

APPENDIX 1 TO SANCTION & CONTROL OF COMPETITIONS REGULATIONS

These Regulations have been compiled by the National League System Policy Body and approved by the Sanction and Registrations Committee and Football Regulatory Authority of The Football Association for the mandatory use of all Competitions at Steps 1 to 4 (inclusive) of the National League System and should be read in conjunction with the Standardised Rules (“the Rules”).

These Regulations were approved by FA Council on 18 May 2017 and are effective from that date.

BACKGROUND

The Rules for 2017/18 include as an appendix provision for the introduction of a licensing scheme to be applied to Clubs at Steps 1 to 4 of the National League System. These Regulations implement the requirements of the licensing processes and procedures.

DEFINITIONS

Definitions of terms are as stated in the Rules.

“**Competition**” – in these Regulations shall refer to a competition at Steps 1-4 of the National League System

“**the Licence**” – an annual licence required to be held by a Club to be a member of a Competition that may be either an Unconditional Licence or a Conditional Licence .

“**the First Licence**” – the Licence to be granted to each Club to enable it to compete in a Competition from Playing Season 2016/17

“**the Licence Criteria**” – as stated in Annex 1, each of which is a Criterion

“**Conditional Licence**” – a Licence with conditions attached to be met by a Club within a period determined by the Competition in which the Club holding the Licence is allocated by the Leagues Committee. Such period is not to exceed 1 March in the Membership Year to which the Licence relates. Save in exceptional circumstances, a Conditional Licence cannot be granted to a Club for successive Membership Years in respect of the same Criterion.

“**Unconditional Licence**” – a Licence without any conditions attached

1. GENERAL PROVISIONS AND APPLICATION OF THE LICENCE

- 1.1 The Association is to operate a licensing system for Clubs at Steps 1 to 4 of the National League System from Playing Season 2016-2017. The Association has delegated to each Competition the operation, determination and monitoring of the Licence as set out in these Regulations (“the delegated powers”). The Association retains a right to apply the operation, determination and monitoring of the Licence as set out in Section 2 below. The Competition may in accordance with the Rules delegate its responsibilities under these Regulations to a Sub Committee or similar body.
- 1.2 A Club must hold a Licence to be a member of a Competition.
- 1.3 A Licence is granted for a Membership Year. In each Membership Year the Competition must monitor the compliance of each Club in relation to the Licence Criteria unless the Licence has been withdrawn by the Competition or has been or is to be surrendered by a Club.
- 1.4 If at any time during a Membership Year the Competition becomes aware that a Club no longer fulfils any of the Licensing Criteria then the Competition shall review that Club's Licence in relation to the non-fulfilment such that a Licence may be withdrawn, suspended or have conditions imposed or varied or have financial penalties imposed upon it.
- 1.5 A Club must give written notification to the Competition of which it is a member of any breach of any Licence Criterion within 5 working days of the breach occurring.
- 1.6 If a Club's Licence is suspended then that Club cannot participate in the Competition from that date until the expiry of seven days from the day the default is remedied, unless

otherwise agreed by the Competition. If the Competition refuse or withdraw a Licence then that Club cannot participate in the Competition.

- 1.7 A Club that does not hold a Licence to be a member of a Competition may apply to the Leagues Committee to be placed elsewhere within the National League System in accordance with National League System Regulations but shall not be automatically entitled to such a place.

2. ROLE OF THE ASSOCIATION

- 2.1 At any time The Association can make representations in writing to the Competition with regard to the Licence of a Club and the Competition shall respond in writing within 5 working days of receipt of the representation.
- 2.2 The Association has the right to apply at any time the delegated powers where in the reasonable opinion of The Association the Competition has failed to do so or has failed to do so adequately and the procedure set out in Regulation 2.3 has been followed. This right includes determining any sanctions for non-compliance by a Club with the Licence Criteria. In the event that The Association exercises the delegated powers then they shall be applied by The Association's Chief Regulatory Officer or any officer acting on a delegated authority.
- 2.3 The procedure to be adopted in the event that The Association wish to apply delegated powers as provided for in Regulation 2.2 is that The Association's Chief Regulatory Officer or any officer acting on a delegated authority shall give written notice to the Competition setting out the matter in respect of which it wishes to apply delegated powers, the decision it wishes to apply and the full reasons for this. The Competition shall reply in writing within five working days of receipt of The Association's written notice, or 3 May following the submission of the application if earlier, setting out its responses to the proposal including the Competition's agreement or otherwise to The Association's notice. If agreed then the decision required by The Association shall be applied by the Competition and shall be treated as a decision of the Competition. If not agreed then The Association may, after considering the responses of the Competition, confirm its decision to exercise delegated powers to the Club and the Competition in writing. In the event that The Association has applied the delegated powers then the decision of the Competition shall be set aside and the decision of The Association shall apply subject to an appeal by the Club and or the Competition as set out in Section 7.

3. LICENSING PROCESS AND TIMETABLE

- 3.1 Each Club is required to apply for a Licence using the application form. The application form is to be received by the Competition by 14 March in respect of the Membership Year immediately following. A Club shall be assessed by the Competition in accordance with the Licensing Criteria in order to be granted a Licence.
- 3.2 The Competition will conclude the assessment process by 21 April of the Membership Year and notify The Association in writing of its licensing decisions by that date in a form reasonably determined by The Association.
- 3.3 The Competition must advise each of its member Clubs of its licensing decision in writing on or before the 5 May following the submission of an application, other than for a Club to which The Association has exercised the delegated powers in accordance with paragraph 2.3.
- 3.4 The Competition shall advise The Association in writing of any subsequent decision in relation to any Licence during a Membership Year. Such notification to be transmitted to The Association within five working days of the date of the decision of the Competition.
- 3.5 The Competition may request the attendance of a Club at a meeting to consider the assessment of that Club in relation to the Licence or request any further information it deems appropriate. Such attendance, once requested, shall be mandatory and shall be made by an Officer of the relevant Club.

4. LICENCE CRITERIA

- 4.1 The Licence Criteria are as set out in Annex 1. Each of the Licence Criterion is to be met for a Club to be granted an Unconditional Licence. A Conditional Licence may be issued as stated in the Licence Criteria.

5. TRANSFER OF A LICENCE

- 5.1 If a Club wishes to transfer its Licence from one entity to another then it may only do so with the written consent of the Competition and The Association. The requirements to be met for the transfer of a Licence are set out in Rule 2.9.

6. MOVEMENT OF CLUBS

- 6.1 In the event that a Club moves from one Competition to another then the Licence will be retained by the Club and must be applied by the Competition of which that Club becomes a member. The Competition which receives a Club by such transfer may review that Club's Licence at any time and take such action as may have been available on the original application.
- 6.2 (Step 1 only) A Club relegated from the English Football League shall be subject to assessment for a Licence by the Competition on becoming a member of the National League in a timescale determined by the Competition and such relegated Club shall fully co-operate with such assessment in a timely manner. Such a Club must not be refused a Licence in its first Membership Year although any conditions for the grant of the Licence must be satisfied by no later than 1 March following the application.
- 6.3 Any Club that applies for promotion from Step 5 to Step 4 of the National League System must be required to meet the Licence Criteria in accordance with the timetable set out in the Licence Criteria. The assessment of such a Club must be determined by the National League System Policy Body. In order to be promoted to Step 4 a Club must meet the Licence Criteria in addition to the requirements set out in the Regulations for the Operation of the National League System.

7. APPEALS

- 7.1 All decisions of the Competition in relation to a Licence shall be subject to appeal only by the Club which submitted an application form for that Licence. The appeal shall be determined in accordance with Regulations For Football Association Appeals save that any such appeal must be lodged in writing within 5 working days of the date of notification of the decision to be appealed against and any appeal hearing must be held within 14 days of the appeal being lodged with The Association.
- 7.2 All decisions of The Association where it applies the delegated powers in accordance with Section 2 shall be subject to appeal only by the Competition and the Club which submitted an application form for a Licence. The appeal shall be determined in accordance with Regulations For Football Association Appeals save that it must be lodged in writing within 5 working days of the date of notification of the final decision of The Association to apply delegated powers and any appeal hearing must be held within 14 days of the appeal being lodged with The Association.
- 7.3 All decisions of the National League System Policy Body in accordance with paragraph 6.3 shall be subject to appeal only by that Club which is seeking promotion to Step 4 and had applied for a Licence. The appeal shall be determined in accordance with Regulations For Football Association Appeals save that it must be lodged in writing within 5 working days of the date of notification of the decision to be appealed against and any appeal hearing must be held within 14 days of the appeal being lodged with The Association.

8. RULES AND FA RULES

- 8.1 The application of the Licence Criteria and processes shall not restrict the application of the Rules and FA Rules in any way. Any information provided under the licensing processes may be used by the Competition and or The Association in the application of the Rules and FA Rules respectively.

9. MISCONDUCT

- 9.1 Any Club and or Club Official that knowingly provides information to the Competition in relation to the Club's Licence that is found to be false in any particular then that Club and or Club Official may be charged with Misconduct under the Rules or FA Rules.

LICENCE CRITERIA ANNEX 1

1. LEGAL

- 1.1 Confirmation of the legal entity that is the Club
- 1.1.1. By 14 March in a Membership Year a Club must confirm to the Competition its company name and number (if incorporated) and a list of all individuals with a Significant Interest in the Club or the name of the nominee in whose name the membership of the Company is vested (if an unincorporated association) as at the 1 March immediately preceding.
- 1.1.2. The Criteria will be met where the details provided by a Club complies and accords with information already provided to the Competition.
- 1.1.3. If a Club fails to provide the information or if the information provided does not comply and accord to that held by the Competition then the Club must explain any differences within a timescale set by the Competition. If the explanation provided by the Club does not satisfy the Competition then the Competition may refuse the Licence, issue a Conditional Licence and or penalise the Club at its discretion.
- 1.2 The Rules or Articles of Association of a Club are required to meet the provisions of Rules 1 2 (a) to (d) of The Association.
- 1.2.1 The criteria shall be met where the Club's articles or Rules meet the requirements of FA Rules 1 2 (a) to (d). The Association shall by 14 March in a Membership Year provide the Competition with a written confirmation as to any Club of which it is aware whose articles or Rules do not satisfy the requirements of Rule 1 2 (a) to (d) of The Association.
- 1.2.2 In cases where non-compliance is identified then a Conditional Licence may be granted such that the Club must amend its articles or Rules within 60 days of being instructed to do so by the Competition. The Club must provide evidence of the changes to the Competition and to The Association for consideration. If the changes are not made and evidenced to the satisfaction of The Association within the 60 day period then the Club's Licence may be suspended by the Competition with immediate effect until such time as the provisions of FA Rule 1 2 (a) to (d) have been met.

2. OWNERSHIP AND CONTROL

- 2.1 Confirmation of ownership and control
- 2.1.1 By 14 March in a Membership Year a Club must provide written confirmation of its ownership and control as at the 1 March immediately preceding together with supporting documentation to evidence the same.
- 2.1.2 If a Club fails to provide the confirmation by the due date then the Licence may be refused or issued subject to conditions.

- 2.2 Publication of ownership
 - 2.2.1 By 14 March in a Membership Year a Club must provide the Competition with evidence of compliance with Rule 2.13 at the 1 March immediately preceding. Evidence may include copies of pages from the Club's website and or copies of the Club's matchday programme.
 - 2.2.2 If a Club fails to provide the confirmation and or the evidence required or has not met the requirements of Rule 2.13 at 1 March immediately preceding then the Club may be issued with a Conditional Licence such that it is directed by the Competition to satisfy Rule 2.13 within 30 days. The failure to comply with this direction so may result in a penalty that may include the suspension of the Licence.
- 2.3 Change of control – National League only
 - 2.3.1 Where a change of control of a Club has occurred in a Membership Year then it must have been approved by the Competition in accordance with Rule 2.14. Compliance with Rule 2.14 shall be deemed to meet the criteria.
 - 2.3.2 If through any means the Competition becomes aware that a change of control has occurred at a Club in the Membership Year that it has not approved in accordance with Rule 2.14 then in addition to the powers of the Competition set out at Rule 2.14 the Competition may refuse a Licence, attach conditions to a Licence and / or apply a penalty at the discretion of the Competition.

3 INTEGRITY

- 3.1 Owners' and Directors' Test
 - 3.1.1 By 14 March in a Membership Year a Club must confirm to the Competition that the Club has met the reporting requirements of The Association's Owners' and Directors' Test Regulations as at 1 March immediately preceding in a Membership Year.
 - 3.1.2 If at 1 March the Competition has received a Notice issued by The Association in accordance with the Owners' and Directors' Test Regulations and the Club's membership of the Competition has been suspended at that date then the Licence may be refused.
- 3.2 Interests in more than one club
 - 3.2.1 By 14 March in a Membership Year a Club must provide a written confirmation in a form determined by the Competition that it satisfies the requirements of Rule 5 as at the 1 March immediately preceding.
 - 3.2.2 In the event that the written confirmation is not provided by the due date then the Club must be subject to a penalty determined by the Competition that may include a fine, Embargo, suspension, refusal of the Licence or the granting of a Conditional Licence.
 - 3.2.3 If at any time during a Membership Year the Competition become aware of a matter to be considered under Rule 5 via the written confirmation provided by the Club or by any other means such that in the opinion of the Competition the breach brings or is likely to bring into question the integrity of the Competition then that Club's Licence may be refused, suspended, withdrawn or a Conditional Licence may be issued.
- 3.3 Management of a Club
 - 3.3.1 If the Competition has determined that as at 1 March in a Membership Year a Club is in breach of Rule 2.11 and or 2.18 such that the Club is to be expelled or excluded from the Competition in accordance with the Rules then the Licence may be refused or a Conditional Licence may be issued.

4 FINANCE

4.1 Annual financial statements

- 4.1.1 By 14 March in a Membership Year a Club must provide to the Competition a copy of its full financial statements for the period of its most recent complete financial year.
- 4.1.2 The accounts are to be prepared in accordance with applicable legal and regulatory requirements, the rules of the Club, Rule I 1 (c) or (d) of The Association as appropriate and are to be evidenced as having been approved on behalf of the Club by its Board of Directors or Committee and approved by its members/shareholders at a duly convened general meeting.
- 4.1.3 The Association shall by 14 March in a Membership Year provide the Competition with a written confirmation as to any Club of which it is aware whose financial statements for the period of its most recent complete financial year do not satisfy the requirements of Rule I 1 (c) or (d) of The Association.
- 4.1.4 Where the annual financial statements are not provided to the Competition by the due date or do not satisfy the requirements at paragraph 4.1.2 above then the Licence may be refused or a Conditional Licence issued. The Club may also be subject to a penalty determined by the Competition.

4.2 Filing of annual financial statements – Club companies only

- 4.2.1 In the case of a Club that is a corporate body (or similar), then that Club must by 14 March in a Membership Year confirm to the Competition that the annual accounts for its latest complete financial year are not overdue for filing at 1 March immediately preceding with regulatory bodies such as the Registrar of Companies at Companies House (or similar).
- 4.2.2 Where the Competition becomes aware by any means that the annual accounts were overdue for filing at 1 March then the Club must be subject to a penalty determined by the Competition that may include licence refusal or the issuing of a Conditional Licence.

4.3 Football Creditors

- 4.3.1 By 14 March in a Membership Year a Club must provide a written confirmation in a form requested by the Competition that it is not in default of amounts owed by the Club at the 1 March immediately preceding in respect of Football Creditors. The confirmation must also include any on-going proceedings against the Club in relation to Football Creditors. The Club must provide details of any such proceedings whether through football procedures recognised by the Competition or legal procedures, such as a winding up petition.
- 4.3.2 This Criterion shall be met where the Competition has assessed a Club and found it to comply with the provisions of Rule 11. The date of assessment shall be 1 March in a Membership Year. Where a Club has reported or the Competition has become aware by any means that a Club has defaulted on payments to Football Creditors then in addition to the powers set out at Rule 11 then the Competition may refuse the Licence, issue a Conditional Licence or suspend the Licence pending the supply of any further information requested by the Competition and for a period as the Competition shall determine.

4.4 PAYE and VAT

- 4.4.1 A Club must be assessed under the Financial Reporting Initiative in respect of PAYE and VAT. The assessment of a Club and the application of the requirements of the Financial Reporting Initiative to a Club shall be deemed to be compliance with the criteria.

- 4.5 Evidence of Funding – Step 1 only
A Club must be compliant with the requirements of Appendix E Budget Monitoring Scheme and Permitted Loans in relation to the Membership Year.
- 4.6 Insolvency Event
- 4.6.1 By 14 March in a Membership Year a Club must confirm to the Competition in writing whether or not it is subject to an Insolvency Event as at the 1 March immediately preceding. If a Club is so subject to an Insolvency Event then the Club may be subject to assessment by the Competition in accordance with the requirements of Rule 13.B. In addition to the requirements at Rule 13.B the Competition may refuse the licence, withdraw a Licence or issue a Conditional Licence.
- 4.6.2 Irrespective of the content of paragraph 4.6.1, a Club subject to Insolvency Events (d), (e), (f) or (g) as defined in the Rules is not entitled to hold a Licence and must not be permitted to participate in the Competition from the date of the Insolvency Event. A Licence shall automatically lapse should a Club become subject to Insolvency Events (d), (e), (f) or (g) as defined in the Rules.
- 5 GROUNDS AND SECURITY OF TENURE**
- 5.1 At 31 March in a Membership Year a Club must have satisfied the provisions of Rules 2.1, 2.2, 2.3, 2.5 and 2.6.
- 5.2 Compliance with Rules 2.1, 2.2, 2.3, 2.5 and 2.6 shall be deemed to meet the Criteria.
- 5.3 A Club that fails to meet the requirements of Rules 2.1, 2.2, 2.3, 2.5 and 2.6 at 31 March may be refused a Licence.
- 6 REPORTING OF CHANGES**
- 6.1 A Club is required to advise the Competition in writing of any changes to the application of any of the Licence Criteria to its Licence at any time which might directly or indirectly affect the application of the Licence Criteria. The written notification is to be received by the Competition within three working days of the change occurring.
- 6.2 If the Competition becomes aware of a change at a Club by any means then the Competition must consider any such change in relation to the application of the Licence Criteria to the Club.
- 6.3 If a Club fails to advise the Competition of such a change then it may be subject to a penalty determined by the Competition, including and not limited to suspension or withdrawal of the Club's Licence, Embargo or financial penalty or a points deduction.