



THE MANCHESTER UNITED SUPPORTERS' TRUST

**MUST SUBMISSION TO THE
FAN-LED REVIEW OF FOOTBALL
GOVERNANCE**

JULY 2021

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I. INTRODUCTION

1. The Manchester United Supporters Trust (MUST) is Community Benefit Society, registered with the Financial Conduct Authority (FCA). We currently have over 6,000 paid-up voting members and over 100,000 registered lite members. We work on behalf of those members and followers and the wider MUFC supporter base to represent their views and interests in how their club is run, as well as on issues relating to match-going fans.
2. Although primarily we represent our own supporters, MUST works actively on a collaborative basis with Supporter Trusts from other clubs, and with the Football Supporters Association (FSA) to represent football supporters. Our collective response to the European Super League, and previously Project Big Picture demonstrates both the need for and the power of that collective voice.
3. Our evidence is influenced by the ownership related issues that have affected our own supporters, in particular the circumstances and consequences of the Glazer family takeover in 2005, on which we provide some background in Appendix 1. However, those issues are equally if not more prevalent across football. Our proposals therefore are consistent with those from other supporter groups. *The issues are systemic across football and require a systemic solution.*
4. Given our historical experience and consequent focus on ownership solutions over many years, our submission follows the format, but expands on, our earlier oral evidence session. In Part 1 we provide a more detailed rationale and an approach to a progressive model of fan shareholder custodianship along with crucial corporate structure reforms. We believe these reforms are needed to provide perpetual safeguards linked to ownership to complement the largely regulatory reforms proposed in Part 2.
5. In Part 2 we address the need for other regulatory and legislative changes to exercise necessary controls on clubs and their owners, and to give the supporters of all football clubs a stronger voice in how they are being run. Both parts together provide the necessary solutions to put supporters at the heart of their clubs.

II. EXECUTIVE SUMMARY

6. As a prominent member of the Football Supporters Association, MUST supports in full the proposals that the FSA has submitted to deliver necessary systemic solutions for football. Our evidence in this submission draws on our own experiences and challenges to add weight to the FSA's case. Each of the following proposals is set out in more detail on later pages as signposted.

Part 1: Corporate reforms & Fan Share Scheme to Create a New Generation of Fan Custodians

7. Football clubs were once protected as essentially non-profit clubs retaining the ethos of their membership club heritage with directors serving as custodian but the FA's failure to maintain their rules allowed them, from the 1980s onwards, to be converted into entities indistinguishable by law from any ordinary commercial company with the clubs now serving the shareholders' and directors' interests rather than vice-versa (page 3).
8. **The importance of this historic context is to demonstrate that our proposals should be viewed as remedial reforms to correct the historic failure by the FA to maintain their rules rather than radical new ideas.**
9. The level playing field of a universal corporate structure is essential for all clubs to allow consistent and proper regulation, transparency, accountability and to implement other reforms. We set out a simple prescribed corporate structure creating the highest standards of UK governance for *Our Clubs* (page 4).
10. The prescribed UK corporate structure is also essential to implement reforms which will restore the custodian ethos to our clubs by enabling supporters to become shareholders. The key novel aspect to this proposed reform is the creation of a perpetual *Right to Invest* in **new** shares through Fan Share Schemes operated by *Accredited Supporters' Trusts*. This would simultaneously create custodian fan shareholders and inject new capital into their clubs, while not requiring existing shareholders to sell any shares nor experience any economic detriment (pages 5-6).

Part 2: Actions to Control Clubs & Owners and Give Supporters a Stronger Voice

11. Strengthened business rules, and financial transparency measures need to be applied to all football club owners to prevent them from taking actions that may be damaging to the values and/or the long-term security of football clubs. Clubs should be wholly incorporated in the UK. The Owners & Directors test should be strengthened and should be applied on an ongoing basis not just at the time of ownership change (page 9).
12. Supporters need an immediate and automatic say on significant issues and decisions that affect the future of their club. Only a few currently have such rights through an equity holding. That right should be exercisable through a 'golden share' power and should apply to issues including heritage, stadium, competitions and other important business decisions (page 10).
13. Football club boards should be required, collectively, to uphold a new football custodianship duty. Football club boards should also include genuinely independent directors (INEDS) and a supporter director to provide independent insight, scrutiny and challenge (page 11).
14. The scope and standard of direct engagement with supporters needs to be strengthened significantly. A 'Supporters Advisory Board' led by the recognised Supporters Trust, should oversee comprehensive and meaningful dialogue that informs key policies and decisions on all supporter related issues (page 12).
15. We support the call for an independent regulator to oversee the licensing of clubs and their owners and directors, and to set rules & standards and their subsequent compliance through light touch monitoring and intervention (page 13).
16. These proposals are complementary and need to work as a collective whole. They must be applicable fully to current and potential future owners, irrespective of how clubs are currently structured and incorporated.
17. Voluntary and consensual changes agreed by previous reviews have consistently failed to deliver. It is essential that government follows through with its promise of fundamental regulatory and statutory reform to guard against subsequent dilution or avoidance.

III. PART 1: CORPORATE REFORMS AND A FAN SHARE SCHEME TO CREATE A NEW GENERATION OF FAN CUSTODIANS

Defined Terms:

Accredited Supporters Trust – the single, democratic supporters trust which can be accredited at each of *Our Clubs* by the Football Supporters Association, and/or the FA or a new Football Regulator.

Fans – a simple definition might be people who give more to the club than they take from it. People who put the interests of the club above their own self-interest, particularly financially, and who do not seek to exploit the club to benefit their own self-interest.

Our Clubs – refers to professional football clubs participating in the leagues of England & Wales.

Rules – where we refer to *Rules*, we would suggest this might apply to the rules governing participation in all domestic competitions so could be implemented through amendments to the rules of the FA, Premier League and Football League. The Government may need to bring forward legislation to require reforms to these rules or to implement such reforms through a new independent regulator.

A. FROM MEMBERSHIP CLUBS TO COMMERCIAL ENTITIES

18. Historically, just like the now revered German club model, our football clubs started out as members' clubs and the FA once took a robust view that clubs were not there for owners or directors to exploit. However as far back as 1892, the FA decreed that clubs could convert to limited companies partly to raise new money and partly to limit its members' personal liability. However, there were restrictions on dividends to shareholders and rules to protect the clubs' sporting heart.
19. Later codified as the FA's Rule 34, these restrictions established the culture that being a club director was a form of public service and that directors should be 'custodians' to support and safeguard clubs. Rule 34, requiring football clubs to be run essentially as non-profit organisations, with their directors serving as 'custodians', was in the FA handbook until the late 1990s but it needed updating as, in the 1980s, owners had found ways to bypass the rules by forming holding companies.
20. Rather than amend the rules, to deal with this circumvention of regulation, instead and without explanation to this day, the FA quietly scrapped the rules resulting in clubs becoming no different under the law to any other commercial business. The history and consequences of that decision have been examined and [described](#) by [David Conn](#)^{1,2}. This failure is at the heart of so many issues which this review now seeks to address. The importance of this historic context is to demonstrate that our proposals should be viewed as remedial reforms to correct the historic failure by the FA to maintain their rules rather than radical new ideas.
21. Below we propose that amendments to *Rules* may offer the solution to address this failure of ownership regulation which resulted from the negligence of the FA to maintain and update its own rules that were put in place to protect *Our Clubs* from shareholders motivated by self-interest rather than custodianship.

¹ <https://www.theguardian.com/sport/2007/jul/29/football.newsstory1>

² <https://www.lrb.co.uk/the-paper/v34/n16/david-conn/follow-the-money>

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B. A PRESCRIBED CORPORATE STRUCTURE FOR FOOTBALL CLUBS

22. Following the circumvention of Rule 34 there has been a further tendency to create more complex corporate structures, sometimes offshore, which reduce transparency and create an obstacle to progressive reforms that we, and others, propose. These new structures have been put in place not to serve the interests of the club but rather to benefit shareholders own interests, often at the expense of the club.
23. To enable reforms to be applicable across all *Our Clubs* we need a universal corporate structure which also brings transparency and UK public company regulation and standards.
24. The *Rules* should be amended to require within a set period, perhaps 3 years, that *Our Clubs* must comply with a prescribed corporate structure:
- A single public limited company
 - UK domiciled paying tax in the UK and governed by UK law
 - A single ordinary voting share class
 - Compulsory compliance with UK Corporate Governance Code
 - A board of 10-12 comprising a majority of Independent Non-Executive Directors (INEDs)
 - Amend the duties of directors to promote the interests of the club before the shareholders*
- * On the duties of directors - as company law currently applies without variation to football club directors - they have a primary duty to the shareholders rather the to "the club". This creates conflicts of interest where, by law, directors may be forced to act to the detriment of the club if it is in the shareholders' (financial) interest to do so, e.g., by the dissolution of the club itself or the sale of key assets, to return greater value to shareholders.
25. In 2016 we [proposed to government^{\[3\]}](#) that a football club operating as a limited company should be required to amend its constitution by adopting new Articles of Association which contain specific objects intended to protect the heritage of the club, its future, and its fans. Similarly, the scope of a director's duties should specifically be extended to fans as stakeholders and, when taking decisions, a director should be required to take additional factors into account on the basis described above i.e., the heritage of the club and its future success.
26. We believe the benefits of the above reforms are largely self-evident and would deliver a sea-change in terms of standards of governance while creating an environment conducive to encouraging supporter custodianship as fan shareholders. This is the first step in correcting the FA's historic failure to regulate.

³ MUST submission to the consultation on Corporate Governance reform launched on 29 November 2016
<https://bit.ly/MUSTCGR>

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C. RE-INSTATE FANS AS CUSTODIANS THROUGH A PERPETUAL RIGHT TO INVEST

27. The failure of the FA to maintain Rule 34, especially in the period following the rapid expansion in the revenue from media rights in the post Premier League era, has attracted a new breed of owner who seeks personal profit or other self-interest rather than to serve the club in a custodian role. This was starkly demonstrated first through the **Project Big Picture** proposals, followed by the attempt to break away with a **European Super League**. The motivation was to serve the interests of shareholders above those of clubs and their fans. We can see from history that, in time, motivated opportunists will find a way around slow-moving regulators, or static regulations, so fan custodian ownership is a key component to protect our clubs.
28. The natural custodians of *Our Clubs* are the *Fans*. Of course, all shareholders would have been *Fans* in the original club ownership model and largely the one that followed it for a century under FA Rule 34 but the neglect of that rule and eventual abolition opened the door for the nature of the shareholders to change. We need a modern-day Rule 34 which enables *Fans* to become custodian shareholders and protects clubs against exploitation by self-interested shareholders.
29. A series of enquiries, under successive Governments, have explored how to encourage supporter ownership. The most recent such enquiry was the [Expert Working Group on Football Supporter Ownership and Engagement](#) which published its final report in 2016^[4]. However, until now there have been no concrete proposals that could deliver on such an aspiration. A major obstacle has been the challenge of transferring ownership of a privately held asset if existing shareholders do not wish to sell any of their shares.
30. Although we feel a fans' "Right to Buy" could also be justified in the special case of football clubs, instead we advocate a softer and mutually beneficial "Right to Invest" which would allow supporters to purchase newly issued shares in their club, with the club therefore also benefiting from financial investment, while not requiring any compulsory purchase of existing shareholders shares.

Optimum ownership – a partnership between fans and other investors.

31. The worst cases of club exploitation tend to have happened at privately owned clubs, but we can see that wholly member owned clubs are not necessarily a panacea for all ills either. The Barcelona membership model has much in its favour, but it does also create a divisive political environment with candidates running for President and making promises they cannot always deliver and indeed that the club cannot afford.
32. We believe there is a sweet spot in the middle and perhaps clubs like Bayern Munich exemplify this with the ethos of a member club (members ultimately have 50+1 control but rarely, if ever need to exercise it) but with partner investors who have significant *skin in the game* incentivising them to ensure the club is run on a sound financial basis. *Fan* custodians act as the checks and balances to prevent that turning into self-interested exploitation.
33. So, the solution need not be to forcibly remove profit-driven investors but rather to complement and moderate them with custodian fan shareholders joining them as co-owners. This is how the Right to Invest differs from, and is superior to, a Right to Buy

Creating a *Fans'* Right to Invest

34. We propose that clubs are required to:
 - Offer a new issue of shares to comprise 10% of existing shares on an annual basis
 - Make these available for optional purchase through an *Accredited Supporters Trust* fan share scheme
 - Any offered shares not taken up each year are simply cancelled

⁴ <https://www.gov.uk/government/publications/government-expert-working-group-on-football-supporter-ownership-and-engagement>

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35. This would create the perpetual opportunity for fans to invest in their clubs bringing new fan shareholders with a custodian ethos as well as welcome capital investment for the club. Existing shareholders would not be required to sell any of their shares although the fan share scheme could offer a mechanism for them to do so should they so desire. It also creates a ready-made mechanism for fans to come to the aid of their clubs should they become financially distressed.
36. Albeit this may seem unlikely at larger clubs with higher valuations, it would also create the potential for a change in majority ownership over a prolonged period of years (likely to substantially exceed a decade) so a notional route to a UK equivalent of the fabled 50+1 model.
37. Issuing the equivalent of 10% of existing shares is our proposal based on a compromise between gradual change to allow all parties time to adjust while still providing the opportunity for a meaningful collective fan ownership stake to be built up where there is significant demand. We anticipate that at most clubs the proportion of shares taken up would be a small fraction of those offered but the principle of a meaningful opportunity is important to motivate supporters to participate and certainly at clubs with smaller valuations, or where capital injection was particularly needed, this could be significant.
38. Supporters have multiple motivations to become co-owners of the club that is an inherent part of their own identity, including the emotional attachment of owning shares and passing them through generations and the opportunity to contribute to investment to help their club to thrive. Surveys consistently show a high level of interest and potential commitment. Appendix 2 provides more evidence of this.

Protecting minority shareholders against compulsory purchase

39. MUST helped to build up a mass fan shareholder base prior to the 2005 takeover, with perhaps as many as 70,000 fan shareholders in total. These fans were disenfranchised by a compulsory purchase “squeeze-out” of minority shareholders, so we are acutely aware of the injustice that was felt but also the loss of accountability and transparency that resulted when the company was taken private and acquisition debt loaded onto it. We propose that minority shareholders in football clubs, and specifically *Accredited Supporters Trusts*, should never be compelled to sell their shares in their club under a squeeze-out following a takeover and that they should have special protection and other rights to facilitate maintaining transparency, scrutiny and accountability to enable them to continue their custodian role in such an event with the club remaining a public limited company.

Would the Right to Invest be an unreasonable imposition on rights of existing shareholders?

40. We start from the position that we consider that football clubs are not ordinary commercial entities or just private assets. They are more akin to a listed building which it is a privilege to own and conserve. Therefore, the interests of the club must come before the interests of shareholders, but no existing shareholder will be forced to sell their shares nor need suffer economic detriment. Perhaps the best proof of the acceptability of these proposals is the words of Joel Glazer whose family are the majority owners of Manchester United.
41. In a statement on 4th June 2021 Joel Glazer said: *“The club has initiated a direct dialogue with MUST with the aim of identifying a mutually beneficial Fan Share Scheme involving a new class of shares which will each carry the same voting rights as the shares owned by the Glazer family. This would establish a foundation for supporters to build a meaningful ownership stake and create a new spirit of partnership with the club.”*
42. Additionally, in the [Fans’ Forum meeting of 4th June](#), amongst other comments advocating the benefits of such a fan share scheme Joel Glazer said^[5]: *“The more fans we involve, the more fans we have owning shares, the better it is for the club, the better it is for long term so we're not going to sit here and put artificial caps and deadlines on things.”*

⁵ Manchester United Fans’ Forum – Minutes - Friday 4th June 2021 <https://bit.ly/FFMINS>

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43. However, early discussions with our own club to establish a fan share scheme have confirmed our previous concerns that incorporation of the club outside of the UK, and particularly its current listing on the NYSE along with a dual share class, is creating numerous obstacles and significant barriers, especially to meaningful numbers of shares being offered. A requirement for all football clubs to be wholly UK domiciled and incorporated with a single share class is essential to ensure that the right to invest could apply consistently to all clubs and that loopholes are not created for any owners to bypass it.
44. So, while we can see that (majority) owners may publicly recognise the benefits of making shares available to fans we believe that there need to be *Rules* in place to enable fans to invest in their clubs.

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D. CONCLUSION

45. The combination of the reforms proposed above would:

- Bring *Our Clubs* into a new regulatory regime with the highest standards of UK Corporate Governance.
- Bring all of *Our Clubs* back under UK law and paying tax in the UK – taking back control.
- Empower *Fans* to take on the custodianship duties for which they are naturally and uniquely qualified.
- Create the environment to encourage supporter share ownership wherever there is sufficient demand amongst fans.
- Create the opportunity for welcome (and often much needed) capital investment into *Our Clubs*.
- Overcome the conflicts of interest between *Fans* and profit-driven investors creating a mutually beneficial partnership with interests aligned.
- Enhance both the economic and social value of our great football clubs improving sustainability and the emotional bond between fans and their clubs.

IV. PART 2: ACTIONS TO CONTROL CLUBS & OWNERS AND TO GIVE SUPPORTERS A STRONGER VOICE

A. CORPORATE & FINANCIAL CONTROLS ON OWNERS

Why We Need Them?

46. Owners need to be prevented from taking actions that may be damaging to the values and long-term security of football clubs and their supporters and communities. Strengthened business rules, financial transparency, reporting and compliance monitoring need to be applied universally.

What Controls Are Needed?

47. Football club operating companies, and any controlling companies where applicable, should be wholly domiciled in the UK for all business and tax purposes. Public listings should also be required to be in the UK and therefore subject to all UK rules

48. There should be a fully transparent published corporate structure that identifies who owns and controls a football club. That structure should be documented and publicly available in the club's Constitution and Articles

49. The use of leveraged debt as a means of acquiring or investing into football clubs should be prohibited except where approved by the *Accredited Supporters Trust*.

50. There should be fully transparent reporting of all payments made to shareholders and directors (dividends, salaries/fees and other exceptional payments), irrespective of whether the company is privately or publicly listed

51. There should be controls on significant withdrawals of assets/funds from football clubs. This may be through a combination of supporters' golden share or independent regulator managed scrutiny and approval

52. A stronger Owners & Directors Test should be applied to current as well as future owners and should include the following:

- evaluation of their previous business conduct, particularly their financial competence
- a review of the new corporate structure and its implications for decision making and governance
- demonstrating both their understanding and genuine support for the interests of supporters and the local community
- a comprehensive financial plan for the initial funding of the acquisition and subsequent sustainability of a business plan that centres around those interests
- Initial director appointments should also be subject to approval, in particular the appointment of competent qualified independent directors

53. Crucially the subsequent behaviour of owners and majority investors against these standards should be subject to regular scrutiny and reviewed in the event of an appeal by the *Accredited Supporters Trust*.

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B. GOLDEN SHARE (RESERVED MATTERS) POWERS

Why Are They Needed?

54. There are only a few football clubs where supporters have majority voting rights through an equity holding, and the prospect of others achieving that are long term, even after the sort of supporter share ownership scheme we recommend above is introduced. To prevent further instances of major decisions being taken by owners that would have serious adverse consequences for supporters and/or the community, supporters should be able to exercise an absolute voting right on those issues (reserved matters) through a 'golden share' power.

What is Needed?

55. We believe that supporters should have a right of approval/veto on decisions relating to:

- Changes to the stadium – redevelopment, location move, naming rights
- Other heritage/tradition issues (colours, name, badge)
- Significant changes impacting match-going fans eg above inflation ticket prices
- Playing matches in other locations (e.g., 39th game, or cup finals)
- Ethical issues including sponsors
- Future changes to the legal status of the club through its Articles of Association (this is needed to prevent dilution of new rights for supporters)
- Changes to the competitions the club enters (eg, ESL)

56. And direct input if not absolute approval/veto relating to:

- The payment of dividends and any other exceptional payments (above a reasonable baseline level to be defined)
- The sale or purchase of high value assets (excluding individual players)
- The club's business strategy
- The conduct of such voting issues needs to be transparent with full information disclosure to voting supporters.

57. For business related matters that involve business or commercially sensitive information we recognise the need for confidentiality that may require this to be conducted directly by members of the Supporters Advisory Board on behalf of the full supporter base.

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C. IMPROVED GOVERNANCE (DIRECTORS ON BOARDS)

Why Is It needed?

58. Many adverse issues in football have arisen through the unfettered actions of owners operating private companies, or other complex corporate structures, with Executive Boards that have little or no alternative voice or independent scrutiny and challenge. Decisions that have a major impact on supporters at their own club and the wider fan community, including the proposed European Super League and Project Big Picture were taken by insular club boards focussed on their own self-centred paradigm with no insight on the strength of feeling of their own supporters.

What Is Needed?

59. The 'gold standard' UK Corporate governance Code (2018), currently only applicable to Premium Listed UK companies should be compulsorily applicable to all licensed football clubs.
60. There should be a minimum of two professionally qualified, genuinely independent non-executive directors (INEDs) with a fiduciary duty through the Code to hold owners and executive directors to account. The appointment of such qualified INEDs should be subject to external scrutiny.
61. Board directors, individually and collectively, should have a new 'custodianship' duty to act in the long-term interests of the club and its current and future stakeholders (i.e., supporters and the community). And to promote this duty above the interests of shareholders where there is a collision of interests
62. At least two, supporter directors should be appointed to the club's board to represent supporters, with full responsibilities and access (subject to competency and necessary confidentiality obligations). The Supporter Director would also exercise the Golden Share having consulted appropriately with supporters.
63. The club should hold an annual UK AGM open and accessible to supporters (i.e., locally hosted).
64. Fulfilling the role of a supporter director will be challenging for the appointed individuals. They will also need an appropriate level of competence and experience to operate at that level. However, the benefits of such a role outweigh the challenges, for which appropriate solutions need to be found.
65. We are already encountering challenges delivering this on a voluntary basis with our club because of the club's complex corporate structure along with its Cayman Islands company registration and NYSE listing which places different statutory duties on directors. Other clubs may face similar challenges. The review needs to consider how governance changes can best be mandated through appropriate governing body competition rules or, if necessary, through new regulation or legislation so that clubs cannot operate with different governance standards
66. MUST (and the Arsenal Supporters Trust) provided submissions to the 2016 government (BEIS) consultation on Corporate Governance Reform. We highlighted the differences between football clubs as cultural institutions and the need to extend the duties of their directors to include supporters as stakeholders. This submission can be viewed at: <https://bit.ly/MUSTCGR>.

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D. STRENGTHENING ENGAGEMENT WITH SUPPORTERS

Why Is It needed?

65. Supporters, particularly match-going supporters, need to be consulted and engaged in decision making on an ongoing basis not just when 'golden share' type issues arise. While this engagement, at least on match-going issues, has matured with our club, the complete lack of engagement on the principles that underpinned the European Super League and Big Picture is clear evidence of its current limitations. Supporters at many other clubs have little or no such engagement. Significantly raised standards need to be mandated and enforced across football.

What Is Needed?

66. We support the key proposals set out by the FSA to expand and embed meaningful two-way engagement at both club and league level, including:
- The establishment of a democratically constituted Supporters' Advisory Board (in our vision a fully empowered Supervisory Board) that has a key role in setting policies and making decisions that impact supporters.
 - A primary role for the Supporters' Trust in administering the engagement process.
 - Regular proactive dialogue with senior executives on all policies and issues that impact supporters.
 - Unfettered access to the club's supporter base to best represent their views.
 - Ensuring the Supporter Liaison Officer (SLO) role meets UEFA designated principles, with appointees best able to represent the concerns and needs of fans without being fettered by club employment.
 - Mandated new standards for engagement at club and league level with independent assurance and intervention – overseen by the proposed independent regulator.
 - The appointment of two supporters' groups' representatives to the Boards of the Premier League, EFL, National League and the FA.
67. The Supervisory Board should:
- Provide appropriate ongoing input and oversight of how the club is being run.
 - Administer golden share powers.
 - Manage ongoing dialogue and engagement with supporters on all policy issues that affect them.
 - Have a role in the appointment of supporter directors and independent directors.
68. To deliver this function it should:
- Be led by the *Accredited Supporters Trust*.
 - Be made up from supporters elected and selected to represent the full fan base.
 - Operate with a necessary level of professionalism, expertise and, where necessary, confidentiality
 - Be formally constituted in the club's Articles/Constitution.

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E. THE ROLE OF REGULATION

69. Many of the rules that currently govern how football is run are inadequate in themselves or insufficiently enforced by the governing bodies. Giving the governing bodies control of some rules creates conflicts of interest.
70. Key changes and new standards that supporters and others are proposing will require new or more robust rules that need to be enforced more effectively than has previously been the case. These are needed particularly in respect of:
- licensing of clubs and their owners & directors,
 - financial and business conduct,
 - supporter engagement and sustainability of the pyramid & the wider game.
71. We support the call for an independent regulator that should:
- set rules & standards,
 - oversee compliance through light touch monitoring and intervention,
 - be a route for supporters to challenge on these key issues.

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V. CONCLUDING COMMENTS

72. Our vision (set out more fully in Appendix 3) is for a club that is run by professional management and owned by investors, including supporters, whose values, objectives and priorities are wholly aligned.
73. The ideas and proposals that we and others have submitted to the Fan-Led Review are complementary and need to be delivered and subsequently work as a collective whole.
74. While recent events have triggered some limited concessions from clubs (including our own) and from governing bodies it is essential that government follows through with its promise of fundamental regulatory and statutory reform to guard against avoidance, dilution, manipulation or obfuscation.
75. Reforms must be applicable fully to current and potential future owners, irrespective of how they are currently structured and incorporated.
76. We acknowledge that full statutory reform will take time. Early progress could be made on many of the changes through rule changes by the Leagues and the FA while statutory reform is progressing.
77. We would welcome the opportunity to engage further with members of the panel and their legal advisors to explore the challenges and to develop robust appropriate solutions.

VI. APPENDICES

APPENDIX 1: THE GLAZERS' OWNERSHIP OF MANCHESTER UNITED - LESSONS FOR THE REST OF FOOTBALL

The Glazer family gained control of the club in May 2005 having purchased the shares of existing shareholders. This included the compulsory purchase of up to 70k small private shareholders, most of whom were fans, including 32k who were part of a fan share scheme created by MUST's predecessor Shareholders United.

The club was acquired for £790m, the majority of which was covered by high interest loans that were then transferred onto the club's balance sheet – a **leveraged debt purchase**. Prior to the takeover the club was debt-free. Debt has not fallen below £400m in the subsequent 16 years

As a direct consequence of the takeover and related financial structuring, over £1.1bn has been taken out of the club since 2005 through interest payments (over £700m), debt repayments paid with football club cash (c£130m), fees (c£130m) and dividend payments (c£120m). Further detailed analysis is available at: <https://twitter.com/SwissRamble/status/1389458708200034306>.

Since 2005, there has been no significant investment in the stadium other than on executive facilities and mandated improvements to disabled supporter facilities.

In 2012 the Glazers re-listed the club on the New York Stock Exchange but those shares have each been given only 1/10 of the voting power of shares still held by the family.

A complex and opaque off-shore corporate structure has further enabled the family to retain full control while minimising transparency. Financial and strategic decisions are made by Manchester United plc (Cayman).^[6]

There was no direct communication between the owners and supporters since 2005 until the recent ESL debacle. MUST itself was cut out of all dialogue with club executives until 2013, since when it has been restored progressively on match-going issues.

Under the direction of the owners, our club was prominent in the abortive plans for Project Big Picture to 'reform' the Premier League and the European Super League. Both were centred on plans to create a permanent elite status that maximised revenue and profit at the expense of the competitive values and sporting integrity.

However, the nature of these issues of ownership are far from unique to our club:

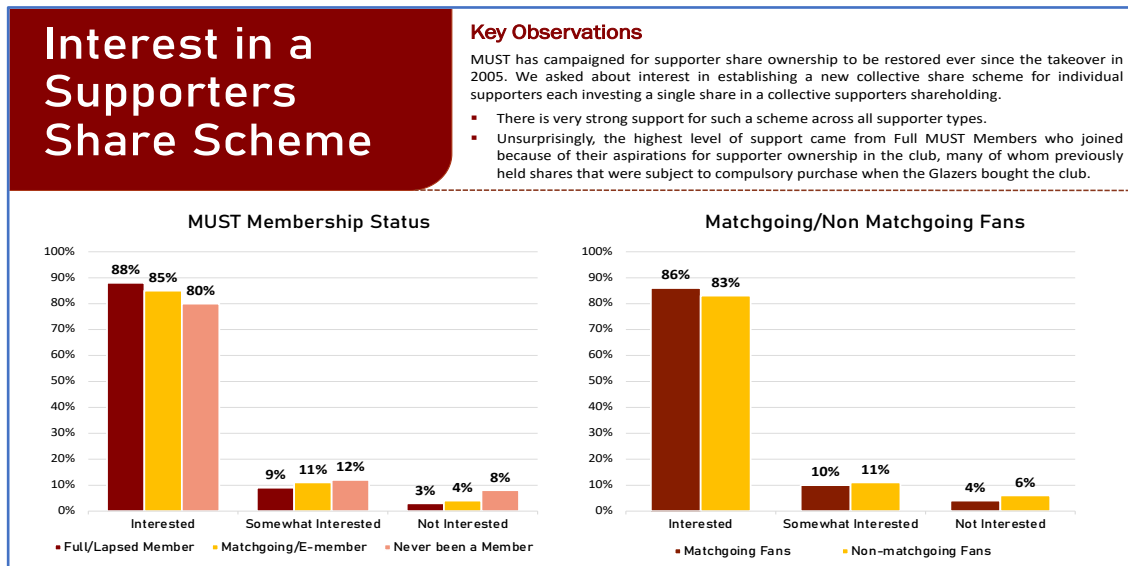
- Many clubs have been bought by owners as investments to exploit for financial or other personal gain.
- Shares owned by supporters have been forcibly repurchased through takeovers.
- Other club buyouts / takeovers have been funded through leveraged debt.
- The corporate structure of other clubs is equally complex and opaque
- The distorted visions of the ESL and Big Picture were devised and driven by like-minded (mainly overseas) owners.

⁶ <https://www.businessinsider.com/manchester-united-cayman-islands-shell-corporation-structure-2012-8?r=US&IR=T>

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APPENDIX 2: INTEREST IN SUPPORTERS BUYING SHARES IN THEIR CLUB

We have asked supporters about interest in buying and holding shares in the club on numerous occasions and the results have been overwhelmingly positive:



MUST United Voice Survey 2019 9800 responses

What they said:

“Because nothing in the world can show more of how I feel and care about the club. If you care about something you need to own at least a piece of it, even if it’s one share from a pool of millions.”

“I think that supporters should have more of a stake in the clubs they support. This would give them a voice & allow for some influence in how the club is run.”

“I would love to be a part of a holding that has a say in what happens to United and own a tiny fraction of the club.”

“Would be a brick in the wall to help achieve the aim of supporter involvement in the running if the club.”

“Such a scheme allows for a balanced football investment between the supporter base and owners.”

“I was previously a shareholder through MUST. Ideally fan ownership is the holy grail, even if it’s a small piece.”

Morning Consult (global data intelligence company) survey for the Times May 2021

Over 9 million fans from Manchester United, Liverpool, Arsenal & Chelsea are willing to invest in their clubs’ shares with over 1.3 million of them willing to invest an amount in excess of £1,000



We have just launched a new campaign to sign to register interest in a future fan share scheme. Over 50,000 signed up in the first week.

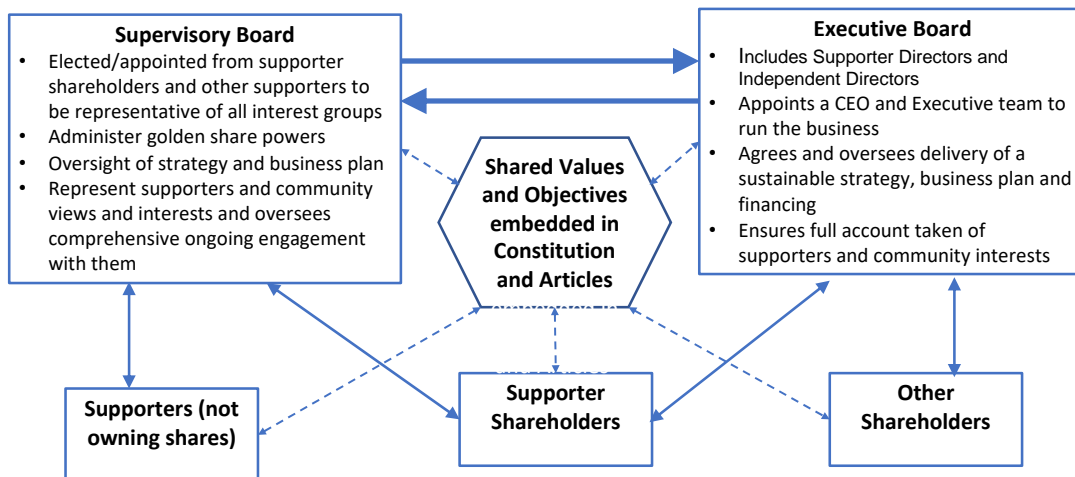
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APPENDIX 3: THE VISION FOR OUR FOOTBALL CLUB

Our vision for our Manchester United is that:

- We are a football club first and foremost.
- Investors / owners / supporters share and live the same culture, values, objectives and priorities.
- Equity is held by fans and, as necessary, other investors with genuine affinity and support for the club.
- We have a fan share scheme that progressively grows collective fan share ownership.
- We are a professionally and efficiently run business that delivers long term sustainable success for the club and the community.
- Revenue is optimised within ethical parameters (including valuing the wider interests of football) and fully reinvested to grow the club and deliver sustained success on the field.
- The interests, views and needs of supporters are central to all decision making.
- We provide significant support for the local community.
- We have a supporter-led Supervisory Board and Club Executive Board working in partnership to run the club.
- These principles are embedded in Articles of Association and changeable only with all-party agreement.

What does this look like?



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We think this is a desirable and sustainable vision for all clubs. It is already happening at supporter/community owned clubs at lower levels of the pyramid and it's achievable at the top of the pyramid as well.

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