

Dear Sir/Madam,

Sponsorship Arrangements Between Football Clubs and Unauthorised Firms

The Financial Conduct Authority ("FCA") is the conduct regulator of financial services firms and markets and the prudential supervisor of certain firms in the UK. Our role is to ensure relevant markets work well through securing an appropriate degree of protection for consumers, protecting and enhancing the integrity of the UK financial system, and promoting effective competition in the interests of consumers.

We are writing to set out our concerns about sponsorship arrangements between football clubs and firms operating cryptocurrency exchanges or trading platforms without FCA authorisation ("unauthorised firms").

Our Concern

We have seen an increase in football club partnerships with unauthorised firms, some of which appear to be operating unlawfully. Such arrangements risk conferring legitimacy on these firms and may expose UK consumers to harm.

Sponsorship arrangements can also provide unauthorised firms with a platform from which they can promote their services to UK consumers. Further, funds received from an unauthorised firm may also constitute criminal property under the Proceeds of Crime Act 2002 ("POCA").

Nature of the Breach

The unauthorised firms we have identified to date appear to be;

- providing regulated services without authorisation (in breach of section 19 Financial Services Markets Act 2000 ("FSMA")); and/or
- making unauthorised financial promotions (in breach of section 21 FSMA).

Both activities are criminal offences. Football clubs entering into sponsorship arrangements with unauthorised firms may face legal, operational, and reputational risk.

FCA Expectations

Before entering into sponsorship arrangements involving financial services firms, football clubs should carry out appropriate due diligence and maintain ongoing monitoring to ensure they are

not engaging with a financial services firm that is acting unlawfully We consider the following to be appropriate baseline steps:

- **Understand the regulatory status of the sponsoring firm:** Confirm whether the firm is FCA authorised or relies on an exemption. Unauthorised firms cannot legally provide or promote financial services to UK consumers.
- **Understand the nature of services offered:** Assess whether the products or services offered by the firm constitute regulated activities under UK law.
- **Check controls to prevent UK consumer access:** Where applicable, review measures in place to prevent access by UK consumers, such as geo-blocking, disclaimers, onboarding checks, and monitoring controls.
- **Check the FCA Firm Checker and Warning List:** Football clubs should review whether the firm appears on the FCA Register to check whether the firm is authorised and/or whether it has been flagged on the FCA Warning List:
 - FCA Firm Checker: <https://www.fca.org.uk/consumers/fca-firm-checker/search>
 - FCA Warning List: <https://www.fca.org.uk/scamsmart/warning-list>

Our Warning List provides details of firms that the FCA is concerned may be operating without the necessary permissions. If a firm does not appear on this list, it does not necessarily mean the firm is acting lawfully. For this reason, clubs should always carry out their own checks

Where a firm does appear on the Warning List, this indicates that the FCA has identified concerns suggesting the firm may be operating unlawfully. In these circumstances, we would expect clubs to conduct enhanced due diligence and to give serious consideration to whether entering into or continuing any sponsorship arrangement with that firm is appropriate.

- **Independent verification:** Where necessary, seek specialist legal advice to confirm the firm's regulatory position.

Taking these steps at the outset and continuing to monitor throughout the sponsorship agreement reduces the risk of entering into arrangements that could breach the regulatory perimeter or damage the club's reputation.

Financial crime concerns

Benefits obtained through the provision of regulated activities without authorisation, or through unlawful financial promotions, may constitute criminal property under POCA. Clubs should ensure they understand the source of any sponsorship funds and consider whether their arrangements could expose them to financial crime risk and reputational damage. Where applicable, obligations to identify and report suspicious activity may also apply.

Clubs' own communications about sponsors

Football clubs' own promotional content relating to a sponsor's products or services may constitute a financial promotion and therefore breach s21 FSMA. Clubs should therefore take appropriate measures to ensure their own communications relating to a sponsor's financial products or services do not amount to a financial promotion in breach of s21 FSMA.

Monitoring and next steps

We are actively monitoring risks arising from sponsorship arrangements involving unauthorised firms that offer or promote financial services to UK consumers, with a focus on identifying arrangements that may facilitate unlawful activity or increase the risk of consumer harm.

As set out above, the FCA considers these matters to be serious, given the potential for consumer harm and the risk of conferring legitimacy on firms operating outside the regulatory perimeter. We welcome football clubs' support in taking appropriate steps to reduce these risks and to help protect UK consumers.

We have also engaged with the Premier League to ensure awareness of these issues and of the FCA's concerns in this area.

If you are uncertain about any sponsorship arrangement or have queries arising from this letter, you may contact the FCA's Perimeter Team in the first instance:

Yours sincerely

Fiona Mackinnon-Miller

Head of Department

**Scams, Promotions, Engagement & Perimeter
Consumer Investments Supervision
Supervision, Policy & Competition – Markets**