



Women's Super League Football Handbook

Insolvency Policy

BARCLAYS WSL / WC INSOLVENCY POLICY ("INSOLVENCY POLICY")

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1. INTRODUCTION

- 1.1 Unless set out below and unless clearly intended to the contrary, capitalised terms used throughout this Insolvency Policy shall have the same meanings as set out in Competition Rules (Chapter 1) (the "**Rules**") and any reference to a Rule shall be a reference to the relevant Rule in the Rules.
- 1.2 The purpose of this Insolvency Policy is to provide clarity to Clubs as to the possible implications of financial difficulties and insolvency for a Club.
- 1.3 The Board believes that no Club should gain (or seek to gain) any advantage over other Clubs by not paying all its creditors in full at all times.
- 1.4 However, Clubs have and may in the future become subject to financial difficulties or become Insolvent. Any Club becoming Insolvent is at risk of losing membership Leagues OpCo.
- 1.5 Membership of Leagues OpCo (conferred by the grant of a Participation Agreement) can be terminated if a Club becomes Insolvent. However, the Participation Agreement and the League Competition Regulations also grant the Board discretion as to whether to allow membership to continue and, if so, on what basis.
- 1.6 Termination of an Insolvent Club's Participation Agreement would have a significant impact on the constitution and continuity of the Competitions. The Board's preference is to work with a Club subject to financial difficulties to avoid Insolvency and to work with any Office Holder to avoid termination of a Participation Agreement. However, the Board's overriding duty is to promote and uphold the integrity of the Competitions.
- 1.7 A Club's creditors can be divided into:
 - 1.7.1 Football Creditors - it is not tenable for a Club to remain a member of Leagues OpCo if fellow Clubs and other football related creditors are not paid in full at all times.
 - 1.7.2 Non-Football Creditors (being any creditor other than a Football Creditor) - if Non-Football Creditors are not to be paid in full at all times, the Board must weigh this against the consequences of termination of a Participation Agreement. Factors that may be taken into account by the Board include (but are not limited to):
 - (a) the integrity and credibility of the Competitions;
 - (b) the financial stability of the Club and Leagues OpCo;
 - (c) the effect on supporters; and
 - (d) the effect on local communities servicing a Club.
- 1.8 Whilst there are informal mechanisms to restructure a Club's finances, the Insolvency Act 1986 offers Clubs some formal mechanisms to restructure their finances and continue in business. It also provides a means by which unsecured creditors can agree to accept less than full payment to enable a Club to continue in business.
- 1.9 Taking this into account, this Insolvency Policy allows a Club which is in financial difficulties or Insolvent, the time and opportunity to restructure and to remain in the Competitions, whilst at the same time safeguarding the integrity of the Competitions by requiring that Football Creditors are paid in full and, in certain circumstances, Non-Football Creditors receive a minimum distribution paid via an Office Holder, failing which a Club may be subject to additional conditions including additional points deductions.
- 1.10 The Board also reserves the right to require evidence regarding any insolvency of any Group Undertaking of a Club and any proposals (or absence of such proposals) to creditors of Group Undertakings of a Club before determining whether or not a Club should remain a member of Leagues OpCo. For example, and without intending to limit the scope of this discretion, Clubs may incur debt relating to the ongoing business of the Club through a Group Undertaking and to leave such creditors unsatisfied may provide that Club with a competitive advantage.

2. STATUS OF THIS POLICY

- 2.1 This Insolvency Policy is designed to offer guidance and clarity to Clubs as to how a particular case will be considered. This Insolvency Policy does not and cannot cover every eventuality and the Board reserves the right to review and amend the procedures for each individual case.
- 2.2 No Club subject to an Insolvency Event (whether of the Club or a Group Undertaking) has an absolute right to continue in membership of Leagues OpCo and / or the Competitions. Even where the Club meets the requirements of this Insolvency Policy, there may be other circumstances which would warrant the termination of a Participation Agreement without any suspension of the Notice of Termination (see paragraph 5) and / or refuse the consent to any transfer of a Participation Agreement. For example, Clubs repeatedly taking or suffering Insolvency Events could so damage the integrity and reputation of Leagues OpCo and its Competitions that it would be unreasonable for it to expect to continue in membership.
- 2.3 This policy was first notified to the Clubs on 28 June 2017 at the AGM prior to the 2017 / 2018 Season.
- 2.4 Any queries or requests for guidance in relation to this policy should be directed to the Competition Secretary in the first instance.

3. STRUCTURE OF THIS POLICY

This Insolvency Policy is split into three main parts as follows:

- 3.1 the first part (paragraph 4) deals with Clubs experiencing financial difficulties but which have not become Insolvent or had an Office Holder appointed to them;
- 3.2 the second part (paragraphs 5-12) deals with Clubs which are Insolvent and have had an Office Holder appointed to them; and
- 3.3 the third part (paragraph 13) deals with the mechanisms in place to allow a Club to exit the Insolvency process and, in rare cases, to transfer their Participation Agreement to a successor entity.

4. CLUBS EXPERIENCING FINANCIAL DIFFICULTIES

- 4.1 Where the Board becomes aware that a Club is or may be in contravention of Rule 22 relating to its financial arrangements, the Board may serve a notice to this effect (a "**Financial Notice**").
- 4.2 The Board may withdraw the Financial Notice once it is satisfied that a Club is no longer in contravention of Rule 22 relating to its financial arrangements.
- 4.3 Whilst a Financial Notice is in place the Board shall have the following powers:
 - 4.3.1 to require the Club to submit, agree and adhere to a budget which may include, but not be limited to, transfer fees, compensation fees, loan fees or subsequent payments which become due under the terms of any transfer, player's remuneration and fees payable to any intermediary;
 - 4.3.2 to require the Club to provide such further information as the Board may determine and for such period as it shall determine; and
 - 4.3.3 to refuse any application by that Club to register any Player or any new contract of an existing Player of that Club if the Board reasonably deems that this is necessary in order to ensure that the Club complies with its obligations under the Rules (including specifically, but not limited to, under Rule 22) and this Insolvency Policy.
- 4.4 The Financial Notice will be reviewed at each subsequent Board meeting, where the Board may decide to continue or withdraw the Financial Notice, in either case with or without conditions. The conditions may include (but are not limited to) the continued monitoring by the Board of the Club's finances.

- 4.5 Failure by a Club to comply with this paragraph 4 may lead to the termination of the Participation Agreement under clause 12.1.

5. NOTICE OF TERMINATION

- 5.1 For the purposes of this Insolvency Policy, "**Notice of Termination**" means any notice marked as such and served by the Board on a Club following the occurrence of any of the events referred to in clause 12.1 of the Participation Agreement.
- 5.2 Any Club which becomes Insolvent will be served with a Notice of Termination. A Notice of Termination may, at the Board's discretion, be suspended pursuant to paragraph 7 below.
- 5.3 Immediately on the issue of a Notice of Termination any Financial Notice (which may or may not have been previously served on the Club) shall be deemed to be automatically withdrawn.
- 5.4 Where a Group Undertaking of a Club becomes Insolvent (but the Club does not) the Board may serve a Notice of Termination on the Club. The Board will consider all the circumstances of the case, and in assessing the position the Board reserves the right to instruct an independent accountant to prepare a report concerning the financial relationships between the Group Undertaking and the Club.
- 5.5 If a Notice of Termination is not suspended in accordance with paragraph 7 below, the Participation Agreement will be deemed to have terminated with immediate effect pursuant to clause 12.1 of the Participation Agreement.

6. APPOINTMENT OF AN OFFICE HOLDER

- 6.1 In this Insolvency Policy "**Office Holder**" means a licensed insolvency practitioner appointed pursuant to the Insolvency Act 1986 as nominee, supervisor, administrator, special manager, receiver or liquidator of a Club or other relevant entity.
- 6.2 If an Office Holder is appointed to an Insolvent Club, the Board or its representative will seek to meet with the Office Holder at the earliest opportunity to understand the Club's financial position, the Office Holder's intentions for the Club and the potential outcomes for the Club and the Competition.
- 6.3 To preserve each Club's independence an Office Holder may not during their appointment to an Insolvent Club accept any further appointments in respect of other Clubs and must procure that its firm and any employees, partners, directors or other individuals associated with them do not accept appointments in a similar capacity at any other Club.

7. SUSPENSION OF A NOTICE OF TERMINATION

- 7.1 The Board may at its absolute discretion suspend the Notice of Termination to allow the Club time to restructure its financial affairs.
- 7.2 Where the Club is in liquidation the Board is unlikely to consider suspension of the Notice of Termination as it is unlikely that the Club will continue to trade and fulfil its obligations to Leagues OpCo.
- 7.3 Subject to paragraph 7.2 above, in considering whether to suspend a Notice of Termination, the Board will have regard to the following:
- 7.3.1 the integrity and credibility of the Competition;
 - 7.3.2 the financial stability of the Club and the Competition;
 - 7.3.3 the interests of the Clubs remaining in the Competition;
 - 7.3.4 the effect on supporters;
 - 7.3.5 the effect on local communities servicing a Club; and

7.3.6 any other relevant matters brought to the Board's attention.

7.4 The suspension of the Notice of Termination will be reviewed at each subsequent Board meeting, where the Board may decide to continue or cancel the suspension, in either case with or without conditions.

7.5 The Board may also in its absolute discretion cancel any suspension prior to the next scheduled Board meeting where the circumstances are such that it is no longer tenable to retain the Club as a member of the Competitions. The Participation Agreement shall be deemed to have terminated pursuant to paragraph 12.1 of the Participation Agreement with effect from the Board meeting at which the decision is made to cancel the suspension.

8. CONDITIONS ON SUSPENSION OF A NOTICE OF TERMINATION

In suspending a Notice of Termination, the Board will impose conditions including, as a minimum, the following:

8.1 Where the Club is served with the Notice of Termination part-way through a Season:

8.1.1 that the Office Holder confirms that the Club will abide by the Participation Agreement, the League Competition Regulations and the rules and regulations of The FA, UEFA and FIFA and agrees to submit to any proceedings brought against the Club under the Participation Agreement and any applicable rules and regulations, and to be bound by all decisions reached (subject to any right of appeal);

8.1.2 that the Office Holder confirms that the Club will continue to complete its fixtures for the remainder of the Season and in doing so, the Office Holder will honour all tickets purchased (including season tickets) relating to the remainder of the Season in which the Insolvency Event occurs;

8.1.3 that the Office Holder provides projected trading and cash flow forecasts and confirmation of funding which indicate that it has sufficient resources to ensure that the Club can reasonably be expected to complete its fixtures for the remainder of the Season, including (for the avoidance of doubt) payment of all PAYE and NIC payments accruing during his appointment;

8.1.4 that the Office Holder provides such evidence as may be required by the Board that the Club's stadium can continue to be used by the Club to fulfil its home fixtures for the remainder of the Season;

8.1.5 that the Office Holder undertakes to Leagues OpCo:

(a) that the business and assets of the Club will not be sold as a going concern for a period of at least 28 days following the Office Holder's appointment; and

(b) not to enter into any exclusivity or other agreement that might preclude the open marketing and sale of the Club's business and assets for a period of at least 21 days following the Office Holder's appointment,

in each case without the prior written consent of the Board. The Board's view is that consent would only be granted in exceptional circumstances;

8.1.6 the Club will be subject to an Embargo. No Player shall be sold, loaned or transferred to or by the Club without the prior approval of the Board. The Club:

(a) may be permitted to re-sign under-24 Players prior to expiry of their contract on not less favourable terms so as to allow the Club to retain compensation rights in respect of those player(s); and

(b) where a Club's squad of players of professional standing (where professional standing means any player registered on a professional contract or any player registered on a non-contract that has previously been registered on a professional contract with any club) drops below 20, the Club will be able to sign additional players to make a squad of 20,

this Embargo does not replace any other Embargo that may have been, or would otherwise be imposed on the Club under any other provisions of the Participation Agreement or the Rules; and

- 8.1.7 that the Club acknowledges the right of the Board to impose at any time further conditions that it considers appropriate and to withdraw suspension of the Notice of Termination.

- 8.2 Where the Club is served with the Notice of Termination in the close season:

8.2.1 the conditions set out in paragraph 8.1 above generally and in relation to the forthcoming season will be applied; and

8.2.2 the Board is unlikely to suspend the Notice of Termination beyond the start of the next Season unless the Office Holder is able to demonstrate to the Board's satisfaction that there is a reasonable prospect of the Club exiting Insolvency in a manner and timescale that is acceptable to the Board.

9. MAXIMUM LENGTH OF SUSPENSION OF NOTICE OF TERMINATION

- 9.1 No Club may:

9.1.1 remain subject to an Insolvency Event for longer than 18 months; or

9.1.2 start two consecutive seasons subject to an Insolvency Event, unless the Insolvency Event is a Creditor Compromise entered into in order to make distributions to creditors.

- 9.2 Save in respect of a Creditor Compromise, any suspension of a Notice of Termination will therefore be cancelled on the earlier of:

9.2.1 the day before the start of the Club's second consecutive Season subject to that Insolvency Event; or

9.2.2 the day 18 months following the appointment of the Office Holder to the Club.

- 9.3 The Participation Agreement shall be deemed to have terminated pursuant to clause 12.1 of the Participation Agreement on the day set out in paragraph 9.2 above.

10. SPORTING SANCTIONS

For the avoidance of doubt, nothing in this policy shall affect the operation of sporting sanctions pursuant to Rule 18 which are distinct from, and additional to, any sporting sanctions imposed by the Board in exercise of its' discretion under paragraph 12 below.

11. CENTRAL DISTRIBUTIONS

- 11.1 Upon service of a Notice of Termination, the Board will withhold all sums payable to the Club pursuant to the Participation Agreement. The Board will update the Office Holders as to the amounts held from time to time.

- 11.2 By adopting this principle the Board will minimise Leagues OpCo's exposure by not paying funds to a Club that may not complete the Season. The Board will determine in its absolute discretion whether or not to release any surplus to the Office Holder to assist in trading the Club.

- 11.3 Upon termination of the Participation Agreement for any reason the Board may set off any sums due to the Club on any account whatsoever against any sums due to any Football Creditors.

- 11.4 Subject to paragraph 11.3 above an Office Holder may apply to the Board for the release of any surplus funds.

12. CANCELLATION OF A NOTICE OF TERMINATION

- 12.1 In this paragraph 12 and in paragraph 13, the following phrases shall have the following meanings:

"Exit": the date on which the Board resolves to cancel the Notice of Termination; and

"Minimum Dividend":

- (a) 25 pence in the pound, where the proposed dividend is paid simultaneously upon Exit; or
 - (b) 35 pence in the pound (in aggregate), where the proposed dividend is to be paid by way of instalments provided always that all instalments must be paid no later than three years after the date of Exit, with at least one third paid simultaneously upon Exit.
- 12.2 A Notice of Termination may be cancelled if evidence is provided to the Board's satisfaction that:
 - 12.2.1 the relevant Insolvency process has ended with all creditors Paid in Full; or
 - 12.2.2 the Club has entered into binding agreements with creditors in a form acceptable to the Board which ensures that:
 - (a) all Football Creditors are Paid in Full;
 - (b) all secured creditor claims are Paid in Full; and
 - (c) the Office Holder holds sufficient funds (or security) to pay at least the Minimum Dividend to all other creditors of the Club.
- 12.3 The approval of a Creditor Compromise shall not prevent the cancellation of a Notice of Termination provided that the Club fully complies with this paragraph 12 in all other respects.
- 12.4 The Board may impose such further conditions as it thinks fit, having regard to the individual circumstances of any particular Club including but not limited to the following:
 - 12.4.1 the Club honouring all tickets purchased (including season tickets) relating to the remainder of the Season in which the Insolvency Event occurs;
 - 12.4.2 the Club providing projected trading and cash flow forecasts and confirmation of funding which indicate that it has sufficient resources to ensure that it can reasonably expect to complete its fixtures for the remainder of the Season (if applicable) and at least two full seasons thereafter and in doing so also comply with its obligations under paragraph 12;
 - 12.4.3 full details of, and copy documents relating to, the compromise of any debts, including a statement of affairs or other schedule of creditor claims prepared by the Office Holder;
 - 12.4.4 an obligation to fully comply with the terms of any agreement approved by the Board in accordance with paragraph 12 and the consequences of any default in relation thereto, for example, a failure to pay an instalment of the Minimum Dividend could trigger further sanctions including termination of the Participation Agreement or a sporting sanction pursuant to the Rules;
 - 12.4.5 to enable Leagues OpCo to continue to apply existing regulations, e.g. the salary cap regulations, an obligation to file club budgets for each Salary Cap Period notwithstanding the Insolvency Event;
 - 12.4.6 an undertaking from any Office Holder not to accept an appointment as an office holder in any insolvency proceedings of any other Club without first procuring their release from that position;
 - 12.4.7 the imposition of sporting related conditions for example points deductions, relegation or other appropriate conditions. The Board has determined that where a Club seeks to exit administration without paying (or committing to pay) the Minimum Dividend the Club may be subject to a deduction of six points, such deduction to take effect at a time to be determined by the Board in its absolute discretion, but ordinarily at the commencement of the Season following the Season in which the Insolvency Event occurred; and

- 12.4.8 full details of, and copy documents relating to, the compromise of any debts, including any statement of affairs prepared by the Office Holder of a Group Undertaking of the Club that entered into insolvency proceedings. The Board reserves the right to require any Group Undertaking to complete agreements with its creditors in accordance with the principles of paragraph 12 where the Board determines, in its discretion acting reasonably, that this is necessary to protect the principles set out at paragraph 1.7.2 above and in particular to safeguard the integrity of the Competitions.

13. TRANSFER OF A PARTICIPATION AGREEMENT FOLLOWING INSOLVENCY

- 13.1 The Board recognises that there may be situations in which it may be necessary for the Participation Agreement of an Insolvent Club to be transferred to a different legal entity ("**Successor**") in order to achieve the objectives of this Policy (a "**Transfer**"). The Board's preference to maintain the integrity of the Competition is for this to be an exceptional step.
- 13.2 The Board may approve a Transfer by an Insolvent Club in exceptional circumstances subject to this paragraph 13.
- 13.3 Any Transfer in respect of a Club that is not Insolvent will be dealt with in accordance with the terms of the Rules and the Participation Agreement.
- 13.4 No Transfer will be permitted unless the Board is satisfied at its absolute discretion that:
 - 13.4.1 all Football Creditors of the Club are Paid in Full;
 - 13.4.2 the Successor is, or will be in compliance with all aspects of the Participation Agreement and the Rules;
 - 13.4.3 the Successor has security of tenure at a football stadium that complies with Rule 4.16 and paragraph 3.9 of the Compliance Requirements (Chapter 2 for fulfilling Club fixtures for a period of at least two years;
 - 13.4.4 the Successor can, and agrees to, make all payments required under paragraph 12;
 - 13.4.5 Leagues OpCo has no objection to the transfer;
 - 13.4.6 the Club has agreed to resign its membership of the Competition and transfers its Participation Agreement to the Successor;
 - 13.4.7 the Club or the Successor have paid Leagues OpCo's legal and other professional fees and expenses incurred in relation to that Club's Insolvency; and
 - 13.4.8 the Successor has met or will meet any other condition laid down in the Participation Agreement or the Rules prior to admission. The Board reserves the right at any time to impose further conditions that it considers appropriate;
- 13.5 The Board must approve all current and proposed shareholders and directors of the Successor in writing (without prejudice to, and not limited by, the Owners' and Directors' Test Regulations (Chapter 10).
- 13.6 The Club's Office Holder must execute a waiver discharging Leagues OpCo from any liability to make further payments to them and directing all future payments be made to the Successor, unless agreed otherwise.
- 13.7 The Successor must waive any and all claims arising out of the service of the Notice of Termination, the imposition of conditions or other treatment of the Club (including withholding of club partnership fund monies).
- 13.8 The Successor enters into a written agreement with Leagues OpCo in a form acceptable to the Board relating to the imposition of and compliance with any and all conditions or undertakings imposed or required by the Board.
- 13.9 Prior to requesting a Transfer any Club must ensure that the following information is provided to the Board in relation to the Successor in addition to any requirements in respect of new clubs pursuant to the Participation Agreement and the Rules:

- 13.9.1 full details and copy documentation regarding any proposed sale of all or part of the Club's business and assets;
- 13.9.2 a detailed business plan demonstrating how the Successor will ensure compliance with the League Competition Regulations including but not limited to financial stability and the salary cap regulations;
- 13.9.3 detailed financial and other information relating to the Successor including a post completion pro forma balance sheet and cash flow projections for the longer of:
 - (a) the first year of operation; and
 - (b) the duration of any obligations under any agreement to make payments in respect of the Club's creditors;
- 13.9.4 full details of any arrangements being made by the Successor with the Club (and, where required by the Board, any Group Undertaking of the Club).
- 13.10 The Successor will be subject to an Embargo and will not be permitted to enter into any player transaction, loan or transfer to or from the Successor without the prior written consent of the Board, for:
 - 13.10.1 two further Seasons following the Transfer;
 - 13.10.2 the period during which the Minimum Dividend remains outstanding;
 - 13.10.3 at any time that the Successor is in default of any agreement in relation to secured creditor claims; or
 - 13.10.4 at any time that the Successor is in default of any agreement with or conditions imposed by the Board as a consequence of the Transfer,whichever is longer (the "**Reporting Period**").
- 13.11 During the Reporting period:
 - 13.11.1 the Successor will provide to Leagues OpCo monthly profit and loss, balance sheets and cash flows;
 - 13.11.2 the Successor must undertake to inform Leagues OpCo immediately of any change to its financial circumstances which may affect its ability to complete its fixtures at any time; and

the Successor acknowledges that if it fails to comply with its obligations contained in this paragraph in a manner satisfactory to the Board, the Board may terminate the Successor's Participation Agreement with immediate effect.