

**IN THE MATTER OF THE EFL FINANCIAL REGULATIONS  
IN THE MATTER OF CFRU DECISION TO REVIEW TO THE CFRP  
AND IN THE MATTER OF LEICESTER CITY FC**

Before:

Christopher Quinlan KC (CFRP, Chair)  
Nick Igoe  
Alison O'Dowd  
Geoff Mesher  
Dan Jones

**BETWEEN:**

**LEICESTER CITY FOOTBALL CLUB LIMITED**

and

**THE FOOTBALL LEAGUE LIMITED**

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**DECISION**

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## **I: THE PARTIES**

1. The Football League Limited, trading as the English Football League (“**EFL**”), is responsible for administering and regulating the English Football League.
2. The EFL’s Financial Fair Play Rules are contained in Appendix 5 to its 2026/27 Regulations (the “**2026/27 Regulations**”). The EFL delegates the authority to exercise its rights and powers in respect of the Financial Fair Play Regulations applicable to Member Clubs to the Club Financial Reporting Unit (“**CFRU**”). The CFRU is an internal department of the EFL.
3. Leicester City FC (“**LCFC**”) is a Member Club of the EFL and in the 2026/27 season is playing in the League One division of the EFL competition.



## II: THE CFRP

4. The Club Financial Review Panel (“**CFRP**”) is an independent panel constituted in accordance with the 2026/27 Regulations, Appendix 6 (“**Appendix 6**”). It comprises a legally qualified Chair, two accountancy and audit qualified members and two football administration experienced members.
5. The jurisdiction of the CFRP includes the referral by the CFRU of Compliance Matters, Call-In Reviews and the referral by Clubs of CFRU Decision Reviews<sup>1</sup>. This is a CFRU Decision Review referred by LCFC.
6. The CFRP determined this matter. In doing so, the CFRP sits as an expert panel and not as an arbitral panel or an Applicable Tribunal<sup>2</sup>. The parties were content for it to be determined without an oral hearing.

## III: REFERRAL OF A CFRU DECISION REVIEW

7. On 26 June 2026, the CFRU informed LCFC that it would be adjusting the Club’s Salary Cost Management Protocol (“**SCMP**”) Calculation to remove [REDACTED] of income. As a result, LCFC was, in the opinion of the CFRU, forecasted to breach the SCMP requirement. In consequence, the CFRU placed it under a registration embargo (the “**Decision**”).
8. On 10 July 2026, 14 days thereafter, LCFC submitted a CFRU Decision Review Report, dated 10 July 2026 (the “**Review Report**”) challenging the Decision. Its request for an

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<sup>1</sup> Appendix 6, §3.1.

<sup>2</sup> Ibid, §7.3.



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oral hearing of this matter was later withdrawn. The parties were content for the matter to be determined without a hearing.

9. In addition to the Review Report, The CFRP received the following materials:

- a. CFRU Written Observations Report, 24 July 2026 (the “**CFRU Report**”) with accompanying bundle – referenced herein **CFRU/Document** number.
- b. Appellant’s Reply Submissions, 12 August 2026 (the “**Reply**”).
- c. CFRU Response to Appellant’s Reply Submissions, 14 August 2026 (the “**Response**”).
- d. Supplied at the CFRP’s request on 3 September 2026, Security Assignments and Debenture.

#### **IV. FACTUAL BACKGROUND**

10. The following factual summary is taken largely from the CFRU Report which core facts appear not to be disputed.

11. On 12 September 2024, LCFC entered into a facility agreement between LCFC and Blank Bank dated 12 September 2024 (the “**First Facility Agreement**”)<sup>3</sup>. This permitted LCFC to draw down [REDACTED] across two different facilities, namely a loan and a credit facility. It also set out repayment dates in the event of relegation from the Premier League.

12. On 20 December 2024, League One Member Clubs voted through changes to the League One SCMP Rules. The said changes included a new rule within Annex A which excluded any central distributions which have been ‘forward financed’ in a previous

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<sup>3</sup> CFRU/01.

reporting period from the calculation of Relevant Turnover<sup>4</sup>. At that time LCFC was a member of the Premier League and asserted that “*as far as the Club is aware, did not receive the notice*”<sup>5</sup> thereof nor participate in the vote.

13. On or around 4 June 2025, after relegation from the Premier League was confirmed, LCFC became a Member Club of the EFL. As a condition of membership, it agreed to be bound by the EFL Regulations.

14. On 18 July 2025, LCFC entered into a Deed of Amendment and Restatement of the First Facility Agreement between LCFC and Blank Bank (the “**Amended Facility Agreement**”<sup>6</sup>). This introduced a third facility, allowing it to draw down a further [REDACTED]

15. In May 2026, LCFC was relegated from the Championship to League One. For League One clubs the primary cost control provisions are the SCMP Rules, and not the Profitability and Sustainability Rules.

16. On 22 May 2026, LCFC’s [REDACTED] sent to the CFRU an email setting out a written explanation of the facility agreements it had with Blank Bank. Therein, he noted that following LCFC’s relegation from the Premier League at the end of the 2024/25 season, distributions from the Premier League would be paid directly to Blank Bank and any amounts in excess of the repayments due to Blank Bank would be remitted to LCFC. He also noted that LCFC did not consider the facility agreements to be within the scope of the SCMP Rules concerning forward financing. Attached to the email was a loan profile breakdown showing the balance and repayment profile for the different facilities

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<sup>4</sup> CFRU/02.

<sup>5</sup> Reply, §4.

<sup>6</sup> CFRU/03.



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covered by the Amended Facility Agreement. A total of [REDACTED] would be 'repaid' to Blank Bank during July 2026 to June 2027<sup>7</sup>.

17. On 27 May 2026, LCFC provided to the CFRU copies of the First Facility Agreement and the Amended Facility Agreement.

18. On 16 June 2026, LCFC submitted to the CFRU its SCMP Calculation<sup>8</sup> which included the following figures taken from the CFRU Report:

- a. Total Relevant Turnover (pre-application of the SCMP Relevant Turnover Percentage) of [REDACTED] including forecast distributions from the Premier League of [REDACTED]. When applying the Relevant Turnover Percentage of 65%, the Total Relevant Turnover is [REDACTED];
- b. Net player and manager trading loss of [REDACTED]; and
- c. Player Related Expenditure of [REDACTED].<sup>9</sup>

19. The same day, LCFC informed the CFRU that it remained of the view that the arrangement it had with Blank Bank did not warrant any of the Premier League distributions to be excluded. The following day, LCFC submitted an amended version of its SCMP Calculation<sup>10</sup>, disclosing the same forecast figures as reported in paragraph 18 above.

20. On 26 June 2026, the CFRU informed LCFC that the amounts to be retained by Blank Bank from the Premier League distributions should be excluded from the Club's

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<sup>7</sup> CFRU04 & CFRU/05.

<sup>8</sup> CFRU/06 & CFRU/07.

<sup>9</sup> The CFRU Report quotes this figure of [REDACTED]. The CFRP believes the correct figure should be [REDACTED], comprising player and manager related expenditure."

<sup>10</sup> CFRU/08.



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calculation of Relevant Turnover<sup>11</sup>. As a result of this amendment, LCFC's SCMP Calculation indicated a breach of the SCMP Requirement by [REDACTED]. Consequently, it was placed under a registration embargo (the "**Embargo**").

21. On 6 July 2026, LCFC provided a 'Cash Injection Letter' reporting payments totalling [REDACTED] from the Club's ownership in June 2026<sup>12</sup> of which [REDACTED] was remaining in the Club's bank account on 1 July 2026, as evidenced by an accompanying bank statement. It was that amount which was subsequently included in its SCMP Calculation. However, LCFC remained in breach of the SCMP Requirement by [REDACTED]. Therefore, the Embargo remained in place.

22. On [REDACTED] 2026, following a transfer of a player to a [REDACTED] club, the Embargo on LCFC was removed.<sup>13</sup>

## **V. APPLICABLE EFL REGULATIONS**

23. The following is taken from the 2026/27 EFL Regulations which apply in this matter. The SCMP Rules form part of those Regulations.

24. The SCMP Rules require clubs to ensure its Player and Manager Related Expenditure does not exceed its Allowable Income. To that end, SCMP Rule 2.2 provides:

*"2.2 The '**SCMP Requirement**' is a measure whereby the sum of a Club's:*

*2.2.1 Agents Fees; plus*

*2.2.2 Player Related Expenditure; plus*

*2.2.3 Manager Related Expenditure;*

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<sup>11</sup> CFRU/09.

<sup>12</sup> CFRU/10.

<sup>13</sup> CFRU/11.



(together the '**P&M Related Expenditure**'), less

2.2.4 Non-Established Under 21 Player Expenditure for the P&M Cost Period, must not exceed the aggregate sum of:

2.2.5 100% of the Club's P&M Trading Income in the Relevant Transfer Period,  
plus

2.2.6 The Club's Allowable Injection Income for the Reporting Period multiplied by the Relevant Percentage, plus

2.2.7 The Club's Relevant Turnover multiplied by the Relevant Percentage.

(together the '**Allowable Income**')."

25. In respect of forward financing, SCMP Annex A, paragraph 1.16 ("**paragraph 1.16**") provides:

"1.16 Forward Financing:

1.16.1 Distributions - If Premier League Distributions which are relevant to the Reporting Period (a Parachute Payment for example) have been received by the Club in Cash in a prior Reporting Period as a result of 'forward financing', the amounts received in the earlier period may not be included in the calculation of Relevant Turnover.

Guidance:

If a Club is relegated from The Premier League at the end of Season;

Competes in the Championship in Season 2024/25 but is relegated to League One at the end of that Season; and

Forward finances 100% of its Year 1 Parachute Payment from The Premier League and 70% of its Year 2 Parachute Payment, receiving those amounts during Season 2025/26

IT FOLLOWS THAT

The Club will only be able to include 30% of the Year 2 Parachute Payment within the calculation for Relevant Turnover for Season 2026/27, its first in League One.

1.16.2 Season Ticket Revenue - Where Season tickets are sold covering more than one Season, income should be declared pro-rata for the relevant Season.



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Guidance

*If a Club sells Season tickets covering two Seasons, only 50% of the total income from a season ticket sale should be included in the applicable Season's calculation. The remaining 50% will be included in the following Seasons calculation.*

*If a Club sells season tickets in Season for the following Season, those sales should be included in the following Seasons calculation (i.e. the Season in which the supporter gets the benefit of the season ticket, not the one in which they made the advanced payment).*

1.16.3      *Any other income referred to in paragraphs 1.3 to 1.16 of Annex A which is (or is to be) forward financed by the Club should be notified to The League as soon as possible and will be assessed on a case by case basis. The League's default position will be that the income in relation to these revenue streams should be recognised in accordance with generally accepted accounting principles."*

26. A club's 'Reporting Period' for the purposes of its SCMP Calculation is defined in SCMP Rule 1.1 thus:

*"'Reporting Period' means (subject to Rule 3) the 12-month period recorded in the Club's Annual Accounts.*

Guidance

*For those Clubs with a financial year ending in the period May, June or July in any year the Reporting Period for the 20xx/yy Season is the 12-month period ending May, June or July 20yy. For those Clubs with a financial year ending at any other time, the provisions of Rule 3 will apply."*

27. SCMP Rule 4.6 permits the CFRU to adjust a club's SCMP Calculation:

*"The League will review each Club's SCMP submission, removing or adjusting any amounts not evidenced or supported by satisfactory explanations and/or assumptions. The Club shall have the opportunity to provide an explanation for its treatment before any proposed adjustments."*

28. The power to place an embargo on a club is contained in Rule 9.1:

"9.1    A Club which:

9.1.1    *does not file any SCMP Submission by the required date;*



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9.1.2 *does not provide information where requested to do so by The League; and/or*  
9.1.3 *The League considers, acting reasonably, is forecast to fail to fulfil or meet the SCMP Requirement,*  
*shall be subject to a Player registration embargo (the ‘Embargo’) such that The League may refuse any application made by that Club to register any Player or any new contract of an existing Player with that Club.”*

29. As to the length of any such embargo, Rule 9.2 states:

“9.2 *The Embargo will be effective:*

9.2.1 *in the case of a Club which is in default of any obligation to provide information in accordance with these Rules, from the date of default until such time as the default is remedied to the satisfaction of The League, acting reasonably; and*

9.2.2 *in the case of a Club which fails to fulfil the SCMP Requirement, until:*

(a) *The League has been provided with the necessary information in order to be satisfied that the Club is no longer in breach of the SCMP Requirement; or*

(b) *the end of the relevant Season,*

9.2.3 *whichever is earlier.”*

## **VI. THE PARTIES’ CONTENTIONS**

### **LCFC**

30. In summary, LCFC requested the CRFP to exercise its supervisory jurisdiction and overturn the Decision on the basis it was ultra vires and/or irrational.

31. LCFC submitted that the CFRU had “*misconstrued*”.<sup>14</sup> paragraph 1.16. It argued that the working capital facility with Blank Bank does not constitute ‘*forward financing*’ within the

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<sup>14</sup> Decision Review Report, §5.



meaning of that provision. It submitted that the facility was entered into as an ordinary working capital debt facility and was not established for the purpose of monetising, assigning or otherwise accelerating the receipt of future Premier League distributions or parachute payments. When it was entered into, LCFC was a member of the Premier League with no entitlement to parachute payments. Such payments therefore did not form the basis upon which the facility was advanced, nor did LCFC receive any cash representing future parachute distributions in advance of the relevant Reporting Period<sup>15</sup>.

32. Following its relegation from the Premier League at the end of the 2024/25 season, LCFC submitted that the First Facility Agreement provided for amended repayment mechanics whereby the relevant portions of the Premier League distributions were applied directly towards repayment of the existing indebtedness. Those provisions altered only the source and timing of repayment of an existing debt obligation; they did not convert the facility into a forward financing arrangement. It submitted that; the parachute payments became a mechanism for discharging an existing liability owed to Blank Bank and so LCFC did not receive accelerated cash in respect of future Premier League distributions, nor did it obtain an advance against those future receivables. Therefore paragraph 1.16 did not apply<sup>16</sup>.

33. LCFC also submitted that the CFRU has acted unreasonably in concluding that LCFC is forecasting to fail to fulfil or meet the SCMP Requirement when it is only 10 days into the 2026/27 season<sup>17</sup>.

34. It further submitted that since paragraph 1.16 was added to the SCMP Rules in a subsequent season and was not stated as having retrospective effect or capturing

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<sup>15</sup> Ibid, §7.

<sup>16</sup> Ibid, §8.

<sup>17</sup> Ibid, §§14-17.

arrangements that pre-date its introduction, it would be “*unfair and unreasonable*”<sup>18</sup> to apply this amended provision to a pre-existing arrangement.

35. In its Reply LCFC notes that the CFRU’s own definition of the term namely “*a situation where a Club has received (and therefore had the benefit of) a sum of money in a previous period in return for giving up a right to receive (as in this case) Premier League distributions in a sub-sequent period*” does not apply to these facts. It asserts that the money received from Blank Bank was not “*in return for giving up a right to receive*” Premier League distributions.<sup>19</sup>

36. It further submitted that Blank Bank has no entitlement to the Premier League distributions and the arrangement is simply a matter of “*payment mechanics*”<sup>20</sup>.

37. It maintained its stance that the CFRU had acted unreasonably and precipitously in placing an Embargo on LCFC<sup>21</sup> and contended that the Amended Facility Agreement did not change the nature of the working capital facility<sup>22</sup>.

## **CFRU**

38. In its CFRU Report, the CFRU identified three issues which arise for determination:

- a. Issue 1 – Removal of the ‘forward-financed’ distribution from the Premier League
- b. Issue 2 – Decision to place the Club under a registration embargo
- c. Issue 3 – Alleged retrospective application of the League One SCMP Rules

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<sup>18</sup> Ibid, §11-12.

<sup>19</sup> Reply, §5.

<sup>20</sup> Ibid, §6.

<sup>21</sup> Ibid, §§8-11.

<sup>22</sup> Ibid, §§12-14.

39. The CFRP agrees that is an accurate and helpful way by which to summarise the core issues which arise from LCFC's referral and adopt it, as did LCFC in its Reply.

40. As to Issue 1, the CFRU correctly noted that 'forward financing' is not defined in the SCMP Rules. It advances a proposed definition as set out in paragraph 35 above and submits that LCFC's arrangement with Blank Bank concerns Premier League distributions relevant to the Reporting Period, namely the parachute payments it is due to receive during the Reporting Period covered by the SCMP Calculation. Therefore, it argued, LCFC received an amount in cash in a prior Reporting Period as a result of 'forward financing' receivables which were secured, upon relegation, against future receivables, namely the parachute payments. LCFC therefore has had the benefit of those funds already, otherwise it would be receiving them from the Premier League rather than them now being paid directly to, and retained by, Blank Bank<sup>23</sup>.

41. In respect of Issue 2, for reasons it explained, the CFRU submitted that it had the power to impose a registration embargo and acted reasonably in doing so.

42. As for Issue 3, the CFRU made two points. First, it contended that, following its relegation at the end of 2024/25 season, LCFC accepted membership of the EFL and in doing so was bound by, and agreed to comply with, paragraph 1.16 when it became a member of the EFL in June 2025. Secondly, it argued that the Amended Facility Agreement restated the First Facility Agreement and became effective on 18 July 2025 after the introduction of paragraph 1.16. Therefore, there was no retrospective application.

43. It maintained its position in the Response.

## **VII. ANALYSIS**

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<sup>23</sup> CFRU Report, §4.2

## **Issue 1- Removal of the distribution from the Premier League paid to Blank Bank**

44. By the First Facility Agreement Blank Bank made available to LCFC a loan facility (Facility A Loan) and a credit facility<sup>24</sup>. A schedule of payment of the loan facility is set out in Clause 6.1 of the First Facility Agreement.

45. The First Facility Agreement makes detailed provision for repayment of the facility in the event either of retention of Premier League status (Clauses 6.1 and 7.1) or relegation in season 2024/25 (Clauses 6.2 and 7.2), season 2025/26 (Clause 6.3) or season 26/27 (Clause 6.4).

46. The Amended Facility Agreement also introduced a loan in the sum of [REDACTED]. This followed the same repayment schedule as detailed for the repayment of the Facility A Loan. Clause 6.1 was removed in the Amended Facility Agreement as by then LCFC's relegation from the Premier League was confirmed.

47. Clause 4.1 of the First Facility Agreement provides:

*"The Lender will only be obliged to comply with a Drawdown Request in relation to a Loan if on or before a Drawdown Date, the Lender has received all of the documents and other evidence listed in Schedule 1 (Conditions precedent) in form and substance satisfactory to the Lender. The Lender shall notify the Borrower and the Lender promptly upon being so satisfied."*

48. The conditions precedent included *"the Initial Assignment Agreement duly executed by the Borrower"*<sup>25</sup>. Therefore, the First Facility Agreement and the Amended Facility Agreement were secured by Security Assignments entered into contemporaneously and

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<sup>24</sup> Clause 2.1 thereof.

<sup>25</sup> Schedule 1, Clause 2.2



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registered at Companies House. The Security Assignments each contain the same Clause 3 which states:

*“As a continuing security for the payment and discharge of the Secured liabilities, the Borrower with full title guarantee assigns to the Lender absolutely, subject to a proviso for reassignment at the end of the Security Period, all rights and interests which it has to, or in connection with the Receivables...”*

49. “Receivables” is defined therein thus:

*“Receivables” means all of the Central Funds due or owing to or which may be due or owing to or purchased or otherwise acquired or received by the Borrower from the Premier League for the period from and including September 2024 up to and including January 2026, in each case together with all ancillary and security rights thereto;”*

50. “Central Funds” is defined in both the First Facility Agreement and the Amended Facility Agreement thus:

*“has the meaning given to such term in the Premier League Rules (which will be paid, for the 2024/2025 Season, to the Borrower in the amounts and on the dates shown in Schedule 8) and includes amounts due to the Borrower as a member of the Premier League or as part of the Borrower’s ‘Relegated Club Shares’”*

51. LCFC was entitled to receive payments from the Premier League whether a member of that league or having been relegated (“Central Funds”). In the event of relegation such payments or distributions by the Premier League are sometimes called or referred to as ‘parachute payments’.

52. The effect therefore is that the facilities granted by Blank Bank to LCFC were secured by the assignment to the bank of the right to receive the said payments from the Premier



League to that club. In consequence, LCFC received the loans advanced pursuant to the facilities and the Premier League distributions were to be paid directly to Blank Bank. It follows that LCFC received (and therefore had the benefit of) the money (paid pursuant to the facilities) in a previous accounting period in return for giving up a right to receive the Premier League distributions in a subsequent period. That is ‘forward financing’ and so caught by paragraph 1.16.

53. As for the arguments advanced by LCFC, the issue is not LCFC’s entitlement to receive so-called ‘parachute payments’. Instead, the key is to understand the true nature of the relationship between LCFC and Blank Bank created by the First Facility Agreement, as adjusted by the Amended Facility Agreement and secured by the related Security Assignments. The provision of monies from Blank Bank and the grant to Blank Bank of rights in respect of Premier League distributions were inextricably linked. The provision of the monies was conditional upon the assignment of LCFC’s rights to receive the Premier League distributions. LCFC acknowledged that in its email to the CFRU on 22 May 2026 it was “*as a result of the security arrangement in place all parachute payments are paid directly by the Premier League to Blank Bank*”<sup>26</sup>.

54. Further, it follows that the CFRP disagrees with LCFC that “*the assignment of the rights to the Premier League distributions is (i) not a condition of receipt of the sums, and (ii) purely a payment mechanism*”<sup>27</sup>. The First Facility Agreement expressly stated that LCFC agreed to use reasonable endeavours to obtain consent from the Premier League for the assignment to Blank Bank of its rights in respect of certain receivables, including relegation payments<sup>28</sup>. Further, Schedule 6 thereof provided that a failure to secure such consent by a specified date would be an Event of Default. The effect would be that if the Premier League did not consent, the loans would have been repayable immediately.

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<sup>26</sup> CFRU/04.

<sup>27</sup> Reply, §7.

<sup>28</sup> Schedule 3, §1.16.

55. This conclusion is also consistent with the underlying purpose of paragraph 1.16, namely, to ensure a club is not permitted to include in its Relevant Turnover as part of the SCMP Calculation sums it is already bound to pay a third party (and so never receives or retains). If it were able to do so, that club would obtain an advantage by having a greater financial headroom and thus spending power.
56. For those reasons the CFRP rejects LCFC's submission that the CFRU was wrong to conclude that its arrangement with Blank Bank amounted to 'forward financing'.

## **Issue 2- Decision to place LCFC under a registration embargo**

57. It is plain from the words of SCMP Rule 9.1 that the CFRU had the power to impose an embargo. That is engaged in one or more of three instances, set out in Rule 9.1.1 to 9.1.3 inclusively. Rule 9.1.3 is relied upon in this instance, namely;

*"...The League considers, acting reasonably, is forecast to fail to fulfil or meet the SCMP Requirement..."*

58. On the strict wording of Rule 9.1.3, the requirement upon the CFRU to act reasonably relates not to imposition of an embargo but to its consideration as to whether LCFC was forecast to fail to fulfil or meet its SCMP Requirement. Following what the CFRP has found was its correct interpretation and treatment of the First Facility Agreement and the Amended Facility Agreement, the CFRU was entitled to adjust LCFC's SCMP Calculation by removing the sums retained by Blank Bank. That adjustment was reasonable. The agreed arithmetic effect of the removal (adjustment) of that sum [REDACTED] was a forecasted breach of LCFC's SCMP Requirement by [REDACTED]. That conclusion (forecast) was not unreasonable.



59. Further the CFRP rejects LCFC's submission that the CFRU acted precipitously and unreasonably in imposing an Embargo:

- a. In light of the chain of reasoning set out in paragraph 58 it was empowered to do so.
- b. The SCMP Rules require clubs to submit the Pre-Season SCMP Submissions and if, at that stage, a club is not compliant, it would undermine the efficacy thereof if the CFRU did not act immediately. To permit a club to continue to trade through the summer and January transfer windows, only to sanction later would be to allow such a club to benefit from the breach.
- c. While the sale of player registrations (as argued by LCFC) is one way to comply, it is reasonable for the CFRU to proceed on the basis that no sale is guaranteed until completed and approved by the relevant regulatory bodies. LCFC's own history in that respect is a good example of the prudence of that approach.<sup>29</sup>

60. Further, the CFRU acted reasonably in lifting the Embargo once the club became compliant.

### **Issue 3 - Alleged retrospective application of the League One SCMP Rules**

61. The answer to this point is straightforward. It may also prove important as a matter of principle.

62. When a club is relegated from the Premier League to the Championship division of the EFL (or promoted via the National League to League Two), a transfer of membership is completed. The new EFL club will be transferred the share of a club leaving the EFL due to promotion to the Premier League or relegation to the National League. By accepting the share transfer, the new club is accepting membership of the League.

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<sup>29</sup> CFRU Report, §§4.23-4.25

63. EFL Regulation 3.1 states:

*“3.1 Membership of The League shall constitute an agreement between The League and each Club to be bound by and comply with:*

*3.1.1 these Regulations and the Articles of Association...”*

64. EFL Regulation 3.3 provides:

*“Such agreement shall have effect from the date of the Club’s admission to The League and terminate upon such Club ceasing to be a member (but without prejudice to any rights or claims which may have arisen or arise in respect of acts or omissions prior to such date).”*

65. When relegated from the Premier League to the EFL at the end of the 2024/25 season, LCFC accepted membership of the EFL in June 2025. Thereby it agreed to be and was bound by all EFL Regulations in force at that moment and when it subsequently submitted its SCMP Calculation, following relegation to League One at the end of the 2025/26 season. That includes the SCMP Rules then in place which contained paragraph 1.16, which was introduced in December 2024. That is an end to this point.

66. There is no unfairness in this approach. It is the nature of a system which has promotion and relegation that clubs may arrive in a division with different rules from those in place in the preceding season (and division). By way of example, theoretically any English club could find itself in UEFA competition by winning the FA Cup. Clubs may make a judgement that the possibility is so vanishingly small they will not plan for it, but that does not mean the rules would not then apply. To provide otherwise would result in chaos.

67. While the CFRP does not need to decide this point, it agrees with the CFRU’s submission that paragraph 1.16 is not being applied retrospectively at all.



68. The Amended Facility Agreement was entered into on 18 July 2025. It states, *inter alia*:

- “3.1 On and from the Effective Date, the Original Facilities Agreement shall be amended and restated so that it shall be read and be construed for all purposes as set out in Schedule 2 (Amended and Restated Facilities Agreement).
- 3.2 The rights and obligations of the parties to Amended and Restated Facilities Agreement shall, on and from the Effective Date, be governed by and construed in accordance with the provisions of the Amended and Restated Facilities Agreement.”

69. The Effective Date in the Amended Facility Agreement has the following meaning:

- “2.1 The Lender shall notify the Borrower promptly after it has received (or, in its discretion, waived) each of the documents and other evidence listed in Schedule 1 (Conditions Precedent), in each case, in form and substance satisfactory to it.
- 2.2 The date of such notice shall be the ‘Effective Date’.”

70. Thereby, the Amended Facility Agreement restated the First Facility Agreement, which became effective on 18 July 2025, namely after paragraph 1.16 came into effect. That the Amended Facility Agreement may not have changed the “nature” of the First Facility Agreement is nothing to this point.

## **VIII. DECISION**

71. For the reasons set out herein and in accordance with Appendix 6, paragraph 9, the CFRP conclude that the CFRU did not act ultra vires, unreasonably or irrationally. Accordingly, the Decision is upheld.

## **IX. COSTS**

72. The CFRU did not seek its costs from the LCFC.



73. Each party will bear its own costs<sup>30</sup>.

74. Having referred the matter but not succeeded, LCFC shall pay the CFRP's costs<sup>31</sup>.

**X: CONFIDENTIALITY AND PUBLICATION**

75. The CFRP directs that the EFL shall, as soon as practicable, publish this decision on its website.



Christopher Quinlan KC  
For and on behalf of the Club Financial Review Panel  
Bristol, UK  
24 September 2026

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<sup>30</sup> Appendix 6, §10.1.

<sup>31</sup> Ibid, §10.2.