

CAS 2023/A/9769 FC Krasnodar v. FC Bodø Glimt FK

ARBITRAL AWARD

delivered by the

COURT OF ARBITRATION FOR SPORT

sitting in the following composition:

Sole Arbitrator: Mr. Ulrich Haas, Professor in Zurich, Switzerland and Attorney-at-Law in Hamburg, Germany

in the arbitration between

FC Krasnodar, Moscow, Russia

Represented by Mr. Mikhail Prokopets, Mr. Sergey Lysenko, Mr. Ilya Chicherov, and Mr. Vladislav Cheplyov, Attorneys-at-Law in Moscow, Russia.

Appellant

and

FC Bodø Glimt FK, Bodø, Norway

Represented by Mr. Tomas Kristensen, Attorney-at-Law in Oslo, Norway

Respondent

I. THE PARTIES

1. FC Krasnodar (the “**Appellant**” or the “**Appellant Club**”) is a professional football club in Russia, based in Krasnodar. The Appellant Club is affiliated to the Russia Football Union (“**RFU**”), which in turn is a member of the *Fédération Internationale de Football Association* (FIFA). The Appellant Club plays in the Russian Premier League, which is the first-tier professional division of Russia.
2. FC Bodø Glimt FK (the “**Respondent**” or the “**Respondent Club**”) is a professional football club in Norway, based in Bodø. The Respondent Club is affiliated to the Football Association of Norway (“**FANO**”), which in turn is a member of FIFA. The Club plays in the *Eliteserien*, which is the first-tier professional division of Norway.

II. FACTUAL BACKGROUND

A. Introduction

3. The dispute in these proceedings is centred upon a decision rendered by a single-judge Panel of the Players Status Chamber of FIFA, which was passed on 25 April 2023 (the “**PSC Decision**”). The PSC Decision concerns the non-payment of transfer fees by the Appellant Club, pursuant to a transfer agreement between the Parties, for which the Respondent Club had made claims for payment and interest.
4. Below is the summary of the relevant facts and allegations based on the Parties’ written and oral submissions, pleadings, and evidence adduced in these proceedings. References to additional facts and allegations found in the Parties’ written and oral submissions, pleadings, and evidence will be made, where relevant, in connection with the legal analysis that follows. While the Sole Arbitrator has considered all the facts, allegations, legal arguments, and evidence submitted by the Parties in the present proceedings, he refers in its award only to the submissions and evidence he deems necessary to explain its reasoning.

B. Background Facts

i. The Factual Framework within which the Dispute takes place

5. On 24 February 2022, the Russia invaded Ukraine.
6. On 28 February 2022, FIFA announced the following:

“Following the initial decisions adopted by the FIFA Council and the UEFA Executive Committee, which envisaged the adoption of additional measures, FIFA and UEFA have today decided together that all Russian teams, whether national representative teams or club teams, shall be suspended from participation in both FIFA and UEFA competitions until further notice.

These decisions were adopted today by the Bureau of the FIFA Council and the Executive Committee of UEFA, respectively the highest decision-making bodies of both institutions on such urgent matters.

[...]”

(the “**FIFA Ban**”)

7. On 28 February 2022, the Union of European Football Associations (UEFA) Executive Committee (the “**UEFA Exco**”) decided to suspend all Russian representative teams and clubs from participating in UEFA competition matches until further notice and issued Circular No. 10/22.
8. On 7 March 2022, FIFA issued Annexe 7 (“**Annexe 7**”) of the FIFA Regulations on the Status and Transfer of Players (the “**RSTP**”), which is titled, “*Temporary Rules Addressing the Exceptional Situation Deriving from the War in Ukraine*”.
9. On 2 May 2022, the UEFA Exco decided, *inter alia*, to remove all Russian affiliated clubs from participating in UEFA club competitions for the 2022/2023 season and issued Circular No. 21/2022.

ii. *Facts Concerning the Dispute between the Appellant Club and the Respondent Club*

10. On 21 December 2021, the Appellant and the Respondent concluded an international transfer agreement (the “**Transfer Agreement**”) for the transfer of the professional Norwegian player, Erik Botheim (the “**Player**”), from the Respondent Club to the Appellant Club.
11. The Transfer Agreement contains the following relevant clauses for the present case at hand:

“Initial transfer fee

2. *Subject to the fulfilment of the Conditions Precedent and the prior receipt of a correct invoice, in consideration of the Permanent Transfer of the Player’s rights and registration Krasnodar agrees to pay to FKBG subject to and in accordance with the terms hereof, the sum of **6 000 000 (six million) Euros** (the ‘Transfer Fee’) payable as follows:*

(a) **3 000 000 (three million) Euros** payable on 20 January 2022; and

(b) **3 000 000 (three million) Euros** payable on 10 August 2022.

[...]

Failure to make payment

8. *In case of failure to make payment on due date, Krasnodar shall pay to FKBG a penalty interest of 10% (10 per cent) p.a. of the outstanding amount. Such interest shall accrue on a daily basis from the date of default until the actual date of payment of the overdue amount(s). Krasnodar shall pay the interest together with the overdue amount(s)*

Krasnodar shall cover any and all of FKBG’s costs, including but not limited to legal and attorney’s fees and procedural costs, for the recovery of overdue amount(s).

[...]

Solidarity payments

9. *Krasnodar shall deduct from the sums payable to FKBG hereunder solidarity payments such as training compensation and solidarity contribution due to other clubs than FKBG and disburse such contributions in accordance with the FIFA Regulations.*

[...]”

12. On 20 January 2022, the Appellant paid the sum of EUR 2,893,410 to the Respondent pursuant to the Agreement, which is half the transfer fee of EUR 3,000,000 less solidarity payment.
13. On 4 July 2022, the Respondent Club sent an invoice to the Appellant in the amount of EUR 2,893,410 with a payment deadline of 10 August 2022, pursuant to the Transfer Agreement. The Appellant did not respond to the said invoice.
14. On 6 January 2023, the Respondent Club put the Appellant Club on notice for default and requested payment of EUR 2,893,410, corresponding to the second instalment of the transfer fee less solidarity pursuant to the Transfer Agreement, by 20 January 2023. The Appellant did not respond to the said notice.

iii. Facts Concerning the Employment Relationship between the Appellant Club and the Player

15. On 22 December 2021, the Player and the Appellant Club signed an employment contract which is valid from 1 January 2022 to 30 June 2025 (the “**Employment Contract**”).
16. On 1 March 2022, the Appellant held a meeting to discuss the future of the Club in light of the Russian invasion of Ukraine, taking particular interest in the concerns of foreign players with the Club (the “**Club Meeting**”). In the Club Meeting, the commercial director of the Appellant Club, Mr. Aram Fundukuyan (the “**Appellant’s Commercial Director**”), provided the Appellant Club’s position on the situation.
17. The Appellant Club submits that at the Club meeting it reached a verbal agreement with its players on the following:
 - a. The contracts of players in the Appellant Club who were willing to temporarily leave Club would be deemed suspended;
 - b. The players would be entitled to train and play football outside the Appellant Club;
 - c. The Appellant Club would not be obliged to pay any sums agreed under the players’ contracts during the said suspension;
 - d. The players would be provided with means to safely leave Russia; and
 - e. The Appellant Club wished to maintain employment relationships with the foreign players and would be ready to resume the enforcement of the players’ contracts once they decided to return.

(the “**Verbal Agreement**”)

18. The Respondent does not explicitly contest the Verbal Agreement, but submits that the facts concern the Appellant’s dispute with the Player, “*which is not relevant for the present matter dos not call for comments by the Respondent*”.
19. On 3 March 2022, the Player left the premises of the Appellant Club and returned to Norway.

20. All foreign players who decided to leave Russia were provided with a leased private airplane so that they were able to leave for Europe without issues. Since then, none of the players, except the Player, claimed any payments or other performance from the Appellant Club.
21. Following the Player's departure from Russia, the Appellant Club sent a draft of an additional agreement (the "**Additional Agreement**") to the Player, which contained the conditions of the Verbal Agreement for him to sign. The Additional Agreement contains the following relevant provisions for the present case at hand:
 - 1.2 *The Footballer agrees and acknowledges that during the period of the Unpaid leave the Club is not liable before the Footballer for the payment of salary and other payments stipulated by the Employment contract. The Footballer confirms that he will claim any payments for the period of Unpaid leave from the Club.*
 - 1.3 *The Club acknowledges and confirms that for the period of the Unpaid leave the Footballer is entitled to train separately of the Club's teams as well as by Footballer's wish to participate in the training process and take party in friendly matches of any football club/team."*
22. The Player refused to sign the Additional Agreement.
23. On 8 March 2022, the Player sent a notice to the Appellant Club claiming that the Club was obliged to pay him the monthly remuneration in accordance with the Employment Contract.
24. On 31 March 2022, the Player sent a second notice to the Appellant Club rejecting the Club's proposal to suspend the Employment Contract.
25. On 5 April 2022, the Appellant Club sent an email to the Player containing the following:
 1. *Firstly, we would like to draw your attention to the fact that it was the player's personal decision to leave Russia and FC 'Krasnodar's' site. The player informed the club about that in the beginning of March 2022. The club did not object to the player's decision of leaving Russia;*
 2. *Secondly, in regard to performance of financial obligations, we would like to state that the payments to the player on behalf of the club were suspended due to the fact that the player left the club's site and the country and thus he stopped performing his employment duties, which he has to perform according to the employment agreement, which was concluded between him and FC 'Krasnodar';*
 3. *Thirdly, we would like to say that we respect the players decision, however, in light of the current situation we also tend to protect interests of the club, therefore we kindly ask you to act in good faith principle. We emphasize the fact that we are ready to consider options with a loan or a definitive transfer to another club and we are open for negotiations;*
 4. *Lastly, we would like to remind you that the player has a right to suspend his employment agreement with the club and be transferred to another team in accordance with the following: Annex 7 FIFA RSTP (edition March 2022)."*
26. On 6 April 2022, the Player sent a further notice to the Appellant Club maintaining his position and seeks the Club to comply with its financial obligations therein.
27. On 7 April 2022, the Appellant Club sent another email to the Player maintaining its position stipulated in the letter dated 5 April 2022.

28. On 20 April 2022, the Player sent another notice to the Appellant Club.
29. On 21 April 2022, the Player's agent, Mr. Jim Solbakken (the "**Player's Agent**"), informed the Club's Deputy General Director for International Affairs, Mr. Pyotr Tolstikov, that the Player did not want to consider returning to Russia or play for the Club, even if the situation improved.
30. On 26 April 2022, the Player sent another notice to the Appellant Club.
31. On 6 May 2022, the Appellant Club sent an email to the Player, containing the following:

"We do not accept the player's statement on the fact that the FC 'Krasnodar' breaches the financial obligations of the employment agreement due to the following reasons:

- *First of all, we would like to direct your attention to the fact that it was the player's decision to abandon the club's location and Russia. He informed the club about that in the beginning of March 2022. The club did not object to the player's decision to leave Russia;*
- *Also, we would like to state that, the salary payments to the player are suspended due to the fact that he left the club's locations and the country by his own will and initiative, by doing so he stopped performing his labor duties according to the employment agreement signed by the player and FC 'Krasnodar';*
- *Until the moment when the player left the club's locations and the country, he was duly performing all his duties according to the contract. During those times FC 'Krasnodar' was fully executing its financial obligations in accordance with the employment agreement;*
- *Moreover, the player did not exploit the right to suspend his contract, which was given to the player according to the norms expressed in Annex 7 FIFA RSTP (edition March 2022), thus he was not transferred to any other club and remained under the obligations of the employment agreement with FC 'Krasnodar'. Unfortunately, the player is defaulting on complying with his duties according to the contract;*
- *Furthermore, we heard several times from the player's representatives that he would not play anymore for the club no matter what the circumstances, thus actually withdrawing from the obligations undertaken in the employment agreement signed with FC 'Krasnodar'.*

We would like to let you know that we respect the player's decision, however, in light of current situation we tend to defend the club's interests."

32. On 17 May 2022, the Player sent a termination notice (the "**Termination Notice**") to the Appellant Club on grounds found at Article 14bis of the RSTP, and notifying the Club of the following:

"The Employment Contract is therefore terminated with immediate effect and I have copied this letter to the Russian Football Union in order that it can release my International Transfer Certificate to any new club I join in due course.

In the meantime, I intend to commence a claim before FIFA to recover the Outstanding Sums, as well as compensation for FC Krasnodar's repudiatory breach of the Employment Contract, in accordance with Article 17 of the FIFA Regulations."

- iv. *The Dispute between the Player and the Appellant before the FIFA Dispute Resolution Chamber*
33. On 24 June 2022, the Player lodged a claim before the FIFA Dispute Resolution Chamber (the “**FIFA DRC**”) against the Appellant Club for compensation for the Player’s termination of the Employment Contract with just cause.
34. On 5 July 2022, the Appellant Club lodged a counterclaim before the FIFA DRC against the Player for compensation for the Player’s termination of the Employment Contract without just cause.
35. Sometime in July 2022, the Player signed an employment contract with the Italian club Salernitana 1919 S.R.L. (the “**New Club**”).
36. On 1 February 2023, the FIFA DRC determined the dispute (FPSD-6510) by partially accepting the Player’s claim and rejecting the Appellant Club’s counterclaim (the “**DRC Decision**”). The Appellant Club has since filed an appeal before the CAS against the DRC Decision. This proceedings is pending and is docketed as CAS 2023/A/9686.

C. The Proceedings Before the Single-Judge Panel on the FIFA Players Status Chamber

37. On 24 February 2023, the Respondent Club filed its claim to the FIFA Players Status Chamber (the “**PSC**”) of the Football Tribunal. The Respondent Club claimed payment in the amount of EUR 2,893,410 (the “**Claimed Sum**”) plus interest of 10% p.a. as of 10 August 2022. The Claimed Sum is argued to correspond to the second instalment of the Transfer Agreement due on 10 August 2023. The Appellant Club objected to the Respondent Club’s claim and argued that it has suffered huge financial loss since the implementation of Annexe 7 of the RSTP and the Russian invasion of Ukraine. The Appellant Club also highlighted that it suffered financial losses due to the sanctions imposed and the isolation of Russia. In particular, the Appellant Club requested the PSC the following:

“Alternatively, in the event FIFA accepts the present claim, to declare the Club’s payment obligations towards FK Bodø/Glimt under Transfer Agreement are limited by EUR 2,893,410 already paid by the Club to FK Bodø/Glimt on 20 January 2022. In case of CAS award under appeal of Decision of the Dispute Resolution Chamber Nr. FPSD-6510 ordering the Player to pay to the Club the compensation for the termination of the Employment contract without just cause, to be paid by the Player in amount equal to or in excess of EUR 7,000,000 (seven million euro), FK Bodø/Glimt will be entitled to receive the claimed amount of EUR 2,893,410.”

38. On 25 April 2023, the Single Judge of the PSC rendered her decision in the case no. FPSD-9384 with the following operative part:

“1. *The claim of the Claimant, Bodø/Glimt, FK, is accepted.*

2. *The Respondent, FC Krasnodar, must pay to the Claimant the following amount(s):*

- EUR 2,893,410 as outstanding amount plus 10% interest p.a. as from 11 August 2022 until the date of effective payment.

3. *Any further claims of the Claimant are rejected.*

[...]

5. Pursuant to art. 24 of the Regulations on the Status and Transfer of Players, if full payment (including all applicable interest) is not made **within 45 days** of notification of this decision, the following **consequences** shall apply:
1. The Respondent shall be banned from registering any new players, either nationally or internationally, up until the due amount is paid. The maximum duration of the ban shall be of up to three entire and consecutive registration periods.
 2. The present matter shall be submitted, upon request, to the FIFA Disciplinary Committee in the event that full payment (including all applicable interest) is still not made by the end of the three entire and consecutive registration periods.
6. The consequences **shall only be enforced at the request of the Claimant** in accordance with art. 24 par. 7 and 8 and art. 25 of the Regulations on the Status and Transfer of Players. ...”

(the “**PSC Decision**”)

39. On 9 June 2023, the PSC Decision was passed and communicated to Parties. The reasons of the PSC Decision read in their main part as follows:

“20. The Respondent on the other hand argued that it should not be held liable for the second instalment since the player at the basis of the transfer agreement terminated the employment contract and left Russia (cf. FPSD-6510).

21. In this framework, the Single Judge wished to emphasize that in the case at hand the Respondent bore the burden of proving that it indeed complied with the financial terms of the contract concluded between the parties. Further, the Single Judge pointed out that the circumstances of the employment relationship of the player with the Respondent are irrelevant to the current dispute.

22. On account of the above, the Single Judge rejected the Respondent’s arguments and decided that the Respondent is liable to remit the second instalment of the transfer agreement, as agreed upon between the parties.

...

23. As a consequence, and in accordance with the general legal principle of *pacta sunt servanda*, the Single Judge decided to award the Claimant the amount of EUR 2,893,410, corresponding to the second instalment of the transfer fee.”

24. Regarding the claimed interest, the Single Judge recalled art. 8 of the transfer agreement and the jurisprudence of the Football Tribunal that an interest rate of 10% p.a. payable in case of non-fulfilment of the financial obligations can be agreed upon by the parties, as it is reasonable and proportionate.”

III. THE APPEAL PROCEEDINGS BEFORE THE COURT OF ARBITRATION FOR SPORT

40. On 30 June 2023, the Appellant Club lodged a Statement of Appeal (the “**Statement of Appeal**”) with the Court of Arbitration of Sport (CAS) pursuant to Art. R48 of the CAS Code of Sports-related Arbitration (2021 edition) (the “**CAS Code**”). Therein, the Appellant – *inter alia* – requested an extension of 30 days to fil its Appeal Brief.

41. On 11 July 2023, the CAS Court Office sent a letter to Parties containing instructions, *inter alia*:

- a. The Respondent was invited to provide his position on the proposed appointment of a sole arbitrator; and
 - b. The Parties were invited to inform the CAS Court Office on whether they agree to submit the present proceedings and the case of CAS 2023/A/9686 to the same Panel.
42. On 13 July 2023, the Respondent – *inter alia* – opined that the present dispute should be submitted to a Panel of three arbitrators and objected to submit the present proceedings and the case of CAS 2023/A/9686 to the same panel.
 43. On 17 July 2023, FIFA informed the CAS Court Office that it renounces its right to request its possible intervention in the present proceedings.
 44. On 9 August 2023, the Appellant filed its Appeal Brief, pursuant to Article R51 of the CAS Code and within the previously extended time limit.
 45. On 9 August 2023, the CAS Court Office acknowledged receipt of the Appeal Brief and invited the Respondent to file its Answers within 20 days upon receipt of the letter, pursuant to Article R55 of the CAS Code.
 46. On 8 September 2023, the Respondent filed its Answer, pursuant to Article R55 of the CAS Code and within the previously extended time limit.
 47. On 11 September 2023, the CAS Court Office invited the Parties to inform it whether they prefer a hearing on the matter, as well as whether they require a case management conference, by 18 September 2023.
 48. On 13 September 2023, the CAS Court Office informed Parties that, pursuant to Article R54 of the CAS Code and on behalf of the President of the CAS Appeals Arbitration Division, that the Panel to decide the present dispute was constituted as follows:

Sole Arbitrator: Mr. Ulrich Haas, Professor in Zurich, Switzerland and Attorney-at-Law in Hamburg, Germany
 49. On 18 September 2023, the Respondent informed the CAS Court Office that the Sole Arbitrator should issue an award based on the Parties' written submissions and that a case management conference is not required.
 50. On 18 September 2023, the Appellant informed that it prefers a hearing to be held in the present matter via videoconference and that it intended to call two (2) witnesses, Mr. Aram Fundukuyan and Mr. Pyotr Tolstikov, whose testimonies are crucial for the outcome of the present case. The Appellant further informed that it shall leave it to the discretion of the Sole Arbitrator to decide on whether a case management conference is necessary.
 51. On 1 November 2023, the CAS Court Office informed the Parties that the Sole Arbitrator has decided to hold a hearing.
 52. On 27 November 2023, the CAS Court Office informed the Parties that the hearing will be held on 21 February 2024 by video conference. Subsequently, the hearing was hearing was rescheduled for 18 March 2024.

53. On 12 December 2023, the CAS Court Office issued an Order of Procedure (“**OoP**”) and invited the parties to return a signed copy thereof by 19 December 2023, which both did, without any reservation, within the given deadline.
54. On 15 March 2024, the CAS Court Office wrote to the Appellant as follows:

“It is noted that the Appellant, in the Appeal Brief, announced its intention to examine Mr Fundukyan and Mr Tolstikov at the hearing. However, the Appellant did not include these persons in the list of participants for the hearing. Against this background, and since the Sole Arbitrator does not anticipate any particular question to these persons, unless the Appellant confirms their appearance at the hearing, the relevant witness statements filed will not be considered as witness testimony, but will be treated as mere party submissions.”

55. On 18 March 2024, a hearing took place by videoconference before the Sole Arbitrator. Besides Ms. Chui Ling Goh (assistant of the Sole Arbitrator) and Mr. Giovanni Maria Fares (Counsel to the CAS), the following persons attended the hearing:

For the Appellant:

- Mr. Sergey Lysenko, Counsel; and
- Mr. Vladislav Chepelyov, Counsel.

For the Respondent:

- Mr. Tomas Kristensen, Counsel; and
- Mr. Frode Thomassen, General Manager.

56. At the end of the hearing, the Parties acknowledged that their right to be heard had been respected in these proceedings.

IV. SUBMISSIONS OF THE PARTIES

57. This section of the award does not contain an exhaustive list of the Parties’ contentions, its aim being to provide a summary of the substance of the Parties’ main arguments. In considering and deciding upon the Parties’ claims in this Award, the Panel has accounted for and carefully considered all the submissions made and evidence adduced by the Parties, including allegations and arguments not mentioned in this section of the Award or in the discussion of the claims below.

A. The Appellant’s Position

58. The Appellant seeks the following relief before this Court:

“THE APPELLANT’S REQUESTS FOR RELIEF:

[...]

1. *The appeal filed by Football Club Krasnodar is upheld.*
2. *The Decision of the FIFA Players’ Status Chamber passed on 25 April 2023 in the case Ref. Nr. FPSD-9384 is annulled and set aside.*

Alternatively,

Paragraph 2 of the Decision of the FIFA Players' Status Chamber passed on 25 April 2023 in the case Ref. Nr. FPSD-9384 is modified as follows:

'The Respondent, FC Krasnodar, must pay to the Claimant the following amount(s):
- EUR 2,893,410 as outstanding amount.'

Alternatively,

Paragraph 2 of the Decision of the FIFA Players' Status Chamber passed on 25 April 2023 in the case Ref. Nr. FPSD-9384 is modified as follows:

'The Respondent, FC Krasnodar, must pay to the Claimant the following amount(s):
- EUR 2,893,410 as outstanding amount, plus 5% p.a. as from 24 February 2023 until the date of effective payment.'

In any case,

Paragraph 5-6 of the Decision of the FIFA Players' Status Chamber passed on 25 April 2023 in the case Ref. Nr. FPSD-9384 are annulled.

3. *Football Club Bodø/Glimt FK shall bear all costs incurred with the present procedure.*
4. *Football Club Bodø/Glimt FK shall pay Football Club Krasnodar a contribution towards its legal fees and other expenses incurred in connection with the present proceedings, in an amount to be determined at the Panel's discretion."*

i. Jurisdiction and Admissibility

59. With regards to the jurisdiction of the Panel for the present proceedings, the Appellant's position is that the Panel has jurisdiction to decide the present dispute, and submits the following:
- a. Article R47 of the CAS Code provides that "[a]n appeal against the decision of a federation, association or sports-related body may be filed with CAS if the statutes or regulations of the said body so provide or if the parties have concluded a specific arbitration agreement and if the Appellant has exhausted the legal remedies available to it prior to the appeal, in accordance with the statutes or regulations of that body".
 - b. The FIFA PSC is a FIFA legal body, which decisions can be appealed to the CAS pursuant to Article 56 and 57 of the FIFA Statutes, which provides:
 - "56. Court of Arbitration for Sport (CAS)
 1. FIFA recognises the independent Court of Arbitration for Sport (CAS) with headquarters in Lausanne (Switzerland) to resolve disputes between FIFA, member associations, confederations, leagues, clubs, players, officials, football agents and match agents.
[...]
 57. Jurisdiction of CAS
 1. Appeals against final decisions passed by FIFA's legal bodies and against decisions passed by confederations, member associations or leagues shall be lodged with CAS within 21 days of receipt of the decision in question.
 2. Recourse may only be made to CAS after all other internal channels have been exhausted.

[...]"

- c. The PSC Decision includes the Appellant's right to appeal to the CAS, as follows:

"According to article 57 par. 1 of the FIFA Statutes, this decision may be appealed against before the Court of Arbitration for Sport (CAS) within 21 days of receipt of the notification of this decision."

- d. The Appellant filed its Statement of Appeal on 30 June 2023, within the 21-day time limit after the grounds of the PSC Decision were notified to the Parties on 9 June 2023.
- e. The Appellant filed the Appeal Brief on 9 August 2023, within the extended deadline granted by the CAS Court Office.

ii. Applicable Law

60. Since the PSC Decision was issued by the PSC, the Appellant maintains that Article 56 par. 2 of the FIFA Statutes will apply, as follows:

"The provisions of the CAS Code of Sports-related Arbitration shall apply to the proceedings. CAS shall primarily apply the various regulations of FIFA and, additionally, Swiss law."

61. Further, the Appellant agrees with the Single Judge of the PSC that the October 2022 Edition of the RSTP is applicable to the matter at hand, as to the substance.

iii. Merits of the Dispute

62. The Appellant seeks to establish the following facts to buttress its claim:
- a. The Appellant and Respondent agreed that the total amount of the transfer fee payable for the Player's transfer is EUR 6,000,000 minus solidarity contributions.
- b. It is undisputed that the Appellant paid the first instalment of EUR 2,893,410.
- c. On 1 March 2022, the Appellant Club had a meeting with the foreign players of the Club, at which it was communicated that the Club was ready to suspend the employment contracts with the players but wished to maintain employment relationships with them.
- d. On 3 March 2022, the Player stopped playing for the Appellant, yet he claimed remuneration from the Appellant.
- e. The Player's Agent had informed the Club that the Player had no intention to return to Russia but denied the transfer to another club.
- f. On 17 May 2022, the Player terminated the Employment Contract, and the DRC concluded that neither party is entitled to receive compensation for this termination.
- g. On 1 August 2022, the Transfer Agreement provided for the payment of the second instalment.

63. The Appellant contends principally that the second instalment under the Transfer Agreement i.e., the Claimed Sum, did not become due, and submits the following:
- a. The Claimed Sum only became due on 1 August 2022, which is three (3) months after the Player terminated the Employment Contract.
 - b. Further the Player left the premises of the Appellant Club on March 2022.
 - c. The Appellant is not at fault for both the Player's departure from the Club and the further termination of the Employment Contract by the Player, which is highlighted in the DRC Decision dated 1 February 2023.
 - d. The Appellant found itself in a situation where:
 - i. The Player left Russia because the latter had commenced the invasion of Ukraine;
 - ii. The Player terminated the Employment Contract, which was not caused by the Appellant Club;
 - iii. The Appellant Club cannot receive any compensation for the Player's subsequent transfer or save him as its player for the upcoming seasons; and
 - iv. The Player signed an employment contract with the New Club.
 - e. Imposing the obligation on the Appellant to pay the second instalment of the Transfer Agreement, *viz*, the Claimed Sum, contravenes the principles of good faith and fairness.
64. The Appellant further contends that no interest on late payment should be imposed on it due to the sanctions imposed on the Russian financial system, and raises the following:
- a. From June to August 2022, the Appellant faced intractable problems with payments to different foreign counterparts due to the imposition of sanctions on Russian banks and other financial institutions arising from the Russian invasion of Ukraine, which could raise the issue of *force majeure*.
 - b. The situation is akin to the exception of insolvency found under Reg. 24, par. 3 of the RSTP, as follows:

"3. Such consequences may be excluded where the Football Tribunal has:

[...]

b) been informed that the debtor club was subject to an insolvency-related event pursuant to the relevant national law and is legally unable to comply with an order"
 - c. Under Art. 83 of the Swiss Code of Obligations ("**SCO**"), one party can be deemed insolvent "*in particular by virtue of bankruptcy proceedings or execution without satisfaction*".
 - d. Insolvency is a situation in which a debtor is no longer able to pay its debts to the creditors.

- e. The Appellant Club was deprived of the opportunity to execute the payment to the Respondent, due to unforeseen circumstances.
 - f. The financial sanctions imposed on Russia was intended to prevent companies and financial institutions from “*transact[ing] with the rest of the world*”, according to some news articles.
 - g. The exceptional nature of the circumstances faced by Russian clubs is acknowledged by FIFA and UEFA in their decisions and circulars. For example, UEFA acknowledged that the restrictions imposed on Russia would significantly affect the smooth running of its competitions. FIFA stated that its decisions on Russia was made “*urgent[ly]*”. Both UEFA and FIFA considered suspending the national team of Russia and Russian clubs from participation due to, *inter alia*, logistical and financial hardship arising therein.
 - h. In a Media Release of a CAS case on 15 July 2022, it was also stipulated that escalation of the conflict between Russian and Ukraine has “*created unforeseen and unprecedented circumstances to which FIFA and UEFA had to respond*” and “*Russian football teams, clubs, and players have themselves no responsibility*”.
 - i. The Appellant had issues making the payment of the CAS court office fees and the advance of costs. Such payment was only possible as of 2023 and because they were significantly lesser than the Claimed Sum. Furthermore, the interest rate imposed on the Appellant started to run as from 11 August 2022, when it was still not able to make payment from Russia.
 - j. The PSC case of FPSD-6104 supports the Appellant’s argument, wherein it was decided that due to the impossibility of making payment to a Russian bank at material time, the Single Judge therein decided that “*no interest shall be awarded*”.
 - k. Further, the Player prematurely terminated the Employment Contract without just cause, which resulted in significant financial and non-financial losses to the Appellant Club.
 - l. The Single Judge in the PSC Decision erred in applying the consequences of Article 24 of the RSTP on the Appellant. In any case, the negative consequences of the failure to pay the Claimed Sum should be excluded due to the application of Article 24(3) of the RSTP in the present case, thereby annulling par. 5 and 6 of the PSC Decision.
 - m. The Appellant further raises the principle of *clausula rebus sic stantibus*, claiming fundamental and unforeseen change in circumstances arising from the financial difficulties with making payment from Russia, justifying its non-compliance with the Transfer Agreement.
 - n. The Appellant further relies on Directive 2000/35/EC of the European Parliament and of the Council of 29 June 2000 on combating late payment in commercial transactions (the “**EC Directive**”), wherein it is stipulated that a creditor is entitled to interest for late payment “*unless the debtor is not responsible for the delay*”.
65. Further and/or in the alternative, the Appellant maintains that the late interest payment rate of 10% p.a. is disproportionate and should be reduced to 5% p.a., starting from when the Respondent filed the claim before the PSC, and submitting the following:

- a. The late interest payment is intended to be a penalty, to put pressure on the debtor to foster *in terrorem* compliance.
- b. The rate of 10% p.a. is disproportionate considering the Appellant's inability to use the services of Player, and the impossibility to make payment in due time.
- c. The Single Judge in the PSC case of FPSD-6401 even detracted from the contractually agreed interest rate of 7.5% p.a. as it was disproportionate, and reverted to award 5% p.a., "*in line with the constant practice of the Football Tribunal*".
- d. The sole arbitrator in CAS 2016/A/4567 also concurred with the decision to reduce the interest rate from 20% p.a. to 5% p.a., "*in accordance with Swiss Law and CAS precedents, as well as FIFA jurisprudence*".
- e. The CAS can reduce the late interest rate if it finds the rate excessive or disproportionate under Article 163 SCO.

V. THE RESPONDENT'S POSITION

66. The Respondent seeks the following relief before this Panel:

“REQUEST FOR RELIEF

[...]

- (a) *Rejecting the appeal;*
- (b) *Confirming in full the decision rendered by the FIFA PSC on 25 April 2023;*
- (c) *Ruling that FC Krasnodar shall bear all the arbitration costs;*
- (d) *Ruling that FC Krasnodar is ordered to compensate FK Bodø/Glimt for the legal costs and other costs incurred in this arbitration, in an amount to be determined at the end of the proceedings.”*

i. Jurisdiction of the Panel

67. It is not disputed that the CAS has jurisdiction in relation to the appeal filed by the Appellant, pursuant to Article 56 and 57 of the FIFA Statutes, and in accordance with Article R47 of the CAS Code.

ii. Applicable Law

68. While it is not disputed that the CAS Code governs the present procedure, the merits of the dispute is governed by the FIFA regulations and, additionally, by Norwegian law, pursuant to clause 20 of the Transfer Agreement.

69. The Respondent refers, in particular, to Article 12bis of the FIFA RSTP, for which clubs are required to comply with their financial obligations towards other clubs as stipulated in their transfer agreements.

iii. Merits of the Dispute

70. The Respondent denies that its claim for the Claimed Sum contravenes the principles of good faith and fairness, and submits the following:
- a. The employment relationship between the Player and the Appellant is irrelevant to the Appellant's fulfilment of the Transfer Agreement. This is supported by the Single Judge's comments at par. 23 of the PSC Decision.
 - b. There are no conditions on the Player's employment with the Appellant Club for the payment of the Claimed Sum.
 - c. On the principle of *pacta sunt servanda*, the Appellant is committed to pay the Claimed Sum and liable to pay the amount in dispute. The mere existence of sanctions has no effect on the existence and maturity of a debt, which is confirmed by other PSC decisions (see FPSD-7485 and FPSD-6401).
 - d. The Respondent has neither breached the Transfer Agreement, nor acted unfairly towards the Appellant by simply claiming the overdue payables.
 - e. The Respondent acted in good faith and trust towards the Appellant by providing the Appellant with a deferred payment of half the transfer fee, as per the financial terms of the Transfer Agreement.
71. The Respondent maintains that its claim for interests is due and payable, and raises the following:
- a. While the Appellant contends that there were financial restrictions on Russian banks, it was nevertheless able to make payment of the CAS Court Office fees and the advance of costs. The Respondent highlights that there are methods to transfer money out of Russia by using a network of international financial institutions, which takes longer and more operations, but not impossible.
 - b. The Appellant has not filed any concrete evidence on any attempts to make payment.
 - c. The Appellant should have taken steps to exhaust all possibilities on making payment of the Claimed Sum, which was highlighted as an issue in FIFA jurisprudence.
 - d. The Appellant's arguments on this situation being akin to an "*insolvency situation*" is not relevant legally, or an argument for discharging the debtor from paying interests on outstanding amounts. The Respondent is unable to see the relevance of UEFA and FIFA's description of the situation, or observe the "*financial hardship*" herein.
 - e. The Single Judge in the PSC case of PFSD-6104 provides no explanation on the "*special circumstances*" mandating the imposition of no interest.
 - f. The cases of FPSD-8647 and FPSD-7485 have similar facts to the present case, wherein it was determined that the interest begins accruing from the day after the due date.
 - g. The EC Directive is not applicable to the present proceedings as Norway is not part of the European Union.

72. The Respondent also argues that its claim for interest is not disproportionate, and submits the following:
- a. The Single Judge of the PSC Decision held that the interest rate of 10% p.a. is in line with the Transfer Agreement and the “*jurisprudence of the Football Tribunal*”.
 - b. Since the regulations of FIFA do not regulate the interest payable on overdue payables, and the jurisprudence of FIFA merely indicates that 5% p.a. is applicable when no special interest terms are agreed, the regulations of the *Norwegian Act Relating to Interest on Overdue Payments of Late Interest* should be taken into consideration when assessing the interest rate.
 - c. The Norwegian late payment interest is set by the Norwegian Ministry of Finance every six (6) months, which is equal to the Norwegian Central Bank’s Policy Rate, plus 8% points. The rates for the relevant period are as follows:

Term	Late Interest Rate
1 July 2023 – 31 December 2023	11.75%
1 January 2023 – 30 June 2023	10.75%
1 July 2022 – 31 December 2022	9.25%

73. Lastly, the Respondent contends that the date for which interest should start accruing is the date after the sum became due as there are no exceptional circumstances in this case to relieve the Appellant from the contractual obligation, which is in line with ordinary law and FIFA jurisprudence.

VI. JURISDICTION

74. According to Article R47 of the CAS Code, the Sole Arbitrator has jurisdiction to hear

“[a]n appeal against the decision of a federation, association or sports-related body may be filed with CAS if the statutes or regulations of the said body so provide or if the parties have concluded a specific arbitration agreement and if the Appellant has exhausted the legal remedies available to it prior to the appeal, in accordance with the statutes or regulations of that body”.

75. Further, Article 57(1) of the FIFA Statute (2022 Edition) stipulates that,

“Appeals against final decisions passed by FIFA’s legal bodies and against decisions passed by confederations, member associations or leagues shall be lodged with CAS within 21 days of receipt of the decision in question”.

76. The Sole Arbitrator notes that the Parties have signed the OoP without any reservation and that the jurisdiction of the CAS to hear the present appeal is not contested. Consequently, the Sole Arbitrator finds that he has jurisdiction to decide the present dispute.

VII. ADMISSIBILITY

77. The Statement of Appeal was timely filed and complied with the requirements set by Article R48 of the CAS Code. No further recourse against the PSC Decision is available within the structure of FIFA. Accordingly, the appeal filed by Appellant is admissible.

VIII. THE APPLICABLE LAW

78. Article R58 of the CAS Code stipulates that,

“[t]he Panel shall decide the dispute according to the applicable regulations and, subsidiarily, to the rules of law chosen by the parties or, in the absence of such a choice, according to the law of the country in which the federation, association or sports-related body which has issued the challenged decision is domiciled or according to the rules of law that the Panel deems appropriate. In the latter case, the Panel shall give reasons for its decision.”

79. Article 56(2) of the FIFA Statutes provides that *“the provisions of the [CAS Code] shall apply to the proceedings”* and *“CAS shall primarily apply the various regulations of FIFA and, additionally, Swiss law”*. The Appellant maintains that Article 56(2) of the FIFA Statutes should apply with regards to the applicable law.

80. Notably, the Respondent raises the applicability of Norwegian law as the subsidiary law governing the Transfer Agreement, pursuant to clause 19 of the said agreement, as follows:

“Governing law and regulations

20. *This Agreement and any dispute or claim arising out of or in connection with its or its subject matter or formation shall be governed by and construed in accordance with the FIFA Regulations and the laws of Norway. All disputes arising out of or in connection with this Agreement, shall be referred to the competent committee of FIFA.”*

81. The Sole Arbitrator notes that the Parties agree on the primary application of the rules and regulations of FIFA on the matter at hand, which in turn, provides for the additional application of Swiss law pursuant to Article 56(2) of the FIFA Statutes. Nonetheless, the Parties have also explicitly agreed that the Transfer Agreement be governed by the laws of Norway, a choice of law that is not to be simply disregarded. The question therefore arises as to how one delineates the scope of application of each body of law on a given case.

82. The starting point is that *“FIFA lays down the standard for a particular sports industry in its rules and regulations [...] [c]onsequently the purpose of the reference to Swiss law in ... [Article 56(2)] of the FIFA Statutes is to ensure the uniform interpretation of the standards of the industry”* (CAS Bulletin 2015/2, p. 7 et seq.). The application of Swiss law is confined to ensuring uniform application of the FIFA regulations. Article 56(2) of the FIFA Statutes merely clarifies that the FIFA regulations are based on a normative preconception, which is borrowed from Swiss law. Therefore, if questions of interpretation arise over the application of the FIFA regulations recourse must consequently be made to Swiss law in this regard.

83. This implicit agreement of the Parties on Article R58 of the CAS Code takes precedence over any explicit choice of law by the parties (for example in the contract), since the purpose of Article R58 of the CAS Code is to restrict the autonomy of the parties. This Article provides for a mandatory hierarchy of the applicable legal framework, which the parties cannot change.

Consequently, the parties are entitled to freedom of choice of law solely within the limits set by Article R58 of the CAS Code, with the result that they can only determine the subsidiarily applicable law. In contrast, under Article R58 of the CAS Code the “applicable regulations” (including the reference to Swiss law) always primarily apply, regardless of the will of the parties. Accordingly, any other issues (regarding interpretation and application) that are not addressed in the FIFA regulations, i.e., for which FIFA has not set any uniform standards of the industry, are subject to the law that has been chosen by the parties.

84. Consequently, the Sole Arbitrator concludes that the rules and regulations of FIFA will apply primarily on the matter at hand, while Swiss law shall apply only if there is a *lacuna* in the rules and regulations of FIFA which needs to be filled. In such a situation, when questions of interpretation arise over the application of the rules and regulations of FIFA, Swiss law shall apply. In turn, Norwegian law shall govern all legal issues that are not specifically addressed by the rules and regulations of FIFA.

IX. SCOPE OF REVIEW

85. According to Article R57 of the CAS Code, the Sole Arbitrator has full power to review the facts and the law of the case. Furthermore, the Sole Arbitrator may issue a new decision which replaces the decision challenged or may annul the decision and refer the case back to the previous instance.

X. MERITS

86. The submissions of the Parties pertain to three (3) main heads of claim:
- a. Whether the Appellant Club is liable to pay the Respondent Club the Claimed Sum, which is the amount equivalent to the second instalment of the value of the Transfer Agreement;
 - b. Whether the Appellant Club is liable to pay late payment interest of 10% p.a., given the situation in Russia and the implications on the Russian financial institutions; and
 - c. If the Appellant Club is liable to pay late payment interest, whether it should begin on the day after the Claimed Sum is due or from the date of claim before the FIFA PSC.

A. The Claimed Sum

i. The Submissions of Parties

87. At the outset, it is noted that the validity and enforceability of the Transfer Agreement is not in dispute. The Appellant Club paid the first instalment of the Transfer Agreement in the sum of EUR 2,893,410 to the Respondent Club on 20 January 2022. The only point in dispute is whether the second instalment of the Transfer Agreement, *viz* the Claimed Sum, fell due and payable on 1 August 2022.
88. The Appellant argues that the Claimed Sum could not have become due three (3) months after the Player terminated the Employment Contract, and imposing the financial obligation on the Appellant contravenes the principles of good faith and fairness, especially when the Player had

left Russia and terminated the Employment Contract based on factors not caused by the Appellant Club.

89. On the other hand, the Respondent Club maintains that the relationship between the Player and the Appellant Club (and the termination) is irrelevant to the Appellant's fulfilment of the Transfer Agreement, which is in line with the principles of *pacta sunt servanda*. The Respondent Club highlights that it had not breached the Transfer Agreement or acted unfairly towards the Appellant, and no principles of good faith or fairness was contravened. The Respondent Club also contends that there were no conditions agreed upon by the Parties on the status of the employment of the Player for the payment of the Claimed Sum under the Transfer Agreement.

ii. The Relevant Facts

90. Clauses 2 and 9 of the Transfer Agreement sets out the relevant provisions for the Appellant Club's financial obligations therein, as follows:

“Initial transfer fee

*2. Subject to the fulfilment of the Conditions Precedent and the prior receipt of a correct invoice, in consideration of the Permanent Transfer of the Player's rights and registration Krasnodar agrees to pay to FKBG subject to and in accordance with the terms hereof, the sum of **6 000 000 (six million) Euros** (the 'Transfer Fee') payable as follows:*

*(a) **3 000 000 (three million) Euros** payable on 20 January 2022; and*

*(b) **3 000 000 (three million) Euros** payable on 10 August 2022.*

[...]

Solidarity payments

9. Krasnodar shall deduct from the sums payable to FKBG hereunder solidarity payments such as training compensation and solidarity contribution due to other clubs than FKBG and disburse such contributions in accordance with the FIFA Regulations.”

91. The term “Conditions Precedent” in clause 2 is defined in clause 10 as follows:

“This contract becomes null and void, without the parties having any claims towards each other, unless the following conditions precedent have been fulfilled in total until 30.12.2021 at the latest if otherwise is not agreed by the parties in writing:

a) The Player passes the medical test to the satisfaction of Krasnodar wherein FKBG commits to release the Player for medical examinations as of 21 December 2021.

b) The Player enters into an employment contract with Krasnodar.”

iii. The Finding of the Sole Arbitrator

92. While the Sole Arbitrator notes that the Player had left the Appellant Club and terminated the Employment Contract before the Claimed Sum became due, the Sole Arbitrator agrees with the Respondent Club that there was no condition imposed on the employment status of the Player in the payment of the transfer fee under the Transfer Agreement, including the Claimed Sum. Clause 2 provided for specific “Conditions Precedent” defined in clause 10 of the Transfer

Agreement. It is undisputed between the Parties whether these conditions precedent are fulfilled in the present case. The Sole Arbitrator sees no ground to alter the contents of the Transfer Agreement in this respect by either by interpretation or by application of statutory law. The Sole Arbitrator notes that the Appellant Club does not avail itself of a specific provision in either Swiss or Norwegian law to efface its obligation to pay the second instalment. The Appellant Club only refers to “*principles of good faith and fairness*”. However, the Sole Arbitrator finds it neither against the principle of good faith nor the principle of fairness to uphold the principle of *pacta sunt servanda* under the given circumstances. The circumstances that lead to the situation, in which the Appellant Club found itself were not caused by the Respondent Club and, in addition, do not stem from the latter’s sphere of risk. Instead, it follows from the construction of the Transfer Agreement that the risk to what extent the Appellant Club can make use of the services of the Player rests with Appellant Club as soon as the Conditions Precedent are fulfilled. Consequently, the Sole Arbitrator finds that the Appellant Club is obliged to pay the Claimed Sum.

B. Interests

i. The Submissions of Parties

93. The PSC Decision granted the Respondent Club interest of 10% p.a. on the Claimed Sum, “*as from 11 August 2022 until the date of effective payment*”. The Appellant appeals against (1) the interest rate of 10% p.a. and (2) the starting date of the interest accrual.
94. The Appellant, first and foremost, maintains that no late interest should be imposed on the Appellant due to the sanctions imposed on the Russian financial system and the difficulties arising from making payment during material time. In particular, the Appellant argues that the situation faced by it is akin to the situation of insolvency, which would place it under Article 24(3) of the RSTP, which provides an exception to the non-payment arising from an order from the Football Tribunal. The Appellant further raises Art. 83 SCO, which stipulates that a party can be deemed insolvent “*by virtue of bankruptcy proceedings or execution without satisfaction*”. On the other hand, the Respondent contends that interests should be imposed on the Appellant as it was not impossible for the Respondent to transfer money out of Russia. Further, the Respondent highlights that the Appellant did not file any evidence of any attempts to transfer money out of Russia, and it was the responsibility of the Appellant to exhaust all possibilities on making payment of the Claimed Sum. The Respondent also notes that the Appellant’s arguments on insolvency was irrelevant and does not discharge the Appellant from paying interests on the Claimed Sum.
95. Further and/or in the alternative, the Appellant contends that the interest rate of 10% p.a. is disproportionate and should be reduced to 5% p.a. starting from the time the Respondent filed the claim before the PSC, instead of 10% p.a. starting from 11 August 2022. The Appellant argues that the legal purpose of late payment interest is to foster *in terrorem* compliance or “penalty interest” (see clause 8), which is unnecessary in the present case, given that the Appellant was unable to transfer money out of Russia until 2023. The Appellant then maintains that the rate of 5% p.a. is in line with CAS and FIFA jurisprudence (FPSD-6401, CAS 2016/A/4567), and the CAS has discretion to reduce the interest rate should it find the rate disproportionate under Article 163 SCO. On the other hand, the Respondent submits that the rate of 10% p.a., which is the rate agreed upon in the Transfer Agreement, is also in line with

the jurisprudence of the Football Tribunal as stipulated by the Single Judge of the PSC Decision. The Respondent then further argues that since the rules and regulations of FIFA does not provide for interest on late payments, Norwegian law should apply, and the applicable interest rates should comply with the *Norwegian Act Relating to Interest on Overdue Payments of Late Interest*.

ii. *The Finding of the Sole Arbitrator*

96. The Sole Arbitrator notes that the Parties have agreed on a “penalty interest” in clause 8 of the Transfer Agreement. By choosing this wording the parties to the contract have made it clear that clause 8 of the Transfer Agreement is not meant to compensate for an expected loss or damage and to simplify the enforcement of the claim for damages in cases where it is difficult to determine the actual loss incurred. Instead, the purpose of this clause is to deter a contractual party from committing a contractual breach.
97. The Appellant has not submitted that under the subsidiarily applicable law (Norwegian law) the Sole Arbitrator is entitled to reduce a disproportionate penalty comparable to Article 163 SCO. Be it as it may, the Sole Arbitrator finds that in any event the penalty is *not* disproportionate to an extent to warrant interference with the contractual agreement between the Parties. While the Appellant submitted jurisprudence to highlight the interest rate of 5% p.a. as the rate that is “*in line with the constant practice of the Football Tribunal*” (FPSD-6401, FPSD-8647, CAS 2016/A/4567), it is also trite that the Football Tribunal grants late payment interest of up to a maximum of 18%, depending on the facts of the case, *viz.*, the agreement between the contracting parties (FPSD-111137, par. 39; FPSD-11976, par. 20; FPSD-9362, par. 21). The agreed penalty interest between the Parties of 10% p.a. is well within the maximum amount allowed by the practice of the Football Tribunal, and therefore not disproportionate to an extent to warrant a detraction from the agreement between the Parties, and respecting the principle of contractual stability and *pacta sunt servanda*. In any event, the penalty interest rate of 10% p.a. is not unreasonable considering the inflation rate in the eurozone over the last couple of years. Thus, the Sole Arbitrator rejects the Appellant’s claim to reduce the penalty interest rate of 10% p.a.
98. Further, while the Appellant has maintained that payment to the Respondent was made impossible due to the international sanctions being imposed on the Russian financial system until 2023, the Appellant has not provided any evidence to highlight the specific period of this “*impossibility*” or submitted any evidence to showcase its effort to make payment of the Claimed Sum. The Appellant has not been able to prove that it was factually and legally impossible to make payment based on the applicable legal framework, or present sufficiently compelling arguments as to why and how this constitutes a situation where the debtor is legally unable to comply with its financial obligations. As such, the Sole Arbitrator sees no reason to deviate from the clear wording of the Transfer Agreement and maintains that that such interest shall accrue from the date of default until the actual date of payment.

C. Paragraphs 5-6 of the PSC Decision

99. In its prayers for relief the Appellant Club has requested the Sole Arbitrator to annul paragraphs 5 and 6 of the operative part of the PSC Decision. In view that the appeal of the Appellant Club has been dismissed on the main claim (Claimed Sum) as well as on the subsidiary claims, i.e.

in relation to the interests, there is no room to annul paragraphs 5 and 6 of the PSC decision. Thus, also insofar the Appellant's appeal must be dismissed.

XI. COSTS

(...).

ON THESE GROUNDS

The Court of Arbitration for Sport rules that:

1. The appeal filed by FC Krasnodar against the decision of the Players Status Chamber dated 25 April 2023 is dismissed.
2. (...).
3. (...).
4. All other and further motions or prayers for relief are dismissed.

Seat of the arbitration: Lausanne (Switzerland)

Date: 23 December 2024

THE COURT OF ARBITRATION FOR SPORT

Ulrich Haas
Sole Arbitrator