



NEW LEGAL FRAMEWORK FOR SPORTS COMPANIES

The Portuguese Government announced, on January 12, 2023, the approval by the Council of Ministers of a draft law that revises the legal regime for Portuguese sports companies.

MAIN OBJECTIVES

- (i) Rebalancing the rights in the relationship between the founding clubs and their respective sports companies;
- (ii) Strengthening of the suitability requirements;
- (iii) Reduction of conflicts of interest;
- (iv) Guarantee of gender quotas in the administration and supervision of the sports companies;
- (v) Greater transparency and publicity;
- (vi) Creation of a regime of misdemeanors and a channel for complaints;
- (vii) Supervision.

In order to reach the referred objectives, the referred Draft Law foresees:

REBALANCING OF RIGHTS IN THE RELATIONSHIP BETWEEN THE FOUNDING CLUBS AND THEIR RESPECTIVE SPORTS COMPANIES

It is foreseen the possibility of the formation of private limited companies, whereby the founding club may have partners, contrary to what happens until now.

The administrator appointed by the founding club for the board of directors and the supervisory body has the right to participate in all meetings of the respective bodies.

It is now also admitted the possibility of the founding club, in a general assembly, to elect a member to participate in the meetings of the board of directors of the sports company, although without the right to vote.

Seeking to rebalance the rights between clubs and sports companies, the participation in competitions by sports companies that seriously and continuously violate the shareholder agreements entered into with the founding club is prohibited.

STRENGTHENING OF THE SUITABILITY REQUIREMENTS

Regarding the strengthening of the suitability requirements, new criteria are

foreseen to be applied both to the holders of qualifying holdings and to the members of the board of directors and the supervisory body, namely concerning the absence of convictions for the practice of several crimes directly or indirectly related to the activity of sports companies.

One of the new measures that deserves to be highlighted is the obligation for those interested in acquiring a qualified holding in the capital of a sports company to demonstrate the economic capacity to make this investment and the origin of the financial means that will be used for this purpose.

REDUCTION OF CONFLICTS OF INTEREST

With regard to incompatibilities, it is particularly relevant the fact that intermediaries or agents will no longer be allowed to hold qualified stakes or be directors or attorneys for sports companies.

GUARANTEE OF GENDER QUOTAS IN THE ADMINISTRATION AND SUPERVISION OF SPORTS COMPANIES

Gender quotas are now foreseen and a minimum representation of 20% of persons of each sex designated to positions in sports companies must be ensured until January 1, 2025.

As of this date, the minimum representation will be of 1/3.

GREATER TRANSPARENCY AND PUBLICITY

Regarding the measures to improve the transparency of sports companies, it is important to highlight the fact that they will now be subject to the measures provided for in Law No. 83/2017 on combating money laundering.

CREATION OF A REGIME OF MISDEMEANORS AND A CHANNEL FOR COMPLAINTS

It is now foreseen the creation of a regime of misdemeanors, until now inexistent,

with fines ranging from € 500,00 to € 500.000,00, for failure to comply with the duties and obligations provided for sports companies.

It is also created a channel for reporting violations and a national platform to combat the manipulation of sports competitions.

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