

# FIA FORMULA E FINANCIAL REGULATIONS FOR FORMULA E TEAMS

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## 1. INTRODUCTION

### Scope

- 1.1 These FE Team Financial Regulations come into force on 1 October 2022. They form part of the terms and conditions of participation in editions of the FIA Formula E World Championship (the "**Championship**") taking place after that date.
- 1.2 By participating in the Championship, each FE Team, and each Relevant Person agrees to be bound by and undertakes to comply with these FE Team Financial Regulations, and acknowledges the sanctions set out below that may be applied in case of failure to comply.

### Objectives

- 1.3 Together with the FE Manufacturer Financial Regulations, and the requirements set out in the FIA Registration Procedure for Car Manufacturers in the FIA Formula E World Championship ("**FIA Registration Procedure**"), these FE Team Financial Regulations are intended:
- (a) to promote an environment to retain and attract the involvement of FE Teams and FE Manufacturers in the Championship;
  - (b) to provide greater certainty over the level of financial investment required for participation and success in the Championship;
  - (c) to promote the long-term financial stability and sustainability of FE Teams and FE Manufacturers;
  - (d) to promote the unique technology and engineering platform for electrical powertrain development;
  - (e) to promote the competitive balance of the Championship; and
  - (f) to promote the sporting fairness of the Championship.
- 1.4 These FE Team Financial Regulations seek to promote the objectives set out at Article 1.3 by introducing a Cost Cap on the amount of certain costs that an FE Team may incur (directly or via a related entity) in any Reporting Period, while leaving that FE Team free to decide how to allocate resources within that Cost Cap. They will be interpreted by the Cost Cap Administration, the Cost Cap Adjudication Panel, and the ICA in a consistent manner that treats all FE Teams and FE Manufacturers equally and that is designed to further those objectives.
- 1.5 The requirements of these FE Team Financial Regulations and the requirements of the FE Manufacturer Financial Regulations are distinct from and independent of each other, and the two sets of regulations will operate and be applied accordingly. Where an FE Team is also an FE Manufacturer, it must comply separately with both sets of regulations, including complying with both sets of reporting requirements and demonstrating compliance with both Cost Caps.

### General

- 1.6 The definitive version of these FE Team Financial Regulations is the English version, which will be used should any dispute arise as to their interpretation. Defined words and phrases in these FE Team Financial Regulations (denoted by initial capital letters) have the meaning given to

them in the Appendix hereto. Unless otherwise specified, references to "Articles" are to Articles of these FE Team Financial Regulations; the word "may" means "in the sole and absolute discretion" of the person or entity in question; and any phrase introduced by the terms "including", "include", "in particular", "for example", "such as", or any similar expression, is illustrative only, and is not to be construed as limiting the sense of the words preceding those terms.

- 1.7 If a court or other competent authority rules any part of these FE Team Financial Regulations to be illegal, invalid, or unenforceable, that part will be deemed excised from these FE Team Financial Regulations, and the legality, validity, and enforceability of the remainder of these FE Team Financial Regulations will not be affected.
- 1.8 The FIA World Motor Sport Council may amend or supplement these FE Team Financial Regulations from time to time as it sees fit. The Cost Cap Administration will review these FE Team Financial Regulations periodically and may propose amendments or supplementary provisions to the FIA World Motor Sport Council as necessary.
- 1.9 Any information (including personal data) received by the Cost Cap Administration, Cost Cap Adjudication Panel, and/or the ICA pursuant to these FE Team Financial Regulations may be shared between those bodies as necessary in the exercise of their regulatory functions under these FE Team Financial Regulations.

## **2. OBLIGATIONS OF FE TEAMS**

- 2.1 In addition to its obligations under Article 4.1 to comply with the Cost Cap, each FE Team must, at its own cost:
- (a) submit the required Reporting Documentation to the Cost Cap Administration by the Reporting Deadline in respect of each Reporting Period, in accordance with Article 7;
  - (b) ensure that any Reporting Documentation and other documentation or information submitted on its behalf to the Cost Cap Administration pursuant to this Article 2.1 is accurate, complete, not misleading, and compliant with the requirements of these FE Team Financial Regulations;
  - (c) provide (and must procure that its Personnel provide) access to such information and/or documentation as the Cost Cap Administration, the Cost Cap Adjudication Panel, and/or the ICA may require from time to time (i) to monitor compliance with these FE Team Financial Regulations (Cost Cap Administration only); and/or (ii) to assess any actual, potential, or suspected non-compliance with these FE Team Financial Regulations (Cost Cap Administration, Cost Cap Adjudication Panel, and/or ICA);
  - (d) procure that the other members of its FE Team's Legal Group and their respective Personnel, and its Technical Partner(s) (if any) and their Personnel, provide access to such information and/or documentation as the Cost Cap Administration, the Cost Cap Adjudication Panel, and/or the ICA may require from time to time (i) to monitor compliance with these FE Team Financial Regulations (Cost Cap Administration only); and/or (ii) to assess any actual, potential, or suspected non-compliance with these FE Team Financial Regulations (Cost Cap Administration, Cost Cap Adjudication Panel, and/or ICA);
  - (e) submit information or documentation (i) required by the Cost Cap Administration in a Determination by the deadline specified in that Determination; and/or (ii) requested

in writing by or on behalf of the Cost Cap Administration by the deadline specified in such request;

- (f) retain and make available its accounting books and records in respect of the previous five Reporting Periods in a manner that enables the Cost Cap Administration, any Independent Audit Firm appointed by the Cost Cap Administration, the Cost Cap Adjudication Panel, and the ICA to understand the content of the Reporting Documentation submitted on behalf of the FE Team in any such period, and procure that the other members of the FE Team's Legal Group and its Technical Partner(s) (if any) do the same;
  - (g) cooperate fully and in a timely manner with the Cost Cap Administration in the exercise of its regulatory functions, including cooperating with any investigation conducted by or on behalf of the Cost Cap Administration in accordance with Article 8.14;
  - (h) ensure that:
    - (i) all of its Personnel are made aware of the content of these FE Team Financial Regulations, including all of the requirements that they impose on the FE Team and/or on its Personnel;
    - (ii) all of its Personnel are appropriately informed and trained with respect to the ways in which their actions might impact the FE Team's compliance with these FE Team Financial Regulations; and
    - (iii) the FIA ethics and compliance policy in force from time to time with respect to these FE Team Financial Regulations is clearly communicated to all of its Personnel;
  - (i) comply with any other obligations imposed on it in these FE Team Financial Regulations; and
  - (j) perform all of its obligations under these FE Team Financial Regulations in Good Faith, acting at all times with honesty and integrity, and in a spirit of transparency and cooperation.
- 2.2 The FE Team is strictly liable for any non-compliance with these FE Team Financial Regulations resulting from the actions of others, including any person acting on its behalf (including its Personnel and Relevant Persons) and/or any person acting on behalf of any member of its Legal Group, its Ultimate Controlling Party, or its Technical Partner(s) (including their respective Personnel).

### **3. OBLIGATIONS OF RELEVANT PERSONS AND PERSONS SIGNING DECLARATIONS ON BEHALF OF THE FE TEAM**

- 3.1 Reporting Documentation submitted by or on behalf of an FE Team must be accompanied by declarations in the format prescribed by the Cost Cap Administration from time to time in a Determination ("**Declarations**"), in accordance with Article 7.1(e). Such Declarations must be:
- (a) signed by an authorised signatory for and on behalf of the FE Team, and separately by each Relevant Person in his/her individual capacity, to confirm in each case that:

- (i) the Reporting Documentation that the Declarations accompany is complete, accurate, not misleading, and compliant with the requirements of these FE Team Financial Regulations; and
  - (ii) the FE Team has complied with the requirements of Article 2.1(h);
- (b) signed by an authorised signatory for and on behalf of the FE Team's Ultimate Controlling Party to confirm that the Reporting Perimeter Documentation is complete, accurate, not misleading, and compliant with the requirements of these FE Team Financial Regulations; and
- (c) from the Reporting Period commencing 1 October 2024 onwards, signed by the FE Driver, in the FE Driver's individual capacity, to confirm that the FE Driver Costs Documentation, to the extent it relates to that FE Driver, is complete, accurate, not misleading, and compliant with the requirements of these FE Team Financial Regulations.

### 3.2 Each Relevant Person must:

- (a) not sign a Declaration that they are aware, or ought reasonably to be aware, is untrue in any material respect;
- (b) cooperate fully and in a timely manner with the Cost Cap Administration in the exercise of its regulatory functions, including with any investigation conducted by or on behalf of the Cost Cap Administration in accordance with Article 8.14;
- (c) provide accurately and completely, by the deadline specified by the Cost Cap Administration, any information and documentation that the Cost Cap Administration may require from time to time to monitor compliance and/or to assess any actual, potential, or suspected non-compliance with these FE Team Financial Regulations; and
- (d) perform all of their respective obligations under these FE Team Financial Regulations in Good Faith, acting at all times with honesty and integrity, and in a spirit of transparency and cooperation.

3.3 The FE Team is bound by, and responsible for, any Declaration signed on its behalf or on behalf of its Ultimate Controlling Party.

## 4. THE COST CAP

### Relevant Costs

#### 4.1 An FE Team must:

- (a) determine and report its Relevant Costs for each Reporting Period in its Presentation Currency in accordance with Articles 4-7; and
- (b) not incur (either directly or via another entity) Relevant Costs that exceed the Cost Cap in the applicable Reporting Period.

#### 4.2 For these purposes:

- (a) The "**Cost Cap**" is EUR 13,000,000 (thirteen million euros) for the Reporting Period endings on 30 September 2023 and 30 September 2024, and EUR 15,000,000 (fifteen

million euros) for each Reporting Period commencing 1 October 2024 onwards, subject to adjustment depending on the number of Competitions that take place in the Reporting Period and in each case adjusted for Indexation, as follows:

- (i) in the event that fewer than 12 Competitions take place in the Reporting Period, the Cost Cap will be decreased by EUR 250,000 (two hundred and fifty thousand euros) multiplied by "X", where "X" is equal to 12 minus the number of Competitions taking place in the Reporting Period; and
  - (ii) in the event that more than 12 Competitions take place in the Reporting Period, the Cost Cap will be increased by EUR 250,000 (two hundred and fifty thousand euros) multiplied by "X", where "X" is equal to the number of Competitions taking place in the Reporting Period minus 12.
- (b) Where an FE Team has a Presentation Currency other than Euros, amounts expressed in Euros in these FE Team Financial Regulations must be converted into the FE Team's Presentation Currency using the Initial Applicable Rate.

### Reporting Perimeter

- 4.3 Subject to Article 4.4, an FE Team's "**Reporting Perimeter**" consists of the following entities (each a "**Reporting Perimeter Entity**", and together the "**Reporting Perimeter Entities**"):
  - (a) the FE Team itself;
  - (b) where the FE Team has incurred less than 90% of the costs of the FE Team Activities undertaken by or on behalf of the FE Team in the Reporting Period, the entity (other than the FE Team) within the FE Team's Legal Group that incurred the greatest amount of the costs of the FE Team Activities undertaken by or on behalf of the FE Team in the Reporting Period, followed (to the extent required) by the entity within the FE Team's Legal Group that incurred the next greatest amount of such costs, and so on, until the entities included within the Reporting Perimeter (including the FE Team) have incurred, in aggregate, 90% or more of the costs of the FE Team Activities undertaken by or on behalf of the FE Team in the Reporting Period; and
  - (c) if the FE Team so chooses, additional entities within its Legal Group that have incurred costs of the FE Team Activities undertaken by or on behalf of the FE Team in the Reporting Period.
- 4.4 In determining an FE Team's Reporting Perimeter, the calculation of the costs of FE Team Activities undertaken by or on behalf of the FE Team in the Reporting Period:
  - (a) will not include Finance Costs or costs that are Directly Attributable to Marketing Activities, Finance Activities, Legal Activities, and/or Human Resources Activities; and
  - (b) will be made having adjusted out any costs of FE Team Activities that are recharged from one member of the FE Team's Legal Group to another.
- 4.5 An FE Team should seek clarification from the Cost Cap Administration if it is uncertain whether an entity should be included in its Reporting Perimeter.
- 4.6 In the calculation of Relevant Costs, the costs of any FE Team Activities incurred by entities within the FE Team's Legal Group but outside its Reporting Perimeter, other than Finance

Costs or costs that are Directly Attributable to Marketing Activities, Finance Activities, Legal Activities, and/or Human Resources Activities undertaken by such entities, must either be:

- (a) recharged at Fair Value to a Reporting Perimeter Entity and thereby included within Total Costs of the Reporting Perimeter; or
- (b) included in the calculation of Relevant Costs at Fair Value by way of an Adjustment to Total Costs of the Reporting Perimeter, as a Related Party Transaction pursuant to Article 6.1(a).

4.7 If more than 50% of the Total Costs of the FE Team after subtracting Finance Costs and costs that are Directly Attributable to Marketing Activities, Finance Activities, Legal Activities, and/or Human Resources Activities are costs of Non-FE Team Activities, the FE Team may use Subset Accounts as part of its Reporting Documentation, provided it notifies the Cost Cap Administration in writing of its intention to do so by the deadline specified by the Cost Cap Administration via a Determination.

4.8 If more than 50% of the aggregate of:

- (a) Total Costs of the Reporting Perimeter;
- (b) less Finance Costs; costs that are Directly Attributable to Marketing Activities, Finance Activities, Legal Activities, and/or Human Resources Activities; and costs of Non-FE Team Activities;
- (c) plus any upwards adjustment to reflect Related Party Transactions at not less than Fair Value;

are incurred with one or more entities that are within the same Legal Group but outside the FE Team's Legal Group, each of those entities is a "**Technical Partner**", and the FE Team must comply with the requirements in respect of Technical Partners prescribed in these FE Team Financial Regulations and by the Cost Cap Administration in a Determination.

## 5. EXCLUSIONS

5.1 In calculating Relevant Costs, the following costs and amounts within Totals Costs of the Reporting Perimeter may be excluded ("**Excluded Costs**"):

- (a) all costs Directly Attributable to Marketing Activities, other than FE Driver Costs for Marketing Activities;
- (b) all costs Directly Attributable to Finance Activities, Legal Activities, and/or Human Resources Activities;
- (c) all costs Directly Attributable to Non-FE Team Activities. If the FE Team can prove to the satisfaction of the Cost Cap Administration that an identifiable portion of the following costs relates to Non-FE Team Activities, that portion of those costs may be excluded:
  - (i) the costs of Consideration provided to any Personnel involved in both FE Team Activities and Non-FE Team Activities;
  - (ii) the costs of licenses in respect of software and patents for both FE Team Activities and Non-FE Team Activities; and

- (iii) the costs of electricity, gas, and water incurred in the course of both FE Team Activities and Non-FE Team Activities;
- (d) all costs Directly Attributable to any combination of Marketing Activities, Finance Activities, Legal Activities, Human Resources Activities, and Non-FE Team Activities;
- (e) all Mandatory Employer's Social Security Contributions;
- (f) all Property Costs;
- (g) all Finance Costs;
- (h) all Corporate Income Tax;
- (i) all foreign exchange gains and losses recognised in profit or loss, whether arising from settlement and/or re-measurement of monetary items denominated in a foreign currency or otherwise;
- (j) all amounts of depreciation, amortisation, impairment loss, and amounts as a result of revaluation or disposal of intangible assets (other than software and patents used to undertake FE Team Activities) and tangible assets;
- (k) all lease costs that are Directly Attributable to plant and equipment and intangible assets (other than software and patents used to undertake FE Team Activities);
- (l) all Financial Penalties incurred for breach of these FE Team Financial Regulations; and
- (m) for the Reporting Periods ending on 30 September 2023 and 30 September 2024, all FE Driver Costs for the time the person is engaged as an FE Driver.

## 6. ADJUSTMENTS

6.1 The following Adjustments must be made to Total Costs of the Reporting Perimeter in order to calculate Relevant Costs:

- (a) an upward Adjustment as necessary to reflect a Related Party Transaction, Exchange Transaction, or FE Manufacturer and/or FE Team Transaction, excluding Mandatory Services, at not less than Fair Value;
- (b) an Adjustment pursuant to Article 6.3 to reflect costs of Inventories;
- (c) an Adjustment to include costs of Mandatory Services at an amount equal to the maximum price set out in the FIA Registration Procedure;
- (d) an Adjustment to include Research and Development costs in respect of FE Team Activities (including any capitalised costs) as Relevant Costs in the Reporting Period in which they are incurred;
- (e) from the Reporting Period commencing 1 October 2024 onwards, an upward Adjustment to reflect any FE Driver Costs that are not already included in Total Costs of the Reporting Perimeter;
- (f) an upward Adjustment to gross up the amount of Total Costs to the extent that (i) any costs included within Total Costs have been offset by associated income unless such offsetting is permitted under the FE Team's applicable accounting standards (except



for any income from a government incentive scheme in respect of certain research and development activities); or (ii) any costs have been offset within income and so not included in Total Costs; unless (in either case) the amount is subject to exclusion pursuant to Article 5; and

- (g) an Adjustment to ensure that any costs and/or losses incurred by a Reporting Perimeter Entity that are not recognised within its Total Costs (i.e. they are unrecorded costs or losses) are recognised within Relevant Costs in the relevant Reporting Period if under the applicable accounting standards they should have been recognised within profit or loss in the General Ledger during the relevant Reporting Period.

- 6.2 If a Reporting Perimeter Entity incurs a cost for a transaction in a currency other than the FE Team's Presentation Currency, the FE Team may make an Adjustment to Total Costs of the Reporting Perimeter to reflect the difference between (i) such cost converted into the FE Team's Presentation Currency using the Applicable Rate; and (ii) the value at which those costs were recorded on initial recognition within the calculation of Total Costs of the Reporting Perimeter. If an FE Team chooses to make such an Adjustment, it must be made for all costs within Total Costs of the Reporting Perimeter that have been transacted in currencies other than the FE Team's Presentation Currency, unless any such costs have otherwise been excluded from Total Costs of the Reporting Perimeter pursuant to Article 5.

## Inventories

### 6.3 Inventories:

- (a) For the purposes of this Article 6.3, the cost of an item of Inventories must comprise:
  - (i) all costs of purchase, if applicable, determined on the same basis as that used by the FE Team in its Annual Financial Statements in respect of the previous Reporting Period;
  - (ii) costs of conversion (including fixed production overheads allocated on a basis that is appropriate to the nature of the product and method of production and on the basis of the entity's normal level of activity, and applied consistently from one Reporting Period to another); and
  - (iii) other costs incurred in bringing the item of Inventories to its present location and condition.
- (b) Costs of Components of an FE Car in respect of FE Team Activities must be included in the calculation of Relevant Costs as follows:
  - (i) At an amount to be communicated by the Cost Cap Administration via a Determination to be issued two months after the submission of the FE Manufacturer's Final Car Catalogue as per the FIA Registration Procedure.
  - (ii) Costs of Initial Components and Manufacturer's Perimeter Spare Components must be included in Relevant Costs from the Reporting Period in which they are first used and may be spread pro rata up to the end of the following Reporting Period, but in any case before the end of the last Reporting Period of the Generation.
  - (iii) Costs of Non-Manufacturer's Perimeter Spare Components must be included in Relevant Costs from the Reporting Period in which they are supplied to a

Reporting Perimeter Entity or Technical Partner and may be spread pro rata up to the end of the following Reporting Period, but in any case before the end of the last Reporting Period of the Generation.

- (iv) For the Reporting Period commencing on 1 October 2022:
  - (A) Costs of Non-Manufacturer's Perimeter Spare Components in respect of the FE Car supplied to a Reporting Perimeter Entity or Technical Partner before 1 October 2022 must be included in Relevant Costs; and
  - (B) Costs of Initial Components and Manufacturer's Perimeter Spare Components in respect of the FE Car first used before 1 October 2022 must be included in Relevant Costs.

Such costs may be spread pro rata up to the end of the Reporting Period ending on 30 September 2024.

- (c) Costs of Inventories that are not Component of an FE Car must be included in the calculation of Relevant Costs as follows:
  - (i) at not less than Fair Value; and
  - (ii) in the Reporting Period in which the item of Inventories in question is first used in respect of FE Team Activities,

## 7. REPORTING REQUIREMENTS

### Reporting Documentation

- 7.1 By the Reporting Deadline, an FE Team must submit the following documents to the Cost Cap Administration in respect of the Reporting Period ending on 30 September (the "**Reporting Documentation**"):
  - (a) documentation containing the following information (the "**Reporting Perimeter Documentation**");
    - (i) details of the Legal Group of the FE Team;
    - (ii) details of each Reporting Perimeter Entity for that FE Team for the applicable Reporting Period; and
    - (iii) confirmation that no other entity within the FE Team's Legal Group qualifies as a Reporting Perimeter Entity in accordance with Article 4.3;
  - (b) the latest available Annual Financial Statements in respect of each Reporting Perimeter Entity;
  - (c) if applicable, the Subset Accounts of the FE Team for the Reporting Period;
  - (d) documentation setting out the calculation of Relevant Costs for the Reporting Period, disclosing Total Costs of the Reporting Perimeter (with a reconciliation to the costs and losses reported in the Annual Financial Statements and, if applicable, the Subset

Accounts), and specifying any Excluded Costs and Adjustments (the "**Financial Reporting Documentation**");

- (e) the Declarations; and
  - (f) from the Reporting Period commencing 1 October 2024 onwards, the FE Driver Costs Documentation.
- 7.2 The required format of the Reporting Documentation and other documentation will be prescribed by the Cost Cap Administration from time to time in a Determination.
- 7.3 The Total Costs of the Reporting Perimeter and the Relevant Costs set out in the Financial Reporting Documentation must be derived from the General Ledger of the FE Team or other Reporting Perimeter Entity (as applicable), and the Excluded Costs and Adjustments included in the calculation of Relevant Costs must be set out clearly with adequate supporting explanation.
- 7.4 The FE Team must be able to reconcile between the costs reported within Total Costs of the Reporting Perimeter and the Relevant Costs set out in the Financial Reporting Documentation incurred with any Technical Partner(s) and the associated income and costs recorded in the General Ledger of the Technical Partner(s).

## 8. THE COST CAP ADMINISTRATION

### General

- 8.1 The Cost Cap Administration is responsible for administering these FE Team Financial Regulations, including exercising the powers and carrying out the functions set out in this Article 8. It will monitor compliance with these FE Team Financial Regulations, investigate instances of suspected non-compliance, and take appropriate enforcement action in respect of any actual non-compliance. It may engage third parties (e.g. an Independent Audit Firm) to assist it in carrying out such functions in particular cases, including reviewing Reporting Documentation, undertaking a comparative financial analysis of the Reporting Documentation to help identify potential anomalies, and conducting (or assisting with) investigations.
- 8.2 The Cost Cap Administration will have appropriate procedures in place to maintain the confidentiality of any Confidential Information provided to it by an FE Team and/or a Relevant Person.
- 8.3 All correspondence sent and Reporting Documentation and other information submitted by or on behalf of the FE Team and/or a Relevant Person to the Cost Cap Administration, the Cost Cap Adjudication Panel, and/or the ICA must be in one of the two FIA official languages (English or French), but the Reporting Documentation submitted by or on behalf of the FE Team to the Cost Cap Administration, the Cost Cap Adjudication Panel and/or the ICA must be in English, or else the FE Team and/or Relevant Person must provide a certified translation of the document(s) in question into English or French at their own expense.

### Determinations and guidance

- 8.4 When the Cost Cap Administration issues an official written communication to all of the FE Teams that is expressed to be a "**Determination**", its contents will be binding on the FE Teams.

The Cost Cap Administration may only issue a Determination that is expressly provided for in these FE Team Financial Regulations.

- 8.5 The Cost Cap Administration may issue guidance notes from time to time to assist FE Teams in complying with these FE Team Financial Regulations. In addition, the CFO of an FE Team may submit a written request to the Cost Cap Administration to clarify the operation or interpretation of these FE Team Financial Regulations. The Cost Cap Administration will respond in writing to any such request and will make available to the CFOs of all other FE Teams a summary of the written request along with the response, without disclosing any Confidential Information. Such guidance notes and clarifications will be advisory only and will not constitute part of these FE Team Financial Regulations. The Cost Cap Adjudication Panel and ultimately the ICA have final authority in determining the proper interpretation and application of these FE Team Financial Regulations.

#### **Ongoing Compliance monitoring**

- 8.6 The Cost Cap Administration may require an FE Team to provide (and/or to procure that its Personnel and/or the other members of its Legal Group and/or their respective Personnel, and/or its Technical Partner(s), if any, and their Personnel) access to such information and/or documentation, premises, and/or individuals as the Cost Cap Administration may require to assist it in respect of matters including:
- (a) reviewing the controls being applied by the FE Team to ensure its compliance with these FE Team Financial Regulations;
  - (b) reviewing any Related Party Transactions, Exchange Transactions, and/or FE Manufacturer and/or FE Team Transactions;
  - (c) reviewing documentation in respect of FE Drivers;
  - (d) if applicable, reviewing the agreements between the FE Team and FE Manufacturer in respect of the supply of an FE Car and agreements with any Technical Partner(s);
  - (e) identifying any part of these FE Team Financial Regulations that might require clarification; and/or
  - (f) mitigating the risk of an FE Team submitting incomplete, inaccurate, or misleading Reporting Documentation.
- 8.7 Based on its ongoing compliance monitoring activities, the Cost Cap Administration may:
- (a) make further enquiries of and/or request additional information/documents from an FE Team and/or its Personnel (and/or other members of the FE Team's Legal Group and/or their respective Personnel, and/or its Technical Partner(s), if any, and their Personnel) and/or undertake additional compliance monitoring activities in respect of that FE Team; and/or
  - (b) issue feedback to the relevant FE Team in order to aid its compliance with these FE Team Financial Regulations (such feedback will be advisory only and will not bind the FE Team, the Cost Cap Administration, the Cost Cap Adjudication Panel, or the ICA).

#### **Review of Reporting Documentation**

- 8.8 The Cost Cap Administration will review the Reporting Documentation submitted by an FE Team to identify any instances of non-compliance with these FE Team Financial Regulations.
- 8.9 The Cost Cap Administration may:
- (a) engage an Independent Audit Firm to assist in reviewing an FE Team's Reporting Documentation;
  - (b) review or have an Independent Audit Firm review the other documentation, information, and accounting books and records referred to in Article 2.1 to understand the content of the Reporting Documentation submitted on behalf of the FE Team; and/or
  - (c) escalate the matter to a formal investigation in accordance with Article 8.12 et seq.
- 8.10 Following the Cost Cap Administration's review of the Reporting Documentation, and completion of any related investigation pursuant to Article 8.12 et seq, if the Cost Cap Administration concludes that an FE Team and/or one or more Relevant Persons has not complied with these FE Team Financial Regulations, the Cost Cap Administration will either:
- (a) enter into an Accepted Breach Agreement ("ABA") with the FE Team and/or Relevant Person(s) concerned, pursuant to the terms of Articles 8.19 et seq or Articles 8.25 et seq (as applicable), if it sees fit to do so; or
  - (b) bring proceedings against the FE Team (and/or, where relevant, one or more Relevant Persons) for breach of these FE Team Financial Regulations and refer the case to the Cost Cap Adjudication Panel for hearing and determination in accordance with Article 9.
- 8.11 No one has a right of appeal against any decision made by the Cost Cap Administration pursuant to Article 8.10.

### **Investigations**

- 8.12 Based on information obtained from any source, the Cost Cap Administration may decide to open a formal investigation at any time into any actual, potential, or suspected non-compliance by an FE Team and/or Relevant Person(s) with these FE Team Financial Regulations. The Cost Cap Administration may be assisted in the investigation, if it chooses, by third party agents (such as an Independent Audit Firm and/or external legal advisors). The Cost Cap Administration will notify the FE Team in writing in the event that a formal investigation is to be conducted.
- 8.13 The Cost Cap Administration may make public at any time its decision to conduct an investigation and/or the outcome of the investigation, provided that it does not disclose any Confidential Information.
- 8.14 An FE Team must do the following, and must procure that the other members of the FE Team's Legal Group and any Technical Partner(s) (where applicable) do the same:
- (a) cooperate fully and in a timely manner with any investigation by the Cost Cap Administration, and procure that all of their respective Personnel cooperate fully and in timely manner with the investigation, including by responding accurately and completely to all requests for information, documentation, and other data;

- (b) grant or procure access to its information and/or documentation, premises, and/or Personnel, as requested by the Cost Cap Administration, the Cost Cap Adjudication Panel, and/or the ICA, to assist them in assessing compliance with these FE Team Financial Regulations;
- (c) make the Electronic Devices of the FE Team and/or of its Personnel, and/or the Electronic Devices of any member of the FE Team's Legal Group and/or its Technical Partner(s) (if any), and/or of their respective Personnel, available immediately for inspection and/or for copying/download of the data stored on or transmitted using such Electronic Devices (including data on any messaging services or platforms located on or used by the Electronic Devices and data stored on any cloud-based services used by the Electronic Devices), where so requested by the Cost Cap Administration, the Cost Cap Adjudication Panel, and/or the ICA, to assist them in assessing compliance with these FE Team Financial Regulations;
- (d) procure access for the Cost Cap Administration, the Cost Cap Adjudication Panel, and/or the ICA to the data referenced in Article 8.14(c), including providing the user name, password, and/or any other information or means required to access and download the data stored in such services or platforms or otherwise on such Electronic Devices; and
- (e) not delay, impede, or frustrate any investigation or other regulatory activity conducted by or on behalf of the Cost Cap Administration pursuant to these FE Team Financial Regulations, or attempt to do so (e.g., by providing false, misleading, or incomplete information, or by destroying potential evidence).

Each FE Team waives and will procure that each of its Personnel waives, and that each member of its Legal Group and their respective Personnel waives, and, if applicable, that each of its Technical Partner(s) and each of the Personnel of the Technical Partner(s) waives, any rights, defences, and/or privileges (however described or classified) that they might otherwise have under any applicable law to withhold production of an Electronic Device and/or related data.

Refusal to give the Cost Cap Administration access to the Electronic Device(s) may constitute a breach of these FE Team Financial Regulations by the FE Team (which is strictly liable for its Personnel) and/or Relevant Person (if it concerns their Electronic Device(s)). In assessing what sanction(s) should apply to an FE Team in such circumstances, consideration will be given to whether or not the FE Team took all appropriate measures, including legal action, to obtain access to the Electronic Device(s) in accordance with applicable laws.

The Cost Cap Administration will comply at all times with the applicable Standard Operating Procedure in relation to Electronic Devices and/or related data to which it is given access further to Article 8.14(c), in order to protect the privacy interests of those involved and to ensure that the procedures used by the Cost Cap Administration to extract, store, and use data and other information from Electronic Devices are fit for purpose and will ensure that the data are processed, stored, and used appropriately, proportionately, and lawfully.

#### 8.15 Immunity:

- (a) Whether as part of an investigation or otherwise, the Cost Cap Administration may grant partial or total immunity to any individual who discloses facts that are likely to constitute or to lead to the discovery of a breach of these FE Team Financial Regulations, and/or who provides evidence that enables such breach to be prosecuted and sanctioned. The degree of immunity granted to such person will depend in

particular on (i) whether or not the Cost Cap Administration already had the information; (ii) the nature and extent of the person's cooperation; (iii) the importance of the case; (iv) the nature and extent of the breach in question; and (v) the past conduct of the person.

- (b) Any grant of immunity must (i) be set out in writing; (ii) be signed by the Cost Cap Administration and by the person benefiting from the immunity; (iii) specify the nature and extent of the immunity granted; and (iv) set out the sanctions that the FIA will not impose against the person benefiting from the immunity.
  - (c) Any immunity granted by the Cost Cap Administration, whether partial or total, is subject to the following conditions (the "**Immunity Conditions**"), which will be deemed incorporated into the document granting immunity, whether or not expressly set out therein:
    - (i) cooperating with the Cost Cap Administration, telling the whole truth, refraining from destroying, falsifying, or concealing useful information or evidence, and acting in Good Faith at all times; and
    - (ii) providing the Cost Cap Administration with genuine and complete cooperation throughout the entire investigation, including providing testimony in accordance with any request and in any form required by the Cost Cap Administration, and replying to any questions of the Cost Cap Administration without delay.
  - (d) Where good reason exists, the person benefiting from immunity may be permitted by the Cost Control Adjudication Panel and/or the ICA to testify in a manner that safeguards their anonymity.
  - (e) Provided that the person benefiting from the immunity complies with the Immunity Conditions, the immunity granted by the Cost Cap Administration is irrevocable. In the event that the person benefiting from the immunity does not comply with the Immunity Conditions, the Cost Cap Administration may ask the Cost Cap Adjudication Panel or the ICA to revoke the immunity. The Cost Cap Adjudication Panel or the ICA will issue a written decision, setting out whether or not it will revoke immunity, with reasons. That decision is not subject to appeal by any party.
- 8.16 All data, documentation, and other information gathered by or on behalf of the Cost Cap Administration during an investigation, including data from Electronic Devices, will be kept confidential by the Cost Cap Administration, and will not be disclosed to any third party, save:
- (a) as necessary to further the investigation of and/or to bring proceedings relating to a breach of these FE Team Financial Regulations or of the International Sporting Code or of any other FIA regulations relating to the Championship; or
  - (b) as necessary to further an investigation or prosecution of non-sporting laws or regulations by other administrative, professional, or judicial authorities; or
  - (c) where such disclosure is required by applicable law.
- 8.17 Upon completion of an investigation, the Cost Cap Administration will conclude either:
- (a) that to the best of its knowledge the FE Team and/or the Relevant Person(s) in question has complied with these FE Team Financial Regulations, in which case no

further action will be taken against the FE Team and/or the Relevant Person(s) in respect of the matters that were the subject of the investigation unless subsequent developments so warrant; or

- (b) that the FE Team and/or the Relevant Person(s) in question has not complied with these FE Team Financial Regulations, in which case the Cost Cap Administration will either:
  - (i) enter into an ABA with the FE Team and/or Relevant Person(s) concerned, pursuant to the terms of Article 8.19 et seq or Articles 8.25 et seq (as applicable), if it sees fit to do so; or
  - (ii) bring proceedings against the FE Team (and/or, where relevant, one or more Relevant Persons) for breach of these FE Team Financial Regulations, and refer the case to the Cost Cap Adjudication Panel for hearing and determination in accordance with Article 9.

8.18 No one has a right of appeal against any decision made by the Cost Cap Administration pursuant to Article 8.17.

#### **Accepted Breach Agreement – FE Teams**

8.19 If the Cost Cap Administration determines that an FE Team has committed a Procedural Breach or a Minor Overspend Breach, the Cost Cap Administration may offer to enter into an ABA with the relevant FE Team. No one has a right of appeal in respect of a decision by the Cost Cap Administration as to whether or not to offer to enter into an ABA. The Cost Cap Administration may not enter into an ABA with an FE Team in respect of a Non-Submission Breach or a Material Overspend Breach.

8.20 An ABA may:

- (a) set out certain obligations or conditions to be fulfilled or satisfied by the relevant FE Team, either within a specified timeframe or on an ongoing basis;
- (b) provide for enhanced monitoring procedures to be put in place in respect of the FE Team;
- (c) impose any Financial Penalty or Minor Sporting Penalties that would be available to the Cost Cap Adjudication Panel in respect of the relevant type of breach, save that the Cost Cap Administration may not impose the Minor Sporting Penalties specified in Article 11.1(b)(ii), 11.1(b)(iii) and 11.1(b)(vi);
- (d) suspend the application of any sanction (as determined in point (c) above), in whole or in part for a specified period of time or indefinitely, subject to compliance by the FE Team with specified conditions; and/or
- (e) require the FE Team to bear the reasonable costs incurred by the Cost Cap Administration in connection with the investigation into the FE Team's compliance with these FE Team Financial Regulations and/or the preparation of the ABA.

8.21 The Cost Cap Administration may only enter into an ABA where the relevant FE Team:

- (a) acknowledges that it has breached these FE Team Financial Regulations and has provided full disclosure in respect of such breach(es);



- (b) accepts the sanction(s) and/or enhanced monitoring procedures imposed;
- (c) agrees to bear the costs detailed in the ABA; and
- (d) waives its right to appeal or otherwise challenge the ABA.

8.22 If the offer of an ABA is accepted, the Cost Cap Administration will oversee the implementation of, and monitor compliance with, the terms of the ABA. If the FE Team fails to comply with any of the terms of the ABA, the Cost Cap Administration may bring proceedings against that FE Team for such non-compliance (which will be treated as a Procedural Breach) and refer the case to the Cost Cap Adjudication Panel for hearing and determination in accordance with the provisions of Article 9.

8.23 The Cost Cap Administration will publish a summary of the terms of the ABA, detailing the breach(es), any sanctions, and any enhanced monitoring procedures, but not disclosing any Confidential Information.

8.24 Nothing in the ABA may be construed or will be deemed to vary or impact in any way the FE Team's ongoing obligation to comply in full with these FE Team Financial Regulations.

#### **Accepted Breach Agreement – Relevant Persons**

8.25 If the Cost Cap Administration determines that a Relevant Person has committed a breach of these FE Team Financial Regulations, the Cost Cap Administration may offer to enter into an ABA with the Relevant Person. No one has a right of appeal in respect of a decision by the Cost Cap Administration as to whether or not to offer to enter into an ABA.

8.26 An ABA may:

- (a) set out certain obligations or conditions to be fulfilled or satisfied by the Relevant Person, either within a specified timeframe or on an ongoing basis;
- (b) impose any of the sanctions applicable to Relevant Persons under Article 12;
- (c) suspend the application of any sanction (as determined in point (b) above), in whole or in part for a specified period of time or indefinitely, subject to compliance by the Relevant person with specified conditions; and/or
- (d) require the Relevant Person to bear the reasonable costs incurred by the Cost Cap Administration in connection with the investigation into the Relevant Person's compliance with these FE Team Financial Regulations and/or the preparation of the ABA.

8.27 The Cost Cap Administration may only enter into an ABA where the Relevant Person:

- (a) acknowledges that they have breached these FE Team Financial Regulations and have provided full disclosure in respect of such breach(es);
- (b) accepts the sanction(s) imposed;
- (c) agrees to bear the costs detailed in the ABA; and
- (d) waives their right to appeal or otherwise challenge the ABA.

- 8.28 If the offer of an ABA is accepted, the Cost Cap Administration will oversee the implementation of, and monitor compliance with, the terms of the ABA. If the Relevant Person fails to comply with any of the terms of the ABA, the Cost Cap Administration may bring proceedings against that Relevant Person for such non-compliance (which will be treated as a breach of Article 3.2) and refer the case to the Cost Cap Adjudication Panel for hearing and determination in accordance with the provisions of Article 9.
- 8.29 The Cost Cap Administration will publish a summary of the terms of the ABA, detailing the breach(es), any sanctions, and any enhanced monitoring procedures, but not disclosing any Confidential Information.
- 8.30 Nothing in the ABA may be construed or will be deemed to vary or impact in any way the Relevant Person's ongoing obligation to comply in full with these FE Team Financial Regulations.

#### **Referral to Cost Cap Adjudication Panel/limitation period**

- 8.31 The Cost Cap Administration will refer a case to the Cost Cap Adjudication Panel for hearing and determination in accordance with the provisions of Article 9 in the following circumstances:
- (a) where the Cost Cap Administration asserts that the FE Team has committed a Procedural Breach and/or a Minor Overspend Breach, and decides not to offer an ABA, or an ABA has been offered but not accepted;
  - (b) where the Cost Cap Administration asserts that the FE Team has committed a Non-Submission Breach or a Material Overspend Breach;
  - (c) where an FE Team has entered into an ABA but the Cost Cap Administration asserts that the FE Team has failed to comply with the terms of such ABA;
  - (d) where the Cost Cap Administration asserts that a Relevant Person has breached these FE Team Financial Regulations, and decides not to offer an ABA, or an ABA has been offered but not accepted; and/or
  - (e) where a Relevant Person has entered into an ABA but the Cost Cap Administration asserts that the Relevant Person has failed to comply with the terms of such ABA.
- 8.32 The referral is made by the Cost Cap Administration sending a formal notice to the Cost Cap Adjudication Panel, copied to the FE Team and/or Relevant Person(s) in question, specifying the breach(es) that they are asserted to have committed, setting out the facts on which that assertion is based, and setting out the consequences that the Cost Cap Administration considers should be imposed if such breach(es) are admitted or established to the satisfaction of the Cost Cap Adjudication Panel. The FE Team and/or Relevant Person(s) must respond to that notice by the deadline specified therein or ordered by the Cost Cap Adjudication Panel, specifying (a) to what extent they admit or deny the asserted breach(es); (b) to what extent they admit or deny the facts on which the assertion is based; and (c) any defences that they advance to the asserted breach(es), together with a summary of the facts on which such defences are based. The response must be sent to the Cost Cap Adjudication Panel and copied to the Cost Cap Administration.
- 8.33 Any proceedings for breach of these FE Team Financial Regulations must be referred to the Cost Cap Adjudication Panel no more than five years after the later of:

- (a) the Reporting Deadline for the Reporting Period in which the breach is alleged to have occurred (and if the breach continued over a period of time, it will be deemed to have occurred, for these purposes, on the last day of that period of time); and
- (b) the date on which the Cost Cap Administration learned of the acts or omissions on which the allegation of breach is based, where the Cost Cap Administration proves that the FE Team and/or the Relevant Person in question actively concealed those acts or omissions.

8.34 Where an FE Team or Relevant Person that is the subject of proceedings for breach of these FE Team Financial Regulations proves that the matter was referred to the Cost Cap Adjudication Panel after expiry of the five-year limitations period referred to in Article 8.33, the proceedings will be dismissed without consideration of the merits.

## 9. THE COST CAP ADJUDICATION PANEL

### Composition of the Cost Cap Adjudication Panel generally

- 9.1 The Cost Cap Adjudication Panel will hear and determine cases of asserted breach of these FE Team Financial Regulations that are referred to it by the Cost Cap Administration in accordance with Article 8.31.
- 9.2 The Cost Cap Adjudication Panel will comprise a minimum of six and a maximum of twelve independent judges (the "**Judges**") elected by the FIA General Assembly in accordance with the FIA Statutes.
- 9.3 Every two years the Judges will elect from amongst their number a President (the "**President of the Cost Cap Adjudication Panel**") and a Vice-President of the Cost Cap Adjudication Panel.
- 9.4 In case of impediment, the President of the Cost Cap Adjudication Panel will be replaced by the Vice-President.
- 9.5 Each Judge's mandate will take effect on 1 January following their election. Each Judge will serve a four-year term, which will be capable of renewal twice, subject to the transitory provisions specified in the FIA Statutes.
- 9.6 If a seat becomes vacant for whatever reason and as a result in the number of serving Judges falls below six, the General Assembly will elect a replacement for the remainder of the term.

### Composition of the Cost Cap Adjudication Panel in a particular case

- 9.7 Following a referral of a case by the Cost Cap Administration further to Article 8.31, the President of the Cost Cap Adjudication Panel will appoint a judging panel to hear and determine the case in accordance with this Article 9. The judging panel will comprise at least three Judges. The President of the Cost Cap Adjudication Panel will specify one of those Judges to act as the President of the judging panel for that case (the "**President of the Hearing**"). Where cases are referred against more than one party (FE Team and/or Relevant Persons) arising out of the same facts and circumstances, they will be consolidated to be heard together before the same judging panel.
- 9.8 The members of the judging panel must be independent and impartial, and have no conflict of interest (as defined in the FIA Code of Ethics) in respect of the case in question. In cases of doubt, the President of the Cost Cap Adjudication Panel (or, if the President is implicated in

the alleged conflict, the Vice-President) will determine whether or not a Judge is independent or impartial or has a conflict of interest. They will not be required to explain their decision.

- 9.9 If a member of the relevant judging panel is or becomes unable, unwilling, or unfit to hear the matter (whether because of a lack of independence or impartiality or a conflict of interest, as described in Article 9.8, or otherwise), the President of the Cost Cap Adjudication Panel may appoint a replacement member to the judging panel.

#### **Hearings before the Cost Cap Adjudication Panel**

- 9.10 The President of the Hearing will be responsible for the conduct of the case, including verifying the regularity of the proceedings, ensuring that the rights of the Parties are respected (including their right to confidentiality), keeping order during the hearing, and arranging for the drafting of the decision (which will be authenticated by his/her signature) as well as its notification to the Parties and its publication.
- 9.11 Those present at the hearing may include:
- (a) the parties to the proceedings (together the "**Parties**" and each a "**Party**"), namely:
    - (i) the FIA (as the body responsible for enforcement of these FE Team Financial Regulations); and
    - (ii) the relevant FE Team and/or Relevant Person (each, a "**Respondent**", and together the "**Respondents**");
  - (b) the legal representatives of the FIA and the Respondent(s);
  - (c) any Witnesses, as permitted under this Article 9; and
  - (d) any third party observer(s), as permitted pursuant to Article 9.12.
- 9.12 Third parties may only attend the hearing with the permission of the President of the Hearing, which s/he may grant or deny in his/her sole discretion. If permission is granted, the third party may attend the hearing in an observer capacity only. The third party may not make submissions, present evidence, or question Witnesses.
- 9.13 The President of the Hearing may permit any person who is entitled or permitted to be present at the hearing to attend the hearing via videoconference or other virtual means.
- 9.14 The Cost Cap Adjudication Panel may at any time make public the fact and date of the hearing. It will publish the final decision of the judging panel resolving the proceedings in accordance with Article 9.29. Persons referred to in the decision have no right of legal action against the FIA or against any person publishing the decision for damages resulting from such publication. Save as set out in the first two sentences of this Article 9.14, the proceedings will be confidential, and no Party may disclose any facts or other information (including Confidential Information) relating to the proceedings either before, during, or after the proceedings.
- 9.15 At the hearing, the person asserting the claim or fact in issue has the burden of proving the claim or fact on the balance of probabilities, i.e., the person must satisfy the judging panel that the claim or fact asserted is more likely than not to be true.
- 9.16 Rules regarding the admissibility of evidence that may apply in judicial proceedings do not apply in proceedings before the Cost Cap Adjudication Panel. Instead, claims and facts may be

established by any reliable means, including admissions, Witness testimony, documentary evidence, and data downloaded from Electronic Devices. Evidence offered by the FIA that was obtained by illegal means may be admitted if the judging panel is satisfied that (i) the FIA was not itself involved in such illegality; and (ii) the public interest in exposing the wrongdoing in issue outweighs the interest of the Respondent(s) in not having illegally obtained evidence used against them.

- 9.17 Unless otherwise stated:
- (a) liability for compliance with these FE Team Financial Regulations is strict, i.e. the FIA is not required to prove that the Respondent(s) committed the alleged breach intentionally, recklessly, negligently, or even knowingly; and
  - (b) any attempt to breach these FE Team Financial Regulations, and any agreement to act in a manner that would culminate in a breach of these FE Team Financial Regulations, will be treated (and will be punishable) as if the attempted or agreed breach had occurred, whether or not the attempt or agreement actually resulted in a breach.
- 9.18 The FIA and the Respondent(s) may submit written evidence from their respective Witness(es) to the Cost Cap Adjudication Panel within the prescribed timeframes. If the President of the Hearing considers the evidence to be relevant, s/he may invite such Witness(es) to attend the hearing in order to answer any questions from the President of the Hearing, and/or the judging panel, and/or the FIA and/or the Respondent(s). Any Witness invited to attend will not be authorised to present evidence on any issue that has not been addressed in their written evidence, unless (exceptionally) permission is granted by the President of the Hearing. Requests for the hearing of Witnesses may be refused by the President of the Hearing if s/he considers the request to be frivolous, vexatious, excessive, and/or unnecessary.
- 9.19 The President of the Hearing will also invite the FIA and the Respondent(s) to set out their respective arguments, where appropriate without the Witnesses being present.
- 9.20 In addition to hearing from the FIA, the Respondent(s), and their respective Witnesses, the President of the Hearing may decide to hear from any other Witness, if s/he considers that fairness to the FIA or the Respondent(s) requires it, or that it would assist the judging panel.
- 9.21 After a Witness has made his/her statement, the President of the Hearing may direct that Witness to remain in the courtroom and/or not to speak to any other Witness.
- 9.22 At any point during the hearing, the judging panel may decide, after hearing the Parties but before making a final decision:
- (a) to request further information; or
  - (b) to postpone proceedings to a later hearing, in particular in order to hear Witnesses.
- 9.23 Where a Party or a Witness for a Party, without reasonable excuse:
- (a) refuses to produce any document or other information requested by the Cost Cap Administration or the Cost Cap Adjudication Panel/judging panel or the ICA (as applicable);
  - (b) refuses or fails to appear at a hearing to answer questions; or

- (c) appears at a hearing but refuses or fails to respond to any question put to them by or with the permission of the judging panel or ICA (as applicable),

the judging panel or ICA (as applicable) may infer that the document or other information or answer(s) (as applicable) would be adverse to the interests of that Party.

- 9.24 Once all of the evidence has been received, the President of the Hearing will invite each of the FIA and (after the FIA) the Respondent(s) to make their closing statements.
- 9.25 After the closing statements, the hearing will be declared closed and no further submissions or evidence will be permitted, unless requested by the judging panel in accordance with Article 9.27.
- 9.26 After the close of the hearing, the President of the Hearing will announce the likely time and date when the decision will be pronounced.
- 9.27 The judging panel may decide to re-open the hearing at any point in its deliberation, for instance if it becomes aware of any new fact. In this case, each of the FIA and the Respondent(s) will be informed of the re-opening of the hearing.

### **Decision**

- 9.28 Following the close of the hearing, the judging panel will make its decision, which will:
- (a) be reached unanimously or else by a majority vote with each member of the judging panel having one vote, and in the event of a deadlock the President of the Hearing having a further casting vote;
  - (b) be in writing, in English;
  - (c) state the reasons for its decision;
  - (d) be notified to each Party;
  - (e) where the Respondent is found to have breached these FE Team Financial Regulations, specify:
    - (i) the sanction(s) imposed (determined in accordance with Article 11 or Article 12, as applicable); and
    - (ii) the costs to be borne by the Respondent (including a Respondent who is a Relevant Person, if the Cost Cap Adjudication Panel sees fit), which will be calculated by reference to the reasonable costs incurred by the Cost Cap Administration and the Cost Cap Adjudication Panel in connection with any investigation and/or the hearing before the Cost Cap Adjudication Panel. In the event that the reasonableness of the costs incurred by the Cost Cap Administration is disputed, the judging panel will determine them; and
  - (f) where the Respondent is not found to have breached these FE Team Financial Regulations, not order the Respondent to pay any of the costs incurred by the Cost Cap Administration and the Cost Cap Adjudication Panel, and not order the FIA to pay any of the costs incurred by the Respondent unless the judging panel considers that the case was brought maliciously or grossly negligently.

- 9.29 The Cost Cap Adjudication Panel will publish the full reasoned decision of the judging panel, but only after redacting any Confidential Information contained in the decision.
- 9.30 If, within three months of the date of notification of a decision by the Cost Cap Adjudication Panel to the Parties, any important new evidence is discovered that was unknown during the hearing before the judging panel and that could cause the judging panel to modify its decision, the Party discovering it must notify it to the judging panel. Within three months of such notification, the judging panel may choose to re-examine its decision, following a process that respects both the rights of the Parties and the terms of these FE Team Financial Regulations.

## 10. CATEGORIES OF BREACH APPLICABLE TO FE TEAMS

### Procedural Breach

- 10.1 A "**Procedural Breach**" arises when an FE Team breaches a procedural aspect of these FE Team Financial Regulations (including any Determination), except that a Non-Submission Breach does not constitute a Procedural Breach. Examples of Procedural Breaches include:
- (a) failing to comply with the requirements in respect of Declarations pursuant to Article 3.1;
  - (b) failing to provide access to information and/or documentation, premises and/or individuals as the Cost Cap Administration may require pursuant to Article 8.6;
  - (c) failing to comply with the obligations in respect of an investigation pursuant to Article 8.14;
  - (d) failing to submit information or documentation required by any Determination by the applicable deadline included in that Determination;
  - (e) making a Late Submission;
  - (f) failing to comply with the terms of an ABA; or
  - (g) submitting Reporting Documentation that is inaccurate, incomplete, or misleading.
- 10.2 Where the Cost Cap Adjudication Panel determines that an FE Team has committed a Procedural Breach:
- (a) the Cost Cap Adjudication Panel will impose a Financial Penalty, unless it determines that sufficient mitigating factors exist to justify not doing so; and
  - (b) where the Cost Cap Adjudication Panel determines that there are sufficient aggravating factors, it will impose one or more Minor Sporting Penalties in addition to (or in lieu of) the Financial Penalty; and
  - (c) where the Procedural Breach has made it impossible to determine whether or not the Respondent has committed a Minor Overspend Breach and/or a Material Overspend Breach, the Cost Cap Adjudication Panel may impose one or more of the sanctions that it would have had discretion to impose if such Minor Overspend Breach or Material Overspend Breach (as applicable) had been proved, either in addition to or in lieu of the Financial Penalty.

### Late Submissions and Non-Submission

- 10.3 In the event that an FE Team does not submit the Reporting Documentation by the Reporting Deadline (a "**Late Submission**"), the Cost Cap Administration will issue a late submission notice ("**Late Submission Notice**") to the FE Team (the "**Late Submitting Team**"). A Late Submission constitutes a Procedural Breach.
- 10.4 Within 48 hours of receipt of the Late Submission Notice, the Late Submitting Team must provide the Cost Cap Administration with a written explanation of the reasons for its Late Submission. If satisfied with that explanation, the Cost Cap Administration may grant the Late Submitting Team an extension to the Reporting Deadline (the "**Extended Reporting Deadline**").
- 10.5 In the event that a Late Submitting Team:
- (a) does not provide a written response to a Late Submission Notice within the specified time;
  - (b) provides a written response to a Late Submission Notice within the specified time but such response is deemed unsatisfactory by the Cost Cap Administration; or
  - (c) does not submit the Reporting Documentation by the Extended Reporting Deadline,
- the Late Submitting Team will have committed a "**Non-Submission Breach**".
- 10.6 Where the Cost Cap Adjudication Panel determines that an FE Team has committed a Non-Submission Breach (as per Article 10.5), the Cost Cap Adjudication Panel will impose a deduction of Championship points awarded to the FE Team for the Championship(s) that took place within the Reporting Period(s) of the breach or for any subsequent Championship(s) (as per Article 11.1(c)(i)), and may also impose a Financial Penalty and/or other Material Sporting Penalties.

### Minor Overspend Breach

- 10.7 A "**Minor Overspend Breach**" arises when the FE Team's Relevant Costs exceed the Cost Cap by less than 5%.
- 10.8 Where the Cost Cap Adjudication Panel determines that an FE Team has committed a Minor Overspend Breach, the Cost Cap Adjudication Panel may impose a Financial Penalty and/or one or more Minor Sporting Penalties.

### Material Overspend Breach

- 10.9 A "**Material Overspend Breach**" arises when the FE Team's Relevant Costs exceed the Cost Cap by 5% or more.
- 10.10 Where the Cost Cap Adjudication Panel determines that an FE Team has committed a Material Overspend Breach, the Cost Cap Adjudication Panel will impose a deduction of Championship points awarded to the FE Team for the Championship(s) that took place within the Reporting Period(s) of the breach and/or for any subsequent Championship(s) (as per Article 11.1(c)(i)), and may also impose a Financial Penalty and/or any other Material Sporting Penalties.



### Aggravating or mitigating factors

10.11 In determining the sanctions appropriate for a particular case, the Cost Cap Adjudication Panel will take into account any aggravating or mitigating factors.

10.12 Examples of aggravating factors include:

- (a) any element of bad faith, dishonesty, wilful concealment, or fraud;
- (b) multiple breaches of these FE Team Financial Regulations in the Reporting Period in question by the same Respondent(s);
- (c) prior breaches of these FE Team Financial Regulations by the same Respondent(s);
- (d) significant exceeding of the Cost Cap; and
- (e) failure to cooperate with the Cost Cap Administration and/or the Independent Audit Firm appointed by the Cost Cap Administration and/or external legal advisors appointed by the Cost Cap Administration in the investigation and/or prosecution of the case in question.

10.13 Examples of mitigating factors include:

- (a) the Respondent's voluntary disclosure of the breach(es) to the Cost Cap Administration before it was aware of them;
- (b) a track record of compliance with these FE Team Financial Regulations in previous Reporting Periods;
- (c) a Force Majeure Event that caused or contributed to the breach; and
- (d) full and unfettered cooperation with the Cost Cap Administration and the Independent Audit Firm appointed by the Cost Cap Administration and any external legal advisors appointed by the Cost Cap Administration in the investigation and prosecution of the case in question.

## 11. SANCTIONS FOR BREACH APPLICABLE TO FE TEAMS

11.1 The following sanctions may be imposed on an FE Team for breach of these FE Team Financial Regulations:

- (a) a "**Financial Penalty**", meaning a fine of an amount to be determined on a case by case basis, based on the nature, extent, and/or effect of the breach in question; and/or
- (b) a "**Minor Sporting Penalty**", meaning one or more of the following:
  - (i) a public reprimand;
  - (ii) deduction of Championship points awarded to the FE Team for the Championship(s) that took place within the Reporting Period(s) of the breach or for any subsequent Championship(s);
  - (iii) deduction of Championship points awarded to the FE Team's FE Drivers for the Championship(s) that took place within the Reporting Period(s) of the breach or for any subsequent Championship(s);

- (iv) suspension from one or more stages of any Competition(s), other than the race itself;
  - (v) restrictions on the FE Team's ability to conduct on-track testing; and/or
  - (vi) reduction of the Cost Cap for the FE Team in question for a specified period, provided that such reduction may only be applied with respect to (one or more) Reporting Periods that post-date the date of the imposition of the sanction;
- (c) a "**Material Sporting Penalty**", meaning one or more of the following:
- (i) deduction of Championship points awarded to the FE Team for the Championship(s) that took place within the Reporting Period(s) of the breach and/or for any subsequent Championship(s);
  - (ii) deduction of Championship points awarded to the FE Team's FE Drivers for the Championship(s) that took place within the Reporting Period(s) of the breach and/or for any subsequent Championship(s);
  - (iii) restrictions on the FE Team's ability to conduct on-track testing;
  - (iv) suspension from one or more stages of any Competition(s), other than the race itself;
  - (v) suspension from an entire Competition (or Competitions), including the race itself;
  - (vi) exclusion from the Championship for a specified period; and/or
  - (vii) reduction of the Cost Cap for the FE Team in question for a specified period, provided that such reduction may only be applied with respect to (one or more) Reporting Periods that post-date the date of imposition of the sanction.

### **Enhanced monitoring**

- 11.2 In addition to the sanctions listed in Article 11.1, the Cost Cap Adjudication Panel may impose enhanced monitoring requirements in respect of an FE Team.

### **Suspension of sanctions**

- 11.3 The Cost Cap Adjudication Panel may suspend the application of any sanction, in whole or in part, for a specified period or indefinitely, subject to compliance by the FE Team with specified conditions.

### **Payment of a Financial Penalty**

- 11.4 Subject to Article 13.2, all Financial Penalties must be paid (i) within 30 days of the date of the relevant decision or (ii) or by such other deadline specified by the Cost Cap Adjudication Panel in the relevant decision (or by the Cost Cap Administration in an ABA) where an alternative payment plan is approved. An FE Team that fails to pay a Financial Penalty by the applicable deadline automatically forfeits the right to participate in the Championship until the fine has been paid in full.

11.5 Without prejudice to Article 11.4, interest will be payable by the FE Team to the FIA in respect of any Financial Penalty not paid by the due date, accruing daily on the principal amount outstanding from the due date until the date of actual payment, at a rate of 5% above the European Central Bank's main refinancing interest rate on the relevant due date.

## **12. CATEGORIES OF BREACH AND SANCTION APPLICABLE TO RELEVANT PERSONS**

12.1 Where the Cost Cap Adjudication Panel finds that a Relevant Person has breached Article 3.2, the Cost Cap Adjudication Panel may impose a provisional suspension and/or any sanctions (other than a fine) as permitted under Article 12 of the International Sporting Code.

12.2 Articles 10.11 to 10.13 (inclusive) relating to aggravating/mitigating factors also apply, *mutatis mutandis*, to sanctions on Relevant Persons, to the extent relevant.

12.3 The Cost Cap Adjudication Panel may suspend the application of any sanction, in whole or in part, for a specified period or indefinitely, subject to compliance by the Relevant Person with specified conditions.

## **13. APPEALS TO THE FIA INTERNATIONAL COURT OF APPEAL**

13.1 Decisions of the Cost Cap Adjudication Panel under these FE Team Financial Regulations may be appealed to the ICA by any Party to the proceedings that led to the decision. The appeal will be heard by the ICA in accordance with the relevant provisions of the FIA Judicial and Disciplinary Rules and of these FE Team Financial Regulations.

13.2 If a decision by the Cost Cap Adjudication Panel is appealed to the ICA, and the appeal challenges some or all of the sanctions imposed in the decision, the challenged sanctions will not be enforceable against the appellant pending the outcome of the appeal unless the ICA so orders.

## APPENDIX: DEFINITIONS AND INTERPRETATION

In these FE Team Financial Regulations, the following terms have the following meanings:

**"Accepted Breach Agreement"** (or **"ABA"**) means an accepted breach agreement entered into between the Cost Cap Administration and the relevant FE Team or Relevant Person.

**"Additional Services"** means FE Team Activities undertaken by an FE Manufacturer at the request of an FE Team that are additional to the Mandatory Services.

**"Adjustment"** means an upward or downward adjustment to Total Costs of the Reporting Perimeter pursuant to Article 6.

**"Annual Financial Statements"** means annual financial statements that have been prepared in accordance with International Financial Reporting Standards or national accounting standards (as applicable), and when applicable have been audited by an Independent Audit Firm.

**"Applicable Rate"** means:

- (a) the Initial Applicable Rate; or (where the Cost Cap Administration so specifies)
- (b) the average of the daily exchange rates published by the European Central Bank in the 60-day range that the Cost Cap Administration decides in its absolute discretion and communicates to the FE Teams via a Determination no later than 31 July of the Reporting Period preceding the Reporting Period in which the Applicable Rate is to take effect.

**"Associate"** means, with respect to an entity, any other entity over which that entity holds Significant Influence, but not Control or Joint Control.

**"CEO"** means the individual designated as chief executive officer of an FE Team in the FE Team's Competitor Staff Registration Submission to the FIA for the Reporting Period in question.

**"CFO"** means the individual designated as chief financial officer of an FE Team in the FE Team's Competitor Staff Registration Submission to the FIA for the Reporting Period in question.

**"Championship"** has the meaning set out in Article 1.1.

**"Competition"** means any Competition counting towards the Championship and registered on the Championship calendar for any year, commencing at the scheduled time for scrutineering and sporting checks and including all practice sessions and race(s), and ending either at the deadline for the lodging of a protest under the terms of the International Sporting Code or at the time when a technical or sporting check has been carried out under the terms of that Code, whichever is the later.

**"Competitor Staff Registration Submission"** means the certificate of registration for the staff of competitors submitted by an FE Team to the FIA in accordance with the International Sporting Code.

**"Components of an FE Car"** means all components that can be or are part of an FE Car.

**"Confidential Information"** means all confidential information relating to an FE Team and/or a member of an FE Team's Legal Group and/or a Technical Partner, including any information (whether written, oral, or in any other format) that would be regarded as confidential by a reasonable business person relating to the business, affairs, customers, clients, suppliers, plans, operations, processes,

know-how, financial data, commercially sensitive information, designs, trade secrets or software of the FE Team and/or of any member of the FE Team's Legal Group.

**"Connected Party"** means, in relation to an FE Driver:

- (a) any family member of such FE Driver, where family member means:
  - (i) a spouse, domestic partner or civil partner;
  - (ii) any other person with whom the FE Driver lives as partner in an enduring family relationship;
  - (iii) children or step-children of the FE Driver or of any person falling within paragraph (a)(i) of this definition;
  - (iv) any children or step-children of a person falling within paragraph (a)(ii) of this definition who live with the FE Driver and have not attained the age of 18;
  - (v) siblings;
  - (vi) parents; and
  - (vii) dependants of the FE Driver or of any person falling within paragraph (a)(i) of this definition;
- (b) any agent or representative acting on behalf of the FE Driver;
- (c) any body corporate in relation to which a FE Driver or any of the categories of person identified within paragraphs (a) and (b) of this definition is:
  - (i) beneficially entitled to 20% or more of the entire issued share capital of that body corporate; or
  - (ii) entitled to exercise or control the exercise of more than 20% of the voting power at any general meeting of that body corporate; and
- (d) any company, trust, partnership, or other body, organisation, or mechanism established or operating directly or indirectly in whole or in part for the benefit of or in respect of the FE Driver or any or all of the other categories of person referred to in this definition.

**"Consideration"** means, in respect of Personnel (whether or not that person is an employee):

- (a) short term employee benefits, including gross wages/salaries, non-monetary benefits for current employment (e.g. benefits-in-kind, access to private medical care, housing, cars, free or subsidised goods and services), performance-related bonus arrangements, any other type of bonus arrangements, and any other type of payment (e.g. one-off fixed payment as an initial signing-on fee or contract renewal fee or equity in the FE Team);
- (b) post-employment benefits, including pension contributions and any lump sum payments on retirement, and any other post-employment benefits (e.g. life insurance and access to medical care);

- (c) other long-term employee benefits (e.g. long-term paid absences, jubilee or other long-service benefits, profit sharing and bonuses, ownership stake in an FE Team, and deferred remuneration);
- (d) payments or other benefits arising on termination;
- (e) fees or performance or other contractual payments;
- (f) image rights payments in connection with promotional, media, or endorsement work; and
- (g) any other consideration in exchange for any other service provided.

"**Control**" means the power to conduct the affairs of an entity and to direct its financial and operating policies that affect returns by means of shareholding, or voting power, or by constitutional documents (statutes) or agreement, or otherwise; and "**Controlling**" and "**Controlled**" will be construed accordingly.

"**Corporate Income Tax**" means any domestic and/or foreign taxes that are based on taxable profits, including unrecoverable withholding taxes on corporate income.

"**Cost Cap**" has the meaning set out in Article 4.2(a).

"**Cost Cap Adjudication Panel**" means the independent decision-making panel constituted in accordance with Article 9.

"**Cost Cap Administration**" means the staff designated by the FIA from time to time to administer and monitor the operation of these FE Team Financial Regulations.

"**Declaration(s)**" has the meaning set out in Article 3.1.

"**Determination**" has the meaning set out in Article 8.4.

"**Development**" means the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, software, systems, or services prior to the commencement of commercial production or use.

"**Directly Attributable**" means, in relation to a particular activity, that (a) the cost would have been avoided if that particular activity was not undertaken, and (b) the cost is separately identifiable without apportionment.

"**Electronic Device**" means any device (including smart phones, tablets, computers, portable hard drives, USBs, pagers, and watches such as iWatches) that stores and/or transmits or receives data (including text, audio, video, multimedia, and/or any other kind of data), and any platforms or services or accounts that may be used by the user of the Electronic Device to store and/or transmit or receive data, including instant messaging services, as well as social media accounts and cloud-based services or accounts that are used to store data remotely.

"**Employee Medical Benefits**" means any medical benefits made available to all employees of all Reporting Perimeter Entities, or to a specifically identified sub-category of employees of all Reporting Perimeter Entities, in each case on a substantially equal basis and excluding any private medical insurance.

**"Exchange Transaction"** means a transaction between a Reporting Perimeter Entity or a Technical Partner and a third party that results in one of the parties acquiring goods or services or satisfying liabilities by surrendering other goods or services or incurring other obligations.

**"Excluded Costs"** means those costs that may be excluded from Total Costs of the Reporting Perimeter pursuant to Article 5.1.

**"Extended Reporting Deadline"** has the meaning set out in Article 10.4.

**"Fair Value"** means the price that would have been received to sell an asset or paid to transfer a liability in an orderly transaction at arm's length between market participants at the transaction date.

**"FE Car"** means a car that was designed and built to comply with the Sporting Regulations and Technical Regulations in force during any Championship season within the Generation.

**"FE Driver"** means any person whose primary role is as a driver undertaking the racing and/or Testing of FE Cars for or on behalf of the FE Team and/or FE Manufacturer during the Reporting Period.

**"FE Driver Costs"** means:

- (a) all costs of Consideration paid and/or payable to an FE Driver by the FE Team or a Related Party of the FE Team, including any payment to the FE Driver in relation to Marketing Activities, such as Promotional Events and meeting/servicing sponsors of the FE Team;
- (b) all costs of Consideration paid and/or payable to a Connected Party of an FE Driver, by the FE Team or a Related Party of the FE Team, unless the FE Team can prove that the arrangement is genuine, at Fair Value, and has been negotiated and entered into independently of the relationship between the FE Driver and the FE Team and/or FE Manufacturer;
- (c) all costs of Consideration paid and/or payable to an FE Driver by the FE Manufacturer that supplies FE Cars to the FE Team or by a Related Party of such FE Manufacturer;
- (d) all costs of Consideration paid and/or payable to a Connected Party of an FE Driver by the FE Manufacturer that supplies FE Cars to the FE Team or by a Related Party of such FE Manufacturer, unless the FE Team can prove that the arrangement is genuine, at Fair Value, and has been negotiated and entered into independently of the relationship between the FE Driver and the FE Team and/or FE Manufacturer;
- (e) all costs of Consideration paid and/or payable to an FE Driver, or to a Connected Party of that FE Driver, by a third party (that is not the FE Team or a Related Party of the FE Team, or the FE Manufacturer that supplies the FE Team or a Related Party of that FE Manufacturer) as consideration for FE Driver appearances, sponsorship, endorsement, or merchandising work for the third party or a Related Party of the third party, unless the FE Team can prove that the arrangement is genuine, at Fair Value, and has been negotiated and entered into independently of any relationship between the third party and the FE Team and/or FE Manufacturer; and
- (f) all costs of Consideration paid and/or payable to a former FE Driver (or to a Connected Party of that former FE Driver) by the FE Team or a Related Party of the FE Team or by the FE Manufacturer that supplies FE Cars to the FE Team or a Related Party of such FE Manufacturer, unless the FE Team can prove that the Consideration is a Fair Value

payment for services performed by the former FE Driver that are not for services as an FE Driver.

**"FE Driver Costs Documentation"** means documentation, in the format prescribed by the Cost Cap Administration from time to time via a Determination, containing:

- (a) details to identify the FE Team's FE Drivers;
- (b) disclosure of amounts for each of the different types of FE Driver Costs for each FE Driver;
- (c) documentation in support of the amounts of the FE Driver Costs disclosed under Total Costs of the Reporting Perimeter or pursuant to the Adjustment at Article 6.1(e);
- (d) information sufficient to satisfy the Cost Cap Administration that Consideration provided to a Connected Party of the FE Driver is a genuine arrangement, at Fair Value, and has been negotiated and entered into independently of the relationship between the FE Driver and the FE Team; and
- (e) disclosure of any amounts paid and/or payable to the FE Driver, or to a Connected Party of that FE Driver, by the FE Team or a Related Party of the FE Team for Marketing Activities and/or Non-FE Team Activities.

**"FE Manufacturer"** means a legal entity that is registered with the FIA to supply FE Cars, in accordance with the FIA Registration Procedure.

**"FE Manufacturer and/or FE Team Transaction"** means a transaction between a Reporting Perimeter Entity and an entity within an FE Manufacturer's Legal Group and/or an FE Team's Legal Group.

**"FE Manufacturer Financial Regulations"** means the Financial Regulations applicable to FE Manufacturers, as amended from time to time.

**"FE Team"** means a legal entity that holds an FIA Competitor's Licence (as defined in the International Sporting Code) to participate in the Championship (referred to in the Sporting Regulations as the "competitor" or the "team").

**"FE Team Activities"** means:

- (a) all activities undertaken by or on behalf of the FE Team relating to the operation of that FE Team and its participation in the Championship, including all activities in connection with the Testing and racing of FE Cars and Marketing Activities of the FE Team, but excluding Research and Development Activities and Manufacture Activities of an FE Manufacturer;
- (b) the planning, directing, management, control, and/or execution of the activities defined as FE Team Activities within paragraph (a) of this definition; and
- (c) the management, directing, control, and use of the assets used to undertake the activities defined as FE Team Activities within paragraph (a) of this definition.

**"FE Team Financial Regulations"** means these Financial Regulations, as amended from time to time.

**"FIA"** means the Fédération Internationale de l'Automobile.



"**FIA Code of Ethics**" means the FIA Code of Ethics adopted by the FIA General Assembly, as amended from time to time.

"**FIA General Assembly**" means the supreme decision-making body of the FIA.

"**FIA Judicial and Disciplinary Rules**" means the FIA Judicial and Disciplinary Rules adopted by the FIA General Assembly, as amended from time to time.

"**FIA Registration Procedure**" has the meaning set out in Article 1.3.

"**FIA Statutes**" means the official statutes of the FIA adopted by the FIA General Assembly, as amended from time to time.

"**FIA World Motor Sport Council**" means the World Motor Sport Council constituted under the FIA Statutes.

"**Final Car Catalogue**" means the final version of the car catalogue as defined in the FIA Registration Procedure.

"**Finance Activities**" means payroll administration, processing of payments to/from third parties, negotiation and processing of purchase orders for the procurement of goods and services, financial record keeping, accounting and taxation matters, and preparation of financial statements and internal financial analysis.

"**Finance Costs**" means:

- (a) interest on bank overdrafts and loans;
- (b) interest on convertible loan notes;
- (c) any related charges arising from these borrowings such as transaction fees, account maintenance fees or fees charged for late payment;
- (d) interest on and any related charges arising from any other form of borrowing of funds; and
- (e) interest on lease liabilities.

"**Financial Penalty**" has the meaning set out in Article 11.1(a).

"**Financial Reporting Documentation**" has the meaning set out in Article 7.1(d).

"**Force Majeure Event**" means any circumstances beyond the reasonable control of an FE Team affecting its compliance with these FE Team Financial Regulations, including terrorist action or the threat thereof, civil commotion, disruption due to general or local elections, invasion, war, threat of or preparation for war, fire, explosion, storm, flood, earthquake, or any other such natural physical disaster, epidemic, pandemic, and any legislation, regulation or ruling of any government, court or other such competent authority.

"**General Ledger**" means the accounting ledger that contains the financial information used to prepare the Annual Financial Statements of the Reporting Perimeter Entity or Technical Partner in question.

"**Generation**" means the period covered by the FIA Registration Procedure in force during the Reporting Period in question (being Seasons 9, 10, 11 and 12 for the FIA Registration Procedure in force on the date these FE Team Financial Regulations first come into effect).

"**Good Faith**" means with honesty, integrity, and due diligence.

"**Group**" means a Parent and its Subsidiaries.

"**Human Resources Activities**" means the undertaking of recruitment of Personnel, Personnel communications, health and safety matters, Employee Medical Benefits, and grievance, disciplinary or termination procedures relating to Personnel.

"**ICA**" means the International Court of Appeal, which is the independent judicial body established under the FIA Statutes and the FIA Judicial and Disciplinary Rules to act as the final appeal court for international motor sport.

"**Immunity Conditions**" has the meaning set out in Article 8.15.

"**Independent Audit Firm**" means an independent audit firm acting in compliance with the International Code of Ethics for Professional Accountants (including International Independence Standards).

"**Indexation**" means:

- (a) in respect of the Reporting Period commencing 1 October 2022, the average annual inflation rate for the year to 30 September 2022 as published on the International Monetary Fund website for the G7 countries; and
- (b) in respect of the Reporting Period commencing 1 October 2023 and each subsequent Reporting Period, the compound rate of (i) the average annual inflation rate for the year to 30 September of the preceding Reporting Period as published on the International Monetary Fund website for the G7 countries and (ii) the Indexation rate of the preceding Reporting Period, as communicated by the Cost Cap Administration via a Determination.

"**Initial Applicable Rate**" means:

- (a) in respect of the exchange rate between Euros and each of Pounds Sterling and US Dollars, the following rates:

Euros / Pounds Sterling	Euros / US Dollars
1.1748	0.8588

- (b) in respect of any other currency, the average of the daily exchange rates published by the European Central Bank over the period 30 September 2021 +/- 60 days.

"**Initial Components**" means all Components of an FE Car initially supplied to an FE Team by the FE Manufacturer as part of an FE Car ready to race and additional full spare part kits as set out in the FIA Registration Procedure following their homologation.

"**International Sporting Code**" means the FIA International Sporting Code, as amended from time to time.

"**Inventories**" means only those assets that are:

- (a) finished goods purchased or produced, and held for use in respect of the FE Team's FE Cars, including Components of an FE Car; and/or

- (b) in the process of production for such use under paragraph (a) of this definition; and/or
- (c) in the form of materials or supplies to be consumed in the process of production for such use under paragraph (a) of this definition.

**"Joint Control"** means the contractually agreed sharing of Control of an arrangement, which exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing Control. **"Jointly Controlling"** should be construed accordingly.

**"Joint Venture"** means a joint arrangement whereby the parties that have Joint Control of the arrangement have rights to the net assets of the arrangement.

**"Judges"** has the meaning set out in Article 9.2.

**"Key Management Personnel"** means those persons having authority over and responsibility for planning, directing, and controlling the activities of an entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

**"Late Submission"** has the meaning set out in Article 10.3.

**"Late Submission Notice"** has the meaning set out in Article 10.3.

**"Late Submitting Team"** has the meaning set out in Article 10.3.

**"Legal Activities"** means the provision of legal advice and guidance, legal document preparation and drafting, ensuring compliance with applicable laws, legal contract management, litigation management, and representation in respect of legal matters.

**"Legal Group"** of an entity means, in relation to this entity:

- (a) the entity in question;
- (b) any direct or indirect Controlling, or Jointly Controlling entity of the entity in question (up to and including the Ultimate Controlling Party);
- (c) any Subsidiary, Associate, or Joint Venture of the entity in question or of any entity falling within paragraph (b) of this definition; and
- (d) any party that has Significant Influence over the entity in question.

**"Mandatory Employer's Social Security Contributions"** means the compulsory costs levied on an employer for payments to government in a country, usually earmarked to finance social benefits, determined by reference to the entity's employee benefits expenses.

**"Mandatory Services"** means services that an FE Manufacturer is required to provide for the supply of an FE Car to an FE Team (subject to the applicable maximum price limit) as set out in the FIA Registration Procedure.

**"Manufacture Activities"** means:

- (a) activities in respect of an FE Car for the production, quality control, and use of materials, devices, products, and consumables, and the associated processes, software, systems, or services for the supply of FE Cars, including costs incurred to manufacture and/or purchase tooling, patterns, and moulds necessary for the manufacturing of components; and

- (b) activities in respect of an FE Car for the assembly, quality control, and use of materials, devices, products, and consumables in respect of an FE Car.

**"Manufacturer's Perimeter Spare Components"** means all Spare Components that are specific to an FE Manufacturer in accordance with-the FIA Registration Procedure.

**"Marketing Activities"** means:

- (a) the identification, negotiation, agreement, and servicing of sponsorship agreements;
- (b) the creation, development, and deployment of Marketing Outputs;
- (c) the application of paint and stickers to FE Cars or to any plant or equipment assets used to undertake FE Team Activities; and
- (d) participation in Promotional Events.

**"Marketing Outputs"** means branded FE Team / FE Manufacturer clothing, branded FE Team / FE Manufacturer merchandise, website, customer relationship management database, eSports players/teams, public relations external communications, and any other outputs as may be specified as such by the Cost Cap Administration from time to time in a Determination.

**"Material Overspend Breach"** has the meaning set out in Article 10.9.

**"Material Sporting Penalty"** has the meaning set out in Article 11.1(c).

**"Minor Overspend Breach"** has the meaning set out in Article 10.7.

**"Minor Sporting Penalty"** has the meaning set out in Article 11.1(b).

**"Non-FE Team Activities"** means activities that are not FE Team Activities.

**"Non-Manufacturer's Perimeter Spare Components"** means all Spare Components that are not specific to an FE Manufacturer in accordance with-the FIA Registration Procedure.

**"Non-Submission Breach"** has the meaning set out in Article 10.5.

**"Parent"** means an entity that Controls one or more other entities (known as Subsidiaries).

**"Party"** and **"Parties"** have the meaning set out in Article 9.11(a).

**"Personnel"** means any person involved in FE Team Activities on behalf of the FE Team in question and/or on behalf of another entity in the Legal Group of the FE Team.

**"Presentation Currency"** means the currency in which the General Ledger of a Reporting Perimeter Entity is presented.

**"President of the Cost Cap Adjudication Panel"** has the meaning set out in Article 9.3.

**"President of the Hearing"** has the meaning set out in Article 9.7.

**"Procedural Breach"** has the meaning set out in Article 10.1.

**"Promotional Event"** means a promotional event as described in the Sporting Regulations.

**"Property Costs"** means any property rent, property lease costs, business rates on a property, property taxes, insurance of buildings, provision of security controlling physical access to building(s), landscaping of the external area of the building(s), and provision of cleaning and waste disposal services.

**"Regulated Activities"** means all activities relating to:

- (a) Research and Development Activities;
- (b) Manufacture Activities; and
- (c) Mandatory Services.

**"Related Party"** means, with respect to a Reporting Perimeter Entity or a Technical Partner:

- (a) a person who:
  - (i) has Control or Joint Control of that Reporting Perimeter Entity or Technical Partner;
  - (ii) has Significant Influence over that Reporting Perimeter Entity or Technical Partner; or
  - (iii) is a member of the Key Management Personnel of that Reporting Perimeter Entity or Technical Partner or of a Parent of that Reporting Perimeter Entity or Technical Partner;
- (b) a family member (such term being construed as set out in the definition of Connected Party) of any person listed in paragraph (a) of this definition;
- (c) an entity to which any of the following paragraphs apply:
  - (i) both it and the Reporting Perimeter Entity or Technical Partner are members of the same Group or are under common control;
  - (ii) it or the Reporting Perimeter Entity or Technical Partner is an Associate or Joint Venture of the other (or an Associate or Joint Venture of a member of a Group of which the other is a member);
  - (iii) it and the Reporting Perimeter Entity or Technical Partner are Joint Ventures of the same third party;
  - (iv) it or the Reporting Perimeter Entity or Technical Partner is a Joint Venture of a third party and the other is an Associate of the third party;
  - (v) the entity is a post-employment defined benefit plan for the benefit of the employees of the Reporting Perimeter Entity or Technical Partner;
  - (vi) the entity is Controlled or Jointly Controlled by a person falling within paragraphs (a) or (b) of this definition;
  - (vii) a person falling within paragraph (a)(i) of this definition, or a family member of such a person, has Significant Influence over the entity or is a member of the Key Management Personnel of the entity (or of a Parent of the entity);

- (viii) the entity, or any member of a Group of which it is a part, provides Key Management Personnel services to a Reporting Perimeter Entity or a Technical Partner or to the Parent of a Reporting Perimeter Entity or Technical Partner; and/or
- (ix) it is a Technical Partner of a Reporting Perimeter Entity.

**"Related Party Transaction"** means, with respect to a Reporting Perimeter Entity or a Technical Partner:

- (a) a transfer of resources, services, or obligations between that Reporting Perimeter Entity or Technical Partner and a Related Party, regardless of whether a price has been charged; or
- (b) any transaction between that Reporting Perimeter Entity or Technical Partner and a third party where:
  - (i) a commercial relationship exists between that third party and a Related Party; and
  - (ii) the transaction is entered into on terms that are different to those that the third party would have agreed if the commercial relationship referred to in paragraph (b)(i) of this definition had not existed.

**"Relevant Costs"** means Total Costs of the Reporting Perimeter less any Excluded Costs and after making any applicable Adjustments.

**"Relevant Person"** means each of the Team Principal, CEO, CFO, and Technical Director of the FE Team; together, the **Relevant Persons**.

**"Reporting Deadline"** means the deadline for submission of the Reporting Documentation, which is 19.00 CET on 30 November following the end of the Reporting Period, or if such day is not a business day on the next business day, unless any later time or date is otherwise communicated to the FE Teams by the Cost Cap Administration via a Determination.

**"Reporting Documentation"** has the meaning set out in Article 7.1.

**"Reporting Perimeter"** has the meaning set out in Article 4.3.

**"Reporting Perimeter Documentation"** has the meaning set out in Article 7.1(a).

**"Reporting Perimeter Entity"** and **"Reporting Perimeter Entities"** have the meanings set out in Article 4.3.

**"Reporting Period"** means the 12-month financial reporting period starting on 1 October and ending on 30 September.

**"Research"** means any original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

**"Research and Development Activities"** means the following:

- (a) Research in respect of an FE Car; and

- (b) Development in respect of an FE Car (including the purchase and/or manufacture of components or prototype components in respect of an FE Car and organisation and performance of FE Manufacturer test days pursuant to the FIA Registration Procedure);

but excluding Mandatory Services and Additional Services.

"**Respondent**" has the meaning set out in Article 9.11(a)(ii).

"**Significant Influence**" means the power to participate in the financial and operating policy decisions of the entity, but not in Control or Joint Control of that entity. Significant Influence may be gained by means of shareholding, or voting power, or by constitutional documents (statutes), or by agreement, or otherwise.

"**Spare Components**" means other Components of an FE Car that are not Initial Components.

"**Sporting Regulations**" means the FIA Formula E Sporting Regulations, as amended from time to time.

"**Standard Operation Procedure**" means the standard operating procedure published by the FIA regarding the accessing and use of information collected from Electronic Devices in the context of investigations and hearings conducted under the FE Team Financial Regulations and FE Manufacturer Financial Regulations, as amended from time to time.

"**Subset Accounts**" means accounts for the Reporting Period for a clearly identifiable component of the FE Team, for which the obligations and format will be prescribed by the Cost Cap Administration via a Determination, and which shall:

- (a) include Total Costs of the FE Team less any costs Directly Attributable to Non-FE Team Activities;
- (b) be prepared by reference to the same financial reporting framework and under the same accounting policies used by the FE Team in its Annual Financial Statements; and
- (c) include a breakdown of Total Costs of the FE Team less any costs Directly Attributable to Non-FE Team Activities and a reconciliation to the FE Team's Annual Financial Statements.

"**Subsidiary**" means an entity that is Controlled by the Parent.

"**Team Principal**" means the individual designated as team principal of an FE Team in the FE Team's Competitor Staff Registration Submission to the FIA for the Reporting Period in question.

"**Technical Director**" means the individual designated as technical director for each FE Team in the FE Team's Competitor Staff Registration Submission to the FIA for the Reporting Period in question.

"**Technical Partner**" has the meaning set out in Article 4.8.

"**Technical Regulations**" means the FIA Formula E Technical Regulations, as amended from time to time.

"**Testing**" means all on track and off-track testing, including any virtual testing and simulation of either a car, chassis, or chassis system or components.

**"Total Costs"** means all costs and losses in the Reporting Period in question that are recognised within profit or loss of the General Ledger of the Reporting Perimeter Entity or, if applicable, within profit or loss of the Subset Accounts of the FE Team.

**"Total Costs of the Reporting Perimeter"** means the aggregate of the Total Costs of each Reporting Perimeter Entity, having adjusted (to the extent applicable) for any amounts recharged from one Reporting Perimeter Entity to another Reporting Perimeter Entity.

**"Ultimate Controlling Party"** means, in respect of an FE Team, the entity or individual that has ultimate Control, directly or indirectly, of that FE Team.

**"Witness"** means a fact witness and/or an expert witness.