

RFU REGULATIONS

RFU REGULATION 4 – CLUB OWNERSHIP, MERGERS & ACQUISITIONS

This Regulation 4 is supported by the Guidance set out in Appendix 1.

4.1 Changes in Constitution, Control or Ownership Structure

- 4.1.1 All material changes in the control or ownership of a Club shall require the consent of the RFU. All proposed material changes in constitution or changes in the control or to the ownership of a Club must be notified to the RFU's Legal and Governance Director, whom shall determine whether any additional information is required (in which case the Club shall be required to provide it by such deadline as required) and whether RFU written consent for such change(s) is required. The RFU may make any consent to a change of constitution, control or ownership subject to conditions.
- 4.1.2 If the constitution, control or ownership of a Club changes to a material extent without prior written consent of the RFU having been given to such change, the RFU may impose a sanction on that Club, which may include but shall not be limited to: suspension of allocation of tickets for international matches, a restriction on the Club's ability to Effectively Register players or liability for suspension or termination of Membership of the RFU with immediate effect, all at the absolute discretion of the RFU.
- 4.1.3 If Membership of such Club is withdrawn the Club must comply with RFU Rule 5.6 and the criteria and conditions of membership set out in RFU Regulation 3, as if it were a new applicant, if it wishes to apply for membership of the RFU.
- 4.1.4 For the purposes of Regulation 4.1.1, it shall be for the RFU to determine what constitutes a material change, on a case by case basis, and shall have regard to the overall impact of such a change on the Club or Clubs involved, however, the following shall not constitute a material change (and therefore shall not require the written approval of the RFU):
- (a) a circumstance in which an individual director is appointed or ceases to act as such (unless he is a sole director);
 - (b) where there is a change in ownership of 10 per cent or less in the beneficial ownership or control of the shareholding of a Club (unless such interest results in a change of controlling interest); or
 - (c) where the contract of employment of an individual director, executive or manager is terminated (whether lawfully or otherwise);
 - (d) a Club suffering an Insolvency Event, in which case Regulation 5 shall apply.

4.2 Ownership

- 4.2.1 No individual, body corporate or partnership, trust or any other entity ('Entity') may directly or indirectly own or control more than one Club except with the prior written consent of the RFU.

4.2.2 An Entity will be deemed to be indirectly owning or controlling a Club if:

- (a) it owns or controls an Entity which directly or indirectly owns or controls a Club (irrespective of the number of Entities interposed between the two); or
- (b) pursuant to an agreement or understanding (whether formal or informal) an Entity co-operates with another to obtain or secure control of a Club; or
- (c) a connected person of an Entity owns or controls a Club. The term “connected person” is to be construed widely, but will include the following (which is a non-exhaustive list):
 - (i) In the case of an individual, that individual’s wife, husband or other relative.
 - (ii) Any Entities involved together in a trust, whether as a trustee, settler or beneficiary.
 - (iii) Any Entity involved in partnership together (in any business) with the entity which owns or controls a Club.
 - (iv) A company is connected with another company if it holds any interest in the shares of that other company or the same Entity or any person connected to that Entity has control of both companies.
 - (v) A company is connected with another person if that person is an officer, employee or shareholder with 5 per cent, or more, of the authorised share capital of the company or is connected to an officer, employee or such shareholder of the company.
 - (vi) Any two or more persons acting together to secure or exercise control of a Club shall be treated as being connected with one another.
- (d) For the purpose of this Regulation 4.2 indirect ownership or control shall be widely construed.

4.2.3 For the purpose of this Regulation 4.2, “control” means the ability of an Entity, by whatever means, to secure that the affairs of a Club are or could be conducted or influenced in accordance with that Entity’s wishes.

4.2.4 For the purpose of this Regulation 4.2, “ownership” includes (without limitation) the holding of any number or class of shares in a company which owns the assets of a Club where those shares entitle the holder to participate in more than 25% of any dividend declared (in the relevant class if applicable) or to more than 25% of the company’s assets on a winding up.

4.2.5 This Regulation 4.2 shall be interpreted broadly to give effect to the underlying intention that no Entity or group of Entities, acting alone or in concert, shall control, or be in a position to control, either directly or indirectly more than one Club.

4.2.6 Subject to obtaining the consent of the RFU, this Regulation 4.2 shall not prohibit the temporary ownership of more than one Club which arises out of the bona fide merger of two or more Clubs, provided that the ownership of more than one Club does not extend beyond three months.

4.3 Mergers, De-Mergers, Takeovers, Acquisitions or Material Reorganisations

- 4.3.1 No mergers of Clubs may take place without the prior written consent of the RFU which may impose such conditions as it considers proper in the interests of the Game.
- 4.3.2 No mergers of Clubs may take place during the Season and all mergers must be concluded and effective not less than one month prior to the commencement of the next Season.
- 4.3.3 No merger of any Club or Clubs in Membership of the RFU with any Club or Clubs and material reorganisations in membership of another Union or Unions may take place without the prior written consent of all Unions concerned (including the RFU).
- 4.3.4 The takeover or acquisition of one or more Clubs by any Club or Clubs shall, for the purposes of the RFU Regulations be treated as if it were a merger and the above provisions in Regulation 4 shall apply equally to takeovers, acquisitions, or material reorganisations as they do to mergers.
- 4.3.5 For the purpose of these Regulations a merger, de-merger, takeover, or material reorganisation of a Club or Clubs shall be deemed to arise where:
- (a) one or more previously independent Clubs merge (or de-merge) or amalgamate to form one Club (or two Clubs in the case of demerger) by whatever means;
 - (b) one or more Clubs acquires whether by purchase of shares or assets by contract or by any other means, direct or indirect control of the whole parts of one or more other Clubs; or
 - (c) any other circumstances within which the RFU, in its reasonable opinion, deems a merger, de-merger, takeover or acquisition to have taken place.
- 4.3.6 For the avoidance of doubt, mergers, de-mergers, takeovers and acquisitions shall also be subject to all other relevant RFU Rules, RFU Regulations and World Rugby Regulations.
- 4.3.7 In no circumstances can the league position or any right to play in a league held by a Club playing in a league operated by or on behalf of the RFU be assigned, licensed or in any other way transferred without the prior written consent of the RFU.