens	100 %	0 %
Lille	100 %	0 %
Lorient	97.9 %	2.1 %
Lyon	100 %	0 %
Marseille	100 %	0 % (1 share)
Monaco	51 %	49 %
Nancy	93.36 %	6.64 %
Nantes	97 %	3 %
Nice	100 %	0 % (3 shares)
Paris	100 %	0 % (3 shares)
Rennes	100 %	0 %
Saint-Étienne	90 %	10 %
Sedan	100 %	0 % (1 share)
Sochaux	100 %	0 % (1 share)
Toulouse	99.60 %	0.40 %
Troyes	99.48 %	0.52 %
Valenciennes	99.96 %	0.04 %

	06/07	05/06	04/05	03/04
<b>Association Support</b>				
< 33 %	18 clubs	16 clubs	15 clubs	14 clubs
33 – 50 %	1 club	2 clubs	2 clubs	0 clubs
> 50 %	1 club	2 clubs	3 clubs	6 clubs
<b>Private Shareholders</b>				
< 33 %	1 club	2 clubs	3 clubs	3 clubs
33 – 50 %	0 clubs	0 clubs	0 clubs	3 clubs
> 50 %	19 clubs	18 clubs	17 clubs	14 clubs

Source: DNCG *comptes des clubs professionnels, 2006/ 2007*.

## 2.2. Governance Structures

### · Associations Sportives

The sporting associations (*associations sportives*) are doubly bound, as before they can be legally constituted they have to comply with both the general rules of the Loi 1901 and with specific sporting rules. Hence, to become authorised by the governing body, and thus entitled to state subsidies, they must adopt by-laws that guarantee the democratic functioning of the club, transparent management, and the equal access of men and women to the management bodies. In the case of football they must also become affiliated to the FFF before they can take part in the sports competitions. The affiliation procedures are organised by each sports federation depending on the particular type of sport.

The internal organisation of the association is governed by by-laws and internal regulations, which are decided at the Annual General Meeting. Additionally, the association's members are entitled to

several rights, which include the right to request, in court, that the associations' purpose or promised services be fulfilled, the right to acquire information on the management of the association, and finally requesting that the association's basic functions (such as General Meetings) are fulfilled as required in a regular manner.

Associations must function democratically, which implies that every member has the right to participate in the General Meetings, and hence must be invited to them. The by-laws of the association provide the General Meeting with its powers and they also define its composition. Hence, the by-laws can provide a representative system for the delegates if the association has many members. However, the General Meeting has full sovereign power if nothing has been stipulated to the contrary and, in particular, the General Meeting can vote on changes to the by-laws. The by-laws can also determine voting rights, although the rule is one vote per member if nothing is defined to the contrary.

The Loi 1901 does not oblige the associations to follow any specific management system. Consequently, sporting associations have the freedom to organise themselves in the way they see fit, provided they have a board of [directors or equivalent body]. The by-laws may also establish the persons or bodies that can act on behalf of the association, with respect to third parties or the representation of the association in court<sup>27</sup>.

### · The Société anonyme à objet sportif (SAOS)

The association can appoint one or more permanent representatives to the board with a least one third of the voting rights, and thus maintain a real power over the management of the company. Members of the Board of the SAOS can only be paid by the company if they held a work contract before their election and if they continue their work contract at the same time as their mandate as administrator. They cannot be paid by the association<sup>28</sup>.

### · The Société anonyme sportive professionnelle (SASP)

'The director of the association that created the SASP cannot simultaneously be the president or a member of the board of administration, the president or a member of the supervisory board, or a member of the directorate of the company itself<sup>29</sup>. However, he can be a general director or delegate general director. The SASP follows the general rules on the composition of the board of [directors or equivalent body] or the supervisory board. The sports association does not necessarily have permanent representatives within these bodies. Members of the directorate may receive remuneration for their services, although the founding association cannot pay this remuneration<sup>30</sup>.

Most of the football clubs in France actually do follow the traditional structures, with a board of directors and a PDG, which often combines the role of CEO and general manager. This concentrates the decision-making power within a few hands or even just one person, which in turn explains the perception that the French clubs are family run. According to a 2006 survey, 66% of French clubs are owned by just one individual. This means that the stakeholders do not have a particularly strong involvement in the decision-making process.

The relationship between the sporting association and the company it forms is defined according to a convention,

which is approved by the Préfet of the district where the sports association has its headquarters. This agreement must refer to issues such as the sports grounds and buildings used, branding, and the timeframe of the agreement<sup>31</sup>. The supervision of accredited companies is jointly carried out by the LFP, the FFF (and national technical direction), regional offices of youth and sport (and where necessary district offices for youth and sport) and the National Education Board (local education authorities).

### 2.3. Financial Regulation – Licensing System

The system that controls the financial situation of French football is reputed to be one of French sport’s greatest regulatory successes.

As football clubs have become more commercial, it was judged to be necessary to ensure that they followed stringent financial procedures so as to avoid financial irregularities. “Any national association that creates a professional league must, at the same time, create a supervisory body in charge of legal and financial control over the sports clubs, and for ensuring that they meet the conditions for qualifying in the competitions organised”<sup>32</sup>. Hence, the FFF and LFP created the National Board for Management Control (*Direction Nationale du Contrôle de Gestion* (DNCG)), a semi-independent watchdog body whose status results from the agreement between the FFF and LFP. It comprises a committee that controls professional championships, a committee that controls federal championships and an appeal committee.

The DNCG is an auditing body established under the umbrella of the LFP. Its main role is to assess the financial and legal status of the French clubs and can prevent the recruitment of new players, audit payrolls and, as a last resort, declare that the failing clubs should be relegated. They also play a role in the acquisition of stakes in French football clubs, taking into account the solvency and origin of the investors before issuing the required approvals. The DNCG has three main aims: it provides the clubs with information and technical assistance, it conducts investigative hearings into clubs and on-the-spot inquiries, and it institutes sanctions through sporting relegations, bans on promotion or recruitment, or through limiting a club’s payroll<sup>33</sup>.

The DNCG has proved itself to be quite effective, which is due to both the credible threat of sanctions it can impose on clubs and three other determining factors: its control of information, its control of fixture

dates, and its independence and technical competence. The DNCG requires financial information to fulfil its task, and clubs must provide accounts at the agreed time, signed by the LFP and the FFF otherwise they will face sanctions. Clubs in debt are therefore subject to severe control of their expenditures. All financial statements must be handed to the LFP for ratification, as long as they conform to the legal obligations and regulations of LFP and FFF. The court of Appeal holds that non-ratified statements should be considered void, which helps to guarantee the DNCG transparency of information and hence keeps its analyses relevant<sup>34</sup>.

Controlling the dates of fixtures ensures a preventive remit. Indeed, determining which sanctions should be applied (such as banning or limiting recruitment or imposing a salary cap) on clubs that in debt, even before the transfer window, ensures preventive action that respects players’ rights. Financial forecasts are required to achieve this. However, the DNCG has already relegated several clubs, so this factor acts as a deterrent to other clubs.

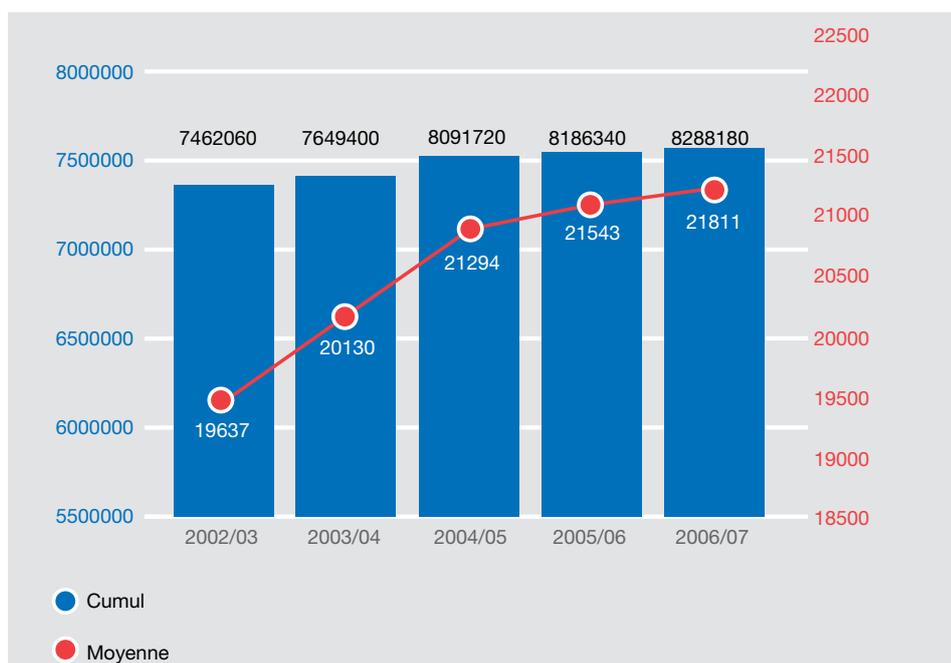
According to Andreff, “French football, when compared to other European football leagues, is no more free from financial wrong-doings, such as false invoicing, hidden honoraria, fake club accounting (despite DNCG audits), embezzlements, rigged matches and referee bribing, the use of ‘under the counter payments’ when transferring overseas players, fictitious player transfers hiding undisclosed money transfers, and abuse of social benefits”<sup>35</sup>. The main difference is that over the past

10 years in France the chairmen of several clubs’ have been prosecuted and then sanctioned, whereas in other countries the rule of law has not been applied to football as rigorously. The president of the LFP claims that establishing a European DNCG would increase the competitive balance among different European leagues. However, at the same time the French government has launched a set of measures, regarding taxation of football players wages, which have been previously implemented by other European governments, so as to enhance the financial potential of their clubs<sup>36</sup>.

Andreff states that, until recently, the financial crisis in French football was caused by the clubs’ ‘soft budget constraint’, which he argues by quoting a senators report from June 2004<sup>37</sup>:

*‘The senator’s report points to three complementary factors for explaining financial troubles. First, a weak governance structure at both the league and the club levels is a driving force for lax managerial financial behaviour (reluctant data disclosure characterises weak governance structures). Shareholders do not efficiently supervise managers in a weak corporate governance structure, and this leads to a second factor: shareholders behave as non-profit-seeking investors, patrons, or tycoons. This behaviour obviously softens the club’s budget constraint and relaxes financial discipline over managers. A third factor is the arms race among football clubs eager to enrol the most efficient players, which fuels wage inflation. Such*

Affluences Ligue 1



Source: LFP 2006/2007

*a self-reproducing process explains the unimpeded nominal wage bill increase and requires a proportional growth in new sources of finance. Indeed, top French clubs are drawn to spending more than their budget to attract efficient players, and afterwards, they beg patrons and tycoons to bail them out*<sup>38</sup>.

#### 2.4. Financial Performance

The French Ligue 1 increased revenue by €62m (7%) in 2006/07, the lowest growth of any of the 'big five' leagues. Deloitte reports Ligue 1 as the smallest of the 'big five' in revenue terms, more than €350m behind any other (excluding the temporary reduction in Serie A revenues 2006/07)<sup>39</sup>.

In the 2006/07 season Ligue 1 reported operating profits of €37 million, which was the first time the Ligue 1 had achieved a profit since 1999/2000<sup>40</sup>. In 2006/07 operating profits fell to €23m, compared to €250m in the Bundesliga and €141m in the Premier League<sup>41</sup>.

Deloitte predicts that the new four year Ligue 1 broadcast contracts from 2008/09 worth an average of €668m per year (compared to the current €600m), 'will result in a slight increase in average annual rights values, although there is no prospect of France bridging the gap to the other 'big five' European leagues in the short term'<sup>42</sup>. Ligue 1's largest source of revenue comes from broadcasting, which represented 58% of total income in 2006/07<sup>43</sup>. Ligue 1 continues to generate the lowest matchday revenue of the 'big five' leagues (€139m compared to €344m of La Liga), with the lowest matchday attendance of the 'big five' (21.4m) and the lowest ticket prices, which cost an average of €17.

As in Italy, stadia in France are often owned by the local council, which makes them lag behind in terms of their ability to produce matchday revenue. However, plans for new stadia (largely publicly funded) have been announced at several French clubs<sup>44</sup>, which according to Deloitte, could help to close the gaps to the other big leagues in the future<sup>45</sup>.

Furthermore, the tax environment is considered to be a clear disadvantage where the French clubs are concerned, with a real "tax gap" existing between them and the other four big European leagues<sup>46</sup>.

### 3. Fan Culture

Football may be the number one sport in France, but it does not dominate as there are other main sports such as rugby and cycling. Even after the World Cup victory in 1998 the attendances in French football

were not as high as they could have been expected. The game in France certainly lacks the dominant cultural role that it has in other countries.

French industrialism grew through the establishment of medium-sized firms in medium-sized towns, but it was in the relatively small towns where French football actually expanded, which in turn set a natural limit on the spread of the game<sup>47</sup>. Hence, French football has been hampered by more influences that are difficult to define than merely the structure and social significance of their clubs.

According to Patrick Mignon<sup>48</sup>, those who followed football in France during the last three quarters of the previous century behaved more like simple spectators, rather than fervent supporters. The low attendance rates prior to the 1980s support the argument that domestic football simply did not enjoy any particularly strong support from French society. Hence, football clubs are closely governed without active involvement by supporters. There is no tradition of fan involvement in the management of French football clubs.

In the mid-1970s the sporting success of Saint-Étienne provoked the interest of the French supporters. Some supporters had previously achieved some recognition, but this was nothing compared with the *verts*, which was the nickname of Saint-Étienne's supporters. Indeed, they personified the role of the 'twelfth man in the field'. Other supporters progressively became inspired by foreign supporters' groups and from the supporters of Saint-Étienne. This led to many 'Kops', which was a name taken as a tribute of the famous Kop of Liverpool FC, being formed in the stands where the noisiest local supporters meet. After the mid-1980s the French supporters' movement had changed and the presence of supporters in the stands increased significantly<sup>49</sup>. Hence two types of groups, depending on their behaviour, developed amongst the young supporters.

One type of supporters' group was inspired by the English model of informal gangs, focused on violence, very secretive, and who call themselves '*hooligans*', '*casuals*', '*hools*' or '*independents*'. Their involvement in supporting the team is moderate and they seem to show even less interest in the club's life; they are rarely interested in the manager's team selection or the players' performance. This type of group does not possess the legal structure of an association.

The other type of group followed their Italian counterparts and called themselves '*Ultras*'. In a similar manner to the Italians, who organised themselves in *calcio* during

the late 1960s, the French established associations and held a vested interest in supporting their teams and in the life of their clubs, but at the same time they accepted the occasional use of violence<sup>50</sup>. The average age within these groups ranges between 15 and 30 years old. A main feature of the *Ultras* is their wish to remain independent from their clubs. Additionally, their attitude suggests a '*contre-pouvoir*' philosophy, which means (in part) that they occasionally consider violence to be a suitable means of attracting media coverage. This is because their experience of positive initiatives, like the European campaign against racism that was launched by Football Against Racism in Europe (FARE), is that they do not attract media attention, as the media prefers to report their bad behaviour instead.

However, except for brief periods during Saint-Étienne's rise, and Platini's success at the 1984 European championships, French football continued to be unsure of its own potential, a state of affairs persisting until the French World Cup victory in 1998. Until then football had still not become the undisputed national sport, even though in the 1980s a more exclusive circle of football club owners would bring in foreign stars and, finally, a symbiotic relationship with television networks had developed<sup>51</sup>.

The FFF launched an initiative during the 1998 World Cup in France, which aimed to join all the national team's supporters (*les bleus*) under a sole association. However this has not gained momentum. Some educative initiatives, such as the 'génération supporters', which is promoted among the junior French supporters' clubs, were launched by the FFF and the FAS during the last World Cup in Germany in 2006. These were launched to try and set up a supporters' club for the national team, although even now such a club has not been established.

French supporters seem to be more interested in their national team, rather than their local football clubs, and there are various possible reasons for this. It has been mentioned that the economic control established by the DNGC and the severe tax system have contributed to a general drain of talent from the domestic teams to clubs outside of France. Thus, the most talented French players, who have been educated by the French training system, tend to play abroad to benefit from the significantly higher wages available outside of the French tax system. Another factor in the comparatively low support for local football clubs might be the absence of local derbies. The French League has only

recently allowed two professional clubs to co-exist in the same city. Hence, derbies tend to be regional rather than local; a few examples being Saint-Étienne / Olympique Lyonnais, Lens / Lille, and Bordeaux / Nantes. However, the biggest rivalry in French football is between Olympique de Marseille and Paris Saint-Germain, at opposite ends of the country<sup>52</sup>.

### 3.1. Supporters' Groups at Clubs

French supporters' clubs are generally organised as associations, who frequently follow the Loi 1901, although some are *de facto* groupings. It has been reported that traditional supporters' associations tend to be integrated into their clubs, are members of the FAS and cooperate with the clubs. They are even represented in the National Commission at the LFP. Ultras on the other hand, tend to be independent from the club they support.

With respect to the campaign against football violence, 48 supporters' clubs have united within the supporters' national coordination group in the campaign against football violence. In addition, some football clubs do entitle certain supporters' clubs to sell some of the seats for the matches, with the aim of increasing their involvement in order to seek to limit such violence. However, even if supporters' groups do play an active role in fighting football violence inside and outside the stadia, they are generally not associated with the actual management of the clubs. Football club directors seem to have an ambivalent attitude, as they consider fan support to be like the 'necessary twelfth man', yet they also believe that the decision-making power should be the sole province of the clubs' directors.

#### • Olympique de Marseille

The most pertinent example of supporter involvement at a club involves Olympique de Marseille, where the Ultra groups gained a unique position at the club. Bernard Tapie, during his term as club President in the 1980s, effectively bought sporting peace by providing a source of funding for the eight supporters' associations. This was achieved by providing them tickets, which they could distribute among their affiliates (circa 28,000) who could then resell them. The season tickets, bought for €100 each<sup>53</sup>, could be sold for €130, meaning that this concession provided the eight supporters groups<sup>54</sup> with revenue of roughly €640,000 pa. This income allowed the supporters to buy a venue in the suburbs of Marseille, where they developed a social project to integrate youngsters into

the philosophy of Marseillais support. This source of funding was supplemented with other monies from the regional government to channel into social projects related to the supporters' movement.

The political parties consider these eight supporters' associations to be extremely significant organisations, and before elections they hold meetings with them due to the huge amount of Marseillais citizens under their influence. Additionally, the supporters' associations in Marseille have an informal relationship with the club's board of directors.

However, this phenomenon cannot be found anywhere else in French football culture. Some of the supporters of the other clubs do want to establish similar initiatives, but it has so far not been possible to initiate a similar project anywhere else.

#### • Paris Saint-Germain

Paris Saint-Germain (PSG) is a relatively young club, founded as it was in the early 1970s. The club used to see average attendances of some 40,000 at the Parc des Princes, however this has recently been decreasing due to bad results.

PSG has, in accordance with its tradition, established a written agreement with its supporters, outlining the terms and conditions of their relationship. This convention established both the rights and responsibilities of both parties. The agreement was reached in January 2005, largely due to the mediation on the part of Mr Patrick Mignon - formerly responsible for supporters' issues at the LFP - between the club's directors and the supporters' associations.

Their most fervent supporters are mainly Ultras, divided along largely racial lines in two different sections of the ground - the far-right nationalists 'Kop of Boulogne (KOB)' behind one goal and the multi-ethnic 'Tribune d'Auteuil' behind the other. Much of the hooliganism in French football has been blamed on those groups.

#### • RC Lens

Lens is an industrial city that has a strong tradition of football; its club represents not only the city, but the whole region. The club's supporters traditionally come from a mining background, due to the industrial base of the region, and their rival supporters come from the local club of Lille, a more commercial and larger city to the north.

RC Lens promoted the concept of the indispensable role of the supporters as the 'twelfth man'. Supporters are considered

to be the twelfth man of the football team, and indeed at RC Lens no player is allowed to wear a shirt with the number 12 on it. This idea was suggested by the club's current president to pay tribute to the fans for their support of the team, and is something that some other clubs are adopting.

### 3.2. National Supporters' Associations

#### 3.2.1. La Fédération des Associations de Supporters du Football Français (FAS) – Federation of French Supporters' Associations

The FAS is the only national supporters' federation that is recognised by the football authorities, the government and other public institutions and was established as an association according to the Loi 1901 in 1978. However its role has only become relevant since it was integrated into the Ministry of Health, Youth and Sport in 2005. Their aims do not relate to management issues, and they have only recently shown any interest in taking part in such questions<sup>55</sup>.

FAS members are official supporters' associations (i.e. those recognised by clubs playing in Ligue 1, Ligue 2 and the national championships). Initially FAS only recognised one association per club, but as part of their aim to increase supporters' involvement they now accept more than one per club, with particular focus on those who implement educational youth programmes related to supporters. A supporters' association must be legally constituted, reject violence or discrimination, and sign '*la charte du 12eme homme*' before they can become a member of FAS.

The average age of members of such associations is often quite high, and they are not connected to the Ultras or the independent groups of fans as they consider those groups to be violent and not constructive. Official supporters' associations tend not to criticise the clubs' managers or players, in the guise of wishing to maintain a close relationship with them. Their vision of the club is very consensual, with everybody cooperating and striving in the same direction. They receive funding from the clubs for preparing banners for the stadium, and they also receive funding from the Ministry of Health, Youth and Sport for the development of educational programmes, such as fan projects that aimed at young people.

Because of their philosophy, other supporters' groups do not see these official supporters' associations as legitimate representatives of the wider fanbase. Moreover the FAS is closely linked to the FFF,

and therefore not considered independent.

The FAS is constituted in accordance with the Loi 1901 and so has to follow democratic principles regarding its governance. The management role is assumed by its council, which is made up of elected members appointed at the AGM. The weight of each supporter's association's vote in the FAS is determined by the amount of members that each affiliated association has. The downside according to some is that it favours the associations with more members. According to the Loi 1901 at least one third of the members must renew their confidence in the board at each AGM<sup>56</sup>.

FAS's board of directors meets at least once a month in its headquarters at the FFF, even though their administrative headquarters is in Le Mans. At their AGM they discuss relevant issues of the day and facilitate workshops on issues such as the hosting of away supporters and strengthening links with supporters in other countries. They have good relationships with the AFEPE from Spain, Fan Coaching from Belgium, and with the Danske Fotbold Fanklubber. All of them work closely with initiatives launched by the Council of Europe, which aim to explore the potential implementation of a Pan European organisation in addition to the Football Supporters International (FSI)<sup>57</sup>. In 2005 this federation became integrated into, and funded by, the Ministry of Health, Youth and Sport, subscribing to an annually renewable agreement. They have been able to employ two members of staff as a result of the different fan projects they submitted: one secretary and one development officer. Their development strategy has resulted in an impressive network that has increased rapidly, through establishing various agreements with different institutions, both public and private<sup>58</sup>. The institutions that have agreements and work with FAS are:

#### **Ministry of Health, Youth and Sports.**

In 2005 both institutions signed a Convention of Objectives that reflected the Ministry's aim of assisting FAS's developmental strategy. The French government provides funds for projects pursuant to an agreement which is renewable on an annual basis pending an assessment of outcomes.

#### **Fondation du Sport (Sport Foundation).**

The Sport Foundation is an organisation privately funded by 17 corporations and promotes social action through sport, mainly involving organising campaigns against violence which targets young supporters. Their main contact with the

FAS takes place through a common programme called 'génération supporters'. The programme was established during the World Cup of 2006, with the aim of spreading support for the French squad amongst youngsters, but it has continued working in an educational context with young supporters from four Ligue 1 clubs.

#### **The French Football Authorities (FFF/LFP/LFA).**

The FAS has established a partnership for the pursuit of common, achievable, strategies with the LFP, the FFF and the amateur football league (ligue de football amateur (LFA)). The LFP allows an FAS representative to be member of their commission on stadium security. They also have regular dialogue, but their main concerns in this area are related to the fight against violence and racism, and the hosting of supporters at away matches.

#### **The National Union of Football Referees (UNAF).**

FAS signed a charter in January 2007 to promote activities for developing supporters' respect towards referees.

#### **The French Association for a Sport without Violence and for Fair Play (AFSVFP).**

The FAS is a constituent member of this association, establishing a long-term partnership. Most of AFSVFP's campaigns relate to the fight against violence, and the promotion of educational values, and training for the presidents of supporters' clubs. They have campaigns targeted towards young people.

#### **• La Charte du Supporter (Supporters' charter)**

FAS has established a supporters' charter, which was agreed by the LFP, establishing general guidelines and obligations for supporters. It has been adopted by several clubs and also signed by leading fan representatives<sup>59</sup>.

Article	
1	The supporter should enjoy every sporting encounter as a privileged moment, a festivity, irrespective of the importance of the match.
2	The supporter complies with the rules and the spirit of football.
3	The supporter respects his / her opponents as he / she would him / herself.
4	The supporter accepts the decisions of the referee.
5	The supporter remains dignified in victory and defeat, aware of the influence of his/her behaviour on the public.
6	The supporter's behaviour should be above reproach during away journeys.
7	The supporter joins an acknowledged fan club. He / She is a holder of the national supporters' card.
8	The supporter stands by his / her club at all times and in all places.
9	The supporter respects the officials, the players, the club and the referees.
10	The supporter behaves like a true ambassador of football by helping to enforce the principles as mentioned above.

#### **• La Charte d'Adhesion du Club de Supporters a la FAS (The Membership Charter of the Fan Clubs of the FAS)**

*La Charte du Supporter* lays out the role and responsibilities of those groups who are members of FAS. The charter defines for example obligations of clubs, the LFP and FAS towards fan clubs, such as the appointment of fan liaison officers and the right of co-determination of fan club representatives in each official fan club of every club<sup>60</sup>. Furthermore, the FAS acts as a mediator where conflict arises between the supporters' groups and the relevant clubs.

Article	
1	Every fan club that is regulated by the Loi 1901 should meet the following conditions: – approval by the association of the club (SAOS, SEM, SASP...) – agreement with the FAS. – approval by the Ministry of Health, Youth and Sports.
2	The objective of a fan club is to help the club by making a voluntary contribution to the diverse actions of the club. These include supporting the atmosphere and participation in security actions during matches at its home ground and helping to fight against violence in and around stadia.
3	The fan club should be obliged to include a post for a representative of the 'club fanion', the official fan club of the club of reference, in its administrative board. Under the same terms, it's desirable that the 'club fanion' also nominates a fan club manager.
4	The fan club is required to give an account of its activities to the "club fanion" and the FAS at the end of each season.
5	If the fan club shows a profit by the end of the season, through the sale of tickets, paraphernalia, or the organisation of away journeys or other diverse events, the profit gained should only be used for: the improvement of the fan club, the purchase of season tickets, donations, the organisation of activities that conform to the statutes of the fan club, and, in general, additional money should be contributed to the 'club fanion'.
6	In the case of non-compliance with article 5, the 'club fanion' can ask the FAS for a general assembly of the fan club to decide on the situation. In this case, the FAS could make the decision comply with its statutes, including the declaring of expulsion of the fan club.
7	The 'club fanion' cannot impose any actions on its own fan clubs for non-compliance with its statutes.
8	In case of conflicts between the 'club fanion' and the fan club, a mediation meeting between the two clubs will be organised, together with representatives from the FAS, to settle the dispute.
9	The FAS holds a seat at the administrative board of the LFP. The LFP acknowledges the FAS as the representative national organisation of the fan club. The LFP suggests that a fan club should be approved through the 'club fanion' according to the view of the FAS.
10	If the behaviour of the fan club's members should be considered as incompatible with its statutes and the objectives pursued by the FAS, then a commission will be set up by the FAS to sanction the whole fan club, which may include expulsion.

### 3.2.2. Coordination Nationale des Ultras – National Ultra Group

The French Ultra movement has made several attempts to establish a national body to defend their interests, with the first, called the "Union Against Repression" (*union contre la repression*), being attempted in 2003. This movement arose as a reaction to what those groups perceived as a lack of a right to express themselves. The LFP prohibited, through their by-laws, banners at stadia that were considered offensive.

The Ultra movement feels it has experienced a media campaign of discredit, which is not in accordance with the actual number of incidents that are related to French football supporters<sup>61</sup>. Much of it has been blamed on the incidents in and around Paris' Parc des Princes in November 2006.

### • Union Nationale des Ultras Agreement

#### Fundamental principles of the organisation:

- Respect for the Ultra movement. To raise its profile and to be an official representative group, whether classed as an association or not.
- Respect of ethics. Those groups that do not respect the organisation's ethics shall be expelled.
- Solidarity between the groups, as was seen at the time of the death of Julien Quemener, the Paris Saint-Germain fan who died in a racist incident.
- Individual respect in the collective interest, i.e. to forget disputes when working together.
- Independence of mind. Not to be influenced by the leading authorities.
- Condemnation of discrimination.

#### The basis of the organisation is:

- Fight for affordable seats.
- To fight for the groups' freedom of expression.
- To support and encourage dialogue between the clubs and the supporters.
- Rejection of personal seats.
- To have consultation with the groups on any decision that concerns the supporters (for example, rejecting any charter published by the LFP).
- Right of the groups to have the possibility of being present when the boards of directors of the clubs and the leading authorities of football meet.
- Right of the groups to use any material or animation in the stadia, and that the clubs and the league facilitate any work of animation (for example, sound systems within the national French stadium or flags in any other city)
- Decent facilities for supporters outside of the stadiums.

#### They decided to distribute the tasks as it follows:

- A representative from each city will be focused on the legal actions.
- Eight representatives from the four groups present will commit themselves to the general management of the organisation.
- David of Magic fans from Saint-Étienne will be in charge of national coordination, and will relay information to all of the French groups.
- The representatives of the Ultramarines from Bordeaux will work on the official statements and minutes of the meetings.

Those meetings also resulted in the preparation of a manifesto, based on supporters' rights and directed against repression and the problems of "modern football". Several aims outlined in the manifesto overlap with those of supporters' trusts in the UK. The Ultra groups we have been in contact with want to be involved in decision-making processes, where it concerns them. However, due to their Ultra mentality, they wish to achieve this without any involvement in the ownership or governance structures of the clubs they support.

### Supporters' Rights

- 1) Supporters groups should receive acknowledgment from the clubs.
- 2) Discussion between the supporters, the clubs, and the leaders should be improved and encouraged. For instance, there should be consultation with the supporter's on all the decisions that concern them, whether directly or indirectly.
- 3) The right to be present at the clubs and leaders administration counsel (board of directors). It is worth noting that this desire is not related to ownership, as they want to have a seat as an independent representative and not as a consequence of being shareowners.
- 4) Freedom of expression for the supporters' groups, such as the possibility of entering the stadia with flags or banners, which do not have any political, injurious or discriminatory meanings.
- 5) Supporters' should be considered to be a real part of football, and not simply customers.

### Repression

- 1) To condemn the associations' dissolution law.

### Modern Football

- 1) Fight against the clubs floating on the Bourse (stock market): fight against the financial influence on the clubs' direction, which results in a goal of satisfying their shareholders and, hence, procuring profit, often to the detriment of the supporters.
- 2) Preservation of the logos and historical colours of clubs, while condemning those modifications that are purely commercial.
- 3) A more equitable redistribution of the TV rights.

### 3.3. Dialogue with the Clubs

The relationship between the supporters and the clubs is mainly restricted to those relating to security and atmosphere, because of the traditional lack of supporter involvement in management of the clubs. In most of the clubs the main point of contact between the supporters and the owners / board of directors takes place through the security officers, though on rare occasions clubs provide a separate officer concerned with supporter affairs.

Clubs do recognise some supporters' groups (the 'official' groups) and some of them are financially dependent on the clubs, which results in a close alignment of interests. In some clubs, where the President chooses to do so, dialogue takes place spontaneously and frequently<sup>62</sup>, as well as through different channels, e.g. informal meetings or even internet forum chats.

Ultras' relationships with their clubs are more complex, in that they try to be both 'bad' and 'good' at the same time and a group that does not exhibit both of these characteristics will also not be recognised as being truly ultra by its peers. They have to function as a small enterprise, whilst at the same time keeping underground. Thus, their style of support mixes order and organisation with chaos.

Club managers respond to the complicated attitude of the Ultras by holding an ambiguous stance towards the supporters in general and the Ultras in particular<sup>63</sup>, although they do consider supporters to be the indispensable twelfth man: the club requires them as it needs their support, and the club is seen as 'one big family' of which the supporters are important members. However, the managers consider this 'family' to be a traditional and authoritative one. Hence, the management makes the decisions, in other words the *pater familias*<sup>64</sup>, and the rest of the 'family members' have to obey decisions.

The perception of the Ultras by managers has mainly come about through the former's bad behaviour, which has aggravated the managers since it gives their clubs a bad name and obliges them to pay fines or spend a lot of resources on security within and outside the stadium. Ultras have also aggravated the managers by frequently challenging their tactics. The primary issue is that the managers and Ultras hold differing definitions of football. Hence, the relationship between the Ultras and the managers is generally difficult, even if it does vary between clubs. Ultras want to be recognised by managers, but they do not want to be close to them, as they want to preserve their independence, and so allow them to hold a critical point of view. It is difficult for the two

parties to establish any mutual respect, especially as the conflicts are exacerbated by generational and social differences.

### 3.4. Dialogue with the Authorities

Where dialogue between the football authorities and the supporters is concerned, there is a very clear difference between the two main types of supporters' groups. There is a very fluent relationship with supporters' groups affiliated to the FAS. A representative sometimes attends meetings between the FAS and its affiliated groups from the sports ministry. On the other hand, there are the Ultra groups who have no seats on any of the committees. They do have meetings, but in their case the government representative belongs to the Ministry of Social Affairs and the meetings often relate to security issues. These groups are against what they claim to be the excessive commercialisation of football, which they call 'modern football'.

The LFP has also established contact with Ultra groups at Ligue 2 clubs, who have established a supporters' coordination group called 'SOS Ligue 2'. This group challenged the LFP's decision to change match fixtures, traditionally played during the weekends, to Fridays and Mondays for the benefit of television. This change had negatively affected the Ultras, as they had experienced serious difficulties in following their teams to away games.

#### · LFP Security Commission

The LFP has initiated a specific commission of security that also deals with supporters. The members of the FAS also have a chair on the commission's board, and the relationship between these two bodies is quite fluent. One of the most relevant initiatives that has been implemented by the LFP and geared towards supporters is the 'French Championship of Tribunes'. This awards the best supporters with money for activities that are related to support at matches. Every week these groups (tribunes) compete for points, which awarded by a number of journalists and based on the quality of the support at home and away games. However, the vast majority of the Ultra groups considered this initiative to be an attempt by the league to 'buy' their good behaviour. Hence the supporters' association of Saint-Étienne, who received the prize for being the best supporters of the championship, decided to donate the money to charity, thereby reaffirming their aim of remaining financially independent from the football authorities<sup>65</sup>.

## 4. Suggestions

One of the main aims of the supporters' trusts is to bring long term financial stability to their clubs. However this is not a priority for the French supporters, as this role has been effectively fulfilled by the DNCG, which also exercises control over the approval of potential investors in order to avoid insolvency and money laundering.

### 4.1. Adequate Legal Structures of Supporters' Groups

The Football Club's legal structure will determine how supporters organise themselves should they wish to directly influence their club.

All professional first division clubs are presently formed as companies by shares (either *société anonyme à objet sportif* or the more common *société anonyme sportive professionnelle*). If the football club is registered on the stock exchange, supporters clubs formed as associations of the 1901 law with legal entity may buy shares of this company. If the company is not traded on the stock exchange, the transfer of shares requires to be authorised within the requirements of the by-laws.

As for the rights of minority shareholders, they only have specific rights if they own or control at least 5% of the capital. In this case, they may contest the appointment of the auditor, file written questions, request from a judge the nomination of an agent to convene a general meeting, ask for a management audit and so forth<sup>66</sup>.

Generally, it is reported that there is no equity available in French football clubs, with only a very small amount available to supporters. However, this perception is very similar to the one in the UK, where it has been shown, that the availability of shares often depends on financial funds offered; if potential shareholders would offer substantial funds, equity would be made available.

### 4.2. Recommendations for the Management of French Football Clubs<sup>67</sup>

Some commentators have said that the presence of 'independent administrators' on the management boards of French football clubs' would positively influence performance; similar arguments have been made in the UK, where it is argued that independent administrators can help to secure long-term success via expert knowledge, separation of decision-making and control and efficient implementation of tailored strategies.

### 4.3 The Ultras

The Ultra groups are proud of their independence as it allows them to criticise the boards' decisions, and such a critical perspective could not be found amongst the traditional supporters' groups, who rely on the grants that are provided by their clubs and with whom they have a generally close relationship. The Ultras tend towards being open to new ideas and they also aim to become more respected and heard by the boards of clubs, without losing their philosophy of contra-power.

The alarm caused by the death of the Paris Saint-Germain supporter in 2006 culminated in the French Senate report on football supporters. This resulted in the strengthening of those sanctions that target supporters' bad behaviour, while at the same time admitting that the incidents were overplayed in the media. It also held that the best strategy is to combine security measures with dialogue. It makes a clear difference between the use of violence by hooligans and Ultras, and it recognises the attempts to integrate carried out by associations in the Ultra movement<sup>68</sup>. It also advocates dialogue with the Ultra groups, who are able to prevent violent incidents by exercising their own authority among their members.

However, there are two main issues that are relevant to the Ultra groups. The first is that their organisations are not strictly democratic, as they prefer to respect the leadership of their founders and current heads who have proved their worth, rather than appoint them through an electoral process. This does not mean that they are against democracy, as their internal decisions are taken democratically, but they only take into account the opinions of the more active members and not the group as a whole. Some of them think an electoral process would be a potential source of internal power struggles, rather than an improvement on what they have. The second issue concerns their worry about the increasing role of the television companies and the increasing dependency on TV revenue, as this has strong negative effects for them. Match fixtures are moved to achieve the best TV audience ratings which often goes against the interests of match-going supporters<sup>69</sup>. Besides the role of TV, they also oppose excessive merchandising, as it is viewed as a threat to the maintenance of their clubs' traditional colours.

However, several groups we have been in contact with consider Supporters Direct's feasibility study to be a good starting point for supporters' groups throughout Europe to build networks and increase their influence. Some groups are interested in legal services that could be developed

by Supporters Direct throughout Europe. Overall, none of the groups we have spoken to seek ownership of the clubs they support, but at the same time they do not completely reject the idea. Indeed, they prefer to wait and see how the situation evolves in other countries before considering becoming involved in the ownership and governance of their football clubs.

### 4.4. Improving the Relationship between Supporters, their Clubs and the Authorities

Following the proposals made by the Senate Report, the FFF and the LFP have been instructed to establish a dialogue with the supporters on those issues not strictly related to security issues. So far the main dialogue has taken place with the FAS, however we believe that the football authorities must follow the Senate's recommendations and establish proper channels of communication with the Ultra groups.

The relationship between supporters and their clubs provides an extensive framework for a number of preventative measures that could be taken in order to promote the positive social behaviour of fans. In general positive fan behaviour is influenced by the way fans are treated and seen by the clubs and the authorities and their level of participation in decision-making procedures at their clubs. Each club and supporters group operates differently, hence the relationship between any particular club and its supporters varies. These relationships need to be tailored to the respective environment influenced by the tradition of French supporters not being involved in club governance. However, there are general, non-conclusive recommendations we can make, which could help to start to establish a continuous dialogue between fan groups, their clubs and the authorities.

#### • Fan contact officers at FFF and FLP

To improve the relationship between clubs and fans and the authorities a certain level of trust needs to be developed between the parties. Although it is tempting to consider immediate structural solutions to address the club/fan relationship, we view that as being a longer-term aim. In the short-to-medium term, the aim needs to be one of promoting dialogue between the authorities and the fan groups (being particularly mindful of the Ultras) on issues aside from security. Given that some dialogue is already taking place following the Senators' report<sup>70</sup>, the logical next step of this on a practical level would be the appointment of actual fan contact officers at the authorities.

Fan contact officer(s) at the FFF and

FLP could help to improve communication between the fans and the governing bodies, and to professionalise fan liaison officers at clubs. So far the only relationship between the authorities and the FAS is based on security issues. Fan contact officers would have broader responsibilities instead of dealing solely with security issues and would have to build relationships with many supporters groups – including, importantly, Ultra groups. They could channel the communication between such groups and the FFF and FLP and meet with supporters groups on a regular basis. An appointment of fan officers needs to be considered carefully as the person needs to be accepted by both supporters and fan liaison officers.

### •Fan Liaison Officers

This is a position already in place in Germany, and works well, providing a way

for supporters and supporters' groups in particular to communicate their concerns<sup>71</sup>.

As outlined the ultimate aim would be to introduce fan liaison officers along the lines of the German "*Fanbeauftragte*" model into the governance structure of the clubs, although because of the scepticism of the Ultra groups (which may still be something that has to be contended with in the long-term), this may not be the appropriate mechanism. Therefore the groups would need to be at least actively involved in the appointment, agreeing to the structure/role or job description. Any such role will require movement from both sides, but it is more conceivable after a period of *détente* in the relations between supporters' groups (be that between existing supporters' groups and ultras, or between the authorities and all supporters' groups).

The longer term aim with respect to fan liaison officers at individual clubs

is a more complex one, but the officer would communicate similarly with respect to the decisions made by football club boards and, in the other direction, communicate the needs of the fans to the board. In Germany, these officers build relationships, not just with fans, but with the police, security officers, and other fan projects, and they also engage with fan liaison officers at other clubs before matches, ensuring that the fans behave in accordance with security guidelines. Fan liaison officers could not only help fans to improve the image of both club and fans to each other, and provide a conduit to involvement in the club, but they could also help the club to get to know its supporters. However, the inclusion of fan liaison officers would have to be wanted by the supporters themselves, hence the need to develop an initial dialogue before trying to expand the initiative more broadly.

<sup>1</sup> Duboys, L., 'Atlas des Français, Grand angle sur un peuple singulier', Editions Autrement, 2002, p.20.

<sup>2</sup> Charkham, P., 'Keeping Good Company', Oxford: Clarendon Press, 1994, p. 125.

<sup>3</sup> Comparative Study of Corporate Governance Codes Relevant to the European Union and its Member States, Internal Market Directorate General, 2002, p. 3.

<sup>4</sup> Data taken from [www.euronext.com](http://www.euronext.com)

<sup>5</sup> For further information about the evolution of corporate governance in France, see Miltiadis, P., 'The Reform of corporate governance in France', Munich Personal RePEc Archive, 2006.

<sup>6</sup> 'Raising the Bar – Corporate Governance in Europe 2007 Report' pp. 20-21.

<sup>7</sup> Interview with P. Diallo, GD of UCPF, Paris 15 February 2008.

<sup>8</sup> 'Study on the representativeness of the social partner organisations in the professional football players sector', Catholic University of Louvain 2006, p. 81.

<sup>9</sup> Chaker, A-N., 'Good Governance in Sport, A European Survey', Council of Europe Publishing, 2004, pp. 56-60, p. 60.

<sup>10</sup> Data taken from the website of the French Ministry of Youth and Sports, <http://www.jeunesse-sports.gouv.fr/>.

<sup>11</sup> Chaker 2004, p. 60.

<sup>12</sup> Chaker 2004, p. 59.

<sup>13</sup> § L. 100-1 of the French Code of Sport (*Code du Sport*).

<sup>14</sup> § L. 100-2 of the French Code of Sport (*Code du Sport*).

<sup>15</sup> § L. 113-2 French Code of Sport (*Code du Sport*) and decree no. 2001-828 of 4th September 2001

<sup>16</sup> § L. 113-3 French Code of Sport (*Code du Sport*).

<sup>17</sup> Murat, B. and Martin, P., 'Rapport d'information n° 467 (2006-2007) fait au nom de la commission des affaires culturelles sur les associations de supporters', pp. 1-43.

<sup>18</sup> Lesay, J.D., 'Faut-il avoir peur des sénateurs ?' (Must we be afraid of senators), So foot, 4 October 2007.

<sup>19</sup> For the analysis of ownership and governance structures of French football clubs and the most adequate legal structures for supporters' groups, we have made extensive use of the Swiss Institute of Comparative Law, 'Comparative Study of the Legal Structures of Football Clubs and Supporters' Organisations in 45 Jurisdictions', Volume I, 2008, pp. 1-367.

<sup>20</sup> The local structures for sports companies and professional clubs are established in the Code of Sport, 2004 §§ L. 122-1 to L. 122-11 Code of Sport.

<sup>21</sup> Swiss Institute of Comparative Law, 2008, pp. 235-236.

<sup>22</sup> Swiss Institute of Comparative Law, 2008, p. 238.

<sup>23</sup> A few examples are Adidas in Marseille, the television channel M6 in Bordeaux, the supermarket Leclerc in Nancy, the movie producer Seydoux in Lille, the aircraft constructor Dassault in Nantes, the mass marketer Pinault in Rennes, the caterer Catair in Toulouse, the marketing centre Call Center Alliance in Saint-Étienne, and the software editor Cegid in Lyon.

<sup>24</sup> Interview with P. Mignon, Paris, February 2008.

<sup>25</sup> We have recently (2007) witnessed the DNCG imposing a ban on a Canadian (pharmaceutical entrepreneur) whom aimed to buy Olympique de Marseille without enough solvency and transparency about the origin of its funds.

<sup>26</sup> 'Public listing', information taken from the website of the French Ministry of Sports and Youth.

<sup>27</sup> Swiss Institute of Comparative Law 2008, pp. 236-237.

<sup>28</sup> Swiss Institute of Comparative Law 2008, pp. 238-239.

<sup>29</sup> See also, SAOS.

<sup>30</sup> Swiss Institute of Comparative Law 2008, p. 239.

<sup>31</sup> Directoire Générale des Collectivités locales 'Les relations financières entre les collectivités territoriales et les clubs sportifs', Guide de l' élu, 2002, p.8.

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<sup>34</sup> Andreff, W., 'French Football: A financial crisis rooted in weak governance', Journal of Sport Economics 2007, pp. 652-661.

<sup>35</sup> Andreff 2007, p. 659.

<sup>36</sup> L'Equipe.com, 22 February 2008.

<sup>37</sup> Collin, I. 'Senate Report n°336', 8 June 2004, pp.1-288.

<sup>38</sup> Andreff 2007, p. 658.

<sup>39</sup> Deloitte, Annual Review of Football Finance, May 2008, p. 13.

<sup>40</sup> Deloitte, Annual Review of Football Finance, May 2007, p. 11.

<sup>41</sup> Deloitte 2008, p. 18; Forbes listed only one French club, Olympique Lyonnaise, among the 20 richest clubs in Europe, 'Soccer Team Valuations', Special Report, 30 April 2008, [http://www.forbes.com/lists/2008/34/biz\\_soccer08\\_Soccer-Team-Valuations\\_Rank.html](http://www.forbes.com/lists/2008/34/biz_soccer08_Soccer-Team-Valuations_Rank.html).

<sup>42</sup> Deloitte 2008, pp. 13 and 17.

<sup>43</sup> Deloitte 2008, p. 14.

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- <sup>54</sup> South Winners, Yankees, Commandos Ultras, Marseille Trop Puissant, Dodgers, Club Central des Supporters, Fanatics and Handi Fan Club.
- <sup>55</sup> <http://federation-des-associations-de-supporters-du-football-francais.fas-football.com/>.
- <sup>56</sup> Interview with L. Durand, FAS Development Officer, Paris, 16 February 2008.
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- <sup>66</sup> Swiss Institute of Comparative Law 2008, p. 240-241.
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- <sup>68</sup> Murat and Martin, 2006-2007, p. 20.
- <sup>69</sup> The SOS Ligue 2 supporters' movement rose as a consequence of the LFP decision to broadcast matches on Friday and Monday.
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# Germany

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## Summary

1. Football in Germany is governed by the DFB (German Football Association), while governance and control of the Bundesliga and 2. Bundesliga are assigned to the Bundesliga. All 36 professional football clubs of the Bundesliga and 2. Bundesliga are members of the Ligaverband e.V. (League Association). The League Association itself is an independent member of the DFB and as such is bound by the foundation statutes held between the sister organisations. At the end of the 2007/08 season a new 3. Bundesliga was formed and placed between the 2. Bundesliga and the Regionalligen; it is also governed by the DFB. From the 2008/09 season, 20 will teams start in the new league, increasing the ranks of fully professional clubs in Germany to 56.

Germany's sports policy is defined by the socio-political importance of sport itself. Key points are the autonomy of sport, the subsidiarity of sports organisations and the general cooperation between the state and sport organisations. In principle, the government follows a "non-interventionist sports legislation model".

2. The ownership and governance environment in German football is quite different from the one in other countries, due to the 50+1 rule making it impossible for investors to take over football clubs. Until 1998, all 36 clubs in the Bundesliga and 2. Bundesliga were registered associations (known as *eingetragener Verein* (e.V.) in German) called members' associations. Since 1998, professional clubs have had the opportunity to move or incorporate their professional football section into an external limited company that is separate from the parent club. The fundamental difference from the basic regime governing other European limited companies is the strict rule on majority shareholdings imposed by the DFB; the co-existing members' associations/parent clubs have to retain a majority shareholding in the newly separated limited companies<sup>1</sup>, which means 50% plus one vote have to be held by the parent club (the parent club being the members' association).

Members' associations are deeply

rooted in German society and are considered socially valuable. However, the existence of members' associations in professional football in Germany has been criticised by some in German football, due to the increasing economic and sporting importance of participation in international competitions. These critics believe that the rule puts German clubs at a competitive disadvantage by essentially making a complete takeover of a club impossible. Our research has shown that the 50+1 rule and the structure of members' association do not necessarily facilitate the involvement of fans in running their clubs. However, it has also been shown that meaningful fan involvement within those ownership structures and regulations has been achieved in several cases. Overall, the ownership regulation guarantees the opportunity for the members' association to influence the limited company through the 50% plus one vote stake in their club.

Currently, football clubs are still dependent on their members. In the event of the 50%+1 rule disappearing, the members' associations would most likely lose shares in their professional football units without any compensation at all. However, any future fan involvement could be achieved more readily in members' associations than in companies, as the members practically own their clubs. Abandoning the members' association model runs a real risk of endangering the strong links between the clubs and their communities, from which German football draws much of its strength.

3. The actual influence of independent supporters clubs' *Fanabteilungen* (fan departments), and Ultra groups in Germany, is dependent on various factors, the most relevant ones being: the ownership structures, governance structures, club statutes and the fan culture at the respective clubs. The groups we have spoken to made it very clear that fan involvement in German football has no single model, neither for fan groups, which are part of the clubs, or for independent groups. Hence, the research shows that the standards and levels of fan involvement in the running of their

clubs varies from club to club. Members' associations do not automatically have a well-organised and actively involved fan scene, and there is no charter in club statutes that helps members to increase, or at least define, their formal rights.

There are well-respected and organised fan groups on the national level, like *Unsere Kurve*, *BAFF* and *ProFans*, all of which support fan democracy. However, the national groups have not currently developed their agenda far enough to be of much benefit to fan groups at the club level when it comes to questions of governance, which is therefore due to various reasons, particularly the fact that everybody works on a voluntary basis and lacks time to be further involved. This could be overcome by a Supporters Direct Europe advising groups and provide adequate services. The groups could provide advice on ownership and governance issues in the future and, a Supporters Direct Europe could help to broaden their reaction. Indeed, we strongly believe that cooperation between the two groups could be beneficial to organised football fans (not only) in Germany, as a Supporters Direct Europe would have the experience to help move their respective agendas forward. Additionally, we believe that the experiences of *Unsere Kurve*, *BAFF* and *ProFans*, as well as those of some well organised supporters clubs, could contribute to the establishment of a Supporters Direct Europe. However, the requirement for a Supporters Direct Europe to act other than in an advisory capacity is questionable. All suggestions it would make will not fit all, but might be helpful for some. In any event, they would have to be tailored to the individual needs of each fan group.

There are established communication channels in place between national fan groups and the football authorities and the DFB and the DFL have both appointed fan managers as contacts for fan related matters. Compared to the other five countries covered in this study, Germany is far ahead when it comes to fan involvement on the local and national level. However, supporters still have issues and areas of concern.

## General Introduction to Economic, Political and Cultural Environment

Germany is home to about 82.5 million people spread across 16 federal states. Germany is the largest economy in Europe, and the third largest in the world, when measured purely by its \$2.63 trillion GDP in 2007. However, throughout the past few years, Germans have become increasingly concerned about the high level of unemployment, which was 3.7 million in June 2007, and a general economic downturn and following recession, even though the economy has recently shown signs of a slow recovery<sup>2</sup>. As a founding member of the EU, Germany is keen to establish an European Constitution among all member states. Germany can be described as a constitutional democracy.

The German capital market has 1187 German companies quoted on the Frankfurt Stock Exchange. Based on concentrated share ownership, and rather low levels of takeover activity, Germany is considered an “insider or stakeholder-controlled system”<sup>3</sup>. By contrast, the UK and US have larger equity markets, more dispersed ownership and more active markets in corporate control.

Germany has been characterised as traditionally valuing cooperation and consensus, which is underpinned by its system of corporate governance. Companies are governed by a two-tier board structure, consisting of both a supervisory board and a management board that are mutually independent of each other.

The typical German supervisory board embodies three to four types of powerful and influential stakeholders: large shareholders (mainly rich families, other companies, banks or insurance companies, who often account for 50% or more of the company’s ownership), employee and/or union representatives, and often former executives<sup>4</sup>. This “governing coalition” plays an active role in the governance of most German corporations, through appointing, dismissing and determining the remuneration of senior managers, ensuring legal compliance, monitoring annual accounts and generally monitoring the long-term strategy of the company. Essentially, the supervisory board monitors the performance of the company on behalf of its stakeholders.

The management board is the second tier of the governance structure and is accountable to the supervisory board. It is comprised of the company’s most senior executives and basically handles the day-to-day business of the company. In the context of European integration and the progressive process of globalization, it has been argued that the general structure of German corporate governance is shifting towards the Anglo-Saxon model. This has occurred through the role of supervisory boards being restricted to that of monitoring, while the management board continually increases in power, even when compared to Anglo-Saxon boards of directors<sup>5</sup>. However, the German Code of Corporate Governance (Codex) was introduced in 2002 with the main aim of improving the objectives and role of supervisory boards, and to increase the degree of transparency in particular<sup>6</sup>. For the first time the Codex focussed not only on listed companies, but also noted that its principles could be of value for non-listed corporations.

Different matters are important to different investors and other stakeholders, and so we can only mention a few that are

important to all of them and therefore covered by the Codex. General principles of shareholder rights are established in the German Civil Code (BGB). With regards to the representation of the supervisory board, it has already been mentioned that the big shareholders play an active role in the governance of companies. Small shareholders, with less than 5% of shares, and institutional shareholders, who are not affiliated with banks, generally do not play an important role on German supervisory boards, meaning they are not part of the coalition<sup>7</sup>.

With regards to shareholder rights and participation mentioned by the Codex, the supervisory board has no formal right to give specific instructions to the management board, but the latter has to fully respond to questions raised by the supervisory board. Incomplete reports or answers could endanger the validity of the management board’s actions. Disclosure and transparency guidelines try to ensure information flow between the management board and shareholders and stakeholders<sup>8</sup>. In terms of voting procedures, Germany complies fully with the one-share/one-vote principle. For general business transactions or board elections a simple majority is sufficient, while a 75% majority is needed for alterations of the articles of the association, reduction and increase of capital or major structural and strategic decisions. Even though the codes regulations and guidelines are mostly regarded as beneficial for corporations and non-listed companies, the Codex is flexible and non-binding. The “comply-or-explain principle” only assures that companies either follow the rules set by the Codex or disclose and explain their non-compliance. Thus, the level of implementation of the Codex varies from company to company<sup>9</sup>.

There are three different legal forms of the limited company: the GmbH (private limited liability company), the AG (public limited company, which are often, but not always, listed on the stock exchange), and KG (aA) (limited partnership with one general partner that is liable without limitation; often a GmbH acts as general partner and the company has to be named GmbH & Co. KG)<sup>10</sup>. There are currently almost one million GmbH’s, the most common legal entity, in Germany, followed by about 20,300 AGs and around 330 KGaAs<sup>11</sup>.

The most commonly used legal structure for volunteer-based bodies is the *eingetragener Verein (e.V.)*, or registered association, which is based on broader community and social values. The number of almost 550,000 Vereine at the end of 2005 shows the tradition of self-organisation within German civil society. According to Artikel 9 Abs 1 GG (Basic Law, the German equivalent to a Constitution), all Germans have the basic civil right to form a Verein or Gesellschaft (company).

It is not our intention to go into detail regarding the assessment and the evaluation of German corporate governance and its recent development. Concrete assessments will be made concerning the governance structures of football clubs and the implication for management behaviour therein, including the level of supporter influence. Such a focussed assessment is necessary to avoid becoming lost in the wider perspective.

## 1. Structure of German Football

Football is the most popular sport in Germany. The German football association, Deutscher Fußball-Bund (DFB), represents an estimated 26,000 football clubs, which have roughly 6.5 million members amongst them. Overall, a total of 1,175,926 teams compete in an official league on a weekly basis<sup>12</sup>. The 36 professional football clubs of the Bundesliga and 2. Bundesliga have a combined membership of almost 600,000<sup>13</sup>, and this number continues to increase.

All German football clubs were structured as registered members' associations (*eingetragener Verein* (e.V.)) prior to 1998. Members' associations are non-profit organisations with no operative side; they are owned by the members and they are managed by representatives who are elected by those members. Any revenue generated by a members' association has to, by law, be reinvested back into the club. However, since 1998 many professional football clubs have incorporated their professional football sections into external limited companies, which are separate from their parent clubs. This strategy has aimed to help provide them with new opportunities for coping with the economic challenges in professional football, and the increased competitiveness seen in the European market. However, one obligation a club must fulfil prior to this structural change is that the members' association must hold the majority of the corporation's votes (50% plus one vote). This obligation is believed to protect the interests of the club members, as it avoids any external control being held over professional football, thereby preserving its integrity.

In 2006/07, the German Bundesliga recorded an increase in operating profits of €168m (206%) to €250m, €109m more than the English Premier League (€141m)<sup>14</sup> and became the most profitable league in Europe, while average ticket prices are among the lowest of the 'big five European' leagues. The key to the Bundesliga's growth in operating profits was in limiting wage cost growth to only €12m (2%) in 2006/07, despite the €184m (15%) increase in revenue. Most impressively, all 18 Bundesliga clubs reported operating profits in 2006/07 (up from 12 clubs in 2005/06)<sup>15</sup>.

In early 2005, German football was overshadowed by a match-fixing scandal, the so-called Hoyzer scandal. The second division referee Robert Hoyzer confessed to fixing and betting on matches in both the 2nd Bundesliga, the DFB-Pokal (German Cup), and the the third division

Regionalliga. He confessed having cooperated with an organised crime group, and several players, coaches and officials have also been accused of involvement in the scandal. Although no 1st Bundesliga games appeared to be influenced, the affected matches did include an DFB Cup first-round contest between the regional side Paderborn and the Bundesliga club Hamburg, which was held in August 2004. In this game Hamburg lost 2:4, as two highly questionable penalties were awarded to Paderborn and, as a result, a Hamburg player was sent off for protesting as the club was eliminated from the lucrative competition. The DFB-Kontrollausschuss (DFB Committee of Control) reacted to the scandal with a number of measures that intended to prevent any similar incidents occurring in the future.

Germany hosted the World Cup in 2006. The required stadiums were built, or expanded, at a cost of around €1.9 billion with the clubs contributing 7% of this sum, stadium operators 44%, and third parties 49%<sup>16</sup>. Hence, the standard of German football stadiums is now comparatively high and many clubs are benefiting from the improved facilities, which particularly include enhanced corporate areas, and the development has thus been driving increases in revenue. It is worth mentioning here that, despite the opening of redeveloped stadia, German stadia still have standing terraces, although their capacity in the bigger stadiums has been decreasing in the last few years.

### 1.1. German Football Association (DFB), League Association (Ligaverband e.V.) and German Football League (DFL)

The German Football Association (DFB) was founded in 1900 as a registered members' association. A "new" DFB, comprising the FAs that were previously present in the former West and East Germany, was formed after reunification in 1990. According to the DFB's statutes its main duties are running the Regionalligen, the highest amateur league, the National Team, the DFB Pokal (the German FA Cup), refereeing and the promotion of talent and international competitions. In 2001, the governance and control of the Bundesliga and 2. Bundesliga (the Germany's only two professional football leagues) was assigned to the Bundesliga<sup>17</sup>. Since then the DFB has been the umbrella association, representing its estimated 6.5 million members.

All 36 professional football clubs in the Bundesliga and 2. Bundesliga are members of the Ligaverband e.V. (League Association), which is a registered

members' association<sup>18</sup>. The League Association itself is an independent member of the DFB and as such is bound to the foundation statutes held between the sister organisations. At the end of the 2007/08 season a new 3. Liga will be formed and placed between the 2. Bundesliga and the Regionalliga<sup>19</sup>. From the 2008/09 season, 20 teams will start in the new league, increasing the ranks of fully professional clubs in Germany to 56. Both Bundesligen, the 3. Liga and the Regionalliga will be governed (and licensed) by the DFB<sup>20</sup>.

The operative business side of the League Association is run by the DFL, whose regulatory and marketing role is well defined in the league statutes previously mentioned<sup>21</sup>. The DFB was the exclusive authority of German football for over 100 years, but the DFL, founded in 2001, has now taken over. The DFL provides various services and also issues each club's license upon fulfilment of established sporting, governance, economic and administrative requirements. The DFL is based on a democratic structure, with every member having one voice/one vote and decisions being based on majority votes<sup>22</sup>. Each league has seats on the board of the League Association and so it can be argued that the clubs manage the leagues themselves. Nevertheless, their freedom is restricted by the DFB statutes which are binding on the DFL.

The DFL is a relatively young organisation and is still in the process of defining itself. The hand-over phase between the DFB and the DFL is still not complete and due to this the two parties are struggling to define their respective areas of responsibility. Consequently, these conditions are having a negative impact on their relationship with fan groups and the work of the AG Fandialog, a regular meeting between representatives of supporters groups, DFB and DFL. The fan groups do not know whom to address and the situation creates a vacuum in which the DFB and DFL can shift responsibility from one to the other.

§ 11 Abs. 1 of the foundation agreement between DFB and DFL refers to football's special nature and its importance for society. The League Association has to promote its own social initiatives and support those of the DFB, which it does by indirectly funding grass roots football and supporting regional associations and voluntary services in members' associations.

### 1.2. Government

Currently the German constitution

(Grundgesetz (GG)) does not contain a specific reference to sport and there is no specific law on sport at the federal level, meaning that under constitutional law there is no clear federal allocation of rights and duties in sport. According to Art. 30 of the GG, the exercise and compliance of national authority is a matter of the 16 Laender if the GG does not say anything to the contrary. On a state level, the allocation of jurisdiction could be based on existing law, the nature of the matter or on the fair settlement of claims regarding the respective subject matter. In other words, legislative competence lies within the federal states if the federal government itself is not exclusively competent. This “non-interventionist sports legislation model” is pursued at the Laender level to support the initiatives of the local sports movement.

Germany’s sports policy is defined by the socio-political importance of sport itself. Key points are the autonomy of sport, the subsidiarity of sports organisations and the general cooperation between the state and those organizations. The Ministry of the Interior governs sport to a certain extent but only acts in specific areas, such as international representation, funding of sport initiatives through the Laender and, currently, anti-doping legislation<sup>23</sup>. The Commission of Sport, sport’s parliamentary platform, is currently considering whether sport should be explicitly addressed in the German constitution in recognition of its increased social and cultural significance. Also on their agenda is a reform of the legal implementation of members’ associations regarding the discharge of voluntary activities, questions about liability and the general reduction of bureaucracy<sup>24</sup>. Essentially, the government and its sports commission have quasi-legislative power, which they are trying to increase despite the opposition of the Laender.

Currently there are about 90,000 sports organisations registered in Germany, of which 25,869 are football clubs. The funding of those organisations varies from state to state, but is generally based on the principle of helping others to help themselves<sup>25</sup>. Essentially, state funds will only be granted up to the point that allows the organised sport to enable its own means, thus the receiving party must be trustworthy and able to partly self-fund its activities<sup>26</sup>. The funding comes either directly from the Land or is distributed by the federal sports organisations<sup>27</sup>. To further encourage self-sufficiency, not-for-profit members’ associations benefit from certain exemptions, such as that from corporation tax and trade and sales

tax, and donations to sports clubs are also tax deductible. The National Institute for Sports Science, a consultant to the Ministry of Interior on sport-related issues, is also on the government’s payroll and issues publications on political, economic, legal and cultural matters of football<sup>28</sup>. Based on the “non-interventionist sports-legislation model”, state subsidies to sports organisations follow the general financial rules applied to grants of treasury funds<sup>29</sup>. The government negotiates the general terms and conditions of such funding directly with the representatives of the national sports movement.

The flexibility of the non-interventionist model has been underlined by recent practice. Attention is currently focused on the fight against doping, with the Sports Commission leading the work on the draft bill. Another issue of concern is violence in football stadiums and stadium bans. These topics have been discussed by the relevant representatives and are being moved forward by the DFB and DFL<sup>30</sup>. This scope in decision making allows the respective organisations to react quickly to emerging sports-related issues and change their policies accordingly. An evaluation of the effectiveness and execution of specific decisions will be subject to this analysis at a later stage.

Principles of (corporate) governance also apply to the non-interventionist government model and the autonomy of sports organisations, with all organisations legally bound by the German Civil Code (Bürgerliches Gesetzbuch (BGB)). In regards to governance, companies should comply with the German Code of Corporate Governance (Codex). Additionally, the DFL licensing system advocates a compulsory framework for the governance structure of professional football clubs, which should be implemented into the clubs’ statutes. According to Chaker, the German Government itself “observes most of the basic good governance in sport principles. (...) The only principle that the German Government may not consistently apply is the consultation of the sports movement in the preparation of sports related legislation.” However, there is a conflict of interests if the president of the Sports Commission is also the president of the federal governing body of equestrian sports.

As president of the European Council from 1 January – 1 July 2007, Germany hosted an informal meeting for EU Sports Ministers in March 2007. One of the key topics was sport and its economic effects, while others dealt with violence, integration, and the fight against doping. The White Paper on Sport was positively

mentioned as a valuable vehicle to improve European cooperation on macro- and micro-political levels. Furthermore, the Sports Ministers supported the definition of sport in the Nice Declaration<sup>31</sup> and mentioned the importance of balancing the autonomy in sport with legal certainty<sup>32</sup>.

## 2. Structure of German Football Clubs – Ownership and Governance<sup>33</sup>

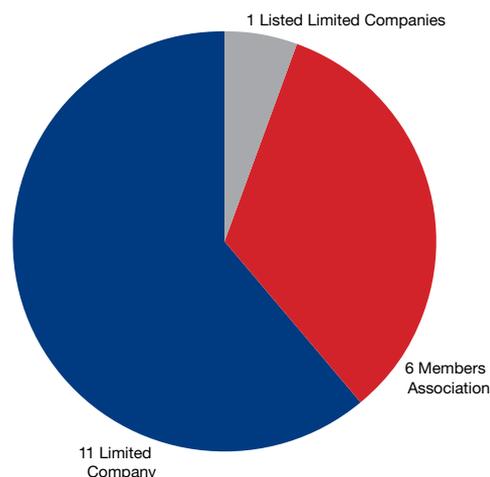
### 2.1. Ownership Structures

Until 1998, all 36 clubs in the Bundesliga and 2. Bundesliga were registered associations (known as *eingetragener Verein (e.V.)* in German) called members’ associations. Members’ associations are not-for-profit organisations with no operative side, are owned by the members, and are managed by representatives elected by those members. By law, any revenue a members’ association generates has to be reinvested into the club, and as a result the realisation of profit was formally alien to the Bundesliga.

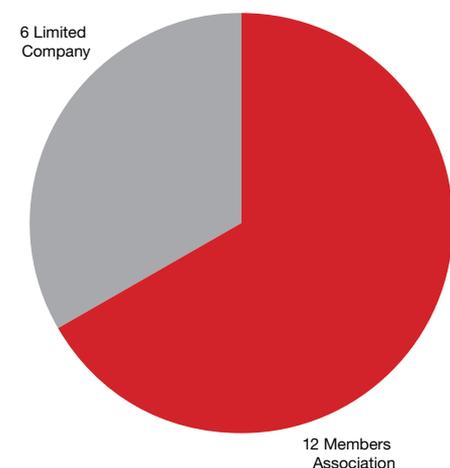
Since 1998, professional clubs have had the opportunity to move or incorporate their professional football section into an external limited company that is separate from the parent club. The League Association decided that such a structural change was inevitable due to the increasing commercialisation of football in Europe. Indeed, they actually help clubs to incorporate their professional football unit into an external limited company to help provide opportunities to cope with the economic challenges in professional football and increased competitiveness in the European market.

In the 2006/07 season, six clubs within the Bundesliga remained members’ associations (Figure 1)<sup>34</sup>. The other twelve clubs changed their legal structure by moving their football license department into a limited company, of which BVB Dortmund GmbH & Co. KGaA is the only one listed on the stock market. At the same time, there were only six limited companies and twelve members associations in the second division (Figure 2). FC Bayern München AG and Borussia Dortmund GmbH & Co. KGaA are the only companies in the Bundesliga with external investors. All the other clubs have no additional shareholders and are fully owned by the members associations. All football clubs in the 3rd League and Regionalliga (fourth division) also have the choice between the structure of members associations and limited companies (from season 2008/09 on)<sup>35</sup>.

**Figure 1**  
Ownership and governance structure of the Bundesliga clubs (2006/07 season)



**Figure 2**  
Ownership and governance structure of the 2. Bundesliga clubs (2006/07 season)



There are different structures of limited companies football clubs have adopted, which the Swiss Institute of comparative Law has outlined in detail:

**Aktiengesellschaft (AG) – Joint Stock Companies or Companies limited by shares**<sup>36</sup>.

[Some] clubs keep the structure of an association, but “combine” it with the legal form of a company by shares, as the example of the FC Bayern Munich shows. The club FC Bayern Muenchen e.V. remains an association (*eingetragener Verein e.V.*) and keeps this structure, headed by a president, two vice presidents and an advisory board. However, the association has been implanted into the legal structure of a joint stock company as its principal stockholder (90%). The Adidas AG holds the remaining 10% of the shares in conformity with the 50%+1 rule of the DFB and *Ligaverband-Statutes*. The

internal structure of the company follows in principle the rules of the AktG. However, the club did not decide to float its shares on the market as the club’s financial situation was considered to be positive under the current situation<sup>37</sup>.

**Gesellschaft mit beschaenakter haftung (GmbH) – Private Limited Liability Company**<sup>38</sup>.

‘The Private Limited Company is liable within the limits of the company’s assets, but not the assets of its operator. Its structure allows corporate governance and a limitation of the club’s liability. One example of a football club structured as a private limited company is the *Bayer 04 Leverkusen Fußball GmbH* and its several affiliated limited companies<sup>39</sup>.

**GmbH & Co KG aA & GmbH & Co KG – combination of a limited company with a Kommanditgesellschaft (KG) (limited partnership) or a Kommanditgesellschaft auf Aktien (aA) (stock company)**<sup>40</sup>.

‘The most common legal form of football clubs is the relatively new legal form of a private partnership limited by shares with a limited liability company as general partner (*GmbH & Co KG*) most often combined with elements of a joint stock companies (*GmbH & Co KG aA*). The structure of this hybrid company form contains elements of a limited partnership and of a stock corporation. The KG structure implies unlimited liability of at least one of the associates; however it is permitted that this general partner is a limited liability company (*GmbH*). The KG aA differs from the AG regarding the quality of its associates: The general partner (generally one) is subject to unlimited liability while there are partners liable up to a fixed amount (generally several). The latter invest a certain amount and seeks profits, but is neither liable beyond the capital stock he provided nor authorised to take any company decisions. The by-laws must provide for details regarding who might be shareholder. Until 1997, the unlimited liability of the general partner made this legal form unpopular. Since the German Supreme court allowed the general partner to be a Private Limited Company, important changes occurred in practice.<sup>41</sup>

‘The GmbH & Co KG aA proves to be one of the most popular corporate structures for professional football. Shareholders are usually the club (the association) and its main sponsor. However, the shares of most of these clubs are not traded on the market as the commercial conditions of the clubs are rather unfavourable to that option. To date, the only example of such company form

listed on the stock exchange is the Borussia Dortmund GmbH & Co KG aA. A race to the stock market among bigger clubs has not yet taken place. In the case of Borussia, the GmbH is completely owned by the nonprofit registered association Borussia Dortmund e.V., which manages and controls the whole business. Shareholders are not permitted to intervene in substantive management decisions or personnel decisions.<sup>888</sup> However, this structure is considered to be a governance vacuum which seems to be confirmed by continuously falling share prices. Another example: The General Assembly of the SV Werder Bremen decided on 7th of May 2003 the foundation of the ‘Werder Bremen GmbH & Co. KG aA’ to spin off the economically relevant business transactions from the sports association ‘Werder’ 1899 e. V. itself. Two structures thus coexist: the association, with its inherent administrative structure, and a partnership limited by shares where the general partner with unlimited liability is a limited liability company, owned by the association. Other clubs adopted the simple GmbH & Co KG without any element of a stock corporation.<sup>42</sup>

**2.1.1. Critique of the Legal Form of Members’ Associations**

The ownership structure and the related governance style imposed by the German reliance on members’ associations has been criticized in the past. The critical voices have recently gained more support from within the professional game and even from the Tax Ministry due to the increased importance of participation in international competitions (especially the Champions League) and the poor financial performance of professional football clubs in the former East Germany and the lower leagues in general<sup>43</sup>. The main argument is that even though clubs are organised as sporting clubs they are de facto fully functioning companies, even if they do not have the structure of such companies.

According to § 21 of the BGB, members’ associations have to be dedicated to sporting issues without being profit orientated. Where football is concerned, members’ associations must have a common purpose, which translates to members having no imposed responsibilities and simultaneously no rights concerning the financial resources generated by the club; Capital has to be reinvested in order to maximize sporting success<sup>44</sup>. Based on this definition it has been argued that members’ associations could even lose their legal status were they became too commercial, as the restrictive not-for-profit condition could be violated by an increased focus on the clubs’ operational side<sup>45</sup>.

In November 2007, the Tax Ministry went even further by suggesting to the Treasury that tax benefits held by members' associations should be reduced, as the original idealistic aspect of members' associations has ceased to exist<sup>46</sup>. According to the Treasury, football clubs could potentially lose their non-profit status of members' associations. However, the Bundesliga, like the other big four professional football leagues in Europe, is a powerful institution and it remains to be seen if the authorities are ready for such a confrontational approach. So far there are no concrete changes to the legal form of football clubs on the cards.

However, the implementation of the licensing system shows that sporting issues cannot be considered outside of a financial context. While many fan groups oppose the structural change of converting members' associations into limited companies, other fan groups support it. Additionally, as recommended by the DFL, the majority of literature also supports such a structural change.

It has been argued that the ownership structure of members' associations is partly responsible for the poor financial situation of professional football clubs and/or their lack of international competitiveness<sup>47</sup>. The main argument rests on the changing reality of professional football; where sporting success was once the main driver of all the internal activity in clubs, the focus has since shifted towards economic/financial success, which has led to the popular comparison with medium-sized companies. Hence, the criticism of the classical members' association model is unsurprising, as even though economic/financial aims vary from club to club it is often the financial aims that dominate over sporting objectives. In other words the financial/economic aims are at least a strict additional element, or may even be absolutely necessary, to sporting success.

Another problem might be the level of incentives available to executives and chairmen, as they have no individual rights of asset acquisition. Dietl and Franck even speak of "dysfunctional incentives", where elected representatives derive personal gain from the fame and publicity associated with sporting success<sup>48</sup>, rather than from operating in a financially responsible manner. Similarly, there are no negative consequences for erroneous business decisions made by the management board, which often consists of voluntary members. Members' associations do not have to publish their annual accounting data and this lack of transparency provides another reason to question the structure of

members' associations in the 21st century<sup>49</sup>. The absence of budget restrictions, for example, can lead to the acceptance of financial losses, for which the executives and the members of the clubs are not liable. It is questionable whether, as they are voluntary, the chairmen and board of directors of the clubs have the adequate tools for facing the increasing challenges of commercialism and growing professionalism, not to mention the challenges of running what are essentially middle-sized companies<sup>50</sup>. Furthermore, the level of protection that is available to creditors and members against capital losses and the transparency regarding information rights is also questionable. For these reasons, and others that are not discussed in this section, the governance structure of members' associations has been described as dysfunctional and ineffective<sup>51</sup>.

An often-described correlation between members' associations and poor financial performance is one argument commonly used against the structure of members' associations in contemporary professional football. This assumption has been questioned, and some evidence exists to show that ownership structure does not necessarily influence financial performance. Some members' associations are financially healthy and competitive, whilst some clubs with a different ownership structure have accumulated huge losses and do not compete well. The quality of the board members and other governance issues seem to be more important when it comes to the assessment of performance and competitiveness. However, even if we would agree on a non-correlative relationship between financial performance and ownership structure, while continuing to promote the company structure as the more competitive model, we still have to examine the impact such a change would have on supporters and their involvement in the running of their club.

The DFL's support for transferring the professional football department of football clubs into limited companies has weakened the status of pure members' associations. However, the DFL is still standing behind the clubs that remain members' associations and it is highly unlikely this will change within the next few years.

### 2.1.2. Ownership Regulation – 50+1 Rule

The main regulatory force in the Bundesliga and Regionalligen is the licensing system, which has been developing since the 2000/01 season. The complex web of terms and conditions are designed to safeguard the operations of all league members during the season and to ensure stability, integrity and continuity of the national and

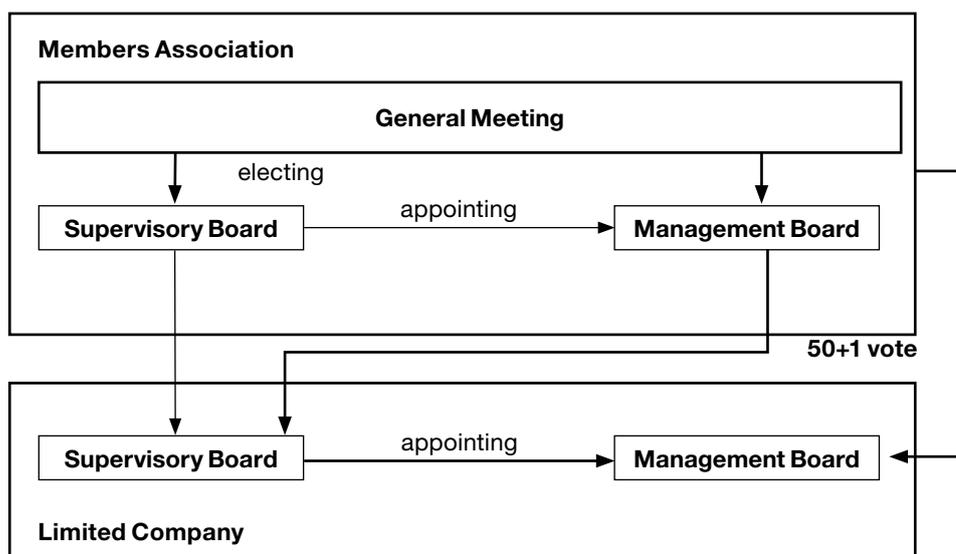
international competitions<sup>52</sup>. The German licensing system goes much further than UEFA actually requests, and we will only give a brief overview of the impact that certain licensing regulations have on ownership rules, governance structures and financial regulations in this report.

§ 4 LO states that one requirement a club must fulfil to be granted the DFL license is that the club ownership structure must be in accordance with the DFB statutes. The fundamental difference from the basic regime governing other European stock companies is the strict rule on majority shareholdings imposed by the DFB; the co-existing members' associations/parent clubs have to retain the majority shareholding of the newly separated limited companies<sup>53</sup>, which means the majority of votes (50% plus one vote) have to be held by the parent company (members' association). Usually the limited companies are the licensees of the DFB<sup>54</sup>. This regulation reflects two objectives: 1) it is intended to safeguard the influence of the parent club on the affiliated company in order to avoid additional influences from creditors, lenders (mostly banks), minority shareholders or a takeover<sup>55</sup>, 2) the 50+1 regulation intends to prevent a distortion of sporting competition. The two exceptions to this regulation involve enterprises that have sponsored a football club for more than twenty years prior to the 1st January 1999, and who only own shares of the subsidiary company either directly or together with the parent company<sup>56</sup>; Bayer 04 Leverkusen GmbH is therefore a 100% subsidiary of the Bayer groupe, as is VfL Wolfsburg GmbH of Volkswagen. It should be mentioned here that there were cases where the clubs were against the implementation a change in corporate form and in the case of Hamburg, the members' meeting successfully prevented the club from a structural change.

The philosophy still is that clubs and the league can safeguard themselves only by shifting individual rights from the clubs to the league. In Germany professional football is still characterized as a circle of competition and cooperation, which needs to be preserved. However, it is arguable whether the 50+1 regulation of shares leaves clubs with the protection intended by the DFB, and if the price they pay might be too high.

The 50+1 rule has always been questioned<sup>57</sup>, but extra pressure has recently been added after a minority of club officials, backed by potential outside investors, started pressing for an easing of the system in favour of a more attractive and competitive marketplace for potential outside investors<sup>58</sup>.

**Figure 3**  
**Simplified Diagram of the 50+1 Rule**



The proposers of this view suggest that the 50+1 rule is the reason why external investors are simply not interested in the Bundesliga, as they would not have much influence in the decision making process of the club. The anti 50+1 argument also suggests that the rule puts German clubs at a competitive disadvantage in the European marketplace in both financial and sporting terms. However, Dieltl and Franck have pointed out that clubs who have incorporated their professional football department are still not required to follow governance regulations of typical corporations, which leads to a 'governance vacuum'<sup>59</sup>.

### 2.1.3. Critique of 50+1 Rule

The current debate about the 50+1 rule is an obviously delicate issue for the German football authorities. But the newly elected League President, Reinhard Rauball, is sceptical about change and points out that any repeal of the rule would be final, leaving the Bundesliga open to risks like shareholders losing their interest and transferring their shares to third parties without anybody knowing<sup>60</sup>. He is also concerned about the effect this would have on the League as a whole as well as criticising the English system, and has suggested that these issues would have to be discussed carefully with consultants and the parties pushing for change<sup>61</sup>. Hence, in March 2008 a meeting where the 50+1 rule was critically discussed took place between representatives from all the 36 professional football clubs and the DFL. The League President announced that a solution will be reached by the end of 2008<sup>62</sup>, calling for a major consulting process in order to avoid rushed decisions.

The majority of the 36 professional clubs are in favour of the 50+1 rule and any future changes will have to be supported by a two-thirds majority.

There is additional pressure on the ownership structure of members' associations and the 50+1 rule arising from Russian investors, who have expressed interest in football clubs in the former East Germany owing to their poor financial and sporting situation. There are currently no former East German clubs in the Bundesliga and the clubs present in the 2 Bundesliga are in relegation places, while those in the Regionalliga are struggling to gain promotion. A Russian group is reportedly keen to invest €20-25 million in FC Carl Zeiss Jena<sup>63</sup>, whose current budget is less than €9 million. Hence, the club would have to outsource its professional football department into a GmbH in order to sell the requested 49% to the investor. The sale of the 49% stake to outside investors in a professional football club would be a first in the German Bundesliga. The structural change was approved by 91% of the fans of the club, yet the contract between FC Carl Zeiss Jena and the investor was declared contrary to DFL statutes and the structural change was denied. The governance structure of the club was a major concern in the run-up to the decision, as the contract stated that two executives would run the club: one from the club and one representing the investors. The league statutes state that no minority shareholder is allowed to determine the policies or, most especially, the human resources of a club in any given way. Another concern was the lack of transparency of the off-shore investor and too many questions remained unanswered, especially regarding the

investor's respectability/reliability. However, the DFL has admitted that an increasing number of investors have the potential to critically test the DFL statutes. When Christian Mueller, CEO of the DFL, was questioned regarding these developments he expressed his understanding that there is a need to provide for foreign investments in order to improve the financial and sporting success of the clubs, but he underlined the importance of the 50+1 rule<sup>258</sup>. Nevertheless, he suggested that "some liberalizing modifications to the DFL statutes will be discussed with the protagonists to help resolve their reservations" and help decrease the pressure on the clubs.

However, in October 2008, shortly before this report was finalised, the DFL board voted to retain the 50+1 rule, thus maintaining the member-owned principle and the bar on foreign ownership of clubs. DFL president Reinhard Rauball saying: 'The Bundesliga lives from its stability and balance. Protecting the competition has to be the guiding principle.'<sup>65</sup>

## 2.2. Governance Structures

Different systems of governance exist in Germany according to the different ownership structures of professional football clubs (previously shown in Figures 1 and 2). For listed companies the system of corporate governance is designed to protect shareholder and stakeholder interests by ensuring adequate levels of transparency, accountability, competence and corporate responsibility<sup>66</sup>. More precisely, corporate governance principles include, *inter alia*, legal regulations and arrangements regarding the distribution of high-level decision-making rights in a company<sup>67</sup>. Corporate governance is fundamentally about the distribution of decision and control rights, governing and monitoring management, influencing business policy, and the formal organizational structure<sup>68</sup>.

The main elements of the governance structure of German football clubs are the members' meeting, the electoral committee, and the supervisory and management boards, each of which will be outlined below.

### 2.2.1. Governance Regulation

The licence requirements for clubs include several governance criteria that applicants have to meet<sup>69</sup>. These include the requirement that limited companies have to be majority controlled by the parent club (members' association). There are also specific criteria that address the competence of the business management team, ranging from financial education to experience in accounting and media matters. Additionally, members'

associations must ensure in their statutes that it is the members who elect the chief executive of the management board, or all of the management board's members. Appendix III of the licensing regulations outlines guidelines regarding the responsibilities, voting rights and general management of the different elements of the club's governance structure, e.g. for the member's meeting and the management and supervisory board. In this context, the members' meeting is defined as the highest institution of the clubs.

Most clubs have a supervisory board overseeing the management board as recommended in appendix III of the licensing regulations. The DFL has reported a growing level of professionalism within the clubs, as experience in business administration and amounts spent on personnel are increasing. Even though compliance with the Codex would be a step forward for professional football clubs, there is a lot of space for individual interpretation in terms of information flow and control. Hence, the actual level of co-operation between members and the management board differs among clubs. The examples given here show that by itself the implementation of a particular governance system cannot bring positive effects unless the controlling body also takes action. Co-operation between the supervisory and management boards, and the need for them to consist of qualified members, is fundamental to the club's sporting and financial success. Hence, the framework set by the DFL and the German Codex has been useful in improving the governance of football clubs. As recommended in the OECD Principles of Corporate Governance<sup>70</sup>, stakeholders, like sponsors, creditors and supporters, should also have the opportunity to influence governance and performance actively through the supervisory board.

Overall, the DFB and DFL are now following a more active approach regarding the governance of football clubs.

### 2.1.2. Governance Structures for Non-listed Clubs

There are two types of ownership structures within German football that do not have to follow the 'Comply or Explain' principle of the German Codex, because the clubs are simply not listed: These ownership structures are the e.V., with and without supervisory boards, and the limited company. Hence, 17 out of 36 professional football clubs in the Bundesliga (first and second division) do not have to follow the Codex, with only Borussia Dortmund being listed. The majority of

the clubs with an e.V. structure, and all joint-stock companies in the Bundesliga, have implemented a supervisory board to oversee the management board. Furthermore, an argument has been presented to suggest all non-listed two-tier companies (like football clubs that are members' associations but have a two tier structure) should follow the obligations of the Codex in order to improve corporate governance practices<sup>71</sup>. However, the DFL licensing system has only recommended a compulsory framework for governance structures within professional football in Appendix III of the LO, which in turn should be implemented into the clubs' statutes. Furthermore, the DFL suggests that all professional football clubs should have four executive bodies: the general meeting, the electoral committee, the supervisory board and the management board. The scope of duties for the management and supervisory board recommended in the LO is similar to the recommendations of the German Codex.

The following section outlines briefly how the management and supervisory boards of different clubs actually co-operate with each other. Even though recommended standards exist on how management and supervisory boards should work together, this actual relationship in practice can be quite diverse. First, we will give an overview of the management and supervisory boards in both members' associations and limited companies. The outline will be based on an analysis of the influence held by the boards and shareholders, as affected by the decision making process and control system. This also raises several questions: How can fan groups influence the board's decision-making processes? What instruments do they have at their disposal? How do they use these instruments, and are they effective? Overall, what are the mechanisms through which organised fan groups can and do participate in corporate governance?<sup>72</sup>

### 2.2.3. Supervisory Board

The supervisory board oversees and controls the management board. It assigns the management board responsibility for the day to day operation of the club, appoints an independent auditor and authorises the financial plan produced by the management board. Generally the management board has to report to the supervisory board once every three months. Further guidelines regarding the relationship of the boards are outlined in the individual club statutes, e.g., additional expenditure and amortisation of grounds may need to be authorised as well.

The supervisory boards are partly elected by members of the club at the general meeting most particularly and also partly by other sports divisions within the club. The biggest supervisory board in the Bundesliga has 12 members, which is about to be reduced to nine. Often the candidates have been officially suggested by the electoral committee, which is also selected at the general meeting. Ideally, the members of the supervisory board should cover a range of skills, such as financial auditing, accountancy, sponsorship, marketing and sporting experience. However, evidence shows that often supervisory boards are a reservoir of ex-presidents and big names from the area. The quality of the board seems to be an important issue, as members do not often seem to vote for accountants or financial/economic specialists. This tendency suggests that popular speeches could possibly attract more votes than candidate competency.

Another problem occurs if the supervisory board is simply a rubber stamp for the management board instead of overseeing and controlling it. It then loses its identity as an effective and democratically legitimate instrument responsible for securing the interests of the members of the club. Hence, the election of responsible and trustworthy people to the supervisory board at the members' meeting seems to be crucial for securing democratic structures within the clubs.

### 2.2.4. Management Board

The management board is the decision-making body. This board has the obligation to report to the supervisory board and should consist of three to five full time and voluntary members. The decision-making structure of members' associations is very similar to that of an AG (limited company), through the implementation of economic decision-making processes into the existing club structure. However, despite the governance recommendation by the DFL<sup>73</sup>, the actual design of these structures varies from club to club. The management board's influence in the running of the club is highly dependent on its quality and competency in relevant legal, economic and sporting matters. Overall, a strong rapport between the supervisory board and the management board has been demonstrated to be beneficial for the effective running of the club.

### 2.2.5. Members' Meeting

Most club statutes, including those suggested by the DFL guidelines, consider the members' meeting as the supreme institution of football clubs. The members'

meeting is the main decision-making body, although fans argue that this fact is not widely known among members. The general responsibilities of the members' meeting are outlined in the statutes of the clubs and cover four main areas: the election of the supervisory board, the ability to dismiss the supervisory and management board, approving changes of the statutes, and the closure of the club itself. Its actual influence on decision-making processes within the club varies as the exact responsibilities of the members' meeting differ from club to club and are often not clearly defined in the statutes.

### 2.2.6. Implication for Management Behaviour

Members could directly influence management boards in the old members' associations, but this has changed since the installation of supervisory boards between those members and management boards. The management board is no longer directly overseen by the general meeting, but rather by the members of the supervisory board who are elected at the general meeting. The fundamental difference to the pure *Verein* structure is that the management board is not appointed through great speeches and populist activism at the general meetings anymore, but rather in recognition of the successful candidate having the requisite skills to run a professional football club.

The DFL supports clubs who want to change their ownership structure into that of a limited company, and they openly promote such change in order to increase clubs' attractiveness towards investors. However, so far Bayern Munich and Borussia Dortmund are the only professional football clubs that have external investors. In other words, the other limited companies in the Bundesliga are still 100% owned by their parent clubs, the members' associations.

Generally, the structure of limited companies does not entitle shareholders to directly appoint the management board and they only have the right to appoint the supervisory board through the general meeting. However, shareholders would need a three-quarter majority of votes to change the composition of the supervisory board, which due to the 50+ rule is impossible in football clubs. This distribution of shares results in shareholders having a restricted influence at general meetings.

Our research has shown that the cooperation between management and supervisory boards depends on

the communication between them and the quality of their members. The recommended standards do provide a supportive environment for good co-operation. However, the actual structural design of the relationship between the boards varies between clubs and may not always deliver.

### 2.2.7. Supporters' Influence

The theoretical overall controlling position of the supervisory board gives members less influence on personnel decisions when compared to the old members' association structure. In order to overcome the dilemma between representing the interests of the members and those of the club in professional football the decision-making bodies are built partly bottom-up, which justifies why decisions are actually made top-down. The election of a member critical to the current administration might be difficult in cases where the electoral board exclusively nominates the candidates for the supervisory board. Additionally, the degree of active participation of members varies from club to club.

Fan groups can be involved in their clubs in various ways and to different degrees. Their degree of influence (besides informal involvement) is defined in the statutes of the clubs, which are often written in co-operation with them. Fan groups can either be independent of the clubs or integrated in the clubs' structures, with the latter known as *Fanabteilungen* (fan departments). Several fan groups also have representatives on the management and/or supervisory boards of their clubs. We will give examples of supporters' influence in their clubs in the section on fan culture later in this report.

### • Club Statutes

Every professional football club is bound by its statutes<sup>74</sup>. Many statutes refer to socio-political issues, defining members' democratic rights and the exercise of those rights. However, apart from meeting the basic legal requirements set by the BGB, the statutes of football clubs are different from club to club and are influenced by various factors. In an effort to set certain standards, the DFL has issued guidelines for the design of statutes. However, transparency, especially the accessibility of club statutes, is highly variable, with one study finding that out of 36 professional football clubs only 14 put their statutes on their website<sup>75</sup>.

Generally, votes from three-quarters and sometimes two-thirds of a clubs' members are required to pass a structural change from a members' association to a limited company, in other cases it is the assembly of delegates, and in another the executive committee. There is also one case where the decision would need to be backed by the club's fan division as well. Most statutes of members associations name the members' meeting as the supreme organ of the club. However, the regulations of several statutes are vague regarding converting parts of the members' association into a limited company; many clubs do not explicitly outline any regulations and define clearly that in most cases its members would decide about a structural change<sup>76</sup>. As mentioned before, another problem is that many statutes are not easily accessible to (potential) members, but how is one to exercise rights if they are not necessarily known by all members? The influence of fans is defined in particular by club statutes, but there is currently no general definition or charter of club statutes. This is despite general recommendations the DFL has made regarding the areas club statutes should cover. Special measures that could be followed in the event of misguided developments in the decision-making processes at the club are often not outlined in the statutes, which increases the pressure on the members of the boards of the club.

A guide for club statutes could help to raise standards and help increase the average involvement of supporters groups' in the running of their clubs. Thus, the various club statutes need to be analysed and a best practice document drawn up on the basis of the findings, which could function as a guide for members' groups. Supporters could then design their own statutes tailored to their particular needs based on this model.

### • Instruments for the members' meeting

The mechanisms of members' meetings are defined in the statutes of the clubs. For example, if the management and supervisory boards act as one institution and lose their separate rights and assigned duties, the members' meeting will no longer have much influence through the supervisory board. Even though many club statutes state that the members meeting can appoint and dismiss the management board, this instrument is generally only considered

to be an option of last resort, with the procedures for re-electing a new board stated in the statutes. Less influential measures include provisions for the election of the board or electing committee, which then elects the board, at the members' meeting. There are different options in place, which are variable among clubs, but overall the instruments available to the members' meeting for sanctioning club management are limited.

Written proposals by the members can be handed over to the management board at the members' meeting. However, these applications or proposals are bound by regulations which are stricter in some clubs than others. Examples include members being bound by deadlines or required to obtain a certain amount of signatures, while others require authorisation from the supervisory board before they can be handed to the management board.

Members are dependent on the information they have, and transparency is important to provide members with the information needed to make valuable contributions to the democratic decision-making processes at the meeting. By law, certain materials, such as the annual report, have to be provided by the management or supervisory board. However, there is huge latitude when it comes to deciding of exactly what information should be available to the members within those reports. While it is obviously difficult to provide all available information, members have a responsibility to demand the information they feel is relevant and best enables them to participate intelligently at their meeting.

The influence of the members' meeting varies from club to club and tends to be higher at clubs where there are lobbying groups influencing proposals and exercising general influence over the management board. However, attendance at members' meetings is often low.

#### **· General and Formal Contact with the Board**

As mentioned before, the level of contact between members and the board is different from club to club. Some clubs have fan representatives on their boards, while others do not even have a supporters' club or fan division included in their structure. In several cases, the supporters clubs have deliberately kept their independence and avoided any

structural inclusion. Besides the formal structures that can guarantee a certain degree of fan influence, almost all football clubs in the first and second division have regular informal meetings with their fans and many supporters feel that they have more influence through these informal than formal structures.

#### **2.2.8. Community Involvement of Clubs**

In Germany football clubs are usually members' associations, or at least the members' associations own the incorporated professional football units. In both cases, the members of these associations are the heart of the club. These associations, however, are more than just football clubs, as they offer a variety of sports and other activities to their members.

These clubs are deeply rooted in the community. Members' associations are highly dependent on their members and the fees they pay to be part of the club; the more members, the better for the clubs. Services are offered to members due to the clubs' dependency on them. These include holiday and school trips, various activity groups, tournaments and barbecues. They often also have close links to schools and other sports clubs in the area, and some even train sports teachers. They offer their facilities to community groups, offer internships and, in general, provide activities for almost every age group. Members' associations have a long tradition in all aspects of German life and almost every member of the population is, or has been, a member of at least one members' association.

The social or community management department of SV Werder Bremen is worth noting here. The department "social management" is solely dedicated to promoting the clubs' community projects and it aims to expand their community project of 100 schools and 100 clubs to primary schools, nurseries, social benefit facilities and educational programmes. Cooperation with institutions abroad will also be established<sup>77</sup>.

FC Schalke 04 has taken a leading step in terms of community integration through the stated aim of "promoting the social integration of immigrant citizens"<sup>78</sup>.

#### **2.3. Financial Regulation – Licensing System**

The football authorities' scrutiny of the clubs' economic data is intended to improve their financial reliability, increase

transparency and credibility, and protect their creditors<sup>79</sup>. Overall, the aim is to reduce overspending by forcing all clubs to follow a planning procedure and apply for a license<sup>80</sup>.

Fundamentally, Bundesliga (first and second division) and Regionalliga clubs have to be financially accountable (from the 2008/09 season on the Regionalliga together with the 3. Liga will be organised by the DFB, not by the DFL anymore). A series of documents needs to be presented, according to § 8 LO, which includes a balance sheet and profit and loss data for the most recent and current playing year, together with a forecast budget for the season for which the license is required. Furthermore, the applicant needs to assure the payment of any unpaid transfer commitments or provide evidence of an agreement on revised payment terms<sup>81</sup>. The applicant also has to give detailed information about holdings in other companies. The most important aspect of the economic viability rating is the applicant's liquidity to ensure obligations to creditors are met and the club's operations are maintained. Additional obligations have to be fulfilled by clubs that report negative equity<sup>82</sup>. The validity of the presented documents is checked and certified by an auditor appointed by the DFL<sup>83</sup> while the licensing committee decides any further requirements. The entire licensing procedure is carried out within football.

Financial performance difficulties that emerge throughout the season are counteracted by business plans developed either solely by the clubs themselves or in cooperation with the DFL. Clubs have to submit a "cash security deposit" into a DFL trust account to assure the payment of staff in case of insolvency, a provision based on the idea that any financial difficulties a single club has could negatively impact on the viability of others. Such security savings assured the clubs' operations after the Kirch-crisis, when KirchMedia went into administration in April 2002 and the Bundesliga TV rights were renegotiated, but with a significant reduction in right fees. Overall, the licensing system intends to assure the liquidity of clubs, safeguarding the game and the league. From this, questions can be asked regarding how the financial situation of the clubs in the Bundesliga has been affected by the impact of the license system? Is there proof that the licensing system is able to reduce hyperactivity or a reckless competition for resources?

The DFL's requirement that liquidity be proven enables the safeguarding of the following season's games. The Bundesliga has still not reported any insolvencies, not even following the Kirch-crisis<sup>84</sup>. However, according to Ernst & Young in 2005, a growing number of Bundesliga clubs have reported negative equity and the reported debts are causing the management boards serious concerns<sup>85</sup>. Borussia Dortmund was able to accumulate a loss of nearly €68 million in 2003/04 and experienced a liquidity gap of €30 million just a few months after it received a licence from the DFL. Other clubs like 1. FC Kaiserslautern, Sachsen Leipzig and Carl Zeiss Jena, for example, are in serious financial trouble. For the first time, the DFL has to check the accounts of 14 professional clubs (seven from division one and seven from division two) after they had already received a license for the next season. Essentially, those clubs have had to go through a second licensing procedure in October each year. This has resulted in only one of the 14 clubs having to fulfil additional requirements, which regarded remedying certain transfer irregularities, by the end of January 2008<sup>86</sup>.

The DFL's ability to make decisions on license applications independently or objectively is highly questionable. The DFL is not only authorised to regulate the licenses required by the clubs, but also to market the leagues. In other words 'the licensing procedure is operated by the clubs' own association', and accordingly 'the DFL has no more power than that granted by its members, the clubs'<sup>87</sup>. Hence, the DFL is not able to question or even interpret the data provided by the clubs<sup>88</sup>. The fundamental problem for Bundesliga clubs is the lack of transparency in the clubs' financial activities: 'In contrast to other industries, the clubs in the Bundesliga do not need to present as detailed financial statements.'<sup>89</sup> Not even clubs that have incorporated their professional football departments are bound by German company law and, as Dietl and Franck point out, they are still treated like members' associations even though they fall under company law jurisdictions<sup>90</sup>.

The DFL is currently only able to check whether the clubs' liquidity allows them to survive the next season based on profit and loss data. As trustee of the league, the DFL does not take corrective action concerning the financial situation of the clubs. Nevertheless, the DFL regulates the equity capital of clubs to reduce risks and cover liabilities by setting boundaries for negative equity capital. The licensing

system provides an environment of certain quality standards, which have been approved with best marks by UEFA, that have to be achieved for participation in the respective leagues and competitions. The positive influence the licensing system has on the financial performance of clubs is reflected in the reported operating profits of all 18 Bundesliga clubs in the 2006/07 season.

From the 2008/09 season on, the 3. Liga and Regionalliga will be organised by the DFB, bound to their own licensing system<sup>91</sup>. Similarly to the Bundesliga and 2 Bundesliga, in addition to sporting and economic conditions and infrastructure, security, media and administrative requirements have to be fulfilled. Before the start of the first season of the 3. Liga all 20 qualified football clubs received a license. The decision was made by the DFB, after the economic, technical and organisational capacity of the candidates was evaluated<sup>92</sup>. With regards to the new Regionalliga several clubs did not meet all licensing requirements and hence did not receive a license. One club withdrew its application because of financial issues.

## 2.4. Financial Performance

### 2.4.1. The Bundesliga

In 2006/07 the German Bundesliga recorded an increase in operating profits of €168m (206%) to €250m, €109m more than the English Premier League (€141m)<sup>93</sup> and is the most profitable league in Europe. The key to the Bundesliga's growth in operating profits was in limiting wage cost growth to only €12m (2%) in 2006/07, despite the €184m (15%) increase in revenue.

Together with the Spanish *La Liga* the Bundesliga achieved the highest percentage increase in revenue, both up 15%, and, as predicted, overtook *Serie A* as the second highest earning leagues. The Bundesliga reached record turnovers of €1,45 billion according to the numbers released by the League. Five German clubs are among the 25 richest clubs in Europe<sup>94</sup>, of which Bayern Munich, Werder Bremen and Hamburg SV have accumulated no debts at all.

The Bundesliga earns the least from broadcasting income when compared to the other four big leagues in Europe (€480 million compared to €732 million in *Serie A* and €880 million in the Premier League)<sup>95</sup>. Although a €440 million deal has been signed for three years from the 2006/07 season onwards, Deloitte predicts that the Bundesliga will remain the least dependent on broadcasting

revenue<sup>96</sup>. The largest source of revenue for the Bundesliga comes from sponsorship (€360 million) and the lowest income from commercial sources (€208 million), which at the same time is the highest commercial revenue income in European football.

Matchday revenue has been boosted by 30% to €302 million since the World Cup in 2006. €1.9 billion was invested in Bundesliga stadiums prior to the World Cup, with 7% coming from the clubs themselves, 44% from stadium operators and 49% contributed by third parties<sup>97</sup>. The improved facilities now attract more corporate clients and football fans, and the Bundesliga now has the highest average league match attendance in Europe, which was estimated at 37,100 during 2007/08<sup>98</sup>. Although demand has increased ticket prices have remained more or less constant over the years<sup>99</sup>, and they are still among the lowest of the big five leagues. An average ticket for a Bundesliga game in the 2007/08 season cost €19.47 (net and excluding any fees).

During the summer 2007 transfer window, Bundesliga clubs spent record figures on new players. The 18 clubs of the first division spent an estimated €203.7 million, compared to €147 million in the previous year<sup>100</sup>, with Bayern Munich alone spending €69 million. Many other clubs behaved similarly in the 2006/07 season, spending more than they have ever done before. This trend continued even in those lower league clubs that were financially backed by private investors. Other clubs refused to jump onto the bandwagon and continued to follow a more sensible spending policy. As mentioned earlier, the German licensing system sets costs against revenues to avoid the clubs overspending and in October 2007, 14 professional clubs (seven from each division) had to go through a post licensing process due to their poor financial performance, but received the license in the end<sup>101</sup>. Most impressively, all 18 Bundesliga clubs reported operating profits in 2006/07 (up from 12 clubs in 2005/06)<sup>102</sup>.

Number of clubs reporting operating profits				
	2003/04	2004/05	2005/06	2006/07
<b>Bundesliga</b>	9	14	12	18
<b>2. Bundesliga</b>	9	10	9	12
<b>Total</b>	<b>18</b>	<b>24</b>	<b>21</b>	<b>30</b>

Source: Bundesliga Report 2008.

### 2.4. 3. Liga, Regionalliga and Oberliga (Third and Fourth Division (until 2007/08 Season))

All 3. Liga clubs receive approximately €590,000 in revenue from the TV contract per year but the burdens the clubs face are immense. For all 20 clubs in the 3. Liga, the costs of competing in the new league will be a concern, e.g. the DFB requires that all 3. Liga stadia need to be improved and accommodate 10,000 spectators, with at least 2,000 seats on offer. The license also requests the establishment of youth academies. Additionally, travel expenses will rise dramatically and so will player costs. For many clubs, the renovation of their home ground will be the biggest expense, and this has led to the greatest discord between the DFB and the clubs.

The 37 clubs of the north and south regions of the former Regionalliga (third division) have been reduced to 20 with the formation of the 3. Liga. The remaining 17 clubs are placed in the fourth division (new Regionalliga), which has led to the clubs trying to raise spending to avoid relegation. As a result the costs in the Regionalliga have been similar to the costs of the second division, but their TV income for the 2007/08 season was only €375,000, while for the 2008/09 season clubs will receive € 5 million. Hence, many ambitious clubs risk facing administration after only a few years.

The situation in the former fourth division, the *Oberliga*, looks different. With the establishment up of the 3. Liga, the Oberliga divisions have been reduced from nine to three and everything below will not be sufficiently attractive to sponsors anymore. Notably, many clubs risked everything to remain in the league and several clubs will most likely collapse in the event of failure, while others already face administration or are at least close to insolvency<sup>103</sup>.

## 3. Fan Culture

In Germany, the first supporters' clubs were founded as a result of the 1974 World Cup, held in Germany, and were hugely influenced by English fan culture. During

this time the social image and the hierarchy within English fan groups was relatively new to German football fans. However, in the last 30 years fan culture in Germany has developed unique features compared to their European counterparts<sup>104</sup>.

The 36 professional football clubs have a combined membership of almost 600,000<sup>105</sup>, and this number is continuing to increase. Some clubs have experienced difficulties in meeting the subsequent rising demand and have had to cease selling season tickets. Borussia Dortmund established a Bundesliga record by having sold 50,549 season tickets in 2008<sup>106</sup>. The average attendance at Bundesliga matches is 37,644, the highest gate attendance figure in Europe.

However, these numbers are only limited indicators for fan culture or fan involvement. For many fans it is impossible to get tickets (especially for away games) unless they are members of the club.

In German football, there are five pillars of fan representation worth mentioning here: independent supporters clubs, Fanabteilungen (fan departments of the club), fan initiatives, Ultra groups and national supporters groups. Some groups have formed associations without (not registered) or with legal capacity (registered), while others simply take the informal status of interest groups. Separated from the fan representative bodies, but still worth mentioning, are the concept of fan projects and their contribution to the community, and the existence of fan liaison officers at the clubs who mediate between fans and club management. Examples of supporters' clubs at football clubs will be included, as their specific experiences provide valuable insights into the actual fan culture at professional football clubs.

Generally, football supporters in Germany seem to be more involved than their counterparts in other European countries, and many football clubs in Germany follow a comparatively informal and open approach communicating with fans. The clubs' management and supporters meet on a regular basis, which characterises their relationship to a certain extent; often it seems they meet together

as members of the same club. Despite the criticism fans have for the management of the club, we witnessed a certain level of trust in the management of the clubs not seen in other countries.

Overall, fans see themselves as having informal power to resist changes they disapprove of, as has been demonstrated in many cases<sup>107</sup>. Recently, the atmosphere has been charged due to the DFL introducing new kick-off times for the 2009/10 season. The supporters disagree with these new schedules and several fan groups have announced protests for the beginning of next season.

One could currently speak of a dynamic sampling of fan culture in Germany, and the fan officers at the DFB and DFL, and the current forums established in Germany, allow organised fan groups the opportunity to be heard and to put their agendas forward<sup>108</sup>. These official links require a certain level of professionalism within the various fan groups, from defining their objectives to organising their actual structure.

Overall, German fan culture currently seems to be in a transitional phase, where the groups are more involved and are demanding more rights, while also having to come to terms with the corresponding responsibilities.

In Germany national football supporters groups are comparatively diverse, as Germany has the highest number of nationally organised supporters groups in Europe. On the national level we will give an overview of various groups and their structures and objectives.

### 3.1. Independent Supporters' Clubs

Supporters' clubs are umbrella groups of various fan clubs that representing their members. Supporters' and fan clubs have various aims and objectives and are often organised as members' associations. They avoid any structural inclusion and have deliberately kept their independence from the football clubs.

An example worth mentioning here is the Schalker Fan-Club Verband. The independent supporters' club is working on new statutes together with the management and supervisory boards of the club. The independent supporters' club has a representative member on the supervisory board of the club and the club president is on the management board of the fan group. The supporters' club describes the relationship between the club management and organised fans as good. The collective aim is to win games, but more importance is given to keeping the club's identity.

Other examples of good cooperation between the fan groups and club management include those where the organised fan groups are not just involved in fan projects, but also in traditional supporters' club duties such as securing away tickets and travel arrangements<sup>109</sup>. Several supporters clubs and the clubs' management initiate regular stakeholder workshops where all fan related issues can be discussed. In these cases, the groups are often the only accepted and respected fan groups of the club and the pressure is on for it to act on behalf of the fans. The Fanbeirat at Frankfurt for example, represents all relevant fan groups like the *Fanabteilung*, *Fanprojekt*, *Ultras*, *Fanbeauftragte* and *Fansprecher*<sup>110</sup>. The *Fanbeirat* acts as an advisor and meets regularly with the management board of the club, the *Fussball AG*, security officers, the police and other stakeholders<sup>111</sup>.

Another example is the *Sprecherrat (SR)* (Council/Committee) at FC St. Pauli, which represents all registered fan clubs and closely co-operates with the *Fanladen* and the club for fan related issues<sup>112</sup>.

The club officially acknowledges the *Fanrat* of FC Bayern Muenchen as the representative body of supporters. The panel represents the interests of both fans and fan clubs of Bayern Munich, as well as other groups and entities. It sees itself as a contact point for all stakeholders and fans. The club financially supports the *Fanrat*<sup>113</sup>.

There are also official/registered and unofficial fan groups, whose relationships with each other vary. At TSV 1860 Munich for example, the official fan clubs are members of ARGE<sup>114</sup>, which has no relationship with the independent initiative „Freunde des sechziger Stadions e.V.“<sup>115</sup>.

### 3.2. Fanabteilungen (Fan Departments)

Fan departments (*Fanabteilungen*), the groups representing the interests of fans, are integrated into the governance structure of their club. Members of the fan departments are also members of the club whom they are working for. The idea is to create a more supportive environment that allows fans to be actively involved in a club's decision-making processes. The *Fanabteilungen* have representatives on the boards of the club, although the impact of the fan representatives on the board can be questioned. In general, they can only bring the same influence to bear as any other representative of the supervisory board.

The history of the HSV Supporters' Club, which is the *Fanabteilung* of the club, is worth mentioning here. The club itself is a members' association with around 50,000 members, of which around 45,000 are also

members of the HSV Supporters' Club. The members of the supporters' club send a representative to the management board, while the supporters' club has at least one representative on the supervisory board as well. All four members on the management board have equal influence, and so they each have one vote that amounts to 25%. The members' representative on the management board is one of the founders of the supporters' club and in close contact with the group. The supporters' club has 15 full-time employees, while their five managers have a voluntary status. The group manages, *inter alia*, away ticketing, and keeps 10% of the ticket price to cover expenses. The HSV Supporters' Club is included in the club in such a way that no decision can be made at the members meeting without their consent, e.g., they voted against a proposed structural change into a limited company and so the club is still a members' association. The group's influence and professional organisation is widely known and respected by other supporters groups. They also give advice and have a powerful voice in the national supporters' group *Unsere Kurve*.

### 3.3. Ultra Groups

Generally being an Ultra is about the "*mentalità Ultras*", about an attitude, towards one's own life as a fan, one's role as part of the club, the curve and as part of the group. The *Ultras* phenomenon is extremely complex and diverse, with different structures, identities, rules and agendas, which makes it difficult to explain the various mentalities. Hence a detailed analysis would go beyond the scope of this report and has to give way to a few examples of Ultra participation at several clubs<sup>116</sup>. Also, in contrast to Italy where fan culture means ultra culture, in Germany Ultra culture is one of several fan cultures existent.

In general Ultra groups are independent from their clubs, but relationships vary. Some groups are more involved with the management of the clubs than others. As mentioned before the *Ultras Frankfurt* for example are represented in the *Fanbeirat (fan council/committee)* at Eintracht Frankfurt, which represents all relevant fan groups, advising and meeting regularly with the management board of the club, security officers, the police and other stakeholders. However, most groups do not have such a formal relationship to the club but rather have an influence through informal links. The informal influence Ultra groups have also varies and in some cases is wider than in others. The relationship to supporters clubs also varies. At Hamburg,

for example, Ultra groups are members of the HSV Supporters club, which is a sub-department of the club.

Generally, the relationship to the authorities is naturally hostile and tense in particular after the announcement of the new kick-off times for the 2009/10 season. However, there is a formal contact between Ultra groups and the officials through regular meetings between the authorities with fan groups including *ProFans*, a collective group of various different Ultra groups. In contrast to the perception of Ultras by the authorities in other countries, the president of the DFB, Theo Zwanziger, publicly suggests that no club should dismiss Ultras as radicals and a security problem, but rather view them as groups that seek to preserve fan culture<sup>117</sup>. The actual implementation of such recommendations and the actual view on this of Ultra groups themselves cannot be analysed here.

### 3.4. Fan Initiatives

Fan initiatives, where fans form loose groups to lobby for a particular cause, are another form of fan representation. The initiative "Pro 15.30" (now known as *ProFans*) operated nationwide and promoted for kick-off times to happen at 15.30 on Saturdays<sup>118</sup>. Local initiatives, especially in the lower divisions where many clubs are close to administration, aim to raise money, increase membership, and try to secure sponsorships for their clubs<sup>119</sup>.

Another example is the *Traditionsretter* (tradition saviours) at the KFC Uerdingen 05. The KFC Uerdingen 05 plays in the fourth division and is close to administration. The group *Traditionsretter* and other initiatives raised money to help save the club. Throughout our research we found several groups who collected money to save their club. The difference here is that the *Traditionsretter* did not stop once the money was raised and their objectives are much wider than other groups. They claim members should be engaged in the decision-making processes via the internet instead of being involved only once a year at the AGM. Considering the members of an e.V. are not able to buy any shares in their club, they plan to increase the general influence, capability and professionalism of the various club divisions by amending the club statutes accordingly. The group warns that the general philosophy of members' associations has to be changed to increase the level of influence and involvement the club members hold, insofar as members need to be aware of their responsibilities and the fact that board members, and other club employees, are the executive

groups within the club. The transformation into a club run by its members has been laid out in detail<sup>120</sup>.

The governance structure of the club has been split into six correlating departments that will all have to be run in a transparent manner by functional directors. Important decisions would have to be published promptly on an internet-based information platform. The members of the club should feel responsible to access this information. In order to prepare discussions, working groups should meet in forums to discuss proposals made by the board in more detail/depth. A businessman has paid another euro 100,000 and requested a post on the management board of this club. However, it remains to be seen whether this was a pre-financing or donation deal. The funding of the second part of the 2007/08 season and the following are also not clarified. At present there are no concrete statements from the new provisional executive committee regarding their future plans. The group have asked Supporters Direct for guidance with regards to campaigning, fundraising and strategic procedures to move their plans forward.

### 3.5. Fan Liaison Officers

The security guidelines for Bundesliga and Regionalliga games, § 30 (SiRiLi), provide for the inclusion of a so-called fan liaison officer (called *Fanbeauftragte* in German) into the governance structure of the clubs. Moreover, § 5 of the Licensing system regulates that each club has to appoint a fan liaison officer and has to report his or her name to the DFL.

Since the early 1990s, in general, every professional football club has to have a fan liaison officer, either employed by the club or working on a voluntary basis. These officers often come out of the fan scene<sup>121</sup>, sometimes even from the Fanabteilungen and supporters clubs (and at Borussia Dortmund even from the Ultras), but they are 'employed' by their clubs. In these cases, their influence is apparent as they have a strong link to the supporters clubs and are informed about financial issues. However, in many places the active fans do not acknowledge the views of the *Fanbeauftragten* as they are often seen as servants to their club. At Dortmund for example it took a long time until the fan- and club-cultural environment allowed for an Ultra to take the position as fan liaison officer.

Nevertheless, not everyone can become a *Fanbeauftragter* and applicants have to fulfil certain professional requirements, as outlined in the Handbook

of the *Fanbeauftragte*, published in 2008. The handbook professionalises the position of the fan liaison officers and becomes part of the licensing system for the 2008/09 season. From the following season *Fanbeauftragte* have to be paid by the clubs.

The fan liaison officer's overall aim is to build a bridge between the club and its fans and to preserve and increase its fan scene. Hence the job profile of fan coordinators is relatively diverse and challenging: they inform the fans about relevant decisions made by the board and in the other direction communicate the needs of the fans to the board, build relationships not just with fans but with the police and security officers, fan projects and also engage with fan liaison officers of other clubs before matches to ensure that the fans behave in accordance with security guidelines<sup>122</sup>.

The number of fan liaison officers varies between clubs, depending on the size and the club's acknowledgement of the respective fan scene. Until recently, fan liaison officers had no standard status and, as noted, some officers worked on a voluntary basis, while others were employed fulltime by their club. As this intermediary position between the fans and club is challenging, fan groups have been pressing for more professionalism and beginning to demand guidelines and full-time positions for fan liaison officers in the first three leagues. As a result, the handbook for *Fanbeauftragte* has been drafted by the fan manager from the DFL and fan liaison officers from several clubs, while the DFB has separately produced guidelines for the lower leagues. The Bundesliga handbook for fan liaison officers provides a general overview of fan groups within the Bundesliga, but more importantly it also provides practical guidance. It contains detailed outlines of the professional requirements and personal competences required for the job and lists structural requirements that the clubs should fulfil<sup>123</sup>. Additionally the DFL offers training workshops for *Fanbeauftragte*.

Fan liaison officers are organised in "*Die Fanbeauftragten*". This national lobby group helps to define the duties of fan coordinators at football clubs and provides competent technical guidance for its members. It also promotes dialogue with the governing bodies and has asked the authorities to issue a handbook that further outlines their duties. Their main aim is to assist the clubs in maintaining and enlarging their fan scene, while making sure they comply with security regulations. They also stress that the fan representatives

of Bundesliga clubs (first and second division) should generally not be employed on a voluntary basis, but should be paid. The group has also made clear the difficult mediator role that fan representatives, who are employed by the club and bound by certain instructions, must perform, leading to the concurrent need for support from their respective clubs.

### 3.6. Fan Projects

'Fan projects serve as a mainly independent mediating interface between all relevant parties in football, particularly supporters, clubs and regulatory bodies. One of their major tasks is to provide a permanent communication channel between supporters (mainly Ultras) and the club, to improve mutual understanding and thus to initiate sustainable and positive structural and ideological changes on both sides'<sup>124</sup>. The projects mainly concentrate on social work and have no financial interests<sup>125</sup>, with cultural and educational projects aiming to prevent violence among youth. Notably, fan projects are not part of the club, but part of youth development institutions, another members' association or the city. However, the *FC St. Pauli Fanladen* (fan project FC St. Pauli) for example underlines that despite its independency from the club, the project's acceptance and impact on its environment should not be underestimated<sup>126</sup>. The closest possible cooperation with the relevant fan groups and representatives of the club hierarchy at FC St. Pauli is a main criterion for the St. Pauli fan project, whose social workers see themselves as representatives and critical observers of the fans of FC St. Pauli, while acting as an intermediary between the fans and the club.

Fan projects have existed for nearly 15 years and are financed by the respective Laender, cities and either the DFB or the DFL, while fan liaison officers have to request financial support from the clubs. There has, and continues to be, criticism regarding the league using money from the clubs to financially support fan projects. Some suggest this money should go to the fan liaison officers instead, as fan projects are not corresponding with present needs of supporters anymore. Some fans not affiliated to fan projects note that fan culture has been formally recognised by the implementation of fan representatives at the clubs and the governing bodies, and question the relevance of the classic pedagogical approach of fan projects and the ability to adjust to the new structures of fan activity in Germany<sup>127</sup>. However, implementation of such a change would cause the respective supporters to go

into opposition against their clubs, which tends to be something German fans want to avoid by any means. The president of the DFB openly supports the concept of fan projects and highlights the need for all stakeholders to fulfil their duties in the long-term to help counter racism, anti-Semitism and other forms of violence. Overall, fan liaison officers in clubs support fan projects in their community and vice versa. At FC St. Pauli, for example, a social worker of the fan project is at the same time the fan liaison officer of the club.

KOS, the 'Koordinationsstelle Fanprojekte' (coordination of fan projects), is the lobbying group of fan projects and was founded in 1993 in the context of the broader National Concept on Sport and Security concept (Nationales Konzept Sport und Sicherheit, NKSS)<sup>128</sup>. The NKSS secured the funding for KOS through the public authorities (2/3) and the DFB (1/3) (€4 million a year) and now supports the foundation of now 35 local fan projects. Fan projects are youth work programs based on social integrative work independent of football clubs, but are often incorporated into the agenda of supporters clubs<sup>129</sup>.

Another federation of fan projects is the Bundesarbeitsgemeinschaft der Fanprojekte (BAG), the independent national representative of fan projects. BAG sees itself as a critical lobby group that speaks for the staff members of local fan projects on a national and local level. In contrast to KOS, the BAG is an independent group of representatives of fan projects and is represented on the board of KOS.

The DFB organised a workshop for the evaluation of fan projects together with representatives of fan projects, KOS and BAG. The outcome was positive, but it was observed that the fan projects vary in the quality of their work. With regards to the representative bodies of fan projects the DFB suggested that KOS should step down from its representative status and should take a more quality-managing role, organising management training and best practice workshops. It was also suggested that the BAG should step up to become the true representative of fan projects.

### 3.7. National Fan Groups

Germany has the highest number of nationally organised supporters groups in Europe. All groups listed here are recognised by DFB and the DFL and are in regular formal and informal contact with the football authorities. The groups listed here often overlap in terms of their objectives, based on the different generations that founded them.

Group	Objectives
<b>BAFF</b>	Racism in stadiums, repression, football and gender, standing in the stadium, national regulation for stadium bans, commercialisation, WM and Euro. Dialogue with DFB, DFL and UEFA
<b>IG Unsere Kurve</b>	National regulation for stadium bans, socially acceptable ticket prices, strengthening of self-organised fan initiatives and support for the establishment of further fan initiatives. Dialogue with DFL, DFB and UEFA
<b>Pro Fans</b>	Ultra group promoting issues arising in and outside football stadiums, ranging from the predetermination of fixtures to the abolition of stadium bans and other repression. Dialogue with DFB and DFL
<b>Fanclub Nationalmannschaft<sup>130</sup></b>	Sub-department of the DFB

#### 3.7.1. BAFF

*The Buendnis Aktiver Fussball-Fans* (Alliance of Active Football Fans (BAFF)) was formed in 1993 and was previously known as *Buendniss Antifaschistischer Fussball Fans* (Alliance of Antifascist Football Fans)<sup>131</sup>. The group now represents some 200 supporters' institutions including fan projects, independent fan groups, ultra groups, as well as individual members, and is hugely respected by fan organisations and individuals around the country. BAFF sees itself as a representative in the socio-political discourse in football. As stated in § 2 of their statutes, their main objective is to preserve fan culture, ranging from the live stadium experience to social integration, and to assist the influence of fans in the running of their clubs as members. Racism, discrimination and the commercialisation of football are main issues for BAFF, which is a member of the European network FARE (Football Against Racism in Europe).

The group maintains an extensive network of contacts, including supporters' groups in and outside of Germany, the DFB, DFL and the media. The group is involved in the formal dialogue between the DFB and DFL, *Unsere Kurve* and *ProFans*, e.g. BAFF is a member of the *AG Fandialog* and the *Stadionverbotsgruppe*. BAFF was one of two German representatives invited to the fan meeting at UEFA on 4 December 2007. However, the group is highly sceptical of the value of any dialogue with the authorities.

BAFF is a registered members association, with principles that are exclusively not-for profit. Anybody can join the group if their written application has been approved by the board in the presence of its members. The scale of the annual members' fee is chosen by vote at the general meeting. The association consists of the board and the general executive, the deputy chief executive,

the treasurer and up to five assessors. BAFF's members annually elect the board for a one year term by simple majority. At the members' meeting, members have authority over the management board, which is bound to its instructions<sup>132</sup>.

BAFF have an activist background, acting mostly through campaigns. There is an internal lobby against dialogue with the authorities, especially since the DFL introduced the new kick-off times for the 2009/10 season. The group is aware of the increasing pressure on the legal structure of the members' associations and the 50+1 rule and the subsequent potential threat, and seeks to promote those structures through initiatives planned in coordination with *Unsere Kurve* and *ProFans*. BAFF also plans campaigns against the new kick-off times<sup>133</sup>.

#### 3.7.2. Unsere Kurve

*Unsere Kurve* is an umbrella organisation or national fan initiative (community of interests) that represents officially organised football supporters, who are recognised and accepted by their clubs and the DFB and DFL as well. Founded in 2005 by the Fanabteilung Frankfurt, HSV Supporters Club and the BVB Fanabteilung, *Unsere Kurve* defines themselves as "realists" and pragmatists, not revolutionaries<sup>134</sup>. Their aim is to lobby for supporters' interests through constructive dialogue with football clubs, the governing bodies, and other policy makers, all supported by a realistic and achievable agenda. In contrast to supporters' clubs and fan projects, which are embedded into the political and cultural conditions of their respective clubs, *Unsere Kurve* sees itself as preserving fan culture through being a representative of organised fan groups<sup>135</sup>. Their motto is, "separated in colour, united in cause".

*Unsere Kurve*, together with BAFF and *ProFans*, lobbies for a national

regulation governing stadium bans, which has just been achieved in the new *Stadionverbotsrichtlinien*, socially acceptable ticket prices, strengthening of self-organised fan initiatives, and support for the establishment of further fan initiatives. *Unsere Kurve* is a community of interest, not a member's association, which avoids bureaucracy by using the already established resources and communication channels of their members. Nationwide meetings are held four times a year.

The group grew very quickly and, two years after its formation, now claims to represent more than 130,000 organised fans. This growth is a result of it representing the fan groups of the biggest clubs in the Bundesliga, and its aim to unite and represent all organised fans of all football clubs in the first three divisions. Nevertheless, the group's growth has stagnated recently and it seems that the rapid growth has caused a vacuum regarding their provision of services. As the group appears to be in a 'transition phase' it might require help setting up services for its members. Another issue is the lack of acceptance among other groups. Their relaxed structure provides them with flexibility regarding decision-making processes and reaction strategies, but in the long term it will be difficult to offer advice and guidance to fan groups as no sufficient (legal) structure exists for the allocation of responsibilities or the offer of services.

*Unsere Kurve* aims to deliver some sort of development aid to fans<sup>136</sup>. They believe that clubs often lack identifiable governance structures, which makes it not only difficult to liaise with existing fan groups, but also to help set up organised fan groups. Hence, the group have developed a catalogue of activities for helping fans to set up organised fan groups and increase its influence. The catalogue lists basic research on existing fan groups and spokespeople, with an overview on ownership structures in professional football clubs in Germany. The group also plans to commission a study on fan culture in Germany.

The group also promotes a regular dialogue with the DFB, the DFL and politicians, with an aim to overcome the unbalanced relationship between fans and their clubs and generally increase the supporter involvement in their club's decision making processes. *Unsere Kurve* has a very proactive approach, as they demand things that almost cannot be neglected by the authorities. However, it has been criticized by other groups for

being too conservative and consensus friendly. Nevertheless, the group has been very supportive with regards to the feasibility study, although they have been critical about UEFA's involvement as previously mentioned. Nevertheless, they could see themselves as a partner of a Supporters Direct Europe in Germany.

*Unsere Kurve*, BAFF, ProFans and other supporters groups fan projects and fan liaison officers were involved in the fan forum with the DFB and the DFL, held in February 2007, where the agenda for the Leipzig fan congress was established. Furthermore, *Unsere Kurve* suggested the foundation behind the AG Fandialog, of an ongoing workshop for national supporters groups, fan initiatives and the governing bodies of football post-Leipzig. The AG has been meeting on a regular basis since September 2007. *Unsere Kurve* is probably the most serious and accepted fan group where the DFB is concerned, and UEFA also invited its spokesperson to the UEFA fan meeting in Nyon on 4 December 2007<sup>137</sup>. However, notably the reputation of *Unsere Kurve* is partly influenced by BAFF's rather negative reputation with the authorities, especially after the "Tatort Stadion" exhibition, where the former President of the DFB was portrayed as a fascist<sup>138</sup>.

### 3.7.3. Pro Fans

*ProFans* is a collective group of various different Ultra groups, and it claims to have representatives at 30-35 professional football clubs<sup>139</sup>. The group stands for issues and against repressive measures that arise inside and outside football stadiums, which range from the predetermination of fixtures to the abolition of stadium bans. The group emerged out of the "Pro 15.30" initiative and it is a platform that has variable activity. They have been responsible for most of the big, visual campaigns in the stadiums nationwide<sup>140</sup>.

The group also organised the Frankfurt rally in 2005, where 2000 football fans from clubs in the first four divisions protested against police arbitrariness and repression under the slogan "football fans offside". The demonstration was a resounding success.

ProFans is the main contact point for the DFB where questions surrounding the command of stadium atmosphere are concerned. They are also a member of the Stadionverbotsgruppe and they will be involved in future initiatives that promote the 51% rule. ProFans is organising campaigns against the new kick-off times that are being introduced by the DFL, and these will begin at the start of the next season if the DFL sticks to its current schedule.

## 3.8. Dialogue with the Authorities

### 3.8.1. Formal and Informal Links to the DFB and the DFL

In June 2007 the DFL and DFB organised the "*Fan Kongress*" in Leipzig to promote an open dialog between the DFB, the DFL, and the fan groups and initiatives; 420 participants, including fans from over 50 football clubs in the Bundesliga (first and second division), Regionalligen (third division), and amateur leagues, were present. The fan groups participating were invited from the fan groups themselves who helped to organise the event. Several workshops dealt with a variety of topics ranging from fan cultures and anti-discrimination to areas of conflict like stadium bans. Each workshop produced a catalogue of special demands on fans, the clubs, the authorities and politicians and highlighted areas for improvement. The catalogue stressed the importance of the preservation of the 50+1 rule and the involvement of supporters in the decision-making processes at their clubs *inter alia*<sup>141</sup>. The overall conclusion was positive, but there were also critical voices, e.g. regarding the absence of certain official contact persons in the workshops and the lack of constructive dialogue. However, based on the generally positive outcome it was agreed to set up a workshop, the "AG Fandialog", for regular meetings, between representatives from the relevant fan groups (BAFF, ProFans and *Unsere Kurve*) and officials from the DFB and DFL, to further pursue the dialog.

The AG Fandialog met for the first time about two months after the Fan Kongress. The aim was to achieve a consensus, by the end of 2007, on the nine-point plan established in Leipzig<sup>142</sup>. The general perception regarding the AG Fandialog was rather positive, but the expectations of the various parties differed and the dialogues among the various groups and the authorities became challenging. The DFL thought of the meeting as an expert panel, whilst the fan representatives were outcome driven and sought concrete solutions. Critics have observed that there were too many topics on the agendas and not enough experts present, which the fans themselves criticized some of their own groups for their lack of constructive contribution. The groups also criticised the lack of information policies and transparency at the DFB. However, the attending parties have described the relationship between the President of the DFB and the fan groups as positive and respectful.

Furthermore, the tense relationship between the DFB and DFL was apparent,

and supporters expressed their concerns regarding the shift of responsibilities between the two organisations.

Another group, the “*Stadionverbotsgruppe*” (Group for stadium bans) has worked on a revised version of the existing guidelines for stadium bans. The position paper was produced in Frankfurt and presented at the 7th national meeting of *Unsere Kurve* on 20 January 2007 and sent to the President of the DFB. The paper was also discussed at the Fan Kongress in Leipzig in June the same year. The group is closely negotiating with the DFB, which is, next to the police, responsible for security issues in German football<sup>143</sup>. On 31 March 2008, stadium ban guidelines were amended accordingly as a result of this paper<sup>144</sup>. One of the major changes is the reduction of the maximum stadium ban duration from five to three years. Additionally, under certain circumstances future bans will be suspended. However, the basic structure of the stadium ban has remained unchanged, and so many groups are critical about the outcome<sup>145</sup>. In addition, the national *Fanrechtfonds* was founded in 2006 to provide legal support for fans with stadium bans. The organisation is headed up by representatives of Pro-Fans, BAFF, *Unsere Kurve*, several fan projects, four lawyers and others who oversee the funding and apportion donations<sup>146</sup>. The organisation is funded among others by BAFF, Pro-Fans, several fan projects, supporters clubs and various Ultra groups.

There have also been several informal meetings in addition to the formal contact between the fan groups and authorities. The fan contact manager at the DFL attended a meeting of *Unsere Kurve* in October 2007, where he raised two critical points: the first regarded the groups’ reluctance to take responsibility, and the second surrounded the need for a clear definition of whom they actual represent. Additionally, representatives of BAFF and *Unsere Kurve* met the President of the DFB for informal discussions about football fan culture in Germany three times so far. At these meetings, the groups criticized the lack of information policies and transparency at the DFB. However, all attending parties have described the relationship between the President of the DFB and the fan groups as positive and respectful.

### 3.8.2 Fan Contact Officers at DFB and DFL

The long-term approach of communication and cooperation between supporters, the DFB and DFL became more formal after the World Cup in 2006, when full-time

fan contact officers were appointed at the DFB and DFL. Their aim is to improve communication between the fans and the governing bodies, and to professionalise fan liaison officers at clubs. They channel the communication between fans and the DFB and DFL. The officer at the DFL is responsible for the Bundesliga and 2. Bundesliga, while the fan contact officer of the DFB works with fans from the lower leagues. However, their responsibilities do not seem to be clearly defined, as fan groups from the Bundesliga often contact the fan officer of the DFB, even though they should be in contact with his counterpart at the DFL.

The fan officer from the DFL has worked closely with fan liaison officers from Bundesliga clubs on a handbook that clearly defines their responsibilities. The officer at the DFB has also produced a document of best practices, which is part of his workshops for the fan liaison officers at lower league clubs. Notably, these two sets of guidelines have not been produced collectively.

Both fan contact officers are accepted by fan groups and fan liaison officers, although the degree of this acceptance varies. While the fan officer of the DFB was previously a fan liaison officer at a lower league club, the officer at the DFL used to be the head of KOS and dealt exclusively with fan projects based on social work. As there are different opinions about the importance of fan projects, and in particular their funding, the tension seems to have progressed into the relationship between fans and the two fan officers. Both officers actively take part in the *AG Fandialog*, other workshops and discussion groups with supporters’ groups.

## 4. Suggestions

There is a dynamic range of fan culture in Germany. Many organised fan groups are involved in decision-making processes at the clubs they support and have the opportunity to be heard and put their agendas forward through the fan managers at the DFB and DFL and the several existing forums for communication that are present between the fan groups and the governing bodies. These official links require a certain level of professionalism within the various fan groups, from defining their objectives to their actual structure. German fan culture seems to be in a transition phase, where the national fan groups are more involved and demanding more rights, but are also having to come to terms with the corresponding responsibilities. The two

critical points regarding fan culture in Germany regard some groups’ reluctance to take responsibility. At the fan congress in Leipzig, the groups issued a catalogue of demands with no order of priority. We also found that responsibilities of fan projects, *Fanraeten*, *Fanbeauftragten* and other institutions often overlap. The supporters groups are the critical conscience of football culture and for the sake of authentic discussions they need to define whom they actually represent. Each group claims exclusive authority, but they often do not take responsibility.

The existence of members’ associations and the 50+1 rule makes it impossible and unnecessary to set up trusts as we know them from the UK. What is needed instead is a consultancy that helps to overcome existing weaknesses by offering relevant services and advice on fan involvement in the running of their clubs, and in assisting groups to help fans establish those services themselves if wanted. The research discovered several weaknesses within the current German system, which have been outlined above. The following section tries to match those with adequate services or advice, which we believe could help to strengthen the fan movement in German football.

However, the requirement for a Supporters Direct Europe other than in an advisory capacity is questionable. Overall the following suggestions will not fit all, but might be helpful for some. In any way they would have to be tailored to the individual needs of each fan group.

### 4.1. Adequate Legal Structures of Supporters Groups

As discussed earlier, the actual influence that independent supporters clubs and *Fanabteilungen* have is dependent on various factors: the ownership structure can play a role, and governance structures, club statutes and the fan culture at the respective clubs are the most relevant factors. The groups we spoke to made it very clear that there is no single model of fan involvement in German football, neither for fan groups, which are part of the clubs, nor for the independent groups. Our research shows that the standards and levels of fan involvement in the running of their clubs varies among clubs. Members’ associations do not automatically have a well organised and actively involved fan scene, and there is no charter for club statutes that helps members to increase, or at least define, their rights. Nevertheless, several supporters’ groups have influence, through their association and board membership, by being represented on the boards of their football clubs.

Where a professional football department is converted into a share limited company (GmbH & Co KG aA), the supporters may theoretically gain influence by becoming shareholders<sup>147</sup>. However, such procedure would be dependent on the legal outline set by the DFB and the DFL.

To aid their participation in their club's structure supporters are recommended to act in the form of organised bodies, with the legal form of an e.V. appearing to be one of the best options for supporters clubs<sup>148</sup>. It should be mentioned though, that if the sole purpose is the acquisition of shares this could legally collide with the non-profit character of members associations. However, as the DFB and DFL still consider members associations as non-profit organisations, despite the fact that they became the major shareholder in their own joint stock companies who took over the economic part of their activities, the purchase of stock could also be considered as a single secondary aim of the supporters' clubs. The structures of co-operatives (EEIG) are more difficult to realise, as the legal structures are more complex and their purpose must be furtherance of their members' specific interests<sup>149</sup>.

#### 4.2. Governance Guidelines via Statutes

The most obvious conclusion of our research into fan involvement in the running of their clubs is that this involvement actually varies among clubs in ways that cannot be accounted for simply by a club's ownership structure. In other words, the fans and members of clubs do not necessarily have a great level of involvement, even when organised as a members' association. In contrast, there are fans and members of limited companies who are very influential. Hence, the aim should be to provide a certain framework for fan involvement, which could be followed by the groups if they are willing to do so.

Club statutes are the basis of any formal supporters' involvement in the running of their clubs. However, these statutes also vary between clubs; some members have a high degree of involvement regarding decision-making processes at the club, while others do not.

A catalogue or charter of model club statutes could help to raise standards and help increase the average involvement of supporters groups' in the running of their clubs. Thus, the various club statutes should be analysed and a best practice document drawn proposed from the findings, which could function as a guide for members' groups. Overall, such a catalogue would help sharing experiences

and ideas about how to improve every club's statutes in terms of supporters' ownership and involvement in decision-making processes.

The guide could include, for example, a catalogue of required expertise among different employees/executives, like financial, marketing and media, and legal experience, which is recommended by the DFL and could be drawn up with advice of fan groups and guidance from a Supporters Direct Europe. Furthermore, the actual design of the supervisory board should be put under consideration and laid out in the statutes. The selection of members should not just be based on their quality, but also on the social or business constituencies they represent. Sponsors, creditors, supporters and the community should be represented and a regular information flow between the management and supervisory boards should be established. Most importantly, the members' involvement in the decision-making processes within clubs could be defined in the statutes in more detail. The statutes could also outline how the remaining 49% of clubs structured as limited companies should be treated.

Even though a best practice guide would be useful as a guide for individual clubs, each club's individual circumstances, club- and fan culture would have to be considered when drawing up the statutes. Our research has shown that every club needs to be considered as an individual entity to a certain extent, despite the many similarities among them. The club statutes could give fans the opportunity to increase their formal influence in the running of their clubs. Whether this is wanted or how this should actually work in practice, is ultimately their decision, but nevertheless the potential should be supported by some useful guidelines.

However, what several clubs seem to require is an overall improvement in the overall level of democracy and transparency, their engagement with their members, and especially the fans' understanding of their club's financial culture. Disconnections that often exist are not aided by the very limited once a year democratic input that members have at annual meetings, and the additional absence of ongoing financial reporting by the clubs' board(s). A reconnection between the supporters and officials could demystify the clubs' finances and operations, allow appropriate democratisation without hindering the managers and coaches to operation of the footballing side, and hopefully enable the ability to exploit more appropriate, diversified sources of funding, instead of relying upon one-off donors as it often appears.

The professionalisation of a club is essential, and it is also crucial for allowing members the ability to elect accounting, finance and other clearly needed specialists onto the management and supervisory boards. Members need to be informed about the positive impact such experience will have on the boards. These professionals could come from the fans of the clubs, or from the outside if this is not required. The implementation of professional fan representatives in the structure of the clubs should be implemented into the club statutes as part of governance regulation.

The level of democracy could be improved through enabling direct elections for the president of the management board (where this is not the case already), allowing for a direct link with the daily running of the clubs. Additionally, all members meetings should be webcast and a system of internet voting established. Additionally, all minutes, reports and finances should be published within an agreed timeframe on the appropriate websites and also possibly posted to members.

The lack of ongoing financial accountability at several lower league clubs is a result of a failure in both democracy and transparency. A far more transparent annual budget-setting exercise is required from the management boards. Several options would then be presented to the members in the form of a referendum (with internet and email voting), which would include the implications for debt, the playing budget, along a view/recommendation from the board(s). The finances should be disclosed quarterly on financial reporting/fans forums.

It is important that those with their finger on the pulse of the operation should be able to provide an informed opinion, even if this may be perceived as influencing the vote more than they should.

Overall transparency could be improved if quarterly reporting meetings are run by the properly established (formal and legal) fan group. This would also operate in tandem with the club's *Fanabteilung*, which essentially filtering queries and deals with complaints, etc.

#### 4.3. Conversion and 50+1 = More Democracy? Adequate Legal Structures of Football Clubs

The legal structure of members' associations has a long tradition in Germany and most clubs still have this legal structure. However, several clubs from the Bundesliga, and also some from the lower leagues, have lobbied for a structural change in order to attract investors.

Although there are several examples of corporately structured football clubs and members' associations who achieve their goals, notwithstanding the fact that only 49% of shares are available could deter potential investors, there are other clubs who face serious financial difficulties. As the discussion about structural changes in German football clubs is in full swing, it is crucial that fans decide which club structure would allow them the most optimal role in the running of their clubs.

But who decides about the structural change? In general, it is the members meeting who decides about structural change and several statutes vaguely talk about outsourcing that role, but only a few are more specific. Once the professional football department has been outsourced, the influence of members regarding the running of the limited company is reduced. Members of the members' association own 50%+1 vote of the limited company and one could speak here of fan ownership. However, there are only a few examples where the influence of the members is so powerful that they would probably keep their power/shareholding in the event of a structural change in the limited company.

As the involvement of the fans in the running of their clubs varies between clubs, that is from limited company to limited company, we cannot argue that the 50+1 rule guarantees power of fans in their clubs. The same can be said for members' associations, whose legal structure is often thought to automatically guarantee high fan involvement in decision-making processes at their club. It has been shown that the involvement of fans is determined by the clubs' statutes, informal relationships to the management and the actual fan culture at the clubs. It has also been outlined that the actual democratic involvement of the members' meeting is limited. However, for the members of members' associations the legal structure guarantees an influence on the clubs' board(s) if they exercise their rights.

Overall, the research shows that the 50+1 rule alone does not necessarily define the influence of fans regarding the big decisions in their clubs. Nevertheless, it does provide a clear opportunity for fans/members to influence the limited company through the majority stake in their parent club. The potential for supporters to be involved represents the actual power they have. Once the professional football department has been converted it is more difficult for members to influence the running of the limited company through the 50%+1 vote of the members association.

Outside investors, who are said to be

already lined up, would be able to take over German football clubs if the 50+1 rule would be repealed. In this case, members could lose their status and supporters trusts like those in the UK would become more relevant and even crucial for helping fans organise themselves to set up members' associations that aim for share ownership. Currently, football clubs are still dependent on their members and in the event the 50+1 rule disappears, the members' associations would most likely lose their shares in their professional football units. Hence, professional football would be less dependent on members and could lose an important basis for its links to the community.

The structure of members associations is familiar to almost everyone in Germany and gives members the opportunity to be actively involved in the decision making processes at their clubs. Supporters 'own' the club with this model, if they are members. Obviously, members' associations are run by their members, but we found that in many cases democracy and active involvement are low. However, with an improved governance structure, members' associations could improve fan involvement and the financial stability of their football clubs.

#### 4.4. National Supporters Groups

There are well respected and organised groups on the national level, of which BAFF and Unsere Kurve and ProFans support the structure of members associations and the 50+1 rule and fan democracy in general. However, these groups do not prioritise services regarding governance structures, which could be beneficial to fan groups at clubs, partly because they are involved on a voluntary basis, which limits the groups' capacities. However, this deficiency could be overcome by providing adequate services with assistance and financial support from a Supporters Direct Europe. In fact, we believe that a Supporters Direct Europe could take an advisory position and cooperate with BAFF, Unsere Kurve and ProFans, which could be hugely beneficial for organised football fans (not only) in Germany, as Supporters Direct has the relevant experience to help move their respective agendas forward. Conversely, we believe that the experience of Unsere Kurve, BAFF and ProFans, and some well-organised supporters clubs could also contribute to supporters' movements in other countries.

Of the three national groups mentioned, Unsere Kurve has the agenda that overlaps the most with Supporters Direct. Their non-legal structure provides them with flexibility regarding decision-making processes and reaction strategies; although in the long

term a more sufficient structure might help to allocate responsibilities and for offering advice and guidance to fan groups. The requirement for a Supporters Direct Europe other than in an advisory capacity is therefore questionable, but a European approach including Germany and in co-operation with BAFF, Unsere Kurve and ProFans may be potentially productive. All three groups fully support the ownership structure of members' associations while the number of members' associations in professional football has been declining, and the 50+1 rule has been under pressure. Currently, all three groups are campaigning collectively for the preservation of the 50+1 rule.

#### 4.5. Football Authorities

The DFL and DFB both show interest in fan related issues and have been comparatively supportive since the Fan Congress in June 2007. Fan groups and fan liaison officers now have direct contact persons for their enquiries due to the establishment of fan managers at the DFB and DFL. The fan manager in each authority is in regular formal and informal contact with national and local fan groups. Furthermore, the authorities actively support the professionalisation of fan liaison officers at the clubs. Both fan managers were supportive throughout this study and believe that well organised fans should have a say.

The advice provided by a Supporters Direct Europe could be beneficial for the authorities in various ways. It has been shown that the main weakness of football clubs is their governance structure; some clubs make extensive use of their statutes and define fan involvement while others do not. Hence, a Supporters Direct Europe could assist in the restructuring of club statutes, which would not only improve the level of democracy at the clubs, but also the financial accountability and transparency. The lower league clubs, many of which are in financial difficulties, could especially benefit from improved governance structures. It has been argued that clubs who have incorporated their professional football department still do not have to follow governance regulations of typical corporations, which would lead to a governance vacuum. The establishment of governance structures, however, can be achieved through the design of statutes and does not require a change of the legal structure of the clubs.

However, good governance of football clubs is only one aspect of the overall situation: fan groups, on the national and local level, sub-departments of the clubs or

independent supporters clubs, will all have to improve their governance structures as well in order to increase their influence. The legal structure of fan groups, and the corresponding governance structures, varies among groups. It has already been shown that it would be advantageous for groups to take the legal structure of members' associations, instead of loose interest groups or roundtables. Legal

structures would not only give them rights, but also obligations and responsibilities, which the authorities claim is desperately needed. The organisation of well-structured, responsible, democratic, anti-racist and anti-violent fan groups could also help to reduce violent incidents in and around the stadiums. If supporters are more involved in the running of their clubs, they should take more responsibility for

their own behaviour and also the behaviour of other fans. The DFB and DFL support professional organised work with fans. The establishment of fan liaison officers, fan managers and regular meetings with the fan groups is only the beginning, and efforts should continue towards improving the structural organisation of fan groups and their involvement in decision-making processes at the clubs.

<sup>1</sup> § 16 c statutes of the DFB:

2) Eine Kapitalgesellschaft kann nur eine Lizenz für die Lizenzligen und damit die Mitgliedschaft im Ligaverband erwerben, wenn ein Verein mehrheitlich an ihr beteiligt ist, der über eine eigene Fußballabteilung verfügt und der im Zeitpunkt, in dem sie sich erstmals für eine Lizenz bewirbt, sportlich für die Teilnahme an einer Lizenzliga qualifiziert ist. Der Verein („Mutterverein“) ist an der Gesellschaft mehrheitlich beteiligt („Tochtergesellschaft“), wenn er über 50% der Stimmenanteile zuzüglich mindestens eines weiteren Stimmenanteils in der Versammlung der Anteilseigner verfügt.

<sup>2</sup> Bundesagentur für Arbeit, 'Der Arbeits- und Ausbildungsmarkt in Deutschland', www.arbeitsagentur.de, Juni 2007.

<sup>3</sup> Franks, J. and Mayer, C., 'Ownership and Control of German Corporations', Economic and Social Research Centre (ESRC) funded project on 'Capital Markets, Corporate Governance and the Market for Corporate Control', No. W102251103, 2000.

<sup>4</sup> Most employee representatives are union-affiliated: In 2006, 6.585.774 Germans were organised in the Deutscher Gewerkschaftsbund (German Union Federation) alone, www.dgb.de. For the conditions required for the appointment of the members of the supervisory board, see Du Plessis, J.J., 'The German Two-Tier Board and the German Corporate Governance Code', European Business Law Review, 15 (5), 2004, pp. 1139-1164, p. 1149; 'Comparative Study of Corporate Governance Codes Relevant to the European Union and its member states', On behalf of the European Commission, Internal Market Directorate General, January 2002; Franks, J. and Mayer, C., 'Corporate Control: A comparison of Insider and Outsider Systems', Working Paper, London Business School, 1994; Schmidt, 2003, p 5; For the conditions required for the appointment of the members of the supervisory board, see Du Plessis, 2004, p. 1149.

<sup>5</sup> For a historical review and the elements of the international context of German systems of corporate governance, see Cromme, G., 'Corporate Governance in Germany and the German Corporate Governance Code', Corporate Governance, 13 (3), 2005, pp. 362-367.

<sup>6</sup> Part 3 and 4 of the German Codex; see also, Cromme, 2005, p. 364 and Nietsch, M., 'Corporate Governance and Company Law Reform: a German Perspective', Corporate Governance, 13 (3), 2005, pp. 368-376, pp. 370. The code exists in addition to standards of control and shareholder rights. Critical, see Grass, D., 'Governance-Kodex verpufft am Aktienmarkt', Financial Times Deutschland (FTD), 14 July 2005.

<sup>7</sup> On Ownership and Control in Europe: One share-one vote, see International Corporate Governance Network (ICGN) News, Issue 7, July 2007.

<sup>8</sup> Overall the capital market is bound to the EU Transparency Directive (2004/109/EC), Directive 2004/109/EC of the European Parliament and the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC, Official Journal of the European Union, 31.12.2004, L390, pp. 38-57.

<sup>9</sup> Du Plessis, 2004, p. 1134; see also, www.corporate-governance-code.de; section 161 AktG; It could be argued that a Code formalized through legislation would be more effective. However, Cromme, Du Plessis and Nietsch argue that especially the voluntary and therefore flexible character of the Code pay tribute to the constantly changing environment the

company has to adapt to.

<sup>10</sup> All of them have to be listed in the respective commercial register at the lower court of the city where the companies registered office is.

<sup>11</sup> Zusammenstellung der Geschäftsuebersichten der Amtsgerichte fuer die Jahre 1995-2005, Bundesinnenministerium der Justiz. Referat R B 6, 3004/2c – R4 119/2006.

<sup>12</sup> <http://www.dfb.de/index.php?id=11015>; after the reunification in 1990 the membership of the DFB increased, due to the affiliated regional associations and their respective members.

<sup>13</sup> Bundesliga Magazin, October 2007, p. 14-19.

<sup>14</sup> Deloitte, Annual Review of Football Finance, May 2008, p. 11.

<sup>15</sup> Deloitte 2008, p. 18.

<sup>16</sup> Deloitte 2007, p. 19.

<sup>17</sup> § 16 Nr. 3 DFB statutes - Allgemeine Bestimmungen:

Der Ligaverband ist der Zusammenschluss der lizenzierten Vereine und Kapitalgesellschaften der Bundesliga und der 2. Bundesliga.

Der Ligaverband regelt seinen eigenen Geschäftsbereich durch Satzung, Statut und Ordnungen sowie Entscheidungen seiner Organe unter Beachtung der DFB-Satzung und der den DFB bindenden Statuten und Reglemente der FIFA und UEFA.

<sup>18</sup> Satzung 'Die Liga – Fussballverband e.V. (Ligaverband)', Praeambel, <http://www.bundesliga.de/de/dfli/interna/index.php>.

<sup>19</sup> Regionalliga: Regionalliga Nord, Regionalliga West, Regionalliga South (18 clubs each).

<sup>20</sup> For more information about the formation of the 3. Bundesliga, <http://www.dfb.de/index.php?id=11003> and the statutes of the 3. Bundesliga and Regionalliga, [http://www.dfb.de/uploads/media/04b\\_Statut\\_3\\_Liga\\_Regionalliga.pdf](http://www.dfb.de/uploads/media/04b_Statut_3_Liga_Regionalliga.pdf).

<sup>21</sup> §§ 4 and 6 League Statutes.

<sup>22</sup> §16 League Statutes.

<sup>23</sup> Deutscher Bundestag – 16. Wahlperiode, Unterrichtung durch den Bundestag, '11. Sportbericht des Bundestages', 4 December 2006, pp. 1-124, pp.11-13.

<sup>24</sup> 11. Sportbericht des Bundestages, 2006, p. 16; Deutscher Bundestag, Sportausschuss, 'Situation der Sportvereine - Reformbedarf und Handlungsoptionen', Sitzungsprotokoll, Berlin, 28 February.2007.

<sup>25</sup> 11. Sportbericht des Bundestages, p.17.

<sup>26</sup> Chaker, A.-N., 'Good Governance in Sport, A European Survey', Council of Europe Publishing, 2004, pp. 1-101, p.64.

<sup>27</sup> Chaker, 2004, p.64; 11. Sportbericht des Bundestages, p. 20.

<sup>28</sup> Schiffer, J., 'Fussball als Kulturgut', Bundesinstitut fuer Sportwissenschaft, Teil II, 07/2006; Breuer, C., 'Sportentwicklungsbericht 2005/2006 - Analyse zur Situation der Sportvereine in Deutschland', Bundesinstitut fuer Sportwissenschaft, February 2007; Meier, H. E., 'Die politische Regulierung des Profifussballs', Bundesinstitut fuer Sportwissenschaft, January 2005.

<sup>29</sup> Chaker, 2004, p.65.

<sup>30</sup> <http://www.bundesliga.de/de/liga/news/2007/index.php?f=79165>.php; Diskussion zu Gewalt in Fussballstadien. Parlamentsfernsehen, 07.03.2007, [http://www.bundestag.de/aktuell/archiv/2007/streit\\_krawalle/index.html](http://www.bundestag.de/aktuell/archiv/2007/streit_krawalle/index.html).

<sup>31</sup> [http://ec.europa.eu/sport/action\\_sports/nice/nice\\_en.html#Council](http://ec.europa.eu/sport/action_sports/nice/nice_en.html#Council).

- <sup>32</sup> [http://www.eu2007.bmi.bund.de/nn\\_1034382/EU2007/EN/DomesticPolicyGoals/Topics/SportPolicy/SportPolicy\\_\\_node.html\\_\\_nnn=true](http://www.eu2007.bmi.bund.de/nn_1034382/EU2007/EN/DomesticPolicyGoals/Topics/SportPolicy/SportPolicy__node.html__nnn=true).
- <sup>33</sup> For the analysis of ownership and governance structures of German football clubs and the most adequate legal structures for supporters' groups, we have made extensive use of the Swiss Institute of Comparative Law, 'Comparative Study of the Legal Structures of Football Clubs and Supporters' Organisations in 45 Jurisdictions', 2008, pp. 1-367.
- <sup>34</sup> Examples: VfL Bochum, Hamburger SV, FC Schalke 04, VfB Stuttgart 1893, 1. FC Nuernberg, Karlsruher SC, Hansa Rostock, Kaiserslautern, SC Freiburg, Carl Zeiss Jena, Kickers Offenbach.
- <sup>35</sup> [http://www.dfb.de/uploads/media/04b\\_Statut\\_3\\_Liga\\_Regionalliga.pdf](http://www.dfb.de/uploads/media/04b_Statut_3_Liga_Regionalliga.pdf).
- <sup>36</sup> Examples: FC Bayern Muenchen AG, Eintracht Frankfurt AG.
- <sup>37</sup> Swiss Institute of Comparative Law, 'Comparative Study of the Legal Structures of Football Clubs and Supporters' Organisations in 45 Jurisdictions', 2008, pp. 1-367, p. 264.
- <sup>38</sup> Examples: Bayer Leverkusen Fussball GmbH, Alemania Aachen GmbH, VfL Wolfsburg Fussball GmbH.
- <sup>39</sup> Swiss Institute of Comparative Law, 2008, p. 279; BaySecur GmbH, Bayer 04 Mobilien GmbH, Bayer Immobilien GmbH, Marketing GmbH, BaySports-Travel GmbH, Bayer 04 Sportförderung GmbH.
- <sup>40</sup> Examples: DSC Arminia Bielefeld GmbH & Co. KGaA, SV Werder Bremen GmbH & Co. KGaA, Hertha BSC Berlin KG mbHaA, MSV Duisburg GmbH & Co. KGaA, 1. FC Koeln GmbH & Co. KGaA, 1860 Muenchen GmbH & Co. KGaA, Borussia Dortmund GmbH & Co. KGaA, Hannover 96 GmbH & Co. KGaA.
- <sup>41</sup> Swiss Institute of Comparative Law, 2008, p. 280.
- <sup>42</sup> Swiss Institute of Comparative Law, 2008, p. 280.
- <sup>43</sup> [www.sueddeutsche.de](http://www.sueddeutsche.de) 18 November 2006.
- <sup>44</sup> Dietl, H.M. and Frank, E., 'Effizienzprobleme in Sportligen mit gewinnmaximierenden Kapitalgesellschaften – Eine modelltheoretische Untersuchung', *Zeitschrift für Betriebswirtschaft*, (70)10, 2000, pp. 1157-1175, p. 1158; Franck, E. and Müller, J.C., 'Kapitalgesellschaften im bezahlten Fußball', *Zeitschrift für Betriebswirtschaft, Ergänzungsheft 2*, 1998, pp. 121-141, p. 127.
- <sup>45</sup> § 43 II BGB; Segna, U., 'Bundesligavereine und Börse', *Zeitschrift für Wirtschaftsrecht*, (18)44, 1977, pp. 1901-1912; Wagner, G., 'Bundesliga Going Public: Traumpaß oder Eigentor?', *NZG* 11/1999, pp. 469-478.
- <sup>46</sup> [www.sueddeutsche.de](http://www.sueddeutsche.de) 18 November 2006.
- <sup>47</sup> Dietl and Franck, 2000, p. 1158.
- <sup>48</sup> Dietl, H.M. and Franck, E., 'Governance Failure and Financial Crisis in German Football', *Journal of Sports Economics*, 30 July 2007, pp. 626-669, p. 664.
- <sup>49</sup> Morrow, S., 'The People's Game? Football Finance and Society', London: Pargrave, 2003, pp. 131; Schewe, G., 'Der Fußball-Verein als Kapitalgesellschaft: Eine kritische Analyse der Corporate Governance', in Schewe und Littkemann, 2002, pp. 163-176.
- <sup>50</sup> Michalik, C., 'Ehrenamtliches Engagement im Profifußball – ein Auslaufmodell?', in Schewe, G. and Littkemann, J., *Sportmanagement – Der Profi-Fußball aus sportökonomischer Sicht*, Schorndorf: Hofmann, 2002, pp. 99-114, p. 100.
- <sup>51</sup> Dietl and Franck, 2007.
- <sup>52</sup> The licencing regulations are laid out in §§ 2-7 Lizenzierungsordnung (LO); Müller, J.C., 'Kostenkontrolle und Wettbewerbssicherung durch Lizenzierungsverfahren – Dargestellt am Reglement für die Fußball-Bundesliga', in: Büch, M.-P. Büch and Schellhaas, H.M., *Ökonomik von Sportligen*, Schorndorf, 2005, pp. 53-75, p. 62.
- <sup>53</sup> § 16 c statutes of the DFB:  
2) Eine Kapitalgesellschaft kann nur eine Lizenz für die Lizenzligen und damit die Mitgliedschaft im Ligaverband erwerben, wenn ein Verein mehrheitlich an ihr beteiligt ist, der über eine eigene Fußballabteilung verfügt und der im Zeitpunkt, in dem sie sich erstmals für eine Lizenz bewirbt, sportlich für die Teilnahme an einer Lizenzliga qualifiziert ist. Der Verein („Mutterverein“) ist an der Gesellschaft mehrheitlich beteiligt („Tochtergesellschaft“), wenn er über 50% der Stimmenanteile zuzüglich mindestens eines weiteren Stimmenanteils in der Versammlung der Anteilseigner verfügt.
- <sup>54</sup> According to §8 statutes of the League only one body, either the company or the association, can hold the license.
- <sup>55</sup> The fear of takeover is legitimated as the Glazer takeover of Manchester United shows. From being the richest club in the World, Manchester United's current level of debts is referring to the financial back up of the takeover.
- <sup>56</sup> §8 statutes of the League Federation (Ligaverband):  
11) Über Ausnahmen vom Erfordernis einer mehrheitlichen Beteiligung des Muttervereins nur in Fällen, in denen ein Wirtschaftsunternehmen seit mehr als 20 Jahren vor dem 1.1.1999 den Fußballsport des Muttervereins ununterbrochen und erheblich gefördert hat, entscheidet der Vorstand des Ligaverbandes.  
12) Dies setzt voraus, dass das Wirtschaftsunternehmen in Zukunft den Amateurfußballsport in bisherigem Ausmaß weiter fördert sowie die Anteile an der Kapitalgesellschaft nicht weiterveräußert bzw. nur an den Mutterverein kostenlos rückübereignet. Im Falle einer Weiterveräußerung entgegen der satzungrechtlichen Verbot bzw. der Weigerung zur kostenlosen Rückübereignung hat dies Lizenzentzug für die Kapitalgesellschaft zur Folge.
- <sup>57</sup> Critical about 51%, e.g. Kupfer, T., 'Erfolgreiches Fussballclub Management, Analysen, Loesungen', Goettingen: Verlag die Werkstatt, 2006; Dietl and Franck, 2007, p. 662.
- <sup>58</sup> *Sueddeutsche Zeitung*, [www.sueddeutsche.de](http://www.sueddeutsche.de), 25 June and 20 July 2007; 11 Freunde, [www.11Freunde.de](http://www.11Freunde.de), 25 June 2007; Soccer Investor, 4 March 2008.
- <sup>59</sup> Dietl, H.M., Franck, E., 'Governance Failure and Financial Crisis in German Football', *Journal of Sports Economics*, 30 July 2007, p.626-669 (665).
- <sup>60</sup> Interview with the President of the Bundesliga, Dr Reinhard Rauball, *Das Offizielle Bundesliga Magazin*, September 2007, 18-23.
- <sup>61</sup> Interview with Reinhard Rauball, 2007, 18-23.
- <sup>62</sup> [http://www.fr-online.de/in\\_und\\_ausland/sport/aktuell/?em\\_cnt=1298585&sid=c45c31f19f8b01999856ab6d135053b8](http://www.fr-online.de/in_und_ausland/sport/aktuell/?em_cnt=1298585&sid=c45c31f19f8b01999856ab6d135053b8); <http://www.ftd.de/sport/fussball/news/:DFL%20Ende%20Regel/326834.html>.
- <sup>63</sup> *Sueddeutsche Zeitung*, 10 September 2007; 11 Freunde, 17 September 2007.
- <sup>64</sup> Interview with Christian Mueller, 11 Freunde, 19 September 2007.
- <sup>65</sup> "50+1 – Regel soll beibehalten werden", <http://www.bundesliga.de/de/news.php>, Frankfurt, 16 October 2008.
- <sup>66</sup> Holt, M., Michie, J. and Oughton, 'Corporate Governance and the Football Industry', in Trenberth, L., *Managing the Business of Sport*, 2003, p. 124.
- <sup>67</sup> Schmidt, R.H., 'Corporate Governance in Germany: An Economic Perspective', Working Paper Series: Finance & Accounting No.18, Johann Wolfgang Goethe Universität, Frankfurt, Finance Department 2003, pp. 1-53, p.6.
- <sup>68</sup> Schmidt, 2003, p. 6.
- <sup>69</sup> § 5 LO – *Peronelle und Administrative Kriterien*.
- <sup>70</sup> 'The governance framework should recognise that the interests of the corporation are served by recognising the interests of stakeholders and their contribution to the long-term success of the corporation.' OECD, *Principles of Corporate Governance*, Section III, OECD, Paris; 'Supporters are more than just customers. The degree of loyalty to the club, their investment behaviour and their contribution to the revenue generated by the clubs makes them stakeholders'. Football Governance Research Centre (FGRC), *The State of the Game: the Corporate Governance of professional Football Clubs*, 2003.
- <sup>71</sup> v.Werder, A., 'Der Deutsche Corporate Governance Kodex – Grundlagen der Einzelbestimmungen', *DB* 55, 2002, pp. 801.
- <sup>72</sup> Reviews on governance literature: Financial Reporting Council, *The Combined Code of Corporate Governance*, Financial Reporting Council, London, 2003; Kay, J. and Silbertson, A., 'Corporate Governance', *National Institute Economic Review*, 95(3), 1995, pp. 84-96; Tricker, R.I., 'Corporate Governance, History of Management Thought', *History of Management Thought*, Aldershot: Ashcroft Publishing, 2000; Schmidt,

- 2003, pp. 1-53; Franks, J. and Mayer, C., 'Ownership and Control of German Corporations', ESRC funded project on Capital Markets, Corporate Governance and the Market for Corporate Control', No. W102251103, 2000.
- <sup>73</sup> § 5 of the licensing regulations define personnel and administrative criteria for professional football clubs. The criteria include financial education and experience as well as accounting and media experts.
- <sup>74</sup> Sec. 22, 55, 56 BGB.
- <sup>75</sup> Supporters News, Das Magazin des HSV Supporters Club, No 50 I, March 2007, p. 34-41.
- <sup>76</sup> § 8, Satzung und Ordnungen, Eintracht Frankfurt: <http://www.eintracht-frankfurt.de/media/pdf/satzung.pdf>.
- <sup>77</sup> Werder Magazin, Nr. 218, 3 March 2008, p. 47.
- <sup>78</sup> § 2 Zweck und Aufgabe des Vereins: (...) Die soziale Integration ausländischer Mitbürger soll gefördert werden, <http://www.schalke04.de/satzung.html>.
- <sup>79</sup> Müller, 2005, p. 62.
- <sup>80</sup> Müller, 2005, p. 56.
- <sup>81</sup> The bank secrecy needs to be changed in favour of the League Association and the DFL needs to get access to information's from the appropriate German Inland Revenue Office.
- <sup>82</sup> Müller, 2005, p. 66; Press release of the DFL, 20.04.2005.
- <sup>83</sup> § 7 LO and VII LO; In addition to those documents a series of legally binding written declarations need to be handed in, including the commitment to give access to contracts about marketing and operations, a declaration about the fulfilment of employment liabilities and the payment of salary taxes and social security premiums until 31.12, or an instituted submitted regime.
- <sup>84</sup> Deloitte, Annual Report of Football Finance, 2005, p. 32.
- <sup>85</sup> Ernst & Young, Bälle, Tore und Finanzen: Wege aus dem finanziellen Abseits, 2004; Ernst & Young, Bälle, Tore und Finanzen II: Aktuelle Herausforderungen und Perspektiven im Profifußball, 2005.
- <sup>86</sup> Interview with Christian Mueller, CEO DFL, in Das offizielle Bundesliga Magazin, January 2008, p. 38-39
- <sup>87</sup> Dietl and Franck, 2007, p.666.
- <sup>88</sup> Dietl and Franck, 2007, p.667.
- <sup>89</sup> Peitsmeier, H., 'Bundesliga-Bilanzen – Dem Fußballfan bleibt die wahre Finanzlage verborgen', 19. December 2003, FAZ.Net, [www.faz.net](http://www.faz.net).
- <sup>90</sup> Dietl and Franck, 2007, p.667.
- <sup>91</sup> [http://www.dfb.de/uploads/media/04b\\_Statut\\_3\\_Liga\\_Regionalliga.pdf](http://www.dfb.de/uploads/media/04b_Statut_3_Liga_Regionalliga.pdf).
- <sup>92</sup> [http://www.dfb.de/index.php?id=500014&no\\_cache=1&tx\\_dfbnews\\_pi1\[sHowUid\]=14876&cHash=a4730db34b](http://www.dfb.de/index.php?id=500014&no_cache=1&tx_dfbnews_pi1[sHowUid]=14876&cHash=a4730db34b).
- <sup>93</sup> Deloitte, Annual Review of Football Finance, May 2008, p. 11.
- <sup>94</sup> Bayern Munich, Schalke 04, Borussia Dortmund, Hamburg SV, Werder Bremen, Forbes, Soccer Team Valuations, 30 April 2008, [http://www.forbes.com/lists/2008/34/biz\\_soccer08\\_Soccer-Team-Valuations\\_Rank.html](http://www.forbes.com/lists/2008/34/biz_soccer08_Soccer-Team-Valuations_Rank.html).
- <sup>95</sup> Deloitte 2008, p. 14.
- <sup>96</sup> The new TV deal for 2009-2015 has been signed over €500 million.
- <sup>97</sup> Deloitte, May 2007, p. 19.
- <sup>98</sup> Deloitte, May 2008, p. 15.
- <sup>99</sup> Frick, B. and Prinz, J., 'Crisis? What Crisis? Football in Germany', Journal of Sports Economics, February 2006, pp. 60-75, p. 62.
- <sup>100</sup> Soccer Investor, 5 September 2007.
- <sup>101</sup> Schwarz, H., 'Fußball-Klubs und Lizenzen – Leere Raenge, leere Kassen', Sueddeutsche Zeitung, 7 November 2008, <http://www.sueddeutsche.de/finanzen/artikel/860/141554/>.
- <sup>102</sup> Deloitte 2008, p. 18; Bundesliga Magazin, Mai 2008, pp. 74-75.
- <sup>103</sup> e.g. Sachsen Leipzig, KFC Uerdingen, Waldhof Mannheim, Dynamo Dresden, Darmstadt 98; Apitius, B., Mucha, R. And Juergens, T., 'Eine Liga macht sich huebsch', 11 Freunde Magazin fuer Fussballkultur, Mai 2008, pp. 32-43.
- <sup>104</sup> For a detailed analysis, see Dembowski, G., 'Spieler kommen, Trainer gehen – Fans bleiben', in: Buendnis Aktiver Fussballfans – BAFF, Ballbesitz ist Diebstahl: Fans zwischen Kultur und Kommerz, Goettingen: Die Werkstatt, 2004, pp. 8-34; Also, Roose and Schaefer questioned football fans about their desire for participating in their football clubs in an Internet survey, which was conducted in Germany in 2004-2006<sup>298</sup>. The aim of their study was to discover what the factors are that turns a loyal fan into a participating fan. Participation in this context was defined in two different ways: in the sense of loyal support, like organising a bus to the next away game, and in taking part in the clubs' decision-making processes. The study showed that fans were less interested in the governance of their football clubs. Most fans questioned were supporting their clubs actively, although different scales and intensities. On the other hand, half of those fans questioned wanted their clubs to follow more democratic principles and demanded more rights of co-determination for themselves.
- <sup>105</sup> Bundesliga Magazin, October 2007, p. 14-19.
- <sup>106</sup> <http://www.kicker.de/news/fussball/bundesliga/startseite/artikel/368250>.
- <sup>107</sup> On 15 June 2005 for example, a demonstration took place in Frankfurt with 2000 football fans drawing attention on policing and repression; Another example is the "fans or Customer" initiative organized by "Rote Kurve – 96 Supporters Clubs" at Hannover 96, where supporters refused to support their team for 45 minutes, <http://www.fans-oder-kunden.de/> – to mention but a few.
- <sup>108</sup> Critical, Kazperowski, A. 'Ein Tanz auf Messers Schneide', 11 Freunde.de, 19 November 2007, <http://www.11freunde.de/vereinsblogs/106337>.
- <sup>109</sup> [www.fanprojekte.de](http://www.fanprojekte.de).
- <sup>110</sup> The different fan bodies will be outlined in more detail in the following sections.
- <sup>111</sup> <http://www.eintracht.de/fans/fan-abc/>.
- <sup>112</sup> <http://www.fcstpauli.com/staticsite/staticsite.php?menuid=140&topmenu=136&keepmenu=inactive>.
- <sup>113</sup> <http://www.fcb-fanrat.de/satzung.htm>.
- <sup>114</sup> <http://www.arge-tsv1860.de/start.htm>.
- <sup>115</sup> <http://www.gruenwalder-stadion.de/?id=46>.
- <sup>116</sup> The background of Ultra groups, their birth and identity has been described in the Italian report of this study and has been extensively analysed by other: Gabriel, M. 'Ultra-Bewegung in Deutschland: Von Doppelhaltern und Choreografien – die Antwort der Kurve auf den Fussball als Event', in: Buendnis Aktiver Fussballfans, Ballbesitz ist Diebstahl: Fans zwischen Kultur und Kommerz, 2004, pp. 179-194; Pilz G., Bahn, S., Klose, A., Schwenzer, V., Werner, S. and Woelki, F., Wandlung des Zuschauerhaltens im Profifussball, Bundesinstitut fuer Sportwissenschaft, 2006.
- <sup>117</sup> Interview with Theo Zwanziger, Koester, P. and Juergens, T., 'Im DFB gibt es genauso viel Schatten wie Licht, 11 Freunde Magazin fuer Fussballkultur, April 2008, pp. 48-53.
- <sup>118</sup> <http://www.pro1530.de/>.
- <sup>119</sup> E.g. Dynamo 5000, initiative to increase membership for the club, SG Dynamo Dresden; Buendnis der Bewahrer, FC Sachsen Leipzig.
- <sup>120</sup> [http://www.traditionsretter.de/index.php?option=com\\_content&task=view&id=12&Itemid=13](http://www.traditionsretter.de/index.php?option=com_content&task=view&id=12&Itemid=13).
- <sup>121</sup> With fan scene we mean the wider fan environment, active as well as more passive supporters of the club.
- <sup>122</sup> The full catalog of objectives can be found on [www.die-fanbeauftragten.de](http://www.die-fanbeauftragten.de) and on [www.dfb.de](http://www.dfb.de).
- <sup>123</sup> Bundesliga, Handbuch für Fanbeauftragte (Version 3.0), 18.02.2008: 4.1 Fachliche Voraussetzungen
- Erfahrungen im positiven Anleiten von Menschen
  - Erfahrungen und Kontakte zu entscheidenden Netzwerken in der Fan-Szene (z.B. Fan-Clubs, Ultra- und Hooliganszene).
  - qualifizierter Berufsabschluss oder abgeschlossenes Hochschulstudium
  - im Umgang mit Menschen erworbene Grundkenntnisse der Pädagogik, Psychologie und Soziologie, vor allem in Bezug auf gruppenspezifische Prozesse
  - Politische Neutralität
  - Grundkenntnisse der englischen Sprache (bei Europacupspielen)
  - fundierte Kenntnisse der EDV (Word, Excel, Power-Point, Internet etc.)

## 4.2 Persönliche Kompetenzen

- hohe Kommunikations-, Konflikt-, Team- und Kooperationsfähigkeit als entscheidende Sozialkompetenzen
- Lernbereitschaft, Denken in Zusammenhängen und rhetorische Sicherheit als methodische Kompetenzen
- Engagement, Motivation, Zuverlässigkeit und Flexibilität als Personenkompetenzen
- Kommunikationsfähigkeit, auch in Gruppen und in der Öffentlichkeit
- dienstleistungsorientiertes Denken und Verhalten
- Verhandlungssicherheit und Durchsetzungsfähigkeit
- angemessene Lebenserfahrung und Erfahrung im Umgang mit Fans; Kenntnisse und Kontakte in die Fanszene des Vereins
- Zeitliche Flexibilität besonders am Wochenende, Belastbarkeit
- Situationsangemessenes, gepflegtes Auftreten
- beruhigendes, deeskalierendes, versachlichendes professionelles Verhalten in Stress und Konfliktsituationen

## 5. Strukturelle Voraussetzungen des Vereins

Es ist Aufgabe des Vereins den Fanbeauftragten in jeder Hinsicht zu unterstützen. Damit der Fanbeauftragte alle beschriebenen Aufgaben erfolgreich bewältigen kann, sind gewisse strukturelle Voraussetzungen notwendig.

<sup>124</sup> Wurbs, D. and Schneider, T., 'Handbook on developing and establishing supporters' charters in Europe', European Convention on Spectator Violence and Misbehaviour at Sports Events and in particular at Football Matches (T-RV), Council of Europe, 31 January 2008, p. 36.

<sup>125</sup> E.g. Schalker Fanproject: [www.schalker-fanprojekt.de](http://www.schalker-fanprojekt.de); Fanladen St. Pauli: <http://www.fcstpauli.com/staticsite/staticsite.php?menuid=137&topmenu=136&keepmenu=inactive>; Fan-Projekt Dortmund e.V.: [www.fanprojekt-dortmund.de](http://www.fanprojekt-dortmund.de);

<sup>126</sup> <http://www.jugend-sport.de/stpauli-fanladen/crew.htm>.

<sup>127</sup> Luezenkirchen, H.-G., 'EDFF', Wissenschaftliche Begleitung/ Documentation des Projects „Ein Dach fuer Fans“, im Auftrag der Friedrich Ebert Stiftung, p. 18., <http://edff.net/de/index.php?p=wissbegleitung>.

<sup>128</sup> <http://www.kos-fanprojekte.info/>.

<sup>129</sup> KOS, Fanprojekte 2007, Sachbericht zum Stand der sozialen Arbeit mit Fussballfans, [http://www.kos-fanprojekte.info/pdf/KOS\\_fp-2007.pdf](http://www.kos-fanprojekte.info/pdf/KOS_fp-2007.pdf).

<sup>130</sup> As this study observes the relationship between supporters groups and their clubs, a closer observation of the national supporters group of the national team is obsolete.

<sup>131</sup> <http://www.aktive-fans.de/index2.php>; see also Dembowski, G., 'Ballbesitz ist Diebstahl: Stichworte zum Buendnis Aktiver Fussballfans', Buendnis Aktiver Fussballfans – BAFF, Ballbesitz ist Diebstahl: Fans zwischen Kultur und Kommerz, 2004, pp. 124-133.

<sup>132</sup> BAFF statutes: <http://www.aktive-fans.de/01a9d793f0118b947.html>.

<sup>133</sup> <http://www.aktive-fans.de/01a9d793eb0025619/502764947d0ebab0a/035c5f9aa50febd02.html>.

<sup>134</sup> Interview with Thomas Weinemann, Fanbeauftragter Borussia Moenchengladbach, Leipzig, June 2007; interview with Mathias Scheurer, Spokes Person – Unsere Kurve, Frankfurt, 3 October 2007.

<sup>135</sup> Members are: Abteilung Fördernde Mitglieder / HSV Supporters Club (Hamburg), Arminia Supporters Club und Schwarz-Weiß-Blaues Dach (Bielefeld), BvB Fan- und Förderabteilung (Dortmund), Fan- und Förderabteilung Eintracht Frankfurt e. V. (Frankfurt), FPMG Supporters Club (Mönchengladbach), Faninitiative SVB e.V. (Leverkusen), Fan-Projekt 1. FC Köln 91 e. V. (Köln), Schalker Fan-Club Verband e.V. (Schalke/Gelsenkirchen), Supporters Mainz e.V. (Mainz), Rote Kurve – 96 Supporters Club (Hannover), Interessengemeinschaft der Alemanniafans und Fan-Clubs (Aachen).

<sup>136</sup> Interview with Mathias Scheurer, Spokes Person of Unsere Kurve, Unsere Kurve Bundestrefen, Frankfurt, 3 October 2007.

<sup>137</sup> <http://www.uefa.com/uefa/keytopics/kind=2048/newsid=632635.html>.

<sup>138</sup> <http://www.tatort-stadion.de/>.

<sup>139</sup> For a detailed outline about the Ultra movement in Germany, see Gabriel 2004; Pilz et al 2006.

<sup>140</sup> <http://www.pro1530.de/index.php>; for a detailed analysis of Pro 15:30, see also Weinemann, T., 'Der Anwalt der Fans', in: Buendnis Aktiver Fussballfans, Ballbesitz ist Diebstahl: Fans zwischen Kultur und Kommerz, 2004, pp. 82-88.

<sup>141</sup> For the complete catalogue, see <http://www.pro1530.de/pressemitteilung/250607pressefankongress.htm>.

<sup>142</sup> Members of the AG Fabdialog: DFB, DFL, Koordinationsstelle Fanprojekte, Dem Ball is' egal wer ihn tritt, Bündnis Aktiver Fußball-Fans, IG Unsere Kurve, Pro Fans, Netzwerk Frauen im Fußball. Zudem nahmen Gerald von Gorrissen, Fanbeauftragter des DFB, Thomas Schneider, Fanbeauftragter der DFL, Ralf Busch, Sprecher der Bundesarbeitsgemeinschaft der Fanprojekte, Ralph Klenk, Sprecher der Fanbeauftragten and Prof. Gunter Pilz.

<sup>143</sup> <http://www.dfb.de/index.php?id=503930>; The Fanrechtefond was founded in 2006 to provide legal support for fans with stadium bans. The organisation is headed up by five fan representatives from five different clubs and two solicitors oversee the funding and apportion donations.

<sup>144</sup> <http://www.unserekurve.de/cms/pages/posts/neue-stadionverbotsrichtlinien-treten-am-31.-mE4rz-in-kraft41.php>.

<sup>145</sup> Critical ProFans, <http://profans.de/index.php?page=news&newsnr=121>; in this context, another major concern for football fans is the "Datei Gewalttaeter Sport", which is a database containing the personal information of any fans who have previously been in trouble with the police for 'football violence'. Once registered on the database, fans are subject to restrictions/rules which are described as unreasonable in many cases.

<sup>146</sup> <http://www.fanrechtefonds.de/index.html>.

<sup>147</sup> Swiss Institute of Comparative Law, 2008, p. 282.

<sup>148</sup> Swiss Institute of Comparative Law, 2008, p. 282.

<sup>149</sup> Swiss Institute of Comparative Law, 2008, p. 282.

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## Summary

1. The Italian government has an interventionist approach to football. With the new government, sport has gone back to its previous status, regarded as a less important topic. Sport is governed by a Secretary of Sport (*Sottosegretario allo sport*), who is ranked directly under the Prime Minister (*Presidenza del Consiglio*). The National Observatory on Sporting Events (*Osservatorio Nazionale Manifestazioni Sportive*) is responsible for ensuring security at sporting events and assesses the risk of individual sporting events.

Overall, the authorities try to tackle football violence by introducing emergency

regulations, which only follow a short-term approach. The success of these “*decreti speciali*” is questionable, and they fail to have any long-term impact on the challenges that face Italian football. The relationship between the fans and the governing bodies of football (Lega Calcio and the FIGC) is almost non-existent, and there is very little evidence that this situation will change anytime soon.

2. Italian football clubs are mostly family owned and controlled. Many clubs are separate corporate entities and have a holding company, controlled by the

“presidente” and/or the family holding company, which owns 100% of their shares. Only three clubs, Juventus, Roma and Lazio, are currently floated on the stock exchange, yet the control of each of these clubs remains under a controlling shareholder or group. All Serie A football Clubs are organised as share companies (SpA). Football Clubs in the Serie B are equally distributed between share companies and limited liability companies. Considering the financial performance of Italian football clubs and the business behaviour of their dominant owners, the structure of professional football clubs, and

the resulting governance structures, do not generally provide a balance between sporting and financial objectives.

3. In principle, fans are not involved in any decision-making processes at Italian professional clubs. Little general or formal contact worth mentioning exists between the clubs and their fan bases as regards ownership and governance. The main problem seems to be that Italian fan culture has not been recognised as a social phenomenon yet, and is therefore not targeted accordingly by the authorities or the clubs. Fans are kept in isolation and seem to be considered as an annoying by-product of football. The vacuum was filled by irrelevant and largely unworkable regulations such as the *Decreto Melandri Amato*, which on a practical level prevents fans and clubs having close associations with each other, which was originally meant to stop the trend of Ultras effectively holding clubs to ransom.

Nevertheless, initiatives have existed where fans have raised enough money, bought shares, and helped their club

to survive. However, the fan groups did not see their shares as marketable assets, and any long-term approach or involvement in running their club seemed alien to them. In general, fan groups simply do not have any strategies, nor do they follow any particular ownership and governance models.

Progetto Ultrà, together with a Supporters Direct Europe, should put an implementation plan into practice and establish adequate legal and governance models for supporters' groups, which would be tailored to the various cultural environments, to improve the general perception of football fans in Italian society and increase their involvement in the community. Part of the implementation plan should also focus on involving the Federazione Italiana Sostenitori Squadre di Calcio (FISSC), the federation of coordination centres, which is the only national supporters group in Italy, and the Ultras, as well as tackling the question of how to incorporate the authorities.

What is required is grassroots organisation, and the 'humanising' of

supporters. This would be achievable through activity in the local area and support on the national level. The re-establishment of FISSC provides the potential for lobbying for the rights of fan groups on a national level, and could help to increase their influence on the club level. Progetto Ultrà is a project lobbying for recognition of fan culture as a social phenomenon and for adequate strategies that can improve the charged atmosphere within Italian football. The project has the potential to lobby for Ultrà groups, and other football fans, which have changed or want to change so they can be actively involved in the community and in the running of their clubs.

The most important role for a Supporters Direct Europe at this stage would be in empowerment and creating, maintaining and supporting responsible fan networks. What is critical is that the existing groups do not remain isolated, either in reality or perception. A Supporters Direct Europe could advise groups on becoming democratically organised and offer routes to influence.

## General Introduction to Economic, Political and Cultural Environment

Italy is a democratic republic and is home to about 58 million people. Its total and per capita output is similar to that of France and the UK. This output is spread unevenly between the prosperous industrial north, which is dominated by private companies, and the less developed primarily agricultural south, which has a 20% rate of unemployment<sup>1</sup>.

Italy has five semi-autonomous regions, each with their own respective legislation, and its entire identity is greatly defined by regionalism. Italy currently has the fourth largest population in the EU (after Germany, France and the United Kingdom) and the fourth largest economy in Europe. However, based on its current economic performance, Italy has been taken over by Spain as wages growth and foreign investment are among the lowest in Europe, while public debt, pensions and administration costs are among the highest<sup>2</sup>.

Some believe that many levels of Italian society are influenced by organised crime and corruption, and studies have found organised crime to be an important sector for the economy<sup>3</sup>. The University of Cambridge recently conducted a poll that linked the current perception of crisis in the political system with the nation's mood, and it also revealed that Italians admit they are the least happy people in 15 Western European countries<sup>4</sup>. An all-pervasive distrust of the government, and of almost every other institution, seems to disillusion and paralyse Italian society, making a genuine belief in meaningful change almost impossible for Italy. The resulting psychological burden is tangible, and Walter Veltroni (the former Mayor of Rome and head of the centre left coalition in the recent elections) has even said that among Italians "there is more fear than hope"<sup>5</sup>. Furthermore, 70% of Italians between 20 and 30 are still living at home, and 21% of the 15-24 year olds were unemployed during 2006. Additionally, Italy's birth rate is the lowest in Europe and hence its population is the oldest<sup>6</sup>.

The political environment is equally unstable. The previous Prime Minister, Romano Prodi, and his centre-left coalition lost their parliamentary majority after one small party quit the coalition over a corruption inquiry. These events caused Prodi to lose a vote of confidence in the Senate in late January 2008, and he consequently tendered his resignation after less than two years in office. Although modest economic growth was witnessed under his government, tax increases, poor crisis management, arguments within the coalition, and frequent calls for votes of no confidence took their toll on public support. Subsequently, Silvio Berlusconi's centre-right *Popolo della Libertà* won the general elections in April 2008, and for the first time his party held the majority in both houses. This is the third time Silvio Berlusconi has been appointed as Italy's prime minister.

The stock market witnessed extensive governance reforms between 1990 and 2005, with a corporate governance code and a new company law for improving the protection available to shareholders being introduced. Despite these reforms Italy still has fewer multinational corporations than other economies its size. The Italian economy is dominated by a large base of small and medium size companies, with a smaller number of large multi-national corporations relative to the economies of other G8 countries. Accordingly, the country's corporate governance system has developed differently to that in other European countries. Bianchi and Bianco, in their study of 'Italian corporate governance in the last 15 years, found changes in the instruments used for ensuring stability and control in listed and unlisted companies<sup>7</sup>. This study found an 'increased independence of boards':

- Guaranteed representation of minority shareholders on the board of directors and on the board of statutory auditors, with

- the board of statutory auditors gaining increased involvement.
- Increased disclosure and procedural requirements regarding self share-dealing.

The study also found increased power for shareholders:

- Easier to exercise voting rights.
- Greater disclosure<sup>8</sup>.

So far there has been no sign of any 'radical changes' in the ownership and governance of listed companies, and the separation of ownership and control remains limited. Furthermore, the study revealed that most companies are controlled by an individual – 61% of unlisted companies have a majority shareholder, 40% are controlled by single individuals, and in 20% of companies the largest single shareholder has more than 66% of the shares<sup>9</sup>. Such concentrated control reduces liquidity in the market and limits the influence that non-controlling shareholders have on corporate decision-making. Commentators expect no changes in the ownership and governance structures of Italian companies.

In Italy most companies are family owned. The Italian Association of Family Businesses estimates that 93% of the businesses in Italy are family run; other estimates run as high as 99%<sup>10</sup>. Approximately 45% of the 150 largest public and private companies in Italy are family owned<sup>11</sup>. Bianchi and Bianco pointed out in 2006 that among family controlled companies: 41% are controlled by the founder, 23% by the first generation and 15% by the second and later generations, with a reduction in ownership concentration over progressive generations<sup>12</sup>. The average age of first generation owners is 61. As the traditional concentrated ownership structure is present in most companies, most of them have a single managing director running the company.

*Società per Azioni (SpA) and Società a responsabilità limitata (Srl):* The two principal legal forms of limited companies are the Società per Azioni (SpA), which can be traded on the stock

exchange (Act 23/3/1981), and the Società a responsabilità limitata (Srl), both of which are società di capitali. The SpA is the most common legal form for companies of any size. Not only is the capital required to set up a SpA comparatively low, but there are also complex governance regulations, which define rights and responsibilities within a company, that have been established by statute. In comparison, the Srl is not bound by as many mandatory provisions and provides shareholders with greater freedom to design the company themselves, although such self-regulations may not be recognised by the courts.

*Shareholders Associations:* There is no specific legal regime that governs shareholder associations in Italy. Shareholder associations have recently been formed to help organise small investors in recently-privatised companies<sup>13</sup>. However, the experience of small investors is not particularly encouraging, mainly due to two factors: first, the direct and indirect costs imposed on small investors who may want to take part; secondly, the procedures that must be followed by shareholder associations.

The Italian bourse unveiled a new governance code in 2006, with the aim of increasing the importance of governance issues in listed companies. Commentators describe the new Italian corporate governance laws to having many similarities with those in other European countries, such as Germany, France and Spain<sup>14</sup>.

It seems, however, the main difference between the countries is the socio-cultural environment that Italian companies operate in. Many Italians believe in the existence of "*dietrologia*", which is the word for the process of trying to figure out what the "real truth" is. The underlying assumption is that the "real truth" is always behind the story that is presented to the public. This wide-spread belief in "powerful forces" that manipulate reality behind (or "*dietro*") the scenes is reflected in a lack of trust for institutions in general, which results in an absence of desire for questioning authority due to a corresponding apathy. The belief that "ordinary people" cannot influence events is one of the key problems we have faced during this study.

## 1. Structure of Italian Football

Football plays a pre-eminent role in Italian culture, with 44 million Italians interested in football<sup>15</sup>. There are also three daily newspapers, read by about 5.8 million people, which mainly report about football<sup>16</sup>.

Nevertheless, attendance figures in Italy are the lowest among the top five European leagues. In 2006/07, Serie A experienced an average attendance of around 19,000, which is half the size of Germany's 38,600 average. As predicted by Deloitte, such low figures have made Italy lose its status as the second highest earning league in Europe over the 2006/07 season.

Italian football clubs are mostly family owned and controlled, and their ownership and governance structures correspond with the company structures described in the previous section. Many clubs are separate corporate entities and have a holding company, controlled by the "presidente" and/or the family holding company, which owns 100% of their

shares. Only three clubs, Juventus, Roma and Lazio, are currently floated on the stock exchange, yet the control of each of these clubs remains under a controlling shareholder or group.

The source of the biggest and most important revenue stream for professional football clubs in Italy, and one they are highly dependent on, is television. This accounts for about 63% of total revenue, compared to 58% in the French Ligue 1<sup>17</sup>. This has led to the general opinion that football is not made for match-going fans, but for TV broadcasting. Previously, every club negotiated their TV deals independently, which led to the big clubs generating far more broadcasting revenue than the smaller clubs. This economic imbalance, and its related impact on the competitiveness of medium and smaller clubs, has become an increasingly contentious issue in Italian football over recent years. A number of clubs have insisted that a more equitable system of sharing broadcast revenue is fundamental to the long-term health of the League. Their cause was taken up by the Prodi government, and particularly the

Sports Minister Giovanna Melandri, who sponsored a legislative decree mandating collective negotiation of football television contracts, starting with those for the 2010/11 season (the delay being designed to allow the current contracts time to expire).

Italian football has been shaken by many scandals in the past, including doping scandals and the major match fixing scandals of the 70s and 80s, culminating in the Calciopoli scandal of 2006. In Serie A., Juventus, Lazio, Fiorentina, AC Milan have all been penalised for their involvement in Italy's latest match-fixing scandal, even though criminal proceedings have only just begun.

Italian football has recently been in the media for the violent incidents involving Italian football fans. Football in Italy has been associated with violent incidents for a long time, both at the ground and outside the stadium, and the increasing controlling measures set up since 1989 to face this issue did not seem to have a long term effect on the behaviour of football fans. The police did indeed develop a more repressive attitude, and it is the

police, rather than opposing fan groups, who are now the main enemy of the fans. This atmosphere worsened in 2007, due to the incident at Catania.

Catania played Palermo on the 2nd February 2007. The authorities decided that this match should be played at 3pm, rather than 6pm, considering that the fixture was a very delicate one. For unknown reasons, the Palermo fans were not taken straight into the ground, but were made to wait until the drconf hslf by the police who then escorted them into the ground. By that time the place was very crowded and the home fans remaining outside the stadium tried to confront their rivals, albeit with no success. The police started to fire tear gas outside and inside the ground, where the majority of fans had already taken their seats. This resulted in people running out of the ground and was followed by hours of complete mayhem. Over this time police chief inspector Filippo Raciti was killed, even though nobody knows how it happened. The teenager arrested a few days later has recently been cleared of the charge due to a lack of evidence. Once again Ultras' violence was blamed, and even more repressive laws were introduced.

A later incident involved Gabriele Sandri, a Lazio supporter, who was killed by a policeman at a motorway service station near the Tuscan city of Arezzo in November 2007. The death triggered widespread protests among the fans, and as a result Italy's sports minister suspended games in the country's second and third divisions for one week.

Many legal steps have been taken since then, including the introduction of new laws and an increase in checks in and around the stadiums. 'Several stadia were deemed unsuitable to host matches while other clubs were not allowed to sell tickets to visiting fans'<sup>18</sup>. The police presence has not helped to stop violent and racist behaviour in the stadia, leading fans and others to suggest that a system should be found where the police are less involved, or even less present, as they are now the fans' main targets. The current situation has been described as a new era, not just by politicians, but by fans and authorities. The study will examine if these fragile times could result in more active and responsible behaviour from fans and other stakeholders.

### 1.1. The Government

The popularity of Italian football, and the resulting power and influence it offers, has led to it operating within a highly political environment. In contrast to the German

or Czech governments, for example, the Italian government has an interventionist approach to football, with politicians publicly identifying themselves with the game and certain clubs<sup>19</sup>. Until April 2008, the Ministry of Sports was responsible for sport on the state level. However, since the election of Berlusconi in April 2008, Italy does not have a Sports Minister anymore rather sport is governed by the Minister of Youth Politics. Berlusconi stated that sport has to be independent from politics and should be run democratically by sports authorities elected by sports people<sup>20</sup>.

Football clubs were given a great deal of latitude under Silvio Berlusconi, Italy's former and new Prime Minister, particularly when it came to issues like debt relief and the negotiation of television contracts. The *Calciopoli* scandal and the recent violent incidents have since given the Prodi government and then Sports Minister, Melandri, more opportunities to intervene, but they have often been ineffective, e.g. the restrictions on banners in grounds and fans travelling, and Melandri's very public campaign for the equitable sharing of television revenues, which achieved only marginally improved results once it finally made its way through the complex process of approval by the League.

Sports legislation exists at the national and regional level (Art. 117), with national legislation overruling regional legislation. Regional governments mainly deal in sporting matters, based on the principle of subsidiarity, and each regional government has its own sports law, as declared in Law 19 (1981).

There is a separate system of "sporting justice" that combines some of the aspects of the *Federazione Italiana Gioco Calcio* (FIGC) (the Italian Football Association) disciplinary proceedings with quasi-criminal administrative law proceedings. This element of the justice system was front and centre in the *Calciopoli* scandal, and can seem rather bizarre to Anglo-American observers. It includes all of the elements of an "inquisitorial" justice system (with prosecuting magistrates, et al) and overlaps with the actual criminal justice system. This had led to the fact that Luciano Moggi et al, who were banned almost two years ago by the "sporting justice authorities" for their role in *Calciopoli*, have only just entered the very early stages of actual criminal proceedings in Napoli.

### 1.2. Osservatorio Nazionale sulle Manifestazioni Sportive – National Observatory on Sporting Events

The *Osservatorio* is a sub-department

of the Ministry of Interior, and is set up within the Department of Public Security<sup>21</sup>. This government agency is responsible for ensuring security at sporting events. Although founded in the 90s, the body's influence increased gradually and became very actively involved in fighting football violence during 2007, following the death of Raciti. It is now the sole body in charge for decisions on this matter.

The *Osservatorio* assesses the risk of individual sporting events, deciding if public security is in danger and whether public order provisions need to be issued. For example, it is responsible for banning away fans, closing stands, and forcing matches to be played behind closed doors.

The *Osservatorio* consists of 15 representatives from different organisations, which include the Secretary of Sports, the police, the Interior Minister and the football authorities. As every member has one vote it has proved difficult for the previous Sports Minister to push through her suggestions. The body observes the sport and fan scene, organises activities to prevent violence, and proposes plans regarding security issues surrounding football games<sup>22</sup>. However, the driving force behind the organisation a perceived need to heighten security rather than on attempt to address broader fan issues.

The introduction of specially trained stewards inside the stadiums is the observatory's latest attempt to tackle violence inside the stadium. Commencing on the 1st March 2008, every matchday will have more than 10,000 stewards on duty, which corresponds to one for every 250 spectators based on average gates in Italy. From now on the police will only be responsible for the security outside stadiums, although the stewards can report any illegal behaviour of tifosi inside the stadium to the police<sup>23</sup>.

The *Osservatorio* has come under close scrutiny after the incidents on 18 May 2008, the last day of the Serie A campaign on which both Roma and Inter could win the scudetto. The governing body closed the away end at Catania stopping Roma supporters to travel to Sicily, and also stopped Inter fans to travel to Parma. However, Inter supporters purchased matchday tickets regardless and travelled to Parma as it is only one hour away from Milan. All in all around 5000 Inter supporters arrived in Parma, with or without tickets and the day ended in riots with the police and damaged property. As a result many Italians, not just football supporters, have accused the *Osservatorio* of incompetence.

### 1.2.1. Regulations Affecting Football

#### • Decreto Salva Calcio

By December 2002, rapidly rising costs and ever declining revenues had hampered the financial performance of many Italian football clubs causing disastrous effects, with many of them facing the very real threat of insolvency. To safeguard the clubs from administration the government, led at that time by Silvio Berlusconi (also the principal owner and president of AC Milan), issued the *decreto salva-calcio*, D.L. 282<sup>24</sup>. The decree allowed clubs to amortize the asset of players' registration rights over an arbitrary time period of ten years, rather than over the length of players' contracts. However, the carrying value was not written off as an expense in the club's profit and loss accounts, but was instead transferred to a new intangible asset, the *salva-calcio* asset, which was then amortized over ten years<sup>25</sup>. In other words, the *salva-calcio* assets didn't appear on the club's financial statements, which caused the immediate improvement of the clubs' reported financial positions. In particular, the major football clubs, for which players' contracts are the biggest item of expenditure, were able to submit accounts which underestimated their true costs in a given year, thereby hiding real losses and giving a misleading picture to investors. 'The application of the decree in only four Serie A clubs resulted in approximately €1 billion being transferred from players' registration rights to the *salva calcio* asset<sup>26</sup>. From this, the *salva-calcio* decree allowed several clubs to avoid administration.

*'The [European] Commission considered that financial statements presented in such a manner could not show a true and fair view of the club's assets, liabilities, financial position and profit or loss, departing from the requirements laid down in the 4th (78/660/EEC) and 7th (83/349/EEC) Council Directives (Accounting Directives) on companies' annual and consolidated accounts.'*<sup>27</sup>

Hence, the Commission asked Italy to change its accounting rules for professional sports clubs<sup>28</sup>. In October 2005, as the new modifications were introduced, and the "Salva-Calcio" Decree was repealed by the Legislative Decree n°115 of 30 June 2005, confirmed by Law n°168 of 17 August 2005, the Commission closed the case against Italy on accounting rules for professional sports clubs (*salva-calcio*)<sup>29</sup>. Italian clubs are now allowed to write off the *salva-calcio* asset over five years instead of ten, even

though this still does not seem to comply with the relevant accounting directives. Furthermore, the UEFA license, which guarantees international competition, is issued based on the financial statements produced by the clubs.

#### • Spalma-Perdite

In 2005 the clubs lobbied for the *spalma-perdite* (spreading out of losses) decree, which would have allowed the clubs to pay tax and social security liabilities over a longer time period. The decree was not implemented, as some politicians feared that a relaxation of tax regulations for football clubs would not have been accepted by the wider Italian population. Nevertheless, one exception was made, by the then Prime Minister Silvio Berlusconi, to allow Lazio to pay off its €140 million tax liability over a period of 23 years<sup>30</sup>.

#### • Pisanu Decree

The *Pisanu* decree (n. 150 del 30/6/2005), passed in 2005, is a set of anti-terrorism laws. It includes a provision that allows the police to extend the permissible period of deprivation of liberty from 12 to 24 hours for identification purposes. Furthermore, under a reasoned decree adopted by an investigating judge an accused person could be held in detention for five days before being allowed to contact an attorney. Giuseppe Pisanu, the interior minister in Berlusconi's last government, ordered that these laws be introduced to curb violence and improve safety within soccer stadiums. Starting from the 2005/06 season onwards, spectators should only be allowed to attend games in stadiums that comply with the decree, and clubs that fail to comply should be forced to play their matches behind closed doors.

These rules, opposed by supporters, include video surveillance inside grounds, automatic turnstiles, stewarding, and crowd filtering areas outside the stadiums. Fans have to submit an ID, as all tickets are from this moment nominative, and away fan zone tickets cannot be sold on the day of the game. Additional sanctions were also introduced for certain misbehaviours. Notably, fan groups were not consulted before the law came into effect.

#### • Decreto Melandri Amato

This emergency decree became legally effective within five days of the February 2007 Catania incident. Intended by the government as a strong statement of action to address the "crisis", the

decree forbids any official or financial relationship between football clubs and supporters' groups<sup>31</sup>. Clubs should not give contributions, support or any type of help to fan associations, whether it is Ultra groups or other supporters groups.

Furthermore, the decree prohibits all choreographic elements such as flags with a certain dimension, banners, megaphones and drums. Fans have to receive approval from the authorities, by sending a fax to the police, before they can use banners in the stadium. The decree also prohibits the direct sale of away zone tickets by the away club, limits ticket sales to four per person, and often one per person, and has introduced preventive stadium bans that are extendable for up to five years.

However, its existence seems to make no apparent difference to the relationship between the clubs and the Ultras and the impact that the decree has on reducing violent incidents is questionable.

Overall, the authorities try to tackle football violence by introducing emergency regulations, which only follow a short-term approach. The success of these "*decreti speciali*" is questionable, and they fail to have any long-term impact on the challenges that face Italian football.

### 1.3. Lega Calcio – Football League and Federazione Italiana Giuoco Calcio (FIGC) – Italian Football Association

The Lega Calcio (football league) represents professional football clubs in Serie A and B, and also runs the Coppa Italia (in which only clubs from the top two divisions participate) along with other minor tournaments. It may be considered important that the league negotiates collective television contracts under the influence of the FIGC and the Secretary of Sports. The League has a certain degree of regulatory freedom when it comes to the governance of football clubs. Nevertheless, the League is not a legal entity, but part of the FIGC and hence bound by its statutes.

The FIGC is the governing body of Italian football and was founded in Rome in 1898. Its constituent parts include Lega Calcio (see above), Lega Pro (formerly Serie C), Lega Calcio Dilettanti (Amateurs), Lega Calcio Divisione Femminile (Women), Associazione Italiana Calciatori (Footballers' Association), Associazione Italiana Allenatori (Football Managers' Association), and the Associazione Italiana Arbitri (Referees' Association). As seen in other European countries, the FIGC regulates the game based on sporting, financial and technical criteria. The FIGC has laid out a set of rules that football companies must comply with to obtain their

license and take part in competitions<sup>32</sup>.

The FIGC is a quasi-governmental institution, as it was under the direct authority of the Italian Olympic Committee (CONI) and, ultimately, the previous Ministry of Sport. However, CONI acts as the federation of national sports associations for both Olympic and non-Olympic sports, and hence coordinates their activities. This public ‘non-governmental’ body includes the national sports confederation and national Olympic committee, and is involved in setting national sports policies<sup>33</sup>.

The rules governing the relationship between the FIGC and Lega Calcio are laid out in the *Norme Organizzative Interne Federali* (NOIF). Although the League is to a large degree independent from the FIGC, there is significant overlap between the two; Antonio Matarrese, the current president of the league, is the former president of the FIGC.

Where the relationship between the clubs and the league is concerned, the league’s organisation is such that the “big” clubs are no longer dominant, at least on a formal level. The days in which one single person could at once be the president of the league, the senior executive at AC Milan and a senior consultant to the Berlusconi-owned television group are probably gone for good.

The relationship between the fans and the governing bodies of football is almost nonexistent, and there is very little evidence that this situation will change anytime soon. There is definitely less dialogue between the authorities and the supporters’ organisations than there is in countries, such as England and Germany. However, the FIGC seems to seek to improve dialogue between itself and fan groups, and it also believes that Italian football could benefit from a central national organisation that would advise club-based supporters groups.

## 2. Structures of Italian Football Clubs – Ownership and Governance<sup>34</sup>

### 2.1. Ownership Structures

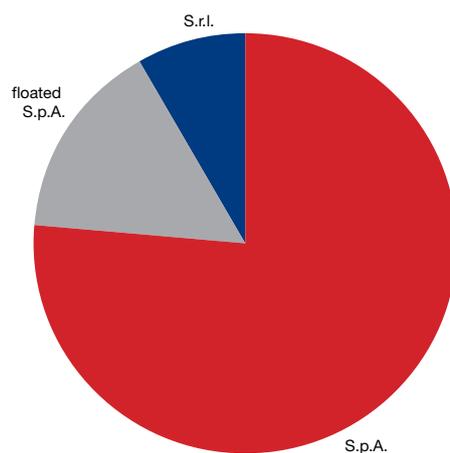
Football clubs ceased to be “sport & leisure” companies in 1996 and started to become PLCs instead. Since then Italian football clubs are organised as either Società per Azioni (SpA) (Act 23/3/1981) or Società a responsabilità limitata (Srl)<sup>35</sup>. All Serie A football Clubs are organised as share companies (SpA)<sup>36</sup>. Football Clubs in Serie B are equally distributed between share companies and limited liability companies<sup>37</sup>, although Lazio, Roma and

Juventus are, at present, the only three clubs whose shares are listed on the Italian stock exchange.

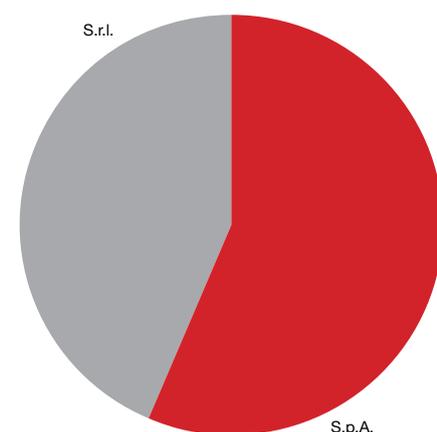
Italian football clubs have a long tradition of receiving paternalistic support from wealthy “barons”, who spend their personal funds on clubs and in return acquire the very significant social status and political power associated with being the president of a local club. Silvio Berlusconi, the Prime Minister, who owns AC Milan is the best example of club owners who are powerful figures in politics or in business. Overall, Italian football is inseparably bound with politics.

Owners are often seen as supporter-owners and their predominant aim is to win the league. In this context, maximising utility means spending as much money as possible on players so that the most games can be won. Thus, owners, minority shareholders, supporters and other stakeholders all naturally follow the same goal – to win.

### Ownership Structures in Serie A



### Ownership Structures in Serie B



### • Bologna F.C.

In June 2008 Bologna (SpA) reported a takeover by TAG Partners LLC and would have become the Seri A’s only foreign-owned club. The company wanted to acquire 100 per cent of the club, valued at €18 million and was said to invest at least €20 million in the club<sup>38</sup>. However, the takeover fell through and the club was bought by the Menarini family, the previous minority shareholder.

### • Progetto Soccer

In October 2007 it was reported that Centro Sportivo Italiano (CSI), which is a Catholic sports organisation, had purchased an 80% stake in AC Ancona (SpA), which was promoted to Italy’s second division in 2008. The Italian Sports Centre is a non-profit association, founded on volunteerism, which promotes Christian education through sport. The CSI is linked to the Vatican’s Conference of Bishops, and although the Vatican approved the project, it has distanced itself from the move claiming to have nothing to do with the project<sup>39</sup>. The CSI together with AC Ancona signed an agreement inspired by the “Progetto Soccer”, a program developed by CSI to promote ethical values in sport<sup>40</sup>. The project was developed by the CSI as a proposal addressed to professional football in Italy, promoting management models and transparency, the adoption of a salary-cap with incentives linked to compliance with specific standards of behaviour, youth activities and generally the social dimension of sports. In addition of the application of an ethical code in the administration of the team, alongside a model of economic management, the project also promotes sporting culture among fans and social initiatives in the Third World.

Recently the project has come under pressure, when the CSI complained that the club had failed to live up to its side of the bargain and fund Catholic charities in Italy and Africa, while the club replied the CSI failed to provide a promised million Euro in sponsorship<sup>41</sup>.

### 2.2. Governance Structures

The publicly listed clubs, Juventus, Lazio and Roma, have to follow a different code of corporate governance compared to the non-listed clubs<sup>42</sup>. Their code is similar to the one that companies in other European countries operate under. As listed entities, these football clubs have to publish audited annual and interim accounts,

and due to this there is greater disclosure regarding financial accountability. For example, Juventus published a loss of €5.2 million in first quarter prior to the 30th September 2007, compared to their €11.8 million profit from the same period in the previous year<sup>43</sup>. Of the three listed clubs only Juventus are listed on the STAR segment of the Borsa Italiana, and therefore required to meet the higher disclosure, transparency, governance and public float requirements outlined below. Hence, Juventus is considered the most transparent of the three listed clubs, with useful information for their shareholders and other stakeholders provided on their website<sup>44</sup>. Roma and Lazio are both on the “Standard” segment of the exchange, which does not require its companies to meet those standards.

All three listed clubs have only a minority of their shares being publicly traded, and continue to be controlled by family groups or individuals who are perceived as supporters of the club, and who prioritize sporting success over financial performance. The value of transparency is not significant for any club in Italy, and compliance with Italian corporate governance rules is not even required from listed clubs. All clubs have retained the “single tier” form of corporate organisation, with a Board of Directors (Consiglio d’Amministrazione) and Board of Statutory Auditors (Collegio Sindacale), rather than adopting the recently-introduced “two tier” model of a Management Board/Supervisory Board as used in, e.g., the Netherlands, Germany and Czech Republic.

### 2.3. Interlink between Ownership and Control

The ownership structure of any type of organisation could be expected to have an influence on the governance structure and the actual design of the organisation. In the following section, we will outline how concentrated ownership and control influence the governance structures of football clubs, the exercise of rights by minority shareholders and other stakeholders, and the game as a whole.

With regards to the influence that supporters and other stakeholders have on the management activity and strategy of their club, the OECD (Organisation for Economic Co-operation and Development) Principles of Corporate Governance states the following:

*The corporate governance framework should recognise the rights of stakeholders established by law or through mutual*

*agreements and encourage active co-operation between corporations and stakeholders in creating wealth, jobs, and the sustainability of financially sound enterprises.*

The legal framework of Italian football clubs does not dictate any strict separation between decision-making rights and control, as they are mostly owned by one family or the family’s holding company. Hence, the executive body/managing director of the club is generally the sole, or at least majority, shareholder of the club. This lack of separation between ownership and control leads to restrictions in the exercise of ownership rights by minority shareholders, and thereby limits their influence on management activity and strategy.

In contrast, in more diverse ownership structures like the members’ associations in Germany and Spain, where the management boards act for the members of the clubs, the demand for accountability and monitoring is comparatively higher. However, we found that the actual design of more dispersed ownership models varies between clubs, and even in members’ associations the demand for monitoring of the board and directors can be low. Regardless, members’ associations generally provide their members with the opportunity to effectively use their ownership rights.

Considering the financial performance of Italian football clubs and the business behaviour of their dominant owners, the structure of professional football clubs, and the resulting governance structures, do not generally provide a balance between sporting and financial objectives. Maximising resources means maximising sporting success, and these sporting objectives and personal resources are not embedded in good governance structures that support sound financial management and accountability. It has been argued that an interest in accountability and external monitoring is further limited in cases where minority shareholders and dominant owners share the same objectives<sup>45</sup>.

Our research shows that cooperation between management and other minority shareholders is limited, as is the supporter’s and other stakeholder’s capacity for influencing decision makers. The concentration of ownership and control can be considered to be more effective and efficient when it comes to management activity and strategy, with consistent resources, maximising objectives and long-term commitment. However, its limitations become far more apparent in situations where the minority shareholders, supporters and

other stakeholders disagree with the objectives of the dominant owner. Overall, concentrated ownership and control structures fail to provide a supportive environment for cooperation between stakeholders and the club, and the actual design of those structures lacks sufficient transparency.

### 2.4. Financial Regulation – Licensing System

Like in all other UEFA members, Italian football clubs playing in UEFA competitions have to fulfil UEFA licensing requirements that cover, *inter alia*, financial and governance matters. So far there is no domestic licensing system in place that defines and regulates financial and other requirements that need to be fulfilled to play in the national leagues, although such a system has been considered for several years now<sup>46</sup>.

However, to take part in official competitions the clubs must fulfil certain conditions, which are not captured by a licensing system such as the ones existent in France and Germany. ‘In order to be registered with the Companies’ Register (*Registro delle Imprese*), any sport company must be “affiliated” with or “licensed” by the relevant National Sport Federation (*Federazione Sportiva Nazionale*) which must in turn, be endorsed by CONI. The “affiliation” constitutes, therefore, one of the conditions for the incorporation of a professional sport company.

Furthermore, ‘to obtain the license from the FIGC, the requesting company must make a written request and produce the relevant memorandum of association and by-laws, a list of the members of management, as well as a declaration stating that the company owns an appropriate football field. The license must be renewed each year. Requesting companies must also provide a copy of the shareholders register. To the extent that the capital is owned, wholly or partly, directly or indirectly, by capital-based companies, the FIGC may request the transmission of documents necessary for the identification of the physical persons who hold controlling shareholdings. The sport companies whose shares are listed on the stock exchange, must further notify, within 48 hours of their having cognizance of it, any changes with respect to a shareholding in excess of 2% of the capital being acquired. All subsequent variations must be notified within 30 days. To the extent that shares in excess of 10% of the issued capital are held, directly or indirectly, by any person, whether an

individual or a legal entity, the FIGC may request transmission of the documents identifying those persons. The same person may not hold, directly or indirectly, controlling shareholdings in multiple companies belonging to the professional sector. An individual is deemed to be a controlling shareholder when he or she, or his or her relatives within the fourth degree, hold, directly or indirectly, the majority of the votes of corporate bodies or a have a dominant influence by virtue of particularly qualified shareholdings or particular contractual ties. Particular provisions regulate the merger, demerger, transfer of business, as well as the qualifications of the directors and managing officer<sup>47</sup>.

In order to respond to the consequences of the Bosman ruling, Act No. 586 of 1996 was passed, whereby the ban on distribution of profits to shareholders was abolished.

In order to renew their license, professional companies must further fulfil the following conditions: a) they shall have made all payments of salaries to their employees; b) they shall have fulfilled all tax, social insurance and pension duties; c) they shall present a balance sheet certified by an audit company to the extent that this is required by the existing legislation; d) they shall file the six-month accounting report regularly certified by the company to the extent that it is required by the existing legislation; e) they shall prove that they have sufficient financial resources for the whole season; f) in the event of loss-making balance sheets or resolution of capital increase, they shall present sufficient warranties by a bank institution.<sup>48</sup>

The FIGC reported in June 2008 that Inter Milan, AC Milan and Sampdoria have been fined for false accounting. Inter and Milan were hit with €90,000 penalties for financial irregularities (including inflating transfer fees for the transfer of youth players between the two clubs, thus producing unjustified “profits”), between 2003 and 2005, while Sampdoria were fined €36,000. Furthermore, seven of the the three clubs’ directors were also fined. Genoa, Udinese and Reggina were charged earlier with similar charges. The FIGC said the player values were inflated to enable two of the clubs to meet the financial stipulations needed to register for the 2004/05 and 2005/06 seasons<sup>49</sup>.

## 2.5. Financial Performance

Serie A was reported to be the second highest earning league in Europe during 2005/06, but as forecasted this has changed in the 2007/08 season. Ahead of the 2007/08 season, Italy’s 20 Serie A teams spent a total of €368.4m on new

signings to re-enforce their squads – 45% more than the €200 million from the previous season<sup>50</sup>. Serie A revenues fell by €236m (17%) in 2006/07, with Juventus’s relegation by far the single largest reason for the reduction<sup>51</sup>. After all, the combined losses of Serie A clubs over the last ten years are a staggering €1.3 billion.

### • TV Revenue

The importance of television revenue to Italian clubs cannot be underestimated. In the 2006/07 season, 63% (€732 million) of Serie A clubs’ total revenues came from broadcasting income, the highest rate of broadcasting income and the single most dominant revenue stream among the top five leagues in Europe<sup>52</sup>. Although cost controls have somewhat improved in the intervening period (Serie A’s wage to turnover ratio recently dropped below 60% for the first time in ten years), the financial performance of Serie A clubs continues to be highly volatile, with losses far more common than profits. A key factor in this situation is the fact that club finances have been built on a single dominant revenue pillar – TV income. Matchday attendance in 2006/07 in Serie A continues to be the lowest amongst Europe’s top five leagues; the average crowd size of 19,200 (half the size of those in Germany) means that both ticket and non-ticket related matchday revenues lag behind those in other countries<sup>53</sup>. Additionally, merchandising is also relatively underdeveloped when compared to countries such as England. Overall, the relative weakness of these other revenue sources causes Italian clubs to be even more dependent on broadcasting income.

Since the late 1990s, the arrival of well-funded pay television networks, who are eager to replicate the football-driven success they have experienced in the UK and elsewhere, has driven legislative changes (Decree No. 15) that provide Italian clubs with rights for negotiating individual rights deals with broadcasters. Unsurprisingly, given the big club-centric nature of Italian support, the largest clubs were able to extract the most favourable deals from the competitive broadcasting market – the revenues earned by Inter, Juventus and Milan under their individually-negotiated television contracts approached ten times that available to the smallest Serie A clubs. The average difference between the “big” and “small” clubs has been estimated to be 7 to 1, which is the most unequal distribution seen in any major European league<sup>54</sup>.

This economic imbalance, and its

related impact on the competitiveness of medium and smaller clubs, has become an increasingly contentious issue in Italian football over recent years: a number of clubs have insisted that the long-term health of the League is dependent on a more equitable system for sharing broadcast revenue. Their cause was taken up by the Prodi government, and in particular Sports Minister Giovanna Melandri, who sponsored a legislative decree mandating collective negotiation of football television contracts, starting with those for the 2010/11 season (the delay was designed to allow time for the expiration of any current contracts).

Although Melandri and the former government originally favoured a system that would have, on the whole, distributed the revenue equally, the political process and the perceived need for the League to support any new system led to extensive negotiations among the interested parties. The resulting decree, which was passed in late 2007, was based partly on the current system used by the Premier League in England, and provided for the distribution of the collectively-negotiated revenues available to Serie A clubs according to three separate sets of criteria: 40% of the total available is to be distributed in equal shares to all Serie A clubs, 30% of the total is to be split in accordance with a formula based on sporting results, and the remaining 30% distributed on the basis of their relative number of fans. Unsurprisingly, the modified system favoured the bigger clubs more than the original proposal. Not only did the proportion of the total to be divided reduce in correlation to club size and league status, but the way in which the decree defined “sporting results” and “number of fans” institutionalised advantages for the most popular clubs. For example, only one-sixth of the total amount distributed according to “sporting results” will be dependent on the most recent Serie A campaign: fully one half of that tranche of revenues will be determined on the basis of a rolling average of results over a five-year period, with the remaining one-third being determined on the basis of results over an even longer period going back to 1946<sup>55</sup>. The *Il Sole 24 Ore* financial newspaper ran a simulation based on the data available in 2006/07 and this revealed that roughly 30% of the total would be received by just the “Big Three”, with a further half of the total shared between them and the three next-largest clubs (Roma, Napoli and Lazio). This distribution of revenue is notwithstanding provisions for providing “solidarity” payments to newly-promoted clubs, and the earmarking of 10% from

total contract revenues for the rest of Italian football (not only Serie B, but also the semi-professional and amateur ranks)<sup>56</sup>.

The relatively small share of the total devoted to solidarity payments was a major source of friction between the Serie A clubs and their counterparts in Serie B. This contributed to Serie B's inability to agree on contractual terms relating to the television coverage of live matches in the 2007/08 season. Such a state of affairs further complicates the already precarious financial situation of relegated clubs, especially in a country where relegation almost always results in significant drops in attendance, which is currently made worse by a near-complete loss of broadcast revenue. Relations between the Serie B clubs and the League have continued to worsen over the course of the season, with some clubs claiming that the League threatens their very existence by refusing to allow them the ability to negotiate individual contracts with local or niche broadcasters. In mid-April 2008, the Italian Antitrust Authority announced that it would examine the situation to see if the League's position amounted to an unlawful restraint on trade. If regulatory action results from this enquiry it could have significant consequences for the viability of the system of collective rights set to apply to Serie A in 2010<sup>57</sup>.

The big clubs agreement to the collective negotiations showed their recognition of the then-current political reality, together with their hope that the overall value of television rights would grow significantly and enable them to earn more per year under the new system, even though their percentage of the total would shrink. Whether those projections can actually be realised depends on a number of factors, which are very difficult to predict considering the broad spectrum of television rights available in Italy: live matches, extended highlights and shorter highlights for each of the free to air, pay TV and "digital terrestrial" platforms, including other internet-based delivery systems. This all adds a further level of complexity to the current situation.

On the other hand, some fan advocates thought the new system might potentially reduce the relative dependence of Italian clubs' on television revenues. The desired result of this scenario would be for clubs to improve the relationship with their fans, thereby maximising ticket and other matchday revenues, as fan revenue would become relatively more important.

Although the new decree is designed to reduce the relative difference in television earning power between the big and small

clubs to roughly 4 to 1, it has no impact at all on the distribution of revenues before the 2010/11 season. Furthermore, for various reasons it may never even come into effect: the League has only recently begun the interview process for hiring consultants who will advise it on the best way to conduct collective negotiations, legal challenges to the principle of mandatory collective negotiation are likely (and have already been threatened by one pay television network), and the recent change of government in Italy has significantly increased the chances of a new decree with different rules being passed before a single contract is ever negotiated under the "Melandri system".

#### • Stadium Management

Another factor that influences the financial performance of Italian football clubs is the fact that the municipalities own stadia, and it is they who decide on most aspects of ground management and operation. The clubs rent the ground, but are not normally involved in any major decision-making processes. This situation creates two main issues: a lack of responsibility from the clubs regarding match day atmosphere, stadium safety and other related issues; clubs are unable to generate revenue from the stadia as they do not own them. Their stadium income is restricted to match-day ticket sales, which are comparatively low.

AC Reggiana is the only club, which currently owns their stadium (including several shops, a hotel, cinemas and a children's centre). However, the plan is to build arenas following the English model, commercially combining sports and entertainment, and in early 2008 a company involved in the planning of those stadia held a conference, together with owners of professional football clubs, to present this idea in more detail. They sell their concept as a flower: the stadium would be in the centre of an extensive 7-days-a-week entertainment programme surrounding it. In May 2008, it was announced that twenty professional football clubs seem to be ready to build their own venues, with Juventus and Siena to be the first ones, closely followed Udinese, Sampdoria and Palermo.

The new assets are seen as a boost for poor balance sheets of clubs in Serie A and B. Juventus for example is scheduled to replace its old Delle Alpi by 2011 with a more modern 40,700 capacity arena, including 120 VIP boxes, shops, cinemas and other attractions, which will guarantee additional income to the club. The project is estimated to cost €130 million; €75 million invested by Sportfive, €30 million in

loans by Credito Sportivo (the last public controlled bank in Italy) and €25 million paid to the municipalities for the relevant building permissions. Sportfive will manage the naming rights for the next 12 years.

Among the other projects on the drawing board, Udinese Calcio will transform the old Friuli stadium in a brand new environmentally friendly stadium for around €130 million; Siena will co-own its new stadium with the municipality; Azzurri d'Italia in Bergamo and Rigamonti in Brescia will be shut down because of safety reasons and new stadiums are in the pipeline; AS Rome and SS Lazio are also aware of the economic impact new stadium would have<sup>58</sup>. It is, however, difficult to predict what effect the current global financial crisis will have on these plans many of which are dependent on credit and/or property development.

The president of Credito Sportivo will present its commercial plan "*grandi opere del calcio*" (big investment in football) to the finance minister and vice-secretary for sport matters, asking for an additional act ("*Legge Quadro*") on private stadia business. The act would be implemented in Italy's "*Finanziaria*" (Budget law), helping to reduce the impact of interests on investments, with a yearly budget of €20 million. Furthermore, with the collective deal on TV rights from the 2010/11 season on, a fund of 4% of the new TV deal (between €35 million and €40 million) will be used for "ethical" purposes, namely grassroots (ca €15 million), mutual solidarity (ca. € 15 million) and stadia (ca €15 million to €20 million ca)<sup>59</sup>. Additionally, the Credito Sportivo will make loans available to football clubs.

All in all these factors would allow clubs to finally use their stadia revenue-generating potential, diversifying and increasing their income streams, if accompanied by sound ticketing strategies, market research and fan targeting. Overall, the government is about to include this project in its public infrastructure operation ("*Grandi Opere*").

#### • Merchandising

TV revenue is even more important considering merchandising is relatively underdeveloped in the Italian league when compared to other European leagues. Marketing opportunities through merchandising, even where the big clubs are concerned, have been picked up very slowly. Additionally, the counterfeiting of products is a very lucrative business in Italy and the market is flooded with fake replica shirts, which further narrows any business

opportunities that may be open to the clubs through merchandising.

#### · Lodo Petrucci

Under the law “*Lodo Petrucci*”, once an Italian club goes bankrupt the debts of the club are extinguished and a new club, which keeps the previous club’s trophies and honours, can be created just one league below the previous one<sup>60</sup>. Hence, bankruptcy does not mean much more than relegation; the owners or the fans do not really have to save their club as it will be re-established anyway.

### 3. Fan Culture

Football has a very special social and cultural status in Italy – 44 million Italians are interested in the game, 31 million people support a team, 25 million people watch football on TV and 20 million read about football in the newspapers<sup>61</sup>. Nevertheless, Italy does not seem as advanced as its European counterparts where fan culture and fan organisation is concerned. Most fan groups are not aware that fans could be involved in the running of their clubs, that there are trust models out there, or that a Supporters Direct Europe body exists to help fans voice their opinions.

For supporters groups in Italy fan culture is Ultra culture. Italian football fans mostly identify with the team and not the club<sup>62</sup>, which means they are not really interested in ownership or governance issues as long as their club is substantially investing in its squad. Experience has taught Italian supporters to be highly sceptical – according to Vialli, ‘it’s hard not to be disillusioned given the stories coming out of Italian football, from owners who acquire a club, bankrupt it, then move on to another, to referees who are constantly under scrutiny, from arranged matches and ‘favours’ to accusations of doping and drug-taking. It seems at times that the Italian game is hell-bent on self-destruction<sup>63</sup>.

Italian football clubs generally do not seem to want to take responsibility for their supporters, especially after the latest violent incidents. Italian football fans, “*tifosi*”, are famous for their passion, but they are also known for anti-social and sometimes violent rituals. Clubs mainly take them for granted and consider them to be a ‘captive market’, with their average attendance ranging between 40 to 60% of stadium capacity<sup>64</sup>.

Italian clubs seem to have lost interest in their match-going fans as the flow of money from broadcasting sources has

increased – the revenue from match day tickets simply does not play such an important part in their financials anymore. Generally, Italian football clubs still do not have any relationship with their fans, with *tifosi* still not considered by the clubs as assets, or even simply customers who could bring revenue to the budget sheets.

The violence problem in Italian football is not exclusively found in Serie A and B, but continues down through the lower leagues. However, the reason for reduced attendance in these leagues isn’t because the situation has become so dangerous and frightening, but rather the developed perception held by the general public that they should not take their families to the stadium to follow their team. However, violence is only one reason why attendance is low; police action and the antiquated conditions of the grounds also play their part. As football plays a big part in Italian life, all aspects of society are found inside the stadium and diversity defines fan culture in general. In this emotion-loaded environment any social, political or regional differences between the groups present often become simplified and far more apparent, which provides a breeding ground for hatred and the corresponding violent incidents.

One very unfortunate situation is the degree to which the “*No al Calcio Moderno*” philosophy of the Ultra movement has been devalued by the violence that is associated with Ultras. No-one likes altering kick-off times or being subject to heavy handed security, but it is socially difficult for the other fans in Italy to share any common ground with the Ultras, who they tend to view with a very jaundiced eye. There are many generalised concerns in Italy about the direction that the clubs are taking, not to mention where football is heading, but there is little in terms of an organised response from supporters to put these concerns forward in a structured way.

According to Vialli, Italian football fans are generally not interested in the financial performance of their clubs: ‘If somebody comes along waving money around, even if it is not his money, that’s good enough for most. In Italy too many fans view a wealthy, free-spending club as a kind of birthright. If the club does not spend, if it doesn’t generate some kind of enthusiasm by bringing in players, they are not interested<sup>65</sup>.

‘Italian fans need hope to show up at the stadium. If they don’t feel that a better future lies ahead, they will not support the team. And yet, because they want to believe, they are eager to overlook an owner’s track record if he puts the money into the team. Just as they will

overlook where the money comes from and whether, in fact, it exists<sup>66</sup>. Overall, the acceptance of paternalism and factionalism, not to mention the apathy inherent throughout most of the supporter base, are all elements of Italian society that are evident beyond football. Although this pervasive attitude can be different within Ultra groups, they tend to be less and less critical of it.

In principal, fans are not involved in any decision-making processes at the club. The main problem seems to be that fan culture has not yet been recognised as a social phenomenon in Italy and is thus not targeted accordingly – neither by the authorities or the clubs. As a result, fans are kept in isolation and are considered to be an annoying by-product.

Nevertheless, there have been initiatives where fans have raised enough money to buy shares to help their club to survive, which will be outlined in the context of fan culture in the following section. However, the fan groups did not see their shares as marketable assets, and in all cases bar one any long-term approach and involvement seemed alien to them.

The media in Italy is extraordinary powerful – through the media channels, e.g. newspapers, television and radio, supporters can reach large quantities of people, allowing them a substantial degree of indirect power. The media interest also provides the ability to hold the owners of clubs accountable, in a country where transparency is a rare commodity. However, one could question whether such public pressure results in genuine information about the clubs or simply populist statements that allow the owners to highlight their status as *tifosi* on a regular basis.

#### 3.1. Supporters’ Clubs, Coordination Centres and Ultras

There are two different types of organised fans in Italian football: members of official or quasi-official supporter clubs, which often combine the name of the club with the name of the city or the associations they represent (e.g. Inter Club Venezia), and the Ultras. Basically, it is the clubs who dictate the terms for organised participating fans: “Either you are with the club [in an official supporters club] and get discounted tickets and other benefits, or you are critical or against the club and you get nothing<sup>67</sup>. In the next section we will outline the following: the structure, objectives and concerns of supporters’ clubs; the coordination centres of supporters’ clubs; Ultra groups in Italian football; and we will provide an overview of fan representation on the national level.

### 3.1.1. Supporters' Clubs

Every football club has its own different supporters' clubs, depending on the social background of the supporters. For example, different supporters' clubs affiliated to Roma are "Roma Club Palestrina (a little town near Rome), Roma Club Monteverde (a zone of Rome), and Roma Club Montecitorio (owned by members of the Parliament who support Roma)"<sup>68</sup>. The different supporters' clubs display their particular identifying banners in the stadium. In the case of Roma, these kinds of clubs are not recognised as official fan clubs by the club, even if most of them are represented by two big associations: the UTR (Unione Tifosi Romanisti), which was launched in 2000 and the AIRC (Associazione Italiana Roma Club), which has existed since the late 60s. The associations are twin organisations but the difference is that only Roma clubs can join the AIRC, while individual fans can also join the UTR with no affiliation to a supporters' club or any other association.

Each of the "big three" football clubs, Inter, Juventus and Milan, has more than 1,000 supporters' clubs, whose members will either be drawn from a town or an organisation. For example, each of the major hospitals and universities in Milano have both an Inter and Milan club, and the Italian Parliament has different clubs for supporting each of the big three. The focus of each of the supporters' clubs involves obtaining tickets directly from the club (instead of having to buy them individually), organising travel and merchandise, and providing out of town supporters with a meeting point/forum (often a bar or restaurant) in which to discuss their "squadra del cuore". However, they almost never take positions on "political" issues such as kick-off times, ticket prices, etc.

The most common legal form used by supporters' clubs is that of "unincorporated associations"<sup>69</sup>. The incorporated or registered association is not often resorted to due to the governmental supervision that arises as a result of registration. Supporters' clubs do have elected officers, but democratic influence on other matters within the clubs is rare.

The history of Laziofamily Srl, a supporters' club of SS Lazio, outlined by the Swiss Law Institute, is worth mentioning here as so far it is the only supporters' club incorporated under the form of a limited liability company.

'When the Lazio football club was threatened with bankruptcy in 2004, an association was set up, called *Lazionista*, whose purpose was to contribute to keep the club alive. *Lazionista* promoted the

subscription to the capital of the club in order to rescue it from bankruptcy through a capital increase. No less than 5,000 families of Lazio supporters adhered to the initiative. They managed to collect €1.5 million and injected it in the capital of Lazio. The association was then dissolved due to its having attained its purpose. *Lazio Investimenti* was subsequently set up in the form of an Srl. Indeed, many supporters-shareholders of Lazio have contributed their shares of Lazio SpA into *Lazio Investimenti* thereby becoming members thereof. *Lazio Investimenti* managed to hold as much as 1.9% of the capital in Lazio. Directors of *Lazio Investimenti* asked the Lazio management to represent the minority shareholders (*piccoli azionisti*) within the *consiglio direttivo* of Lazio. The Lazio management did not agree to this. It appears that in 2004, Lazio's majority shareholder managed to effect an amendment of the by-laws whereby a corporate governance system was adopted, the "dualistic model", which diminished the functions and powers of the shareholders' meetings. The idea was precisely to reduce the influence of the minority shareholders, including supporters-shareholders, and the entities representing them, such as *Lazio Investimenti*. In spite of this, *Lazio Investimenti* continued to represent the supporters-shareholders (*tifosi azionisti*) and protect their interests by participating to all the shareholders' meetings. *Lazio Investimenti* was then renamed as *Lazio Family Srl*. Interestingly, *Lazio Family*, whose purpose is to serve as "a catalysator of all Lazio supporters as well as to strengthen and enhance the culture of "lazialità", has an increasing number of partners in important commercial sectors such as hotels, restaurants, holidays resorts, travel agencies, sport circles, fitness centres, discos, stores, insurance brokers, wine producers, leasing companies and the like. These companies are owned or run by Lazio supporters and, being partners of *Lazio Family Srl*, they have access to the list of the members and are able to send them advertising material for their products.<sup>70</sup>

The history of Juventus' supporters-shareholders is also worth recalling here. The association *Associazione Giulemanidallajuve* ("hands off Juventus") was created in 2006, at the time when the club was sanctioned due to the corruption of some members of its management, which resulted in its exclusion from the premier league. One of the purposes of the association is to foster debate and criticism and, as a result, protect the interests of the supporters, particularly of the supporters who are also shareholders,

including by representing them in the shareholders' meeting through proxies given to it. Indeed, a significant number of the association's members also hold shares in Juventus SpA. The association made the following statement in a press release on the 15 March 2007, just after the Juventus' board of directors resolved to effect a capital increase of €104.8 million: "The association deeply regrets that, once more, the shareholders-supporters are invited to participate in the recapitalisation of the club, notwithstanding the fact that the majority shareholder has proved unable to protect the interests of the company as well as those of the minority shareholders (...). IFIL, which holds 60 % of the stock, promised to inject only €63 million (...); the remaining €42 million has to be injected by the minority shareholders and, lacking for the time being a consortium for placement, there is no certainty that the recapitalization will be wholly subscribed. The association would like to stress that the minority shareholders, after the vexations suffered by them due to the inexplicable conduct of the board of directors, run the risks of becoming responsible, should they waive the right to subscribe the increase, of the loss of a precious opportunity to strengthen the club."<sup>71</sup>

### 3.1.2. Coordination Centres

Most clubs have an umbrella fan organisation that coordinates the various supporters' clubs across the country, and some even have two or three such coordination centres. These coordination bodies are officially recognised by the clubs and are not as tied by the Melandri-Amato decree, which forbids the clubs any contact with supporters' groups that have violent backgrounds. They are all not-for-profit organisations, although a few do receive some financial support from the club, which is officially banned by the Melandri-Amato decree. The management of tickets is also banned by the decree, although the groups often do manage tickets for away games. They often also have their own merchandise and dedicated pages in official matchday programmes. The actual level of independence from the club can vary, e.g. Inter Inter's supporters' club has an office at the ground, although their relationship to the club is still limited and not comparable with their counterparts in Germany, where many fan groups and clubs meet formally and informally on a regular basis.

The level of organisation within these groups varies: some of the coordination groups have the legal form of an incorporated association, while others do

not incorporate an official legal structure, even though they are run along the same lines, only without paying taxes.

All coordination centres have statutes outlining their aims, rights and duties. However, even here the actual design of the statutes can be very highly variable between groups. The well-organised groups consist of a general meeting, the board of directors and a supervisory board, with a main aim of organising and regulating predominantly football related initiatives. They often also have their own choreographies and songs.

The annual general meeting is the most powerful body within coordination groups, as it is here that the board and auditors are elected and the annual budget is approved. Resolutions require a majority of 75 per cent from a membership attendance of at least 51 per cent. The president is proposed by the board and finally appointed by the board of directors. The statutes also briefly define the scope of duties held by the secretary, treasurer and press officer of the coordination group. The financial revenue of the group comes from members' fees, donations by third parties, and is also generated by sports events, recreational activities and cultural activities that are organised by the group. Some groups even publish financial information.

The relationship between the coordination groups and the Ultras varies from club to club. Some coordination groups and Ultras communicate with each other. However, the fan clubs officially oppose violence in and around the stadia and thus are hostile to Ultra groups and do not communicate with them. Conversely, Ultra groups often oppose the close relationship that fan clubs and their coordination centres have with the management of the clubs. It seems the fan clubs generally think of Ultras as violent groups that cannot be taken seriously, and Ultras think of fan clubs and their associations as groups who are bought by the clubs, which as a result makes them generally uncritical of any decisions made by the club.

### 3.1.3. Ultra Groups

Almost all Italian football clubs have Ultras. Every *curva* has its own Ultra groups, each with its own territory<sup>72</sup>, which means tension and power struggles exist within clubs and not just among groups of rival clubs. We have been in contact with several Ultra groups who are seeking to change the situation at their clubs and who want to be involved in decision-making processes. Hence, we provide a brief overview of the Italian Ultra movement, followed by a more

detailed outline of groups we have spoken to. We have singled out Ultra groups as part of fan culture in Italy as sports legislation and police repression are said to be based on the behaviour of Ultra groups in and around stadia. The lack of communication between fans and the club, and fans and the authorities, is mainly justified by a generalised negative assessment of Ultras. However, we believe that observing Ultra groups in more detail is crucial for attaining a better understanding of fan culture in Italy. However, Ultras groups are extremely complex and diverse, with different structures, identities, rules and agendas, which makes it difficult to explain the various mentalities. Thus, in the following section we only provide a brief historical background of the Ultras in Italy, as others have done this more extensively<sup>73</sup>.

#### • Background

Generally being an Ultra is about the "*mentalità Ultra*", about an attitude, towards one's own life as a fan, one's role as part of the club, the *curva* and as part of the group. "The "*mentalità*" dictates that the Ultra must be an active spectator, overtly display identity, and confront authority and other Ultras within the limits of an honour code<sup>74</sup>. The groups are generally loosely structured and have a natural hierarchy. Leaders are usually "naturally" selected based on the criteria of respect, attendance and general support of the group's values and general philosophy. The groups are financed by individuals through membership fees or the sale of merchandise. Ultras commonly have a bad image in Italy, not just with the media, but also throughout the wider society.

The Ultra movement, born in the 1960s, was originally politically interwoven with the protest movement of the later part of that decade. In contrast to hooligan groups, the Ultras aimed for more than rivalry and violence. Nevertheless, the tension and the number of incidents between the Ultra groups increased over time. Organised trips to the games have become a major concern for the authorities in particular, leading to repressive measures by the police, which have now become part of the cultural context. The Ultra scene split again in the 90s as a result of the increasingly right wing direction/orientation many groups were taking<sup>75</sup>. Traditional values were becoming less important and the overall situation between the groups was degenerating dramatically. However, in February 1995 an agreement between Ultra groups, the "*basta lame basta infami*" document (cut out the knives, cut out

the infamy), helped to decrease violent incidents.<sup>76</sup> The agreement followed the murder of a Genoa supporter on 29 January 1995 before a match against Milan at Marassi. This was the first occasion where various Ultra groups rallied together to discuss common principles that they could all agree on.

Ultras are the most passionate of fans, but they are not necessarily violent. Their main objectives are supporting their team and improving the stadium's atmosphere with their choreographies and banners, while also raising questions about ticketing, kick-off times, stadium bans and policing styles. Some groups oppose the effects of globalisation, proposing plans suggesting how to bring football fans back into the stadia and how to stabilise the financial situation in Italian football, all of which has helped them to improve public image<sup>71</sup>. However, even if groups who try to improve the situation do exist, violent incidents among Ultra groups and between them and the police are undeniably part of the present Ultra movement in Italy.

Due to violent incidents in and around stadiums, and in accordance with new regulations brought in during 2007, banners now have to be pre-approved, and these regulations are enforced differently in each city. Italian youth culture is involved in a very colorful "*tifo*", hence there is a strong opposition to the new laws. Additionally, the regulations do not seem to serve the purpose of preventing violence, but instead just isolate the "*tifo*" in the Italian stadia. Furthermore, under the new regime access to the stadium is regulated, tickets for games need to be purchased in advance and the fans have to provide identification.

#### • Relationship to the clubs and general involvement

The relationship between the Ultras and the clubs is shaped by both parties. On one hand, Ultras generally do not have any formal relationship with their clubs, and this is a major part of their philosophy and identity. They morally own the team and consciously decide to be independent from the clubs. On the other hand, there are groups who have some form of relationship with the clubs; in several cases both parties have been known to do deals with each other.

Guschwan speaks of 'an emerging restlessness in reaction to organised fan protests (...) that is threatening to the point of self-destruction'<sup>78</sup>. Ultra groups want more recognition on a general country-wide basis, while conversely being paralysed by the tense socio-

cultural environment or even by their (loss of) identity. Their reputation is low and this has resulted in them being unable to support their teams as freely and openly as they used to do – a major part of their identity, namely supporting their team, has been curtailed by regulations. Finally, any violent behaviour further diminishes their bargaining power by further weakening their already poor reputation.

As mentioned before, philosophies vary between Ultra groups. Some only want to support their team, and do not want to have any involvement with the clubs or the authorities. Others have changed their philosophy insofar as they have links to authorities. Both camps are involved with setting up various initiatives within their communities. Their general aim is to strengthen bonds with the community, get more (especially young) people involved, and spread a positive message about the Ultra movement and their philosophy in particular. The ones who oppose any links to the club and the authorities communicate only with the community, including the council. The groups who are more open liaise with the club, the council and schools. In the following section we will summarise agendas from various Italian Ultra groups we have spoken to.

#### · Time for change

In general, Ultras oppose any relationship with the management of the club or the football authorities<sup>79</sup>. However, in the context of the latest incidents, which led to even more repression, Ultras have not been able to fulfil their main objective, which is supporting their team in their traditional manner. We have heard that being an Ultra is not what it used to be, and some believe that there is no way back to the old traditions. During the research we found several groups who want to change, or have already changed, their strict philosophy, becoming more open and desiring involvement with the community and even the clubs.

#### · Mix of Ultras and other Fans

One group transformed from a pure Ultra group to a fan group with an Ultra component. The non-Ultra part of the group is growing and hence activities are changing, which has had the subsequent effect of attracting different types of people to the group. Their activities increasingly focus outside the *curva* and instead are focussing on bonds with the community, although the core group is still active in the *curva*. The influences on these

internal changes are not only cultural, but are also affected by age as most members of the core group are now in their 40s and their attitudes have changed. However, even though the group is changing its philosophy, they still want to remain completely independent from the club.

#### · Community Projects and Initiatives

The main aim of all Ultra groups is to support their team. However, the groups we have been in contact with have also developed long-term initiatives and strategies for actively changing the circumstances that they are unhappy with. They understand that gaining respect in the wider community is necessary for achieving their goals. Hence, they want to overcome the stereotypical Ultra mentality of not wanting to be involved, thereby tightening the bonds between communities and clubs.

One group is close to organising a forum/meeting point as a platform for discussions with institutions, such as the police and the council. The group will target young people in particular, as they believe behaviour inside the stadium affects values and behaviour outside the stadium.

Another group conducted a survey among fans, asking them if they would be willing to spend extra money to purchase a roof for their usual stand. The response was positive, but the project failed.

One group set up a legal association, their own statutes, and an elected board of ten members to increase their influence through a more professional structure/platform. Ultras as well as members of the fan club are members of the association.

Another Ultra group has a TV show on a local station where they discuss current issues. Through this programme the group can send out messages about positive and negative aspects of the club, fan base and wider community. The programme is watched more by ordinary fans than Ultras due to its serious content, which includes critical analyses of Italian football and its fan culture. Other initiatives include school projects, annual festivals, and a museum organised in conjunction with the community.

The groups studied here understand that contemporary football is a commercial business, but they criticise the short-term, money-fixated approach, with the correlating loss of values and principles. However, the Ultras' attitude and the police and government action helped split the fan scene/culture in two and even turned the media against them. They currently feel that they stand to lose much more than they could gain, which is what drives

them to be more involved in the clubs and generally more proactive within their communities. One group even suggested that if the bottom-up approach at a local level does not work they should promote change on the national level. In any case, they understand that these changes will take a while to bear fruit and they have incorporated a step-by-step approach allowing them to analyse what they are capable of doing and shape their objectives and strategies accordingly.

The inclusion of Ultras in football politics seemed to be rather difficult, as they wish to be independent from the authorities and they simply do not trust anyone who makes money in football. They are against modern football, but due to their philosophy they only have limited methods with which to change the current situation. As the outline shows, some groups want to take responsibility to prevent them from being forgotten or even wiped out. They understand that they have to change their philosophy and they need to be more involved in decision-making processes, not only in the clubs, but also in communities. However, while they want to take responsibility they also demand the clubs to do the same.

#### 3.2. Other Fan Initiatives

The controlling position that the owner(s) of Italian clubs have provides fans with a very limited, or non-existent, influence on any decisions that affect their club. Decisions are made top-down, and there is no consultation with fans at any stage of the decision-making processes.

As previously mentioned, the acceptance of paternalism and factionalism, as well as apathy among much of the supporter base, are all elements of Italian society that go well beyond football. It is typical for Italians to demand that a patron, the state or the local council responds to a crisis, rather than making any attempt to resolve the issues themselves. When clubs like Fiorentina, Como, Pisa and Venezia were found to be bankrupt, the fans demanded exactly this type of intervention by the "powerful" respective bodies. At Brescia, the idea that fans could take over the club disappeared once a well-financed new owner appeared on the scene. Even though the Ultras at Brescia successfully opposed many of the prospective candidates, their aim of being involved was not achieved or even followed up. A similar situation to that in Brescia occurred at Reggiana. However, there have been other initiatives, mostly involving smaller clubs, where fans have raised enough money to buy shares<sup>80</sup>.

### • AS Bari

The San Nicola stadium in Bari is considered to be one of Italy's "Cathedrals in the Desert". It was built for the 1990 World Cup and has a capacity of around 58,000, although it has never been full for a football match and most of the time it is almost entirely empty, with an average crowd size that does not exceed 6,000. The Matarrese family has owned the club since 1978 and Antonio Matarrese, now president of the Lega Calcio, has also served as president of the FIGC (1987 – 1996), as well as being the Vice-president of both FIFA (1994 and 2002) and UEFA (1992-2002). They have been unable to escape Serie B over the past decade and fans have become completely disillusioned, often accusing the ownership group of not sufficiently investing in the club.

After the last attempt to lure Bari away from the hands of the Matarreses failed, a Monaco based consortium of about eight business men/Bari supporters launched a proposal to set up a new public company, which is called *CompriamolA* (let's buy it)<sup>81</sup>, via their website. *CompriamolA* is an initiative that has the twin aims of setting up an organisation of citizens and entrepreneurs, as a foil in a prospective negotiation process, while trying to buy shares in the club. The aim is to take over the club, return it to its community, and to bring it back to Serie A (thus the capital "a" in the name). Although the project has been set up by a group of professionals it belongs to anyone who joined. The group follows a proactive approach, promoting support for the clubs and the community, rather than campaigning against the current owners. *CompriamolA* collects statements of interest in the project – 32% people interested have so far joined the initiative. Additionally, they have run a poll on their website, which has so far gathered 1000 votes: 49% voted for a public company, 45% voted for another owner, and only 6% want the Matarreses to stay.

They currently speak of a moral membership within the group, meaning that they do not charge membership fees, and so far there are no membership obligations. However, once the organisation is established a minimum membership fee will be introduced and everyone who subscribes will be asked to decide whether they want to participate or not. *CompriamolA* promotes their initiative by marketing the project via a network of interest: there is a blog on the website for people to leave their comments and video messages, and a newsletter also goes out regularly. Additionally, the group will publish

a road map of their aims and strategies to help increase awareness and membership. The group is also looking for partners to help raise funds and find volunteers.

### • La Spezia

On 31st March 2008, 70 per cent of the shares in La Spezia were bought, for a symbolic price of €1, by a srl set up by the club's supporters, which made La Spezia the first Italian club to be owned by its supporters. Around 700 supporters are involved in the "*Lo Spezia siamo noi*" initiative, which is financially supported by 18 monthly instalments provided by the local bank and the sale of different season tickets<sup>82</sup>. The mayor has shown some commitment to the project considering 3,000 supporters have signed a petition asking for his resignation if the club is not saved. However, the industrial association has refused to join the project.

By the end of March, supporters, together with shareholders, and small and medium sized local businesses, had paid almost €600,000 for providing players' wages, and they paid another €900,000 at the end of April to avoid penalisation. A minority shareholder, Inter F.C., who owns 10 per cent of the shares in the club, paid €75,000 to cover an old debt. Its shareholding is crucial, as it appears to provide a guarantee for potential shareholders. However, Inter F.C. confirmed its commitment to the club and has since paid another €50,000.

The new board of directors was set up on the 30th April 2008 and had six members: two businessmen, one leader of the supporters, two financial advisers, and a well-known trader. The new president of the club is Roberto Quber, who some years previous had helped save Parma FC. Another €8 million was needed to cover the club's debts by June. Hence, the group was hoping to find a sponsor or, preferably, a new owner, with one possibility being the entrepreneur who has maintained 20 per cent of the club. In any case, the supporters intended to retain a controlling share to help them avoid any potential future mismanagement or financial crisis.

Many people contributed to the project including some players and Francesco Totti, who donated his shirt for an auction. Further initiatives were lined up, but many supporters remained sceptical about the initiative as a whole and they doubt its long-term survival, despite the success it has gathered.

Finally, in July 2008 the financial strain took its toll after relegation from Serie B and the club was forced to declare bankruptcy. La Spezia have reformed as "Spezia Calcio

2008" and will start again from Serie D. "Lo Spezia siamo noi" tried for months to sell its majority share to some entrepreneurs, but every deal failed. To the best of our knowledge Spezia's supporters have not yet made their reaction public.

### • Pro Ebolitana

In 2004, the family that owned Pro Ebolitana of Eboli announced that they wanted to sell the club. During this time the club was playing in the *Campionato Eccellenza* (the highly regionalized sixth division of the Italian pyramid). The Eboli council, who owned the club's ground, approached local businessmen to take over Pro Ebolitana, but all attempts were unsuccessful. However, the fans, and in particular the members of the *Nucleo Sconvolto Ultras* group, were able to raise €7,800 for renewing the club's league license, and after that they started running the club.

The leader of the group, including others involved in running the club, had a known record of altercations with the law. However, when in control they all changed their attitude for the collective good of the club. The board successfully transformed the club with the implementation of two decisions: their first official act was to revise the club's statutes, followed by a ban on political statements at the ground. Pro Ebolitana won not only promotion to the Serie D (effectively the fifth division), but also a trophy for the club with the best supporters. Throughout the season they were only fined €100 for minor offences, which is a historical low and a rarity in any country.

Despite claiming that promotion to the Serie C2 is the next target, life still remains a struggle. The club has no offices and the administrative support comes from individuals. However, for the people in charge of running the club is just a temporary solution, rather than a long-term approach. They would relinquish control to someone who has the means to get the club in Serie C.

### • Roma

On the 21 April 2006, KPMG Advisory and the legal firm Tonucci gave a presentation on their study of the European experience of popular shareholding in football, with the possibility of introducing a similar model in Italy to Roma fans. During this time Roma was in serious financial difficulty and an initiative was started by a loose group of fans to gain influence via popular shareholding. Various sports officials, including, inter alia, a consultant from KPMG, a lawyer, the President of the

Provincial Committee of Roma's section of CONI, and representatives from Roma fan groups, attended the meeting.

According to an article in *Il Romanista*, the previous Mayor of Rome, Walter Veltroni, said, "Popular shareholding represents the future of football". Mr Carraro, the President of the FIGC, supported the statement shortly after. The unanimous view of the participants who took part in the meeting was that the route to popular shareholding was open, as long as both the fans and the current management supported it. They were all convinced that the Sensi family, who controls the club, had to actively support the plan before this "great dream for Rome and la Roma" could be realised. Arduino Ciaralli, the President of the Association of Roma fan clubs said, "a club like Roma transformed into a public company would be the ideal way to maximise involvement of the fans in the affairs of the team and the club.(...) The crux of it however is the stability of the club: without taking anything away from the Sensi family, who have truly done so much for this team, a club organised this way would avoid the kind of dark periods which we have had over the years. It is right that the fans should have lasting prospects, a solid base which can be improved over time."

He suggested an evaluation of the project's feasibility and proposed a "mixed system", where shareholders would support the current directors through merchandising and assisting promotional activities of various kinds. The representatives wanted the Sensi family to be involved in the initiative and to sell shares to the fans, although nobody believed this would happen. Nevertheless, the initiative died when the team started to play well, the value of some players increased significantly and the club qualified for the CL.

However, in February 2008 Roma's majority owners were once again reported to be in financial difficulty, which arose from the debts held by their company, Italtipetroli, in the region of €300 million. Newspapers reported that Italtipetroli SpA was considering selling its controlling stake to the U.S. billionaire investor George Soros<sup>83</sup>. Italtipetroli denied press reports it had begun the process of selling its controlling stake, or that it had received an offer to buy the club. However, in a statement Italtipetroli said that it had held talks with a representative of an unnamed potential investor, but a sale was not imminent. Some Roma fans have publicly voiced their disapproval that the club may come under the ownership of a foreigner,

while the majority seemed happy about the prospects.

#### • **Bologna FC**

Inspired by the ownership structures of Barcelona and Real Madrid, fans raised money in 1986 to buy the financially troubled club of Bologna, and they did this again ten years later in 1996. However, the group did not manage to raise the substantial amount required and they had to pay the money back to the fans, while donating the interest earned to a charity, and the club finally went into administration. Eventually, the mayor of Bologna set up a financially sound group of a cooperative and several private owners, who then owned and ran the club for 18 months when the cooperative left the club.

#### • **AC Parma**

The collapse of Parmalat and the rest of the Tanzi business empire, that controlled the club, sent this club into administration in the 2003/04 season. A group of fans took over and ran its everyday business, with the group setting up additional plans to get local public institutions, private companies and ordinary fans involved in purchasing shares and becoming owners of the club. They even mapped out the governance structure with everyone taking on different duties in the management of the club. However, once again the initiative died out.

#### • **AC Prato**

Prato was reasonably successful playing in the Serie B between the years 1950 to 1964, and during this time the club had attendance figures of up to 10,000. Prato became a company in 1978, managed by its usual chairman, and for the first five years everything was fine, but afterwards their ambitions were not matched by the results from the games. The board was not popular among the fans and the lack of success on the pitch had an extremely bad effect on the attendance figures, with as few as 74 people turning up for games. Prato fans are still currently boycotting the home fixtures, as they refuse to give any money to people they would like to see removed from the club. Many important people within the club have left over the years and Prato has been close to bankruptcy, almost being relegated to the amateur leagues, on more than one occasion.

The current leadership has not deviated from the status quo, despite the fans organising some protest rallies to campaign for a more diverse ownership structure

(e.g. a takeover by some entrepreneurs), the latest of which, attended by over 2,000 people, occurred in 2005. As the number of fans potentially interested in this initiative is not high enough, additional awareness is being raised through forums and other communication channels. This strategy aims to get in touch with old fan clubs, old players still interested in Prato, journalists, and any others who would be interested in forming a new football club or providing support.

#### • **Venezia United**

Venezia United was a project undertaken in 2005 to examine alternative methods for running Venezia Calcio<sup>84</sup>. The operation was commissioned by the supporters group "Noi Ultras" and two notable supporters who cared about the future of the club. The aim was to offer the club and the city a new business model that involved local medium and small size businesses, local institutions, and individual supporters. The business plan identifies motives, aspirations and duties for each of these three groups, and it set up a to-do list of primary objectives including administration, marketing, and valuation of assets and shares<sup>85</sup>. Compared to other initiatives in Italy, Venezia United promoted a short-term plan to save the club and a long term strategy for strengthening its financial, sporting and social performance. However, in 2005 the club went into administration, and the project never progressed from its planning phase. The main reasons for the initiatives failure seem to be a lack of support from local institutions and the fact that it was only commissioned by a small group, rather than carried out by the clubs' supporters. However, it was the only formal business plan studied in Italy where the supporters were somehow involved.

Our research has shown that activism in Italy tends to be supported by short-term plans, and this trait does not just occur in football, but in all areas of society. Often initiatives start with a press conference, before even having an agenda in place. Therefore, attempts seem rather populist rather than thought through properly, and this pattern is supported by the general socio-cultural attitude of a deficiency in active involvement.

The analysis of the various initiatives from different fan groups in Roma, Parma, Brescia, Bologna and Eboli shows that the enthusiasm to help the club to survive exists but dies out very quickly. The initiatives were set up when the clubs were bankrupt, and where the patrons, who could ensure the club's survival,

were missing. However, once the financial situation of the club was secured the groups saw no need to continue pursuing their initiatives. The initiatives outlined here all followed a short-term approach, with any long-term strategy or involvement apparently alien to the Italian football fans.

### 3.3. Progetto Ultrà

Progetto Ultrà was formed in 1995 as a project of the association UISP (Unione Italiana Sport Per tutti – Italian Sport for all Association). Progetto Ultrà was based on the philosophy of fan projects in Germany, promoting community work with fans, but on local, national and international levels<sup>86</sup>. Based on this model, Progetto Ultrà tries to act as a mediator between the various relevant parties in football, aiming to preserve and strengthen existing fan culture. At a local level, the group is in contact with fan groups and local authorities. When issues require resolution the parties concerned will either get in contact with Progetto Ultrà, or Progetto Ultrà will take the first step and speak to the club and the authorities. Their main aim is to promote positive behaviour among football fans, while underlining the positive aspects of fan culture, as fan culture in Italy has not been recognised as a social phenomenon yet.

The Progetto Ultrà project “Values of Sport” organises meetings in schools to discuss issues such as discrimination, the ethical values of sport, and the importance of fan culture. This *Nel dialogo con i giovani si è infatti potuta riscontrare una risposta generalmente positiva ed un notevole interesse da parte dei ragazzi coinvolti, il tutto nella direzione di un apprendimento e di una più profonda conoscenza dei fenomeni legati al tifo, ma anche, a lungo termine, nella rivalutazione di una sana passione sportiva e nel radicamento di un approccio positivo all’evento* dialogue has generally received a positive response and the children involved have shown a significant level of interest, resulting in a deeper understanding of the phenomena associated with the Ultras and general fan culture.

The group is not legally an association, but rather a project within a sports promotion association. It is funded by FARE (indirectly by UEFA) and also through other sources of financing on various levels, and it is also a member of the FSI. Progetto Ultrà is run by one part-time and three full-time members who are based in Bologna, and one full-time member who is based in Rome. In Bologna they have a documentation centre dedicated

to football fan culture, and here they also archive background information, other research material, and material relating to each of their projects.

It has been difficult for Progetto Ultrà to develop relationships with the FIGC and the League in the past. Three years ago the group did have informal contacts who tried to organise dialogue on fan related issues between the fans and the authorities, but the initiative died out for various reasons. In the context of the recent violent incidents, Progetto Ultrà was in contact with the Sports Ministry and other politicians with an aim to introduce the concept of fan projects, and even supporters’ trusts, and this was positively recognised by the Sports Minister. However, since then no progress has been made, and the Interior Ministry and the police have taken most decisions regarding fans and Ultras. Progetto Ultrà attended UEFA’s Fan Congress in December 2007 and has been very helpful in raising awareness of the trust movement, Supporters Direct UK, and the feasibility study.

### 3.4. National Supporters

#### Representation – Federazione Italiana Sostenitori Squadre di Calcio (FISSC) – Italian Federation of Football Supporters’ Clubs

FISSC is an umbrella organisation of coordination centres that are officially recognised by the clubs and the authorities. Although the group was formed in 1970 it has only started to become more active since June 2007. FISSC claims to have about 50 members, representing some 1.5-2 million-football fans. Their aim is to unite all the coordination groups of supporters’ clubs in all the clubs of Serie A, B and C (now Lega Pro), and to lobby for supporters’ interests through forming constructive dialogue with the clubs and the authorities. They seek to be consulted in football legislations and, for example, demand amendments to the legislation on the purchase of tickets.

They plan to help organise and develop the coordination centres into social coordination centres, paying particular attention to football related activities such as festivals and sports initiatives. To achieve this, the group wants to establish partnerships between the various coordination centres, to allow regular meetings with representatives for the exchange of ideas and concerns.

They oppose any form of violence and promote proper behaviour before, during and after a match, e.g. by having staff from the coordination centres inside the stadia. FISSC also supports the development of

new stadia that have adequate services available to the fans.

Recently the group developed a plan to introduce the “*Carta del Tifoso*” (fan card) to help create a community for fans. The card is supposed to become a tool of action – “one voice for fans”. The project is seen as a rehabilitation project, with an aim to restore the image of Italian football fans. With this clubs can allow FISSC card-holders easier access, including the right of entering the stadium just before kick-off without requiring nominative tickets, in contrast to the current common practice. In some cases cardholders could even be excluded from stadium bans. Another common objective of the card is the utilisation of the card-holders information for marketing purposes. However, in the meantime FIGC and Lega Calcio have picked up the idea and are planning to introduce their very own fan card. FISSC is opposing this idea, as they believe that such a card could only work if it were introduced independently from the authorities by the fans themselves. It remains to be seen whether the card will be introduced by the FIGC.

In contrast, the FIGC wants to improve their relationship with the group and has offered to mediate between the various parties. Giovanna Melandri, the former sports minister, also regarded the group very positively, but future relationships with the government will have to be established by the new person responsible for sports following the elections in April 2008.

FISSC is a non-profit organisation whose structure is based on democratic principles and bound by its statutes<sup>87</sup>. The annual general meeting elects the board of directors and the other officers in the legal, auditor and treasurer boards. The fee for members varies depending on their league status, with those from Serie A charged €200, while those from Serie B pay €100, and coordination centres from Lega Pro pay €50. Only one coordination association of any given club can currently join the group. However, some clubs, like Roma, have two, or even three, coordination associations, and so the general meeting in June 2008 will decide who to admit, and this will probably lead to them broadening their membership regulations accordingly.

The board meets every month at one of the clubs with representatives of all the members, and the meeting often includes the chairmen of the football clubs and the mayor of the city that they are meeting in. All the meetings end with an additional open meeting with the press, although so far the media interest has been limited.

Throughout this research it became clear that the group, re-launched in 2007,

is still in its infancy and at the beginning of this study hardly anyone we spoke to had heard of the group, let alone their agenda. However, within the last month the group has grown rapidly. Currently, their main objective is to create a database of their members, and they will also send out surveys that will allow members to express their views and concerns.

The feedback has been positive with regards to a Supporters Direct Europe and the potential services that can be provided to fan groups in Italy who want to be involved in the running of their clubs. However, an involvement in decision-making processes still seems to be alien to many, hence the organisation of a national agenda through FISSC appears to be a step too far.

## 4. Suggestions

The outline above shows the diverse range of football fan culture in Italy. Mapping out the various fan cultures, existing fan groups and their agendas proved to be challenging. There are two different camps of organised fans in Italy: the Ultras and the fan clubs. The Ultra scene is hugely diverse and disunited, with very different philosophies followed among the different groups. Fan clubs can be characterised as classical supporters' clubs, united in the coordination centres, and they handle, for example, ticketing and travel to away games. Some fan clubs and their coordination centres are better organised than others, which is largely related to the scope of their statutes and funding.

In principle, fans are not involved in any decision-making processes at the club. No general or formal contact worth mentioning exists between the clubs and their fan bases. The main problem seems to be that Italian fan culture has not been recognised as a social phenomenon yet, and is therefore not targeted accordingly by the authorities or the clubs. Fans are kept in isolation and seem to be considered as an annoying by-product of football.

Nevertheless, initiatives have existed where fans have raised enough money, bought shares, and helped their club to survive. However, the fan groups did not see their shares as marketable assets, and any long-term approach or involvement in running their club seemed alien to them. In general, fan groups simply do not have any strategies, nor do they follow any particular ownership and governance models. The re-establishment of FISSC, the federation of coordination centres, which is the only national supporters group in Italy, provides

the potential for lobbying for the rights of fan groups on a national level, and could help to increase their influence on the club level. Progetto Ultrà is lobbying for recognition of fan culture as a social phenomenon and for adequate strategies that can improve the charged atmosphere within Italian football. The project has the potential to lobby for Ultra groups, and other football fans, who have changed or want to change so they can be actively involved in the community and in the running of their clubs.

Overall, we received positive feedback from all the groups in Italy that we spoke to: the fan groups, Progetto Ultrà, and the one national fan body, FISSC. We spoke to groups who are proactive and desire more involvement, even though all of them lack any long-term strategy for increasing and strengthening their influence. The general perception is that the environment is getting worse for football fans, and several groups understand that they have to be actively involved to implement any change on this situation. Nevertheless, deeply rooted disillusion and paralysis inherent in Italian society should not be underestimated, which in turn makes any call for change difficult. Activism in Italy tends to be supported by short-term plans only, and this does not just occur in football, but is present throughout the society. The analysis of the various initiatives from different fan groups in Roma, Parma, Brescia, Bologna, and Eboli shows that enthusiasm to help clubs survive exists for a certain period, but dies out very quickly. It remains to be seen if the initiatives at Bari will survive the first stage of saving the club and secure long-term involvement in the running of their clubs, while that at La Spezia has already failed. Apart from the various cultural reasons, the main problem appears to be that organised football fans in Italy are not aware that actually they can be involved over the long-term, and hence they do not believe that they have any other choice. A Supporters Direct Europe would have to raise awareness about fan ownership and long-term involvement in the running of clubs. The most important role for a Supporters Direct Europe at this stage is in empowerment and creating, maintaining and supporting fan networks. What is critical is that the existing groups do not remain isolated, either in reality or perception. It would be advantageous for there to be some formal presence by way of a development officer based in Italy, because as has been observed, networks need to be established and maintained.

The authorities seem to have no definite idea of whom they are actually dealing with, which makes most of their attempts

to improve Italian football appear weak, misguided, or even counter-productive. Progetto Ultrà, together with a Supporters Direct Europe, should put an implementation plan into practice and establish adequate legal and governance models for supporters' groups, which would be tailored to the various cultural environments, to improve the general perception of football fans in Italian society and increase their involvement in the community. Part of the implementation plan should also focus on involving the FISSC and the Ultras, as well as tackling the question of how to incorporate the authorities.

### 4.1.1. Image of Football Supporters

Irrespective of the tremendous popularity of football, match-going fans generally have a very one-dimensional image in Italy. Not just the authorities, but often the communities as well, see them as a violent, un-organised bunch of barbarians. This can be partly linked to low attendances (most Italians, even those who are very interested in football, do not go to matches) and to the sensationalist coverage of violent incidents by the popular media. The lack of acknowledgment of Italian fan culture as a social phenomenon appears to be the immediate problem. However, the groups we have been in contact with do not fit the label 'anti-social'. Italian football has an obvious problem with violent fans, but this research has shown that the phenomenon is not all-encompassing. If fans wish to be taken seriously in their attempts to gain extra influence in their clubs a crucial step forward would be to focus on an extensive makeover of their current image. As previously mentioned, there is no single fan culture and the identification of the non-violent fans and subsequent promotion of their positive characteristics would require the fan movement to be observed more closely.

Progetto Ultrà's 'Value of Sport' seminars have already begun to improve teenagers' perception and understanding of fan culture and the social aspects of sport. This project should be run nationwide to further improve knowledge about the social importance of sport and the diversity of fan culture. The idea of the democratisation of football via fan ownership could also be promoted through these seminars or workshops.

### 4.2. Adequate Legal Structures of Supporters' Groups

It is recommended that supporters act in the form of organised bodies to enable them to participate in the structure of the club. Supporters' clubs would be able to exercise a direct influence in the decision making processes of their football club if

they held shares in the company. There does not seem to be any restrictions preventing unincorporated associations being shareholders of football clubs, although it should be mentioned that if the sole purpose is share acquisition it would be legally incompatible with the non-profit character of members' associations. Therefore, 'if the main or exclusive purpose of an entity is to manage a shareholding in the football club, it may be worthwhile to structure it as a limited liability company'<sup>88</sup>.

As minority shareholders supporters' clubs would have certain rights like inspection and information rights, and rights for challenging resolutions at the shareholders meeting, although the influence of minority shareholders in club management is limited. Therefore, it may be worthwhile for supporters and supporters' clubs to set up a separate entity, contributing all the shareholdings that they hold in the football company, and allowing it to act as a single unit. This would, of course, require a high level of organisation and coordination among supporters' clubs<sup>89</sup>, which our research shows is mostly missing. However, a Supporters Direct Europe could help supporters' groups who are willing to have a say in the running of their clubs to organise themselves accordingly to achieve this end.

An additional potential step towards granting more power to supporters' groups in the decision-making process within football clubs could be allowing a representative from a supporters' group which has a qualified minority shareholding, to participate in the management meetings. One could think of framing this as a mere right of the supporters' representative to attend as an observer, or to supply it with a consultative vote. Apparently, *Lazio Investimenti* did attempt to do this, but they had no success. On the face of it, and from a purely legal point of view, it is not inconceivable that legislation could be passed that would require football clubs to allow supporters' groups with a qualified shareholding to appoint an observer/consultative representative to their managing body. However, we hasten to add that to the best of our knowledge nothing of this kind has been seriously proposed in Italy so far.

The main legal hurdle is that the statutes of all corporate structures allow for the restriction of access to capital by means of pre-emption or consent clauses, and only the floating capital of a listed SpA is open to the public. Additionally, only three clubs are listed companies, with no other major clubs, such as Internazionale

F.C. or Milan A.C., intending to follow the example of Lazio, Juventus or Roma. The majority of the stock in Italian football clubs remains in the hands of majority shareholders, which in most cases is an affluent family. The traditional patronage system, which is dominant in Italy, does not provide supporters with much leeway where obtaining an influential position within the company, and thereby exerting an influence on its management, is concerned, with public pressure being the only means open to them.

The advantages of a company would be more efficient corporate governance and a limited liability of the membership. The drawbacks would be the costs and length of incorporation, publicity requirements (whereas an unincorporated association has no publicity to comply with), and the fulfilment of a number of requirements for allowing the assessment of the company's financial status by potential creditors (company books, balance sheets, reports and so on), all of which are costly and time consuming.

Generally, it is not simple to suggest which of these two options, i.e. associations – whether registered or unregistered – and companies, is the best for supporters who are willing and able to buy shares in their football clubs. Hence, we believe that Progetto Ultrà, together with a Supporters Direct Europe, should develop models of suitable legal structures for fan ownership and involvement for the Italian supporters' groups. Progetto Ultrà knows the fan cultural environment in Italy, while Supporters Direct are specialised in ownership and governance structures (not just in the UK). Cooperation between both organisations could help to establish models of best practice and, considering the scepticism of Italian supporters where the authorities are concerned, the support offered by a Supporters Direct Europe and Progetto Ultrà would probably be accepted.

#### 4.3. Governance Guidelines via Statutes

Our research shows that the communication and cooperation between controlling shareholders and minority shareholders, when they exist, is at best limited. Supporters and other stakeholders have even less influence on decision-making processes, and all stakeholders are at the mercy of the dominant owner. Overall, the structures fail to provide a supportive environment for enabling positive cooperation between stakeholders, and other modes of operation cannot emerge easily as the actual design of those structures lacks sufficient transparency. This non-

transparent structure imposes additional challenges to fan involvement, and in the long-term it is essential that any model of fan involvement increases transparency at the clubs. This could be achieved through the voluntary implementation of more transparency related measures, national regulation, initiatives by FIGC and Lega Calcio, or UEFA regulations.

#### 4.4. Progetto Ultrà

Progetto Ultrà has been identified, on various levels, as the main driver behind improvement in the Italian fan movement. Progetto Ultrà should promote meetings, involving various sides of the local fan scene, on a regional and local level to encourage the possibility of fan involvement and ownership, while providing advice on how to organise it. We believe that this is a key necessity and would overcome the distanced, and often nonexistent, relationships between the local fan clubs and the Ultra groups. Although initial contacts could come from just one side (the Ultra group or a club/coordination centre), different sides should certainly attend these meetings. We also believe that positive examples should be highlighted, considering the feeling of powerlessness within fan groups, with an intention of providing inspiration to other scenes. Hence, these models of best practice could encourage other fans in their attempts at gaining influence within their clubs, and so should be highlighted by a Supporters Direct Europe. Furthermore, once a certain number of interested fan groups become involved, Progetto Ultrà could be identified as the Italian Supporters Direct.

The group has well-established links to the authorities and it is expected to work on the promotion of the Supporters' Charter in Italy 2009, a proposal presented to the Sports Ministry before the change in government during April 2008. As Progetto Ultrà promotes a two-way strategy, the Supporters' Charter, developed by a working group, would serve as a practical guide for assisting clubs and fans in jointly developing and establishing their relationships, while helping supporters to achieve recognition and representation. At the same time, the group working on the charter could develop and become a more active group of people who are willing and capable of promoting fan ownership and helping supporters to have an active say in running their clubs.

Furthermore, Progetto Ultrà could encourage the reconsideration of the law that prohibits all relations between the clubs and fan/Ultra groups, which

are currently making it impossible for supporters and the clubs to establish mutual relationships.

#### 4.5. Coordination Centres

The coordination centres, however, are well organised and democratic. Almost 44 coordination groups from Serie A, B, and Lega Pro are members of the Italian Federation of Football Supporters Clubs (Federazione Italiana Sostenitori Squadre di Calcio (FISSC)), which is recognised by the authorities and was reformed in June 2007. The associations, through this national lobbying group, have the potential to increase their influence, not only on clubs, but at a national level as well. Supporters Direct has received positive feedback from the FISSC, as has the involvement of supporters in the running of their clubs. However, this concept seems to be alien to many of the centres themselves at the same time, especially as the concept of setting up a national agenda through FISSC appears to be a big step for them.

Objective and governance structures are outlined in many groups' statutes, although matching strategies that support them are not in place. A Supporters Direct Europe would have to raise awareness about fan involvement among the coordination centres, because so far they do not know that they have any choices or that there are ways for improving democracy at their clubs, as their issues generally do not seem to correspond with the clubs objectives. Support, advice and information should be offered to coordination centres by a Supporters Direct Europe and through doing so their statutes and influence ought to improve.

Considering that 50% of season ticket holders do not currently belong to a club or consider themselves Ultras, the potential for mobilising them exists.

#### 4.6. FISSC

During this research it became clear that the FISSC, the only national supporters group in Italy and re-launched in 2007, is still in its infancy, and hardly anyone we spoke to in the beginning of the study had heard of the group, let alone their agenda. However, over the last few months the group has grown rapidly. The group is recognised by the clubs and the FIGC, and as a Supporters Direct Europe would have to liaise with the FISSC to establish good relationships with the coordination groups. FISSC is interested in the work of Supporters Direct and fully supports fan ownership.

The group is currently focusing on quantitative growth, and they aim to lobby

for their members on local and national levels although they presently do not offer sufficient services. As the FISSC is recognised by the football association its members are not affected by the Melandri-Amato decree and therefore there is no legal barrier regarding the contact between the fan clubs and the club.

The FISSC has the potential to become a representative group, with an estimated 50 affiliates by July 2008. They are exploring the field they are operating in, are positive regarding future fan ownership and involvement in the running of their clubs, and they want to increase their engagement with Supporters Direct. We suggest that a Supporters Direct Europe raises awareness at the football clubs, regarding fan ownership among the cooperation centres of fan clubs, through their connection to the FISSC, while additionally helping by providing its expertise in the governance structure of fan groups. However, we believe the FISSC could also benefit from guidance from the FSI, as the group is fairly young and mainly concerned with supporters' club issues like travel, ticketing, and anti-racism.

#### 4.7. Ultras

It is inherently rather difficult to include Ultras in football politics as they generally want to be independent from the authorities and simply do not trust anyone who makes money in football. They are against modern football (*no al calcio moderno*), but due to their philosophy they are limited in their available methods for changing their current situation.

As the study shows, some groups want to take responsibility to prevent themselves from being forgotten or even wiped out. During the research, we found several groups who want to make changes, or already have, to their strict philosophy, becoming more open and wishing to be involved. The study showed that there are social aspects to Ultra groups that could be widely beneficial, not just for fan groups in Italy, but through encouraging other Ultra groups in Europe. The groups we have been in contact with all have competently organised and well perceived community projects for improving relationships within their area. Ultra groups have also been involved in attempts to buy shares in their clubs and in starting other initiatives for drawing attention to the deplorable financial circumstances at their clubs. At Pro Ebolitana, Ultras even ran the club.

The feedback concerning a Supporters Direct Europe has been very positive from the Ultra groups we have spoken to, and a Supporters Direct Europe should collaborate with Progetto Ultras to raise

awareness about fan involvement and provide Ultras with a clear choice. The study showed that there is no one Ultra movement that is violent and hostile towards everybody else. On the contrary, there are Ultra groups with a proactive social attitude, and they have to be involved in the process of fan democracy.

The difficult relationship between the Ultras in general and other fan groups, which in most cases do not communicate with each other, will be a significant challenge to any future developments in Italy. The atmosphere in and outside the stadium can be very hostile, and it can be difficult to get the community-active Ultras and fan clubs to even sit around the same table. However, a Supporters Direct Europe could support Progetto Ultras in a mediating role to raise awareness about fan ownership or other models of involvement in the running of their clubs.

#### 4.8. Increasing Supporters' Involvement in their Communities

Members have set up initiatives to raise money for several clubs in the lower leagues due to the financial difficulties that they are facing, and these initiatives have all been based on relationships with the community. An important goal of Supporters Direct is to increase supporters' involvement with their communities to help them strengthen bonds between their club and its community.

How a supporters' group can help to strengthen bonds largely depends on the situation, both locally and nationally. Possibly the key is to be the broker between the different groups; the club, the fans and perhaps groups that are under represented in football. The objective is to increase understanding, develop new relationships, as well as improve the reputation of supporters.

Supporters in Italy could improve both their reputation and profile by being active in their communities. Although worthwhile on their own merits, as the activities may lead to an increased membership, and therefore revenue, the activities would more importantly give the group credibility with key stakeholders, such as the local authority. The importance of this credibility may demonstrate itself if the clubs changed their legal structure to allow supporters the opportunity to buy shares and, if they wished, to take control of the club. For example, the local authority may then offer its support, as it would be assured that the group wished to develop a real community club, which in turn would be beneficial for the communities and the local authority itself.

Due to the limited resources of a supporters group and the fact that community activities are likely to be new to most them, the projects would probably have to be “softer”; meeting an identified need but without it being too intensive on their time. Through time as the supporter groups become active in their communities appropriate new roles may be developed and new activities identified. A result would be the improvement of the image of supporters and they can be seen as a credible stakeholder, both with the club and the community. Coupling the brand of the club with supporters groups may create interest in communities and make their activities quite an attractive proposition. The power of football clubs to be used as a tool for improving communities has been demonstrated in England, and has improved the reputation of football clubs and football in general. With the right approach this could also be the case for Italy.

A moral case could also be made as supporters may actually have a negative impact on the communities surrounding a football club, and therefore this negative impact could be balanced and hopefully outweighed by the supporters’ groups providing public benefit through community activities. Supporters are a key stakeholder of the football club and could provide an important and valuable link with the communities the club affects. The kudos associated with being a football club could be used to develop activities that meet local needs.

#### **4.9. Football Authorities and Regulations**

From an Italian point of view, a broad scope of activity for a Supporters Direct Europe is questionable. It is debatable at best whether a trust movement could grow from within the fan scene itself. The widespread acceptance of paternalism, along with

the factionalisation and passivity of much of the supporter base, are all elements of Italian society that go well beyond football. The cases where fans became active and started campaigns, to either raise money to help the club or to buy shares, showed that initiatives die out once an authority figure steps in. Any strategies that are grounded in fans having a long-term influence in the running of the club seem to be beyond the conception of many Italian football fans. Paradoxically, the level of trust for institutions in general is very low, which is followed by a lack of respect and a general belief that everyone, including the government, is hiding the truth. Most fan groups in European football are at least sceptical about the authorities, so this attitude is nothing new. However, the situation in Italy is unique due to corruption and organised crime being deeply rooted in Italian society. Paired with a general acceptance of these conditions, any lobbying by a Supporters Direct Europe will almost certainly be faced with a deep disbelief in the possibility of change. As the relationship between the fans and the authority has two sides to it, an Italian model of Supporters Direct would need to be accepted, supported and promoted by both parties.

The relationship between fans on the one hand, and governing bodies and the clubs on the other, is almost nonexistent, and there is very little evidence that this is about to significantly change any time soon. There is certainly less dialogue between the authorities and the supporters’ organisations than there is in countries such as England and Germany. The government and Lega Calcio did not consult fan groups on any of the football related issues we have discussed. However, the FIGC has signalled that it wants to improve dialogue with fan groups and believes a central national organisation for advising club-based supporters groups could be beneficial

for football in Italy. They have mentioned that supporters should have a say in the direction that their club takes.

Extensive lobbying for more democratic fan representation will be required to raise awareness of the success that fan involvement has had in the UK. Hence, meetings between Supporters Direct and the FIGC, which is already communicating with the FISSC and opening up to fan related issues, could be a start in what will need to be, in many ways, a “consciousness-raising” exercise. The Minister concerned and Lega Calcio should also be involved in this process as ‘fan involvement’ is a difficult phrase due to its association with the specific definition of fan culture as an almost anti-social movement, especially where the Italian authorities are concerned. Progetto Ultrà, together with a Supporters Direct Europe, could help to promote the social aspects of fan culture in general, and the potentially positive influence that fan democracy and ownership can have on the sporting and financial stability and performance of football clubs.

It is clear that institutions and football governing bodies need to be involved in the process of structural change. After the elections in April 2008, Italy does not have a Sports Minister anymore rather sport is governed by the Minister of Youth Politics. As the FIGC supports the involvement of fans and is in contact with FISSC, we believe that a fruitful relationship between the association, Progetto Ultrà and a Supporters Direct Europe would help to improve the relationship between football supporters and their clubs. In order to improve the dialogue between clubs and supporters, the prohibition on choreographic elements, such as banners and flags, should be removed to foster the positive aspects of Italian fan culture and facilitate the setting up of dialogue with the Ultra groups.

- <sup>1</sup> For more information on this so called “southern problem” , see Guschwan, M., ‘Riot in the Curve: Soccer Fans in Twenty-first century Italy’, *Soccer & Society*, Vol. 8, no. 2/3, April/July 2007, pp. 250-266, p. 257.
- <sup>2</sup> Fischer, I., ‘In a funk, Italy signs an aria of disappointment’, *The New York Times*, 13 December 2007, <http://www.nytimes.com/2007/12/13/world/europe/13italy.html?pagewanted=3&8br>; According to the EU statistical office Spaniards are now earning more than Italians. Eurostat (European Commission), 17 December 2007, [http://epp.eurostat.ec.europa.eu/portal/page?\\_pageid=1090,30070682,1090\\_33076576&\\_dad=portal&\\_schema=PORTAL](http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1090,30070682,1090_33076576&_dad=portal&_schema=PORTAL).
- <sup>3</sup> Fischer, 2007; Caruso, R., ‘Public Spending and Organised Crime in Italy - A Panel-Data Analysis over the Period 1997-2003’, Istituto di Politica Economica, Università Cattolica del Sacro Cuore di Milano, January 2008; Saviano, R., *Gomorra: Italy’s Other Mafia*, 2008.
- <sup>4</sup> Aslam, A. and Corrado, L., ‘No Man is an Island: the Inter-personal Determinants of Regional Well-Being in Europe’, Cambridge University, April 2007, <http://www.econ.cam.ac.uk/dae/repec/cam/pdf/cwpe0717.pdf>.
- <sup>5</sup> Fischer, 2007.
- <sup>6</sup> Fischer, 2007.
- <sup>7</sup> Bianchi, M. and Bianco, M., ‘Italian corporate governance in the last 15 years: from pyramids to coalitions?’, European Corporate Governance Institute, Finance working paper No 144/2006, November 2006, p. 1-36.
- <sup>8</sup> Bianchi and Bianco, 2006, p.1-2.
- <sup>9</sup> Bianchi and Bianco, 2006, p. 3.
- <sup>10</sup> <http://www.ffi.org/genTemplate.asp?cid=186>.
- <sup>11</sup> <http://www.ffi.org/genTemplate.asp?cid=186>; see also Mazzola, P. and Marchisio, G., ‘The Role of Going Public in Family Businesses’ Long-Lasting Growth: A Study of Italian IPOs’, *Family Business Review*, Vol 15, No 2, June 2002, pp. 133-146.
- <sup>12</sup> Bianchi and Bianco, 2006, p. 5.
- <sup>13</sup> Bianchi and Bianco, 2006, p. 3-4.
- <sup>14</sup> Bianchi and Bianco, 2006; Sylvers, E., ‘Shareholders in Italy Begin to Accept Role of Inquisitor’, *The New York Times*, [nytimes.com](http://www.nytimes.com), 12 May 2004; Sylvers, E., ‘Italian bourse unveils new governance code’, *International Herald Tribune*, [iht.com](http://www.ihtrib.com), 15 March 2006.
- <sup>15</sup> Baroncelli, A. and Lago, U., ‘Italian Football’, *Journal of Sports Economics*, 7 (1), 2006, p. 13-28.
- <sup>16</sup> Morrow, S., *The People’s Game? Football Finance and Society*, 2003, p. 116.
- <sup>17</sup> Deloitte, *Annual Review of Football Finance*, May 2008, p. 14.
- <sup>18</sup> Guschwan, 2007, p. 263.
- <sup>19</sup> Foot, J., *Calcio, a history of Italian football*, 2007, pp. 389-425.
- <sup>20</sup> “C’è un principio fondamentale, che ho sempre seguito. E’ l’indipendenza assoluta, la politica deve stare lontana dallo sport. Non ci sarà un ministero dello sport. Dovranno governarlo democraticamente gli enti preposti”, Silvio Berlusconi, quoted in *La Gazzetta dello Sport*, ‘Berlusconi apre a Soros e ripensa alla superlega’, 23 April 2008.
- <sup>21</sup> <http://www.osservatoriosport.interno.it/>.
- <sup>22</sup> By March 2008 fans in the stadiums will be overseen by especially trained stewards instead of policemen.
- <sup>23</sup> [www.osservatoriosport.interno.it](http://www.osservatoriosport.interno.it), 22 February 2008.
- <sup>24</sup> Italy adopted Decree Law 282 of 24 December 2002, which later became Law No. 27 of 21 February 2003.
- <sup>25</sup> Morrow, S., ‘Impression Management in Football Club Financial Reporting’, *International Journal of Sports Finance*, 2006 (1), pp. 96-108.
- <sup>26</sup> Morrow, 2006, p. 101.
- <sup>27</sup> <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/05/1271&format=HTML&aged=0&language=EN&guiLanguage=en>.
- <sup>28</sup> <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/04/854&format=HTML&aged=1&language=EN&guiLanguage=fr>.
- <sup>29</sup> <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/05/1271&format=HTML&aged=0&language=EN&guiLanguage=en>.
- <sup>30</sup> Morrow, 2006, p. 105.
- <sup>31</sup> L’articolo 8 prevede il divieto per le società sportive di corrispondere sovvenzioni, contributi e facilitazioni di qualsiasi natura a coloro che siano stati colpiti da divieti o prescrizioni di cui all’articolo 6 della citata legge n. 401 del 1989, o condannati per reati commessi in occasione o a causa di manifestazioni sportive, ovvero che siano destinatari di una misura di prevenzione personale o patrimoniale. Inoltre, stabilisce il divieto per le medesime società di corrispondere contributi, sovvenzioni, facilitazioni di qualsiasi genere ad associazioni di tifosi comunque denominate.
- <sup>32</sup> Swiss Institute of Comparative Law, ‘Comparative Study of the Legal Structures of Football Clubs and Supporters’ Organisations in 45 Jurisdictions’, Volume II, 2008, pp. 5-23, p.16-18. Norme organizzative interne della FIGC, <http://www.figc.it/it/93/3817/Norme.shtml>.
- <sup>33</sup> Chaker, A.-N., ‘Good Governance in Sport, A European Survey’, *Council of Europe Publishing*, 2004, pp. 1-101, p.71; [www.figc.it](http://www.figc.it).
- <sup>34</sup> For the analysis of ownership and governance structures of Italian football clubs and the most adequate legal structures for supporters’ groups, we have made extensive use of the Swiss Institute of Comparative Law, ‘Comparative Study of the Legal Structures of Football Clubs and Supporters’ Organisations in 45 Jurisdictions’, Volume II, 2008.
- <sup>35</sup> Art 10(10) 91/81; for a detailed analysis of the structures of SpA and Srl, see Swiss Institute of Comparative Law 2008, p. 7-11.
- <sup>36</sup> These are: Atalanta Bergamasca Calcio S.p.A., Cagliari Calcio S.p.A., Calcio Catania S.p.A., Empoli S.p.A., ACF Fiorentina S.p.A., Genoa Cricket and Football Club S.p.A, Internazionale Football Club S.p.A., Juventus Football Club S.p.A., Lazio Società Sportiva S.p.A., Milan Associazione Calcio S.p.A, S.S.C. Napoli S.p.A., U.S. Città di Palermo S.p.A, Parma Football Club S.p.A, Reggina Calcio S.p.A., Roma Associazione Sportiva S.p.A., Sampdoria Unione Calcio S.p.A., A.C. Siena S.p.A., Torino Football Club S.p.A., Udinese Calcio S.p.A.
- <sup>37</sup> Share companies: Ascoli Calcio S.p.A., Unione Sportiva Avellino S.p.A., A.S. Bari S.p.A., Bologna Football Club 1901 S.p.A., Brescia Calcio S.p.A, A.C. Cesena S.p.A, U.S. Lecce S.p.A., F.C. Modena S.p.A., Piacenza Football Club S.p.A, Pisa Calcio S.p.A., U.S. Triestina Calcio S.p.A., Vicenza Calcio S.p.A.) and limited liability companies U.C. Albinoleffe S.r.l., A.C. Chievo Verona S.r.l., Frosinone Calcio S.r.l., U.S. Grosseto F.C. S.r.l., Associazione Calcio Matnova S.r.l., F.C. Messina Peloro S.r.l., Ravenna Calcio S.r.l., Rimini calcio Football Club S.r.l., Spezia Calcio S.r.l., Treviso Football Club 1993 S.r.l.
- <sup>38</sup> <http://www.bolognafc.it/pagen.asp?c=3983&m=11&l=1>.
- <sup>39</sup> Global Catholic Network, ‘[Vatican has not bought Ancona football club]’, <http://www.ewtn.com/vnews/getstory.asp?number=82707>.
- <sup>40</sup> [http://www.csi-net.it/vedi\\_notizia.php?id=264](http://www.csi-net.it/vedi_notizia.php?id=264).
- <sup>41</sup> ‘Vatican partnership with football team turns sour’, <http://www.timesonline.co.uk/tol/comment/faith/article3392791.ece?print=yes&randnum=1213707588503>.
- <sup>42</sup> For a detailed analysis of corporate governance of SpA and Srl, see Swiss Institute of Comparative Law, 2008.
- <sup>43</sup> Soccer Investor, 27 November 2007; [http://www.juventus.com/site/ita/FIN\\_pubblicazionifinanziarie.asp?myyear=20072008](http://www.juventus.com/site/ita/FIN_pubblicazionifinanziarie.asp?myyear=20072008)
- <sup>44</sup> [http://www.juventus.com/uk/societa/detail.aspx?lml\\_language\\_id=0&trs\\_id=1407000](http://www.juventus.com/uk/societa/detail.aspx?lml_language_id=0&trs_id=1407000)
- <sup>45</sup> Morrow, 2006, p. 105.
- <sup>46</sup> Norme organizzative interne della FIGC, <http://www.figc.it/it/93/3817/Norme.shtml>.
- <sup>47</sup> Swiss Institute of Comparative Law 2008, p. 18.
- <sup>48</sup> Swiss Institute of Comparative Law 2008, pp.15-16.
- <sup>49</sup> Soccer Investor, 16 June 2008.
- <sup>50</sup> Soccer Investor, 5 September 2007.
- <sup>51</sup> Deloitte 2008, p. 13.
- <sup>52</sup> Deloitte 2008, p. 14.
- <sup>53</sup> Deloitte, *Annual Review of Football Finance*, 2007, p. 15.
- <sup>54</sup> See “Calcio: via libera dal Governo al decreto sui diritti tv”, *Il Sole 24 Ore*, 9 November 2007.
- <sup>55</sup> See, e.g., “Fumata bianca in Lega Calcio: raggiunto l’accordo sui diritti tv”, *Il Sole 24 Ore*, 31 October 2007.
- <sup>56</sup> See “Diritti Tv calcio: la Juve vince lo scudetto, con le nuove norme

- sarebbe la più ricca”, [www.key4biz.it](http://www.key4biz.it).
- <sup>57</sup> See “Calcio:diritti tv, antitrust apre istruttoria sulla Serie B”, *Corriere della Sera*, 18 April 2008.
- <sup>58</sup> *La Repubblica*, ‘Polivalente, verde e remunerativo è il momento dello stadio di club’, 26 May 2008, <http://www.repubblica.it/2008/05/sezioni/sport/calcio/nuovi-stadi/nuovi-stadi/nuovi-stadi.html>.
- <sup>59</sup> *La Repubblica* 2008.
- <sup>60</sup> For the requirements the clubs have to fulfil to come under this rule please see, Vialli, G. and Marcotti, G., ‘The Italian job – A journey to the heart of two great footballing cultures’, 2006, p. 398.
- <sup>61</sup> Baroncelli and Lago, 2006, p.13; Morrow 2003, p. 116.
- <sup>62</sup> Morrow, 2003, p. 127.
- <sup>63</sup> Vialli and Marcotti, 2006, p. 375.
- <sup>64</sup> Baroncelli and Lago, 2006, p. 15.
- <sup>65</sup> Vialli and Marcotti, 2006, p. 397.
- <sup>66</sup> Vialli and Marcotti, 2006, p. 399.
- <sup>67</sup> Interviews conducted in Italy.
- <sup>68</sup> <http://www.asromaultras.org/>.
- <sup>69</sup> ‘Unincorporated (“Non-Registered”) Associations Internal organisation and management of associations which are not recognized as legal entities are regulated by agreements among members. Such associations can be parties in judicial proceedings, being represented by those upon whom the presidency or management is conferred under such agreements. Contributions of members and property acquired through these contributions constitute the common assets of the association. During the life of the association, individual members cannot request partition of the common assets nor claim a share in the case of withdrawal. As regards obligations, third persons can enforce their rights against the common assets of the association for obligations undertaken by the person representing it. Persons who have acted in the name and on behalf of the association are also personally liable *in solido* for such obligations’, Swiss Institute of Comparative Law, 2008, p. 14.
- <sup>70</sup> Swiss Institute of Comparative Law, 2008, p. 18-19.
- <sup>71</sup> Swiss Institute of Comparative Law, 2008, p. 19; [www.giulemaidallajuve.it](http://www.giulemaidallajuve.it).
- <sup>72</sup> Major teams have half a dozen or more Ultra groups.
- <sup>73</sup> *Foot* 2007, pp. 3333-356; Pilz G., Bahn, S., Klose, A., Schwenzer, V., Werner, S., Woelki, F., ‘Wandlung des Zuschauerhaltens im Profifussball’, Bundesinstitut fuer Sportwissenschaft, 2006; Guschwan, 2007, pp. 250-266; Giulianotti, R. and Williams, J., ‘The birth of the ‘ultras’: The rise of football hooliganism in Italy’, in *Game without frontiers: Football, identity and modernity*, 1994, p. 359-381.
- <sup>74</sup> Guschwan, 2007, p. 254;
- <sup>75</sup> Pilz et al, 2006, p. 167.
- <sup>76</sup> Pilz et al, 2006, p. 168.
- <sup>77</sup> Pilz et al, 2006, p. 171.
- <sup>78</sup> Guschwan, 2007, p. 262.
- <sup>79</sup> Most of the information about Ultrà groups has been gathered from interviews with their representatives, which will remain anonymous.
- <sup>80</sup> The following outline of initiatives is not conclusive.
- <sup>81</sup> The website is online since the 6th December 2007, [www.compriamola.it](http://www.compriamola.it).
- <sup>82</sup> <http://www.lospeziasiamonoi.com/home.html>.
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- <sup>84</sup> [http://www.catanzarocalcionews.it/news\\_cats.php?cat\\_id=35](http://www.catanzarocalcionews.it/news_cats.php?cat_id=35).
- <sup>85</sup> The business plan was published on [www.veneziaunited.com](http://www.veneziaunited.com), but the website doesn’t exist anymore.
- <sup>86</sup> Progetto Ultrà will organise Fan Embassies for the Euro 2008 and is a founding member of the FSI (Football Supporters International) and of FARE (Football Against Racism in Europe).
- <sup>87</sup> [www.fissc.it](http://www.fissc.it).
- <sup>88</sup> Swiss Institute of Comparative Law, 2008, p. 20.
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## Summary

1. Spanish football is structured as a pyramid, with the Royal Spanish Football Federation (*Real Federación Española de Fútbol* (RFEF)) at the top, and with the regional football federations, where the clubs are registered, affiliated to it.

Professional football is governed by the Spanish Professional Football League (*Liga de Fútbol Profesional* (LFP)). The main sports government institution is the Supreme Sports Council (*Consejo Superior de Deportes* (CSD)), which is part of the ministry of Education and Science<sup>1</sup>. The Spanish Sports Act, together with the general sports rules laid down in Act nº

10/1990 on Sport, creates the framework within which sports discipline operates.

2. In 1992 all professional football clubs whose finances showed a negative balance had to transform from members’ associations into Sports Public Limited Companies (“SADs”). This changed the structure of Spanish football and the status of supporters dramatically. Previously, all the football clubs were structured as members’ associations, which meant that the clubs belonged to their members who, in turn, had the capacity to elect their club’s president. The aim of the legislators

was the establishment of a liability system for the clubs’ administrators. In exchange, the clubs were allowed to defer their debts towards the state through increasing their stake in the football pools. Only four clubs, FC Barcelona, Real Madrid, Athletic de Bilbao and Osasuna, were able to escape this restructuring.

However, this strategy proved to be inefficient, as the current level of debt amongst the clubs has risen even higher than that seen in the situation that forced the conversion in the early 90s. Some supporters did acquire shares in their clubs, thus becoming owners, in response

to calls from the clubs' directors about managing the debt problem. However, their stake became progressively less significant after several capital increase ventures. Hence, most of the clubs are now owned primarily by wealthy individuals, who are often also involved in the real estate business. These individuals have established numerous corporations to further limit their potential liability, which has led to the minority shareholders feeling at risk from management abuse.

3. Dialogue between the football authorities and supporters is mainly restricted to security issues and corporate social responsibility campaigns. Currently, the football authorities only recognise *Aficiones Unidas*, the umbrella organisation of the *peñas* (the official, club-affiliated supporters'

groups), as a valid voice of the supporters' movement. However, this group does not seem particularly interested in management issues. Supporters who are interested in transparency and good management have organised themselves as minority shareholders' associations or independent initiatives at several clubs, depending on the legal structure of their club. Both types of organisations were founded by shareholders and members who were dissatisfied with the management of their clubs. These organisations follow the legal form of non-profit associations and they are democratically organised.

A new association, whose main focus is on the increase of transparency and democracy in football clubs, is the Federation of Shareholders and Members of Spanish Football (*Federación de*

*Accionistas y Socios del Fútbol Español (FASFE)*). The FASFE and its members appear to be a supporters' initiative that has very similar goals to those held by Supporters Direct UK. Indeed, collaboration has already established between the two entities, as FASFE have requested Supporters Direct's help in developing common strategies for enhancing their performance. FASFE has also established contact with initiatives (supporters belonging to members' associations) with similar objectives to their own, with an aim of increasing their representative legitimacy. Furthermore, the group is challenging the current predominant ownership structure of professional football clubs in parliament and wish to reinstate the structure of members' associations in Spanish football.

## General Introduction to Economic, Political and Cultural Environment

Spain's constitutional monarchy was established in 1978 after four decades of General Franco's dictatorship, which had lasted since the end of the Civil War in 1939. It is one of the most decentralised countries in Europe, being organised as 17 autonomous regions<sup>2</sup>. Each regional government manages its own health and education systems, and some regions have additional specific competences, e.g.: the Basque Country and Navarra have their own tax systems. The management of sports is also attributed to the autonomous regions, according to the distribution of competences as established in the Spanish Constitution<sup>3</sup>.

The population of Spain was around 40.5 million as of July 2007<sup>4</sup>. In 2006 the Spanish GDP accounted for \$981 billion<sup>5</sup>, making it the 11th largest world economy and the 5th largest within the EU, with the service industry comprising more than 60 percent of the economy. The GDP per capita is €24,000, although the income distribution is highly varied geographically. The northern and central regions (Navarra, Madrid, the Basque Country and Catalonia) have the highest income, while the southern region (Extremadura) has the lowest.

The Spanish financial system has witnessed significant change over the last 20 years. It has undergone a process of modernisation and an intensive growth of financial activity, which has enabled a higher degree of economic development. There has also been important growth in the intermediaries, which are those sectors that are not directly linked to banks, such as collective investment and insurance companies. Most Spanish firms are domestically owned as state ownership has fallen dramatically. The proportion of total equity held by private households has also increased to 30%, which is relatively high by European standards. Additionally, in comparison with other European countries, the percentage of foreign-capital ownership remains low at 24% (2005)<sup>6</sup>.

Total Spanish Market capitalisation accounts for €1,275.74 billion<sup>7</sup>. The IBEX 35®, used as a domestic and international benchmark, and as the underlying index in the trading of derivatives, is an index made up by the 35 most liquid securities trading on the Spanish Stock Exchange. The most common legal structure chosen by Spanish companies is the *sociedad limitada* (SL), a closely held Limited Liability Company; while the second most common is the *sociedad anónima*, which is the equivalent of a UK Public Limited Company. Only the latter

can be listed on the Spanish Stock Exchange.

The management and governance of companies is controlled by the board of directors, who are elected by the shareholders for five-year terms. There is no legal obligation to have an independent supervisory board, as there is in Germany, or to have workers or independent members on the board of directors. Also, the positions of chairman (president of the board of directors) and CEO (first executive position in the company) are usually held by a single person, which concentrates the company's decision-making process.

The Spanish corporate scene has been characterised by a concentrated ownership of firms, strong state intervention, and weak labour participation at the company level<sup>8</sup>. However, Spain has followed its own unique path towards a new hybrid model of corporate governance, adopting practices from different systems, especially the Anglo-Saxon codes<sup>9</sup>. Spain is moving steadily from a "state-led" to a broadly "state-enhanced" corporate-governance and labour relations system. A new code of good governance (*Código Conthe*), which mostly consolidates the previous "Aldama" and "Olivencia" recommendations regarding corporate governance, will be approved in 2008, although it will still be a recommendation and not mandatory. Currently, the principle of "comply or explain" is followed. Therefore, the main listed companies include a specific section that relates to corporate governance in their annual reports. Some relevant recommendations for the corporations are, for instance, that a third of the members of the board of directors should be independent, and that the board should have an internal code and establish audit / remuneration committees.

The main voluntary organisations are structured under the Associations' Act of 2002, which entered in to force in 2004. This is the regulatory framework for political parties and non-governmental organisations (NGOs). NGOs have favourable tax treatment in accordance with their nature as non-profit organisations and their social function. Additionally NGOs are funded directly through the individual tax declaration of citizens (citizens can choose to give up 0.7% of their income tax to the Catholic Church or to NGOs). However, the state does not consider supporters' clubs to be of public utility, and therefore they do not enjoy this benefit. Additionally, the tradition of self-organisation within civil society varies depending on the historical background of a region.

# 1. The Structure of Spanish Football

Football, both played and watched, is Spain's most popular sport and there are over 700,000 licensed players, in addition to those playing informally. In 2005, the Sociological Research Centre (*Centro de Investigaciones Sociológicas* (CIS)) undertook a survey on the attendance of professional sporting events. This survey showed that most people (56.1%) had bought at least one ticket for a football event in the preceding year, with basketball being next most popular sport (19.2%).



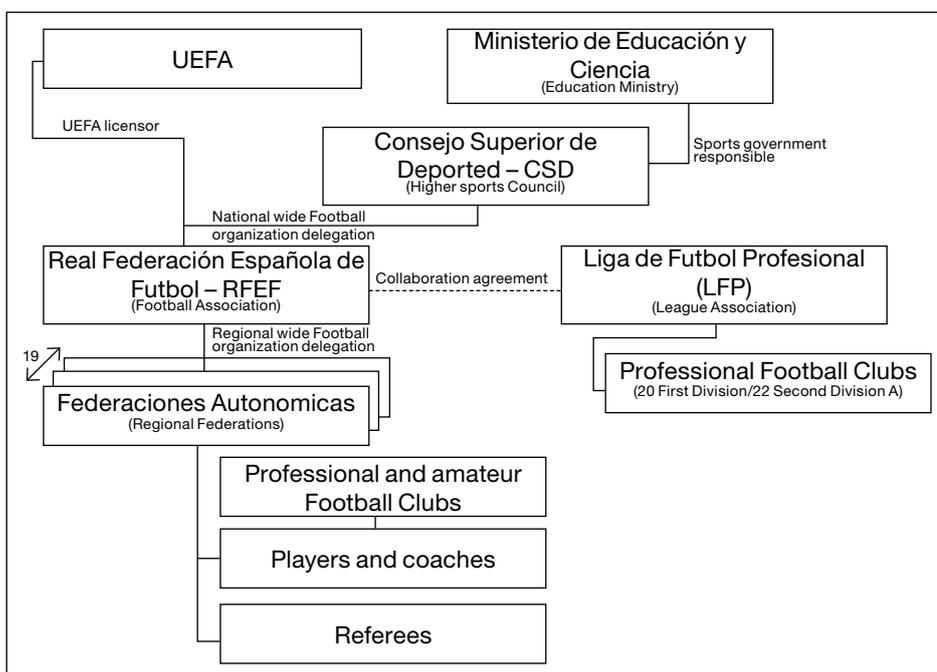
Figures in red express the average millions of attendees.  
Source: Annual Report 2007 LFP.

According to an opinion poll by the CIS in 2007<sup>10</sup>, interest in football amongst Spanish people is substantial, with two thirds of the population supporting or having an affiliation with, a football club. The clubs with the most supporters are Real Madrid (33%) and FC Barcelona (26%), while Valencia comes third (5%). Information regarding the behaviour of supporters was also taken in the same poll:

Watching the games on TV whenever one can	72.8%
Having emblems, scarves or flags, of the team at home	42%
Attending games at the stadium	36.9%
Buying club memorabilia like watches or wallets etc.	24%
Travelling to another city to follow the team	15.3%
Travelling to another country to follow the team	2.6%

Source: Opinion Poll commissioned by the Centre of Sociological Research, May 2007.

## General Structure of Spanish Football



The main sports government institution is the Supreme Sports Council (*Consejo Superior de Deportes* (CSD)), which is part of the ministry of Education and Science<sup>11</sup>. The professional league is called the Spanish Professional Football league (*Liga de Fútbol Profesional* (LFP)). Spanish football is structured as a pyramid, with the Royal Spanish Football Federation (*Real Federación Española de Fútbol* (RFEF)) at the top, and with the regional football federations, where the clubs are registered, affiliated to it. The Spanish Sports Act, together with the general sports rules laid down in Act n° 10/1990 on Sport, is the framework within which sports discipline operates.

The main bodies responsible for the financial control of the clubs are the CSD and the LFP. The functions granted to each of these bodies are well defined by the Spanish Sports Act, although in practice they are not so clear. The authority of these bodies was undermined dramatically when, in the summer of 1995, the relegation of both Sevilla and Celta to the regionalised third division (*segunda división B*) was reversed through political pressure. The relegation was imposed due to the boards of directors of these clubs failing to fulfil their financial duties and obligations in good time. However, the League instead agreed to temporarily change the number of clubs in the first division (*primera división*) to 22 for the following two seasons.

### 1.1. Real Federación Española de Fútbol – RFEF (Royal Spanish Football Federation)

The Government, through the CSD, delegates some of its own powers over the administration of football to the RFEF. While the first and second divisions are managed by the LFP, the RFEF administers all the remaining football competitions, which are the *segunda división B* and lower leagues (with the assistance of the regional football federations), the *Copa del Rey* (King's Cup), the Spanish Super Cup, and the Spanish National team. The constituent members of the RFEF come from all levels within football: regional football federations, clubs, coaches, referees, players, and the individuals and legally constituted bodies that contribute to the practice and development of football in Spain<sup>12</sup>. However, supporters currently have no role in the RFEF, although arguably they could be admitted as members considering they can be categorised under article 2.2 of the RFEF statutes as “promoters of the development of football.”

The RFEF receives grant funding from the CSD, and as such it is obliged to follow

a code of good governance as established in the *Decreto de Federaciones*. This ensures that the RFEF fulfils its duties of good management, transparency and accountability. However, the RFEF has recently been investigated over a failure to follow strict expenditure control, which is compulsory as the controls are established within the *Decreto de Federaciones*. Additionally, there has been a large controversy arising from the RFEF's failure to follow electoral timing as prescribed.

## 1.2. Liga de Fútbol Profesional – LFP (Spanish Professional Football League)

The LFP, established in 1984, organises the top two professional divisions. Its main goals are representing the clubs' interests and marketing the league's commercial rights. The LFP, also known as *La Liga*, manages the competitions, schedules fixtures and sets the league rules, such as the restrictions on the number of non-EEA players. *La Liga* defines the criteria that must be fulfilled by the clubs before they can take part in the competitions that it organises. *La Liga* uses a promotion/relegation system. *La Liga* runs two divisions: division one, which has 20 teams, and Division 2A (*segunda división*) which has 22 teams. Every year, the bottom three teams in division one are relegated to division 2A, and three teams from division 2A automatically get promoted to the first division. *La Liga* also negotiates with the government on the percentage of the soccer betting income to be invested in the game, and *La Liga* is currently considering how to capitalize on the growth of internet betting.

The LFP has its own legal personality and enjoys autonomy of internal organisation, although the articles of association and regulations of the professional leagues are subject to approval by the CSD, following a mandatory report from the RFEF<sup>13</sup>. The governing body of the LFP is its general assembly, where all the clubs are represented. In the general assembly the votes of clubs from the first division count for 1.1, while the ones from second division only count for one. Furthermore, the president of the RFEF can attend the meetings and has a voice, but no right to vote. The LFP also has a delegate commission (elected by the general assembly) as its executive body, with six representatives from six clubs from each division. The league's adoption of a code of good governance was one of the first actions performed by the LFP's current president, Sr. Astiazarán, although this currently only applies to the LFP itself and not to the member clubs. The clubs

do receive a report from the league when they hold their annual meetings, which contain recommendations on areas of improvement and a ratio of measures to be taken, although the clubs are not bound to these recommendations.

The LFP is a non-profit institution, even though its main reason for existing is maximising revenue for its members. For this reason, the LFP has established a limited company called *Sociedad Española de Fútbol Profesional SA*<sup>14</sup> in order to fulfil its obligations as a non-profit organisation whilst maintaining its additional revenue-maximising role.

The only dialogue that occurs between the LFP and the supporters is through the association of federations of football supporters' clubs (*Asociación de Federaciones de Peñas de Fútbol* (AFEPE)), which is the only recognised supporters' organisation. The issues covered in the dialogue are always related to security and corporate social responsibility campaigns, although the LFP does provide the AFEPE with limited financial support to cover basic expenses<sup>15</sup>.

### • Conflict of competences between the RFEF and the LFP – Granada 74 SAD

Sports Public Limited Companies (*sociedades anónimas deportivas* (SADs)) have to follow the general regulations applicable to any kind of Public limited Companies, except where the particularities as established in the Spanish Sports Act 1990 are concerned<sup>16</sup>. Consequently, when the owners of Ciudad de Murcia SAD, according to the required quorum established in its statutes, decided to move their company's domicile to Granada, change its name to Granada 74, but play their matches in Motril, their actions were completely legal. This was due to changes of domicile or name not being regulated as specificities of a SAD. Hence, in this case the principle that anything not expressly prohibited is, in fact, allowed was followed. However, a disagreement arose between the LFP and the RFEF, as the RFEF tried to ban this move and was therefore attempting to exercise a competence that was denied to them by the current legislation. Indeed, the law conferred autonomy to the LFP for the management of criteria for the acquisition of the license, allowing clubs to compete in the Spanish Championship. The legal conflict went to the Court of Arbitration for Sport, which is based in Lausanne. The court ruled in favour of the LFP and Granada 74 SAD, and against the case presented by the RFEF. Moreover, the RFEF was challenging a decision that had

been agreed by itself and the LFP in their mutual cooperation agreement.

Where a club decides to move it could be expected that there would be consternation amongst that club's supporters, but in this specific case the reality was the opposite. This was largely due to Ciudad de Murcia's small supporter-base<sup>17</sup>. Indeed, in the city of Murcia the traditional club is Real Murcia CF, which has a large social following, and now, in Granada, Granada 74 SAD happens to have a considerable supporter base.

At the same time another similar case, but in a completely different context, arose in the form of "*Unió Esportiva Figueres*". This club was founded in 1919, making it one of the oldest clubs in Catalonia with a rich tradition to match. Its main shareholder and sponsor, Mi Apuesta, made the decision to move the club to a new area, the city of Castelldefels, which essentially meant the original club's personality disappeared (Castelldefels is 180 Km away from Figueres). In a first instance the court suspended the change of domicile to Castelldefels and the RFEF did not accept the inscription of UE Castelldefels in 2B. However, after the Court of Arbitration for Sport's decision on the Granada 74 case the RFEF accepted the move and in the 2007/08 season UE Castelldefels has played in 2B, but have been relegated at the end of the season. The minority shareholders reacted to the decision by legally challenging the assembly that made the key decision over the relocation of the club but so far Mi Apuesta Castelldefels is still currently playing in Castelldefels, and the court action did not provide the necessary relief to the minority shareholders<sup>18</sup>. However, after the original club moved out to Castelldefels, in August 2007, the UE Figueres was re-founded after the agreement with the old president to keep the club's original crest and colours. The new club has been champion of the Catalanian third division, thus being promoted to Catalanian second division at the end of the 2007/08 season.

### 1.3. Government

The Spanish government's role in sport is interventionist, even though its regulations are considered to be complementary to those determined by the autonomous governing bodies, such as the federations and professional leagues<sup>19</sup>. The importance of sport has been outlined in a set of guiding principles on social and economic policy, included within the third chapter of Title I of the Spanish Constitution, wherein article 43.3 states, 'Public authorities will promote health education, physical

education and sport. They will likewise facilitate the proper utilisation of leisure<sup>20</sup>.

The state exercises its influence on sport via the CSD at all levels, except where powers are expressly delegated under the Spanish Sports Law. The CSD is a quasi-autonomous body, associated with the Ministry of Education and Science, and is governed by a president and management committee. The president of the CSD is the Secretary of State of Sport is appointed and dismissed by the cabinet, whereas the management committee is established within the CSD<sup>21</sup> and is comprised of: representatives from the state administration, such as autonomous communities and local entities; Spanish sports federations, whose presidency corresponds to the particular president of the CSD; and persons of recognised standing in the world of sport, who are nominated by the president of the CSD. Regarding professional football, the main competences of the CSD are<sup>22</sup>: the establishment and approval of the articles of association and regulations for the RFEF and LFP; the granting of financial subsidies as appropriate; the assessment of the official competitions involving professional clubs; and the power to authorise or deny the inscription of SADs in the register of sports associations.

### • The Fight Against Violence and Racism

One of the Government's main concerns is the recurring incidents of racism and violence in Spanish football, with one common example of racist behaviour in stadiums being the mimicking of monkey sounds when a black player from the visiting team touches the ball. While the vast majority of the spectators are not guilty of this behaviour, their silence when it happens could be considered as complicity. The CSD has adopted a set of measures to prevent and punish such actions, and politicians have established a commission for dealing with it, with a result being the establishment of the law against violence and xenophobia in sport. The AFEPE was invited to express its thoughts in the Spanish senate when the bill was being passed through parliament. Additionally, the government considers the tackling of this problem to be one of its main missions, and it has provided a considerable budget for prevention campaigns that are targeted at, and also thanks to, the supporters' clubs.

There is also an observatory for violence, racism and intolerance in sports<sup>23</sup>, which is chaired by a sports sociologist. The observatory aims to be a forum for

gathering together the football authorities and all the other organisations who are involved in the fight against racism, violence and intolerance in the world of sport<sup>24</sup>.

## 2. Structure of Spanish Football Clubs – Ownership and Governance<sup>25</sup>

Nowadays, football clubs are considered to be private associations, made up of private individuals or legal persons, whose aims are the promotion of one or more sports and participation in sports competitions and activities<sup>26</sup>. Spanish sports clubs can be classified into: elementary sports clubs, which are the amateur sports clubs; basic sports clubs, which are the so-called members' associations and are legally registered as non-profit associations; and SADs.

All the professional football clubs were members' associations and were of a non-profit nature prior to the 1992-93 season, although many of them were heavily in debt. The implementation of the Sports Act in 1990 caused most of these members' associations to change into SADs, and the following sections will explain how this transition occurred.

### 2.1. Members Associations

#### 2.1.1. Ownership Structure

Football clubs that are structured as members' associations are owned by their *socios*, or members. Their non-profit association nature forces the clubs to reinvest any profits, or revenues gained from commercial activities or the sale of assets, within the same club. The only clubs that are still members' associations in Spanish football are FC Barcelona (156,366 members), Real Madrid (69,000), Athletic de Bilbao (34,373) and Osasuna (15,016).

Clubs that are structured as members' associations need to be registered on their respective autonomous region's register of sporting entities, as well as on the national register of sporting associations. The members still have a great degree of control. The board of directors is required to receive authorisation from the club's general assembly upon any sale or acquisition of property or economic rights with a value equal to or greater than 20% of the budget, and for any commercial agreement with a length that exceeds five years. Also, in event of liquidation, the articles of any football club structured as a members' association<sup>27</sup> provide that the remaining assets – after payment of creditors – must be donated to public

institutions; either the municipality or government of autonomous region where the club is based. These assets must then be used for the promotion of sport.

### 2.1.2. Governance Structure

The legal structure of members' associations in Spanish football is quite similar to that seen in the democratic public institutions, where the articles of the members' association define the terms and conditions for an electoral process. The clubs follow the rule of one member one vote and elections take place according to different timeframes at each club. For example, Barça and Real Madrid hold elections every four years and Athletic Club de Bilbao hold them every 5 years. The maximum number of consecutive terms for the president is two, which is a relatively new measure as previously some presidents, like Nuñez at FC Barcelona, served almost 20 years.

In those clubs registered as members' associations all the members over the age of eighteen with one year's club membership can vote. The electoral procedure requires the collection of a certain number of signatures, as established in the statutes, prior to a nomination being accepted. Some cases of fraud have occurred, but normally these are detected before the electoral process is perverted. Additionally, different clubs have different eligibility requirements. For instance, Real Madrid requires the candidate to be of Spanish nationality, whereas FC Barcelona, keeping coherence with its own history (the club was founded by a Swiss citizen), only requires a year of club membership prior to candidature. Nowadays, however, only wealthy individuals can afford electoral campaigns, even though anybody can theoretically become a president. However, the 15% deposit, which is subject to being forfeited in the event of mismanagement, can be easily obtained by way of a bank loan.

The highest decision-making authority in all the clubs that were, or are, structured as members' associations, is the Annual Delegate Assembly (ADA). The ADA is the main democratic authority of the club, and the board of directors are held accountable to it in front of the club's members, although the attendance of delegates at the ADAs is normally low (around one in ten actually show up). Additionally, any decisions that have a strong bearing on the life of the club must also be submitted to it, i.e. amendments to the statutes, the budget and the annual report. The composition of the ADA differs between clubs, dependent on the respective club statutes. At FC Barcelona, for example, the delegates

(about 2,000) are chosen randomly by a computer draw and they are given a limited mandate of 2 years. FC Barcelona also has a club senate, which is comprised of the 1,000 longest-standing club members. However, at Real Madrid delegate selection operates as a combination of a computer draw and a representative election by members<sup>28</sup>. Finally, at Bilbao any member who has the support of nine other members can attend the ADA.

In clubs structured as a members' association, the management board is composed of members who do not receive financial reward, and who appoint the club's paid executive staff. The boards of members' associations have two distinct tasks: they must act as the official representatives of the club, and they must manage the club, setting its business policies and strategies. The decision-making power is concentrated in the board of directors, even though some issues of crucial importance have to be approved by the ADA. For instance, the board has to request confirmation from the following ADA when new directors are appointed to fill casual vacancies. Decision-making tends to be top-down in most clubs that are members' associations, and the level of member involvement, and internal debate, is low. However, communication within members' associations has improved with advancements in information technologies.

#### • The Ombudsman

The institution of the members' ombudsman is found in Osasuna and FC Barcelona. Real Madrid may also introduce an ombudsman if it reforms its statutes. The ombudsman is independent from the board of directors. Their goals are the assistance, counselling and defence of the members' rights in their relationship with the club. The ombudsman is a club member with recognised prestige and they are elected for 5 years, with a maximum mandate of 10 years. They are proposed by the board of directors, requiring a supporting vote of three fifths of the ADA. Their main tasks also include managing the electoral roll, safeguarding the electoral process, and gathering all the members' claims that relate to their relationship with the board. The ombudsman also has to explain their activities in an annual report.

The regulation of members' associations was developed in the additional provisions of the Spanish Sports Law, jointly with the respective associations act: "The member associations adapted the accountancy of their professional sports sections to the rules that are regulated for SADs, and are subject to the same obligations

(in conformity with Article 26.1 of this Act) concerning the periodic information that they must forward to the CSD. The clubs that have several professional or amateur sports sections have to maintain separate accounts for each one of these. The LFP, the CSD and, when appropriate, the relevant autonomous communities, will be able to determine the clubs that will be subject to an additional audit carried out by auditors appointed by the aforementioned entities".

## 2.2. Sports Public Limited Companies (SADs)

### 2.2.1. Ownership Structure

#### • From Members' Associations to SADs

In the 1980s Spanish clubs were facing a critical financial situation. The government responded in 1985 by attempting to implement a restructuring plan (*the plan de saneamiento*), but this strategy did not achieve the expected result and the clubs' debt continued to grow. In 1990 an attempt to finally achieve financial stability was implemented, with a change imposed on the legal system of professional football via the Sports Act of 1990, which established a judicial framework of legal and economic liability on football administrators and directors. The Government forced indebted clubs to either become SADs or be relegated to the semi-professional league (second division B). This strategy opened the way for clubs to become listed on the stock exchange.

As previously mentioned, only four clubs avoided being transformed into SADs. Hence, they remained as members' associations, which they achieved by maintaining a positive net capital between 1986 and 1990, and through their members' assemblies voting against the structural change. These clubs were Athletic Bilbao, Barcelona, Osasuna and Real Madrid. All the other clubs had to become SADs by the end of the 1991/1992 season. It is worth noting that those four clubs that remained as members' associations are subject to identical obligations as those imposed on the SADs, in particular regarding to the periodic reports that they must submit to the CSD<sup>29</sup>.

The presidents and boards of directors of SADs were required to guarantee 5% of their budget for the purpose of ensuring the liability of the administrators. These guarantees would have to be paid by the warrantors in the event that their clubs had financial losses. Where members' associations were concerned, the required guarantees were stricter; with 15% of the budget being set by the outgoing board.

In the second restructuring plan in 1991, the club presidents and administrators reached an agreement with the CSD, through the LFP, which aimed to eliminate the clubs' debts. The plan was financed with the revenue available to the LFP from football betting<sup>30</sup>. This agreement guaranteed the clubs an annual fixed income of €10.8 million until 1997, regardless of the actual amount collected. In addition, the clubs were able to defer the payment of debts worth approximately €48 million. Furthermore, the CSD fixed a stock capital issue for each individual club, the proceeds of which would make it possible to reduce the clubs' entire debts to almost nothing. The football clubs were consequently able to wipe out their public debts (roughly €192 million).

Regarding the change of ownership status, the CSD regulated the offer of shares to the members of each club that was restructuring to become a SAD, with an attempt at respecting the members' status. The message from the government was that each member could become a shareholder in the resultant SAD. When a SAD was initially founded, the value of individual shares could not exceed €60. The total value of the shares issued was equal to the negative shareholders' equity, the difference between total assets and total liabilities. If the difference was positive (i.e. the shareholders' equity was positive) there was no obligation to become a SAD.

The trick here was that almost all clubs owned a ground in the city centre with a very low book value, as according to the Spanish GAAP they had to use the acquisition price (almost negligible). However, if they valued to market prices for housing or other use, the value would have been very high and only very few clubs would have been obliged to become SADs.

Therefore, the real effect of the transformation of the clubs in SADs was that some wealthy people could acquire very cheap real estate in the city centres. Some of them rushed to sell the ground after it was zoned as building land for housing or office use by the respective city mayors.

The process of share subscription was divided in three rounds. In the first round, each club member could subscribe to his/her corresponding number of shares as per the result of a simple division, which was the total declared debt divided by the number of members. The second round involved offering the remaining shares to those members who had already bought in the first round. However, the most important round was the third. The proportion of shares left in the third round varied between clubs, and the clubs' board of directors had the freedom to determine

the subscription process for those remaining shares. However, many lawyers considered that this process represented a deprivation of the members' economic and social rights, through obliging them to pay for shares to become shareholders in the new legal entity<sup>31</sup>. They argued that the fairest system would have been to distribute shares free to members, and then subscribe the remaining capital.

At some clubs, the supporters were not interested in acquiring shares, and in some of these cases the remaining third round of shares were subscribed to by municipalities and regional governments to protect the club, thus becoming major shareholders. In other cases, most of the remaining shares were subscribed to by wealthy individuals, who usually had a prior involvement in the board of directors of the previous members' association, with their companies sometimes becoming sponsors of the club. Overall, the conversions tended to concentrate the ownership of these clubs in far fewer hands than before, and some clubs, such as Atlético de Madrid and Real Betis, had even more problems fulfilling the new obligations as a result of their huge debts<sup>32</sup>.

This compulsory process of restructuring from members associations into SADs represented a dramatic change in the model of ownership structure for most Spanish professional football clubs. It also explains the current share distribution situation, which is due to the existing right of first refusal<sup>33</sup> that benefited those shareholders who already owned the most shares. However, some clubs did write a provision into their articles of association which prohibited the ownership of more than one percent of the shares by one person or entity<sup>34</sup>. Overall, the entire process was considered to be the only available solution for extinguishing the clubs' debts, although it is now apparent that this restructuring did not solve the underlying structural debt problems.

#### · Sports Public Limited Companies (SAD)

As previously mentioned, the ownership structures of SADs have some particularities as contained in the Sports Law and its rules of implementation, but they are subject to the general regime of Public Limited Companies. They are corporate bodies, specially created for the field of professional sports, with a legal framework that is established in the Sports Act 1990 (amended by law 50/1998) and the Royal Decree 1251/1999 (further modified by Royal Decree 1421/2001)<sup>35</sup>. Their basic principle is that stock capital is

divided into shares and voting rights are in accordance with the percentage of shares held. It is also worth mentioning that there is the theoretical possibility of sharing dividends, although they are seldom paid in actuality.

SADs need to be registered in the CSD's Register of SADs, and in the *Registro Mercantil* (government registry of commercial concerns). SADs, compared to non-sporting companies, have a very different kind of shareholder, as most of them are interested in the company as a sporting, rather than a commercial, entity. The initial offering in the 1990s mostly influences the current distribution of shares, and while the number of shareholders is often quite high, their individual participation in the company's corporate life is often not significant. The shares in a SAD are normally split into two blocks: a large controlling interest and a widely dispersed holding amongst the supporters.

Two percent of the Spanish population are club members or shareholders<sup>36</sup>. There has been no significant change in the amount of people who own shares, or who are members of a football club, as a result of the Spanish Sports Law. The chart below shows the percentage of the Spanish population who were shareholders or members of a professional club between 1990 to 2005.

Are you shareholder or member (socio)?	1990	2000	2005
Yes	10	8	7
No	90	92	93

Source: CIS Opinion Poll 2005

Seven percent of the population, aged between 15 to 74 years old, are either members or shareholders (roughly 2 million people). The barometer also defines the dominant profile of shareholders / members as young to middle-aged males who often practice sports, and who also have a medium to high level of education<sup>37</sup>.

The process for buying shares in a SAD takes place in several steps. First, a seller and buyer must make contact with each other and then reach an agreement on the potential sale.

There are no SAD shares traded on the Spanish public equity markets, even though law permits this<sup>38</sup>. Aside from complying with Spanish company law, a SAD also has to fulfil the higher requirements of transparency and financial reporting as established by the *Comisión Nacional del Mercado de Valores* (CNMV), who are the national body in charge of supervising the

stock exchange. The relationship between Spanish football clubs and the stock exchange goes back to the 1950s and 1960s, when Real Madrid and Atlético de Madrid issued bonds on the Madrid stock exchange for the purpose of constructing their respective stadiums. According to Cueto (1998), none of those issued bonds appeared attractive to the investing public, and the banks that were doing the underwriting bought most of them<sup>39</sup>.

#### · Restrictions on the transfer of shares

The CSD established certain regulations on the transfer of shares to preserve the integrity of the competition.

- SADs and clubs who take part in professional competitions at the state level may not own or have control - directly or indirectly - in any other SAD taking part in the same competition.
- Any individual or legal entity who holds 5% or more of the voting rights in a SAD cannot obtain, directly or indirectly, voting rights of 5% or more in another SAD that competes within the same sporting discipline.
- Finally, no individual or legal entity may acquire shares in a SAD if such acquisition risks altering or jeopardising the normal course of a competition<sup>40</sup>.

The Government has so far shown more interest in preserving the integrity of the competition, through trying to avoid multi-ownership, than in addressing the SAD issue of concentrated power within a few hands. Additionally, the restructuring into SADs did not achieve the main aim of reducing the clubs' huge, unsustainable debts in the long term. Indeed, since the restructuring some clubs have disappeared, some still maintain huge debts, and some have gone into administration e.g. Hércules, Logroñés, Compostela, Real Oviedo, UD Las Palmas, Sporting de Gijón and Alaves<sup>41</sup>. As a result, some supporters have campaigned for legal amendments that impose a limit of 5% of shares per individual, which would oblige the current owners to sell their shares if their holdings exceed this amount. Another idea is to allow the supporters to elect a representative who would have the rights to attend the club board and shareholders' annual general meetings, and the right to speak and vote in the board. Other supporters are considering exercising a right granted under the Spanish Constitution - the so-called "*iniciativa legislativa popular*", or popular legislative initiative<sup>42</sup>. This would involve collecting half a million signatures in 6 months, and

would allow a bill on amending the Sports Law to be taken to parliament.

## 2.2.2. Governance Structure

The Sociedad anónima deportiva (SAD) is a corporate body specifically created for the field of sport. One of the main objectives of the Sports Law no. 10/1990 (amended by Law 50/1998), and Royal Decree 1251/1999 modified by Royal Decree 1421/2001, was to establish a regime of legal liability reconciling the public interest present in sport activities with the commercial and professional features of some areas of sport. In this vein, one of the main aims for the establishment of the SAD was the hope of restoring equilibrium to the difficult economic situation of many football clubs. Garcia and Rodriguez state, “although television revenues began to have some importance in the clubs’ total revenues, the expenses that many clubs incurred to pay for stadium improvements, as a consequence of the World Football Championship in 1982, as well as other factors, prevented the clubs from keeping within their budgets and, in general, Spanish football clubs got further and further into debt ... For this reason, given the Sports Law of 1990 and the Decree of July 15th 1991, the Spanish Government obliged professional football clubs with losses to become sports stock companies (SADs)<sup>43</sup>.”

*‘It was to this end that the SAD. was created. A SAD is a commercial sociedad with independent legal personality, whose purpose is to promote, develop and participate in professional sport events (for one single category of sport event).*

*In principle, all clubs wishing to participate in official professional contests at the State level must adopt the form of a SAD. There are, however, some exceptions to this obligation: professional football and basketball clubs acting at the State level may not be required to adopt this form provided that their balance sheets are positive, and the Members’ Assemblies do not provide for the adoption of the form of a SAD.*

*In such cases, the adoption of the form of a SAD is not compulsory, however, the clubs remain subject to the same obligations as those imposed on the SADs, in particular with respect to the periodic reports that they must submit to the Supreme Council of Sports. Thus, for example, Real Madrid, FC Barcelona, Atlético de Bilbao and Club Atlético Osasuna did not adopt in the 90’s the SAD legal form. As to the organs of the SAD, the administration is entrusted to a Council of Administration. Both individuals and legal*

*entities can be administrators regardless of whether they are shareholders. Remain excluded those who have been convicted of serious infractions related to the field of sport within the last five years. According to the Sports Act the only civil servants that cannot be members of the board are those whose public administration activities are related to the control and supervision of SAD’s. The administrators must deposit a bank guarantee amounting to at least to 15% of the total budget of the Club. The Council of Administration acts as a group, but the by-laws can modify this and attribute powers to one or several members. Among the tasks of the Counsel: to inform the professional league of changes in shareholdings of the SAD. The administrators are liable for acts that are contrary to the Law and the by-laws of the S.A.D, but they are also liable vis-à-vis the Professional Leagues.*

*Any person or legal entity acquiring a significant participation in SAD (i.e. 5% or more) must communicate this fact to the Supreme Council of Sports. Any person wishing to acquire shares in a SAD with the result of obtaining voting rights of 25% or more must request the authorization of the Supreme Council of Sports.*

*In some cases, the acquisition of such shares is forbidden. In Particular, SADs and Clubs participating in professional competitions at the State level may not participate directly or indirectly in the capital of another SAD taking part in the competition, no individual or legal entity holding 5% or more of the voting rights in a SAD can obtain, directly or indirectly, voting rights of 5% or more in another SAD and no individual or legal entity may acquire shares in a SAD if such acquisition risks altering or jeopardising the normal course of a competition. Moreover, SADs are subject to significant accounting obligations, including the submission of periodic audit reports<sup>44</sup>.*

## 2.3. Financial Regulation – Licensing System

The Clubs need to obtain a license before they can compete in the professional national championship. The licenses are awarded by the LFP and are subject to the observance of financial regulations, which proscribe clubs from incurring debts to its players and employees, other clubs, or the state<sup>45</sup>. However, a crucial aspect of this rule is that it only covers debts incurred to players, employees or the state; bank debt, general commercial debt and personal debt is not covered.

There is an adequate mechanism

in place that controls debts between different clubs, which works to preserve the competitive balance. However, the LFP has also tried to establish a cost control system for surveying the degree of debt that the clubs hold. This system had to be established through an arbitration agreement, as to avoid normal paths of jurisdiction it was not established in the statutes. Due to this, its substance became meaningless as three clubs failed to sign the decisive arbitration clause, and hence it could not be enforced. Carlos del Campo (General Secretary of La Liga) did not want to disclose, for confidentiality reasons, which clubs were against the cost control system, although the reason behind their reluctance was obvious: they wished to avoid external binding controls on their finances.

The CSD requires interim (six monthly) and annual reports, the latter of which include audited accounts. The auditing includes a shareholders’ register for those clubs registered as SADs, and these clubs must notify the CSD of any changes in their share ownership as soon as they are aware of them. All the clubs bar Deportivo de la Coruña, have followed this legislation. The President of Deportivo, Augusto Cesar Lendoiro, has been investigated by the CSD as a result.

However, neither members of a club registered as a members’ association, nor the shareholders of a SAD, are entitled to request any action from the League against their affiliates as a consequence of mismanagement by their respective board of directors. If any member or shareholder has a claim they have to sue in the civil courts, which is a process that involves significant delays.

## 2.4. Financial Performance

La Liga revenues are dominated by Real Madrid and Barcelona, who between them account for almost half (48%) of the total revenues in the 2006/07 and 2005/06 season<sup>46</sup>. TV deals are sold individually by clubs and once Serie A returns to collective selling of TV rights in 2010, La Liga will be the only ‘big five’ European league where broadcast rights are sold individually. Deloitte forecast potential scrutiny from European regulators and competition authorities on this matter<sup>47</sup>.

Of the €168m (15%) increase in La Liga revenue in 2006/07, €151m (90%) was due to broadcast revenue, mainly driven by broadcast deals for both Barcelona and Real Madrid, and accounting for 43% of total broadcast revenues reported in La Liga in 2006/07<sup>48</sup>. The two clubs also account for 54% (€231m) of the total

commercial revenue of La Liga. Generally the competitive market has driven up rights values, but legal disputes over who owns the rights continue<sup>49</sup>.

According to Deloitte, Real Madrid and Barcelona are among the top three richest clubs in the world<sup>50</sup>. However, this list does not provide the full general financial situation, as these two clubs represent almost half of the total revenue in the 2006/07 season. Indeed, the aggregate debt of Spanish clubs in 2006 was €2.16 billion, which was ten times the accumulated aggregate debt seen at the time when clubs converted to SADs in the early 1990s. Furthermore, the players' union (*Asociación de futbolistas Españoles* (AFE)) asserts that it received 161 complaints from players against a total of 19 clubs, in the 2006/07 season, over an aggregate of €14,718,535 in unpaid salaries over that season. Over the same period, complaints against clubs in the semi-professional third tier amounted to €4,148,530<sup>51</sup>. By July 2008, debt-ridden clubs in the top two leagues owed their players over €38 million according to the AFE. Levante's players even threatened strike action over unpaid salaries.

One reason for the financial situation of Spanish football clubs is said to be the collapse of the Spanish property market, as construction companies have traditionally been the biggest investors in Spanish clubs<sup>52</sup>. Overall, six first division teams, 16 sides from the second tier and 91 clubs from la Segunda B and la Tercera were asked by the Spanish Football League to sort out their debts, otherwise they could be relegated automatically by at least one division<sup>53</sup>.

Additionally, the Spanish government has revealed that Spanish football clubs owe the country €607 million in back taxes for the last financial year<sup>54</sup>. However, it is expected that the Inland Revenue will not recover any debt and clubs will only pay a small amount of what they owe so that they are able to stay in business.

It is becoming apparent that SADs have used the strategy of administrative receivership to shelter from creditors. This has allowed clubs, by way of an agreement with those creditors, to reduce the burden of debt by as much as 50%. In return, court appointees run the SAD for a period of five years. The process of administration can be started voluntarily by the club or through a civil court application by the creditors and by shareholders or members if they are individually liable for the debts (e.g. if they guarantee the payment of the credits). According to the law, the procedure is open to all natural or legal persons including

members' associations. Some clubs have also benefited from "sweetheart" deals with their municipalities on property deals. This enabled Espanyol to leave its historic inner-city stadium following the sale of its former training ground for housing purposes; or the sale of Real Madrid's "sporting city" on the outskirts of Madrid. However, this strategy is not available to many clubs.

The level of debt, and the fact that the clubs sell their broadcasting rights individually, casts a great level of uncertainty over Spanish football. Thus, overseas investment in Spanish football is low and Spain has so far only attracted two foreign investors, who became the presidents of clubs that were registered as SADs.

### 3. Fan Culture

*In Spanish the word for support is *afición*, which means love, or affection. This Spanish expression perhaps differs from the English term 'support': its connotations are more overtly affectionate, though less actively supportive<sup>55</sup>.*

Spanish football culture can be considered to mirror the broad diversity in Spanish society. Hence, Spanish football culture is influenced by politics and history, and the diversity within football supporters reflects different visions of Spain. Support has an important local component in Spain, with the medium and small cities typically having one football club that acts as its symbol and represents its flag. This situation explains the existing natural link between the football clubs and the local / regional populations<sup>56</sup>. There is also a considerable supporters' movement for the national / regional teams, specifically in Catalonia and the Basque Country, both of which aim to compete on an international level. Overall, the teams with the greatest following tend to be those who win the most trophies, Real Madrid and FC Barcelona, and it is normal for supporters from other clubs to have a preference for one of the two big teams. Additionally, the recent participation of immigrants and women, which was traditionally low, has increased in recent seasons.

The influence of politics on Spanish football is distinct when compared to most other football-following nations. Real Madrid is considered to be the "Team of Spain", as five consecutive European Cup victories in the 1950/60s put the club, and Spain, on the European map. Real Madrid recently received an honorific ambassador of Spain award for their contribution to

the external image of the country<sup>57</sup>. On a different scale, Barcelona is the unofficial "ambassador" of Catalonia. Besides the two big clubs, there are also big local rivalries among teams that come from the same city or region, e.g., Real Betis and Sevilla, Athletic de Bilbao and Real Sociedad, Deportivo de la Coruña and Celta de Vigo.

#### 3.1. Supporters' Groups

Supporters' clubs are legally considered to be associations, and they follow the legal regime as established in the Spanish Law of associations of 2002, which has been enforceable since 2004. The registration requirements vary depending on the scope of the association. Those that have a national scope are registered with the ministry of internal affairs, while those with a lesser scope are inscribed in the register of associations of the relevant autonomous community, and are hence bound by the respective regulations.

According to the figures provided by the FC Barcelona's supporters' club department, the vast majority of members of supporters' clubs are not members or shareholders of the clubs they support. From the 200,000 *peñistas*, only about 20,000 (10%) are also members of the club. According to statements from the former president of the Federation of *Peñas* in RCD Espanyol, nowadays president of a minority shareholders' association, around 45% of shareholders of SADs are also members of a *Peña*.

The management of associations is established in their statutes, as long as it is consistent with the provisions of the law. 'The General Assembly of the associated members is the supreme governing (body). It meets once a year, unless at least 10% of the associates request an additional special meeting. The members of the General Assembly are required to approve the association's actions based on the principle of majority, or another chosen democratic process. Under the direction of the General Assembly, a representational body must be formed. The members of this body must be associates; their function is to assume responsibility for the ongoing management and representation of the interests of the association<sup>58</sup>. Additionally, if members of the organisational bodies of the association receive compensation for their services then suitable records must be made in the articles of association and the annual accounting, the latter of which must be approved by the General Assembly. The Associations' Act establishes the basic default rules for the internal administration of associations, which are enforceable if

the by-laws of any association do not have their own established rules.

## 3.2. Supporters' Organisations at the Clubs

### 3.2.1. The *Peñas* (supporters' clubs)

The supporters collectively organise themselves under the umbrella of the *peñas* (supporters' clubs). The naming of *peñas* often includes the name or nickname of the relevant club and the region where it is based, while some others are a tribute to a former or current player, the latter requiring authorisation from the player in question. Their clubs officially acknowledge some of the *peñas*, while others decide to be independent from their club.

The informal groups of supporters are mainly "social" groups, usually formed through an Internet site or blog. The aims of these groups are rather limited in scope: to organize meetings and parties of supporters, to coordinate transportation to the matches, to purchase signs and flags, to create songs and anthems, to accompany the young divisions of the club, etc. In practice, these groups lack formal personality and rights, and they have no legally recognized right of influence in the management of the clubs. These informal groups of supporters are an interesting development because, sometimes, they are the seed from which grow formal supporters' structures<sup>59</sup>.

The formally constituted associations of supporters are those that have adopted the legal form of an association with distinct legal personality. Depending on their territorial scope of action, these associations are registered either in the National Register of Associations, or in a Regional one. Although some of these associations have more or less formal links to the Clubs that they support, the latter may not always officially recognize them. Furthermore, usually the by-laws of these associations of fans do not make reference to the possibility or aspiration to take part in the management of the Club<sup>60</sup>.

In some cases of *peñas* of clubs structured as members' associations, where the supporters' club is in the same geographical region as the club, at least three members of the supporters' club have to be club members before they can be granted the status of an official supporters' club. Where the *peña* is established outside of the country, they generally require one supporters' club member to be a member of the club. FC Barcelona is establishing a code of regulation that governs this matter, which in turn has further developed its relationship with its supporters' clubs<sup>61</sup>.

The organisational structure of all the football clubs includes a department that is responsible for social initiatives including the clubs' relationship with the supporters. The clubs that have the most developed structures, such as FC Barcelona, have integrated this area to the extent that it is responsible for representing the football club at any ceremonies or events organised by the official *peñas*. The responsibility for this is held by a member of the board of directors, and its members are also appointed by the board of directors, with their powers and duties established within the club statutes. The members of this body may, at the discretion of the club, attend the meetings of the *peñas* consultative committee, which are organised by the Club.

### 3.2.2. Official Supporters' Clubs

**Consultative Committee – FC Barcelona**  
Regulation 9.2. of the Regulations Governing FC Barcelona Supporters Club, 'provides for the creation of a body known as "Official Supporters Clubs Consultative Committee" (the "Committee").

This body is composed of the same number of delegates as there are Zones in the different geographical areas. The Committee, upon petition by the Club, meets in the offices of FC Barcelona, at least once every 4 months. The elections for delegates to the Official Supporters Clubs Consultative Committee will be held every 4 years unless FC Barcelona considers it opportune to hold them in more frequently.

The central aim of the whole system is Regulation 9.2.3, according to which the main task of the Consultative Committee is to promote relations between the Official Supporters Clubs and deal with their concerns and suggestions, producing reports, recommendations and proposals for the Social Area of FC Barcelona. However, the reports, recommendations and/or proposals of the Consultative Committee are studied by FC Barcelona but have no binding force<sup>62</sup>.

### 3.2.3. The Minority Shareholders' Associations

These groups of shareholders have a high level of organisation where ownership issues are concerned, and they also control the board's performance. They only exist in clubs that have adopted the legal structure of an SAD, as in the members' associations the supporters are members and not shareholders. The minority shareholders' associations were created for many reasons, including the representation of minority shareholders and season ticket holders, defending the heritage of the clubs (some of them managed to prevent certain

clubs from having to move to another stadium), and acting as a forum of debate. Some of the individuals who established them knew each other from internet forums, for instance Señales de Humo and Por Nuestro Betis, whereas others just met in the AGA and decided to combine efforts. These associations are composed of responsible and highly qualified supporters who initially acquired shares during the transformation process in the early nineties, and also in the following opportunities as a result of consecutive capital increases.

Most of the associations were established during critical situations and they suffered from the mismanagement of the administrators. Those administrators dissolved their responsibility for any financial losses by making a reduction of capital followed by a capital increase, the so called "*operación acordeón*" (operation accordion). They were forced to do this by law, but some people involved in the board of directors used their privileged information to buy shares for less than the real nominal value, and in turn the percentage of shares owned by minority shareholders decreased. However, in general terms the distribution of shares did not change significantly due to the right of first refusal, which gives the current shareholders purchasing preference in proportion to the percentage of the shares currently owned when a capital increase takes place. The minority shareholders' association of Sevilla CF were granted the ability to avoid the right of first refusal after going through court. Their argument was based on social interest, as following the law *strictu sensum* would damage the minority shareholders and increase the gap between them and the majority shareholders<sup>63</sup>.

Minority shareholders' associations could be thought of as potential supporters' trusts if they changed their articles of association to allow supporters who are not yet shareholders to join them. Such a strategy would make them open and fully representative of the broad social mass of supporters, but in some cases they have shown reluctance to let other groups in. Sometimes this has been due to the character of their club, which could be taken over from the inside due to the possibility of acquiring shares, and so anybody who was not already a shareholder was considered to have no real wish to be one. In cases where this situation does not exist and they are open to all supporters there are still certain restrictions. For instance, due to the rivalry with the other team of the city, Por Nuestro Betis does not allow season ticket holders or shareholders from Sevilla to join their organisation. Some, as Asociación Señales de Humo, do not restrict its

membership to shareholders. According to the articles of association all Atlético supporters can be members.

The number of members differs in each association, and it is normally relatively small, although their level of influence may be high thanks to internet forums and proxy votes within the AGA. However, their level of involvement, according to their particular context, does differ between clubs. For instance, Bandera Blanca from Albacete is the association that has the most influence in the management of their club. In fact, one of their members is now the president of Albacete Balompié, which is currently playing in the second division A, as they were able to get the influence of 51% of the shares<sup>64</sup>. It is also worth mentioning that total book value of the contributed capital is among the lowest in Spanish Football at €6.5 million, and these shares are scattered among a huge number of shareholders.

APMAE of Espanyol have had a seat on the board since 2004 even though they still remain independent in their votes<sup>65</sup>. The evidence for this independence arises from their frequent voting against certain points in the AGMs, as they sometimes disagree with the board of directors' proposals on particular issues. The case of APMAE at Espanyol is quite different, as they supported the winning candidate in the 2004 elections to the board of directors. It is worth stressing that both of these candidatures considered the APMAE helpful for the stability of the governance of the SAD. This was despite, as established by the Spanish Law of Limited companies, the APMAE's percentage of shares being under the minimum required to obtain a seat in the board of directors due to the proxy votes. In other clubs where the supporters have become part of the board of directors, such as Santander, Levante and Valencia, the opposition from the board caused the activity of the minority shareholders' associations to dramatically decrease, or in some cases even disappear.

All of these associations follow democratic principles, through elections. The length of the mandate varies between associations, with a maximum of 5 years seen in APMAE of Espanyol, and a minimum of every 2 years at APMAE, Sevilla and Señales de Humo of Atletico de Madrid. Their main activity takes place before and during the AGA, as they have meetings to agree the direction of the vote prior to the AGA. Some minority shareholders follow a freedom of vote policy, but most of them promote the proxy vote among all the minority shareholders. Another situation where these groups

increase their activity is when a club undergoes an economic crisis and they protest to protect the assets of the clubs, for example in many cases preventing the sale of the stadium.

The relationship between the associations and their clubs varies. Some relationships are poor and are played out in the legal arena (e.g.: through the courts – as in the case of Por Nuestro Betis and Señales de Humo), whereas others have a stronger relationship through occupying a seat on the board (for example APMAE of Espanyol). Most of them agree that lack of transparency is a major issue at their clubs, as the board of directors simply fulfil their minimum legal requirements, and sometimes they even fail in that.

None of these organisations receive public funding to finance their activities, normally operating by levying a fairly low membership fee that allows them to finance their activities. Some of them have sponsors on their websites, and a few of them have small incomes from basic merchandising. They are extremely interested in talking to Supporters Direct UK about how to establish other funding sources.

Most of them produce publications to spreading their message amongst supporters, and all of them have a messageboard on their website, with these *fora* frequently updated and quite active.

Their relationship with the football authorities (the LFP and the RFEF) is almost nonexistent. The only governing body that interacts with them is the CSD, as the minority shareholders' associations often request financial and ownership information from this institution, as it jointly manages the register of SADs with the LFP.

The following table describes a survey, conducted in the context of the feasibility study, among the minority shareholders' associations of Spanish football clubs<sup>66</sup>.

Are you shareholder or member (socio)?	Members	Shares controlled	Shares owned	Board Rep	Founded
APAS (Sevilla)	100	18%	18%	No	1996
APMAE(Espanyol)	177	3%	1.6%	1 since 2004	2001
APARZ (Zaragoza)	50	15% (was 45%)	3%	No	1996
Bandera Blanca (Albacete)	10	51%	15%	Whole Board	2005
Por Nuestro Betis	900	4%	1%	No	2006
Señales de Humo (Atl. de Madrid)	200	1.5%	1.5%	No	2002

#### · Asociación Señales de Humo

This association of Atletico de Madrid, the Asociación Señales de Humo, was established in January 2002. Their main aims (as outlined in their statutes) are to defend the patrimony of the club and to serve as a forum for information and debate for fans. They were, and still are, opposed to the manner in which the Gil family has been running the then membership-based club since 1987. Jesús Gil became chairman of the SAD in 1992 when Atletico became a Public Limited Company (PLC). The Spanish High Court later ruled that Gil acquired the majority of his shares illegally. In 2003, the Spanish High Court found him unfit to be involved in any PLC, leading him to resign from the club's board. Currently the chairman is Enrique Cerezo and the CEO is Miguel Ángel Gil.

As can be seen in the previous table, they have a very low percentage of shares, as the Gil family and their connections own 95%. They are currently waiting for a court judgement, as they are contesting a fraudulent capital increase that could substantially alter the actual share distribution. They are also currently fighting the fraudulent sale of the Vicente Calderon stadium, which would result in the club moving to la Peineta, and which they believe will cause the club to lose a lot of money. They are receiving help from Supporters Direct UK. However, the current distribution of shares means that many of the supporters of Atletico Madrid do not consider joining the organisation to be worthwhile. The key to increasing their interest would be focusing the association towards building the membership and planning their strategy to focus on more realistic, short, medium and long-term objectives.

Representatives of Señales de Humo and Supporters Direct UK initially met in London during August 2007, during a period that some supporters of the club were aiming to establish a new club,

using FC United of Manchester (and AFC Wimbledon) as a model. Kevin Rye from Supporters Direct UK attended an event in May 2008 organised with other supporters' groups, called Gaudeamus, where a group of journalists responsible for covering news on Atletico de Madrid, took questions about the way that the media perceives the club and its supporters. The topic that generated the most discussion was the media's lack of criticism of the mismanagement of the club by the Gil family.

The case work conducted so far has stressed the need to establish a more appropriate strategy for the organisation, through employing a strategic communications plan, to increase membership and to provide opportunities for those members to become more active in the life of the organisation. The importance of simplicity and clarity in their publications was also, underlined. Another area that appears to need addressing is the fact that most of the work is performed by a few individuals, mainly carried out by its president. Like most organisations of this type, they rely on volunteers, and so resources are tight.

#### · Por Nuestro Betis

Por Nuestro Betis (PNB) was established on the 13th of April 2007, with the main aim of defending the club's interests against the abuses of its current main owner. The members of this new association knew each other prior to its establishment, as they were already active members on internet forums of Betis supporters (Beticos por el Villarín and other associations).

PNB invited Supporters Direct UK to the centenary of Real Betis Balompié in Sevilla in August 2007, to organise a collaborative relationship and to receive advice from Supporters Direct. The main aim of this meeting was to find out how Supporters Direct UK has established supporters' trusts and increased supporters' involvement in the running of their clubs in order to advance the same ideas at Betis. Since this meeting, PNB has launched a successful campaign for gathering as many proxy votes as possible so they can reach the required threshold of 5 %, allowing them a more coherent collective voice. Achieving this threshold entitles them to request an external audit, allowing them to check for possible irregularities in the management of the club.

The actions started by this group have four different strands:

· *Financial*: In an effort to increase transparency they have made several

requests to the CSD for financial information on the club, with an aim of assessing whether the club fulfils their accountancy obligations as established in article 10 of the SAD regulations, also evaluating the club's relationships with other companies owned by shareholders of Betis. They have required an external audit too, which is to be made by the government register of commercial concerns and will be paid for by the SAD.

· *Administrative / Legal*: Here they are campaigning for the definition of the rights of the minority shareholders, and how they can take any appropriate legal action against those individuals at the club who may be guilty of any mismanagement.

· *Political*: They have established contact with the relevant public authorities, with an aim of improving the club's image, and with other supporters' groups, to help integrate them into the wider movement. They have done this through media campaigns promoting their work. In the past, they have also run campaigns against the sale of the stadium.

· *Legal*: They have campaigned for a requirement of a cancellation of contracts that in their view damaged the interests of the club, and for a register of the Betis shareholders. They have demanded a right to call an Extraordinary General Meeting. Additionally, campaigns among season tickets holders have been held to prevent season ticket monies from being diverted to companies owned by the existing board of directors, instead of the club<sup>499</sup>.

The owner of Real Betis Balompié has also been using the club's official channels of communication – in particular a radio station – to insult those who oppose him. Hence, the last AGA was the most intense in the club's history. At this meeting the police had to intervene, following the club's owner inviting 200 Betis ultras to the meeting, who subsequently threatened the representatives of PNB. The PNB tried to demand transparency and accountability from the board of directors without success, and they were not even allowed the right to speak. They ensured that they invited a notary to witness the goings on at the meeting, and they intend to take the board to court for not respecting their rights as established in the articles of association.

#### 3.2.4. Fan Initiatives

There are also groups of individuals in those clubs structured as members'

associations who are dissatisfied with the management of their clubs. These groups aim to challenge the existing board, and seek to enhance the quality of internal democracy. Some of them exist for relatively short periods of time, where they fail to win elections.

#### · Elefant Blau

The most famous example is *Elefant Blau* (Blue Elephant) at FC Barcelona, which was organised to oppose the *Nuñismo* abuses that occurred in the late 1990s (Nuñez was the president of FC Barcelona for 20 years). Elefant Blau was led by the now president of FC Barcelona, Joan Laporta.

The group had the following to say about the idea of a Europe-wide movement of supporters being established:

*'L'Elefant Blau will be pleased to develop links with sister supporters' associations in other European countries, where business interests have threatened the special nature of their clubs. There is a growing feeling among fans across Europe that collective action needs to be taken to protect the game we love. Thus, L'Elefant Blau would propose the creation of a European Association of Football Supporters that would act as a lobby group to defend the interests of supporters, and their clubs and communities. This lobby would seek to include as many supporters' groups across Europe as possible, and would establish a central secretariat and headquarters, with branches in every country. L'Elefant Blau believes that one of the first campaigns of such an organisation should be to prepare a manifesto addressed to the European Commission, proposing the above-mentioned independent European-wide regulator of professional football'*<sup>68</sup>.

As Laporta is now the president, unsatisfied "socs" (club members) have established other organisations, such as "Asociació per la Defensa dels Drets de les Socies i Socis del FC Barcelona", and "Òmnium Blaugrana"<sup>69</sup>.

Recently club members have launched a censure motion against the management of the club, as vote of no confidence that sought to oust Laporta and his board of directors. Barcelona's club statutes allow for a motion of censure to be officially put in place if five percent of the club's members who qualify as voters – adults who have been members for more than one year – sign a petition. The club has roughly 117,000 members with voting rights, meaning the petition needed to gather the signatures of around 6,000 members<sup>70</sup>.

The vote on the censure motion against Laporta's presidency took place on 6 July 2008 and won 60.6 per cent of almost 40,000 votes cast<sup>71</sup>. However, the motion failed to achieve the two thirds majority necessary to force a new election.

Followed by the resignation of eight directors from the board, Laporta has stated that his future is a matter for the assembly meeting in August to decide upon.

### - Plataforma Blanca por el Real Madrid

An association with similar aims, called "*Plataforma Blanca por el Real Madrid*", was established at Real Madrid last year. It also questions its board's financial management competency, due to the huge increase in debt seen over the recent years. It wants to preserve the club's image and assets, while acting as a forum for the discussion of the club's management.

### - Athletic Eup!

Supporters of Athletic de Bilbao established a group known as "*Athletic Eup!*", and was established with the goal of bringing the voice of the base supporters (*socio de calle*), who were tired of the unclear institutional and sportive situation, to the board of directors. They contested the elections with two major policies: to open Lezama (the Athletic de Bilbao academy) to people from outside the normal strict recruiting criteria, where only Basque players are eligible; and supported the idea of wearing a sponsor on the club's shirt.

Overall, these types of associations gather together unsatisfied and responsible supporters and act as a forum for debate, in good will towards the club they support.

### 3.3. National Supporters' Groups

Until recently, the only supporters' considered by the football authorities to be a legitimate representative of supporters was AFEPE, also known as *Aficiones Unidas*. They also are recognised by the government.

#### 3.3.1. Aficiones Unidas: Asociación de Federaciones de Peñas de Clubes de Fútbol – AFEPE (Association of Federations of Supporters' Clubs of Football Clubs)

Supporters' clubs are organised on three main levels: individual supporters get together in *peñas*, and above them all the AFEPE acts as an umbrella organisation. The main goals of the AFEPE are the representation of supporters, the promotion of friendship among supporters from different clubs, and the expansion

of fair play (known in Spanish as *Juego Limpio*) among the stakeholders in Spanish football (players, coaches, referees, RFEF and the LFP).

AFEPE currently includes 38 federations of *peñas*, which cover all the clubs from the first and second divisions, with the exception of Real Sociedad, Osasuna and Numancia. It is the most representative supporters' organisation as it represents roughly 600 *peñas*<sup>72</sup>.

The AFEPE's democratic structure is laid out in its articles. The president and the general secretary are elected every four years by the presidents of the *peñas* federations from each club, who have each been elected by their respective *peñas*. Each *peñas* federation has one vote, regardless of their size.

The board of directors holds meetings every three months. They also hold closed-door seminars every six months in the RFEF's headquarters, which are attended by all the stakeholders involved in Spanish football (LFP, RFEF, CSD, AFE, trade union of coaches, the media, referees, the police, and the observatory of violence and xenophobia in sport). The meetings with the governing bodies of Spanish football authorities, where topics relating to security measures at away games are discussed, occur at least once every three months.

They have taken part in several social responsibility campaigns, which were held by the governing bodies. AFEPE also acted as a promoter of a CSD campaign for Fair Play, which took place in a football industry congress called Planet Fútbol, in Madrid, and at the same time they also received some funds from the CSD for the purpose of organising some of their annual events in Madrid and Santander. Although their annual congress is not normally financed by the CSD, these funds were provided due to the fact that the congresses were related to the fight against violence and racism. AFEPE also has an agreement with the RFEF, whereby they promote the support of the Spanish national football team. In one national team match, held in Salamanca, the AFEPE produced and distributed 30,000 leaflets concerning the prevention of violence and racism in football. They have also distributed more than 2 million pamphlets as part of the LFP's social responsibility campaigns, which have included campaigns against violence and xenophobia, promoting reading, and against violence against women. At same time they have promoted their own initiatives, such as the day of the referee, which advocates respect for match officials.

Their main source of funds comes from an agreement with the foundation of the

LFP, which annually contributes €12,000 for travelling and organisation expenses. Contributions from the CSD are linked to the annual meetings where they are related to the fight against racism and violence. The Spanish FA also contributes in meeting the costs for venues for their seminars.

In regards to international links, they belong to the European *Euro Fan* organisation. They are also a member of the European study group against violence and racism, and attended conferences in Budapest organised by the Council of Europe, and the one held by the EU in Brussels in November 2007. They also invited representatives of supporters' organisations from Belgium (FAN coach) and Denmark to their last annual congress, held on the 29 June 2007 in Santander, and were also invited to meetings with French supporters' groups in Toulouse in the spring of 2007.

In summary, AFEPE represent Spanish supporters at a national and international level, work to isolate violent groups, promote friendship across the game, and fair play.

#### 3.1.2. Federación de Accionistas y Socios del Fútbol Español I – FASFE (The Federation of Shareholders and Members of Spanish Football Clubs)

FASFE is a new national Spanish football supporters' organisation. This association has completely different aims and objectives from AFEPE, being more focused on ownership issues, and transparency and democracy in the management of clubs. The minority shareholders' associations at six professional football clubs founded the association. Currently the affiliated groups are Por Nuestro Betis, Béticos por el Villamarín, APA Sevilla CF, APARZ Zaragoza CF, APAR Real Sociedad and Señales de Humo from Atlético Madrid<sup>73</sup>.

As part of its aim to represent as many supporters as possible nationally, FASFE has established contact with other similar groups with the aim of growing the membership, with five clubs in a transition phase of becoming members of FASFE: Omnium Blaugrana at Barcelona, APMAE Espanyol, SAM Levante, Bandera Blanca from Albacete and APA Valencia

The following groups have shown their interest to join: Plataforma Blanca Real Madrid, Superacción Deportivo de la Coruña and Asoc Dep. Vicente Calderón – Federación de *peñas* Atlético de Madrid<sup>74</sup>.

FASFE wants to use the supporters' trust model developed in the UK, and their main aims are to represent and safeguard the interests of the

(minority) supporter-shareholders to the football authorities (on the national and international level), to public institutions (i.e. the state, the autonomous regions and municipalities), and to political parties and other relevant bodies. They also aim to provide consultative services to the CSD and other bodies on issues that relate to the interests of minority supporters-shareholders of SADs. All the members promote long-term democratic involvement in clubs, whether their clubs are SADs or members' associations. They wish to operate in a constructive and proactive manner, and not just be seen as an opposition to the establishment. However, all of them consider that the conversion of members' associations into SADs was a huge mistake, as the controls that the Spanish Sports Act aimed to implement have not worked properly, particularly given that the level of debt has increased significantly.

FASFE acts as a forum for the exchange of knowledge and experience amongst members, with an aim of helping other supporters to set up similar organisations (in the way that SD does). At the same time they wish to strengthen the use of football as a tool for integration and anti-discrimination and as a source of understanding among supporters. The new association established the following short-term goals:

*They aim to remove the current right of existing shareholders' to have first refusal on new shares in the event of a new share issue. They are also seeking for seats to be available to minority shareholders' associations on the board of directors of SADs, which is the reasoning behind adopting legal models. They also aim to reduce the threshold required in order for shareholders to attend AGAs in the SAD. Finally, they want to create the role of ombudsman for minor shareholders, elected democratically by one member of one vote, independent of the number of shares held by each shareholder. The ombudsman would have unfettered access to relevant information required to carry out the role. Ultimately FASFE is aiming to achieve the transformation of clubs back into members' associations, doing this by promoting and leading a debate to convince the public authorities and legislators to come up with the legislative routes to achieve this<sup>75</sup>.*

FASFE provides its member associations with various services, providing communication/media relations support to help spread the philosophy of the

Federation, particularly using the internet and electronic communication as a tool; legal services; expertise and advice on finances in order assist in building a picture of the financial state of clubs; finally FASFE aims to provide commercial and fundraising ideas and support to generate income for the federation and its members.

As previously mentioned, FASFE aims to instigate a change in the legal structures of Spanish football clubs, with the objective of transforming the SADs back into members' associations, or at least offering alternatives to the structures currently established under the Spanish Sports Act. In addition, they want to establish the current level of compliance of the existing laws within Spanish professional football. To achieve their long-term aim they have started to lobby the three national political parties: Partido Socialista Obrero Español (PSOE), Partido Popular (PP), and Izquierda Unida (IU). The MP from IU, Mr. Llamazares, questioned the government in parliament as a result of a meeting with FASFE, enquiring about potential governmental strategies for changing the SAD model.

On January 29 2008, the launch of the new federation took place in front of the media – both national and subsequently the local press. The media coverage was quite significant, with two national broadcasters and several regional ones covering the launch. Words of support from Supporters Direct UK in the form of a letter were also communicated. On May 13 2008, FASFE had another press conference in Zaragoza, with Supporters Direct UK in attendance but not taking part. Before the press conference, Kevin Rye from Supporters Direct UK was able to listen and speak with the member associations about their experiences, the issues they have to contend with and the assistance and support that Supporters Direct might be able to provide. Despite the cultural differences and unique environments each group is faced with, there are many similarities with the problems faced by supporters of clubs in the UK. One of the main areas of interest for FASFE was in how and from what source funding is sourced. During the meeting, FASFE also was able to express its solidarity with a similar organisation recently established in Portugal, who had recently launched a campaign against a similar proposal to the English Premier League's aborted 'Game 39' proposal, where it was being proposed that Portuguese league fixtures be played in former Portuguese colonies.

Supporters Direct UK are already advising FASFE and the collaboration with

Supporters Direct is mentioned on the groups website<sup>76</sup>.

## 4. Suggestions

The current financial situation of Spanish clubs and the development of supporter-shareholder groups, and the subsequent establishment of FASFE means that there is a favourable environment for a similar development to Supporters Direct and the supporters' trust in the UK. However, the interest that Spanish supporters' clubs have in getting involved with the management of clubs differs between clubs, as the context and culture of the different regions varies substantially.

There is tangible evidence that many supporters' groups are committed to establishing something similar to the trust movement in Spain. The types of assistance that they would require would be of two major types: Firstly, practical help. Due to the lack of experience existing in Spain when compared to the level of development that Supporters Direct has in the UK, they can foresee situations and problems that have already occurred there, extrapolating them to the Spanish experience. Secondly, a Supporters Direct Europe could assist in developing a more public role for FASFE and their constituent groups. Spanish public opinion frequently takes ideas more seriously if those ideas have consistent support from Europe. Therefore strong European links could lead to those supporters and institutions that are currently sceptical joining the movement.

There is an urgency to increase the influence of supporters and to set up proper controls on clubs' debts, as the majority of the boards of directors at clubs appear to only think and act according to very short-term goals, leading serious financial problems and in some cases bankruptcy. The emergence of FASFE and the development of their constituent groups provides a positive way for supporters groups to be established with (and for existing groups to adopt) democratic and transparent structures. This approach results in the focus being on long-term goals and wider reform of clubs and the industry, not simply the establishment of initiatives with a limited shelf-life, campaigning on a short-term, single issue such as a change in the existing directors at clubs for new ones that could easily make the same mistakes.

### 4.1. The Adequate Legal Structure for Supporters' Groups

The legal form chosen by supporters'

groups who are actively involved in their club's governance and ownership structures is that of a non-profit association. The membership policies vary, and where the club is a SAD, the membership of minority shareholders associations is often restricted to shareholders only. However, to ensure the crucial principle of openness of membership that supporters' trusts operate under, the groups should be open to all supporters, thus broadening the ability of the group to be able to claim to represent the broader fanbase. To achieve this, amendments to some of the articles of association in groups with restrictive membership policies would have to be made. There should be no restrictions, save any commonly legal standards, in joining.

The same principles of openness in regards of membership should also apply to supporters' groups at clubs that are members' associations. Although obviously membership cannot be determined by a person owning a shareholding, any restrictions based outside of the same commonly accepted legal standards (as mentioned above) should be removed and the group accessible to all supporters.

Providing the same tax benefits granted to non-profit bodies that meet the 'public utility' test would free up resources, allowing the group to focus on their core activities of building membership, growing their shareholding and acquiring board representation at the club. This could have the beneficial effect of helping to achieve a higher degree of participation amongst supporters, and members. Some steps in this direction have already been made by the representatives of some of the minority shareholders' associations through contacting the *Secretario de Estado para el Deporte*, the Secretary of State for Sport, but so far there has been no response.

Where supporters' groups at members' associations are concerned, all the above applies except the references to shareholding. Where 'representation' is concerned, members' clubs operate under a democratic structure, and so the ability for supporters' to gain election to the board is already a reality. However there may be ways – such as that at Barcelona where the OSCCC is concerned – that the group wishes to take a more official place in the structures at the club, and so this could be an aim for some.

### 4.2. Governance Guidelines via Statutes

Although the structure of members associations' guarantees, for example, transparency and democratic management, from a legal point of view (besides the fan initiatives which influence the clubs'

management) the influence of these procedures in the management of football clubs remains modest. Directors of the football clubs are not legally obliged to execute, or even take into consideration, the concerns, reports, recommendations or proposals of members' associations. One possibility for improving this situation might be to further design the clubs' statutes to create formally binding obligations on the part of the managing board with respect to the rights of the members, and particularly financial reporting.

### 4.3. Representatives on the Board and Measures to Increase Attendance at the AGA

An effective measure for increasing the attendance of AGAs at SADs could be to establish a limit on the concentration of shares or by increasing the number of seats on the board of directors. The outcome of both of these measures would be that wider participation would be possible. However this would not be guaranteed, as simply increasing the number of directors does not guarantee a broader and more reflective or representative (of the fanbase) board of directors. There is also a danger that such an action could cause a decrease in the boards' level of effectiveness, therefore any change such as this needs to be carefully considered in order to maintain the desirable balance so that the club can be democratic, but that it can also operate effectively.

In principle, however, representation on the board could help to increase transparency. Improved governance structures could help to pave the way for FASFE members to restructure their clubs as members associations.

A measure for increasing the attendance at the AGA of members' associations would be changing the cycle of these meetings to ensure attendance is both enabled and maximised. This would be done by amending the statutes and this changing the actual assembly dates.

Additionally, there is a need where both members associations and SADs are concerned to ensure that AGAs and other relevant meetings of a members' association are adequately publicised.

### 4.4. Federación de Accionistas y Socios del Fútbol Español – FASFE The Federation of Shareholders and Members of Spanish Football Clubs

FASFE does appear to have similar objectives to those held by Supporters Direct in the UK. It is currently composed of six minority shareholders' associations, but it is growing quite fast and a number

of other associations are interested in joining the group. To help them gain more representation they have also established contact with initiatives in those clubs which are structured as a members' association, including at Barcelona and Real Madrid.

The long-term objective of FASFE is to return to the previous Spanish professional sports model, where all clubs were members' associations. To achieve this they have started to lobby political parties, with the objective of making amendments to the current legislation. These efforts crystallised when the parliament was questioned about the current obsolete model of SADs. Another possible avenue for achieving their goal could be through making use of the popular legislative initiative, established by the Spanish constitution, by collecting about half a million signatures and then sending a proposal to parliament.

One of the desired outcomes of their parliamentary lobbying would be the sourcing of monies as a funding stream for the association. This would give FASFE the ability to be able to provide more services to supporter-shareholder groups. Supporters Direct UK are already advising FASFE, and a Supporters Direct Europe could continue to provide advice and guidance to them.

The most relevant assistance a Supporters Direct Europe would provide is to help increase awareness among supporters about the importance of their involvement in the long term sustainability of their clubs. Supporters Direct has also been asked to help increase supporters' influence in the running of their clubs by developing appropriate club statutes. Overall, a Supporters Direct Europe should develop a best practice guide in cooperation with the groups in regards to ownership and governance structures. This guide should not just assist supporters groups but also clubs with accounting issues, strategic planning, campaigning and other matters of concern. Legal advice provided by local expertise is considered to be crucial.

### 4.5. Implementation of the Rule of Law

One of the main problems for minority shareholder groups seems to be the state's limited use of its control mechanisms. Currently, the state's control focuses on avoiding multi-ownership. Additionally, even if supporters-shareholders get organised and use the legal company law or criminal law instruments to control the board the delays in Spanish courts provoke the groups being actually helpless. Hence, it is necessary to increase the implementation of the existing rule of law, thereby taking a step from theory to practice.

#### 4.6. Football Authorities

There are not currently many ways that supporters can make their voice heard by the football authorities. Currently a great deal of interaction between the two groups occurs through anti-racist and anti-violence initiatives. This means that relationships are already established, and therefore incorporating of the FASFE agenda of

promoting better governance is not such a leap of faith, and the work already done by a number of these groups (at Betis for example) provides substantial evidence that such groups are able to pursue a responsible and progressive agenda. Having a route to discuss such issues with one of the key stakeholder groups in the game can only benefit both groups.

- <sup>1</sup> § 7.2 Spanish Sports Act of 1990.
- <sup>2</sup> § 2 of the Spanish Constitution 1978.
- <sup>3</sup> § 148.19 of the Spanish Constitution.
- <sup>4</sup> Data taken from [www.worldpress.com](http://www.worldpress.com): Spain a profile, 2007.
- <sup>5</sup> GPD expressed in PPS (purchasing power standards). European commission. Eurostat 2006.
- <sup>6</sup> Albert-Roulhac, C. 'Corporate governance in Europe: what's the outlook?', Heidrick & Struggles Study 2005, pp. 30-31.
- <sup>7</sup> [http://www.bolsamadrid.es/ing/contenido.asp?menu=3&enlace=/ing/mercados/acciones/accind1\\_1.htm](http://www.bolsamadrid.es/ing/contenido.asp?menu=3&enlace=/ing/mercados/acciones/accind1_1.htm)
- <sup>8</sup> Albert-Roulhac, 2005, p. 30.
- <sup>9</sup> Albert-Roulhac, 2005, p. 30.
- <sup>10</sup> Survey published by CIS (Centre of Sociological Research) Estudio nº 2.705.
- <sup>11</sup> § 7.2 Spanish Sports Act of 1990.
- <sup>12</sup> § 2.1 RFEF Statutes.
- <sup>13</sup> § 2.b of the Spanish Sports Act.
- <sup>14</sup> §§ 46, 47 and 48 of the statutes of LFP.
- <sup>15</sup> Interview with Carlos del Campo, General Secretary of LFP, Madrid, 4 October 2008.
- <sup>16</sup> LFP, 'Informe sobre la viabilidad y procedimiento a seguir para el cambio de domicilio de una S.A.D. emitido por la Liga Nacional de Fútbol Profesional (Report on the feasibility and procedure to be followed to change the domicile of a S.A.D. issued by the LFP)', Madrid, June 2007.
- <sup>17</sup> Aguilar, A. Interview of the lawyer of the LFP, Juan de Dios Crespo, [iusport.com](http://iusport.com), 26th August 2007.
- <sup>18</sup> For further information pertaining to the change of domicile of Mi apuesta.com, see Delgado, M., Brief comment about the change of domicile of Mi apuesta Figueres to Mi apuesta Castelldefels, website [derecho deportivo on line](http://derecho.deportivo.com), [www.ddel.com](http://www.ddel.com), 2007.
- <sup>19</sup> Alises, J. M., 'The European sports charter questionnaire', Committee for Development of Sports, Council of Europe, Spain, 29 March 2006. p. 5.
- <sup>20</sup> Preamble Spanish Sports Act 1990.
- <sup>21</sup> §10, Spanish Sports Act 1990.
- <sup>22</sup> §8, Spanish Sports Act 1990.
- <sup>23</sup> Information provided from the website of the CSD (Spanish Supreme Sports Council) : [www.csd.mec.es](http://www.csd.mec.es).
- <sup>24</sup> Intern Congress of AFEPE, Madrid, 6 October 2008.
- <sup>25</sup> For the analysis of ownership and governance structures of Spanish football clubs, and to a lower degree of the legal structures of supporters groups, we have made extensive use of the Swiss Institute of Comparative Law, 'Comparative Study of the Legal Structures of Football Clubs and Supporters' Organisations in 45 Jurisdictions', Volume II, Lausanne, 14 March 2008, pp. 1-436.
- <sup>26</sup> § 13 Spanish Sports Act 1990.
- <sup>27</sup> According with the §7 K and §18 E of LO Asociaciones 1/200, 22 March (Spanish Associations Act) the Articles of association shall define the destiny of the assets, in the event of liquidation, without distorting their aim of non profit association.
- <sup>28</sup> Real Madrid's Fan initiative, called Plataforma Blanca, has recently sued the club for processing irregularities in the delegate elections.
- <sup>29</sup> Swiss Institute of Comparative Law, 2008, pp. 1-436, p. 319.
- <sup>30</sup> Garcia, J. and Rodriguez, P., 'The Financial Structure of Football in Spain', *European Sport Quarterly* 3, Vol. 3, No. 4, 2003, pp. 253-269.
- <sup>31</sup> Selva, L. M., 'Las Sociedades Anónimas', 1999.
- <sup>32</sup> Sanchez, I., '15 años de S.A.D.', [Marca.com](http://Marca.com), 2007.
- <sup>33</sup> The right of first refusal gives proportional preference to share buyers depending on the nº of shares currently owned, which goes in the favour of those shareholders with a higher number of shares.
- <sup>34</sup> This was the case of Deportivo de la Coruña, but recently they amended this rule to attract new investors.
- <sup>35</sup> Swiss Institute of Comparative Law, 2008, p. 318.
- <sup>36</sup> Survey CES, Centro de estudios sociológicos (center of sociological studies), 2006.
- <sup>37</sup> Survey Centro de estudios sociológicos 2006.
- <sup>38</sup> Act 50/1998 and §9 Real Decreto 1251/1999.
- <sup>39</sup> Fernández, L. Escudero, E. and Rodeiro, D., 'Financiación de entidades deportivas en el mercado bursátil: Factores Influyentes en la salida a bolsa de los clubes de fútbol y su posterior evolución'. Compostela University, 2002 pp.1-18, p.5.
- <sup>40</sup> §22, Spanish Sports Act.
- <sup>41</sup> Interview with Mr. C. del Campo, GS of LFP, Madrid, December 2007.
- <sup>42</sup> § 87.3 of the Spanish Constitution, developed by an Organic Act of 1983, amended in 2006.
- <sup>43</sup> Garcia and Rodriguez 2003, pp. 253-269.
- <sup>44</sup> Swiss Institute of Comparative Law. 2008, pp. 318-320.
- <sup>45</sup> § 49.7 LFP statutes.
- <sup>46</sup> Deloitte, Annual Review of Football Finance 2008, p. 13.
- <sup>47</sup> Deloitte 2008, p. 17.
- <sup>48</sup> La Liga, together with the German Bundesliga, reported the largest increase in broadcast revenue in 2007/07, up by more than €150m. Deloitte 2008, pp. 13, 16.
- <sup>49</sup> Deloitte 2008, p. 16.
- <sup>50</sup> Deloitte, Annual Review of Football Finance 2007, p. 19.
- <sup>51</sup> Pita, X. 'El fútbol español debe casi 360.000 millones de pesetas', [www.xabierpita.es](http://www.xabierpita.es), 20 August 2006.
- <sup>52</sup> <http://www.sueddeutsche.de/ra9m1/finanzen/artikel/894/186306/>; Soccer Investor, 30 July 2008.
- <sup>53</sup> <http://www.goal.com/en-US/Articulo.aspx?ContenidoId=797296>.
- <sup>54</sup> <http://www.11freunde.de/geschichtsstunde/19668?PHPSESSID=72fdcfb304b5e491d3553c9a68d0c902>.
- <sup>55</sup> Barajas, A. and Crolley, L., 'A model to explain economic support in Spanish football', University of Vigo, 2005, p. 5.
- <sup>56</sup> Barajas, A. and Urrutia, I., 'Economic impact of support in Spanish professional football'. *International Journal of Sports Marketing and Sponsorship*, April 2007, pp. 272-279, p. 7.
- <sup>57</sup> [Marca.com](http://Marca.com), 11 October 2007.
- <sup>58</sup> Swiss Institute of Comparative Law, 2008, p. 327.
- <sup>59</sup> Swiss Institute of Comparative Law 2008, pp. 320.
- <sup>60</sup> Swiss Institute of Comparative Law 2008, pp. 320-321.
- <sup>61</sup> [http://www.fcbarcelona.com/web/catala/penyes/serveis/documentacio/regulacions\\_eng\\_v3.pdf](http://www.fcbarcelona.com/web/catala/penyes/serveis/documentacio/regulacions_eng_v3.pdf).
- <sup>62</sup> Swiss Institute of Comparative Law, 2008, pp. 324-325.

## Spain

- <sup>63</sup> For an extended history of the activity of supporters defending the independence of Sevilla CF, see <http://www.forosevillista.com/Textos/Anexolibro.doc>.
- <sup>64</sup> Interview with J. L. Galiacho, member of Plataforma Blanca (minority shareholders' association of Albacete Balonpié), Madrid, December 2007.
- <sup>65</sup> Interview with J. Ramio, President of APMAE and Board member of RCD Español, Barcelona, December 2007.
- <sup>66</sup> Other minority shareholders' associations that could be potentially interesting are: Asociación Accionistas Albiazules of Deportivo Alavés, SuperAcción of Real Club Deportivo de La Coruña, Asociación de pequeños accionistas del Levante (APAL) of Levante Unión Deportiva, Asociación Espíritu 2003 of Real Oviedo, Plataforma Racinguista Valencia Club de Fútbol of Racing de Santander, and Asociación de pequeños accionistas del Valencia C.F. (APAVCF).
- <sup>67</sup> Information taken from the website of PNB.
- <sup>68</sup> Edited transcripts of a speech given by Joan Laporta, member at that time of the now defunct Fan initiative called *Elefant Blau*, at a conference on 'The Governance and Regulation of Professional Football' at Birkbeck College, University of London, 8 July 1999.
- <sup>69</sup> These groups appear genuinely interested in joining the recently created Federation of Shareholders and Members of Spanish football (FASFE), indeed a representative from attended the FASFE meeting held on May the 13th 2008 in Zaragoza.
- <sup>70</sup> <http://www.fcbarcelonablog.com/index.php/2008/05/13/barcelona-members-request-censure-motion>.
- <sup>71</sup> Soccer Investor, 11 and 14 July 2008.
- <sup>72</sup> Ppt. presentation of AFEPE, Zaragoza, 3 November 2006.
- <sup>73</sup> The secretary of the new association is José Luis Sánchez Ayuso from Señales de Humo, while the current president is José Ángel Zalba, who is also the president of the minority shareholders' association of Real Zaragoza. He is a former president of Real Zaragoza for two different periods of officer: seasons 1971-1978 and 1988-1992, is a patron of the Foundation of the LFP, was a member of the Finance Committee of the LFP from 1991 to 1993 and was also president of the Organising Committee of the 1982 World Cup in Spain. He has vast experience of the football industry, and as the president of Zaragoza he oversaw the transformation of the club from a members' associations to SAD. The rest of the constituent members of FASFE's board of directors are José Luis Sánchez Ayuso (Señales de Humo, Atlético Madrid), Camilo Puerto (Betis), Mr. Galiacho (Albacete), and Francisco López (Sevilla CF). Information provided by José Luis Sánchez Ayuso (Señales de Humo, Athletic Madrid), Director of FASFE.
- <sup>74</sup> Information provided by José Luis Sánchez Ayuso (Señales de Humo, Athletic Madrid), Director of FASFE.
- <sup>75</sup> Press Note issued by FASFE communication department, 29 January 2008.
- <sup>76</sup> "FASFE (...) colabora con organizaciones internacionales de aficionados como Supporters' Direct", <http://www.fasfe.org/>.

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# B – Additional Reports

## Austria<sup>1</sup>

### 1. Ownership Structures of Austrian Football Clubs

Until 1999 all Austrian football clubs had to be constituted as registered associations. However, the Austrian Football Association (ÖFB) changed its statutes and now they allow participation in the *Bundesliga* by clubs constituted as associations or capital companies. The clubs were able consequently to choose between these different types of corporate entities; some opted to adopt the capital company, with, some choosing to outsource only the business of professional football, and some kept the structure of an association. To date, no football club has floated on the stock exchange. However despite the choices of legal structure available, all football clubs have to keep the status of associations as the members of the *Bundesliga* remain contemporaneously members of the regional leagues, which is only granted to clubs being non-profit associations. According to the licensing rules, a capital company can only be granted a license for the *Bundesliga* if its parent-association holds the majority of its shares.

In many cases those clubs outsourcing the economic business of professional football, the capital companies took over only marketing functions. It has to be noted, however, that contrary to the situation in Germany, the statutes of the ÖFB and the *Bundesliga* do not provide for any additional restrictions on football capital companies compared to “normal” companies. Via its statutes the ÖFB has the right to take measures to prevent one legal entity from influencing the governance, administration and/or sporting performances of more than one club participating in the *Liga*. This rule is present to ensure the integrity of the football clubs and competitions<sup>1</sup>.

### 2. Fan Culture

#### Supporters' Clubs

Football supporters are usually organised in supporters' clubs structured as non-economic (non-profit) associations. The members of supporters' clubs are often also

members of the clubs they support. The influence of supporters varies and depends among other things on the structure of the football club. Austrian legislation does not prevent these supporters' clubs from taking any corporate or associative form. As members usually form a large group they have an influence in the decision-making process through the members meeting and might also influence clubs constituted as companies limited by shares. Compared to German legislation, in Austria it is easier to acquire shares in a football club where it is constituted as company limited by shares (or where it has an element of such an entity).

#### Austria Salzburg

On the 6th April 2005 Red Bull took control of Salzburg Sport AG and the Austria Salzburg football club<sup>2</sup>. Despite several protests organised by the fans the new owner broke with the traditional deep purple and white club colours and replaced them with a new FC Red Bull kit in red, blue and silver. The management also changed the date of foundation of the club to 2005 and ignoring the club's history from its true date of foundation in 1933 until the takeover, although the Austrian F.A. insisted this be changed immediately.

According to licensing regulations, specifically the laws on legal succession, the identity and history of a club has to be maintained or the club forfeit its license to play in the *Bundesliga* – in essence if it had not reversed the decision to change the club's founding date the club would have to have begun life in the bottom division in the country. Ultimately however it became clear to supporters that Red Bull Salzburg saw itself as a completely new entity, with SV Austria Salzburg having served merely as the means of obtaining the license to play in *Bundesliga*.

In reaction to these developments, on the 30th June 2005, a large group of supporters, fan clubs and sympathisers launched the Violett-Weiss Initiative (IVW), aimed at promoting the history and traditions of SV Austria Salzburg, although within the new Red Bull 'rebranded' environment. However the more the new team failed to perform the more press coverage was given to the so-called 'club colours conflict'. Red Bull finally invited

the IVW to hold talks, but the negotiations broke off and the suspicion of the supporters was that the whole procedure had only been started to portray the IVW in public as troublemakers.

The club returned on 7th of October 2005 SV Austria Salzburg under the leadership of a collective of idealists, with the support of selfless players and the vocal support and visual presence of up to 2000 fans. The first step was completed as the team were promoted as champions of the Austrian 7th division and recently, Austria Salzburg have been promoted to the Austrian 5th division as champions of the Erste Klasse Nord, the Austrian 6th division.

After almost three years since the “divorce” the club has some 2100 members, 35 fan clubs and 12 teams. However, the public have not been quick to embrace the club, and the media tend to describe the supporters of the club as hooligans, with general isolation and financial risks adding to a challenging environment for the young administration. In order to cope with these demanding circumstances, the club's business plan focuses on risk management. A permanent dialogue with fans, round tables with security representatives and public government and campaigns on fan culture and should help to improve the clubs image.

### 3. Adequate Legal Structure of Supporters Clubs

In Austria supporters' clubs are mostly independent and not formally integrated in the club itself, however, its members may be personally involved as actual members of the club. Supporters' clubs themselves are either general (civil law) partnerships, or in case of groups exceeding seven members, they can form associations once they have formalised their relationship through statutes.

The participation in the decision-making process of football clubs depends on the structure of the club. However, where supporters are members of the club, they can influence decisions through general assembly. Where clubs are structured as companies limited by shares, supporters may theoretically equally gain influence by becoming shareholders and

acquiring influence, for example on the election of the club's executive boards etc. If the legal structure of a club permits any essential participation of third parties, supporters may be able to act in the form of organised bodies. However, if the main common purpose of a supporters' club is the acquisition of shares in a club, the legal structures that the supporters' club are permitted to adopt might be limited to those available for associations pursuing economic objectives. Since economic associations can only exist when they have been granted through a state concession, one imaginable structure could be that of a cooperative.

## Croatia

### 1. Ownership Structures of Croatian Football Clubs

On a non-governmental level there are different sports organisations. There are no legal limitations imposed on sports organisations, and founders may use any available legal structure. Football clubs take the form of either limited-liability companies or joint stock companies, established according to the Croatian Commercial Companies Act.

## 2. Fan Culture

### Supporters Groups

In general supporters' groups use informal legal structures. However, some groups take the form of non-profit associations, but do not require any other information regarding their registration. According to the Croatian Associations Act, citizens may establish associations, societies, and other civic associations. The rights and duties of members of associations are governed by the association's statutes, and these statutes also provide the name of the association, its location, its objectives/aims, its governing bodies/structures and authorised representatives (and information regarding these), and provisions regarding its organisational structure.

### Hajduk Split

Football clubs in Croatia mainly take the form of joint stock companies. In 2008, however, Hajduk Split will have become the first club to be turned into a company limited by shares, offering some of those to supporters<sup>3</sup>. Very similar to the establishment of SADs in Spain, according to a new sports bill on the regulation of the legal and financial aspects of football, all clubs with significant accumulated debts will

have to do this in order to avoid bankruptcy, while the financially stable clubs can remain as associations or try to find a new owner.

Hajduk Split, is one of the several top-flight clubs that have amassed debts since Croatia became independent from Yugoslavia in 1991.

Not more than 25 per cent of Hajduk's base capital can be sold to one shareholder without approval of the commission for professional clubs. Some shares will be offered to players, while the rest will be offered to supporters.

### 3. Adequate Legal Structure of Supporters Clubs

Supporters' groups use informal legal structures, but in order to seek influence in the decision-making processes at the club they should create joint stock companies with a board of directors and a supervisory board, which would allow them to cooperate with other joint stock companies, as the most common legal form for professional football clubs. Supporters could also adopt the structure of associations governed by statutes. However associations are less effective in influencing other organisations. Nevertheless, the administrative and financial burdens are considerably less than for commercial (joint stock) companies. Another possibility is the structure of the Croatian foundation, which renders beneficial services to the general public and to all clients under identical terms and conditions. The profit of a foundation may not be used for the benefit of its founders, members of its bodies or employees and must serve to promote the generally beneficial services for which the Foundation was established.

## England

### 1. Ownership Structures of English Football Clubs

The vast majority of clubs in the highest levels of English football are structured as companies limited by shares. There is one company limited by guarantee playing in the 4th league (Dagenham and Redbridge FC) and four clubs in the 3rd and 4th leagues are majority-owned by a Supporters Trust, including the world's oldest professional club, Notts County FC.

At one stage, over 20 clubs were floated on UK stock markets, but recent years have seen that trend reverse, and there are now only 8 clubs quoted.

## 2. Fan Culture

### Supporters Groups

England was the birthplace of the Supporters Trust movement beginning in 1992 at Northampton Town FC. Since the establishment of Supporters Direct in 2000, there has been a huge increase, with 104 trusts in English football, including 75% of the clubs in the top four divisions.

60% of those have shares in the club ranging from the 13 clubs who are the majority owners of the club, to trusts with token shareholdings at present. 40% have a presence on the Board of Directors.

In addition to clubs owned by a supporters trust in the professional tiers, there has also been a phenomenon of clubs being started by supporters using a trust as the holding company. The most famous of these are AFC Wimbledon, formed by fans after Wimbledon FC was moved to Milton Keynes, and FC United of Manchester, formed by fans of Manchester United unhappy with the takeover of the club by the Glazer family in 2005. Both of these play in the high sub-professional tiers.

There are also several clubs formed by fans after the original club was liquidated for financial mismanagement, notably AFC Telford United and Scarborough Athletic in the sub-professional tiers.

### 3. Adequate Legal Structure of Supporters Clubs

The Industrial and Provident Society were developed in England and are used in order to make the process of registration easier, simpler and cheaper.

## Greece

### 1. Ownership Structures of Greek Football Clubs

Sports clubs in Greece are structured in three levels: the *athlitiko somatio* (sport association) at the first level, the *athlitiki enosi* (sport union) at the second level, and the *athlitiki omospondia* (sport federation) at the third level.

In general clubs operating in amateur sports have to have the structure of non-profit associations, while in professional sports the legal structures of a corporation and a cooperative are imposed by law.

## 2. Fan Culture

### Supporters Groups

Law 2725/1999 deals in Article 41 B with “the constitution, function and supervision of supporters associations” (*Sindesmos filathlon-SF*). An SF of an *athlitiko somatio* (sport association) or of an *AAE* (sport corporation) is a union of at least 20 persons pursuing the support or encouragement of either the *athlitiko somatio* or the *AAE* and officially recognised by them. The SF has the legal form of a non-profit association and as such, it has an independent legal personality (can hold rights and assume responsibilities), administrative organs (the board of directors, the assembly of the members, the audit committee and the disciplinary council) and a *patrimonium*. The SF must foster and encourage the principles of “fair game” and the spirit of sport. All SF are supervised by the Ministry of Culture-General Secretariat of Sports.

### Lesxi Filon Ari

In 2004 Aris FC was in financial difficulties and with the help of Super 3 – the biggest fan club at Aris – the shares in the club were bought by Aris AC, an organisation responsible for all the non-professional sports teams of Aris. Aris AC has more than 22 teams in different sports from swimming to basketball, and also for people with disabilities, with more than 2000 athletes.

‘Lesxi Filon ARI’ or ‘Aris Members Club’ (AMC) (Λέσχη Φίλων Άρη) was formed in January 2006, and in summer 2007 a new board and president were elected. According to an article submitted to the Supporters Direct magazine in June 2007 – the current board of Aris FC was willing to give the shares over that they have to AMC, meaning that when this happens, AMC will be the biggest shareholder with more than 84% of the shares (by the time of this article the first step towards had been completed, and Lesxi Filon ARI had legally acquired the voting rights on behalf of the then current Board)<sup>4</sup>.

At this stage Supporters Direct are awaiting further contact to confirm that this transaction took place, and that the club is now in the control of AMC.

According to the plan each member will have the right to vote in the board elections for president as well as to run as a candidate.

Supporters Direct has to date had some contact with the group, which now has more than 2,000 members.

### Enosis 1924

Enosis 1924 (Union 1924) was created in 2003 as a non-profit supporters’

association of AEK Athens Football Club with the aim of turning AEK Athens FC into a publicly owned club inspired by the Supporters Trust model in England and other European clubs. Today the group has some 1000 members.

Enosis 1924 aims to express the collective conscience of AEK supporters and promote a thoughtful approach to the problems of the club and Greek football in general<sup>5</sup>. The group has sued the previous owners of AEK Athens FC for the way they ran the club, leaving it with more than €100 million of debts and ‘want to give a voice to the “thinking” football fan, who wishes for a credible league’.

## 3. Adequate Legal Structures for Supporters Groups

Currently a draft law is being discussed, which, if enacted, will prohibit the establishment of supporters’ clubs as independent legal entities in the legal form of non-profit associations and will introduce the Friends’ Club, an association without a separate legal personality.

## Northern Ireland

### 1. Ownership Structures of Northern Irish Football Clubs

Northern Irish football club structures are similar to those found in England and Scotland and are incorporated as public companies limited by shares or by guarantee.

### 2. Supporters Trusts

There are two supporters’ trusts in Northern Ireland, at Glentoran and Derry City. Derry City play in the Eircom League and are covered in the section on the Republic of Ireland.

#### Glentoran Community Trust

The Glentoran Community Trust is the only supporters trust in the Irish League and is registered as an industrial & provident society<sup>6</sup>. The Trust was formed in 2007 and has since managed to become influential within the governance of the club and has undertaken a number of ground-breaking community initiatives in Belfast.

### 3. Adequate Legal Structure of Supporters Clubs

The Industrial and Provident Society is already used in Northern Ireland, and a set of model rules have been registered by Supporters Direct in order to make the process of registration easier and cheaper.

## Republic of Ireland

### 1. Ownership Structures of Irish Football Clubs

Irish football club structures are similar to those found in England and Scotland. The majority all of the football clubs playing in the Irish Premier League and in the First Division are incorporated as public companies limited by shares or by guarantee.

### 2. Supporters Groups

Many Irish clubs have supporters who are organised in clubs, which are unincorporated associations as a matter of law. That is apparently true of the highly vocal and media visible Irish Football Supporters Association.

### Supporters Trusts

There are currently five supporters’ trusts at clubs in the Eircom League in the Republic of Ireland – Athlone Town, Derry City, Dundalk, Galway United and Sligo Rovers.

The supporters trust movement has grown organically. However, there is a clear need for a more co-ordinated approach to developing the trust movement in Ireland. There are therefore plans to hold a public meeting for trusts in Ireland in the Autumn of 2008 to discuss a possible way forward. A Supporters Direct Europe could move the Trust movement in Ireland quite quickly given the base that is already established.

#### The Bit o’ Red Supporters Trust – Sligo Rovers

The Bit o’ Red Supporters Trust were the first to be established, in 2005<sup>7</sup>. They utilised the Supporters Direct model rules to register as an industrial & provident society with the Irish Registrar of friendly societies.

#### The Independent Supporters Trust of Athlone Town (ISTAT)

The Trust was formed in April 2008 and is in the process of registering as an industrial & provident society<sup>8</sup>.

#### Derry City Supporters Trust

The Derry City Supporters Trust was launched in March 2008 and is in the process of registering as an industrial & provident society<sup>9</sup>. The club plays in the Eircom League under the auspices of the FAI although the club is located in Northern Ireland.

#### Dundalk FC Trust and Galway United Supporters Trust

Whilst describing themselves as a trust, and inspired by the example of the trust

movement in the UK, neither are registered as industrial & provident societies. However, it is quite active<sup>10</sup>.

Whilst describing itself as a trust, and inspired by the example of the trust movement in the UK, the Galway United Supporters Trust, whilst having been established for a number of years is not registered as an industrial & provident society<sup>11</sup>. However, it is quite active.

### 3. Adequate Legal Structure of Supporters Clubs

Irish corporate structures share many similarities with those in the UK, and the Industrial and Provident Society form is most suitable here, and is already being used by some supporters' groups.

## Israel

### 1. Ownership Structures of Israeli Football Clubs

IFA's (Israeli Football Association) Regulations Concerning the Transfer of Rights in Football Clubs (RCTRFC), define football clubs either as non-profit associations (*Amutot*) or as non-profit companies.

Generally, the IFA's regulations allow corporate bodies (either business companies or non-profit associations) to acquire ownership or management rights of clubs under certain conditions. For example the application will be rejected if the corporate body, or its owner or director was convicted of a serious crime in the last five years. Essentially the transfer of rights of ownership or control without the IFA's authorisation has no force.

Whenever there has been a transfer of ownership or managing rights on behalf of a corporate body, all the economic and business activities of the club are centralised by the corporate body. The corporate body must be administrated according to the accounting principles accepted by IFA. The RCTRFC also establishes a minimum capital for corporate bodies owning or managing clubs. Where the IFA withdraws its authorisation, the corporate body is obliged to sell its rights in the club within a given period of time. In case of non compliance, the IFA nominates a special committee in charge of selling it.

According to IFA regulations nothing prevents a business (corporate) body owning or managing a club in order to distribute profits, provided that such distribution is done in respect of the conditions fixed in IFA's regulations. According to the RCTRFC, corporate bodies may raise funds

by issuing shares and registering the club in the stock exchange. However, the incomes of the club and the corporate body must be devoted to the professional, economic and sporting success of the club. Furthermore, the board of directors of a corporate body owning or managing a club, shall require the participation of a "representative of the community", whose role is to observe that the club/corporate body complies with IFA's regulations and corporate governance rules. To do this, the representative of the community must have access to all the relevant documentation.

### 2. Fan Culture

#### Supporters Groups

The existing supporters' clubs are constituted by informal groups of supporters promoting classic supporters club issues like the colours of the club, travel, meetings and anti-violence. In practice, the groups lack formal personality and rights and hence do not have a legally recognised right of influence over the management of clubs.

In an intermediate decision recently handed down in pending litigation<sup>12</sup>, the District Court of Tel-Aviv recognised that the applicants, supporters of a football club, may be considered as "persons concerned" in the club, having an interest that the club will be correctly managed. The Court allowed the applicants to have access to documentation that the corporate body managing the club presented in its main evidence. However, in Israel there is no current practice of football club supporters associating under a formally recognised corporative or similar structure.

Recently the IFA has recommended the implementation of a fan liaison officer modelled along the German model of *Fanbeauftragte*. However, to the best of our knowledge these recommendations have not been taken any further yet.

#### Israfans

Israfans was launched in 2007 as a reaction to empty terraces, poor communication with the police, which often resulted in violence, and a strong sense of alienation between the fans and the management of the clubs they support. Israfans represents 22 supporter clubs and fan projects in Israel, most of them belonging to teams at the first two divisions. The group is independent and aims to serve as a permanent framework for all supporters' clubs and has a constructive relationship with IFA.

Their main issues cover ticket pricing, policing and strengthening supporters' clubs. Israfans assists supporters clubs

following Supporters Direct and the German model of fan projects. The group promotes supporters representation on the boards of their clubs, supporters rights and fan culture in general; assisting the authorities with the fight against violence and racism in sport and to encourage and strengthen the relationships between the clubs and their communities.

Israfans has sought help from Supporters Direct in advising groups on forming responsible organisations to become actively involved in the governance of their clubs. They also expect valuable information from the feasibility study especially about the legal structure of Israeli football clubs.

#### Ticket Prices

In a survey conducted among all supports groups in the Israeli first division, supporters named the high prices of the tickets as one of the main reasons for low attendance. Israfans produced a policy paper on ticket pricing, which presented to all clubs in the Israeli first division and to the Israeli football association. As a consequence a pilot for reduced ticket prices for all the games of Bnei Yehuda Tel Aviv throughout season 2007/8 was initiated, resulting in an unprecedented success. If the club would have made less money from ticketing than before, the IFA would have paid the difference. However, ultimately the club made more money with reduced ticket prices than with more expensive ones.

#### • **Supporter's Census**

With regards to the poor relationship between supporters and the management of the clubs, Israfans asked supporters' clubs to conduct supporters' census within their ranks. These censuses are planned to become the foundation for umbrella supporters' organisations, whose elected supporters will serve as representatives when dealing with the management of their clubs.

#### • **Policing**

In an attempt to improve the relationship between police and supporters, Israfans have established a list of suggestions emphasising solutions to the problems arising. This plan has been presented to the interoffice committee that deals with sport related violence, in which Israfans is a permanent member, as well as in the media.

#### • **Supporters' Delegation**

In order to promote fan culture in Israel, Israfans organises exchanges with supporters' groups in Europe<sup>13</sup>. In seminars

the groups discuss issues around how to fight violence in sports, supporters' rights, policing and different ways of involvement in the decision-making processes at the clubs they support.

### **Hapoel Katamon Football Club** (קטמון הפועל כדורגל מועדון)

Hapoel Katamon Football Club is owned and managed by its fans. The club was created by supporters of Hapoel Jerusalem, who were dissatisfied about the way their club was run. Hapoel Katamon Football Club is named after the Jerusalem neighborhood of Katamon, where Hapoel Jerusalem had a stadium.

When Hapoel Jerusalem was relegated from the top to the third division, fans could not see a future for the club in the hands of the current owners, who they held responsible for the poor sporting as well as financial performance of the club. In reaction to these developments supporters started to raise NIS 500,000 to form a new team. More than 500 supporters purchased a NIS 1,000 stake in the team and businessmen provided additional funds. To date the club has about 700 members who pay 1,000 shekels a year.

### **3. Adequate Legal Structure for Supporters Groups**

The Institute of Comparative Law found that the legal structures best adapted to the advancement of supporters' influence in the management of football clubs are the Israeli *Amutot* (associations) and the so-called "Companies for the Benefit of the Public". However, in practice, Israeli supporters would find it financially difficult to establish such enterprises and to equip them for the task of acquiring significant shareholdings in football clubs or in the associations or companies which control them.

#### **Amutot – Non-profit Associations**

According to the RCTRFC application process, *Amutot*, which wishes to acquire rights in a club, has to register properly and all its members have to be registered in the association's books. Membership of an *Amutot* is personal, non-transferable and not subject to succession. Also non-profit associations are subjected to a regime of transparency, their articles of association must be registered and their accounts controlled by a special auditing committee. In this last respect, the books of the *Amutot* must be permanently accessible to the directors, the auditing committee and to the accountants. A detailed balance-sheet has to be prepared annually.

*Amutot* are governed by a board of directors, which must act in the best interest of the association, in the framework of their objectives and in accordance with the articles of association. Directors can be removed by a vote of a general meeting at any time. Members can vote at the general meeting.

The *Amutot* may be financed either by public funds, by income generated by the association itself (such as member fees, income from assets or payments made by members of the public), or by donations made by individuals, commercial entities or foundations.

#### **CPBs – Companies for the Benefit of the Public**

Supporters' groups could take the legal form of CPBs, as "sports" is recognised as one of the public objectives. According to the RCTRFC application process, a CPB wishing to acquire rights in a club has to provide certain information to the IFA. Furthermore, CPBs are subjected to serious restrictions and controls, especially a prohibition against making profits and the supervision and responsibilities of administrators and directors. CPBs must be registered in a special register book, thereby becoming accessible to the public. CPBs are also obliged to report on their activities, namely by filing an annual financial statement, an annual director's report and a report on changes in the membership of the board or audit committee.

The transfer of shares of a CPB is subject to judicial authorisation, unless it is carried out in exchange for a "tiny amount of money". This may be a disadvantage with respect to the *Amutot*, because it may open the door to the accumulation of shares. The shares of CPBs cannot be inherited or seized and are not part of the assets of a shareholder that may be divided among his creditors in the case of personal bankruptcy. A CPB can merge only with another CPB and provided it obtains judicial authorisation.

#### **Influence over Club Management**

The Swiss Institute of Comparative Law identifies two ways for *Amutot* or CPB founded by supporters to gain formal influence in the management of a football club. First, by acquiring shares in the club itself and second, in cases where a business or a non-profit company has acquired partial ownership of management rights in a club, the supporters' *Amutot* or CPB could try to purchase a sufficient percentage of the shares of that controlling entity.

However, in practice it will not be easy to implement any of these options as they usually require the provision of bank guarantees and investment capital (something that not all groups of supporters may be ready or in a position to provide), and are subjected to the competitive circumstances and fluctuations of the market, whereby the percentage of shares needed in order to attain a position of influence in a club (or in a company managing a club) may be too high, too costly, or simply not be for sale.

According to the Swiss Institute of Comparative Law, the only effective solution that could be envisaged is that legislation (either State legislation or IFA's Regulations) could impose on clubs and/or the bodies managing clubs the obligation to reserve a place for representatives of the supporters in the decision-making structures of the clubs, or to give to them another kind of influence over the management.

## **Portugal**

### **1. Ownership Structures of Portuguese Football Clubs**

In the past, sports clubs were mostly structured as non-profit associations with a separate legal personality, and with the primary aim of promoting sports activities. However, the evolution of professional sports – especially with respect to professionalism and economic contingencies – meant a need for more defined club structures. Since 1997 football clubs have been able to adopt the structure of Sport Companies (SAD), defined in private law as collective persons constituted as *sociedades anónimas*, whose purpose is to participate in professional sporting contests. Portuguese law does not impose on clubs the obligation to adopt the form of Sport Companies, but for those football clubs not adopting the form of Sport Companies and remaining non-profit associations, the law established a special regime (especially related to budget and account procedures, the responsibility of (business) managers, and guarantees to be furnished).

### **2. Fan Culture**

Fan culture in Portugal is similar to that in Italy: almost every club has an Ultra group (or more than one), with the Ultras receiving direct support from the clubs, either financial, logistical or both.

As far as the attitude of the police is concerned they are viewed as fairly

negative/aggressive towards supporters<sup>14</sup>. This has created some dissatisfaction within the Ultra groups, and their members are, more and more, following the trend of English/British 'casuals'.

The only real interaction between supporters and clubs is at Ultra level, and there is no culture of supporters' groups being concerned with governance issues, as in Germany for example, or the UK through the work of Supporters Direct.

Supporters do not feel listened to, and are feeling less and less close to their clubs, predominantly due to ticket prices and game scheduling.

### **Associação de Adeptos Sportinguistas**

Supporters of Sporting Club of Portugal (often mistakenly referred to as 'Sporting Lisbon') have now established Associação de Adeptos Sportinguistas (AAS), a supporters' association seeking to represent members and supporters of Sporting (and to encourage lapsed fans to return), and gain influence at the club. On a wider level, the association sees its role as a group capable of bringing the views of fans of clubs across Portugal to the public eye.

The Law 16/2004 – established for the purposes of fighting against violence in sports – states that, 'the promoters of a sports event may support exclusively those organised groups of supporters that are constituted and registered as associations'. The members register must also be updated annually and be deposited with the National Council Against Violence in Sports.<sup>15</sup> The AAS is not legally registered under the Law which was established mainly to collect data about Ultra groups and identify trouble-makers. The AAS is also not being financed by the club in any form but is open to sponsorships for special events.

## **3. Suggestions**

Currently, the structure of Portuguese clubs is a mixture between partial supporter-ownership and private involvement. Fan culture would appear to be quite closely related to the Spanish experience, given that there is little between either the traditional supporters' groups and the Ultras. A positive development is that of Associação de Adeptos Sportinguistas, and it has sought to broaden its work to campaign on wider issues in Portuguese football.

### **3.1. Linking with other groups within and outside of Portugal**

One of the most effective ways of supporting nascent groups is to enable them access to a wider network of similar

groups. Positive discussions have already taken place between representatives of AAS and those of Association Señales de Humo of Spain over a possible 'Iberian' seminar in 2009, as there is some similarity in the issues faced by both sets of supporters. Supporters Direct has been involved in these discussions, and will provide assistance in establishing any future framework for an event.

It will be important that with any event such as this that other groups of supporters are able to attend any event, as broadening the numbers – both of individuals and groups – with an interest in this is critical for the progression of any proactive supporters' groups.

### **3.2. Broadening the skills base of Associação de Adeptos Sportinguistas to attract those outside the group**

At the moment, as the AAS is attached to Sporting the appeal to the wider fanbase and groups within Portuguese football may be difficult. However it is too early to consider establishing a national group; AAS can be a useful agent for publicising the need for supporters to become involved, and they will need support and nurturing from a Supporters Direct Europe – and similarly from other groups in Europe, particularly Spain.

### **3.3. Adequate legal Structure for Supporters Groups**

As minority shareholders of sport companies supporters could influence the management of the club through a shareholding. For example the statutes of the company may provide that a minority of shareholders representing at least 10% of the capital that voted against the nomination of the board of directors may have the right to appoint at least one director. The director elected by the minority shareholders would take the place of the elected director of the board who received the fewest votes in the election (in companies whose shares are traded on the Stock Exchange, the former rule is compulsory). Furthermore, supporters shareholders representing 10% of the capital may request the exclusion of a director for just cause (*justa causa*), even if no General Meeting was called to deal with the issue. However, these advantages only benefit minority shareholders and not external associations of supporters.

The associations' structure offers some advantages to supporters wishing to have an influence in the running of their club, such as a relatively easy establishment of such an institution, and the exact identification of its members, each one

of whom must be registered with a full description in the books which helps to prevent violence. Also, if associations obtained recognition as entities of public utility, they would be entitled to certain tax advantages.

## **Sweden**

### **1. Ownership Structure of Swedish Football Clubs**

Members of the *Riksidrottsförbundet* (RF) have to be non-profit associations and in addition to the association legislation, the sports clubs have developed a practice under the auspices of RF and its statutes and norms. These soft laws, together with case law from the Swedish Supreme Court and certain special rules regulate the non-profit sporting associations.

However, with the increasing commercialisation in the 1990s and the desire to facilitate profit-making from external sources, companies limited by shares, especially developed for sports (*Idrottsaktiebolaget* (IdrottsAB)), can also become qualified members of the Swedish football leagues. Similar to the German 50+1 rule, football clubs may be operated in a limited company but the rights to compete can only be given to the IdrottsAB if the granting association has the majority of the votes at the annual meeting, i.e. controls more than 50 % of the votes. Added to this, the IdrottsAB must have as its purpose, the operation of sport activities, and this should correspond to at least 75% of the activity of the company limited by shares. Today there are 10-15 *idrottsföreningar* in Sweden that have their sport activities in an IdrottsAB, while most Swedish football clubs still remain member associations, 100 per cent owned by their members. Only AIK from Stockholm has traded a minor share of the club on the stock exchange and Hammarby from Stockholm has sold 49% to AEG Sweden. Djurgården from Stockholm has sold part of the club to interested members.

Recently the >50%-rule has come under pressure and will be discussed on the next meeting of the Swedish Sports Federation in 2011. As Ice Hockey clubs intend to set up a NHL like structure, it is expected that the rule will probably disappear. The chairman of the Swedish Football Association is in favour of the models in the English Premier League and has said it would be beneficial for Swedish football if the rule was removed. There is very little coverage in the media regarding the potential change in the ownership structures of Swedish football clubs and what this could mean in the long-term.

With regards to the reaction from the clubs, the board of Malmö FF for example is not interested in incorporating the club into a company, while other Swedish football clubs are gradually embracing the culture of this model, arguing that the tax regulations for membership associations are too vague and that it is more appropriate to run modern football clubs legally structured as companies.

### **Malmö FF**

Malmö FF is a members' association founded in 1910. Today Malmö FF has around 5000 members. The management board consists of 9 members which are elected by the AGM, attended by only around 5 per cent of the clubs' members. The chairman of the management board is elected every year, while the other eight members of the board are elected every two years. The candidates for the management board are proposed by the election committee, which consists of 3 members. The election committee is elected each year at the AGM after having been proposed by the chairman of the board. The previous chairman has been in his post for the last 50 years and recently stepped down at the age of 70. This scenario has been described possible since the interest in the annual meetings is rather low and the work of the election committee is not transparent enough.

In 2007 the former CEO of UEFA, Lars-Christer Olsson, analysed the structure of the club and suggested among other things that the governance structure of the club needed to be improved, e.g. job profiles need to be defined clearly and strategic planning needs to be implemented.

Currently, a new stadium for 24000 spectators with 6000 on a standing terrace is under construction, due to be finished in spring 2009. The project is funded by the club and a construction company, which is owned by a member of the management board of the club. The project is co-financed by the city and a bank. On the one hand supporters look forward to the new stadium but on the other hand they are concerned about the growing commercialisation.

## **2. Fan Culture**

Supporters clubs in Sweden are completely independent from the clubs they support in contrast to some supporters' clubs in Germany for example, who form a sub-department of their clubs. Many supporters' clubs are not officially recognised by the clubs. Most groups have adopted the structure of members associations.

### **MFF Support and other Supporter Groups**

MFF Support is an 'official' Malmö FF supporters' association open to everyone who is willing to sign up to its constitution. MFF Support was founded in 1992 and has of today about 3200 members. The group reached a peak with over 5800 members in the end of 2004 when Malmö FF won the Swedish league.

MFF Support is a registered association independent from Malmö FF. For years MFF Support has been representing all supporters as the only 'supporter voice' that Malmö FF has listened to. The choreographies are made by a separate group called MFF Tifosi 96 with only 3 official members, needed to adopt the legal form of a registered association. In reality, however, MT96 consist of around 30 persons that collect money (last year over €15000) and organise the choreographies. Everybody that show interest in the tifo-culture can join the group.

### **Relationship between Malmö FF and its Supporters**

The relationship between Malmö FF and MFF Support has been described as very good, for example the chairman of MFF Support is in regular contact with the chairman of Malmö FF. One of the members of the management board of the club was previously actively involved in MFF Support and is also a participant in a discussion forum representing the "Malmö FF-family". The forum was set up in 2007 and is moderated by MFF Support. The group has 12 participants representing the Malmö FF-board, the management board of MFF Support, ultra-influenced supporters, older season ticket holders, mothers whose children play in the youth team, staff from the club, supporters writing for an internet fanzine and Patrik Andersson, a former player. With regards to security issues the security officer invites representatives from MFF Support, Supras and MT96.

The club also promised MFF Support to employ a fan liaison officer, after the German model of the 'Fanbeauftragter', to mediate between the club and its supporters. In 2008 the club employed someone to work to prevent hooliganism. The funds for this model are provided by the Football Alliance (Fotbollsalliansen Fryshuset), a project which was set up by three supporters of the Stockholm-clubs several years ago and which is funded by a trust belonging to the state.

In winter the Swedish Football Supporters Union (SFSU) was formed as a reaction to a new law designed for football

supporters. MFF Support hope that SFSU will be able to contribute to a more positive fan culture in Sweden and represent supporters in dialogues with the government and the Swedish Football Association.

## **3. Adequate Legal Structure for Supporters Groups**

The Swiss Institute of Comparative Law highlights that supporters can become members of the parent club (non-profit association, with or without an incorporated sister company), if the articles of association of the football club permit it. In this way supporters can influence the decision-making processes at the club via their votes at the members meeting. The members meeting would for example elect the board and decide on changes of the articles of the association.

As the association holds the majority of shares, supporters' clubs being members of the parent club could influence the limited company through its 50+ per cent stake.

## **Scotland**

### **1. Ownership Structures of Scottish Football Clubs**

Scottish football clubs use the company limited by shares model common across the British Isles. Some smaller clubs playing the lower tiers of the Scottish Football League are unincorporated members' associations. The majority of club-companies are owned by a single dominant shareholder, though some have a greater diversity in their shareholdings, and a few are quoted on UK stock exchanges.

### **2. Supporters' Trusts**

Supporters Direct has been funded to work in Scotland since 2002 and there are now 34 supporters' trusts in Scottish football. The majority owns a small shareholding although three have a significant shareholding within their club. Twelve trusts have also secured representation at board level in their football club.

#### **Clyde FC**

The Clyde Supporters' Trust owns 50% of the club in partnership with other individual investors. The club is currently undertaking a research project to investigate options for restructuring the club over the longer-term in order to make better use of the volunteers and local resources available to them.

#### **Clydebank FC**

Following the liquidation of Airdrie FC

in 2002, Clydebank FC was bought by remnants of Airdrie FC and its league place moved to Airdrie and used to form the newly-formed Airdrie United. The supporters' trust created a new football club wholly-owned by the trust and the club is playing in the West of Scotland Junior League.

### **Raith Rovers FC**

The Raith Rovers Independent Supporters' Trust now owns around 13% of the club following a community buyout of the club in 2006, which it was instrumental in brokering. It has a seat on the Board of Directors and has assisted in developing the club's community presence.

### **3. Adequate Legal Structure of Supporters groups**

The Industrial and Provident Society is already used in Scotland and the model rules created by Supporters Direct have

legal force across the UK and are used in order to make the process of registration easier, simpler and cheaper.

## **Wales**

### **1. Ownership Structures of Welsh Football Clubs**

There are 6 clubs paying in Wales who compete in competitions in England. Those are owned in the traditional manner of UK football clubs limited by shares. Clubs playing the upper reaches of the Welsh league system also use this form of ownership, but further down the pyramid, other ownership models are used including members' associations.

The Welsh Assembly Government which came into power in 2007 had a commitment to support the extension of the work of Supporters Direct into Welsh pyramid football and Welsh rugby union, but discussions have not commenced as yet on making progress on that commitment.

### **2. Supporters Trusts**

5 of the 6 clubs playing in the English pyramid have a supporters trust. There is only one trust playing the Welsh pyramid, at Abergavenny Thursdays.

#### **Swansea City Trust**

The Trust were instrumental in a fan campaign to replace former owner Tony Petty in 2001, and now own 20% of the shares in the club and have a Director as a right on the Board of Directors.

### **3. Adequate Legal Structure of Supporters groups**

The Industrial and Provident Society is already used in the UK for trusts and is a legal vehicle in Wales. The model rules in use in the UK have been translated into Welsh.

<sup>1</sup> The Information on ownership and governance structures of football clubs and the recommendations about the legal structure of supporters groups is taken from the Swiss Institute of Comparative Law, 'Comparative Study of the Legal Structures of Football Clubs and Supporters' Organisations in 45 Jurisdictions', Volume I and II, 2008.

<sup>2</sup> <http://www.austria-salzburg.at/A-Bitter-End-and-a-New-Beginning.55.1.html>.

<sup>3</sup> <http://www.fifa.com/worldfootball/clubfootball/news/newsid=713305.html>; Soccer Investor, 1 April 2008.

<sup>4</sup> SD Magazine, June 2007.

<sup>5</sup> They take an active stance against fanaticism and violence, racism and corruption in all its forms; e.g. the groups has successfully organised common stands inviting supporters of other major clubs, something rather unique in Greece, where a football game has been allowed to evolve into open warfare between supporters.

<sup>6</sup> [http://www.gctni.com/main/page\\_about\\_us.html](http://www.gctni.com/main/page_about_us.html).

<sup>7</sup> <http://www.sligoveros.com/content/view/505/88/>; [http://www.scene.ie/issue42/rovers\\_trust.shtml](http://www.scene.ie/issue42/rovers_trust.shtml).

<sup>8</sup> <http://www.istatonline.com/about.php>.

<sup>9</sup> More details can be found on <http://www.derrycitytrust.org/>

<sup>10</sup> [http://www.dundalkfc.com/News/080316\\_Marshes.asp](http://www.dundalkfc.com/News/080316_Marshes.asp); <http://www.dundalkfc.com/Blogs/Trust.asp>.

<sup>11</sup> [http://www.galwayunitedfc.net/gust/index.php?option=com\\_content&view=article&id=3&Itemid=6](http://www.galwayunitedfc.net/gust/index.php?option=com_content&view=article&id=3&Itemid=6).

<sup>12</sup> File 003473/07, Jacob Leiwowicz v. Amuta for the Management of Petach Tikva Football A.R. 580287647 and others, Decision of 4.4.2007 related to the main file 001233/06.

<sup>13</sup> E.g. exchange with supporters from SV Werder Bremen: [http://www.bag-fanprojekte.de/index.php?option=com\\_content&task=view&id=144&Itemid=2](http://www.bag-fanprojekte.de/index.php?option=com_content&task=view&id=144&Itemid=2); <http://www.fanprojektbremen.de/index.php>; <http://www.kos-fanprojekte.info/news/200801/20080121-israel.html>.

<sup>14</sup> Interview with Pedro Silva, AAS (official supporters association in Portugal, for Sporting Club of Portugal), London 4 July.

<sup>15</sup> Swiss Institute of Comparative Law, 2008, pp.185-200.

# C – Remaining UEFA Members Associations<sup>1</sup>

## Albania

According to Albanian law, there are no restrictions to the legal form football clubs can take. They can choose any form of legal corporation or association. However, most football clubs are joint stock companies, limited liability companies or non-profit organisations.

Supporters clubs have no formal structure but could become non-profit associations governed by their statutes should they decide to adopt a basic organisational structure. To increase their influence in the decision-making processes at the club, however, they should become shareholders of the joint stock companies that manage football clubs.

## Armenia

There is no specific legislation for football clubs or supporters' groups; they can adopt any form provided by law. However, most football clubs are public associations (Unions).

Supporters groups are not officially registered as legal entities. To include supporters in the management of the club they should be allowed direct membership in their clubs. Clubs should have an open legal structure with no numeric limitations of membership, enabling third persons to participate in the club's administration. The form of joint stock companies and public associations is likely to be the most suitable for this purpose.

## Azerbaijan

There are no particular provisions that regulate football clubs. Nevertheless, the legal form commonly used by both clubs and supporters groups is the public association.

There is also no specific provision for supporters' groups and only a few officially registered supporters clubs exist. To include supporters in the decision-making processes would require them having direct membership in the clubs they support. The legal form of public associations appears to be fully adapted to this purpose.

## Belarus

Football clubs can take any legal form permitted by the Civil Code. There is no preference for a certain legal forms. Football

clubs have adopted the structure of limited liability structures, public institutions of physical and culture of sport, closed joint stock companies, public associations and one is a private sport institution.

Supporters groups are not officially organised or recognised and certainly not registered as legal entities. One reason might be the often too rigid legal framework. To allow more influence of fans in the running of the club they support, football clubs would need to implement a more open structure, enabling third persons to participate in the administration of the club. Public corporations (open joint stock companies) and public associations are likely to be the most suitable for this purpose.

## Bosnia and Herzegovina

Football clubs can use any legal structure available, but many take the form of limited liability companies or joint stock companies.

Mostly supporters groups are not legal entities, but use informal structures. In order to gain a say in the running of their clubs, they could create joint stock companies and cooperate with other joint stock companies, namely football clubs. Supporters could also establish associations, where rights and duties of members would be governed by its statutes.

## Bulgaria

Institutions organising football generally structure themselves as joint stock companies.

Supporters groups are mostly structured informally without organisational and financial structures in place. To gain influence in their clubs supporters can create joint stock companies, as it offers the possibility to cooperate with other joint stock companies, the football clubs. Supporters could establish associations which would be governed by its statutes.

## Cyprus

All Cypriot sports associations, sports federations and sport confederations are structured as non-profit associations.

There is no source of consistent information available regarding the legal structure of supporters groups.

## Denmark

Most football clubs are non-profit associations. Professional football clubs, however, are corporate entities and subject to Danish company laws. Supporters are organised as non-profit associations. The official supporters clubs are members of the Danske Fodbold Fanklubber (DFF).

Supporters can have democratic influence in the clubs structured as associations. For supporters of clubs with a corporate structure, the statutes could state that a representative of the official supporters club must be on the clubs' management board.

## Estonia

Most football clubs are structured as non-profit associations, while some are registered as private limited companies.

Supporters could become incorporated non-profit associations, which are similar to the company limited by guarantee provided by English legislation. The form of the commercial association, which is similar to the English industrial and provident society used by supporters trusts, does exist in Estonia and could be promoted as a more useful alternative for supporters who seek influence in the running of the clubs that they support.

## Finland

All football clubs are non-profit associations. However, the members of a football club can incorporate its administration in a limited company.

Supporters groups are often registered as non-profit associations. Through the existing structures supporters should be allowed to have increased participation in the football clubs they support – directly or indirectly.

## Georgia

Football clubs often use the structure of limited liability companies; some have adopted non-commercial forms like unions or associations.

Generally, supporters are not officially organised and only a few clubs officially recognise supporters clubs. To enable supporters to have a say in the decision-making processes, they would have to become members of the club they support.

## Hungary

Although football clubs could use all legal structures available, they are either structured as limited-liability companies or limited companies.

Supporters' groups are mostly organised in informal structures, while some groups adopted the structure of associations governed by their statutes. To influence the running of their clubs, supporters can create limited companies, with a board of directors and a supervisory board, which would offer the possibility to cooperate with other limited companies, namely football clubs. Supporters could also establish associations but their influence would be rather limited.

## Iceland

Football clubs have to be independent non-profit associations, but many football clubs are linked to companies with commercial activities.

In principal, supporters are not officially organised. However, some are organised in non-profit associations. Overall, they have no influence in the management of the club. The legal structure of Icelandic football should allow for organised supporters to have a say in the decision-making processes of both Iceland's football federation and their respective clubs.

## Kazakhstan

The Kazakh legislation contains no specific provisions concerning football clubs, but it encourages the form of public associations.

Currently there are no fan clubs officially registered as legal entities. It should be noted that the creation and activities of non-registered public associations is prohibited. Supporters could be involved in the management of their clubs if they would become members. Joint stock companies and public associations appear to be fully adapted to this purpose.

## Latvia

Professional sports clubs are limited liability companies, joint stock companies or public sport organisations, while sport federations and amateur sports organizations often take the form of public sports organisations.

Due to the lack of information on fan culture and especially the legal structure of supporters groups is difficult to map out concrete suggestions. Supporters could be involved in the decision-making processes if the clubs would open unlimited membership and allow for the participation of members in the clubs' administration. The legal form of public organisations and joint stock companies appear to be fully adapted to this purpose.

## F.Y.R. Macedonia

Sports organisations can take any legal form provided by the law. However, football organisations tend to be either limited liability companies or joint stock companies.

Supporters groups tend to use informal structures and some clubs claim to be non-profit associations. To gain more influence in the running of their clubs, supporters could create joint stock companies and cooperate with other joint stock companies, namely their clubs. Supporters could become associations bound by their statutes, the administrative and financial requirements for which are more flexible than those of joint stock companies.

## Moldova

Football clubs may take any legal form provided by law. Information on the legal structure of football clubs is not publicly available. There is also no information available about licensing requirements for football clubs.

Supporters are organised in informal groups. In order to establish groups of supporters as influential parties in football clubs' decision-making processes, it would be essential to clearly identify the legal structures that are available to groups of supporters in Moldova and to encourage them to actively participate in the decision-making processes of the football clubs. As for those football clubs which are organised as non-profit organizations or companies, a group of supporters may theoretically acquire direct legal influence by becoming a member/shareholder of the club and/or by appointing members of its executive organs. If a football club is a community association, then the supporters' organisation, in order to become a member of the club, must take the form of a community association. If a football club is organised as a trading company, then the supporters' organisation may take the form of an association, a trading company or a cooperative, depending, among other things, on whether it has the capacity to distribute capital gains to its members. Moreover, a supporters' organisation could act as the fiduciary administrator of contributions made by the supporters, but that would require specific legislation if the contributions take the form of money.

## Montenegro

Football clubs may take every legal form provided by law, but tend to use the form of joint stock companies.

Supporters groups use informal structures and in exceptional cases, they take advantage of the Montenegrin

legislation on non-governmental associations, according to which individuals may establish associations in order to pursue common goals. To gain more influence in the running of their clubs, supporters could create joint stock companies and cooperate with other joint stock companies, namely their clubs. More supporters could also form associations.

## Netherlands

Most organisations in professional football use the legal structure of the limited liability company (BV) or public limited liability company (NV). Currently ten of the eighteen clubs in the Eredivisie use their commercial legal entities to organise their club (either NV or BV)<sup>2</sup>, but in those ten, two also have a foundation linked to the company<sup>3</sup>. Two other clubs use only the form of foundation to organise the club. At least one of the remaining five clubs is an association.

Each football club has at least one supporters association (*supportersvereniging*). Most supporters' clubs are organised as associations (*vereining*). Supporters associations have an elected board with a president, a treasurer, a secretary and sometimes one or two other members with particular responsibilities. Some national associations represent the interests of different local supporters associations, like the SOVS, *Samenwerkende Organisaties Voetbalsupporters*.

## Norway

Norwegian legislation permits football clubs to be organised in any form, however, it is clear that the organisation and its form, to a large extent, are regulated by the Norwegian Sport Confederation (NIF) and of the Football Association of Norway (NFF). Thus, the football clubs are *foreningar* (associations). The supporter clubs are associations working together under the well established umbrella organisation for supporter clubs: the NSA.

The current organisation of Norwegian football would allow for organised supporters that are members of supporter clubs admitted to the NSA to participate in discussions with the NFF and also the football clubs. Such discussions, possibly also with the supporter clubs directly, could even be required for certain matters by the NFF. In this way the supporters could influence the management of the football clubs directly or indirectly with the participation of the NSA, without risking any personal liability.

## Poland

Polish law allows all forms of legal corporations and associations, including corporate entities for organising sports and football activities. Supporters clubs mostly take advantage of the Associations Act according to which individuals may establish associations and unite in them. Exceptionally, supporters clubs are organised in “simple associations” which are less administratively demanding, and have minimal organisational structure. Many groups use informal structures.

Supporters groups are often organised on the basis of the Polish Law on associations, it would be most: efficient for such supporter clubs in Poland to become shareholders of joint stock companies which manage football activities in order to influence the management and the future of the football clubs. This would allow for increased influence in the decision-making without an increase in liability.

## Romania

Under Romanian law, football clubs may be organised as non profit entities, as joint stock companies or as public law entities. Although several important football clubs are organised as joint stock companies, none of them is a publicly held company listed on a stock exchange.

Recently, several groups of supporters adopted the form of non-profit associations, as, for example: “Liga suporterilor rapidiști” (association of the supporters of Rapid București), “Asociația suporterilor olteni” (association of the supporters of Universitatea Craiova), “Asociația Independentă a Suporterilor Steliști” (association of the supporters of “Steaua București”), Asociația “Suporter Club UTA” (association of the supporters of UTA Arad), *Asociația Suporterilor Sportul Studențesc București* (association of the supporters of Sportul Studențesc București, a team playing in the second national division). However, many others supporters are not organized in associations (e.g. the supporters of “Dinamo București”).

In order to increase the importance of the groups of supporters in the decision-making of football clubs, it is essential to encourage the creation of supporter’s associations and to stimulate their involvement in the decisional structures of the football clubs.

## Russia

Sport organisations may be organised in any legal form provided by law. In practice, professional sport clubs are founded under

the status of public corporations (open joint stock companies) or closed joint stock companies, public associations or non-commercial partnerships. Sport Federations and Amateur Sports organisations are always founded as public sports associations.

There are a few officially registered supporters’ clubs, all of which are structured as non-profit public associations. However, the supporter clubs’ tendency to “legalise” their status, to acquire corporate form via registration of public associations has been gathering pace in the last five years. In 2007 the first All-Russian Supporters Association (*Всероссийское Объединение болельщиков (ВОБ)*) was founded, uniting local and regional supporter associations.

However, so far there is no indication of whether the existing structures of public associations actually allow supporters to participate efficiently in a club’s decision-making process. Nor is there any information on the practices of supporter-influenced clubs. Generally, in order to allow for the more efficient participation of supporters in the professional clubs’ decision-making process, the clubs need to possess a more open structure, allowing open and unlimited membership, eventual membership of corporate entities and direct participation of members in the club’s administrative organs. The forms of public associations and joint stock companies seem most apt to fit this scheme.

## Serbia

Serbian Sports Law allows for the organisation of sports and football activities in any legal structure, including the structure of a corporate entity, but most football organisations take the structure of joint stock companies.

Supporters’ clubs use usually informal structures. A few benefit from the Serbian legislation on non-commercial associations according to which individuals may establish associations and unite in them. Rights and duties of members of associations are governed by their by-laws. To enable the supporter groups to influence the management of the clubs they support, they can create joint stock companies, which would allow them to cooperate with other joint stock companies, namely their football clubs. Another possibility is to establish associations according to Serbian legislation, wherein rights and duties of members are governed by by-laws of the association.

## Slovakia

Football clubs use the forms of joint stock companies, limited liability companies or (more rarely) of other business companies. Supporters’ clubs are generally organised informally. Sometimes they take advantage of the Associations Act according to which individuals may establish associations, societies, unions, movements, clubs and other civil associations and unite in them. Rights and duties of members of associations are then governed by their by-laws. To enable the supporters groups to influence the management, they can create a joint stock company which is the legal form of a capital company without any personal elements. It has a board of directors and a supervisory board and it allows for cooperation with joint stock companies generally used by professional football organisations. Another possibility is to establish an association according to the Associations Act which gives the right to establish associations, societies and clubs. Rights and duties of members of associations are then governed by their by-laws. The association structure limits the influence of supporters groups on the management of the football club.

## Slovenia

Football organisations generally use the form of a joint stock company, more rarely that of a limited liability company. Slovenian law allows all forms of legal entities and associations, including corporate entities for organising sports and football activities.

Supporters clubs use informal structures without financial and firm organisational structures. Exceptionally they take advantage of the Slovenian Associations Act according to which individuals may establish associations and unite in them. Rights and duties of members of associations are then governed by their by-laws. To enable supporters’ groups to influence the management of the clubs they support, they can create a joint stock company which is the legal form of a capital company without any personal relationship elements. It has a board of directors and a supervisory board and it enables cooperation with joint stock companies often used by professional football organisations. Another possibility is to establish an association according to the Slovenian Associations Act. Rights and duties of members of associations are then governed by their by-laws. The groups of supporters can also act within structures of institutes, which are non-membership organisations that can conduct activities

in the areas of education, science, culture, sports, etc. Private institutes may engage in economic activities intended to further their objectives. Public institutes must be established by a public entity, such as a local municipality, though other legal or natural persons may serve as co-founders.

## Switzerland

The Swiss Football Association (SFA) requires members to be registered associations. Furthermore, the form of the company limited by shares is prescribed by the by-laws of the Swiss Football League for those clubs which play in the first division of the national league.

Football supporters are mostly organised as associations, while others are unregistered groups. In Switzerland, the most efficient way for a football supporter to influence the management of a football club is to become a member of the registered association or/and a shareholder of the company established by the club. In these two cases, the supporter's liability will be limited to payment of the membership fees or/and the price of a share.

## Turkey

In Turkish law, sports clubs are defined as a special kind of associations. In recent years, many of the biggest sport clubs in Turkey have chosen to organize their sports and commercial activities under the form of joint stock companies. According to the law, football activities are excluded from supervision of the General Directorate of Youth and Sport and put under the absolute control of the Turkish Football Federation.

In Turkey, supporters' organisations take the legal form of an association. Each supporters' association has its own article as of association. Although supporters' groups have relations to the clubs they

are independent from the football clubs. To enable supporters to be involved in the management of their clubs, they could become members of the clubs and participate in the clubs' administration. Reduction of membership contributions, which are currently high, may encourage supporters to become members of the club they support and to take a more active role in club management.

## Ukraine

The legislation in force allows for all types of sport organisations. Special provisions are made for sport clubs, professional sport leagues, sport federations and public sport associations. The majority of sport organisations are registered under the status of public associations. The majority of professional sport clubs are joint stock companies or limited liability companies.

The existing official supporters' groups are registered as public associations. There does not seem to be much interaction between football clubs and supporters' groups. Within the existing legislative framework, one possibility to include supporters in the club's decision-making process is to allow direct and unlimited membership of supporters in the club that they support. The forms of open joint stock companies and public associations appear to be fully adapted to this purpose.

## UEFA Members for which for which no information could be found:

Andorra  
Faroe islands  
Liechtenstein  
Lithuania  
Luxembourg  
Malta  
San Marino

<sup>1</sup> Most of the information presented here has been taken from Swiss Institute of Comparative Law, 'Comparative Study of the Legal Structures of Football Clubs and Supporters' Organisations in 45 Jurisdictions', Volume I and II, 2008.

<sup>2</sup> Clubs are the followings: Ajax NV, AZ NV, Feyernoord NV, Graafschap BV, NAC NV, Nec-Nijmegen BV, PSV NV, Sparta Rotterdam BV, Willem II BV. It should be noted that some clubs also have a foundation associated with their NV like Sparta-Rotterdam and NAC.

<sup>3</sup> SC Excelsior and Roda JC.



