TAS / CAS
TRIBUNAL ARBITRAL DU SPORT
COURT OF ARBITRATION FOR SPORT
TRIBUNAL ARBITRAL DEL DEPORTE

CAS 2025/A/11768 Vasco da Gama SAF v. Osmar Daniel Ferreyra

ARBITRAL AWARD

delivered by the

COURT OF ARBITRATION FOR SPORT

sitting in the following composition:

Sole Arbitrator: Mr Gonzalo Bossart, Attorney-at-law in Santiago, Chile

between

Vasco da Gama SAF, Brazil

Represented by Mr Jean Nicolau and Mr Rhyan Ribeiro, Attorneys-at-law in São Paulo, Brazil

- Appellant -

and

Osmar Daniel Ferreyra, Argentina

Represented by Mr Breno Costa Ramos Tannuri, Attorney-at-law in São Paulo, Brazil

- Respondent -

I. PARTIES

1. Vasco da Gama SAF (hereinafter, the "Club" or the "Appellant") is a football club with its registered office in Rio de Janeiro, Brazil. The Club is a member of the *Confederação Brasileira de Futebol* (hereinafter, the "CBF"), which in turn is affiliated to *Fédération Internationale de Football Association* (hereinafter, "FIFA").

2. Osmar Daniel Ferreyra (hereinafter, the "Coach" or the "Respondent") is a professional football coach with Argentinean nationality. The Appellant and the Respondent shall be jointly referred to as the "Parties".

II. FACTUAL BACKGROUND

3. Below is a summary of the main relevant facts and allegations based on the Parties' oral and written submissions on the file and relevant documentation produced in this appeal. Additional facts and allegations may be set out, where relevant, in connection with the further legal discussion. 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 this award only to the submissions and evidence he considers necessary to explain his reasoning.

A. The contractual relationship between the Club and the Coach

The First Employment Contract

4. On 12 July 2023, the Coach and the Club entered an employment contract (hereinafter, the "First Contract") valid as from the date of signature until 31 December 2024.

5. The First Contract provided a summary of the conditions for the contractual relationship, as follows (obtained out of the FIFA file):

> "*Summary:*
>
> *Start: 12/07/2023.*
>
> *Position: Assistant Football Coach II.*
>
> *Salary: R$ 50,700.00 (fifty thousand seven hundred reais) per month 12.2023, and R$ 53,200.00 (fifty three thousand and two hundred) per month 01.01.24 until 31.12.2024.*
>
> *Add. Rem.: R$ 5,600.00 (five thousand six hundred reais) per month, and R$ 5,950.00 (five thousand nine hundred and fifty) per month from 01.01.02 until 31.12.2021.*
>
> *Housing allowance: R$ 10,000.00 (ten thousand reais) per month.*
>
> *Working hours: free from control – art. 62, II, of the CLT.*

Term: 31/12/2024

Location: [Club]'s head office or any other place in which it carries out activities.

Termination: Clause securing the reciprocal right of early termination."

6. Clause One of the First Contract, *inter alia*, reads as follows:

"*CLAUSE ONE - OBJECT OF THE CONTRACT*

1.1. [The Coach] will work on a permanent full-time basis, hired on the date, in the position and for the monthly salary indicated above.

Paragraph 1: In order to reflect contractual equilibrium, the Parties undertake to amend this Contract every six months to recalculate the amounts to be paid by [the Club] to [the Coach], so that [the Coach's] total remuneration is USD 57,252.00 net in 2023 and USD 120,000.00 net in 2021, with a pre-fixed rate for the entire six-month period. The rate for the current six-month period will be USD 1.00 -BRL 4.82. and for the next six-month periods the PTAX Sale rates from the Central Bank of Brazil on 02/01/2024 and 01/07/2025 will be taken into account.

1.2. [The Club] will also pay the [Coach] the amount set out above per month, as a housing allowance to enable the real of the employment contract and its relocation to Rio de Janeiro/RJ. The amount provided for in this clause does not have the nature of a salary and is not subject to tax deductions or charges of any kind, and will be paid together with the salary, broken down in the payment statement.

(...)

1.5. The [Coach] is hired to carry out his function and any other services and activities compatible with his personal condition, i.e. the [Coach] among other things, will be responsible for giving training sessions, selecting the players who will take part in the matches (official or not), making technical and tactical choices during matches and competitions.

(...)"

7. Clause 7 of the First Contract reads as follows:

"CLAUSE 7 – CANCELLATION

7.1 *The Parties, based on the free stipulation and the hypersufficiency authorized by the rule of article 444 of the CLT, mutually establish that although the contract is for a fixed term, either Party will have the reciprocal right to terminate it early immediately, in the form of article 481 of the CLT, by simply notifying the other. Due to the fact that the [Coach] is one of the coaches of the technical committee of the*

[Club] first team coach, this contract may not be unilaterally terminated by the [Club], without just cause, while the coach has a current contractual relationship with the [Club], as established in the employment contract between the [Club] and the coach, except at the formal written request of the coach.

7.2. In the event of termination in the interests of both parties, by mutual agreement, the provisions of article 18a of the CLT shall apply.

7.3. In any, if the initiative for premature termination lies with the [Coach], he/she will not be entitled to receive any uncompleted prizes, even on a pro-rata basis.

7.4. Under no circumstances will articles 479 and 180 of the CLT apply.

7.5 Due to the fact that the [Coach] is one of the coaches on the coaching staff of the [Club] first team coach, in the event of early termination of the said coach's contract, this CONTRACT shall be immediately terminated in the same way as the termination of the coach's contract."

The Second Employment Contract

8. On 1 April 2024, the Parties concluded a new employment contract (hereinafter, the "Second Contract"), valid as from the date of signature until 31 December 2025.

9. In the Second Contract, the Parties provided for a summary of the conditions for their contractual relationship, as follows:

"*Current role: Assistant Football Coach II*

Current salary: R$79,000.00 (seventy-nine thousand reais) per month.

Additional Rem.: R$ 7,800.00 (seven thousand eight hundred reais) per month.

Housing: R$ 10,000.00 (ten thousand Reais) per month.

Deadline: 04/01/2024 to 12/31/2025."

10. Clause 1 of the Second Contract, *inter alia*, reads as follows:

"*1 - SUBJECT OF THE CONTRACT*

1.1. [The Coach] will work under a full-time permanent employment regime, admitted on the date, for the position and for the monthly salary indicated above.

Sole paragraph: in order to reflect contractual balance, the Parties undertake to annually amend this Agreement to recalculate the amounts to be paid by [the Club] to [the Coach], so that total annual compensation of [the Coach] is USD 180,000.00 net, including salary, remuneration increase and all employment benefits, including FGTS. The exchange rate will be annually pre-fixed with the exchange rate of the first business day of the year, observing a maximum variation of 10% (ten percent) more or less in relation to the date of signing the Agreement.

1.2. [The Club] will also pay the [Coach] the gross amount indicated above as housing assistance to enable the execution of the employment contract and his / her move to Rio de Janeiro/RJ. The amount provided for in this clause is not of a salary nature and is not subject to tax deductions or charges of any nature, and will be paid together with the salary, as detailed in the payment statement.

(...)"

11. Clause 3 of the Second Contract stated, *inter alia*, the following:

"*3.6. The period for acquiring annual vacations will be equivalent to that of the sports season, according to the annual calendar made available by national sports administration entities (currently, the season is understood to be the period from January to December of each year).*

3.7. Annual vacations, when fully acquired, may, with the consent of the parties, be granted in up to 3 (three) distinct periods, according to article 134 of the CLT, one of which must preferably coincide with the annual recess of sporting activities, according to article 28, § 4, V, of Law No. 9,615/98 and 98, V, of Law No. 14,597/23, at the end of the season, in accordance with the sports calendar published by the sports administration entities.

3.8. If, at the end of the season, the [Coach] has not acquired full vacation, this may still be granted, taking advantage of the break in sporting activities. In this case, the remuneration for vacations and the third will be proportional to the acquisition periods, the count restarting at the beginning of the new season."

12. Clause 7 of the Second Contract reads as follows:

"7. TERMINATION

7.1 *The Parties, based on the free stipulation and the hypersufficiency authorized by the rule of article 444 of the CLT, mutually establish that although the contract is for a fixed term, either Party will be assured the reciprocal right to terminate it early and immediately, in accordance with article 481 of the CLT, by simply notifying the other.*

First Paragraph: Because the [Coach] is one of the coaches on the technical committee of Mr. Ramon Angel Diaz, from [the Club], this contract may not be terminated unilaterally by [the Club], without just cause, while the coach has a current contractual relationship with [the Club], in the manner established in the employment contract signed between [the Club] and the coach, except by formal and written request from the coach.

Second paragraph: Since the [Coach] is one of the coaches on the technical committee of Mr. Ramon Angel Diaz, of [the Club], this CONTRACT may be immediately terminated by [the Club] if [the Club] dismisses Mr. Ramon Angel Diaz or Mr. Ramon Emiliano Diaz, for just cause, in which case the [Coach]'s dismissal will not be considered as 'unjustified termination' and consequently [Club] will not be liable for the fine provided for in clause 7.2 below.

7.2. In the event of early termination, for any reason, subject to the exception of clause 7.3 below, the Party causing the termination, or even deciding to terminate it without cause, must indemnify the other with the payment of a gross fine of BRL 2,143,260.00 (two million one hundred and forty-three thousand two hundred and sixty reais) pro rata die over the term of the Contract, to be paid in 05 (five) equal, monthly and successive installments, the first being due 05 (five) business days after the termination and the others being due on the same day of subsequent months, in replacement of the term provided for in article 477, § 6, of the CLT. This compensatory fine is freely set between the parties and replaces the requirement for any salary guarantee for the minimum legal period of 06 (six) months of Law No. 14.597/2023. Exceptionally, because the [Coach] is one of the coaches on Mr. Ramon Angel Diaz, if he and/or Mr. Ramon Emiliano Diaz and [the Club] end their contract early, the [Coach] may leave [the Club] unilaterally without incurring any fine and/or financial compensation.

7.3. In the event of termination in the interest of both parties, by mutual agreement, the provisions of article 484-A of the CLT will apply, recognizing from now on the incompatibility and inapplicability of the prior notice provided therein, replaced by the penalties agreed in this contract, which may even be subject to mutual compensation/waiver, partial or full, resulting from the will of the parties.

7.4. In any event, if the initiative for premature termination is taken by the [Coach], he/she will not be entitled to receive, not even proportionally, any unpaid bonuses.

7.4. Under no circumstances will articles 479 and 180 of the CLT be applied."

13. Clauses 11.2 and 11.3 of the Second Contract read as follows:

"*11.2 This Agreement shall be governed by, construed and enforceable in accordance with the FIFA Regulations and, subsidiarily, when necessary, Brazilian laws.*

11.3 The Parties agrees to use their best efforts to resolve any disputes arising from this Agreement through conciliation, electing, for the result of any conflicts, the Players' Status Chamber of the FIFA Football Tribunal, without prejudice, however, to the use of the National Dispute Resolution Chamber of the CBF, and may also, if necessary, also seek the CAS ('Court of Arbitration for Sport'), located in Lausanne, Switzerland."

14. The First and the Second Employment Contracts are hereinafter referred together as the "Employment Contracts".

B. Other facts and default notices

15. On 27 April 2024, the Club announced in its social media ("X") the dismissal of part of its coaching staff.

The communication stated as follows:

"*Vasco da Gama informs that immediately after the match Ramón Díaz and Emiliano Diaz are no longer part of the coaching staff.*

Rafal Paiva, head coach of the Under-20 team, takes over as interim."

16. On 6 May 2024, the Club sent a notice to Ramón Ángel Díaz, the former Club's head coach (hereinafter, the "Head Coach"), informing him of the net balance the Club considered outstanding, due to the early termination of his contract that occurred on 27 April 2024.

17. Also on 6 May 2024, the Club sent a notice to Emiliano Díaz, another member of the Club's coaching staff, informing him of the net balance the Club considered outstanding, due to the early termination of his contract that occurred on 27 April 2024.

18. On an unspecified date, the Coach and a contact saved as "Clauber Rocha Vasco", had the following WhatsApp conversation (quoted *verbatim*):

"*Clauber Rocha Vasco: Maleeeee*

Como andas?

Coach: Sii todo bien

Clauber Rocha Vasco: Me llamó el abogado del Clube…
Se quedó decidido que la licencia va se estender hasta 27 de mayo, fecha esa que ustedes tendrás que presentarse en el Club.
Tranquilo hmno?

Coach: Tenemos que pasar a firmar la nueva licencia?

Clauber Rocha Vasco: No necesita…
Arriba mi mesaje és sificiente

Coach: Ok dale

Freely translated into English:

"*Clauber Rocha Vasco: "Maleeeee*
How's it going?"

Coach: "Yeah, everything's fine"

Clauber Rocha Vasco: "The club's lawyer called me...
It's been decided that your licence will be extended until 27 May, which is the date you'll

have to report to the club.
Don't worry, bro?"

Coach: "Do we have to go in to sign the new licence?"

Clauber Rocha Vasco: "No need...
My message above in enough.

Coach: Ok, cool."

19. On 17 June 2024, the Coach sent a letter to the Club stating that the period of paid leave granted to him by the Club had ended and that he remained at the Club's disposal to comply with the terms of the Second Contract. Additionally, he mentioned that he had not received any instructions from his line managers, which he believed was related to the recent change in the Club's management. The Coach further contended that it was practically impossible for him to comply with the terms of the Second Contract. In this regard, the Coach requested that the Club communicate to him, within the following 24 hours, (i) the necessary instructions so he could continue providing his services to the Club, or (ii) if the Club intended to terminate the Second Contract without just cause. The Coach indicated that the lack of manifestation would lead him to conclude in favour of the second option.

20. On 1 July 2024, the Coach sent a new correspondence to the Club, reiterating his previous request and granting a further 24-hour deadline for the Club to react accordingly.

21. On 5 July 2024, the Coach sent a new letter to the Club, referring to his previous two letters. The Coach stated that, given that the Club failed to provide him with any form of demonstration or instruction that would allow him to continue providing services to the Club, he concluded, in good faith, that the Club had terminated the Second Contract without just cause, effective as of that date. The Coach highlighted that the Club did not take any action to reinstate him to his activities and, therefore, the Club no longer intended to rely on his services. Based on this, the Coach referred to arts. 477 and 483 of the Brazilian Consolidation of Labour Laws (CLT) and to clause 7.2 of the Second Contract, and informed due to him and, within five days, it had to make the payment of the first instalment of the fine established in clause 7.2. of the Second Contract, and informed the Club that, within 10 days, it had to arrange for the payment of the termination amounts due to him and, within five days, it had to make the payment of the first instalment of the fine established in clause 7.2.

22. On 24 July 2024, the Coach concluded a new contract with the Brazilian club Sport Club Corinthians Paulista (hereinafter, "Corinthians"), valid as from 10 July 2024 until 31 December 2025. According to this contract, the Coach was paid a monthly salary of BRL 46,529.24 gross as from the date of signature until 31 December 2024, and BRL 48,703.42 gross as from 1 January 2025. Additionally, he was paid BRL 11,600 net as housing assistance.

23. According to the Coach, on 17 April 2025 his new contract was terminated by Corinthians.

III. PROCEEDINGS BEFORE THE PLAYERS' STATUS CHAMBER OF FIFA

24. On 14 March 2025, the Coach filed a claim before the Players' Status Chamber of FIFA (hereinafter, "PSC"). A summary of the position of the Parties is set out below.

a. Claim of the Coach

25. In his claim, the Coach argued that the Club terminated the Second Contract without just cause by not replying to his notices –requesting that it communicate to him the necessary instructions to provide his services or inform him if it intended to terminate the contract without just cause- and *de facto* extending the temporary leave in which he had been placed on without any prospect of resuming his role in a near future. In this vein, the Coach stated that this behaviour rendered the continuation of the Second Contract untenable, as it could not be expected that he remained bound by an employment relationship under which he had been effectively prevented from providing the services for which he had been hired, for no reason other than the negligence of the employer.

26. Therefore, he claimed that he was entitled to a compensation by the Club amounting to BRL 1,007,470, to (i) BRL 19,950 equal to 3/12 of the 13th salary, based on art. 1 of Brazilian Federal Law no. 4090/1962; (ii) BRL 19,950 equal to 3/12 of the vacation allowance, based on art. 146 Executive Order no. 5452/1943; (iii) BRL 6,650 equal to 3/12 of the constitutional third of the vacation allowance, based on art. 7 lit. XVII of the Brazilian Constitution; and, (iv) BRL 7,660.80 due as 40% fine on the balance of the Fundo de Garantia do Tempo de Serviço (FGTS) severance pay fund, based on art. 18 par. 1of Brazilian Federal Law no. 8036/1990.

b. Reply of the Club

27. In its reply, the Club requested to reject in full the claim filed by the Coach, since on 5 July 2024 he sent a notice of termination to the Club. Alternatively, the Club considered that a potential compensation owed to the Coach should be mitigated with his new contract; furthermore, to reject the claim for BRL 7,660.80, corresponding to the 40% fine on the balance of the 'FGTS" severance fund.

c. Decision of the PSC

28. On 24 June 2025, the PSC issued a decision (hereinafter, the "Appealed Decision"), as follows:

"*1. The claim of the Claimant, Osmar Daniel Ferreyra, is partially accepted.*

2. The Respondent, Vasco da Gama S.a.f., must pay to the Claimant the following amounts:

- BRL 46,550 as outstanding remuneration plus 5% interest p.a. as from 6 July 2024 until the date of effective payment;

- BRL 1,007,470 as compensation for breach of contract plus 5% interest p.a. as follows:

- 5% interest p.a. over the amount of BRL 201,494 as from 13 July 2024 until the date of effective payment;

- 5% interest p.a. over the amount of BRL 201,494 as from 13 September 2024 until the date of effective payment;

- 5% interest p.a. over the amount of BRL 201,494 as from 13 October 2024 until the date of effective payment;

3. Any further claims of the Claimant are rejected.

4. Full payment (including all applicable interest) shall be made to the bank account indicated in the enclosed Bank Account Registration Form.

5. Pursuant to art. 8 of Annexe 2 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. 8 par. 7 and 8 of Annexe 2 and art. 25 of the Regulations on the Status and Transfer of Players.*

7. This decision is rendered without costs."

29. On 21 August 2025, FIFA notified the grounds of the Appealed Decision to the Parties.

IV. PROCEEDINGS BEFORE THE COURT OF ARBITRATION FOR SPORT (CAS)

30. On 11 September 2025, in accordance with Articles R47 and R48 of the Code of Sports related Arbitration, edition 2025 (hereinafter, the "CAS Code"), the Club filed a Statement of Appeal at the CAS against the Coach, challenging the Appealed Decision.

The Club proposed the case to be submitted to a Sole Arbitrator. The Respondent agreed with this proposal.

31. On 10 October 2025, within an extended time limit, the Club filed its Appeal Brief, pursuant to Article R51 of the Code.

32. On 24 January 2026, within an extended time limit, the Respondent filed his Answer, pursuant to Article R55 of the Code.

33. On 26 January 2026, the CAS Court Office informed the Parties that the Panel appointed to decide the case was constituted as follows:

Sole Arbitrator: Mr Gonzalo Bossart, Attorney-at-law in Santiago, Chile.

34. On 16 February 2026, following consultation with the Parties, the CAS Court Office notified the Parties that the Sole Arbitrator had determined to hold a hearing on 15 April 2026 at 14:00 CET.

35. On 31 March 2026, the Parties returned to the CAS Court Office the Order of Procedure, duly signed.

36. On 14 April 2026, the Club requested confirmation that Mr Osmar Daniel Ferreyra will be available for examination at the hearing.

37. On the same date, the Coach's representatives informed that Mr Osmar Daniel Ferreyra will not attend the hearing.

38. On 15 April 2026, at 14.00h CET the hearing took place via videoconference. At the hearing, besides the Sole Arbitrator and Ms Lia Yokomizo, Counsel to the CAS, the following persons were present:

i. For the Club: Mr Jean Nicolau, Mr Rhyan Ribeiro and Ms Bianca Reis, counsels.

ii. For the Coach: Mr André Oliveira de Meira Ribeiro and Mr Pedro Vasconcelos Botelho, counsels.

39. At the outset of the hearing, in accordance with Article R56 of the CAS Code, the Parties were invited to inform the Panel whether there was any possibility of reaching an agreement on the subject of this appeal, which was discarded by them. Furthermore, the Parties confirmed that they had no objections in respect to the appointment of the Sole Arbitrator and that the CAS had jurisdiction over the present dispute. During the hearing, the Parties had the opportunity to present and defend their respective positions and reiterate the arguments already put forward in their respective written submissions.

40. Before the hearing was concluded, the Parties expressly stated that they did not have any objection with the procedure adopted by the Sole Arbitrator and that their right to

be heard and to be treated equally had been duly respected.

V. SUBMISSIONS OF THE PARTIES

41. The following outline is a summary of the Parties' arguments and submissions which the Sole Arbitrator considers relevant to decide the present dispute and does not necessarily comprise each and every contention put forward by the Parties. The Sole Arbitrator has nonetheless carefully considered all the submissions made by the Parties, even if no explicit reference has been made in the following summary. The Parties' written and oral submissions, documentary evidence and the content of the Appealed Decision were all taken into consideration.

A. The Club's Submissions and Prayers for Relief

42. The Club's submissions contained in its Appeal Brief, as well as those made during the hearing may be summarised as follows:

No Right for Compensation.

- On 27 April 2024, Vasco's Head Coach, Mr. Ramón Ángel Díaz, resigned to the Club, which, according to clause 7 of the Second Contract, allowed the latter –being part of Mr Díaz's staff- to terminate the labour relationship with the Coach without the right for compensation. However, the Club "*…elected to retain the Respondent's services following the conclusion of the employment relationship with the Head Coach.*"

- On 5 July 2024, the Coach unilaterally terminated the Second Contract with the aim of signing a new contract with the Brazilian club Sport Club Corinthians Paulista, therefore he is not entitled to the compensation outlined in clause 7.2 of the Second Contract.

Mitigation of Damages.

- Should the Sole Arbitrator nevertheless find that compensation is due, such compensation must be reduced under the principle of mitigation.

- In this regard, it must be stressed that the Coach himself acknowledged to the PSC that the claim should be mitigated by the overlapping income between the Second Contract and the Coach's new contract with Sport Club Corinthians Paulista.

- However, the Coach miscalculated the mitigation compensation eventually due, by not including the housing allowance and the salaries for July 2024, specified in the new Contract.

- Accordingly, the correct amount from the new contract with Sport Club Corinthians Paulista to be deduced from the amount specified in clause 7.2 of the Second Contract would be BRL 1.058.907,99.

- For its part, it should be noted that the Appealed Decision, based on the fact that compensation must be established as set out in the compensation clause contained in the Second Contract –freely negotiated by the Parties-, erroneously determined that the compensation specified in such clause is exempt from the mitigation rule.

- "*Despite this, the Chamber partially mitigated the compensation exclusively to avoid issuing a decision ultra petita*", after the Coach unilaterally applied a mitigation to the amount resulting from the calculation provided for in the compensation clause.

- Nevertheless, the Appealed Decision incorrectly disregarded the rationale behind clause 7.2 of the Second Contract. The "agreed amount" is compensatory –directly tied to the residual value of the contract- rather than punitive. "*It establishes a compensatory structure that is directly derived from the residual value of the contractual remuneration, as outlined in FIFA RSTP, Annexe 2, article 6.2, b.*"

- Therefore, any compensation due to the Coach should consider its new employments contracts, otherwise it could lead to unjust enrichment.

Reorganization Bankruptcy Proceedings.

- The Appellant is undergoing reorganization bankruptcy proceedings, which could affect the present case, particularly regarding the enforcement of any decision to be issued by this Tribunal.

- *"[A]ccording to the Brazilian Bankruptcy Law, no creditor may enforce the debt or demand payment outside the reorganization proceedings, and the debtor is not allowed to make individual payments.*"

- In the view of the above, in the event that the CAS orders the Club to pay compensation to the Coach, that decision cannot be enforced.

43. In its Appeal Brief, the Club submitted the following requests for relief:

"*In light of the above, the Appellant respectfully requests CAS to:*

a) Uphold the present appeal.

b) Set aside the Appealed Decision of the FIFA Players' Status Chamber rendered on 24 June 2025.

c) Declare that the Respondent is not entitled to any compensation in connection with the termination of the Employment Contract.

- Subsidiarily, should the Sole Arbitrator determine that the Respondent is entitled to compensation arising from the termination of the Employment Contract, the Appellant respectfully requests the Sole Arbitrator to:

d) Order the disclosure of the employment agreements concluded with Club Olimpia, from Paraguay, and with Sport Club Internacional, from Brazil.

e) Deduct the entire remuneration (including those from July 2024) and the entire *housing allowance under the Respondent's New Contract with SCCP for the calculation of the Mitigated Compensation.*

f.i) Alternatively, should the Coach's remuneration under the new employment agreement concluded with SC Internacional exceed that provided for in the agreement with SCCP, the Appellant respectfully requests that the Sole Arbitrator consider the higher amount – rather than the remuneration specified in the SCCP contract – for the purpose of calculating the Mitigated Compensation.

- Finally, Vasco respectfully requests that the Sole Arbitrator:

f) Acknowledge, where relevant, that the rules pertaining to the ongoing reorganization bankruptcy proceedings in the court of Rio de Janeiro may be applied to this case.

g) Order the Respondent to bear the entirety of the arbitration costs and a contribution to the Appellant's legal fees.

h) Grant any further relief deemed appropriate."

B. The Coach's Submissions and Prayers for Relief

44. The Coach's submissions contained in his Answer to the Club's Appeal Brief, as well as those made during the hearing may be summarised as follows:

Termination of the Contract.

- The Club unilaterally terminated the Employment Contract without just cause and shall therefore be ordered to pay compensation.
- Although the Appellant's employment relationship was directly linked to that of the Head Coach with the Club, the latter decided to retain the Appellant's services even after the employment contract with the Head Coach was terminated on 27 April 2024. Instead, the Appellant was placed in temporary pay leave until 27 May 2024.
- Upon expiration of the aforementioned period, the Parties initiated negotiations in order to reach a mutual agreement to terminate the Second Contract. However, the Club decided to interrupt such negotiations.
- On 17 June 2024, considering that the Coach had not received instructions to resume his activities for more than two weeks after said temporary paid leave had come to an end, he addressed a notice to the Club informing that he was available to resume his activities and warned that, given that he had not heard from the Club since the end of his paid leave period, "*…we request that you communicate, within 24 (twenty-four) hours, the necessary instructions so that our client can continue to provide his services to VASCO DA GAMA SAF or whether you intend to terminate the contract without just cause, and failure to do so will lead us to conclude the second option.*"
- Due to Club's silence and despite his entitlement to terminate the Second Contract with just cause, as a gesture of good faith, on 1 July 2024 the Coach sent a new notice

regarding the continuation of the employment relationship, warning the Club that he would proceed to consider the unilateral termination of the contract without just cause in the event of silence from the latter within 24-hour deadline.

- Therefore, it is undisputed that "…*the Club terminated the Employment Contract without just cause…*", insofar as its decision not to respond to either of the notifications, effectively granted to the Coach with no prospect of resuming his role in the near future, made the continuation of his contractual relationship untenable.

- Hence, the Coach did not unilaterally terminate the Second Contract on his own decision with the aim to sign a new contract with Sport Club Corinthians Paulista.

- It was the precarious situation in which the Club placed the Coach –affecting his personality rights-, with the sole aim of making him resign voluntarily or accept more unfavourable conditions, that led to the early termination of the contract under the conditions already mentioned.

- The work of an assistant coach is fundamental to their professional career, especially since their low profile requires constant development and greater exposure.

- In view of the above, "*it goes without saying that the very object of any contract entered between a club and a football (assistant) coach –the provision of coaching services against the payment of a remuneration-"* has been completely disregarded by the Club.

Mitigation of Damages.

- The Appealed Decision correctly determined that the compensation payable to the Coach should be assessed based "*on its clause 7.2 –a freely negotiated, reciprocal and proportionate contractual provision by means of which the Parties agreed "in advance an amount due"*". And therefore, the compensation payable *in casu* is not subject to mitigation.

- Indeed, once the Parties have agreed upon a contractual clause governing the calculation of compensation for breach of contract, and such clause is, as previously emphasised, proportional and reciprocal, its amount shall remain as such, in deference to the fundamental legal principle of *pacta sunt servanda*.

- The fact that PSC decided not to pay the full compensation, in accordance with clause 7.2 of the Second Contract, does not imply that said compensation should be reduced. This was because the Coach voluntarily opted to reduce the compensation with his new contract, thus binding PSC's decision. Had the PSC not respected the Coach's request, it would have violated the principle of *ne ultra petita*.

Reorganization Bankruptcy Proceedings.

In its Appeal Brief, "*[t]he Club does not contend that such proceedings* [reorganization proceedings] *preclude adjudication of the present dispute. Rather, the Club merely contends that any compensation deemed payable to the Assistant Coach can only be paid within the framework of the (collective) payment regime inherent to such* *proceedings...*".

- Insolvency or judicial reorganisation proceedings may affect the enforcement of a claim but do not, as a matter of principle, prevent arbitral tribunals from adjudicating a dispute, as in the present case.

45. In its Answer to the Appeal Brief of the Club, the Coach submitted the following requests for relief:

"*In line with the above, the Assistant Coach hereby submits the following requests for relief to the attention of the CAS:*

FIRST – To dismiss the appeal lodged by the Club;

SECOND – To confirm the findings of the Challenged Decision in their entirety;

THIRD – To order the Club to bear all costs associated with the present arbitration; and

FOURTH – To order the Club to pay a contribution towards the legal fees, costs and expenses incurred by the Assistant Coach, in an amount equal to at least CHF 10,000 (ten thousand Swiss francs)."

VI. JURISDICTION

46. Article R47 of the CAS Code provides as follows:

"*An 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.*"

47. The jurisdiction of the CAS, which was not disputed, derives from Articles 49 para. 1 of the FIFA Statutes and clause 11.3 of the Second Contract.

48. The jurisdiction of the CAS was further confirmed by the Order of Procedure duly signed by the Parties.

49. Accordingly, the Sole Arbitrator is satisfied that CAS has jurisdiction to hear the present case.

VII. ADMISSIBILITY OF THE APPEAL

50. According to Article 50 para. 1 of the FIFA Statutes, "*[a]ppeals against final decisions passed by FIFA and its bodies shall be lodged with CAS within 21 days of receipt of the*

decision in question."

51. The Sole Arbitrator notes that the PSC rendered the Appealed Decision on 24 June 2025 and that it was communicated to the Parties by email on 21 August 2025.

52. Considering that the Club filed its Statement of Appeal on 11 September 2025, *i.e.*, within the deadline of 21 days set in the FIFA Statutes, and that the Appeal fulfils all admissibility criteria set forth in Articles R48 et seq. of the CAS Code, the Sole Arbitrator is satisfied that the Appeal is admissible.

VIII. APPLICABLE LAW

53. Article R58 of the CAS Code provides the following:

"*The 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.*"

54. Article 49 para. 2 of the FIFA Statutes provides the following:

"*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.*"

55. According to the aforesaid, this means that "*the applicable regulations*" mentioned in Article R58 of the CAS Code are "*the various regulations of FIFA and, additionally, Swiss law.*"

56. Since this is an employment dispute between a coach and a club, the applicable FIFA regulations would be the RSTP and considering that the claim was brought before the PSC on 14 March 2025, the version of the RSTP that is applicable is the January 2025 edition, pursuant to article 26(1) of the RSTP.

57. Article 26 para. 2 of the RSTP of January 2025 provides the following:

"*As a general rule, other cases shall be assessed according to these regulations with the exception of the following:*

a) disputes regarding training compensation;

b) disputes regarding the solidarity mechanism;

Any cases not subject to this general rule shall be assessed according to the regulations that were in force when the contract at the centre of the dispute was signed, or when the disputed facts arose."

58. For its part, according to clause 11.2 of the Second Contract, "*[t]his Agreement shall be governed by, construed and enforced in accordance with the FIFA Regulations. and, subsidiarily, where necessary, Brazilian laws.*"

59. Having considered the above, the Sole Arbitrator shall primarily apply all the relevant FIFA regulations, combined with Swiss law wherever interpretation of such provisions is needed; subsidiarily, the Sole Arbitrator must apply the relevant provisions envisaged by the Parties in clause 11.2 of the Second Contract considering the matter at stake, *i.e.*, Brazilian law.

IX. MERITS

A. The Dispute

60. The object of these proceedings is the Appealed Decision, which ordered the Club to pay to the Coach BRL 46,550 as outstanding remuneration plus 5% interest *p.a.* as from 6 July 2024 until the date of effective payment and BRL 1,007,470 as compensation for breach of contract plus 5% interest *p.a.*, as follows:

- 5% interest p.a. over the amount of BRL 201,494 as from 13 July 2024 until the date of effective payment;
- 5% interest p.a. over the amount of BRL 201,494 as from 13 August 2024 until the date of effective payment;
- 5% interest p.a. over the amount of BRL 201,494 as from 13 September 2024 until the date of effective payment;
- 5% interest p.a. over the amount of BRL 201,494 as from 13 October 2024 until the date of effective payment;
- 5% interest p.a. over the amount of BRL 201,494 as from 13 November 2024 until the date of effective payment.

61. The Appealed Decision is challenged by the Club.

62. In the Appealed Decision, the PSC found that the Club had breached the Second Contract and that the Parties had agreed a compensation formula in clause 7.2. Thus, based on Article 6 of Annex 2 of the RSTP of January 2025, the Club shall pay compensation for breach of contract in the amount freely agreed by the Parties (BRL 2,143,260.00 *pro rata die* over the term of the Contract); however, since the Coach voluntarily requested to mitigate the agreed compensation amount with the new contract entered into with Sport Club Corinthians Paulista, in order to avoid ruling *ultra petita*, the PSC decided to award the Coach five instalments of BRL 201,494 as claimed, totalling BRL 1,007,470.

63. The Sole Arbitrator shall therefore answer to the following main issues of the present dispute:

    i. Did the Club breach the Second Contract?

ii. What is the meaning and effects of the clause 7.2 of the Second Contract?

iii. What are the financial consequences of the Sole Arbitrator's answer to the first questions in this specific case?

64. The Sole Arbitrator shall answer each of those questions separately.

i. Did the Club breach the Second Contract?

65. To answer this question, firstly, the Sole Arbitrator has been able to verify that the following facts and background information are contained in the file, regarding which there is no dispute:

- Even though the Coach was part of the coaching staff of the main coach (Ramón Ángel Díaz) and the Second Contract itself conditioned its validity on the permanence of the former as such, once the employment relationship between the Club and the Main Coach ended, the former reaffirmed the validity of the Second Contract and, therefore, the continuity of the Coach.

- As a consequence of the Main Coach's departure, he was immediately replaced (Rafael Paiva) and, at the same time, the Coach was granted a pay leave by the Club.

- As soon as the pay leave ended, the Coach contacted the Club with the intention of resuming his duties, which was informed through a conversation via the WhatsApp instant messaging system and two letters, dated 17 June and 1 July 2024, respectively.

- According to the content of these communications, the Coach's willingness to resume his duties was duly manifested, along with the warning that if there was no response from the Club, the early termination of the contract without just cause would be considered.

- The Club not only failed to respond within the deadline set out in the letter of 17 June 2024 but also failed to respond to the letter of 1 July 2024. That is why, on 5 July 2024, the Coach notified the Club of the termination of the Second Contract.

66. However, the Club argues that the Coach had unilaterally terminated the Second Contract, which is evidenced in the letter of 5 July 2024:

"*In view of the failure to respond to previous notifications, given that in at no time was there any type of demonstration and/or instruction from Vasco da Gama SAF that Mr. Osmar Daniel Ferreyra could continue providing his services to the Club, with special attention to in the absence of a response to the notification sent on 01.07.2024, we conclude, in absolute good faith, that Mr. Osmar Daniel Ferreyra, was terminated early at the initiative of Vasco da Gama SAF, without just cause.*

67. Furthermore, the Club argues that the Coach had terminated the employment relationship with the aim of signing a new contract with Sport Club Corinthians Paulista. It specifies that the new contract was signed on 24 July 2024, however effective as from 10 July 2024, *i.e.*, only five days after the termination letter.

68. Although the facts clearly show that it was the Coach who terminated the Second Contract through the letter of 5 July 2024, this Sole Arbitrator must consider the reasons that led him to make such a decision and, ultimately, the consequences thereof.

69. In this regard, the Sole Arbitrator would like to address what is set out in Article 4 of Annex II of the RSTP:

"1. *A contract may be terminated by either party without the payment of compensation where there is just cause.*

2. Any Abusive conduct of a party aimed at forcing the counterparty to terminate or change the terms of the contract shall entitle the counterparty to terminate the contract with just cause."

70. As to the general provision of Article 14(1) FIFA RSTP –mirror standard of the coaches' version (Article 4 of Annex II) -, it is longstanding and consistent CAS jurisprudence that:

"*The RSTP 2001 do not define when there is 'just cause' to terminate a contract. In its established legal practice, CAS has therefore referred to Swiss law in order to determine the purport of the term "just cause". Pursuant to this, an employment contract which has been concluded for a fixed term, can only be terminated prior to expiry of the term of the contract if there are 'valid reasons' or if the parties reach mutual agreement on the end of the contract (see also ATF 110 I 167; WYLER R., Droit du travail, Berne 2002, p. 323 and STAEHELIN/VISCHER, Kommentar zum Schweizerischen Zivilgesetzbuch, Obligationenrecht, Teilband V 2c, Der Arbeitsvertrag, Art. 319-362 OR, Zurich 1996, marg. no. 17 ad Art. 334, p. 479). In this regard Art. 337 para. 2 of the Code of Obligations*
(CO) states – according to the translation into English by the Swiss-American Chamber of Commerce: 'A valid reason is considered to be, in particular, any circumstances under which, if existing, the terminating party can in good faith not be expected to continue the employment relationship'. According to Swiss case law, whether there is 'good cause' for termination of a contract depends on the overall circumstances of the case (ATF 108 II 444, 446; ATF 2 February 2001, 4C.240/2000 no. 3 baa). Particular importance is thereby attached to the nature of the breach of obligation. The Swiss Federal Supreme Court has ruled that the existence of a valid reason has to be admitted when the essential conditions, whether of an objective or personal nature, under which the contract was concluded are no longer present (ATF 101 Ia 545). In other words, it may be deemed to be a case for applying the clausula rebus sic stantibus (ATF 5 May 2003, 4C.67/2003 no. 2). According to Swiss law, only a breach which is of a certain severity justifies termination of a contract without prior warning (ATF 127 III 153; ATF 121 III 467; ATF 117 II 560; ATF 116 II 145 and ATF 108 II 444, 446). In principle, the breach is considered to be of a certain severity when there are objective criteria

which do not reasonably permit an expectation that the employment relationship between the parties be continued, such as a serious breach of confidence (ATF 2 February 2001, 4C.240/2000 no. 3 b aa; ATF 5 May 2003, 4C.67/2003 no. 2; WYLER R., op. cit., p. 364 and TERCIER P., Les contrats spéciaux, Zurich et al. 2003, no. 3402, p. 496). Pursuant to the established case law of the Swiss Federal Supreme Court, early termination for valid reasons must, however, be restrictively admitted (ATF 2 February 2001, 4C.240/2000 no. 3 b aa; ATF 127 III 351; WYLER R., op. cit., p. 364 and TERCIER P., op. cit., no. 3394, p. 495)" (*Cf.* CAS 2021/A/8471 para. 77; CAS 2006/A/1180, para. 25 of the abstract published on the CAS website).

71. In this vein, and as this Sole Arbitrator has been able to verify, the Coach was unable to provide his services for 39 days. And indeed, this was not due to an agreement between the Parties, much less a unilateral decision by the Coach; quite the contrary. As soon as Ramón Ángel Díaz left the Club, the latter unilaterally decided to grant the Coach a pay leave, never to reinstate him.

72. Did the Coach remain passive throughout that period, thereby contributing to the situation he is complaining about? The evidence shows that the Coach attempted to contact the Club through official channels, within a reasonable timeframe, on at least three occasions, making clear his intention to resume his duties and the consequences of failing to do so.

73. This Sole Arbitrator notices that "*…according to CAS jurisprudence, and in accordance with Swiss law (ATF 127 III 153; ATF 121 III 467; ATF 117 II 560; ATF 116 II 145 and ATF 108 II 444, 446), for a party to be allowed to validly terminate an employment contract with immediate effect, it must have warned the other party, in order for the latter to have the chance, if it deemed the complaint legitimate, to comply with its obligations.*" (*Cf.* CAS 2018/A/6029 para 98; CAS 2016/A/4884; CAS 2015/A/4327; CAS 2013/A/3091, 3092 & 3093; CAS 2013/A/3398; ATF 121 III 467, consid. 4d)

74. The Sole Arbitrator has been able to observe that, the content of the Coach's communications, to which the Club did not even bother to respond, provides clear evidence that what the Coach was seeking was nothing other than to exercise his right to work and at the same time fulfil his main contractual obligation, essential conditions under which the Second Contract was concluded. Therefore, contrary to what the Club has stated, the termination of the contract cannot be limited solely to the termination letter and the subsequent hiring of the Coach at a new club.

75. On this point, the Sole Arbitrator deems it necessary to recall that work fulfils a social function that goes beyond simply generating income for the worker. Among other things, it allows people to apply their skills, develop their intellectual or physical potential, and find a purpose in life. It constitutes a true human right.

76. For assistant coaches, the effective performance of their duties is especially important in the world of football. Since they typically aspire to become main coaches, the learning opportunities and exposure they gain from working under a main coach are

essential to achieving their goal.

77. As mentioned previously, once Ramón Ángel Díaz's employment with the Club ended, a new head coach was appointed. This gave the Coach the opportunity (and a valid expectation) to join the new coaching staff, that is, to maintain the essential conditions under which he was hired by the Club. However, this did not happen.

78. Under these circumstances, the Sole Arbitrator considers the scenario put forward by the Coach perfectly feasible, namely, that the Club's silence was not only negligent, but directly sought either a change in the conditions or the early termination of the Second Contract. There is no other way to explain it, and the Club has certainly not bothered to do so. Therefore, it could not be expected that this Sole Arbitrator would conclude that the termination of the contract by the Coach was for the purpose of concluding a new contract.

79. Furthermore, the Club's actions are aggravated by the fact that the employee in question is a foreigner, eventually lacking professional or family support networks. And as a coach, his situation is even worse than that of a footballer in the same scenario, since in these types of situations players can count on the support of their teammates, while coaches do not even have that support network. This, along with what was mentioned earlier, leads us to conclude that the Club's conduct was abusive.

80. As another CAS Panel said, "*…is a clear case of "abusive conduct" of a club, aimed at "forcing the counterparty to terminate […] the contract", which is exactly the type of behaviour that Article 14(2) FIFA RSTP aims to prevent and therefore qualifies as a just cause in the sense of Article 14(1) FIFA RSTP.*" (*Cf.* CAS 2021/A/8471 para. 99).

81. Taking all of the above into account, the Sole Arbitrator has come to the conviction that, under these circumstances, it was no longer reasonable to expect the Coach to continue his employment relationship with the Club, and that, with the legitimate aim of furthering his career, as a last resort –*ultima ratio*-, he was forced to terminate the Second Contract, namely, with just cause. This was due to a prolonged and unjustified silence on the part of the Club, which, in light of the circumstances, constitutes a serious breach of the employment contract, *i.e.*, a failure to fulfil the obligation to provide the agreed work.

ii. What is the meaning and effects of clause 7.2 of the Second Contract?

82. In answering this question, this Sole Arbitrator wishes to emphasize, first, that he has duly noted that the Parties negotiated freely and that, at the time of entering into the Second Contract, they were properly advised and informed of the meaning and consequences of what was agreed. It is presumed, in the absence of evidence to the contrary, that the Parties consented in good faith to the conclusion and performance of that contract.

83. Under this premise, this Sole Arbitrator must henceforth focus on elucidating the

purpose of the compensation formula agreed in clause 7.2 of the Second Contract – hence legal nature and consequences-, the text of which is as follows:

"*In the event of early termination, for any reason, subject to the exception of clause 7.3 below, the* ***Party causing the termination****, or even deciding to terminate it without cause,* ***must indemnify the other with the payment of a gross fine of BRL 2,143,260.00 (two million one hundred and forty-three thousand two hundred and sixty reais) pro rata die over the term of the Contract****, to be paid in 05 (five) equal, monthly and successive installments, the first being due 05 (five) business days after the termination and the others being due on the same day of subsequent months, in replacement of the term provided for in article 477, § 6, of the CLT.* ***This compensatory fine is freely set between the parties*** *and replaces the requirement for any salary guarantee for the minimum legal period of 06 (six) months of Law No. 14.597/2023. Exceptionally, because the EMPLOYEE is one of the coaches on Mr. Ramon Angel Diaz, if he and/or Mr. Ramon Emiliano Diaz and VASCO end their contract early, the EMPLOYEE may leave VASCO unilaterally without incurring any fine and/or financial compensation.*"

84. To enter into this analysis, firstly, we must refer to the applicable regulations, Article 6 Annex 2 of the RSTP and, subsidiarily, Swiss law:

Article 6 Annex 2 of the RSTP provides as follows:

"*Consequences of terminating a contract without just cause*

1. In all cases, the party in breach shall pay compensation.

2. Unless otherwise provided for in the contract, compensation for the breach shall be calculated as follows:

Compensation due to a coach

a) In case the coach did not sign any new contract following the termination of their previous contract, as a general rule, the compensation shall be equal to the residual value of the contract that was prematurely terminated.

b) In case the coach signed a new contract by the time of the decision, the value of the new contract for the period corresponding to the time remaining on the prematurely terminated contract shall be deducted from the residual value of the contract that was terminated early (the "Mitigated Compensation"). Furthermore, and subject to the early termination of the contract being due to overdue payables, in addition to the Mitigated Compensation, the coach shall be entitled to an amount corresponding to three monthly salaries (the "Additional Compensation"). In case of egregious circumstances, the Additional Compensation may be increased up to a maximum of six monthly salaries. The Overall compensation may never exceed the residual value of the prematurely terminated contract.

c) Collective bargaining agreements validly negotiated by employers' and employees' representatives at domestic level in accordance with national law may deviate from the principles stipulated above. The terms of such agreement shall prevail…"

85. For its part, the Swiss Code of Obligations (hereinafter, "CO") stipulates the following:

"*Art. 160*

1 Where a penalty is promised for non-performance or defective performance of a contract, unless otherwise agreed, the creditor may only compel performance or claim the penalty."

"*Art. 161*

1 The penalty is payable even if the creditor has not suffered any damage."

"*Art. 163*

1 The parties are free to determine the amount of the contractual penalty.

2 The penalty may not be claimed where its purpose is to reinforce an unlawful or immoral undertaking or, unless otherwise agreed, where performance has been prevented by circumstances beyond the debtor's control.

3 At its discretion, the court may reduce penalties that it considers excessive."

"*Art. 337c*

1 Where the employer dismisses the employee with immediate effect without good cause, the employee is entitled to damages in the amount he would have earned had the employment relationship ended after the required notice period or on expiry of its agreed duration."

86. This Sole Arbitrator has been able to observe that, in line with the aforementioned regulations and the freedom of contract –enshrined in Article 19 of the CO–, the Parties agreed in advance on a compensation formula –also called a penalty clause– in the event of early termination of the Second Contract without just cause.

87. In continuation, regarding the legal nature of the clause in question, the Sole Arbitrator considers that wording again leaves no room for interpretation, as it clearly establishes that it is a "*fine*", *i.e.*, a sanction or a penalty.

88. Thus, it is up to this Sole Arbitrator to determine the validity or applicability of the clause, for which two essential elements must be analysed: reciprocity or appropriateness and proportionality.

89. As to reciprocity or appropriateness, other CAS panels have established that the "*[p]arties to a contract of employment are free to stipulate a liquidated damages clause to be referred to in case of termination of said contract without any just cause. However, if the reciprocal obligations it sets forth actually disproportionately favour one of the parties and gives it an undue control over the other party, such clause is incompatible*

with the general principles of contractual stability and therefore null and void." (*Cf.* CAS 2016/A/4605 N°2).

90. From the tenor of clause 7.2, this Sole Arbitrator considers that it is clearly established that the agreed compensation makes no distinction between the Parties as to its applicability *–i.e.,* it triggers the same consequences for either Party- and therefore complies with the principle of reciprocity.

91. Regarding proportionality, the constant CAS jurisprudence based on the relevant provisions of the CO, has established that the amount of compensation freely agreed by the parties to a contract must be assessed paying due attention to the remuneration of "the player" –the Coach in the present case. In the same vein, "*[a]lthough proportionality must be assessed in a case-by-case basis, any clause that provides that the compensation payable will amount to the remaining value of the contract is generally to be deemed proportionate. Moreover, liquidated damages clauses should not automatically be deemed excessive simply because they exceed the actual damage suffered by the injured party*." (*Cf.* Commentary on the Regulations on the Status and Transfer of Players, edition 2023, page 175).

92. According to the clause in question, and corroborated by the Club's own arguments, the calculation of the agreed compensation system is based on the residual value of the contract. This is in accordance with the applicable regulations and the established case law of the CAS. Specifically, while the CO grants the parties to a contract the freedom to stipulate the amount of a penalty clause, it empowers the judge to reduce it in cases of abuse, whether because it is too high or too low. In the latter case, Article 337c of the CO establishes a minimum amount, equating it to the residual value of the contract, which is consistent with what the Parties agreed upon in this particular case. Consequently, this Sole Arbitrator considers that we are dealing with a penalty clause, perfectly valid and, therefore, fully applicable to the present case.

93. Thus, in the event of a breach of the Second Contract by either Party that results in its early termination, it will trigger in favour of the performing party the right to collect the compensation provided for in clause 7.2.

iii. What are the financial consequences of the Sole Arbitrator's answer to the first questions in this specific case?

94. The rationale behind Article 6 Annex 2 of the RSTP (derived in turn from Article 17 of the same legal body), is that compensation must be paid in case of breach of contract, with the aim of protecting contractual stability (cornerstone of the RSTP) or as a deterrent from terminating contracts before they have legally come to an end. (*Cf.* Commentary on the Regulations on the Status and Transfer of Players, edition 2023, page 173).

95. Under this premise, given a valid compensatory clause, the contracting parties have the obligation to comply with it fully, in accordance with the principle of *pacta sunt servanda*. "*This principle […] serves as a fundamental basis of many judicial systems*

around the globe. This principle has been previously analyzed by the CAS jurisprudence in which the following was established:
'The principle pacta sunt servanda lies at the basis of the football system, since it gives legal foundation to the stability of contractual relations, which would be severely jeopardized if the parties to employment contracts could all too easily get rid of the obligations undertaken thereunder (...)'"

96. This Sole Arbitrator has duly noted the Club's request, by which it considers that, following the logic used in letter b) number 2. of Article 6 Annex 2 of the RSTP, the amount of compensation should be mitigated by the value of the new contracts signed by the Coach. However, the first part of number 2. of the article clearly stipulates that this formula refers exclusively to the form of compensation provided for in the absence of a stipulation by the parties to a contract –"*Unless otherwise provided for in the contract, compensation for the breach shall be calculated as follows:...*". Furthermore, based on the aforementioned principle of *pacta sunt servanda*, unless mutual agreement between the parties, no one can alter what has been validly agreed upon in a contract. Thus, this Sole Arbitrator considers that, neither the Parties unilaterally, nor third parties, *i.e.*, a tribunal, can modify what has been duly and freely agreed upon by them, which in this case is the "compensation" or "liquidated damages" clause.

97. In the Appealed Decision, this Sole Arbitrator notes that the Club was ordered to pay an amount –BRL 1,007,470- lower than that calculated using the compensation formula in clause 7.2 –BRL 1,821,771-, in accordance with the voluntary mitigation applied by the Coach himself –the claimant in that instance. The PSC considered that compensating the Coach with the prorated amount of the clause would have been ruling *ne ultra petita*.

98. Taking into account all of the above, this Sole Arbitrator considers that, except for the holder of the right –the Coach-, no alteration of the compensation provided for in clause 7.2 is possible and therefore confirms that the amount that the Club must compensate for breach of contract amounts to BRL 1,007,470.

99. Finally, the Sole Arbitrator would like to address the claim of unjust enrichment, which, according to the Club, would result from the failure to mitigate the compensation amount freely agreed upon by the Parties with the new contracts signed by the Coach. To this end, it is necessary to cite the provisions of Article 62 of the CO, which states:

"*1 A person who has enriched himself without just cause at the expense of another is obliged to make restitution.*

2 In particular, restitution is owed for money benefits obtained for no valid reason whatsoever, for a reason that did not transpire or for a reason that subsequently ceased to exist."

100. According to number 2 of the aforementioned rule, unjust enrichment would occur when a person obtains income or benefits without any valid reason. However, as previously analysed, the compensation in question is justified by a valid contract entered into by the Parties, which is binding upon them.

B. Reorganization Bankruptcy Proceedings

101. According to the Club, it is currently undergoing reorganization bankruptcy proceedings, which include a stay period –currently in effect- that according to its own statements, freezes "*all enforcement actions, execution proceedings, and measures aimed at the attachment or seizure of the debtor's assets and funds are suspended*", including sports sanctions. Furthermore, in this situation, the Club is prevented from "*disbursing any payments*" related to debts incurred before the reorganization proceedings, including the claim filed by the Coach.

102. In the same vein, the Club concluded its position on this matter warning that "*should the Sole Arbitrator issue an award granting compensation to the Coach, any such compensation may only be received through the Appellant's ongoing reorganization proceedings and in compliance with the relevant national legislation.*"

103. This Sole Arbitrator considers that the Club's statement alone makes it clear that the insolvency proceedings to which it is subject affect solely and exclusively the execution and/or enforcement of any decision that this tribunal may adopt. This demonstrates that said proceedings do not alter, much less prevent, this Sole Arbitrator from proceeding with the present case, nor from adopting a decision therein, the effect of which is merely declaratory.

104. Despite the Club's own acknowledgment, this Sole Arbitrator would like to refer to the decisions made by other CAS panels, which make it clear that reorganization procedures such as the one the Club refers to, may eventually affect the execution of the decisions adopted by this Court, but not their validity.

> "*[T]he potential effects that the Recuperation Plan may have to the fulfillment of the operative part of this award, would ultimately affect to its enforceability or execution, but not to its validity, that shall be assessed under Swiss Law. This circumstance is also reflected in the different regulations enacted by FIFA pursuant to which, while the eventual insolvency proceedings that could be undergoing the debtor may lead to the closure of the corresponding enforcement proceedings followed before the FIFA Disciplinary Committee (i.e. art. 107 of the FIFA Disciplinary Code, proceedings may be closed if "a party declares bankruptcy"), this provision is not envisaged in the FIFA Regulations, nor in the FIFA Rules governing the procedures of the Players' Status Committee and the Dispute Resolution Chamber.*"

105. Accordingly, this Sole Arbitrator concludes that the reorganization bankruptcy proceedings under which the Club is involved are not relevant to the resolution of the present dispute, without prejudice to any effect they may have with respect to the execution of this award.

C. Conclusion

106. Based on the foregoing, and after taking into due consideration all the evidence produced and all submissions made, the Sole Arbitrator finds that the appeal shall be rejected and, consequently the appealed decision shall be confirmed.

107. The above conclusion makes it unnecessary for the Sole Arbitrator to consider the other requests and submissions presented by the Parties.

108. Accordingly, all other and further motions or prayers for relief are dismissed.

X. COSTS

(…)

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ON THESE GROUNDS

The Court of Arbitration for Sport rules:

1. The appeal filed by Vasco da Gama SAF against the decision issued on 24 June 2025 by the Players' Status Chamber of the *Fédération Internationale de Football Association* is dismissed.
2. The Decision rendered on 24 June 2025 by the Players' Status Chamber of the *Fédération Internationale de Football Association* is confirmed.
3. (…).
4. (…).
5. All other motions or prayers for relief are dismissed.

Seat of arbitration: Lausanne, Switzerland

Date: 5 August 2026

THE COURT OF ARBITRATION FOR SPORT

Mr Gonzalo Bossart

Sole Arbitrator