



MFL FINANCIAL FAIR PLAY REGULATIONS

Edition 2024/25



MFL

#LigaMalaysia

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DEFINITIONS

Term	Definitions
Employees	Players, officials and administrative staff
FAM	Football Association of Malaysia
FIB	MFL financial fair play decision making body
FFP	MFL financial fair play
FFPA	MFL financial fair play administration
FFPAS	MFL financial fair play system
Licence season	MFL season for which a licence applicant has applied for/been granted a licence.
Licensee	Licence applicant that has been granted a licence by its licensor.
Licensor	MFL that operates the club licensing system, grants licence and undertakes certain tasks in respect of the financial fair play.
MFL	Malaysian Football League
MFL Season	May 2024 – April 2025
Monitoring documentation	The documentation to be submitted by a licensee as defined in respect of each of the financial fair play requirements.
Reporting entity/entities	A registered member or football company or group of entities or some other combination of entities which is included in the reporting perimeter and which must provide the licensor with information for both club licensing and club monitoring purposes.
Reporting period	A financial reporting period ending on the reporting's entity annual accounting reference date.
SD	Statutory Declaration
Supplementary information	Financial information to be submitted to the licensor in addition to the financial statements if the minimum requirements for disclosure and accounting are not met. Supplementary information must be prepared on a basis of accounting, and accounting policies, consistent with the financial statements. Financial information must be extracted from sources consistent with those used for the preparation of the annual financial statements. Where appropriate, disclosures in the supplementary information must agree with, or be reconciled to, the relevant disclosures in the financial statements.

General Provisions

Article 1: Scope of application

- 1 These regulations apply whenever expressly referred to by specific regulations governing club competitions to be played under the auspices of MFL (*hereinafter: MFL club competitions*).
- 2 These regulations further govern the rights, duties and responsibilities of all parties involved in the MFL Financial Fair Play (*hereafter: FFP*) to promote MFL's financial sustainability objectives, and define in particular:
 - a) the role and tasks of the FFP decision-making body (*hereafter: FIB*), the minimum procedures to be followed by the licensors in their assessments of the FFP monitoring requirements, and the responsibilities during the MFL club competitions;
 - b) the FFP monitoring requirements to be fulfilled by licensees that are admitted to the MFL club competitions.

Article 2: Objectives

- 1 These regulations aim to promote financial stability and sustainability among football clubs playing in MFL competitions:
 - a) ensure licensees' ability to fulfil salary and welfare payments to employees;
 - b) encouraging football club's financial responsibility;
 - c) preventing football club's financial defects and liquidation;
 - d) safeguarding football club's long-term sustainability;
 - e) protecting the integrity of MFL's competitions;
- 2 These objectives collectively aim to foster a healthier and more sustainable financial environment within a football club, ensuring that football clubs operate within their means and do not risk their long-term sustainability due to financial mismanagement.

Chapter 1: Rights, duties and responsibilities of parties involved

Article 3: Responsibilities of MFL's Financial Fair Play Decision Making Body

- 1 The MFL Financial Fair Play Decision Making Body (*hereafter: FIB*), which is divided into an investigatory chamber and an adjudicatory chamber, carries out its duties as specified in the present regulations and in the procedural rules governing the MFL Financial Fair Play Decision Making Body.
- 2 In carrying out these responsibilities, the FIB ensures equal treatment of all licensees and guarantees full confidentiality of all information provided.

Article 4: Monitoring process

- 1 The monitoring process starts on submission by MFL Club Licensing Unit (*hereafter: CL*) of the list of licensing decisions to the MFL Management and ends at the end of the licence season.
- 2 It consists of the following minimum key steps:
 - a) issuing of the requirements for financial monitoring documentation to the licensee;
 - b) return of the required completed financial monitoring documentation by the licensee;
 - c) assessment and confirmation of the completeness of each licensee's documentation by the MFL administration;
 - d) submission of the validated financial monitoring documentation by MFL's administration personnel;
 - e) if appropriate, request for additional information by MFL's administration personnel or FIB to the licensee;
 - f) decision by the FIB as specified in the relevant provisions of the procedural rules governing MFL's Financial Fair Play Decision Making Body.
- 3 The deadline for the submission of the validated financial monitoring documentation as stipulated in **article 15 – core process** of this regulations.

Article 5: Responsibilities of the licensor

- 1 The licensor must:
 - a) communicate the deadlines of the financial monitoring process to the licensee;
 - b) cooperate with the FIB in respect of its requests and enquiries;
 - c) as a minimum, assess the financial monitoring documentation;
 - d) assess and confirm to the FIB that the selected reporting perimeter is appropriate for the club's financial monitoring purposes;
 - e) inform the FIB of any relevant information submitted by the licensee in respect of the club's financial monitoring requirements and any event occurring after the licensing decision that constitutes a significant change to the information previously submitted by the licensee.
- 2 In carrying out these responsibilities, the licensor ensures equal treatment and guarantees full confidentiality of all information provided.

Article 6: Responsibilities of the licensee

The licensee must:

- a) cooperate with the licensor and the FIB in respect of their requests and enquiries;
- b) provide the licensor and the FIB with all necessary information and/or relevant financial monitoring documents to fully demonstrate that the financial monitoring requirements are fulfilled, as well as any other document requested and deemed to be relevant for FIB, by the deadline set by the licensor.
- c) confirm that all the submitted documentation and information are complete and accurate;
- d) promptly notify the licensor in writing about any subsequent events that constitute a significant change to the information previously submitted to the licensor, including a change of legal form or legal group structure.

Article 7: MFL Financial Fair Play Administration

- 1 The licensor shall establish an appropriate administration and appoint its qualified staff members.
- 2 The tasks of the MFL Financial Fair Play Unit will include:
 - a) preparing, implementing and further developing the FFP system;
 - b) access and administer the MFL FFPAS (Financial Fair Play Administration System);
 - c) provide training and support for the licensee in using MFL FFPAS;
 - d) providing administrative support to the FIB;
 - e) monitoring the licensees during the season;
- 3 Compulsory to have one staff member with a financial background and a degree in accountancy/auditing recognised by the appropriate national body (e.g. national trade association), or must have several years' experience in the above matters (*a "recognition of competence"*).
- 4 All persons involved in the FFP process must comply with strict confidentiality and independence rules regarding information received during the FFP procedure. The MFL shall set up the necessary confidentiality clauses in this respect.
- 5 The FFPA must have the necessary resources available.

Chapter 2: Monitoring requirements

Article 8: Scope of application

- 1 All licensees that have been admitted to the MFL Competitions must comply with the FFP requirements as set out below.
- 2 FFP monitoring requirements comprise the following:
 - a) Financial competence;
 - b) Cost control requirements;
- 3 Finance competence to the employees and social/tax authorities must be fulfilled by all clubs admitted to MFL's competitions throughout the season.
- 4 The cost control requirements must be fulfilled by all clubs admitted to MFL's competitions.
- 5 Decisions related to an exemption request related to the FFP are taken by the FIB and are final.

2.(a) Financial competence

Article 9: Pre-Season Document Submission

- 1 The licensee must submit the following;
 - a) an approved budget for the license season which shall be approved by the licensee's chief executive officer and chairman.
 - b) an approved list of employee's salary details including the social/tax authorities deduction breakdown for the license season which shall be approved by the licensee's chief executive officer.
 - c) an expected income for the license season with the supporting document such as official letters/agreements or any other supporting letters from government/sponsorship/contribution or others and the document shall be approved by the licensee's chief executive officer and relevant parties involved.
 - d) declaration of no arrears of employees' salary and social/tax authorities' payments for the month of January until April 2024 and shall be approved by the Chief Executive Officer.

- 2 The licensee must submit all pre-season financial documents as stated above by 7 May 2024.
- 3 The licensee can submit additional financial document prior to the 2nd transfer window if received/expected an additional financial income which differ from the 1st window to increase the employee's salary allocation for the 2nd transfer window period during the licensee monitoring season.

Article 10: In-Season Document Submission - No overdue payables towards the employees and social tax authorities

- 1 As at 16 July, 16 August, 16 October, 16 January, 16 March and 16 May in the current licence season, the licensee must submit the following financial monitoring supporting documents;
 - a) declarations letter stating that there are no overdue payables towards the employees and social tax authorities for the licensee financial monitoring periods as stipulated in **Article 15: Core Process**. This must be evidenced by way of a brief statement and signature by the executive body/authorised signatories of the licensee.
 - b) monthly football club financial management report with the statutory declaration from the commissioner of oath for the licensee monitoring periods as stipulated in **Article 15: Core Process**.
- 2 The licensee must disclose all employees and social tax authorities for which an amount is overdue, deferred or disputed (*if any*).
- 3 The following information must be given, as a minimum, together with an explanatory comment:
 - a) Name and position/function of the employee or social tax authorities;
 - b) Start date and end date (*if applicable*);
 - c) Amounts overdue as of 16 July/16 August/16 October/16 January/16 March or 16 May for each unpaid element.
 - d) Amounts overdue as of 16 July/16 August/16 October/16 January/16 March or 16 May for each deferred element, and the date when the written agreement between the parties was concluded; and
 - e) Amounts overdue disputed as of 16 July/16 August/16 October/16 January/16 March or 16 May including the case references and a brief description of the positions of all involved parties

- 4 The licensor must confirm the completeness and accuracy of the licensee's financial monitoring document submission according to the licensor's FFP assessment procedures.
- 5 The licensee must reconcile its liabilities as per the employee's or social tax authorities' information with its underlying accounting records.
- 6 The licensee must confirm that the employee's and social tax authorities' information is complete, accurate and in accordance with MFL's FFP regulations.

2.(b) Cost Control Requirements

Article 11: Calculation of squad cost ratio

A licensee's squad cost ratio is calculated as the sum of:

- a) employee salaries of players, officials and administrative staffs;
- b) social/tax authorities cost of players, officials and administrative staffs.

Article 12: Squad cost rule

A licensee's squad cost ratio for the licence season must be no greater than the defined limit of 80% from the total income of the license season (*only applicable from 2025-2026 cycle*).

Article 13: Catalogue of sanctions

- 1 To guarantee an appropriate assessment process, the licensor must:
 - a) set up a catalogue of sanctions for MFL's FFP system for the failure criteria which may include a caution. Only FIB can impose these sanctions on the licensees (*if applicable*);
 - b) The following sanctions as stated above will be applied accordingly in order to the football club if it failed to comply with MFL's FFP requirements during the financial monitoring period and the subsequent sanctions will automatically be imposed one after another in order within 30 days of each order if there is no progress on the settlements.
 - c) FIB can impose pre-season 1st transfer window or 2nd transfer window sanctions to the licensee if club fails to submit the reports by

stipulated deadline or comply with the payment competence as stipulated on **article 10** of MFL's FFP regulations edition 2024-2025.

- d) FIB can also impose in-season sanctions on the licensee for failure to submit the reports by stipulated deadline or comply with the payment competence as stipulated on **article 10** in between the submission period as stated in the **article 15** of MFL's FFP regulations edition 2024-2025.

IN-SEASON SANCTIONS
<ol style="list-style-type: none">1. Caution2. Fines3. Minus Points4. Ban from Hosting Home Matches5. Exclusion from MFL Competitions6. Withdrawal of MFL Financial Distributions
TRANSFER WINDOW SANCTIONS
<ol style="list-style-type: none">1. Squad Size Restrictions2. Transfer Restrictions

Article 14: Common provision for all monitoring requirements

If one of the financial monitoring requirements is not fulfilled, then the FIB makes a decision, including the possibility to conclude a settlement agreement with the licensee, taking into consideration other factors and takes the appropriate measure(s) without delay in accordance with the procedure defined in the Procedural rules governing MFL's Financial Fair Play Decision Making Body.

Chapter 3: Timetable for MFL Financial Fair Play Core Process

Article 15: Core Process

MFL will follow the below timetable for the core process for admission to the licensee's FFP monitoring for season 2024/25.

NO	REQUIREMENT	DEADLINE DATE
1	The MFL FFP Administration will notify in writing to all licensee participating to the MFL competitions to submit the pre-season financial documents as stipulated on article 9 of this MFL FFP regulations	15 April 2024
2	<u>1st Transfer Window</u> Club to submit the pre-season financial monitoring documents as stipulated on article 9 of this MFL FFP regulations.	7 May 2024
3	Club to submit the 1st in-season financial monitoring documents (May – June) as stipulated on article 10 of this MFL FFP regulations.	16 July 2024
4	Club to submit the 2nd in-season financial monitoring documents (July) as stipulated on article 10 of this MFL FFP regulations.	16 Aug 2024
5	<u>2nd Transfer Window</u> Club to submit the updated pre-season financial documents if received/expected any additional income which differ from the 1st window to increase the employee's salary for the 2nd transfer window period during the licensee monitoring season. <i>(if applicable)</i>	26 Aug – 22 Sept 2024
6	Club to submit the 3rd in-season financial monitoring documents (Aug - Sept) as stipulated on article 10 of this MFL FFP regulations.	16 Oct 2024

7	Club to submit the 4th in-season financial monitoring documents (Oct - Dec) as stipulated on article 10 of this MFL FFP regulations.	16 Jan 2025
8	Club to submit the 5th in-season financial monitoring documents (Jan - Feb) as stipulated on article 10 of this MFL FFP regulations.	16 March 2025
9	Club to submit the 6th in-season financial monitoring documents (Mar - Apr) as stipulated on article 10 of this MFL FFP regulations together with the <i>additional</i> Statutory Declarations (SD) of any overdue for the season 2024-2025.	16 May 2025

Article 16: MFL Financial Fair Play workshop / seminar

- The MFL Financial Fair Play Online Seminar via webinar as an introduction for all the licensee is scheduled on **25th April 2024**.
- The MFL Financial Fair Play Physical Seminar for all the licensee is scheduled on **10th July 2024**.

Chapter 4: Final Provisions

Article 17: Authoritative text and language of correspondence

- 1 If there is any discrepancy in the interpretation of the English and Malay versions of these regulations, the English version prevails.
- 2 All correspondence between MFL and the licensee must be in one of the two MFL official languages (*English and Malay*) and MFL may ask the licensee for a certified translation of documents at their expense (if necessary).

Article 18: Annexes

- 1 All annexes to the present regulations form an integral part thereof.

Article 19: Compliance audits

- 1 MFL and/or its nominated bodies/agencies reserve the right to, at any time, conduct compliance audits of the licensor and of the licence licensee.
- 2 Compliance audits aim to ensure that the licensor and the licensee have fulfilled their FFP obligations as defined in these regulations.

Article 20: Adoption, abrogation and entry into force

- 1 These regulations were adopted by the MFL Board of Directors on **3 March 2024** and FAM Exco on **7 October 2024**.
- 2 These regulations come into force on **15 March 2024**.



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