

SECTION D: FINANCIAL REGULATIONS (F1 TEAMS)

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Black Text: Text unchanged from 2026 FIA F1 Regulations – Section D [Financial – F1 Teams] – Iss 04

Pink Text: Changes relatives to 2026 FIA F1 Regulations – Section D [Financial – F1 Teams] – Iss 04, approved by the WMSC on 27/02/2026

[Red Text]: Information on applicable Governance and relevant Advisory Committee

[Orange Text]: Reference information on relevant FIA F1 Document(s)

[Green Text]: Comments / explanations / indication of further work: non-binding and non-regulatory

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ARTICLE D1: GENERAL PRINCIPLES**D1.1 Scope**

D1.1.1 These Financial Regulations will come into force on 1 January 2026 in respect of Financial Regulations Reporting Periods commencing on or after that date. They form part of the terms and conditions of participation in editions of the FIA Formula One World Championship (the "**Championship**") taking place after that date.

D1.1.2 By participating in the Championship, each F1 Team and each Individual F1 Team Member agrees to be bound by and undertakes to comply with these Financial Regulations, and acknowledges the sanctions set out below that may be applied in case of failure to comply.

D1.2 Objectives

D1.2.1 These Financial Regulations define a Cost Cap that limits certain costs that may be incurred by or on behalf of an F1 Team in each Full Year Financial Regulations Reporting Period relating to the operation of an F1 Team, including costs incurred to develop, manufacture, test, and race F1 Cars in the Championship, while leaving that F1 Team free to decide how to allocate resources within that Cost Cap.

D1.2.2 Together with the FIA Formula One Financial Regulations for Power Unit Manufacturers, these Financial Regulations are designed to achieve the following objectives (the "**Financial Regulations Objectives**"):

- a. to promote the competitive balance of the Championship;
- b. to promote the sporting fairness of the Championship; and
- c. to ensure the long-term financial stability and sustainability of the F1 Teams, while preserving the unique technology and engineering challenge of Formula 1.

D1.3 Interpretation

D1.3.1 *[Replaced by Article A9.4.2]*

D1.3.2 These Financial Regulations will be interpreted and applied by the Cost Cap Administration, the Cost Cap Adjudication Panel, and the ICA in a consistent manner that treats all F1 Teams and Individual F1 Team Members equally and that furthers the Financial Regulations Objectives.

D1.3.3 The definitive version of these Financial Regulations is the English version, which will be used should any dispute arise as to their interpretation. Defined words and phrases in these Financial Regulations (denoted by initial capital letters) have the meaning indicated in the Appendix to these Financial Regulations, unless otherwise defined in the body of these Financial Regulations. Unless otherwise specified, references to "Articles" are to Articles of these Financial Regulations, references to "may" shall mean in the sole discretion of such person or entity (as the context so requires), and any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and not as limiting the sense of the words preceding those terms.

D1.3.4 *[Replaced by Article A9.4.6]*

D1.4 Transitional provisions

D1.4.1 *[Replaced by Article A9.8.1]*

D1.4.2 *[Replaced by Article A9.8.2]*

D1.4.3 *[Replaced by Article A9.8.3]*

D1.5 Amendment

D1.5.1 The Cost Cap Administration shall periodically review these Financial Regulations. These Financial Regulations may be amended and/or supplemented by the FIA World Motor Sport Council from time to time.

D1.6 Other financial regulations

D1.6.1 The requirements of these Financial Regulations and the requirements of the FIA Formula One Financial Regulations for F1 Power Unit Manufacturers are distinct from and independent of each other, and the two sets of regulations will operate and be applied accordingly. Where an F1 Team is also a Power Unit 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.

D1.7 Sharing of information

D1.7.1 *[Replaced by Article A8.1.1]*

D1.7.2 *[Replaced by Article A8.3]*

D1.8 Confidential Information

D1.8.1 *[Replaced by Article A8.1.2]*

ARTICLE D2: OBLIGATIONS OF F1 TEAMS**D2.1 Obligations of F1 Teams**

- D2.1.1** In addition to its obligations under Article D4 to comply with the Cost Cap and to its obligations under Articles A5.1.1 and A5.8, each F1 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 Financial Regulations Reporting Period, in accordance with Article D7;
 - b. ensure that any Reporting Documentation and other documentation or information submitted on its behalf to the Cost Cap Administration is accurate, complete, not misleading, and compliant with the requirements of these Financial Regulations;
 - c. retain and make available its documents (including the emails of the F1 Team and its employees), accounting books and records in respect of the previous five Financial Regulations 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 F1 Team in any such period, and procure that the other members of the F1 Team's Legal Group and their employees do the same;
 - d. *[Replaced by Article A5.1.1.c]*
 - e. *[Replaced by Article A5.1.1.b]*
 - f. *[Replaced by Article A5.1.1.d]*
 - g. *[Replaced by Article A5.1.1.e]*
 - h. *[Replaced by Article A5.8.2]*
 - i. *[Replaced by Article A5.1.1.m]*
 - j. *[Replaced by Article A5.1.1.k]*
- D2.1.2** Subject to Articles D8.4.4.1 and D8.4.4.3, nothing in Article D2.1.1 shall constitute a waiver of legal rights by the F1 Team (including in relation to Legal Professional Privilege).
- D2.1.3** The F1 Team is strictly liable for any non-compliance with these Financial Regulations resulting from the actions of others, including its F1 Activities Personnel, any Individual F1 Team Member, and/or any other person or entity acting on its behalf or on behalf of any entity in its Legal Group. Without limiting the generality of the foregoing, the F1 Team is bound by (and strictly liable for) any Declaration signed on its behalf or on behalf of its Ultimate Controlling Party.

ARTICLE D3: OBLIGATIONS OF INDIVIDUAL F1 TEAM MEMBERS**D3.1 Obligations of individual F1 Team members**

D3.1.1 Reporting Documentation submitted by or on behalf of an F1 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 Articles D7.1.1.c and D7.2.1.c. Such Declarations must be:

- a. signed by each of the Team Principal, CEO, CFO, and Technical Director of the F1 Team, and, in respect of the Full Year Reporting Documentation only, signed by an authorised signatory for and on behalf of the F1 Team, each confirming that:
 - i. the Reporting Documentation with which the Declarations are supplied is complete, accurate, not misleading, and compliant with the requirements of these Financial Regulations; and
 - ii. the F1 Team has complied with the requirements of Article A5.8.2; and
- a. in respect of the Full Year Reporting Documentation only, signed by or on behalf of the F1 Team's Ultimate Controlling Party confirming that the Reporting Group Documentation with which the Declarations are supplied is complete, accurate, not misleading, and compliant with the requirements of these Financial Regulations.

D3.1.2 Each Individual F1 Team Member must:

- a. not sign a Declaration that they are aware, or ought reasonably to be aware, is untrue;
- 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 pursuant to these Financial Regulations;
- c. comply by the specified deadline with any requests for information and Demands made by the Cost Cap Administration pursuant to Article A6.3.1;
- d. comply with the terms of any provisional suspension or sanction(s) imposed on them pursuant to Article D13; and
- e. perform all of their respective obligations under these Financial Regulations in Good Faith, acting at all times with honesty and integrity, and in a spirit of transparency and cooperation.

ARTICLE D4: THE COST CAP**D4.1 Compliance with the Cost Cap****D4.1.1** An F1 Team must:

- a. determine and report its Relevant Costs against the Cost Cap in its Presentation Currency; and
- b. not incur (either directly or via another entity) Relevant Costs that exceed the Cost Cap in the applicable Full Year Financial Regulations Reporting Period.

D4.1.2 The amount of the "**Cost Cap**" shall be:

- a. in the event that 24 Competitions or fewer take place in the Full Year Financial Regulations Reporting Period, US Dollars 215,000,000 adjusted, if applicable, for Indexation; or
- b. in the event that more than 24 Competitions take place in that Full Year Financial Regulations Reporting Period, US Dollars 215,000,000, increased by an amount equivalent to US Dollars 1,800,000 multiplied by "X", where "X" is equal to the number of Competitions taking place in that Full Year Financial Regulations Reporting Period minus 24, all adjusted, if applicable, for Indexation.

D4.1.3 Where an F1 Team has a Presentation Currency other than US Dollars, the Cost Cap for that F1 Team shall be converted from US Dollars into that F1 Team's Presentation Currency at the Initial Applicable Rate. For illustrative purposes, the amount of the Cost Cap in selected Presentation Currencies for the Full Year Financial Regulations Reporting Period ending on 31 December 2026, assuming 24 Competitions or fewer take place in the Full Year Financial Regulations Reporting Period is as follows:

Presentation Currency			
US Dollars (‘000)	Pounds Sterling (‘000)	Euros (‘000)	Swiss Francs (‘000)
215'000	170'090	198'663	189'992

D4.2 Reporting Group**D4.2.1** Subject to Article D4.2.2 and D4.2.3, an F1 Team's "**Reporting Group**" consists of the following entities (each a "**Reporting Group Entity**", and together the "**Reporting Group Entities**"):

- a. the F1 Team itself;
- b. where the F1 Team has incurred less than 98% of the costs of the F1 Team's F1 Activities undertaken by or on behalf of the F1 Team in the Financial Regulations Reporting Period, the entity (other than the F1 Team) within the F1 Team's Legal Group that incurred the greatest amount of costs of the F1 Team's F1 Activities undertaken by or on behalf of the F1 Team in the Financial Regulations Reporting Period, followed (to the extent required) by the entity within the F1 Team's Legal Group that incurred the next greatest amount of such costs, and so on, until the entities included within the Reporting Group have incurred, in aggregate, 98% or more of the costs of the F1 Team's F1 Activities undertaken by or on behalf of the F1 Team in the Financial Regulations Reporting Period; and

- c. if the F1 Team so chooses, the additional entities within its Legal Group that have incurred costs of F1 Team's F1 Activities undertaken by or on behalf of the F1 Team in the Financial Regulations Reporting Period.

D4.2.2 In determining an F1 Team's Reporting Group, the calculation of the costs of F1 Team's F1 Activities undertaken by or on behalf of the F1 Team in the Financial Regulations Reporting Period:

- a. shall not include costs within the scope of Articles D5.1.1.a and D5.1.1.f; and
- b. shall be made having adjusted out any amounts in connection with F1 Team's F1 Activities recharged from one member of the F1 Team's Legal Group to another.

D4.2.3 No entity shall be included in the Reporting Group of more than one F1 Team. If, but for the provisions of this Article D4.2.3, an entity would be included in the Reporting Group of more than one F1 Team pursuant to Article D4.2.1, then that entity shall only be included in the Reporting Group of the F1 Team in respect of which it incurs the greatest amount of costs of F1 Team's F1 Activities, excluding costs within the scope of Articles D5.1.1.a and D5.1.1.f.

D4.2.4 In the calculation of Relevant Costs, the costs of any F1 Team's F1 Activities incurred by entities within the F1 Team's Legal Group but outside its Reporting Group, other than costs within the scope of Articles D5.1.1.a and D5.1.1.f undertaken by any such entity, must either be:

- a. recharged to a Reporting Group Entity and thereby included within Total Costs of the Reporting Group, in line with methodology set out in Article D6.1.1.a.i; or
- b. included in Relevant Costs, by way of an Adjustment to Total Costs of the Reporting Group, as a Related Party Transaction pursuant to the methodology set out in Article D6.1.1.a.i.

D4.2.5 The F1 Team should seek clarification from the Cost Cap Administration if it is uncertain whether an entity should be included in its Reporting Group.

ARTICLE D5: EXCLUSIONS**D5.1 Exclusions**

D5.1.1 In calculating Relevant Costs, the following costs and amounts within Total Costs of the Reporting Group must be excluded ("**Excluded Costs**"):

- a. all costs Directly Attributable to Marketing Activities;
- b. all costs of Consideration provided to an F1 Driver, or to a Connected Party of that F1 Driver, in exchange for that F1 Driver providing the services of an F1 Driver to or for the benefit of the F1 Team, together with all travel and accommodation costs in respect of each F1 Driver;
- c. Other Racing Driver and Academy Program Activities:
 - i. all costs of Consideration provided to an Other Racing Driver, or to a Connected Party of that Other Racing Driver, in exchange for that Other Racing Driver providing the services of an Other Racing Driver to or for the benefit of the F1 Team, together with, all travel and accommodation costs in respect of each Other Racing Driver; and
 - ii. all costs Directly Attributable to the management and operation of the Academy Program Activities;
- d. all costs of Consideration provided to the three individuals (other than any individual in respect of whom all costs of Consideration are excluded pursuant to any other sub-Article of this Article D5.1) in respect of whom the highest aggregate amount of Consideration has been recognised in Total Costs of the Reporting Group during the Financial Regulations Reporting Period (the "**Excluded Persons**"), or to a Connected Party of any Excluded Person, in each case in exchange for that Excluded Person providing services to or for the benefit of the F1 Team, together with associated employer's social security contributions and all travel and accommodation costs in respect of each Excluded Person;
- e. with respect to Heritage Asset Activities:
 - i. all costs Directly Attributable to Heritage Asset Activities; and
 - ii. if the F1 Team can prove to the satisfaction of the Cost Cap Administration that an identifiable portion of the Consideration provided to any Heritage Asset Personnel relates to Heritage Asset Activities, that portion of those costs, together with associated employer's social security contributions;
- f. all Finance Costs;
- g. all Corporate Income Tax;
- h. with respect to Non-F1 Activities:
 - i. all costs of Consideration provided to, and associated employer's social security contributions incurred in respect of any F1 Activities Personnel where such costs are Directly Attributable to Non-F1 Activities;
 - ii. all costs, other than costs of Consideration provided to F1 Activities Personnel and associated employers social security contributions, Directly Attributable to Non-F1 Activities; and

- iii. if the F1 Team can prove to the satisfaction of the Cost Cap Administration that an identifiable portion of the following costs relates to Non-F1 Activities, that portion of those costs:
 - (A) Consideration provided to, and associated employer's social security contributions incurred in respect of any F1 Activities Personnel engaged in both F1 Team's F1 Activities and:
 - (1) Activities To Enable The Supply Of Power Units for use by any F1 Team(s);
 - (2) Customer Team Support Activities;
 - (3) activities undertaken in order to participate in an FIA Project; and/or
 - (4) activities to enable the supply of, or participate in a tender process to supply, any Standard Supply Component, as the sole supplier of that Standard Supply Component appointed by the FIA;
 - (B) electricity, gas, and water costs incurred in the course of both F1 Team's F1 Activities and Non-F1 Activities; and
 - (C) costs of parts, consumables, and services, incurred for the maintenance of Property (and/or leased land and building) or cost of parts, consumables and outsourced services incurred for the maintenance of an item of plant or equipment used in the course of both F1 Team's F1 Activities and Non-F1 Activities;
- i. all costs Directly Attributable to Human Resources Activities, Finance Activities, or Legal Activities;
- j. all Property Costs;
- k. all Employee Bonus Costs, subject to a maximum amount in any Full Year Financial Regulations Reporting Period of the lower of:
 - i. 20% of the Total Fixed Employee Remuneration; and
 - ii. the Excluded Bonus Maximum amount, adjusted (if applicable) for Indexation;plus the amount of any employer's social security contributions in respect of the amount of such Employee Bonus Costs excluded pursuant to this Article D5.1.1.k;
- l. the following amounts:
 - i. payable to the FIA by an F1 Team in relation to its entry to, and participation in, the Championship taking place in the applicable Financial Regulations Reporting Period;
 - ii. payable to the FIA by an F1 Team in relation to the FIA Super Licence of any F1 Driver in respect of the Championship taking place in the applicable Financial Regulations Reporting Period; and
 - iii. payable to the Commercial Rights Holder to the Championship by an F1 Team pursuant to its acceptance as a signatory to a contract with the Commercial Rights Holder and/or the FIA relating to the F1 Team's participation in the Championship;

- m. all Financial Penalties in respect of any breach of the Financial Regulations, and/or any monetary fine levied by the FIA for any breach of the Technical Regulations, the Operational Regulations or the Sporting Regulations;
- n. all costs of goods and services within the Power Unit Supply Perimeter for use by the F1 Team, up to an amount in any Full Year Financial Regulations Reporting Period equal to the applicable maximum price as set out in Section A: General Regulatory Provisions;
- o. all amounts of:
 - i. depreciation, impairment loss, and gain/loss on disposal of Property;
 - ii. depreciation of plant and equipment and amortisation of intangible assets that in the Financial Regulations Reporting Period meet the definition of Sustainability Initiative Costs or, have been used in the Financial Regulations Reporting Period only and exclusively to undertake Marketing Activities, Academy Program Activities, catering services, Heritage Asset Activities, Non-F1 Activities, Human Resources Activities, Finance Activities, and/or Legal Activities; and
 - iii. impairment loss and gain/loss on disposal of plant and equipment and intangible assets that, in their life to date as at the end of the Financial Regulations Reporting Period, met the definition of Sustainability Initiative Costs or have only and exclusively been used to undertake Marketing Activities, catering services, Heritage Asset Activities, Non-F1 Activities, Human Resources Activities, Finance Activities, and/or Legal Activities.
- p. 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;
- q. all mandatory employer's social security contributions required by applicable laws to be paid by a Reporting Group Entity;
- r. in connection with a Competition or Testing of Current Cars, all hotel costs, flight, rail travel, and road transportation costs between the airport/train station, hotel, and the site where the Competition or Testing of Current Cars takes place incurred by F1 Activities Personnel;
- s. all costs incurred with a Power Unit supplier that are Directly Attributable to the development, testing, and validation of an Alternative Fuel and Oil for use with the Power Unit in F1 Cars of the F1 Team;
- t. the cost of FIA homologated fuel purchased by or on behalf of an F1 Team for use during Competition and Testing **and the cost of surrogate fuel used on F1 Team's F1 Car during Test of Current Cars**, together with the cost of transportation of that FIA homologated fuel to the F1 Team's premises;
- u. all costs Directly Attributable to entertainment provided for the benefit of all employees of all Reporting Group Entities on a substantially equal basis, subject to a maximum amount of US Dollars 1,200,000, adjusted (if applicable) for Indexation;
- v. all costs of Consideration provided to employees in respect of maternity leave, paternity leave, shared parental leave or adoption leave (together with associated employer's social security

contributions) in each case pursuant to a bona fide formal written policy that applies substantially equally to all employees of all Reporting Group Entities;

- w. all costs of Consideration (together with associated employer's social security contributions) that an F1 Team demonstrates to the reasonable satisfaction of the Cost Cap Administration have been provided to an employee that has been formally placed on indefinite sick leave or disability leave and is not expected to return to work, to the extent provided during the relevant employee's period of absence;
- x. all Sustainability Initiative Costs;
- y. all Health and Safety Costs; and
- z. all costs Directly Attributable to the provision of catering services at the site of a Competition or Testing of Current Cars, and at the F1 Team's premises for guests and F1 Activities Personnel.

D5.1.2 If a cost within Total Costs of the Reporting Group is Directly Attributable to any combination of the following:

- a. Marketing Activities;
- b. Academy Program Activities
- c. Heritage Asset Activities;
- d. Non-F1 Activities
- e. Human Resources Activities;
- f. Finance Activities;
- g. Legal Activities;
- h. Sustainability Initiative Costs;
- i. Health and Safety Costs; and
- j. Provision of catering services at the site of a Competition or Testing of Current Cars, and at the F1 Team's premises for guests and F1 Activities Personnel

such cost shall be an Excluded Cost.

D5.1.3 For the purposes of this Article D5, where an F1 Team has a Presentation Currency other than US Dollars, amounts expressed in US Dollars shall be converted into that F1 Team's Presentation Currency at the Initial Applicable Rate.

ARTICLE D6: ADJUSTMENTS**D6.1 Adjustments**

D6.1.1 Unless stated otherwise in this Article D6.1, in calculating Relevant Costs, the following adjustments to Total Costs of the Reporting Group must be made:

- a. Related Party Transactions, Exchange Transactions, Inter-Team Transactions, Power Unit Transactions, and transactions pursuant to which a Customer Team uses a Transferable Component or a sub-assembly of a Transferable Component:
 - i. Any Related Party Transaction, Exchange Transaction, Inter-Team Transaction (except for a transaction pursuant to which a Customer Team uses a Transferable Component or a sub-assembly of a Transferable Component), or Power Unit Transaction in connection with an F1 Activity must be included in Relevant Costs at the higher of the contracted cost and the Fair Value.
 - ii. In respect of any transaction pursuant to which a Customer Team uses a Transferable Component or a sub-assembly of a Transferable Component, the cost in connection with the use of that Transferable Component or sub-assembly of a Transferable Component must be included in Relevant Costs in accordance with the methodology communicated by the Cost Cap Administration via a Determination no later than 30 November of the preceding Full Year Financial Regulations Reporting Period in respect of each Full Year Financial Regulations Reporting Period.
- b. Offsetting of income and costs:
 - i. If a Reporting Group Entity has offset any income or gains within its Total Costs, or any costs or losses within its revenue, the F1 Team must make an upward adjustment in the calculation of Relevant Costs to gross up these amounts, unless:
 - (A) such offsetting is permitted under its applicable accounting standards, with the exception of:
 - (1) any income from a government incentive scheme in respect of certain research and development costs included within Total Costs that has been offset against such costs, in which case the F1 Team must make an upward adjustment in the calculation of Relevant Costs to gross up these amounts; and
 - (2) any gain on disposal of tangible and intangible assets, in which case the F1 Team must make an upward adjustment in the calculation of Relevant Costs to gross up these amounts;or
 - (B) it is finance income that has been offset against Finance Costs, provided that any exclusion made pursuant to Article D5.1.1.f is made net of finance income; or
 - (C) it is tax credits in respect of Corporate Income Tax that has been offset against tax charges in respect of Corporate Income Tax, provided that any exclusion made pursuant to Article D5.1.1.g is made net of tax credits in respect of Corporate Income Tax.

- ii. If a Reporting Group Entity has offset within its revenue the write-off of accrued income from a government incentive scheme in respect of certain research and development costs that was originally accrued prior to 1 January 2026, the F1 Team must make an upward Adjustment in the calculation of its Relevant Costs equal to the amount of any write-off for such accrued income that was included in the calculation of its Relevant Costs of any preceding Financial Regulations Reporting Period.
- c. Research and Development costs:
- i. All costs in respect of Research and Development for F1 Team's F1 Activities must be included in Relevant Costs in the Financial Regulations Reporting Period in which they are incurred.
 - ii. If a Reporting Group Entity has deferred recognition of any costs in respect of Research and Development for F1 Team's F1 Activities to a subsequent Reporting Period, an adjustment must be made in the calculation of Relevant Costs to ensure such costs are recognised within the Financial Regulations Reporting Period in which they are incurred.
- d. Capitalisation of F1 Cars:
- If a Reporting Group Entity has capitalised any costs in respect of an F1 Car during the Financial Regulations Reporting Period, an adjustment must be made in the calculation of Relevant Costs to ensure such costs are recognised within the Financial Regulations Reporting Period in which they are incurred.
- e. Inventories:
- i. If the accounting treatment of Inventories within Total Costs of the Reporting Group varies from the following requirements, the F1 Team must make an adjustment in the calculation of Relevant Costs to reflect these requirements:
 - (A) the cost of an item of Used Inventories must be recognised in full as an expense in the Full Year Financial Regulations Reporting Period in which it was first used in respect of the F1 Team's Current Cars;
 - (B) the cost of an item of Unused Inventories must not be recognised in the Financial Regulations Reporting Period; and
 - (C) the cost of an item of Redundant Inventories which has not been recognised in a previous Full Year Financial Regulations Reporting Period pursuant to any other provision of this Article D6.1.1.e.i must be recognised in full as an expense in the Financial Regulations Reporting Period. Where practicable, the identification of Redundant Inventories must be carried out on an item-by-item basis. Otherwise, groups of similar items may be considered together.
 - ii. The cost of an item of Inventories must comprise only and exclusively:
 - (A) all costs of purchase, determined on the same basis as that used by the F1 Team in its Audited Annual Financial Statements in respect of the previous Full Year Financial Regulations Reporting Period;
 - (B) costs of conversion, limited to the cost directly incurred in the manufacture, assembly and Inspection of the Inventories (including fixed production overheads in

respect of the manufacture, assembly and Inspection, 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 Financial Regulations Reporting Period to another)

In no instances shall the cost of an item of Inventories comprise any costs, including the allocation of fixed overheads, incurred in respect of the research, development, design, testing and/or validation of the product.

iii. In the event that an item of Redundant Inventories written off in a previous Financial Regulations Reporting Period pursuant to paragraph i.C. ④ of this Article is used in a subsequent Financial Regulations Reporting Period, the F1 Team must make an adjustment in the calculation of Relevant Costs for that subsequent Financial Regulations Reporting Period to add an amount equal to that written off in the previous Financial Regulations Reporting Period.

iv. In the event that an item of Redundant Inventories has not been used and:

(A) is an Open Source Component, a Defined Specification Component, a Free Supply Component, a Transferable Component, or a subassembly of a Transferable Component which, in each case, is supplied to a Customer Team pursuant to a binding contractual agreement; and

(B) its cost has been recognised in full as an expense in the Financial Regulations Reporting Period pursuant to paragraph (i)(C) of this Article,

the aggregate cost of all such items must be allocated on an equal pro-rata basis across the F1 Team and each Customer Team of the F1 Team. The F1 Team must then make a downward adjustment in the calculation of Relevant Costs for the Financial Regulations Reporting Period equal to the aggregate amount allocated to Customer Teams.

f. Use of Power Units and Standard Supply Components:

Where a Reporting Group Entity undertakes Activities To Enable The Supply Of Power Units or activities to enable the supply of Standard Supply Components for use by the F1 Team, that F1 Team must include in its Relevant Costs an amount reflecting the Fair Value of the goods and services in connection with the Power Units or Standard Supply Components that are used by the F1 Team.

g. Unrecorded costs or losses:

If costs or losses incurred by a Reporting Group Entity are not recognised within its Total Costs, which under the applicable accounting standards should have been recognised within profit or loss during the Financial Regulations Reporting Period, an adjustment must be made in the calculation of Relevant Costs to ensure such costs are recognised within Relevant Costs for the Financial Regulations Reporting Period.

h. Foreign exchange transaction costs:

i. Subject to Article D.6.1.1.h.ii, if a Reporting Group Entity incurs a cost for a transaction in a currency other than the F1 Team's Presentation Currency, the F1 Team may choose to make an adjustment in the calculation of Relevant Costs to reflect the difference between

such cost retranslated into the F1 Team's Presentation Currency using the Applicable Rate, and the value at which those costs were recorded on initial recognition within Total Costs of the Reporting Group.

- ii. If an F1 Team chooses to make such an adjustment, it must be made for all costs within Total Costs of the Reporting Group that have been transacted in all currencies other than the F1 Team's Presentation Currency, unless any such costs have otherwise been excluded from Total Costs of the Reporting Group pursuant to Article D5.

- i. Tyre test days:

For each day the F1 Team has participated in Testing in accordance with Article B11.2.7.d and with Article B.11.4.10 of the 2026 Sporting Regulations during the Full Year Financial Regulations Reporting Period ending on 31 December 2026, and in each subsequent Full Year Financial Regulations Reporting Period, the F1 Team must make a downward adjustment in the calculation of Relevant Costs for the relevant Financial Regulations Reporting Period equal to the amount communicated by the Cost Cap Administration via a Determination.

- j. Non-F1 Activities pursuant to FIA TD045 *[Reference to be updated as soon as the corresponding FIA Document applicable for 2026 will be issued]*:

If, during the Financial Regulations Reporting Period, conditions that led an F1 Team to consider that a given activity undertaken in the previous two Full Year Financial Regulations Reporting Periods is a Non-F1 Activities pursuant to FIA technical directive TD045 *[Reference to be updated following issuance of new FIA Document 101 replacing TD045]* cease to exist, all costs in respect of that activity that were excluded in the previous two Full Year Financial Regulations Reporting Periods pursuant to Article D.5.1.1.h must be included in Relevant Costs in the Financial Regulations Reporting Period.

- k. Measurement of costs of plant and equipment:

If a Reporting Group Entity chooses to adopt an approach for the measurement of costs of plant and equipment in its Audited Annual Financial Statements that deviates from the cost model with residual asset values of zero and using the straight line method of depreciation, as defined in IAS 16, then the F1 Team must make an adjustment for the difference between the costs and amounts recorded within Total Costs of the Reporting Group and the costs and amounts that would have been recorded within Total Costs of the Reporting Group had each Reporting Group Entity adopted the cost model with residual asset values of zero and using the straight line method of depreciation, as defined in IAS 16.

- l. Plant and equipment clawback:

If any entity in the F1 Team's Legal Group recorded any accelerated depreciation, impairment loss, or loss on disposal in the Full Year Financial Regulations Reporting Periods ending on 31 December 2023, 31 December 2024, and /or 31 December 2025 in respect of an item of plant and equipment or intangible asset that is subsequently used from 1 January 2026 onwards to undertake F1 Team's F1 Activities, the F1 Team must make an upward adjustment in the calculation of Relevant Costs equal to the amount of accelerated depreciation, impairment loss, or loss on disposal in the Financial Regulations Reporting Period from 2026 onwards in which the item is first used subsequent to 1 January 2026 to undertake F1 Team's F1 Activities.

m. Impairment clawback:

If an item of plant and equipment or intangible asset in respect of which an impairment loss or loss on disposal has been excluded pursuant to Article D5.1.1.o.iii in a previous Financial Regulations Reporting Period is subsequently used to undertake F1 Team's F1 Activities (other than Marketing Activities, catering services, Heritage Asset Activities, Human Resources Activities, Legal Activities, Finance Activities or Sustainability Initiative Costs), the amount so excluded must be included in Relevant Costs via an upward adjustment in the Financial Regulations Reporting Period in which the asset is first used to undertake F1 Team's F1 Activities.

n. Unused Cost Cap Amount:

From the Full Year Financial Regulations Reporting Period starting 1 January 2027 onwards, the F1 Team may choose to make a downward adjustment in the calculation of Relevant Costs for the Full Year Financial Regulations Reporting Period, equal to the Unused Cost Cap Amount subject to a maximum amount of US Dollars 2,000,000, adjusted for Indexation.

o. Relevant Employee Consideration:

The F1 Team may choose to make a downward adjustment in the calculation of Relevant Costs for the Financial Regulations Reporting Period, equal to the amount by which Relevant Employee Consideration exceeds Relevant Employee Consideration divided by the Consideration Factor.

p. Sprint

In the event that more than 6 Sprint take place during Competitions in the Full Year Financial Regulations Reporting Period, the F1 Team must make a downward adjustment in the calculation of the Relevant Costs for the Full Year Financial Regulations Reporting Period, equal to US Dollars 300,000, multiplied by "X", where "X" is equal to the number of Sprint taking place in that Full Year Financial Regulations Reporting Period minus 6.

D6.1.2 In calculating Relevant Costs, the order in which costs must be excluded pursuant to Article D5.1.1 and adjusted pursuant to Article D.6.1.1 shall be determined by the Cost Cap Administration and set out in the Reporting Documentation.

D6.1.3 For the purposes of this Article D6, where an F1 Team has a Presentation Currency other than US Dollars, amounts expressed in US Dollars shall be converted into that F1 Team's Presentation Currency at the Initial Applicable Rate.

ARTICLE D7: REPORTING REQUIREMENTS**D7.1 Full Year Reporting Documentation**

D7.1.1 By the Full Year Reporting Deadline, an F1 Team must submit the following to the Cost Cap Administration (the "**Full Year Reporting Documentation**"):

- a. the Reporting Group Documentation;
- b. the Full Year Financial Reporting Documentation;
- c. the Declarations; and
- d. an assessment report provided by the same Independent Audit Firm that signs the F1 Team's Audited Annual Financial Statements, in the format prescribed by the Cost Cap Administration from time to time via a Determination, in respect of the completeness and accuracy of the Full Year Reporting Documentation submitted by the F1 Team.

D7.2 Interim Reporting Documentation

D7.2.1 By the Interim Reporting Deadline, an F1 Team must submit the following to the Cost Cap Administration (the "**Interim Reporting Documentation**"):

- a. the Reporting Group Documentation;
- b. the Interim Financial Reporting Documentation; and
- c. the Declarations.

ARTICLE D8: COST CAP ADMINISTRATION**D8.1 General**

D8.1.1 The Cost Cap Administration is responsible for administering these Financial Regulations, including exercising the powers and carrying out the functions set out in this Article D8.

D8.1.2 The Cost Cap Administration will monitor compliance with these Financial Regulations, investigate instances of suspected non-compliance, and take appropriate enforcement action in respect of any breaches of these Financial Regulations.

D8.1.3 The Cost Cap Administration may engage an Independent Audit Firm or other specialists or service providers to assist it in carrying out its functions in particular cases, including reviewing an F1 Team's Reporting Documentation (or other documentation, information, and accounting books and records), undertaking a comparative financial analysis of the Reporting Documentation in order to help identify potential anomalies, and conducting (or assisting with) investigations. The Cost Cap Administration may also be assisted in the fulfilment of its functions under these Financial Regulations by FIA Legal and external legal advisors.

D8.1.4 *[Replaced by Article A9.6]*

D8.2 Determinations, guidance, and clarifications

D8.2.1 The Cost Cap Administration may issue a Determination only if it is expressly provided for in these Financial Regulations. Any Determination issued by the Cost Cap Administration shall be binding and constitute part of these Financial Regulations.

D8.2.2 The Cost Cap Administration may issue guidance notes from time to time to assist the F1 Teams in complying with these Financial Regulations. Such guidance notes shall be advisory only (i.e., non-binding) and shall not constitute part of these Financial Regulations.

D8.2.3 The CFO of an F1 Team may submit a written request to the Cost Cap Administration in order to clarify the operation or interpretation of these Financial Regulations. The Cost Cap Administration will respond in writing to any such request and will make available to the CFOs of all other F1 Teams a summary of the written request along with the response, but without disclosing any Confidential Information. Such clarifications shall be advisory only (i.e., non-binding) and shall not constitute part of these Financial Regulations.

D8.2.4 The Cost Cap Administration may issue feedback to an F1 Team in order to assist that F1 Team in complying with these Financial Regulations. Such feedback shall be advisory only (i.e., non-binding) and shall not constitute part of these Financial Regulations.

D8.2.5 Any communications from the Cost Cap Administration that are not in writing may not be relied upon by F1 Teams.

D8.2.6 The Cost Cap Adjudication Panel and ultimately the ICA have final authority in determining the proper interpretation and application of these Financial Regulations.

D8.3 Ongoing compliance monitoring

D8.3.1 The Cost Cap Administration may monitor any F1 Team's compliance with these Financial Regulations on an ongoing basis, including by making requests pursuant to Article A6.3.1, to enable

it to perform its regulatory functions as contemplated by these Financial Regulations, including for purposes of:

- a. reviewing the controls being applied by that F1 Team to ensure that F1 Team's compliance with these Financial Regulations;
- b. reviewing any Related Party Transaction, Exchange Transaction, Inter-Team Transaction, or Power Unit Transaction;
- c. assisting in identifying any part of these Financial Regulations that might require clarification by the issuance of guidance; and/or
- d. mitigating the risk of an F1 Team submitting incomplete, inaccurate, misleading, or otherwise non-compliant Reporting Documentation.

For the avoidance of doubt, the primary purpose of in-season compliance monitoring is to assist F1 Teams in managing their risk of breaching the Financial Regulations, rather than to investigate potential instances of non-compliance. In-season compliance monitoring will typically result in the issuance of non-binding feedback pursuant to Article D8.2.4.

D8.4 Requests for information/access and Demands

D8.4.1 Right of inquiry

D8.4.1.1 *[Replaced by Article A6.3.1]*

D8.4.2 Compliance

D8.4.2.1 *[Replaced by Article A6.3.2]*

D8.4.2.2 *[Replaced by Art. 1 in Section A, Appendix A3]*

D8.4.3 Standard Operating Procedure – Electronic Devices

D8.4.3.1 *[Replaced by Art.2 in Section A, Appendix A3]*

D8.4.4 Legal rights and waivers

D8.4.4.1 *[Replaced by Art.3.1 in Section A, Appendix A3]*

D8.4.4.2 *[Replaced by Art.3.2 and Art.3.3 in Section A, Appendix A3]*

D8.4.4.3 *[Replaced by Art.3.4 and Art.3.5 in Section A, Appendix A3]*

D8.4.5 Objections or disagreements regarding Demands or material withheld under Article D8.4.4.2

D8.4.5.1 *[Replaced by Art.4.1 in Section A, Appendix A3]*

D8.4.5.2 *[Replaced by Art.4.2 in Section A, Appendix A3]*

D8.4.5.3 *[Replaced by Art.4.3 in Section A, Appendix A3]*

D8.4.5.4 *[Replaced by Art.4.4 in Section A, Appendix A3]*

D8.4.5.5 *[Replaced by Art.4.5 in Section A, Appendix A3]*

D8.4.5.6 *[Replaced by Art.4.6 in Section A, Appendix A3]*

D8.4.5.7 *[Replaced by Art.4.7 in Section A, Appendix A3]*

D8.5 Notification of apparent or alleged breaches

D8.5.1 *[Replaced by Art.A6.4.2]*

D8.5.2 *[Replaced by Art.A6.4.2]*

D8.6 Review of Reporting Documentation

D8.6.1 The Cost Cap Administration will review the Reporting Documentation submitted by an F1 Team to assess whether that F1 Team has complied with these Financial Regulations. The Cost Cap Administration may be assisted in its review in accordance with Article D8.1.3.

D8.6.2 All forms of evidence, obtained by any reliable means, may be relied upon by the Cost Cap Administration in its review of Reporting Documentation submitted by an F1 Team. This may include (for example) admissions, credible testimony of third persons, reliable documentary or audiovisual evidence, conclusions drawn from the analysis of financial data, and reliable metadata.

D8.6.3 Save for the exception set out in Article D8.6.4, information or documentation received by the Cost Cap Administration in response to an Initial Notice may be taken into account by the Cost Cap Administration as part of its review of the Reporting Documentation, but the late provision of such information or documentation may constitute a Procedural Breach under Article D10.1.1.

D8.6.4 The following information submitted by an F1 Team to the Cost Cap Administration in the response to the Initial Notice for the purposes of recalculating its Relevant Costs will not be considered by the Cost Cap Administration in its assessment of whether an F1 Team has complied with the Cost Cap:

- a. any information that involves any element of estimation or subjective judgement made by the relevant F1 Team; and
- b. any information that was not available to the F1 Team at the Full Year Reporting Deadline or that is predicated on factors that did not exist or could not be identified as at the Full Year Reporting Deadline.

D8.6.5 Following the Cost Cap Administration's review of the Reporting Documentation, and completion of any related investigation pursuant to Article D8.7.1 et seq, the Cost Cap Administration shall conclude that:

- a. the F1 Team has complied with these Financial Regulations; or
- b. the F1 Team has committed a Minor Overspend Breach and/or a Procedural Breach, in which case the Cost Cap Administration shall notify the F1 Team accordingly in accordance with Article A6.4.2, and either:
 - i. enter into an ABA pursuant to the terms of Articles D8.10.1 et seq with the F1 Team concerned; or
 - ii. refer the case to the Cost Cap Adjudication Panel for a hearing and determination; or
- c. the F1 Team has committed a Material Overspend Breach and/or a Non-Submission Breach, in which case the Cost Cap Administration shall notify the F1 Team accordingly in accordance with Article A6.4.2 and refer the case to the Cost Cap Adjudication Panel for a hearing and determination.

D8.6.6 There shall be no right of appeal against any decision by the Cost Cap Administration finding that an F1 Team has complied with the Financial Regulations, to offer/enter into (or not to offer/enter into) an ABA, or to refer (or not to refer) a case to the Cost Cap Adjudication Panel.

D8.7 General provisions relating to investigations

D8.7.1 *[Replaced by Art.A6.1.2.a), Art.A6.1.3.a) and Art.A6.1.4]*

D8.7.2 *[Replaced by Art.A6.1.5 and Art.A6.1.6.a)]*

D8.7.3 *[Replaced by Art.A6.1.7]*

D8.7.4 *[Replaced by Art.A6.1.8.a)]*

D8.8 Investigations commenced following a complaint by another F1 Team

D8.8.1 *[Replaced by Art.A6.1.2.b)]*

D8.8.2 *[Replaced by Art.A6.1.2.b)]*

D8.8.3 *[Replaced by Art.A6.1.3.b)]*

D8.9 Immunity

D8.9.1 *[Replaced by Art.A7.14.1]*

D8.9.2 *[Replaced by Art.A7.14.2]*

D8.9.3 *[Replaced by Art.A7.14.3]*

D8.9.4 *[Replaced by Art.A7.14.4]*

D8.9.5 *[Replaced by Art.A7.14.5]*

D8.9.6 *[Replaced by Art.A7.14.6]*

D8.10 Accepted Breach Agreement (ABA) – F1 Teams

D8.10.1 If the Cost Cap Administration determines that an F1 Team has committed a Procedural Breach and/or a Minor Overspend Breach, the Cost Cap Administration may at any time during the proceedings propose sanctions for such breach, which should be based on the same factors, including aggravating and mitigating factors, that the Cost Cap Adjudication Panel would take into account under these Financial Regulations for such breach pursuant to Article D12. If the F1 Team accepts the breach and the proposed sanctions, the Cost Cap Administration may at any time during the proceedings enter into an ABA with the F1 Team reflecting the acceptance. There shall be no right of appeal in respect of any decision by the Cost Cap Administration as to whether or not to offer or enter into an ABA.

D8.10.2 An ABA:

- a. shall impose any Financial Penalty and/or Minor Sporting Penalties that would be available to the Cost Cap Adjudication Panel pursuant to Article D12 in respect of the relevant type of breach, except that the Cost Cap Administration shall not be entitled to impose the Minor Sporting Penalties specified in Articles D12.1.1.b.ii and D12.1.1.b.iii;
- b. shall set out details of the costs to be borne by the F1 Team, calculated by reference to the reasonable costs incurred by the Cost Cap Administration in connection with any

investigations into that F1 Team's compliance with these Financial Regulations and/or the preparation of an ABA;

- c. may set out certain obligations or conditions to be fulfilled or satisfied by the relevant F1 Team, either within a specified timeframe or on an ongoing basis; and
- d. may provide for enhanced monitoring procedures to be put in place in respect of the F1 Team.

D8.10.3 The Cost Cap Administration shall oversee the implementation of, and monitor compliance with, the terms of any ABA. If the relevant F1 Team apparently fails to comply with any of the terms of the ABA, the Cost Cap Administration shall issue the F1 Team an Initial Notice and give them an opportunity to provide a response. If, after considering the response to the Initial Notice, the Cost Cap considers that the F1 Team has failed to comply with the ABA, the Cost Cap Administration shall issue a Final Notice for such non-compliance and refer the matter to the Cost Cap Adjudication Panel for hearing and determination in accordance with the provisions of Article D9. Such non-compliance shall be treated as a distinct Procedural Breach.

D8.10.4 In order for the Cost Cap Administration to enter into an ABA, the relevant F1 Team must:

- a. accept that it has breached these Financial Regulations and confirm that it has provided full disclosure in respect of such breach(es);
- b. accept, observe, and satisfy the sanction(s) and/or enhanced monitoring procedures imposed;
- c. agree to bear the costs detailed in the ABA; and
- d. waive its right to appeal or otherwise challenge the ABA.

D8.10.5 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.

D8.10.6 Nothing in the ABA may be construed or will be deemed to vary or impact in any way the F1 Team's ongoing obligation to comply in full with the Financial Regulations.

D8.11 Accepted Breach Agreement (ABA) – Individual F1 Team Member

D8.11.1 If the Cost Cap Administration determines that an Individual F1 Team Member has committed a breach of their obligations pursuant to Article D3, the Cost Cap Administration may at any time during the proceedings offer to enter into an ABA with the Individual F1 Team Member. There shall be no right of appeal in respect of a decision by the Cost Cap Administration as to whether or not to offer or enter into an ABA.

D8.11.2 An ABA may:

- a. set out certain obligations or conditions to be fulfilled or satisfied by the Individual F1 Team Member, either within a specified timeframe or on an ongoing basis;
- b. impose any of the sanctions applicable to Individual F1 Team Members under Article D13; and
- c. require the Individual F1 Team Member to bear the reasonable costs incurred by the Cost Cap Administration in connection with any investigations into the Individual F1 Team Member's compliance with these Financial Regulations and/or the preparation of the ABA.

- D8.11.3** The Cost Cap Administration may only enter into an ABA where the Individual F1 Team Member:
- accepts that they have breached these Financial Regulations and confirms that they have provided full disclosure in respect of such breach(es);
 - accepts the sanction(s) imposed;
 - agrees to bear the costs detailed in the ABA; and
 - waives their right to appeal or otherwise challenge the ABA.
- D8.11.4** 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 Individual F1 Team Member apparently fails to comply with any of the terms of the ABA, the Cost Cap Administration shall issue the Individual F1 Team Member an Initial Notice and give them an opportunity to provide a response. If, after considering the response to the Initial Notice, the Cost Cap Administration considers that the F1 Team has failed to comply with the ABA, the Cost Cap Administration shall issue a Final Notice for such non-compliance and refer the matter to the Cost Cap Adjudication Panel for a hearing and determination in accordance with the provisions of Article D9. Such non-compliance shall be treated as a distinct breach of these Financial Regulations.
- D8.11.5** The Cost Cap Administration will publish a summary of the terms of the ABA, detailing the breach(es) and any sanctions, but not disclosing any Confidential Information.
- D8.11.6** Nothing in the ABA may be construed or will be deemed to vary or impact in any way the Individual F1 Team Member's ongoing obligation to comply in full with the Financial Regulations.

D8.12 Public reporting

D8.12.1 *[Replaced by Art.A8.2.1 and Art.A8.2.2]*

D8.12.2 *[Replaced by Art.A8.2.7]*

D8.12.3 *[Replaced by Art.A8.2.9]*

D8.12.4 *[Replaced by Art.A8.2.8]*

ARTICLE D9: COST CAP ADJUDICATION PANEL**D9.1 Cost Cap Adjudication Panel**

D9.1.1 The Cost Cap Adjudication Panel will comprise a panel of independent judges who will hear and determine cases that are referred to it by the Cost Cap Administration, in accordance with these Financial Regulations. Unless specified otherwise, decisions of the Cost Cap Adjudication Panel may be appealed to the ICA. The Cost Cap Adjudication Panel and, ultimately, the ICA have final authority in determining whether or not any F1 Team or Individual F1 Team Member has complied with these Financial Regulations.

D9.2 Referral to the Cost Cap Adjudication Panel

D9.2.1 The Cost Cap Administration will refer a case to the Cost Cap Adjudication Panel in the following circumstances:

- a. where the Cost Cap Administration asserts that the F1 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 F1 Team has committed a Non-Submission Breach or a Material Overspend Breach;
- c. where an F1 Team has entered into an ABA but the Cost Cap Administration asserts that the F1 Team has failed to comply with the terms of such ABA;
- d. following an investigation by the Cost Cap Administration of a complaint reported by a Complainant Team pursuant to Article A6.1.2.b of these Financial Regulations;
- e. where the Cost Cap Administration asserts that an Individual F1 Team Member has breached these Financial Regulations, and decides not to offer an ABA, or an ABA has been offered but not accepted; and/or
- f. where an Individual F1 Team Member has entered into an ABA but the Cost Cap Administration asserts that the Individual F1 Team Member has failed to comply with the terms of such ABA.

D9.2.2 The Cost Cap Administration may also refer any objection or disagreement regarding a Demand or material withheld under Article 3.2 and Art 3.3 in Appendix A3 of Section A to the Cost Cap Adjudication Panel for a ruling or directions. The procedure applicable to such proceedings is set out in Articles D8.4.5, which varies the procedural provisions set out in this Article D9 for the purposes of those proceedings.

D9.2.3 Where the Cost Cap Administration refers a case to the Cost Cap Adjudication Panel, FIA Legal shall take over conduct of the matter on behalf of the FIA, assisted as necessary by the Cost Cap Administration.

D9.3 Limitation period

D9.3.1 *[Replaced by Art.A7.9]*

D9.4 Composition of the Cost Cap Adjudication Panel

- D9.4.1** The Cost Cap Adjudication Panel shall comprise a minimum of six judges and a maximum of twelve judges (each, a "**Judge**") elected by the FIA General Assembly in accordance with the FIA Statutes from among the candidates proposed by either:
- a. the FIA Sport Members entitled to vote (as per Articles 3.1 and 3.3 of the FIA Statutes); or
 - b. a group of not less than five F1 Teams.
- D9.4.2** Every two years the Judges shall elect amongst themselves a President (the "**President of the Cost Cap Adjudication Panel**") and a Vice-President of the Cost Cap Adjudication Panel.
- D9.4.3** In case of impediment, the President of the Cost Cap Adjudication Panel shall be replaced by the Vice-President.
- D9.4.4** Each Judge's mandate shall take effect on 1 January following their election. They shall each serve a four-year mandate, which shall be capable of renewal twice, subject to the transitory provisions specified in the FIA Statutes.
- D9.4.5** If a seat becomes vacant for whatever reason and should the number of serving Judges fall below six, the General Assembly shall elect a replacement for the remainder of the mandate.
- D9.4.6** Unless specified otherwise, for each case, the judging panel shall comprise at least three Judges of which at least one Judge shall have been elected to the Cost Cap Adjudication Panel following their proposal by a group of not less than five F1 Teams. The members of the relevant judging panel shall be appointed by the President of the Cost Cap Adjudication Panel. One of the members of the judging panel will be appointed by the President of the Cost Cap Adjudication Panel to act as the President of the judging panel (the "**President of the Hearing**").
- D9.4.7** Members of the relevant judging panel must have no conflict of interest (as defined in the FIA Code of Ethics) with the matter in question. In cases of doubt, the President of the Cost Cap Adjudication Panel (or, if they are themselves concerned, the Vice-President) shall determine whether or not a Judge has a conflict of interest but will not be required to explain their decision.
- D9.4.8** If a member of the relevant judging panel is unable, unwilling, or unfit to hear the matter (whether because of a conflict of interest or otherwise), the President of the Cost Cap Adjudication Panel shall appoint a replacement member to the judging panel.

D9.5 Powers of the Cost Cap Adjudication Panel

- D9.5.1** In addition to any powers described in the remainder of this section, the Cost Cap Adjudication Panel has the power to:
- a. rule on its own jurisdiction;
 - b. issue directions for the conduct of the proceedings;
 - c. make any appropriate order in relation to the production of relevant documents and/or other materials in the possession, custody, or control of any party (or that are otherwise easily obtainable from a third party, e.g. by simple written request);
 - d. order the consolidation of two or more separate proceedings;

- e. appoint an expert to assist or advise the Cost Cap Adjudication Panel on a specific issue or issues, such expert to be and remain impartial and independent of the parties, and the costs of such expert to be borne by the parties or in such manner as directed by the Cost Cap Adjudication Panel;
- f. allow third parties to attend the hearing and/or intervene or be joined in the proceedings;
- g. expedite, adjourn, postpone, or suspend its proceedings, upon such terms as it shall determine, where fairness so requires;
- h. award interim relief or other conservatory measures on a provisional basis subject to final determination; and/or
- i. any other order as it sees fit.

D9.6 Hearings before the Cost Cap Adjudication Panel

D9.6.1 General

D9.6.1.1 Following a referral from the Cost Cap Administration in accordance with Article D9.2.1, the Cost Cap Adjudication Panel shall conduct a hearing and issue a decision.

D9.6.1.2 The President of the Hearing will be responsible for the conduct of the proceedings, verifying the regularity of the proceedings, ensuring that the rights of the parties are respected (including their right to confidentiality at the hearing), keeping order during the hearing, and arranging for the drafting of the decision (which shall be authenticated by their signature) as well as notification of the decision to the parties and publication.

D9.6.2 Hearings attendees

D9.6.2.1 Those present at the hearing may include (together the "parties" and each a "party"):

- a. the parties to the proceedings, namely the FIA (as the body responsible for enforcement of these Financial Regulations) and the relevant F1 Team and/or Individual F1 Team Member (each a "**Respondent**");
- b. the representatives of the FIA and the Respondent(s);
- c. any Witnesses, as permitted under this Article D9; and
- d. any third party observer(s), as permitted under Article D9.6.2.4.

D9.6.2.2 The FIA will be represented at each hearing by FIA Legal and/or its external lawyers.

D9.6.2.3 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 they consider that fairness to the FIA or the Respondent(s) requires it, or that it would assist the judging panel.

D9.6.2.4 Third parties may only attend the hearing with the permission of the President of the Hearing. If permission is granted, the third party shall attend the hearing in an observer capacity only. The third party shall not be permitted to make submissions, to present evidence, to testify, or to question Witnesses.

D9.6.2.5 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.

D9.6.3 Written submissions and witness evidence

D9.6.3.1 The President of the Hearing will issue directions for the exchange of written submissions by the parties. The written submissions of the parties must set out their arguments on all issues that they wish to raise at the hearing and written witness statements from each Witness that they intend to call at the hearing, and enclosing copies of the documents that they intend to introduce at the hearing.

D9.6.4 Hearing

D9.6.4.1 All hearings will be conducted on a private and confidential basis, attended only by those persons permitted to attend pursuant to Article D9.6.2.

D9.6.4.2 The President of the Hearing will invite the FIA and the Respondent to set out their respective arguments, where appropriate without the Witnesses being present.

D9.6.4.3 Any Witness invited to attend shall then provide their testimony and be subject to questioning. Witnesses shall not be authorised to testify on any issue that has not been addressed in their written evidence, unless (exceptionally) permission is granted by the President of the Hearing. After they have provided their testimony, the President of the Hearing may direct any Witness to remain in the hearing room and not to speak to any other Witness.

D9.6.4.4 The President of the Hearing will then invite each of the FIA and the Respondent to make their closing statements and give the Respondent the last word.

D9.6.4.5 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, including if necessary to hear Witnesses.

D9.6.4.6 After the Respondent has had the last word, the hearing will be declared closed and no further submissions or evidence shall be permitted, unless requested by the judging panel after a hearing has been re-opened.

D9.6.4.7 After the close of the hearing, the President of the Hearing will announce the likely time and date when the decision will be pronounced.

D9.6.4.8 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 shall be informed by a new notification for the further hearing.

D9.6.5 Evidence

D9.6.5.1 *[Replaced by Art.A7.11.1]*

D9.6.5.2 *[Replaced by Art.A7.11.2]*

D9.6.5.3 *[Replaced by Art.A7.11.3]*

D9.6.6 Burden and standard of proof

D9.6.6.1 *[Replaced by Art.A7.10.1 and Art.A7.10.2]*

D9.6.6.2 *[Replaced by Art.A7.10.3]*

D9.7 Decision

D9.7.1 Following a hearing, the judging panel shall make its decision, which shall:

- 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 the English language;
- c. state the reasons for its decision;
- d. state any order as to costs, depending on the outcome of the case and subject to Article D9.7.1.e;
- e. where the Respondent is found to have breached these Financial Regulations, specify:
 - i. any sanction(s) imposed, with reasons (which shall be determined in accordance with Article D12 or Article D13, as applicable); and
 - ii. the costs to be borne by the Respondent, which shall 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 adjudication. In the event that the reasonable costs incurred by the Cost Cap Administration are disputed, the judging panel shall determine them;
- f. in the event that an F1 Team charged with a Minor Overspend Breach or a Material Overspend Breach is found to have complied with the Cost Cap, contain an express statement to that effect; and
- g. be notified to each of the FIA and the Respondent.

D9.7.2 The date of the hearing before the Cost Cap Adjudication Panel in a case involving an F1 Team may be made public (but the same will not be made public in relation to an Individual F1 Team Member). The final reasoned decision of the judging panel in a case involving an F1 Team and/or Individual F1 Team Member (save for any Confidential Information) will be published, except that the decision in a case involving an Individual F1 Team Member shall not be published pending the outcome of an appeal or until the appeal rights have expired. Persons referred to in the decision of the judging panel will have no right of legal action against the FIA, or against any person publishing the decision, for any loss or damage suffered as a result of such publication.

D9.7.3 If, within three months of the date of notification of a decision by the Cost Cap Adjudication Panel, any important new evidence is discovered which was unknown during the case before the Cost Cap Adjudication Panel and which could call into question, or cause the Cost Cap Adjudication Panel to modify, its decision, the Cost Cap Adjudication Panel may, within three months from the date of it being notified of such important new evidence, choose to re-examine its decision, following a process that respects both the rights of the parties and the terms of these Financial Regulations.

D9.8 Confidentiality of proceedings

D9.8.1 Subject to Articles D9.7.2, A8.2.1 and A8.2.2, the proceedings before the Cost Cap Adjudication Panel shall 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, except on a confidential basis to their representatives and advisors.

D9.9 Appeals

D9.9.1 The ICA is the independent judicial body of that name, established under the FIA Statutes and the FIA Judicial and Disciplinary Rules to act as the final appeal court for international motorsport.

D9.9.2 An appeal of a final decision by the Cost Cap Adjudication Panel may be made by the parties who are the subject of a decision by the Cost Cap Adjudication Panel, and shall be heard by the ICA in accordance with the FIA Judicial and Disciplinary Rules. The ICA shall have all of the same powers as the Cost Cap Adjudication Panel under these Financial Regulations.

D9.9.3 *[Replaced by Art.A7.5.5]*

D9.9.4 *[Replaced by Art.A7.5.6]*

ARTICLE D10: BREACHES APPLICABLE TO F1 TEAMS**D10.1 Procedural Breaches**

D10.1.1 A "**Procedural Breach**" arises when an F1 Team commits any breach of these Financial Regulations (including any Determination) that is not an Overspend Breach or a Non-Submission Breach.

D10.1.2 Examples of Procedural Breaches include:

- a. failing to comply with the requirements in respect of Declarations pursuant to Articles D3.1.1 and D3.1.2.a;
- b. failing to comply with a written request for information/access or Demand from the Cost Cap Administration pursuant to Article A6.3.1;
- c. failing to submit information or documentation required by any Determination by the applicable deadline included in that Determination;
- d. making a Late Submission;
- e. late provision of information or documentation relevant to the Cost Cap Administration's review of the F1 Team's Reporting Documentation pursuant to Article D8.6.3;
- f. failing to submit Interim Reporting Documentation by the Interim Reporting Deadline;
- g. failing to 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;
- h. delaying, impeding, or frustrating the exercise by the Cost Cap Administration of its regulatory functions, including any investigation conducted by or on behalf of the Cost Cap Administration, or any attempt to do so;
- i. submitting Reporting Documentation that is inaccurate, incomplete, misleading, or otherwise not compliant with the Financial Regulations;
- j. failing to comply with the terms of an ABA;
- k. failing to submit a Used Inventory Incremental List in the format prescribed and by the applicable deadline set by the Cost Cap Administration from time to time via a Determination; or
- l. failing to comply with any other obligations set out in Article D2 or elsewhere in the Financial Regulations.

D10.1.3 When conducting its review of the Reporting Documentation, the Cost Cap Administration may apply a materiality threshold calculated by reference to the Cost Cap for the applicable Financial Regulations Reporting Period when determining whether or not an F1 Team has committed a Procedural Breach for the submission of inaccurate or incomplete Reporting Documentation. Any materiality threshold applied by the Cost Cap Administration shall be applied in a consistent manner that treats all F1 Teams equally.

D10.1.4 In the event that the Cost Cap Adjudication Panel determines that an F1 Team has committed a Procedural Breach, the Cost Cap Adjudication Panel shall impose a Financial Penalty, unless:

- a. the Cost Cap Adjudication Panel determines that sufficient mitigating factor(s) exist to justify taking no further action; or
- b. the Cost Cap Adjudication Panel determines that sufficient aggravating factor(s) exist, in which case it shall impose a Minor Sporting Penalty in addition to the Financial Penalty, or in lieu of the Financial Penalty.

D10.2 Late and Non-Submission Breaches

D10.2.1 In the event that an F1 Team does not submit all of the Full Year Reporting Documentation, fully completed, by the Full Year Reporting Deadline (a "**Late Submission**"), the Cost Cap Administration shall issue a late submission notice ("**Late Submission Notice**") to the F1 Team (the "**Late Submitting Team**"). The Late Submission Notice is equivalent to an Initial Notice.

D10.2.2 Each Late Submitting Team shall, within two business days of receipt of the Late Submission Notice, provide the Cost Cap Administration with a written explanation of the reasons for its Late Submission.

D10.2.3 The Cost Cap Administration may grant the Late Submitting Team an extension to the Full Year Reporting Deadline provided that it is satisfied with the written explanation pursuant to Article D10.2.2 (the "**Extended Reporting Deadline**").

D10.2.4 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 all of the Full Year Reporting Documentation, fully completed, by the Extended Reporting Deadline,

the Late Submitting Team shall have committed a Non-Submission Breach and shall be immediately referred to the Cost Cap Adjudication Panel, following the issue of a Final Notice by the Cost Cap Administration.

D10.2.5 An F1 Team that submits a Subset Cost Cap Reporting Template as part of its Full Year Reporting Documentation when such F1 Team has failed to meet the applicable deadlines in order to use Subset Accounts stipulated by the Cost Cap Administration via a Determination shall have committed a Non-Submission Breach. The Cost Cap Administration will refer the matter to the Cost Cap Adjudication Panel following the issue of a Final Notice.

D10.2.6 In the event the Cost Cap Adjudication Panel determines that an F1 Team has committed a Non-Submission Breach, the Cost Cap Adjudication Panel shall impose a Constructors' Championship points deduction in accordance with Article D12.1.1.c.i and additionally may impose a Financial Penalty and/or any other appropriate Material Sporting Penalties.

D10.3 Overspend Breaches

D10.3.1 A "**Minor Overspend Breach**" arises when:

- a. an F1 Team submits its Full Year Reporting Documentation and Relevant Costs reported therein exceed the Cost Cap by less than 2%; or

- b. following the review of an F1 Team's Full Year Reporting Documentation (including, where applicable, the conclusion of any investigation undertaken by or on behalf of the Cost Cap Administration), the F1 Team's Relevant Costs have been determined to exceed the Cost Cap by less than 2%.

D10.3.2 In the event the Cost Cap Adjudication Panel determines that an F1 Team has committed a Minor Overspend Breach, the Cost Cap Adjudication Panel shall impose a Financial Penalty and any other appropriate Minor Sporting Penalties.

D10.3.3 A "**Material Overspend Breach**" arises when:

- a. an F1 Team submits its Full Year Reporting Documentation and Relevant Costs reported therein exceed the Cost Cap by 2% or more; or
- b. following the review of an F1 Team's Full Year Reporting Documentation (including, where applicable, the conclusion of any investigation undertaken by or on behalf of the Cost Cap Administration), the F1 Team's Relevant Costs have been determined to exceed the Cost Cap by 2% or more.

D10.3.4 In the event the Cost Cap Adjudication Panel determines that an F1 Team has committed a Material Overspend Breach, the Cost Cap Adjudication Panel shall impose a Constructors' Championship points deduction in accordance with Article D12.1.1.c.i and additionally shall impose a Financial Penalty and any other appropriate Material Sporting Penalties.

ARTICLE D11: BREACHES APPLICABLE TO INDIVIDUAL F1 TEAM MEMBERS

D11.1 Breaches applicable to individuals F1 Team Members

D11.1.1 An Individual F1 Team Member will be considered in breach of these Financial Regulations if they fail to comply with any of the obligations set out in Article D3.

D.11.1.2 The categories of breach applicable to F1 Teams do not apply to Individual F1 Team Members. However, F1 Teams are strictly responsible for any actions of their F1 Activities Personnel, which include Individual F1 Team Members.

ARTICLE D12: SANCTIONS APPLICABLE TO F1 TEAMS**D12.1 Sanctions applicable to F1 Teams**

D12.1.1 The following sanctions may be imposed on F1 Teams for breach of these Financial Regulations as set out in Article D10:

- a. A "**Financial Penalty**", meaning a fine in an amount to be determined on a case by case basis.
- b. A "**Minor Sporting Penalty**", meaning one or more of the following:
 - i. public reprimand;
 - ii. deduction of Constructors' Championship points awarded for the Championship that took place within the Financial Regulations Reporting Period of the breach;
 - iii. deduction of Drivers' Championship points awarded for the Championship that took place within the Financial Regulations Reporting Period of the breach;
 - iv. suspension from one or more stages of a Competition or Competitions, excluding the race or Sprint themselves;
 - v. limitations on ability to conduct aerodynamic or other Testing; and/or
 - vi. reduction of the Cost Cap, provided that this sanction shall be applied only with respect to the Full Year Financial Regulations Reporting Period immediately following the date of the imposition of the sanction and (where applicable) subsequent Full Year Financial Regulations Reporting Periods.
- c. A "**Material Sporting Penalty**", meaning one or more of the following:
 - i. deduction of Constructors' Championship points awarded for the Championship that took place within the Financial Regulations Reporting Period of the breach;
 - ii. deduction of Drivers' Championship points awarded for the Championship that took place within the Financial Regulations Reporting Period of the breach;
 - iii. suspension from one or more stages of a Competition or Competitions, excluding the race or Sprint themselves;
 - iv. limitations on the ability to conduct aerodynamic or other Testing;
 - v. suspension from an entire Competition or Competitions, including the race or Sprint themselves;
 - vi. exclusion from the Championship for a specified period; or
 - vii. reduction of the Cost Cap, provided that this sanction shall be applied only with respect to the Full Year Financial Regulations Reporting Period immediately following the date of the imposition of the sanction (and subsequent Full Year Financial Regulations Reporting Periods, where applicable).

The FIA may from time to time publish guidelines on sanctions for each category of breach.

D12.2 Enhanced monitoring

D12.2.1 In addition to any of the sanctions listed in Article D.12.1.1, the Cost Cap Adjudication Panel has the power to impose enhanced monitoring in respect of an F1 Team.

D12.3 Aggravating or mitigating factors

D12.3.1 In determining the sanctions appropriate for a particular case, the Cost Cap Adjudication Panel shall take into account any aggravating or mitigating factors, as set out in Article A7.12.7.

D12.3.2 *[Replaced by Art.A7.12.7]*

D12.3.3 *[Replaced by Art.A7.12.7]*

D12.4 Suspended sanctions

D12.4.1 *[Replaced by Art.A7.12.4]*

D12.4.2 *[Replaced by Art.A7.5.5]*

D12.5 Payment of a Financial Penalty

D12.5.1 Payment of all fines under these Financial Regulations shall be made within 30 days of the date of the relevant decision, unless there is good reason to impose different payment conditions. In the event that an appeal is made, payment shall be suspended until the outcome of the appeal is determined.

D12.5.2 Subject to Article D12.5.1, any delay in the payment of all fines under these Financial Regulations automatically divests the F1 Team concerned of the right to participate in the Championship until that payment has been made.

D12.5.3 Without prejudice to Article D12.5.2, interest shall be payable by the F1 Team to the FIA in respect of any fines 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 2% above the US Federal Reserve System federal funds rate on the relevant due date.

ARTICLE D13: SANCTIONS APPLICABLE TO INDIVIDUAL F1 TEAM MEMBERS**D13.1 Sanctions applicable to individual F1 Team Members**

D13.1.1 Where an Individual F1 Team Member admits or is found to have breached any of their obligations under Article D3, a provisional suspension and/or any sanctions set out below and/or in Article A7.12.3 may be imposed by the Cost Cap Administration in an ABA or by the Cost Cap Adjudication Panel:

- a. warning;
- b. public reprimand;
- c. *[Replaced by Art.A7.12.3.b]*
- d. *[Replaced by Art.A7.12.3.c]*
- e. *[Replaced by Art.A7.12.3.d]*

D13.1.2 *[Replaced by Art.A7.12.5]*

D13.1.3 Articles D12.3.1 and A7.12.7 relating to aggravating/mitigating factors also apply, *mutatis mutandis*, to sanctions on Individual F1 Team Members, to the extent relevant.

D13.1.4 *[Replaced by Art.A7.12.4]*

ARTICLE D14: ARRANGEMENTS FOR NEW ENTRANTS

D14.1 Arrangements for new entrants

D14.1.1 A new F1 Team must comply with these Financial Regulations in respect of the Full Year Financial Regulations Reporting Period immediately prior to the first Championship season in which such F1 Team participates, except that it shall not be required to comply with Article D7.2.1 in respect of that period.

APPENDIX D1: DEFINITIONS AND INTERPRETATION

In these Financial Regulations, the following words and expressions have the meanings set out opposite them:

"**ABA**" means an accepted breach agreement entered into between the Cost Cap Administration and the relevant F1 Team or Individual F1 Team Member.

"**Academy Program Activities**" means the activities undertaken to scout, train and develop emerging young drivers for potential Formula 1 seats.

"**Activities To Enable The Supply Of Power Units**" means:

- a. the research, development, and design of Power Units;
- b. the manufacture and assembly of Power Units, including the testing of systems and components that comprise Power Units, supplied to any F1 Team;
- c. the provision of track support activities relating to the operation of Power Units by any F1 Team, as set out in Appendix C4 of the 2026 Technical Regulations; and
- d. the purchase and/or manufacture of F1 Car components provided to a Power Unit supplier for the Sole Purpose Of Testing Power Units For Performance And Reliability on either a Single Cylinder Dynamometer, Power Unit Dynamometer, Power Train Dynamometer, or ERS Test Bench.

"**Adjusted Indexation Rate**" means the weighted average annual inflation rate for the year to 30 June of the Full Year Financial Regulations Reporting Period, as derived from the country-specific annual inflation rates communicated by the Cost Cap Administration via a Determination.

"**Adjustments**" means the adjustments to Total Costs of the Reporting Group set out in Article D6.

"**Alternative Fuel and Oil**" means fuel and oil from a supplier other than the supplier that has been specified by the Power Unit supplier to be used with the Power Units that it supplied to the F1 Team;

"**Applicable Rate**" means:

- a. the Initial Applicable Rate; or
- b. the average of the daily exchange rates published by the US Federal Reserve System (which are available at <https://www.federalreserve.gov/releases/h10/>) as at such date, +/- 60 days, as the Cost Cap Administration, in its absolute discretion, decides and communicates to the F1 Teams via a Determination no later than 31 October of the Full Year Financial Regulations Reporting Period preceding the Full Year Financial Regulations 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.

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

- a. a statement of financial position (balance sheet) at the end of the period;
- b. a statement of financial performance for the period (income statement/profit and loss account);
- c. if applicable, a statement of other comprehensive income for the period;
- d. a statement of changes in equity for the period; and
- e. notes, comprising a summary of significant accounting policies and other explanatory notes.

"**CEO**" means the individual designated as chief executive officer for an F1 Team in the F1 Team's Competitor Staff Registration Submission to the FIA for the Financial Regulations Reporting Period in question.

"**CFO**" means the individual designated as chief financial officer for each F1 Team in the F1 Team's Competitor Staff Registration Submission to the FIA for the Financial Regulations Reporting Period in question.

"**Championship**" means the FIA Formula One World Championship as set out under Article D1.1.1, which includes both the Constructors' Championship and the Drivers' Championship.

"**Competition**" has the meaning set out in Section A: General Regulatory Provisions in force during the applicable Financial Regulations Reporting Period, and "**Competitions**" shall be construed accordingly.

"**Competitor Staff Registration Submission**" means the competitor's staff registration submission required pursuant to the International Sporting Code.

"**Complainant Team**" means an F1 Team that submits a report of non-compliance with these Financial Regulations as set out under Article D8.8.1.

"**Confidential Information**" means all confidential information relating to an F1 Team and/or the other members of the F1 Team's Legal Group and/or any Individual F1 Team Member (whether written, oral, or in any other format), including any information 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 information, commercially sensitive information, designs, trade secrets, or software of the F1 Team and/or of any other member of the F1 Team's Legal Group and/or any Individual F1 Team Member. The total annual gross salary and the total average number of full-time employees of the F1 Team's Reporting Group Entities is not considered Confidential Information and may be disclosed not earlier than the 30 September of the subsequent Full Year Financial Regulations Reporting Period by the Cost Cap Administration to all F1 Teams.

"**Connected Party**" means, in relation to a Relevant Person:

- a. any family member of such Relevant Person, where family member means:
 - i. a spouse, domestic partner, or civil partner;
 - ii. any other person with whom the Relevant Person lives as partner in an enduring family relationship;
 - iii. children or step-children of the Relevant Person 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 Relevant Person and have not attained the age of 18;

- v. siblings;
 - vi. parents; and
 - vii. dependants of the Relevant Person or of any person falling within paragraph a.i. of this definition;
- b. any agent or representative acting on behalf of the Relevant Person;
- c. any body corporate in relation to which a Relevant Person 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
- c. 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 Relevant Person or any or all of the other categories of person referred to in this definition.

"**Consideration**" comprises:

- a. in the context of an employee:
 - i. short term employee benefits (including basic salaries and bonuses);
 - ii. post-employment benefits;
 - iii. other long-term employee benefits;
 - iv. termination benefits; and
 - v. any other consideration in exchange for any other service provided (whether written or unwritten); and
- b. in the context of a person who is not an employee:
 - i. fees;
 - ii. performance or other contractual payments, including payments in connection with the use of image rights;
 - iii. termination payments; and
 - iv. any other consideration in exchange for any other service provided (whether written or unwritten).

"**Consideration Factor**" means the factor that the Cost Cap Administration decides and communicates to the F1 Teams via a Determination no later than 31 October of the Full Year Financial Regulations Reporting Period preceding the Full Year Financial Regulations Reporting Period in which the Consideration Factor is to be applicable, calculated as the average annual wages of the jurisdiction of the F1 Team divided by the weighted average annual wages of the jurisdictions of the F1 Teams for the latest available year as published by the Organisation for Economic Co-operation and Development (<https://www.oecd.org/en/data/indicators/average-annual-wages.html>). If such data ceases to exist, the Cost Cap Administration will use an alternative data source that it deems to be reasonably comparable.

"Constructors' Championship" means the FIA Formula One World Constructors' Championship.

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

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

"Cost Cap" has the meaning set out in Article D4.1.2.

"Cost Cap Adjudication Panel" means the decision-making panel comprised of independent judges as defined in Appendix A1 of Section A: General Regulatory Provisions.

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

"Cost Cap Reporting Template" means the reporting template, in the format prescribed by the Cost Cap Administration from time to time via a Determination, which shall:

- a. include Total Costs of the Reporting Group;
- b. include, in respect of the Full Year Reporting Documentation, a reconciliation of the costs reported in the Cost Cap Reporting Template to the costs recorded in the Audited Annual Financial Statements in respect of each Reporting Group Entity;
- c. calculate Relevant Costs for the applicable Financial Regulations Reporting Period;
- d. contain an appropriate level of disclosure to enable the Cost Cap Administration to assess compliance with these Financial Regulations; and
- e. include details of relevant Related Party Transactions, Exchange Transactions, Inter-Team Transactions, Power Unit Transactions, and transactions pursuant to which a Customer Competitor uses a Transferable Component or a sub-assembly of a Transferable Component.

"Current Cars" has the meaning set out in the Sporting Regulations in force during the applicable Financial Regulations Reporting Period.

"Customer Team" means, in relation to the F1 Team or a Reporting Group Entity, another F1 Team to which it provides goods and/or services.

"Customer Team Support Activities" means:

- a. the purchase and manufacture of Transferable Components, Defined Specification Components, Free Supply Components and Open Source Components for supply to a Customer Team;
- b. the provision of services for the sole benefit of a Customer Team; and
- c. incremental activities to customise an output for the specific use of a Customer Team(s).

"Declarations" has the meaning set out in Article D3.1.1.

"Defined Specification Component" has the meaning set out in the Technical Regulations in force during the applicable Financial Regulations Reporting Period.

"Demand" has the meaning set out in Appendix A1 of Section A: General Regulatory Provisions.

"Demonstration Event" has the meaning set out in the Sporting Regulations in force during the applicable Financial Regulations Reporting Period.

"Determination" means an official written communication issued by the Cost Cap Administration to all of the F1 Teams which is expressed to be a "Determination" and which shall be binding on the F1 Teams.

"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, systems, or services prior to the commencement of commercial production or use.

"Directly Attributable" means, in relation to a particular activity, if:

- a. the cost would have been avoided if that particular activity was not undertaken; and
- b. the cost is separately identifiable without apportionment.

"Drivers' Championship" means the FIA Formula One World Drivers' Championship.

"Effective Date" means the date on which these Financial Regulations come into force, as specified in Article D1.1.1.

"Electronic Device(s)" has the meaning set out in Appendix A1 of Section A: General Regulatory Provisions.

"Employee Bonus Costs" means those amounts payable pursuant to a Formal Bonus Scheme, to the extent such amounts are:

- a. determined solely by reference to the F1 Team's final classification in the Constructors' Championship in the Full Year Financial Regulations Reporting Period; and
- b. are paid in their entirety after the conclusion of the last Competition of the Championship taking place in the Full Year Financial Regulations Reporting Period.

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

"Engineering Trailer" means a branded temporary standalone structure, and any irremovable fixtures, fittings and equipment integrated into such structure that is brought into the paddock and constructed by an F1 Team to provide a working environment for engineering purposes during a Competition or Testing of Current Cars. For the avoidance of doubt this does not include any structures, fixtures, fittings, or equipment that are constructed or installed into any permanent or existing paddock buildings, such as the pit garages.

"Entities Subject To Segregation Requirements" has the meaning set out in the Operational Regulations in force during the applicable Financial Regulations Reporting Period.

"ERS Test Bench" has the meaning set out in the Operational Regulations in force during the applicable Financial Regulations Reporting Period.

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

"Excluded Bonus Maximum Amount" means:

- a. for each F1 Team that either wins the Constructors' Championship taking place in the applicable Financial Regulations Reporting Period, or achieves a higher finishing position in the Constructors' Championship taking place in the applicable Financial Regulations Reporting Period than it achieved in any of the previous three Financial Regulations Reporting Periods, US Dollars 14,500,000; and
- b. for each other F1 Team, US Dollars 12,000,000.

"Excluded Costs" means those costs that must be excluded from Total Costs of the Reporting Group pursuant to the exclusions set out in Article D5.

"Excluded Persons" has the meaning set out in Article D5.1.1.d. and **"Excluded Person"** shall be construed accordingly.

"Extended Reporting Deadline" has the meaning set out in Article D10.2.3.

"F1 Activities Personnel" means any individual engaged in the undertaking of F1 Team's F1 Activities on behalf of the F1 Team in question and/or on behalf of any other member of the F1 Team's Legal Group, which for the avoidance of doubt includes Individual F1 Team Members.

"F1 Cars" means Current Cars, Previous Cars, Historic Cars, Mule Cars and any cars intended for future participation in the Championship.

"F1 Driver" means any person:

- a. engaged by a Reporting Group Entity whose primary role is as a driver engaged in the racing of F1 Cars in the Championship for or on behalf of the F1 Team during the Financial Regulations Reporting Period; and
- b. who has driven in a race for the F1 Team in the Championship during the Financial Regulations Reporting Period.

"F1 Team" means a legal entity that holds an FIA Super Licence to participate in the Championship (being referred to in the International Sporting Code and other FIA rules and regulations as the "competitor" or the "constructor").

" F1 Team's F1 Activities" means:

- a. all activities undertaken by or on behalf of the F1 Team relating to the operation of that F1 Team and its participation in the Championship, including all activities in connection with the research, development, design, manufacture, Testing, and racing of F1 Cars and marketing activities of the F1 Team, but excluding:
 - i. Activities To Enable The Supply Of Power Units for use by any F1 Team(s);
 - ii. Customer Team Support Activities;
 - iii. activities undertaken in order to participate in an FIA Project; and

- iv. activities to enable the supply of, or participate in a tender process to supply, any Standard Supply Component, as the sole supplier of that Standard Supply Component appointed by the FIA.
- b. all activities undertaken by or on behalf of the F1 Team in connection with the research, development, and design of Listed Team Components, Transferable Components, Defined Specification Components, Free Supply Components, Non Transferable Open Source Components and Open Source Components;
- c. the planning, directing, management, control, and/or execution of the activities defined as F1 Team's F1 Activities within paragraphs a. and b. of this definition; and
- d. the management, directing, control, and use of the assets used to undertake the activities defined as F1 Team's F1 Activities within paragraphs a. and b. of this definition.

"Fair Value" means the price that would have been received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date, determined applying the valuation techniques set out in the Appendix B to IFRS13 (fair value measurement), as renamed or renumbered 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 general assembly of the FIA, as described in Articles 8 and 9 of the FIA Statutes.

"FIA Judicial and Disciplinary Rules" means the Judicial and Disciplinary Rules of the FIA, as amended from time to time.

"FIA Legal" means the FIA legal department and its staff.

"FIA Project" means any F1 safety-related FIA project or initiative, or any other F1-related FIA project, in each case as notified to the F1 Teams by the Cost Cap Administration via a Determination.

"FIA Statutes" means the statutes of the FIA, as amended from time to time.

"FIA Super Licence" has the meaning set out in the International Sporting Code.

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

"Final Notice" means the notice issued by the Cost Cap Administration to an F1 Team or Individual F1 Team Member notifying them of an alleged breach of one or more provisions of the Financial Regulations.

"Finance Activities" are the undertaking of payroll administration, processing of payments to/from third parties, financial record keeping, accounting and taxation matters, and preparation of financial statements and internal financial analysis.

"Finance Costs" mean:

- 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 D12.1.1.a and "**Financial Penalties**" shall be construed accordingly.

"**Financial Regulations**" means the Financial Regulations (F1 Teams), as amended from time to time.

"**Financial Regulations Objectives**" has the meaning set out in Article D1.2.2.

"**Financial Regulations Reporting Period**" means the Interim Financial Regulations Reporting Period and/or the Full Year Financial Regulations Reporting Period, as the context requires.

"**Flyaway Event**" means a Competition or Testing of Current Cars to which F1 Teams do not transport their paddock motorhome and Engineering Trailer.

"**Force Majeure Event**" means any circumstances beyond the reasonable control of an F1 Team affecting its compliance with these 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 natural physical disaster, epidemic, pandemic, or outbreak, and any legislation, regulation, or ruling of any government, court, or other such competent authority.

"**Formal Bonus Scheme**" means an employee bonus scheme that either:

- a. has been formally communicated in writing (including, for these purposes, by email) to the relevant employee(s); or
- b. has been formally approved by the board of directors of the F1 Team and is supported by a board resolution,

in either case prior to the first Competition of the Championship to which the Financial Regulations Reporting Period relates.

"**Free Supply Component**" has the meaning set out in the Technical Regulations in force during the applicable Financial Regulations Reporting Period.

"**Full Year Financial Reporting Documentation**" means either:

- a. if the F1 Team submitted a Cost Cap Reporting Template within its Interim Financial Reporting Documentation in the Financial Regulations Reporting Period, the following documents:
 - i. the Audited Annual Financial Statements in respect of each Reporting Group Entity for the Full Year Financial Regulations Reporting Period; and
 - ii. a completed Cost Cap Reporting Template; or
- b. if the F1 Team submitted a Subset Cost Cap Reporting Template within its Interim Financial Reporting Documentation in the Financial Regulations Reporting Period, either:

- i. the documents set out in paragraph a. of this definition; or
- ii. the following documents:
 - (A) the Audited Annual Financial Statements for each individual Reporting Group Entity for the Full Year Financial Regulations Reporting Period;
 - (B) the Subset Accounts; and
 - (C) a completed Subset Cost Cap Reporting Template.

"Full Year Reporting Deadline" means the deadline for submission of the Full Year Reporting Documentation, which is 19.00 CET on 31 March, or if such day is not a business day on the next business day, in respect of the Full Year Financial Regulations Reporting Period ending on 31 December in the previous calendar year, unless any later time or date is otherwise communicated to the F1 Teams by the Cost Cap Administration via a Determination.

"Full Year Reporting Documentation" has the meaning set out in Article D7.1.1.

"Full Year Financial Regulations Reporting Period" means a 12-month financial reporting period commencing on 1 January and ending on 31 December in any given year.

"Garage Items" means the following items of plant and equipment within the F1 Team's garage at a Competition or Testing of Current Cars:

- a. TV screens that are used wholly and exclusively to display the televised race footage as distributed to broadcasters and available to the general public, and/or the public relations external communications, and/or marketing communications made by the F1 Team;
- b. the F1 Team's garage viewing gallery that is used wholly and exclusively for hospitality purposes; and
- c. wall panels, excluding:
 - i. any items fitted into the panels;
 - ii. the garage central island and/or engineering desks;
 - iii. any garage storage units; and
 - iv. any storage drawers.

"Good Faith" means with due diligence and in a spirit of honesty, sincerity, and integrity.

"Health And Safety Costs" means:

- a. costs of personal protective equipment worn by F1 Activities Personnel who are engaged by a Reporting Group Entity in the undertaking of F1 Team's F1 Activities;
- b. Consideration provided to, and associated employer's social security contributions incurred in respect of F1 Activities Personnel who are engaged by a Reporting Group Entity or costs of outsourced services incurred which are in either case Directly Attributable to guarantee the physical protection of F1 Activities Personnel in attendance at a Competition or on-track testing; or

- c. Consideration provided to, and associated employer's social security contributions incurred in respect of, F1 Activities Personnel who are engaged by a Reporting Group Entity or cost of outsourced services incurred which are in either case Directly Attributable to monitor and inspect compliance with applicable health and safety legislation.

"**Heritage Asset Activities**" means activities for the preservation, management, operation, Testing, and maintenance of Previous Cars and Historic Cars.

"**Heritage Asset Personnel**" means any F1 Activities Personnel spending 90% or more of their total working hours in the applicable Financial Regulations Reporting Period undertaking Heritage Asset Activities.

"**Historic Cars**" has the meaning set out in the Sporting Regulations in force during the applicable Financial Regulations Reporting Period.

"**Human Resources Activities**" means the undertaking of recruitment of F1 Activities Personnel, F1 Activities Personnel communications, Employee Medical Benefits, and grievance, disciplinary, or termination procedures relating to F1 Activities Personnel.

"**Hybrid Powered**" means a road vehicle that uses both an internal-combustion engine and an electric motor for propulsion and for which the emissions do not exceed 70g/CO₂ per km.

"**IAS 16**" means International Accounting Standard 16 'Property, Plant and Equipment'.

"**ICA**" means the FIA International Court of Appeal.

"**Immunity Conditions**" has the meaning set out in Article D8.9.3.

"**Independent Audit Firm**" means an independent audit firm acting in compliance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that has been approved by the Cost Cap Administration.

"**Indexation**" means:

- a. in respect of the Full Year Financial Regulations Reporting Period ending on 31 December 2027:
 - i. the Indexation Rate; or
 - ii. the Adjusted Indexation Rate, if the Adjusted Indexation Rate exceeds the Indexation Rate by 2% or more;
- b. in respect of the Full Year Financial Regulations Reporting Period ending on 31 December 2028 and each subsequent Full Year Financial Regulations Reporting Period, the compound rate obtained by applying:
 - i. the Indexation Rate to the Indexation Rate of the preceding Full Year Financial Regulations Reporting Periods starting with the Full Year Financial Regulations Reporting Period ending on 31 December 2027; or
 - ii. the Adjusted Indexation Rate to the Indexation Rate of the preceding Full Year Financial Regulations Reporting Periods starting with the Full Year Financial Regulations Reporting Period ending on 31 December 2027, if the Adjusted Indexation Rate exceeds the Indexation Rate by 2% or more.

"Indexation Rate" means the weighted average annual inflation rate for the year to 31 December of the preceding Full Year Financial Regulations Reporting Period, as derived from the country-specific annual inflation rates communicated by the Cost Cap Administration via a Determination.

"Individual F1 Team Member" means an F1 Team's Team Principal, CEO, CFO, Technical Director, and each other person who signs a Declaration on behalf of the F1 Team or the F1 Team's Ultimate Controlling Party.

"Initial Applicable Rate" means:

- a. in respect of the exchange rate between US Dollars and each of Pounds Sterling, Euros, and Swiss Francs (amount of US Dollars per 1 unit of the other currency), the following rates:

US Dollars / Pounds Sterling	US Dollars / Euros	US Dollars / Swiss Francs
1.2640	1.0822	1.1316

- b. in respect of all other currencies, the average of the daily exchange rates published by the US Federal Reserve System over the period 29 February 2024 +/-60 days.

"Initial Notice" means the initial notice issued by the Cost Cap Administration to an F1 Team or Individual F1 Team Member notifying them of an apparent breach of one or more provisions of the Financial Regulations.

"Inspection" means the non-destructive verification of the compliance of an item of Inventory that has passed through a manufacturing process with a pre-defined engineering specification in the form of an engineering drawing, work instruction or recognised standard or physical property. It is undertaken at the lowest possible assembly level and is not a measurement of performance in use or any kind of calibration

"Interim Financial Reporting Documentation" means:

- a. a completed Cost Cap Reporting Template; or
- b. if the F1 Team has submitted a notice in writing to the Cost Cap Administration of its intention to use Subset Accounts as part of its Full Year Financial Reporting Documentation by the deadline communicated by the Cost Cap Administration via a Determination, a completed Subset Cost Cap Reporting Template.

"Interim Reporting Deadline" means the deadline for submission of the Interim Reporting Documentation, which is 19.00 CET on 30 June or if such day is not a business day on the next business day, in respect of the Interim Financial Regulations Reporting Period ending on 30 April in the same calendar year, unless any later time or date is otherwise communicated to the F1 Teams by the Cost Cap Administration via a Determination.

"Interim Reporting Documentation" has the meaning set out in Article D7.1.2.

"Interim Financial Regulations Reporting Period" means a four-month financial reporting period commencing on 1 January and ending on 30 April in any given year.

"International Sporting Code" means the International Sporting Code of the FIA and its appendices, as amended from time to time.

"International Tribunal" means the tribunal established pursuant to Article 26 of the FIA Statutes with the powers and duties set out in the FIA Statutes and FIA Judicial and Disciplinary Rules.

"Inter-Team Transaction" means a transaction between a Reporting Group Entity in respect of an F1 Team and a member of the Legal Group of another F1 Team.

"Inventories" means only those items that are:

- a. finished goods purchased or produced, and held for use in respect of the F1 Team's Current Cars;
- b. in the process of production for such use under paragraph a. of this definition; and
- 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"** and **"Jointly Controlled"** shall 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.

"Judge" has the meaning set out in Article D9.4.1, and **"Judges"** shall be construed accordingly.

"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 D10.2.1.

"Late Submission Notice" has the meaning set out in Article D10.2.1.

"Late Submitting Team" has the meaning set out in Article D10.2.1.

"Legal Activities" means the provision of legal advice and guidance, legal document preparation and drafting, legal contract management, litigation management, and representation in respect of legal matters.

"Legal Group" means:

- a. the F1 Team;
- b. any direct or indirect Controlling, or Jointly Controlling, entity of the F1 Team (up to and including the Ultimate Controlling Party);
- c. any Subsidiary, Associate, or Joint Venture of the F1 Team or any entity pursuant to paragraph b. of this definition; and
- d. any party that has Significant Influence over the F1 Team.

"Legal Professional Privilege" covers communications between a lawyer and a client for the sole or dominant purpose of giving or receiving of legal advice. It also covers communications between lawyers or their clients and any third party for the sole or dominant purpose of obtaining advice or information in connection with any existing or reasonably contemplated litigation (including any proceedings before the International Tribunal, Cost Cap Adjudication Panel, or ICA). Legal professional privilege applies to both external and in-house lawyers. As to any document that contains non-legal advice in any part(s), such part(s) are disclosable and Legal Professional Privilege shall not apply to such part(s). This definition of Legal

Professional Privilege shall supersede any contrary or conflicting rules on legal professional privilege or professional secrecy (or similar) under applicable law.

"**Listed Team Components**" has the meaning set out in the Technical Regulations in force during the applicable Financial Regulations Reporting Period.

"**Login Information**" has the meaning given to that term in Article D8.4.2.2.a.ii.

"**Marketing Activities**" means:

- a. the creation, development, and deployment of Marketing Outputs;
- b. the identification and negotiation of sponsorship and licensing agreements;
- c. the undertaking of Marketing Services;
- d. the application of paint and stickers to F1 Cars or to any plant or equipment assets used to undertake F1 Team's F1 Activities; and
- e. carrying out Promotional Events, Demonstration Events, or other demonstration events organised by the Commercial Rights Holder.

For the avoidance of doubt, in no instances the cost of Inventories shall be excluded as Marketing Activities.

"**Marketing Outputs**" means branded F1 Team clothing, merchandise, website, customer relationship management database, eSports players/teams, public relations external communications, podcast and other serialized media, the paddock motorhome, Engineering Trailer, Team Building at a Flyaway Event, Garage Items and any other outputs as may be determined and communicated as such by the Cost Cap Administration via a Determination from time to time.

"**Marketing Services**" means the provision to a counterparty of a sponsorship agreement of branding rights, display rights, hospitality rights, tickets, and other attendance rights at Competitions and track testing, replicas of helmets and trophies, F1 Drivers or Other Racing Drivers or F1 Team F1 Activities Personnel appearances, merchandising rights, media content, branded team gifts, memorabilia, replicas and show cars, provision of hospitality services to guests, fan engagement and loyalty programs and any other services as may be determined and communicated as such by the Cost Cap Administration via a Determination from time to time.

"**Material Overspend Breach**" has the meaning set out in Article D10.3.3.

"**Material Sporting Penalty**" has the meaning set out in Article D12.1.1.c. and "**Material Sporting Penalties**" shall be construed accordingly.

"**Minor Overspend Breach**" has the meaning set out in Article D10.3.1.

"**Minor Sporting Penalty**" has the meaning set out in Article D12.1.1.b. and "**Minor Sporting Penalties**" shall be construed accordingly.

"**Mule Car**" has the meaning set out in the Sporting Regulations in force during the applicable Financial Regulations Reporting Period.

"**Non-Submission Breach**" has the meaning set out in Article D10.2.4 and D10.2.5, as applicable.

"**Non-F1 Activities**" means activities that are not F1 Team's F1 Activities.

"**Non Transferable Open Source Components**" has the meaning set out in the Technical Regulations in force during the applicable Financial Regulations Reporting Period.

"**Open Source Components**" has the meaning set out in the Technical Regulations in force during the applicable Financial Regulations Reporting Period.

"**Other Racing Driver**" means any person engaged by a Reporting Group Entity whose primary role is as a driver engaged in the racing and/or Testing of automobiles for or on behalf of the F1 Team during the Financial Regulations Reporting Period, but who is not an F1 Driver.

"**Overspend Breach**" means a Minor Overspend Breach and/or Material Overspend Breach.

"**Parent**" means an entity that Controls one or more other entities (known as Subsidiaries). Together a Parent and its Subsidiaries are a "**Group**".

"**Power Train Dynamometer**" has the meaning set out in the Operational Regulations in force during the applicable Financial Regulations Reporting Period.

"**Power Unit**" has the meaning set out in the Technical Regulations in force during the applicable Financial Regulations Reporting Period.

"**Power Unit Supply Perimeter**" has the meaning set out in the Technical Regulations in force during the applicable Financial Regulations Reporting Period.

"**Power Unit Dynamometer**" has the meaning set out in the Operational Regulations in force during the applicable Financial Regulations Reporting Period.

"**Power Unit Transaction**" means a transaction (other than a Related Party Transaction, Exchange Transaction, or Inter-Team Transaction) between a Reporting Group Entity and a Power Unit supplier.

"**Presentation Currency**" means, in relation to a Reporting Group Entity, the currency in which the Audited Annual Financial Statements of that entity are presented, and "**Presentation Currencies**" shall be construed accordingly.

"**President of the Cost Cap Adjudication Panel**" has the meaning set out in Article D9.4.2.

"**President of the Hearing**" has the meaning set out in Article D9.4.6.

"**Previous Cars**" has the meaning set out in the Sporting Regulations in force during the applicable Financial Regulations Reporting Period.

"**Procedural Breach**" has the meaning set out in Article D10.1.1.

"**Promotional Event**" has the meaning set out in the Sporting Regulations in force during the applicable Financial Regulations Reporting Period.

"**Property**" means any land, buildings, and leasehold improvements classified as such in the Audited Annual Financial Statements of each Reporting Group Entity.

"**Property Costs**" means:

- a. any rent, lease costs, reinstatement costs, business rates, and taxes in respect of land, buildings, and leasehold improvements;
- b. property insurance costs;
- c. security costs in respect of external access to the property;
- d. cost of landscaping of external areas within the property perimeter; and
- e. cost of cleaning and waste disposal services provided in respect of the property.

"Reassessed Relevant Costs" means the F1 Team's Relevant Costs as recalculated by the Cost Cap Administration following the completion of its review of the F1 Team's Full Year Reporting Documentation.

"Redundant Inventories" means Inventories not held for future use in respect of the F1 Team's Current Cars, as:

- a. they are damaged or destroyed;
- b. they are obsolete; or
- c. the F1 Team determine they will not be used in the future in respect of the F1 Team's Current Cars.

"Related Party" means, with respect to a Reporting Group Entity:

- a. a person who:
 - i. has Control or Joint Control of that Reporting Group Entity;
 - ii. has Significant Influence over that Reporting Group Entity; or
 - iii. is a member of the Key Management Personnel of that Reporting Group Entity or of a Parent of that Reporting Group Entity;
- 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 Group Entity are members of the same Group;
 - ii. it or the Reporting Group Entity 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 Group Entity are Joint Ventures of the same third party;
 - iv. it or the Reporting Group Entity 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 Group Entity;
 - 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); and/or

- viii. the entity, or any member of a Group of which it is a part, provides Key Management Personnel services to a Reporting Group Entity or to the Parent of a Reporting Group Entity.

"Related Party Transaction" means, with respect to a Reporting Group Entity:

- a. a transfer of resources, services or obligations between that Reporting Group Entity and a Related Party, regardless of whether a price has been charged; or
- b. any transaction between that Reporting Group Entity 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 the Total Costs of the Reporting Group less any Excluded Costs, and subject to any applicable Adjustments.

"Relevant Employee" means any employee of a Reporting Group Entity who meets in the Financial Regulations Reporting Period all of the following criteria:

- a. is resident for tax purposes, subject to limited or unlimited tax liability, in the same jurisdiction in which the F1 Team is incorporated; and
- b. has a resident permit or is a national of the country where the F1 Team is incorporated; and
- c. has rendered its services for the majority of the time that it was employed by the F1 Team in the country where the F1 Team is incorporated.

"Relevant Employee Consideration" means the costs of Consideration of all Relevant Employees, up to a maximum amount of US Dollars 250,000 per Relevant Employee, excluding any such amounts falling within Articles D5.1.1.a.0 to D5.1.1.e. (inclusive), D5.1.1.h., D5.1.1.i., D5.1.1.k., D5.1.1.v., D5.1.1.w., D5.1.1.x., D5.1.1.y., D5.1.1.z. and D5.1.2.

"Relevant Person" means F1 Drivers, Other Racing Drivers, and Excluded Persons.

"Reporting Deadline(s)" means the Interim Reporting Deadline and/or the Full Year Reporting Deadline, as the context requires.

"Reporting Documentation" means the Interim Reporting Documentation and/or the Full Year Reporting Documentation, as the context requires.

"Reporting Group" has the meaning set out in Article D4.2.1.

"Reporting Group Documentation" means documentation, in the format prescribed by the Cost Cap Administration from time to time via a Determination, containing:

- a. details of each Reporting Group Entity for the applicable Financial Regulations Reporting Period; and
- b. confirmation that the exclusion from the F1 Team's Reporting Group of all other entities in the F1 Team's Legal Group is in accordance with Article D4.2.

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

"Respondent" has the meaning set out in Article D9.6.2.1.a.

"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.

"Single Cylinder Dynamometer" has the meaning set out in the Operational Regulations in force during the applicable Financial Regulations Reporting Period.

"Sole Purpose Of Testing Power Units For Performance And Reliability" has the meaning set out in the Operational Regulations in force during the applicable Financial Regulations Reporting Period.

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

"Sprint" means an FIA Formula One Sprint, including FIA Formula One Sprint qualifying events, as defined in the FIA Sporting Regulations in force during the applicable Financial Regulations Reporting Period.

"Standard Supply Components" has the meaning set out in the Technical Regulations in force during the applicable Financial Regulations Reporting Period and **"Standard Supply Component"** shall be construed accordingly.

"Standard Operating Procedure" means the standard operating procedure published by the FIA which sets out guidance regarding the manner in which the Cost Cap Administration will exercise its right under these Financial Regulations to make a Demand to an F1 Team to be provided with, and granted access to, Electronic Devices of the F1 Team (and/or of its F1 Activities Personnel and/or of the other members of the F1 Team's Legal Group and/or of their respective F1 Activities Personnel) for the purposes of copying and/or downloading data from such Electronic Devices.

"Subset Accounts" means, annual accounts for the Full Year Financial Regulations Reporting Period for a clearly identifiable component of the F1 Team, the format of which shall be prescribed by the Cost Cap Administration via a Determination and which shall:

- a. include Total Costs of the F1 Team less any costs Directly Attributable to Non-F1 Activities;
- b. be prepared by reference to the same financial reporting framework and under the same accounting policies used by the F1 Team in its Audited Annual Financial Statements; and
- c. comprise:
 - i. an income statement with line items down to profit or loss before Finance Costs and Corporate Income Tax;
 - ii. balance sheet line items for tangible assets, intangible assets, inventories and research and development costs; and
 - iii. explanatory notes,which have been audited by the same Independent Audit Firm that signs the F1 Team's Audited Annual Financial Statements; and
- a. be derived from best practice accounting separation and regulatory financial reporting requirements.

"Subset Cost Cap Reporting Template" means the reporting template, in the format prescribed by the Cost Cap Administration from time to time via a Determination, which shall:

- a. include:
 - i. Total Costs of the F1 Team less any costs Directly Attributable to Non-F1 Activities; and
 - ii. if the Reporting Group includes entities other than the F1 Team, the Total Costs of each Reporting Group Entity (other than the F1 Team);
- b. include, in respect of the Full Year Reporting Documentation, a reconciliation of the costs reported in the Subset Cost Cap Reporting Template to the costs recorded in:
 - i. the Subset Accounts; and
 - ii. if the Reporting Group includes entities other than the F1 Team, the Audited Annual Financial Statements in respect of each Reporting Group Entity (other than the F1 Team);
- c. include, in respect of the Full Year Reporting Documentation, a reconciliation of the costs recorded in the Subset Accounts to the costs recorded in the Audited Annual Financial Statements of the F1 Team;
- d. calculate Relevant Costs for the applicable Financial Regulations Reporting Period;
- e. contain an appropriate level of disclosure to enable the Cost Cap Administration to assess compliance with these Financial Regulations;
- f. include details of relevant Related Party Transactions, Exchange Transactions Inter-Team Transactions, Power Unit Transactions, and transactions pursuant to which a Customer Competitor uses a Transferable Component or a sub-assembly of a Transferable Component; and
- g. prescribe reporting obligations no less onerous than those to which that F1 Team would have been subject had it reported using the Cost Cap Reporting Template.

"Subsidiary" means an entity that is Controlled by another entity (known as the Parent).

"Sustainability Initiative Costs" means:

- a. Consideration provided to, and associated employer's social security contributions incurred in respect of F1 Activities Personnel engaged by a Reporting Group Entity or costs of outsourced services incurred that are in either case Directly Attributable to defining and identifying ESG sustainability objectives and the strategy envisaged to achieve these objectives, and the monitoring, collation, and production of reports to measure progress against carbon foot-print and emissions targets and overall ESG sustainability objectives, and all travel and accommodation cost in respect to these F1 Activities Personnel;
- b. costs incurred with an external specialist to provide audit and assurance services for the purpose of obtaining environmental sustainability accreditations and/or certifications;
- c. feasibility study costs and costs to procure and install solar panels, wind turbines, geothermal/air source heat pumps, heat recovery units, hydrogen or biomethane fuelled fuel cells and any related monitoring equipment, including depreciation, impairment loss, and loss on disposal;

- d. costs to procure up to a maximum in aggregate and across different Financial Regulations Reporting Periods of 50 fully electric, hydrogen powered or Hybrid Powered road vehicles and to procure and install associated refuelling infrastructures at the F1 Team's premises, including depreciation, impairment loss, and loss on disposal;
- e. costs Directly Attributable to the procurement and operation of fully electric or hydrogen powered buses used to facilitate daily commuting of F1 Activities Personnel between pre-defined pick-up points and the F1 Team premises;
- f. costs of IT software and IT licenses to monitor, collate, measure, and report data in respect of carbon foot-print and emissions targets and overall environmental sustainability objectives, including depreciation, impairment loss, and loss on disposal;
- g. donations to charities or non-profit organizations engaged in the promotion, development and deployment of environmental sustainability projects;
- h. costs Directly Attributable to the purchase of carbon removal credits, carbon offset credits or green energy certificates and cost Directly Attributable to the funding of external projects for greenhouse gases removal and/or mitigation;
- i. costs of bio-fuel, bio-gas and/or hydrogen purchased for use in the F1 Team's road vehicles and generators used during Competitions and Testing of Current Cars;
- j. costs Directly Attributable to the purchase of certificates related to sustainable aviation fuel or sustainable marine fuel purchased to offset and reduce greenhouse gases from air/sea travel by F1 Activities Personnel and air/sea-freight to Competitions or Testing of Current Cars;
- k. costs Directly Attributable to optional logistics surcharges levied by the Commercial Rights Holder for the purpose of developing or utilising sustainable logistics solutions and separately identified as such within the logistics recharges made by the Commercial Rights Holder to the F1 Team; and
- l. cost of charges levied by the Commercial Right Holder for the purpose of developing or utilising the event energy transition solution during Competitions and Testing of Current Cars and separately identified as such within the logistics recharges made by the Commercial Right Holder to the F1 Team.

"Team Building" means a structure with roof and walls in the paddock made available by the organiser of a Flyaway Event to an F1 Team for the primary purpose of facilitating Marketing Activities. For the avoidance of doubt, this does not include the F1 Team pit garage.

"Team Principal" means the individual designated as team principal for an F1 Team in the F1 Team's Competitor Staff Registration Submission to the FIA for the Financial Regulations Reporting Period in question.

"Technical Director" means the individual designated as technical director for an F1 Team in the F1 Team's Competitor Staff Registration Submission to the FIA for the Financial Regulations Reporting Period in question.

"Technical Regulations" means the FIA Formula One 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 (including for the avoidance of doubt Testing of Current Cars).

"Testing of Current Cars" has the meaning set out in the Sporting Regulations in force during the applicable Financial Regulations Reporting Period.

"Total Costs" means all costs and losses recognised within profit or loss of the underlying books and records.

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

"Total Fixed Employee Remuneration" means the aggregate annual basic salaries of all employees within Total Costs of the Reporting Group, excluding any such amounts falling within Articles D5.1.1.a. to D5.1.1.e. (inclusive), D5.1.1.h. to D5.1.1.j. (inclusive), D5.1.1.v., D5.1.1.w., D5.1.1.x., D5.1.1.y., D5.1.1.z. and D5.1.2.

"Transferable Components" has the meaning set out in the Technical Regulations in force during the applicable Financial Regulations Reporting Period.

"Ultimate Controlling Party" means, in respect of an F1 Team, the entity or individual that has ultimate Control, directly or indirectly, of that F1 Team.

"Unused Cost Cap Amount" means the amount determined by the Cost Cap Administration at the completion of its review of an F1 Team's Reporting Documentation in respect of the preceding Full Year Financial Regulations Reporting Period and communicated to that F1 Team no later than 30 November of the applicable Full Year Financial Regulations Reporting Period, calculated as the difference between the Cost Cap of the preceding Full Year Financial Regulations Reporting Period and that F1 Team's Reassessed Relevant Costs in respect of the preceding Full Year Financial Regulations Reporting Period. The Unused Cost Cap Amount will be equal to zero in all cases where the Cost Cap Administration's review of the preceding Full Year Financial Regulations Reporting Period is not completed by 30 November of the Full Year Financial Regulations Reporting Period and in all cases where an investigation opened in relation to the preceding Full Year Financial Regulations Reporting Period is not completed by 30 November of the Full Year Financial Regulations Reporting Period.

"Unused Inventories" means Inventories held for future use in respect of the F1 Team's Current Cars, excluding Used Inventories.

"Used Inventories" means Inventories held for future use in respect of the F1 Team's Current Cars, which have been used in respect of the F1 Team's Current Cars in the Financial Regulations Reporting Period.

"Used Inventory Incremental List" has the meaning set out in the FIA technical directive TD017, as renumbered and/or amended from time to time.

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

APPENDIX D2: APPROVED CHANGES TO SECTION D FOR SUBSEQUENT YEARS**Approved Changes for Financial Regulations Reporting Periods starting from 1 January 2027 onwards****D5.1 Exclusions**

- h. with respect to Non-F1 Activities:
 - i. all costs of Consideration provided to, and associated employer's social security contributions incurred in respect of any F1 Activities Personnel where such costs are Directly Attributable to Non-F1 Activities, if the F1 Team can prove that such Non-F1 Activities are undertaken within a separate physical location and using separate IT systems from those used to undertake F1 Team's F1 Activities in compliance with all the requirements set out in Article F6 of the Operational Regulations, other than if the physical location and/or the IT systems is shared only with members of the Non-Restricted Workforce
 - t. the cost of FIA homologated fuel purchased by or on behalf of an F1 Team for use during Competition and Testing ~~and the cost of surrogate fuel used on F1 Team's F1 Car during Test of Current Cars~~, together with the cost of transportation of that FIA homologated fuel to the F1 Team's premises;

D5.1.2 If a cost within Total Costs of the Reporting Group is Directly Attributable to any combination of the following:

- a. Marketing Activities;
- b. Academy Program Activities
- c. Heritage Asset Activities;
- d. Activities To Enable The Supply Of Power Units;
- e. Customer Teams Support Activities
- f. activities undertaken in order to participate in an FIA Project;
- g. activities to enable the supply of, or participate in a tender process to supply, any Standard Supply Component, as the sole supplier of that Standard Supply Component appointed by the FIA;
- h. Human Resources Activities;
- i. Finance Activities;
- j. Legal Activities;
- k. Sustainability Initiative Costs;
- l. Health and Safety Costs; and
- m. Provision of catering services at the site of a Competition or Testing of Current Cars, and at the F1 Team's premises for guests and F1 Activities Personnel

such cost shall be an Excluded Cost.

D6.1 Adjustments

q. Non-compliance with Article F6 of Operational Regulations

In the event that in the Full Year Financial Regulations Reporting Period any of the Workforce engaged by an Entity Subject To Segregation Requirements is not fully complying with the requirements set out in Article F6 of the Operational Regulations in force during the applicable Financial Regulations Reporting Period, the F1 Team must make an upward adjustment in the calculation of the Relevant Costs equal to three times the value of the total Consideration incurred in the Full Year Financial Regulations Reporting Period for the Workforce that have not fully complied with the requirement set out in Article F6 of the Operational Regulations in force during the applicable Financial Regulations Reporting Period.

e. Inventories:

~~iii. In the event that an item of Redundant Inventories written off in a previous Financial Regulations Reporting Period pursuant to paragraph 0 of this Article is used in a subsequent Financial Regulations Reporting Period, the F1 Team must make an adjustment in the calculation of Relevant Costs for that subsequent Financial Regulations Reporting Period to add an amount equal to that written off in the previous Financial Regulations Reporting Period.~~

D14.1 Arrangements for new entrants

D14.1.1 A new F1 Team must comply with these Financial Regulations in respect of the two Full Year Financial Regulations Reporting Periods immediately prior to the first Championship season in which such F1 Team participates, except that it shall not be required to comply with Article D7.2.1 in respect of these periods.

APPENDIX D1: DEFINITIONS and interpretation

"Non-Restricted Workforce" has the meaning set out in the Operational Regulations in force during the applicable Financial Regulations Reporting Period.

"Redundant Inventories" means Inventories ~~not held for future use in respect of the F1 Team's Current Cars, as:~~

- ~~a. they that are damaged or destroyed;~~
- ~~b. they that are obsolete; or~~
- ~~c. the F1 Team determine they will not be used in the future in respect of the F1 Team's Current Cars for which the title of ownership has been transferred to the F1 Team or any F1 Team's Legal Group entities, or their internal manufacturing process has commenced, before the end of the preceding Full Year Financial Regulations Reporting Period.~~

"Unused Inventories" means Inventories held for future use in respect of the F1 Team's Current Cars, excluding Used Inventories and Redundant Inventories.

"Workforce" has the meaning set out in the Operational Regulations in force during the applicable Financial Regulations Reporting Period.

Approved Changes for Financial Regulations Reporting Periods starting from 1 January 2028 onwards**D6.1 Adjustments**

q. Non-compliance with Article F6 of Operational Regulations

In the event that in the Full Year Financial Regulations Reporting Period any of the Workforce engaged by an Entity Subject To Segregation Requirements is not fully complying with the requirements set out in Article F6 of the Operational Regulations in force during the applicable Financial Regulations Reporting Period, the F1 Team must make an upward adjustment in the calculation of the Relevant Costs equal to six times the value of the total Consideration incurred in the Full Year Financial Regulations Reporting Period for the Workforce that have not fully complied with the requirement set out in Article F6 of the Operational Regulations in force during the applicable Financial Regulations Reporting Period.