



Beyond the break-even rule: sovereign capital, jurisdictional arbitrage, and the structural inadequacy of football's financial sustainability frameworks in the age of state-backed investment

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Abstract

The Saudi Public Investment Fund's coordinated acquisition of four Saudi Pro League clubs, combined with transfer expenditure exceeding £800 million in a single window, has exposed a structural collapse at the heart of global football governance: existing financial sustainability frameworks were designed to discipline clubs, not sovereign states. This paper advances a doctrinal argument in three movements. First, it maps the jurisdictional void within the global regulatory hierarchy from FIFA through the AFC to the SPL, demonstrating that UEFA's Club Licensing and Financial Sustainability Regulations, widely regarded as the gold standard of financial control, are structurally inapplicable to sovereign actors deliberately operating outside their jurisdictional reach. Second, it anatomizes the legal mechanisms through which the PIF exploits this void: corporate separation, sovereign immunity doctrine, and systematic jurisdictional arbitrage between continental confederations operating under irreconcilably different regulatory baselines. Third, it evaluates the doctrinal limits of available reform, engaging critically with the Meca-Medina proportionality framework, the structural weaknesses of CAS enforcement architecture, and the fundamental inadequacy of *lex sportiva* as a regulatory response to loss-insensitive state capital. Against this diagnosis, the paper proposes a tripartite governance blueprint: mandatory sovereignty waivers embedded within FIFA's transfer regulatory framework, strategic deployment of the EU Foreign Subsidies Regulation as an extraterritorial enforcement backstop, and a Reverse-Assurance Guarantee mechanism requiring sovereign beneficial owners to submit to independent financial oversight as a condition of participation in the global transfer market.

Keywords Sovereign wealth · *Lex sportiva* · Regulatory arbitrage · Foreign subsidies regulation · Competitive balance

1 When the state enters the pitch: sovereign wealth, regulatory arbitrage, and the dismantling of football's financial framework

On an August evening in 2017, Neymar Jr. stepped off a private jet in Paris, completing a transfer that football's financial architecture had been explicitly designed to prevent. The £198 million fee, paid by a Qatari sovereign fund through a Spanish television rights agreement that UEFA's own investigators would later scrutinize and ultimately fail to overturn, did not merely break a transfer record. (BBC Sport 2019) It broke an assumption. It demonstrated, with brutal clarity, that when state capital decides to enter football, the rulebook bends (Delaney 2024; Peeters and Szymanski 2014). Six years later, Saudi Arabia did not bend the rulebook. It walked around it entirely. What the Neymar

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