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**Choosing the Least Restrictive Regulation: The Way
Forward for UEFA**

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Choosing the Least Restrictive Regulation: The Way Forward for UEFA

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Abstract: A series of high-profile judgments of the European Court of Justice has recently emphasized the anticompetitive character of many regulatory interventions of sports associations (like UEFA) into the sports markets they are governing. This has led to widespread calls for reforms and changes. However, given the special characteristics of sports requiring a market-internal regulator to set, implement, and enforce the common rules of the game, a somewhat neglected question is how regulatory interventions by sports associations can look like in the future in order to avoid violating competition rules. This paper develops a framework for regulatory activities by sports governing bodies (like UEFA) that stands in line even with ambitious interpretations of the judgments. It uses the Royal Antwerpen case about regulations to promote homegrown talent as an example. However, the developed framework may be applied for virtually all regulatory interventions by sports associations.

Keywords: football, sports economics, sport law, governance, competition, Royal Antwerp case, homegrown talent, market-internal regulator

JEL-Codes: Z20, K21, L83, J01, J08, J49, Z22, Z23

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1. The Problem

Professional sports is an entertainment good that derives its consumer value (and its revenues) from competitions of different formats – like tournaments, leagues, championships, etc. In order to provide this good, the competitors need common rules that are defined, implemented, and enforced by a regulator on behalf of the competitors. While usually such regulations are provided by public authorities outside the markets, the sports industry has created their own “private” regulators inside the markets: football clubs constitute regional associations, which then form national associations, forming European-wide associations (UEFA), and ultimately worldwide ones (FIFA) (sometimes called “the pyramid model”). These associations – usually private law organizations – act as so-called market-internal regulators (*Budzinski & Feddersen, 2023*). However, by defining, implementing, and enforcing rules, UEFA and co. do not only provide an important input to the good “European football”, they also influence – and maybe distort – the competition among the market participants. Even if they follow legitimate goals (and even if we abstain from their own commercial interests and activities, for the sake of the argument and just for this moment), their rules and regulations may change the competitive position of different clubs and teams, benefitting some but disadvantaging other. In other words: they are not competitively neutral.

Along with the competence to provide and enforce the “rules of the game”, market-internal regulators like UEFA enjoy economic market power similar to an upstream monopolist in an important input market (*Budzinski & Szymanski, 2015*). To some degree, this is unavoidable given their tasks. Notwithstanding, it also represents a privilege granted to a private body to allow them to execute the powers of regulating markets. Therefore, checks and balances to prevent an anticompetitive (ab-)use of their powers are necessary – especially given the existent scope and incentives for UEFA, FIFA, and co to engage in anticompetitive conduct (*Budzinski & Feddersen, 2023*). Following up on a popular example, the Royal Antwerpen case, this contribution sketches how the need to implement rules and regulations can be balanced with the necessity to protect the process of competition in order to safeguard social welfare. In doing so, I do not want to review the case since this has been done extensively in the literature (see, inter alia, *Monti, 2023; Dupont, 2024; O’Leary, 2024; Villanueva, 2024; Weatherill, 2024; Van den Bogaert & Van Rompuy, 2025; Budzinski, 2025; Göhsl, 2026*). Instead, this contribution outlines and describes forward-looking avenues for procompetitive interventions.

2. Promoting Homegrown Players as an Example (The Royal Antwerpen Case)

At the core of the Royal Antwerpen case is an UEFA regulation that aims to promote homegrown talent. The objective is to encourage the recruitment and training of young players at local levels, which may seek to fulfill social and educational functions of sport as a non-economic goal. Furthermore, however, this can also increase the identification of local fans with their teams and players and it may strengthen talent for the – often very popular – national teams and their tournaments. The latter aspect clearly entail an economic dimension and may potentially increase demand and fan loyalty. Certainly, it can be critically and controversially discussed whether this goal justifies any restriction of competition – especially since similar non-economic goals are pursued by many sports disciplines (maybe even more than in commercial football¹) – but let us accept the legitimacy of this goal, for the sake of the argument.

However, why does the market-based investment in talent raising not work sufficiently? Since it should be in the competitive and commercial interest of the football clubs themselves to promote talent, why does it need regulation? That such investments in youth player education are costly, time-consuming and of uncertain nature is certainly not enough as a reason since this applies to all kinds of investment in all industries. It would require a sound reasoning backed by empirical evidence to conclude a need for regulatory intervention. An emphasis on the imbalanced regional distribution of financial powerful clubs and, thus, the prevalence of regions where small local clubs need to shoulder the investment but cannot reap the benefits (because talented players later move on to bigger clubs) may be a promising avenue for such a reasoning, leading to a positive externality (local investment in young players' education) which might be underprovided without regulation. If we follow this line of reasoning, the regulation must aim at specifically promoting smaller and financially weaker clubs from regionally more remote areas rather than benefitting the rich top clubs. We will have to come back to this issue.

2.1 What Does “Homegrown” Mean?

To promote homegrown talent and based upon the so-called Tallinn plan, UEFA and many of its member associations employ *squad composition rules* for premiere-level teams, demanding minimum standards for the participation of homegrown players/talent. In order to understand this multifaceted instrument, we look first into the definition of “homegrown”, second we distinguish different possibilities of “participation”, and third we discuss the quantitative extent of the intervention (i.e., the numbers).

First, we assume that “homegrown” must not be defined by nationality, following the landmark Bosman judgment (inter alia, *Binder & Findlay*, 2012). This leaves, for instance, the following

¹ It could be argued that the money power of commercial football leads to imperfect foreclosure effects on the youth talent markets, distorting allocation among sports disciplines in favor of commercial football and at the expense of more non-commercial, maybe even purer sports that may fulfill social goals of doing sports (even) better than football.

alternative definitions of “homegrown” as players (irrespective of their nationality) having been trained a defined period of time as a youth player in the same

- national association (used, inter alia, in the UEFA rules, as well as in the Belgian and German rules),
- region or regional association,
- x km-radius around the club or in a defined population density area around the club, or
- club (e.g. UEFA rules).

For instance, according to UEFA a player is “homegrown” if he was trained either by the club or by another club within the same association for at least 3 years between the ages of 15 and 21 (Art. 31.05-31.07 UEFA Champions League Regulation). It becomes clear that substantially different things can be defined as “homegrown talent”.

“Participation” may refer to different roles in the team, for instance, being

- part of the general roster (the *season squad*),
- part of the nominated players for a match (the *matchday squad*), or
- part of the actual playing squad (the *fielded squad*; perhaps with a minimum playing time required).

Again, there is a range of definitions what “participation” actually means, allowing for a variety of specifications of the related regulatory instruments.

Obviously, the *number* of homegrown players according to these definitions and specifications can range from 1 to the size of the roster (with 0 being the case of non-regulation). For instance, UEFA rules demand 4 club trained and 8 association trained players (the latter including the former), whereas different member associations set deviating numbers ranging from zero to twelve.

These three dimensions alone – and I am not claiming that this list is exhaustive or complete – create a significant complexity, highlighting that the design will drive the effects and the latter may deviate considerably depending on the design of these dimensions.

2.2 Why Is this Restrictive?

Every squad composition rule changes the competitive allocation of players across clubs and is, thus, restrictive by nature. In the absence of any regulation, each club would strive to compose its optimal squad (although due to imperfect information and varying management competencies not everyone will achieve this goal). By mandating deviation from the individual club’s optimal choice of players, the regulator automatically influences the relative competitiveness of the clubs to each other (distortion of competition): even though the rules are

the same for every club, they do not affect every club in the same way. There will be winners and losers from regulation. Furthermore, consumers do not get to witness the best possible talent anymore. If the forced composition was comprising the best talents, clubs would choose them without regulation anyway. Hence, any *effective* regulation leads to a downgrade of talent in the squads of the teams. Given a certain squad size, a better not-homegrown player must be substituted by a less-talented homegrown player to comply with the regulation. If the rules do not apply to the full vertical ladder of leagues, the regulation, moreover, creates an entry barrier to new clubs entering the levels where homegrown player rules become relevant or mandatory.

Next to these general restrictive effects, the design of the regulation shapes the extent and severity of anticompetitive effects – as concluded from the previous section:

- *Definition of homegrown*: Population – and thus also talent – is not equally distributed across geography, i.e. different nations, regions, or cities/(rural) areas. If the definition is based on national associations, then clubs from smaller states are disadvantaged at the benefit of bigger states as the talent pool from which clubs can choose young players is naturally smaller in, say, Belgium than it is in, say, Germany (and migration of youth players from abroad is usually naturally and institutionally limited). A limitation to nations' territories (like national associations) is particularly problematic as it runs against the very idea of local talent promotion if talent from the neighboring city (say, Liège, Maastricht, and Aachen) is blocked, whereas talent from the other side of the country (like from south Bavaria) fulfills the “homegrown” criteria.

If the definition is based on the club in question, clubs from metropolitan areas are privileged by the regulation at the expense of clubs from smaller cities and rural areas. Defining similarly populated (cross-border) regional areas or employing a “x km-radius” as an imperfect proxy carries the least restrictive effects from this menu, while – most likely – increasing effectiveness as the promotion of young talent will really be local.

- *Participation and role*: a mandatory inclusion in the season squad is less restrictive than in the matchday squad with interventions in the fielded squad being the most restrictive ones. However, as Göhsl (2026) points out, there is a trade-off with effectiveness, i.e., with reaching the promotion goal: the more restrictive the rule, the higher the incentives for actual investment into homegrown players. Moreover, homegrown-related squad composition rules are likely to generate a waste of talent if the homegrown players are “only” on the roster but virtually never play – further fueling the trade-off between restrictiveness and effectiveness.

Furthermore, however, there is also a distortionary effect on competition: without the regulation, the best and richest clubs would have lower numbers of homegrown players in their squads (according to their optimal choice, see above). Now, if the regulation forces them to take on a minimum number of homegrown players, these richest clubs

will buy/hire a higher number of the best homegrown players. Thus, they are not available anymore for the next best, not-so-rich teams/clubs, weakening their competitiveness vis-à-vis the richest clubs. Thus, the competition is skewed in favor of the already best/richest teams and at the expense of the midfield. This decreases competition intensity and increases competitive imbalance in the league. Furthermore, it harms the goal of particularly promoting local talent promotion. Along with this regulatory distortion of demand, the wages of players are distorted as well: the higher demand for homegrown players increases their wages, whereas the wages of non-homegrown players will, in tendency, at least marginally decrease. These distortionary and anticompetitive effects occur both if the homegrown players must actually play (fielded squad mandate) and if they do not play (e.g. season squad mandate) – and thus the trade-off between restrictiveness and effectiveness does not occur in this regards.

- *Numbers*: the higher, the more restrictive.

Another distortion of competition results from the fact that homegrown player-related squad composition rules differ between UEFA and its member association, leading to a violation of the level-playing field concept. In one and the same league or championship, clubs operate under different rules because some must consider UEFA competition rules (those qualified to participate) whereas other only fall under national rules. Where national rules are more restrictive than UEFA rules, also competitors in the European league face different conditions.

Squad composition rules exert complex distortive effects on competition and, moreover, these effects sensitively depend on the actual design of the rules. They display considerable potential to harm competitive balance and they tend to widen gaps between richer and poorer clubs, which is contrary to the heart and core of the legitimate goal to promote local talent (see the introduction to section 2). Thus, it is promising to consider completely alternative and different concepts and instruments of how to pursue the goal of promoting homegrown talent, for instance:

- the imposition of youth player education and promotion investment duties for the granting of licences to professional clubs,
- funding mechanisms, financial incentives, and direct cost compensation, e.g. through the distribution mechanisms of the common revenues of a league or championship (coming from broadcasting and streaming revenues, league sponsors, centralized merchandise and marketing revenues, etc.), in order to benefit those clubs who have originally trained the successful players in their youth,
- (mandatory participation in) extra leagues for young homegrown players (e.g., U23 league) with swift permeability towards the first team,
- ... else?

Obviously, this list is not exhaustive, especially since regulatory innovation may create new solutions. In the context of this comment, we cannot discuss all of them in the same detail as the currently used squad composition rules, but obviously those alternatives have different and some of them less restrictive effects on competition. The avenue of distributing a significant share of the common revenues to those clubs locally promoting young talent and providing sports education looks particularly promising as it may be designed in a way that additionally reduces budget imbalances between clubs and, thus, procompetitively contributes to competition intensity and social welfare (see more generally *Budzinski, 2024*), in particular, since such homegrown-related revenue sharing may be fine-tuned in order to address national or regional specificities.

3. What Should UEFA Do?

3.1 A Normative Concept

The discussion shows that all regulatory interventions by UEFA and other market-internal regulators have (i) a certain degree of effectiveness, and (ii) a certain degree of restrictiveness. Furthermore, these two interact in non-trivial ways, so that the goal of high effectiveness with low restrictiveness is not always easily available. Sometimes, the two dimensions are standing in a trade-off relation (more effectiveness through more restrictiveness), sometimes complementing each other (more restrictiveness eroding effectiveness), and sometimes being independent of each other. But – as argued at the very beginning – regulatory activity is a necessary task of UEFA and other market-internal regulators in (commercial) sports. So, beyond the (justified) criticism of the status quo, what should a market-internal regulator do? How can a way forward, reconciling the balance between necessary intervention and minimized distortion/restriction, look like? The following normative conceptual idea applies to our example of homegrown talent promotion (the Royal Antwerpen case) but also to virtually all other interventions by sports governing bodies.

From an economic perspective, the desiderate is clear: UEFA must consider both dimensions (degree of effectiveness *and* degree of restrictiveness) and provide the least restrictive, mildest intervention that sufficiently reaches a clearly- and sharply-defined legitimate goal of intervention. This requires to conduct a comparative analysis of rule-/regulation-alternatives. For transparency, these analyses must be published along with the reasons for the choice of the alternative with lowest competitive impact which still is likely to achieve sufficient effectiveness (reaching the goal). By forcing market-internal regulators to consider the impact of considered regulations in a publicly documented and publicly discussed procedure, the incentives to (ab-)use necessary regulations to pursue authority self-interests in the shadows of ostensible sporting goals are reduced. Furthermore, the scope for rent-seeking lobby activities by powerful and rich clubs becomes limited. While this is unlikely to perfectly reduce the scope for unnecessary restrictive and distortive regulations, the step in the right direction represents an improvement compared to the current situation.

The effectiveness of the mandatory comparative analyses *ex ante* to the intervention can be further strengthened by *ex post* measures. Since *ex ante* analyses of to-be-implemented rules/regulations naturally take place under uncertainty of the actual effects that only happen in the future, UEFA and other sports governing bodies must conduct (or commission) and publish regular *ex post* studies – which must be independent and published – and adjust their rules/regulations accordingly. This erodes the scope for (ab-)using asymmetric information advantages of the market-internal regulator that may exist at the time of the original rule-setting or regulatory change. Furthermore, it also helps to identify rules and regulations that have become outdated by the development of the game, the technology, or the environment, thus, offering also inherent value to the sport.

Such a system would provide a responsible governance of commercial football markets with a view to balance the public interest of promoting competition and social welfare with other legitimate goals, be them economic or non-economic. Moreover, it considerably limits scope and incentives to follow the self-interest of the associations or being captured by the vested interests of the biggest/richest clubs. Eventually, it provides a dynamic monitoring of regulations, identifying changes in effectiveness and restrictiveness, thus highlighting demand for reform.

It seems to be very plausible that – if such a system had been in place – the current squad composition rules would not have been chosen. At the minimum, alternative solutions like integrating such goals in revenue redistribution schemes and into the distribution of common revenues would have been analysed comparatively and the results would be known to all stakeholders. While maybe not impossible, it is certainly more difficult for any sports governing body to implement and enforce a rule where the comparative analysis has revealed its overly restrictiveness or its lack of effectiveness.

The same is probably true for several other areas of football regulations like certain player transfer rules (inter alia, *Wathelet et al.*, 2024), the current design of the collective sale of broadcasting/streaming rights (inter alia, *Budzinski et al.*, 2019), the rules governing the distribution of common revenues (*Budzinski*, 2024), or generally financial regulations (inter alia, *Budzinski*, 2024; *Budzinski & Haucap*, 2026). In the light of the ECJ judgments and in the light of the normative concept developed in this section, these and other rules and regulations would benefit from a revisit and a substantial reform.

3.2 How Can UEFA Be Incentivized?

Unfortunately, UEFA and co can hardly be expected to implement and enforce such a system of responsible governance by themselves within the current structures. It seems questionable that the calls and judgments from the highest court will suffice to initiate effective reforms (*Budzinski*, 2025). Thus, it requires the stakeholders and/or public authorities to trade the privilege of the power to privately provide market regulation for the following obligations regarding the rule-making process:

- make it mandatory to publish ex ante comparative analysis of regulatory alternatives with reasoning for the preferred choice of rules,
- demand mandatory public hearings of stakeholders based on these analyses before a decision is made, and
- require mandatory public ex post studies after defined time spans, demonstrating the actual effects of the rules/regulations and initiating reforms if necessary.

Furthermore, a true separation of powers is required, implying that rule-enforcement becomes effectively separated from rule-making. For instance, the recent *Seraing*-judgment deals with

the prospects and limits of sports-internal arbitration (see, inter alia, *Bastianon & Colucci, 2025; Hülskötter, 2025*).

The design of a system where market-internal regulators like the UEFA are accountable to stakeholder groups (next to the clubs and their investors also, inter alia, players and their associations as well as different fan/consumer groups) without getting captured by vested interests from influential parts of these groups is not trivial – and, surprisingly, very few research has been conducted on that question so far. If all of this is not possible to achieve, taking away the privilege to provide market regulation and replacing it by a public institutional framework provided by public authorities needs to be considered as an ultimate ratio.

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