

Salary Cap Regulations

A. RELATED PARTY TRANSACTIONS

1. Related Party Club: A non-NWSL Club wherein an investor from an NWSL Team holds a majority interest, has decision-making authority, and/or exerts meaningful influence over the non-NWSL Club's technical or business decisions. The League will, in its discretion, make the decision whether a non-NWSL Club meets the Related Party Club definition. In the event of a dispute, the League will consult with the Executive Committee on the decision.
2. For all Player Loans and Transfers between an NWSL Team and its Related Party Club, the following rules apply:
 - i. No exclusivity agreement shall exist between an NWSL Team and the Related Party Club;
 - ii. All terms of any arrangements contemplated between an NWSL Team, the Related Party Club, and a Player to be loaned and/or transferred shall be fully disclosed to the League (including Player's contract, acquisition agreement or other compensation agreements with the Related Party Club);
 - iii. All terms of a Player's Loan or Transfer between an NWSL Team and the Related Party Club are subject to FIFA rules and regulations;
 - iv. The number of Players loaned or transferred to or from an NWSL Team by its Related Party Club must not exceed three (3) Players at any given time during a season.
 - v. Notwithstanding any conflicting provisions in this Section IV.A., all Related Party Transactions are also subject to the rest of the League Rules regarding Player transfers and loans. In the event of a conflict, the provisions set forth in this Section IV.A. shall prevail.

3. Salary Cap

i. Inbound Loans

- a. The Loan period for all Inbound Loans between an NWSL Team and its Related Party Club must be for a minimum of one (1) year.
- b. For an Inbound Loan, a Player's Salary Cap charge will be equal to the amount of compensation paid by the NWSL Club and the Related Party Club during the term of the Loan.
 - a. For example, if a Player is earning a \$2,000 salary per month from the Related Party Club, is brought in on a loan, and will be earning an additional \$3,000 per month from the related NWSL Team, the Salary Cap charge to the NWSL Team for the Player will total \$5,000 per month for the duration of the Loan (i.e., $\$2,000 + \$3,000 = \$5,000$).

ii. Inbound Transfers

- a. For an Inbound Transfer, a Player's Salary Cap charge will be as set forth pursuant to the regular NWSL Salary Cap charge rules

b. Acquisition/Transfer Fees

- a. All NWSL Teams must pay a fair market value Transfer Fee for the transferred Player.

- b. If it is determined, in the sole discretion of the League, that an NWSL Team is not paying a fair market value Transfer Fee for the Player, the NWSL will count a pro-rated portion of any acquisition/Transfer Fee paid by the Related Party Club for the Player in the prior three (3) years towards the Transfer Fee Threshold. To determine fair market value, the League may rely on comparable transfer fees paid in the global market.
 - i. For example, if the League determines that the Related Party NWSL Team did not pay FMV and the Related Party Club had previously acquired the Player for a \$500,000 transfer and signed the Player to a two (2) year contract, the NWSL may count up to \$250,000 towards the Transfer Fee Threshold (e.g., $\$500,000/2$).

iii. Outbound Loans

- a. For an Outbound Loan, a Player's Salary Cap charge will be equal to the full compensation paid to the Player by both the NWSL Team and the Related Party Club.
 - i. For example, if the NWSL Team pays a Player \$100,000 in salary and subsequently loans the Player at the end of the year to the Related Party Club, which agrees to pay the Player \$800,000 in salary, the Player's Salary Cap charge will be \$900,000 (i.e., $\$100,000 + \$800,00 = \$900,000$). If the Related Party Club pays the Player an amount less than or equal to the Player's NWSL salary, the NWSL Team may offset the Player's salary against the Salary Cap.

iv. Outbound Transfers

- a. The League will evaluate all outbound transfers. In the event that the League determines that an outbound transfer fee is being used to manipulate the Transfer Fee Threshold, then the League may, in its discretion, determine that such outbound transfer may not be used to offset the Transfer Fee Threshold.