INTERNATIONAL SPORTS LAW AND GOVERNANCE

THE FINAL GROUP PROJECT

SHAMINE
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INTRODUCTION

IÑAKI PEÑA'S MOVE FROM FC BARCELONA TO GALATASARAY

The transfer agreement is the foundational contract between FC Barcelona and Galatasaray, detailing all financial and legal terms of Iñaki Peña's move. It ensures transparency, protects both clubs' interests, and outlines the conditions under which the player changes teams. From the transfer fee structure to future resale benefits, each clause is strategically negotiated to reflect the value of the player and the financial capabilities of the clubs involved.

OVERVIEW OF CLUB-TO-CLUB AGREEMENT:

- ***Transfer Fee:*** *The agreed fixed sum Galatasaray pays to FC Barcelona. This figure often undergoes heavy negotiation based on the player's current value and potential.*

- ***Payment Structure:*** *Rather than a lump sum, payments can be staggered. For example:*
  €4 million upfront
  €2 million after 12 months
  €2 million after 24 months
  This aids Galatasaray's cash flow while committing to full payment.

- ***Add-ons and Bonuses:*** *Conditional payments, e.g.,*
  Peña makes 30+ appearances
  Galatasaray qualifies for the Champions League
  These align incentives between clubs and enhance value.

- ***Sell-on Clause:*** *FC Barcelona may retain 20% of future sale proceeds, ensuring continued benefit from the player’s growth and future transfers.*

- ***Medical Clause:*** *Transfer finalization depends on the player passing a medical examination conducted by Galatasaray.*

KEY TERMS OF PEÑA'S PLAYER CONTRACT:

- ***Contract Duration:*** *Typically 4 years to provide career and financial stability for the player and club.*
- ***Base Salary:*** *Example – €1.5 million annually, paid in monthly installments.*
- ***Performance Bonuses:*** *Additional earnings for clean sheets, match wins, or leadership roles, motivating top performance. Signing & Loyalty Bonuses: €500,000 one-time signing bonus Loyalty bonuses for staying over 2+ seasons*
- ***Image Rights:*** *Commercial rights to Peña's name/likeness—split (e.g., 70% Peña / 30% Club). These are monetized in marketing, sponsorships, and advertising.*
- ***Release Clause:*** *A pre-agreed fee (e.g., €40 million) that allows other clubs to buy out the player's contract if met.*

GOVERNING LAWS AND FOOTBALL REGULATIONS:

- ***FIFA RSTP:*** *The transfer must go through FIFA's Transfer Matching System (TMS), ensuring: Transparency Correct registration Payment of solidarity and training fees*
- ***UEFA Financial Fair Play (FFP):*** *Galatasaray must show the deal won't result in a financial imbalance. Monitoring includes: Revenue vs. expenses Player wage limits*
- ***National Federations:*** *Spanish RFEF & Turkish TFF have rules on player registration and financial operations. Clubs must comply with salary caps, squad limits, and licensing rules.*
- ***Tax Regulations:*** *Player's tax residency (Turkey vs. Spain) impacts how salary and image rights are taxed. Mismanagement may lead to penalties or reputational damage.*

ROLE OF THIRD PARTIES IN FOOTBALL TRANSFER PROCESS :

Agents and Intermediaries:

- **Player's Agent:** Negotiates personal terms (salary, bonuses, image rights) and ensures playing time expectations.
- **Club's Legal Teams**: Protect financial and strategic interests in the transfer agreement.

Commission Fees:

Agents typically receive 3-10% of the salary or transfer fee. FIFA now regulates these commissions to avoid exploitation.

Third-Party Ownership (TPO)

- FIFA has banned third-party ownership of players' economic rights since 2015.
- No external investors can hold any financial interest in Iñaki Peña's contract.
- Full control over the player's rights remains with the clubs and the player himself.
- The ban promotes transparency, integrity, and compliance in the transfer process

Regulatory Oversight:

- FIFA, UEFA, and national federations (TFF, RFEF) oversee the process.
- Compliance with TMS registration, training compensation, and Financial Fair Play is required.

TO CONCLUDE THE THIRD PARTIES

Involved Parties:

- ***Player's Agent:*** *Negotiates salary, bonuses, guarantees*
- ***Legal Teams/Club Intermediaries:*** *Drafting & negotiation*
- ***Agent Commissions:*** *Regulated by FIFA*
- ***No Third-Party Ownership:*** *Fully compliant with 2015 FIFA ban*
- ***Oversight by FIFA, UEFA, TFF & RFEF***

Laws in Negotiation of the Contract

National Law – Spain & Turkey – New Spain Sports Law (39/2022) aimed to "*modernize the legal framework for sports in Spain, recognizing the right to practice sports and promoting equality and inclusion.*" Along with Turkish Football Federation which is aligned to FIFA regulation.

European Union & FIFA regulations – however, there has been a report from the court of justice of the European Union (CJEU) saying that key FIFA rules governing the transfer system are "contrary to EU law" and this is in regards to freedom of movement of players. So that has to be looked at for alignment by both bodies.

COMPLIANCE WITH SPORT REGULATIONS, LABOUR LAWS & CONTRACT OBLIGATIONS

·As per FIFA regulations, a player can negotiate with a club only in the last six months of their contract without the consent of their current club. Clubs can have discussions with each other but must be completed in compliance with procedure. Also to be adhered to are UEFA, national federation and league rules.

·According to Arano (2020) In Spain, employment issues arising between club and player will be addressed by Spanish Labour Law. In Turkey, footballers are excluded from Turkish Labour Law. Instead, it is governed by TFF and FIFA.

Contractual obligations (payment schedules, performance duties) must be clearly defined and adhered to, to avoid disputes and potential legal action or sporting sanctions.

IMPACT OF TAXATION LAWS ON CONTRACT STRUCTURING

·Spain and Turkey have a double taxation agreement whereby the income generated in one country is not taxed again when it is repatriated to the taxpayer’s home country.

·Image rights – both territories image rights protection is governed by their laws.

Buyout Clause - for a player who wants to exit his contract early. In Spain it is mandatory to have this clause inthe ocntract.

REGULATORY NOTES

DUE DILIGANCE

Galatasaray will verify Inaki's disciplinary status to ensure he has no outstanding infractions before the transfer.

FIFA TRANSFER MATCHING SYSTEM

The transfer will undergo this system to ensure compliance with FIFA regulations - it includes verification of player data, transfer fee accuracy, contractual timelines and compliance with international rules.

JURISDICTION

·FIFA’s Dispute Resolution Chamber (DRC) - body within FIFA to resolve employment disputes, training compensation & solidarity payments
Court of Arbitration for Sport (CAS)

JUSTIFICATION OF KEY DECISIONS BASED ON FINANCIAL, LEGAL, AND STRATEGIC FACTORS

Financial Justification:

Setting the transfer fee at €8 million reflects both the market value of Iñaki Peña and his potential future contribution. It's a one-time investment in a player who can fill a key position long-term, potentially reducing future goalkeeper expenses.

Legal Justification:

The transfer fee forms the basis of the contract and is legally binding upon agreement, ensuring clarity between both clubs and providing a straightforward structure for potential legal disputes.

Strategic Justification:

Acquiring a young, technically skilled goalkeeper aligns with Galatasaray's long-term sporting strategy. It also sends a signal to fans and sponsors that the club is investing in quality talent to remain competitive, both domestically and in Europe.

STRATEGIC JUSTIFICATION FOR TRANSFERRING IÑAKI PEÑA DUE TO MUSLERA'S POTENTIAL EXIT

Succession Planning with Reduced Uncertainty

-Proactive Transfer Strategy: Galatasaray can appoint a replacement in advance rather than responding to Muslera's departure. This is essential for protecting consistency and avoiding the problems associated with quick, mid-season buyouts.

Future-proofing the Squad

-Age consideration: Muslera is now 38. Even if he stays another season, his long-term presence is not guaranteed. Iñaki Peña, at 25, offers a 10+ year horizon.

Market Timing & Opportunity

-Affordable Now, Expensive Later: Peña is now more affordable due to his limited playing time at Barcelona and a potentially changing contract situation. Waiting might make him more competitive and raise his price.

IDENTIFICATION OF NEGOTIATION STRATEGIES LEADING TO THE FINAL AGREEMENT

<u>Anchoring with a High Initial Asking Price:</u> Barcelona likely set a high starting price (e.g., €10–12 million) to anchor the negotiation. This is a classic strategy to frame expectations high, even if they're willing to accept less.

<u>Time Leverage:</u> If Peña is nearing the end of his contract or isn't renewing, Barcelona has less power and may settle for a reduced fee rather than risk losing him for free.

<u>Staggered Payment Proposal:</u> Galatasaray may offer a structured payment plan (e.g., €4M now + €2M next year + €2M later), arguing it's financially sustainable and still reflects the full value. This gives Barcelona a headline-friendly number ("€8 million") while allowing Galatasaray cash flow flexibility.

<u>Previous Relationship:</u> Peña was previously on loan at Galatasaray. This existing relationship builds trust and reduces risk on both sides:
Galatasaray knows his fit.
Peña knows the environment.

This relational history helps smoothen negotiations and speed up due diligence.


THANK YOU