

FIA 2026 FORMULA ONE FINANCIAL REGULATIONS FOR F1 TEAMS

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Issue 1

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1. GENERAL PRINCIPLES

Scope

- 1.1 These Financial Regulations will come into force on 1 January 2026 in respect of 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.
- 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.

Objectives

- 1.3 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 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.
- 1.4 Together with the FIA Formula One Financial Regulations for Power Unit Manufacturers, these Financial Regulations are designed to achieve the following objectives (the "**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.

Interpretation

- 1.5 These Financial Regulations must be interpreted as an independent and autonomous text and not by reference to existing law or statutes in any particular jurisdiction. Subject to the foregoing, these Financial Regulations shall be governed by and construed in accordance with French law.
- 1.6 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 Objectives.
- 1.7 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.

- 1.8 If a court or other competent authority finds any part of these Financial Regulations to be illegal, invalid, or unenforceable, that part will be deemed not to form part of these Financial Regulations, and the legality, validity, and enforceability of the remainder of these Financial Regulations will not be affected.

Transitional provisions

- 1.9 Any Reporting Period that has commenced prior to the Effective Date shall be governed by the substantive rules in effect at the time such Reporting Period commenced. However, procedural rules shall apply retroactively unless specified otherwise.
- 1.10 Any case or investigation that is pending as of the Effective Date, and any charge for breach of the Financial Regulations brought after the Effective Date based on a breach that occurred prior to the Effective Date, shall be governed by the substantive rules in effect at the time the alleged breach occurred, and not by the substantive rules set out in these Financial Regulations, unless the judging panel hearing the case determines that the principle of "*lex mitior*" appropriately applies under the circumstances of the case.
- 1.11 The statute of limitations set out in Article 9.5 is a procedural rule, not a substantive rule, and should be applied retroactively along with all of the other procedural rules in these Financial Regulations (provided, however, that Article 9.5 shall only be applied retroactively if the statute of limitations period has not already expired at the Effective Date).

Amendment

- 1.12 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.

Other financial regulations

- 1.13 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.

Sharing of information

- 1.14 Any information (including personal information) received by the Cost Cap Administration, Cost Cap Adjudication Panel, and/or the ICA pursuant to these Financial Regulations may be shared between those bodies as necessary in the exercise of their respective regulatory functions under these Financial Regulations. The Cost Cap Administration may also share such information with the Independent Audit Firm or other specialists or service providers engaged to assist the Cost Cap Administration in carrying out its regulatory functions under these Financial Regulations as well as with FIA Legal, other FIA personnel as necessary, and external legal advisors, provided that such persons or organisations provide assurance satisfactory to the Cost Cap Administration that they will have appropriate procedures in place to maintain the confidentiality of such information. The Cost Cap Administration may also share such information with other competent authorities where such information might evidence

infringements of other applicable laws or regulations or where the FIA is required to so by applicable law.

- 1.15 The FIA, as data controller, will process personal information for the purpose of exercising the regulatory functions under these Financial Regulations. The details on how the FIA will process personal data, manage data subject rights, and how such rights may be exercised can be found at www.fia.com/motorsport-privacy-notice. Each F1 Team undertakes to make this information, including the FIA Motorsport Privacy Notice, available to all of its Personnel and the members of its Legal Group (and to procure that those members make it available to their respective Personnel).

Confidential Information

- 1.16 The Cost Cap Administration, Cost Cap Adjudication Panel, and the ICA will have appropriate procedures in place to maintain the confidentiality of any Confidential Information provided by an F1 Team during the exercise of their respective regulatory functions under these Financial Regulations.

2. OBLIGATIONS OF F1 TEAMS

- 2.1 In addition to its obligations under Article 4 to comply with the Cost Cap, 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 Reporting Period, in accordance with Article 7;
 - (b) ensure that any Reporting Documentation and other documentation or information submitted on its behalf to the Cost Cap Administration 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 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) submit any information or documentation required by a Determination by the deadline specified in such Determination;
 - (e) comply by the specified deadline with any requests for information/access and Demands made by the Cost Cap Administration pursuant to Article 8.12, and procure that its Personnel and the other members of the F1 Team's Legal Group (and their respective Personnel) do the same;
 - (f) 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, and procure that its Personnel and the other members of the F1 Team's Legal Group (and their respective Personnel) do the same;

- (g) not delay, impede, or frustrate (or attempt to delay, impede, or frustrate) any investigation or other regulatory activity conducted by or on behalf of the Cost Cap Administration pursuant to these Financial Regulations (e.g., by providing false, misleading, or incomplete information, or by destroying potential evidence), and procure that its Personnel and the other members of the F1 Team's Legal Group (and their respective Personnel) do the same;
 - (h) ensure that all of its Personnel are:
 - (i) informed that the F1 Team is subject to these Financial Regulations, and made aware of the Objectives, content, and substance of these Financial Regulations, including all of the requirements that they impose on the F1 Team and on its Personnel;
 - (ii) informed and appropriately trained with respect to the ways in which their actions might impact the F1 Team's compliance with these Financial Regulations; and
 - (iii) informed of the FIA ethics and compliance hotline available on the FIA website;
 - (i) comply with any other obligations imposed on it in these Financial Regulations; and
 - (j) perform all of its obligations under these Financial Regulations in Good Faith, acting at all times with honesty and integrity, and in a spirit of transparency and cooperation.
- 2.2 Subject to Articles 8.16 and 8.18, nothing in Article 2.1 shall constitute a waiver of legal rights by the F1 Team (including in relation to legal professional privilege).
- 2.3 The F1 Team is strictly liable for any non-compliance with these Financial Regulations resulting from the actions of others, including its 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.

3. OBLIGATIONS OF INDIVIDUAL F1 TEAM MEMBERS

- 3.1 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 7.1(c) and 7.2(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 2.1(h); and

- (b) 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.

3.2 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 8.12;
- (d) comply with the terms of any provisional suspension or sanction(s) imposed on them pursuant to Article 13; 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.

4. THE COST CAP

Compliance with the Cost Cap

4.1 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 Reporting Period.

4.2 The amount of the "**Cost Cap**" shall be:

- (a) in the event that 24 Competitions or fewer take place in the Full Year 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 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 Reporting Period minus 24, all adjusted, if applicable, for Indexation.

4.3 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 Reporting Period ending on 31 December 2026, assuming 24 Competitions or fewer take place in the Full Year 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

Reporting Group

- 4.4 Subject to Article 4.5 and 4.6, an F1 Team's "**Reporting Group**" consists of the following entities (each a "**Reporting Group Entity**", and together the "**Reporting Group Entities**"):
- 4.4.1 the F1 Team itself;
- 4.4.2 where the F1 Team has incurred less than 98% of the costs of the F1 Activities undertaken by or on behalf of the F1 Team in the 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 Activities undertaken by or on behalf of the F1 Team in the 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 Activities undertaken by or on behalf of the F1 Team in the Reporting Period; and
- 4.4.3 if the F1 Team so chooses, the additional entities within its Legal Group that have incurred costs of F1 Activities undertaken by or on behalf of the F1 Team in the Reporting Period.
- 4.5 In determining an F1 Team's Reporting Group, the calculation of the costs of F1 Activities undertaken by or on behalf of the F1 Team in the Reporting Period:
- (a) shall not include costs within the scope of Articles 5.1(a) and 5.1(f); and
- (b) shall be made having adjusted out any amounts in connection with F1 Activities recharged from one member of the F1 Team's Legal Group to another.
- 4.6 No entity shall be included in the Reporting Group of more than one F1 Team. If, but for the provisions of this Article 4.6, an entity would be included in the Reporting Group of more than one F1 Team pursuant to Article 4.4, 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 Activities, excluding costs within the scope of Articles 5.1(a) and 5.1(f).
- 4.7 In the calculation of Relevant Costs, the costs of any 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 5.1(a) and 5.1(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 6.1(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 6.1(a)(i).

4.8 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.

5. EXCLUSIONS

5.1 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) 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;
- (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 5.1) in respect of whom the highest aggregate amount of Consideration has been recognised in Total Costs of the Reporting Group during the 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 Personnel where such costs are Directly Attributable to Non-F1 Activities, if the F1 Team can prove to the

satisfaction of the Cost Cap Administration that such Non-F1 Activities are undertaken within a separate physical location and using separate IT systems from those used to undertake F1 Activities, other than if the physical location and/or the IT systems is shared only with Personnel who in the Reporting Period wholly and exclusively undertook only Marketing Activities, Human Resources Activities, Finance Activities, and/or Legal Activities;

- (ii) all costs, other than costs of Consideration provided to 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 Personnel engaged in both F1 Activities and:
 - (1) Activities To Enable The Supply Of Power Units for use by any F1 Team(s);
 - (2) Customer Teams 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 Activities and Non-F1 Activities; and
 - (C) costs of parts and consumables, and outsourced services, incurred for the maintenance and insurance of Property or maintenance of an item of plant or equipment used in the course of both 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 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 5.1(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 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 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, 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 Reporting Period equal to the applicable maximum price as set out in the Sporting Regulations;
- (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 have been used in the Reporting Period only and exclusively to undertake Marketing Activities, 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 Reporting Period have only and exclusively been used to undertake Marketing Activities, 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 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, 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 Personnel.

5.2 If a cost within Total Costs of the Reporting Group is Directly Attributable to any combination of the following activities:

- (a) Marketing Activities;
- (b) Heritage Asset Activities;
- (c) Non-F1 Activities;
- (d) Human Resources Activities;
- (e) Finance Activities;
- (f) Legal Activities;
- (g) Sustainability Initiative Costs;
- (h) Health and Safety Costs; and

- (i) 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 Personnel

such cost shall be an Excluded Cost. The physical location and IT systems separation requirements set out in Article 5.1(h)(i) shall also apply to Personnel undertaking a combination of Non-F1 Activities and other activities for their costs of Consideration and associated employer's social security contributions to be eligible for exclusion pursuant to this Article 5.2.

6. ADJUSTMENTS

6.1 Unless stated otherwise in this Article 6, 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 at not less than the minimum amount calculated in accordance with the methodology communicated by the Cost Cap Administration via a Determination no later than 30 November of the preceding Full Year Reporting Period in respect of each Full Year 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 5.1(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 5.1(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 precedent Reporting Period.

(c) Research and Development costs:

- (i) All costs in respect of Research and Development for F1 Activities must be included in Relevant Costs in the 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 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 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 Reporting Period, an adjustment must be made in the calculation of Relevant Costs to ensure such costs are recognised within the 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 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 Reporting Period; and
 - (C) the cost of an item of Redundant Inventories which has not been recognised in a previous Full Year Reporting Period pursuant to any

other provision of this Article 6.1(e)(i) must be recognised in full as an expense in the 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:
 - (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 Reporting Period;
 - (B) costs of conversion (including fixed production overheads allocated on a basis that is appropriate to the nature of the product and method of production and on the basis of the entity's normal level of activity, and applied consistently from one Reporting Period to another); and
 - (C) other costs incurred in bringing the item of Inventories to its present location and condition.
- (iii) In the event that an item of Redundant Inventories written off in a previous Reporting Period pursuant to paragraph (i)(C) of this Article is used in a subsequent Reporting Period, the F1 Team must make an adjustment in the calculation of Relevant Costs for that subsequent Reporting Period to add an amount equal to that written off in the previous 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 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 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 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 Reporting Period, an adjustment must be made in the calculation of Relevant Costs to ensure such costs are recognised within Relevant Costs for the Reporting Period.

(h) Foreign exchange transaction costs:

(i) Subject to Article 6.1(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 5.

(i) Tyre test days:

For each day the F1 Team has participated in Testing in accordance with Article 10.8(e) of the 2026 Sporting Regulations during the Full Year Reporting Period ending on 31 December 2026, and in each subsequent Full Year Reporting Period, the F1 Team must make a downward adjustment in the calculation of Relevant Costs for the relevant Reporting Period equal to the amount communicated by the Cost Cap Administration via a Determination.

(j) Non-F1 Activities pursuant to FIA TD045:

If, during the Reporting Period, conditions that led an F1 Team to consider that a given activity undertaken in the previous two Full Year Reporting Periods is a Non-F1 Activities pursuant to FIA technical directive TD045 cease to exist, all costs in respect of that activity that were excluded in the previous two Full Year Reporting Periods pursuant to Article 5.1(h) must be included in Relevant Costs in the 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 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 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 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 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 Reporting Period from 2026 onwards in which the item is first used subsequent to 1 January 2026 to undertake 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 5.1(o)(iii) in a previous Reporting Period is subsequently used to undertake F1 Activities (other than Marketing Activities, Heritage Asset Activities, Human Resources Activities, Legal Activities, or Finance Activities), the amount so excluded must be included in Relevant Costs via an upward adjustment in the Reporting Period in which the asset is first used to undertake F1 Activities.

(n) Unused Cost Cap Amount:

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

6.2 In calculating Relevant Costs, the order in which costs must be excluded pursuant to Article 5.1 and adjusted pursuant to Article 6.1 shall be determined by the Cost Cap Administration and set out in the Reporting Documentation.

6.3 For the purposes of this Article 6, 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.

7. REPORTING REQUIREMENTS

Full Year Reporting Documentation

7.1 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.

Interim Reporting Documentation

7.2 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.

8. COST CAP ADMINISTRATION

General

- 8.1 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 8.
- 8.2 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.
- 8.3 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.
- 8.4 All correspondence with, and any documents submitted to, the Cost Cap Administration shall be in one of the two FIA official languages (English and French), but the Reporting Documentation submitted by or on behalf of the F1 Team to the Cost Cap Administration must be in English. Additionally, the Cost Cap Administration may require an F1 Team or Individual F1 Team Member to provide (at their own expense) a certified translation into English of any other document relied upon by the F1 Team or Individual F1 Team Member in connection with their compliance with these Financial Regulations.

Determinations, guidance, and clarifications

- 8.5 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.
- 8.6 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.
- 8.7 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.
- 8.8 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.
- 8.9 Any communications from the Cost Cap Administration that are not in writing may not be relied upon by F1 Teams.
- 8.10 The Cost Cap Adjudication Panel and ultimately the ICA have final authority in determining the proper interpretation and application of these Financial Regulations.

Ongoing compliance monitoring

- 8.11 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 8.12(a), 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 8.8.

Requests for information/access and Demands

Right of inquiry

- 8.12 In order to assist it in performing its regulatory functions as contemplated by these Financial Regulations:
- (a) the Cost Cap Administration may at any time make a written request (i) to an F1 Team or Individual F1 Team Member for information, documentation, or clarification; and/or (ii) to an F1 Team to be granted access to premises and/or individuals; and
 - (b) the Cost Cap Administration may, where it has reasonable grounds to believe that there might be data stored or accessible on, or transmitted or received using, Electronic Device(s) that might evidence or lead to the discovery of evidence of non-compliance with the Financial Regulations, make a written request to an F1 Team (specifying a summary of the basis for the request) to be provided with, and granted access to, Electronic Devices of the F1 Team (and/or of its Personnel and/or of the other members of the F1 Team's Legal Group and/or of their respective Personnel) for the purpose of copying and/or downloading data from such Electronic Devices ("**Demand**").

Compliance

- 8.13 Failure to comply with a request from the Cost Cap Administration pursuant to Article 8.12 will constitute a Procedural Breach of these Financial Regulations by the F1 Team (which is strictly liable for its Personnel and the members of its Legal Group and their respective Personnel).
- 8.14 Additional rules specific to Demands:
- (a) If the Cost Cap Administration makes a Demand to an F1 Team to be provided with, and granted access to, any Electronic Devices, the F1 Team must do the following, and must procure that its Personnel and the other members of the F1 Team's Legal Group (and their respective Personnel) do the same:
 - (i) make the Electronic Devices of the F1 Team and of its Personnel, and the Electronic Devices of any member of the F1 Team's Legal Group and of their respective Personnel, available to the Cost Cap Administration immediately (or by such other deadline specified by the Cost Cap Administration) for inspection and/or for copying/download of the data stored or accessible on, or transmitted or received using, such Electronic Devices; and
 - (ii) procure access for the Cost Cap Administration immediately (or by the deadline specified by the Cost Cap Administration) to the data on such Electronic Devices, including by providing the username, password, and/or any other information or means required to access and download the data stored or accessible on, or transmitted or received using, such Electronic Devices ("**Login Information**"). The obligation to provide Login Information continues for the duration of any inquiries or investigation.
 - (b) If an objection to a Demand is made pursuant to Article 8.19, the F1 Team must (and must procure that its Personnel and the other members of the F1 Team's Legal Group

and their respective Personnel) nevertheless provide the Cost Cap Administration (or its designated service provider) with access to the requested Electronic Devices immediately (or by such other deadline specified by the Cost Cap Administration) for purposes of securing them in the possession of the Cost Cap Administration (or its designated service provider) and/or copying/downloading them. However, the Cost Cap Administration will not access the data on, or copied/downloaded from, the Electronic Device until the objection is resolved by the Cost Cap Adjudication Panel and it confirms that the Cost Cap Administration may access such data.

- (c) A Demand may include a request to access a private Electronic Device where the Cost Cap Administration has reasonable grounds to believe that such device might have been used to store, access, transmit, and/or receive any data that might evidence or lead to the discovery of evidence of non-compliance with the Financial Regulations. In accordance with the Standard Operating Procedure, the Cost Cap Administration will take appropriate steps to identify and remove any private information from its review. F1 Teams (and the members of its Legal Group) should have policies in place to ensure that their respective employees use only work-issued devices for work-related purposes, and if employees use any private devices for work-related purposes, F1 Teams should have mechanisms to obtain access to those devices and have put in place appropriate technical measures to allow segregation of work-related and private information on such devices.
- (d) Refusal or failure by an F1 Team and/or relevant person to give the Cost Cap Administration access to the Electronic Device(s) immediately (or by such other deadline specified by the Cost Cap Administration), and any attempted or actual damage, alteration, destruction, or concealment of any data contained on an Electronic Device, will constitute a Procedural Breach by the F1 Team.
- (e) If an F1 Team and/or relevant person provides access to the Electronic Device(s) to enable the Cost Cap Administration to secure it in safekeeping and/or copy/download from it, but raises an objection to the Demand, the matter will be referred to the Cost Cap Adjudication Panel in accordance with Articles 8.19 to 8.25. If the Cost Cap Adjudication Panel rules that the F1 Team must comply with the Demand (in whole or in part), and they still refuse or fail to do so, such refusal or failure will constitute a Procedural Breach by the F1 Team. If the Cost Cap Adjudication Panel rules that the F1 Team is not required to comply with the Demand, no consequences shall be imposed on the F1 Team.
- (f) In assessing what sanction(s) should apply to an F1 Team for a Procedural Breach resulting from non-compliance with a Demand, consideration will be given to whether or not the F1 Team took all appropriate measures, including legal action, to obtain access to the Electronic Device(s), in accordance with applicable laws.

Standard Operating Procedure – Electronic Devices

- 8.15 The Cost Cap Administration will comply with the guidance set out in the Standard Operating Procedure in relation to its access to Electronic Devices and inspection and copy/download of related data from those devices, in order to protect the privacy interests of those involved and to ensure that the procedures used by the Cost Cap Administration to extract, host, store, and use information from Electronic Devices are fit for purpose and will ensure that the information is processed, stored, and used appropriately, proportionately, and lawfully.

Legal rights and waivers

- 8.16 Subject to Article 8.17, confidentiality shall not be a valid ground to refuse to comply with any request made pursuant to Article 8.12. All F1 Teams must ensure that any other obligations of confidentiality assumed are made expressly subject to the Cost Cap Administration's right of inquiry under these Financial Regulations.
- 8.17 No entity/individual shall be under an obligation to disclose any information or documents:
- (a) rendered confidential by either the order of a state court of competent jurisdiction or by statute or statutory instrument;
 - (b) that are not in their knowledge, possession, custody, or control, and that are not otherwise easily obtainable from a third party (e.g. by simple written request); or
 - (c) that are subject to legal professional privilege. If an F1 Team claims legal professional privilege in any information or documentation requested by the Cost Cap Administration, the F1 Team shall be given a reasonable opportunity (no longer than seven days in any event) to identify a list of specific material that it claims to be subject to legal professional privilege.
- 8.18 Additional rules applicable to Demands:
- (a) Each F1 Team waives (and will procure that each of its Personnel waives, and that each member of its Legal Group and their respective Personnel waives) any rights, defences, and/or privileges (however described or classified) that they might otherwise have under any applicable law to withhold production of an Electronic Device. The length of the copying and/or downloading process from the Electronic Device(s) will not provide a basis to object to immediate compliance with the Demand.
 - (b) The F1 Team in question or affected person is entitled to take legal advice in relation to a Demand before the Cost Cap Administration reviews any data on the Electronic Device. If they choose to do so, they will be given seven days to take legal advice (unless the Cost Cap Administration agrees otherwise) and reasonable and appropriate steps must be taken to ensure that the integrity of the Electronic Device(s) is not compromised and that potential evidence is not altered or destroyed pending such legal consultation.

Objections or disagreements regarding Demands

- 8.19 Subject always to Article 8.14(b), an F1 Team may object to a Demand by filing an application with the Cost Cap Adjudication Panel within seven days of receipt of the Demand specifying the grounds for such objection, including (for example) challenging the reasonable belief basis for a Demand or raising rights, defences, and/or privileges (including legal professional privilege) in relation to the information requested. Where such an application is made, the time for complying with the Demand shall (subject to Article 8.14(b)) be stayed pending the outcome of the objection.
- 8.20 If the Cost Cap Administration accepts any objection raised by the F1 Team, such objection will be resolved by agreement, without the need to refer the matter to the Cost Cap Adjudication Panel.

- 8.21 If the Cost Cap Administration does not agree with the objection asserted by an F1 Team in relation to a Demand, and the disagreement cannot be resolved in a timely fashion through discussion with the F1 Team or their legal representative, the Cost Cap Administration may refer the matter to the Cost Cap Adjudication Panel for directions and/or a ruling.
- 8.22 If an objection or disagreement regarding a Demand is filed with/referred to the Cost Cap Adjudication Panel, the President of the Cost Cap Adjudication Panel shall select one Judge from the Cost Cap Adjudication Panel to consider the matter with as much expediency as the justice of the matter permits. Unless ordered otherwise by the Judge in exceptional circumstances, such review shall be conducted by way of written evidence and submissions only. In considering the Demand, the Judge shall have the discretion but not the obligation to invite submissions from the Cost Cap Administration and the F1 Team. The Judge may make any other order as they see fit to ensure the matter is resolved in an appropriate and expeditious manner. The Judge ruling or issuing directions on any Demand relating to an F1 Team in a given Reporting Period may not sit on any subsequent judging panel hearing any related disciplinary charge(s) for breach of the Financial Regulations by that F1 Team in that Reporting Period.
- 8.23 The Cost Cap Adjudication Panel shall issue a short ruling in writing (in English), stating the reasons for its ruling and any order as to costs. The FIA shall be liable for costs only if it is established that the Cost Cap Administration made a Demand in bad faith.
- 8.24 The ruling of a Judge on a Demand shall not be subject to appeal and shall not be published.
- 8.25 If a Demand is set aside, it shall not preclude the Cost Cap Administration from making any other Demand in relation to the same or any other matter or investigation.

Notification of apparent or alleged breaches

- 8.26 Prior to charging any F1 Team and/or Individual F1 Team Member with a breach of the Financial Regulations:
- 8.26.1 the Cost Cap Administration will satisfy itself that any apparent breach(es) fall(s) within the limitation period specified in Article 9.5; and
- 8.26.2 issue an Initial Notice detailing any apparent breach(es) of the Financial Regulations, giving the F1 Team and/or Individual F1 Team Member an opportunity to respond.
- 8.27 If, after considering the response to the Initial Notice and subsequent correspondence (if any), the Cost Cap Administration concludes that the F1 Team and/or Individual F1 Team Member has breached one or more provisions of the Financial Regulations, the Cost Cap Administration shall issue a Final Notice charging them with such breach(es) and either seeking to enter an ABA where appropriate (see Articles 8.51 et seq or 8.57 et seq, as applicable) or referring the matter to the Cost Cap Adjudication Panel for hearing and determination (see Article 9.2 et seq).

Review of Reporting Documentation

- 8.28 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 8.3.

- 8.29 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.
- 8.30 Save for the exception set out in Article 8.31, 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 10.1.
- 8.31 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.
- 8.32 Following the Cost Cap Administration's review of the Reporting Documentation, and completion of any related investigation pursuant to Article 8.34 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 Articles 8.26 and 8.27, and either:
 - (i) enter into an ABA pursuant to the terms of Articles 8.51 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 8.26 and 8.27 and refer the case to the Cost Cap Adjudication Panel for a hearing and determination.
- 8.33 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.

General provisions relating to investigations

- 8.34 Based on information obtained from any source, the Cost Cap Administration may decide at any time to open and conduct an investigation into an F1 Team's and/or an Individual F1 Team Member's actual, potential, or suspected non-compliance with the Financial Regulations, subject to Article 9.5. The Cost Cap Administration may be assisted in the investigation in accordance with Article 8.3. The Cost Cap Administration shall notify the subject of the investigation in writing in the event that an investigation is to be conducted.
- 8.35 Upon completion of an investigation, any decision by the Cost Cap Administration as to whether or not to take further action in accordance with these Financial Regulations will be at the sole discretion of the Cost Cap Administration taking into consideration the substance of the information disclosed and the merits of each case. The Cost Cap Administration will notify the subject of the investigation in writing of the outcome of the investigation (enclosing a copy of the investigation report), whether any further action is to be taken, and giving the subject an opportunity to provide a response (this notice will serve as the Initial Notice in the event the Cost Cap Administration considers there to be any apparent breach(es) of the Financial Regulations). In the event that the Cost Cap Administration concludes, after considering any response, that there has been a breach of the Financial Regulations, the Cost Cap Administration will issue a Final Notice and seek to enter into an ABA (where appropriate) or refer the matter to the Cost Cap Adjudication Panel for hearing and determination.
- 8.36 There shall be no right of appeal against a decision by the Cost Cap Administration to open (or not to open) an investigation, or against the outcome of an investigation.
- 8.37 The Cost Cap Administration and all persons taking part in an investigation are bound by an obligation of confidentiality vis-à-vis persons and organisations not concerned with the investigation. Nevertheless, the Cost Cap Administration may at any time make public its decision to conduct an investigation and the outcome thereof, provided at all times that it maintains the confidentiality of any Confidential Information provided to it in connection with such investigation.

Investigations commenced following a complaint by another F1 Team

- 8.38 If an F1 Team (a "**Complainant Team**") believes that another F1 Team has not complied with these Financial Regulations, it may submit a report to the Cost Cap Administration as set out in Article 8.39.
- 8.39 Upon receipt of a written report from a Complainant Team, the Cost Cap Administration will conduct an investigation into the reported non-compliance if the following mandatory conditions are met:
- (a) the report identifies the non-complying F1 Team and clearly summarises the relevant non-compliance in each case. If a Complainant Team wishes to report non-compliance in respect of more than one F1 Team, the Complainant Team must submit a separate report in respect of each F1 Team to the Cost Cap Administration;
 - (b) the report clearly specifies the relevant provision(s) of these Financial Regulations which have not been complied with;

- (c) the report is made in Good Faith and the signatories to the relevant report have reasonable grounds to believe that the information reported is true, accurate, and duly supported by evidence;
 - (d) the report includes sufficient valid evidence in support of each reported instance of non-compliance;
 - (e) the report must be submitted in the period between 1 January and 30 June (inclusive) immediately following the Full Year Reporting Period in which the non-compliance is reported to have occurred; and
 - (f) the report shall be signed by the CEO and CFO of the Complainant Team.
- 8.40 If the Cost Cap Administration opens an investigation pursuant to Article 8.39, the Cost Cap Administration will notify in writing both the Complainant Team and the F1 Team under investigation that an investigation has been opened. A copy of the written report submitted by the Complainant Team (omitting any Confidential Information of the Complainant Team) or a summary thereof will be enclosed with the notification to the F1 Team under investigation unless the Cost Cap Administration considers that doing so might prejudice the investigation.
- 8.41 The Cost Cap Administration may, in its sole discretion, decline to conduct an investigation if one or more of the mandatory conditions listed at Article 8.39 have not been met. The Cost Cap Administration will inform the Complainant Team in writing of any such decision not to investigate. There shall be no right of appeal against any such decision not to investigate under this complaint procedure.
- 8.42 Upon completion of an investigation of a complaint by a Complainant Team, the Cost Cap Administration will prepare a recommendation report, which will confirm whether or not the Cost Cap Administration has identified any breaches of these Financial Regulations and, if so, the recommended sanctions.
- 8.43 A copy of the recommendation report will be provided to the F1 Team under investigation and submitted to the Cost Cap Adjudication Panel for consideration. The Cost Cap Administration will inform the Complainant Team in writing of the submission of the report to the Cost Cap Adjudication Panel, and whether it is recommending that any further action be taken. The Complainant Team shall not be entitled to receive a copy of the recommendation report.
- 8.44 If the recommendation report identifies one or more alleged breaches of these Financial Regulations, the F1 Team will be given an opportunity to respond to those allegations (in the same way as it could respond to an Initial Notice). If, after considering the response to the recommendation report and subsequent correspondence (if any), the Cost Cap Administration concludes that the F1 Team has breached one or more provisions of these Financial Regulations, the Cost Cap Administration shall issue a Final Notice to the F1 Team and refer the case to the Cost Cap Adjudication Panel for hearing and determination. However, if the Cost Cap Administration produces a recommendation report finding that there has been no breach of these Financial Regulations and recommends no further action, the Cost Cap Adjudication Panel may either (i) agree with the recommendation, such that no further action will be taken and the case will be closed without a hearing; or (ii) disagree with the recommendation, in which case the matter will proceed to a hearing before the Cost Cap Adjudication Panel.

Immunity

- 8.45 The Cost Cap Administration may grant partial or total immunity to any natural person who discloses facts that are likely to constitute, or to lead to the discovery of, a breach of these Financial Regulations, and/or who provides evidence allowing such facts to be prosecuted and sanctioned. The degree of immunity granted to such person by the Cost Cap Administration will depend in particular on:
- (a) whether or not the Cost Cap Administration already had the information;
 - (b) the nature and extent of the person's cooperation;
 - (c) the importance of the case;
 - (d) the nature and extent of the breach in question and the conduct of the accused; and
 - (e) past conduct of this person.
- 8.46 Any grant of immunity, whether partial or total, must (i) be set out in writing; (ii) be signed by the Cost Cap Administration and by the person benefiting from the immunity; (iii) specify the nature and extent of the immunity granted; and (iv) set out any sanctions that the FIA will not impose against the person benefiting from the immunity.
- 8.47 Any immunity granted by the Cost Cap Administration, whether partial or total, is subject to the following conditions (the "**Immunity Conditions**"), which will be deemed incorporated into the document granting immunity, whether or not expressly set out therein:
- (a) cooperating with the Cost Cap Administration, telling the whole truth, refraining from destroying, falsifying, or concealing useful information or evidence, and acting in Good Faith at all times; and
 - (b) providing the Cost Cap Administration with genuine and complete cooperation throughout the entire investigation and related proceedings, including providing testimony in accordance with any request and in any form required by the Cost Cap Administration, and replying to any questions of the Cost Cap Administration, Cost Cap Adjudication Panel, and ICA without delay.
- 8.48 Where the Cost Cap Adjudication Panel and/or the ICA considers that good reason exists, the person benefiting from immunity may be permitted by the Cost Cap Adjudication Panel and/or the ICA to testify in a manner that safeguards their anonymity.
- 8.49 Provided that the person benefiting from the immunity complies with the Immunity Conditions, the immunity granted by the Cost Cap Administration is irrevocable. In the event that the person benefiting from the immunity does not comply with the Immunity Conditions, the Cost Cap Administration may ask the Cost Cap Adjudication Panel or the ICA to revoke the immunity. The Cost Cap Adjudication Panel or the ICA will issue a written decision, setting out whether or not it will revoke immunity, with reasons. That decision is not subject to appeal by any party.
- 8.50 Any proceedings concerning the potential grant or revocation of immunity may be attended only by the person concerned and their representatives, the FIA and its representatives, and the Cost Cap Adjudication Panel or the ICA, unless ordered otherwise by the judging panel.

Accepted Breach Agreement (ABA) – F1 Teams

- 8.51 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 12. 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.
- 8.52 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 12 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 12.1(b)(ii) and 12.1(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.
- 8.53 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 9. Such non-compliance shall be treated as a distinct Procedural Breach.
- 8.54 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.

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

8.56 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.

Accepted Breach Agreement (ABA) – Individual F1 Team Member

8.57 If the Cost Cap Administration determines that an Individual F1 Team Member has committed a breach of their obligations pursuant to Article 3, 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.

8.58 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 13; 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.

8.59 The Cost Cap Administration may only enter into an ABA where the Individual F1 Team Member:

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

8.60 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 9. Such non-compliance shall be treated as a distinct breach of these Financial Regulations.

- 8.61 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.
- 8.62 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.

Public reporting

- 8.63 The FIA may publicly confirm the following (omitting any Confidential Information):
- (a) which F1 Teams have complied with the Financial Regulations;
 - (b) whether an investigation has been opened against any F1 Team pursuant to Article 8.34 and/or the outcome of such investigation;
 - (c) whether any F1 Team has been notified of an alleged breach of the Financial Regulations pursuant to a Final Notice, including the Article(s) of the Financial Regulations alleged to have been breached;
 - (d) whether any F1 Team has been offered, and/or has entered into, an ABA pursuant to Article 8.51 or 8.57, as applicable;
 - (e) a summary of the terms of any ABA entered into with an F1 Team and/or Individual F1 Team Member, detailing the breach(es), any sanctions, and any enhanced monitoring procedures in accordance with Article 8.55 or 8.60, as applicable;
 - (f) whether a case involving any F1 Team has been referred to the Cost Cap Adjudication Panel pursuant to Article 9.2, including the reason(s) for the referral;
 - (g) the date of a hearing before the Cost Cap Adjudication Panel, in accordance with Article 9.37; and
 - (h) the final decision of the judging panel in a case involving an F1 Team and and/or Individual F1 Team Member and the grounds upon which it is based, in accordance with Article 9.37.
- 8.64 F1 Teams and Individual F1 Team Members may publicly comment on information that is publicly reported by the FIA but may not disclose any other information relating to these Financial Regulations or their enforcement (including any case or investigation) that is not otherwise already in the public domain through no fault or negligence of the F1 Team or Individual F1 Team Member.
- 8.65 Any breach of confidentiality under these Financial Regulations that is attributed to an F1 Team (or its Legal Group), Individual F1 Team Member, or their respective representatives shall constitute a Procedural Breach (by the F1 Team) or a breach of Article 3.2(e) (by the Individual F1 Team Member).
- 8.66 The FIA may respond to public comments attributed to an F1 Team (or its Legal Group), Individual F1 Team Member, or their respective representatives.

9. COST CAP ADJUDICATION PANEL

9.1 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.

Referral to the Cost Cap Adjudication Panel

9.2 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 8.39 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.

9.3 The Cost Cap Administration may also refer any objection or disagreement regarding a Demand to the Cost Cap Adjudication Panel for a ruling or directions. The procedure applicable to such proceedings is set out in Articles 8.19 to 8.25, which varies the procedural provisions set out in this Article 9 for the purposes of those proceedings.

9.4 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.

Limitation period

9.5 No charge may be brought against an F1 Team and/or Individual F1 Team Member in respect of a breach of the Financial Regulations unless they have been given notice of the breach (including Initial Notice or Final Notice), or notification has been reasonably attempted, within five years of the later of:

- (a) the Full Year Reporting Deadline for the Full Year Reporting Period in which the breach is alleged to have occurred (and if the breach continued over a period of time, it will be deemed to have occurred, for these purposes, on the last day of that period of time); and
- (b) the date on which the Cost Cap Administration learned of the acts or omissions on which the allegation of breach is based, where the Cost Cap Administration establishes that the F1 Team and/or the Individual F1 Team Member in question concealed those acts or omissions.

Composition of the Cost Cap Adjudication Panel

- 9.6 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.
- 9.7 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.
- 9.8 In case of impediment, the President of the Cost Cap Adjudication Panel shall be replaced by the Vice-President.
- 9.9 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.
- 9.10 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.
- 9.11 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**").
- 9.12 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.
- 9.13 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.

Powers of the Cost Cap Adjudication Panel

- 9.14 In addition to any powers described in the remainder of this section, the Cost Cap Adjudication Panel has the power to:
- 9.14.1 rule on its own jurisdiction;
 - 9.14.2 issue directions for the conduct of the proceedings;
 - 9.14.3 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);
 - 9.14.4 order the consolidation of two or more separate proceedings;
 - 9.14.5 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;
 - 9.14.6 allow third parties to attend the hearing and/or intervene or be joined in the proceedings;
 - 9.14.7 expedite, adjourn, postpone, or suspend its proceedings, upon such terms as it shall determine, where fairness so requires;
 - 9.14.8 award interim relief or other conservatory measures on a provisional basis subject to final determination; and/or
 - 9.14.9 make any other order as it sees fit.

Hearings before the Cost Cap Adjudication Panel

General

- 9.15 Following a referral from the Cost Cap Administration in accordance with Article 9.2, the Cost Cap Adjudication Panel shall conduct a hearing and issue a decision.
- 9.16 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.

Hearing attendees

- 9.17 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 9; and
- (d) any third party observer(s), as permitted under Article 9.20.

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

9.19 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.

9.20 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.

9.21 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.

Written submissions and witness evidence

9.22 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.

Hearing

9.23 All hearings will be conducted on a private and confidential basis, attended only by those persons permitted to attend pursuant to Article 9.17.

9.24 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.

9.25 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.

9.26 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.

9.27 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.

- 9.28 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.
- 9.29 After the close of the hearing, the President of the Hearing will announce the likely time and date when the decision will be pronounced.
- 9.30 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.

Evidence

- 9.31 No formal rules as to admissibility of evidence shall apply. Facts may be established by any reliable means. 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.
- 9.32 A person is bound by and may not dispute facts determined by a court or tribunal of competent jurisdiction in a decision in proceedings to which they were a party that is not the subject of a pending appeal.
- 9.33 Where a Party or a Witness for a Party, without reasonable excuse:
- (a) refuses to produce any document or other information requested by the Cost Cap Administration or the Cost Cap Adjudication Panel/judging panel;
 - (b) refuses or fails to appear at a hearing to answer questions; or
 - (c) appears at a hearing but refuses or fails to respond to any question put to them by or with the permission of the judging panel,

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

Burden and standard of proof

- 9.34 The person asserting the claim or fact in issue has the burden of proving the claim or fact on the balance of probabilities, i.e., the person must satisfy the judging panel that the claim or fact asserted is more likely than not to be true.
- 9.35 Unless otherwise stated, liability for compliance with these Financial Regulations is strict, i.e. the FIA is not required to prove that the Respondent(s) committed the alleged breach intentionally, recklessly, negligently, or knowingly.

Decision

- 9.36 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 9.36(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 12 or 13, 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.

9.37 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 decision of the judging panel in a case involving an F1 Team and/or Individual F1 Team Member and the grounds upon which it is based (save for any Confidential Information) will be published. 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.

9.38 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.

Confidentiality of proceedings

9.39 Subject to Articles 9.37 and 8.63, 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.

Appeals

9.40 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.

- 9.41 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.
- 9.42 If a decision by the Cost Cap Adjudication Panel is appealed by an F1 Team and/or Individual F1 Team Member to the ICA, and the appeal challenges some or all of the sanctions imposed in the decision, the challenged sanctions will not be enforceable against the appellant pending the outcome of the appeal unless the ICA orders otherwise.
- 9.43 For the avoidance of doubt, there is no right of appeal in respect of procedural and interim decisions made by the Cost Cap Adjudication Panel.

10. BREACHES APPLICABLE TO F1 TEAMS

Procedural Breaches

- 10.1 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.
- 10.2 Examples of Procedural Breaches include:
- (a) failing to comply with the requirements in respect of Declarations pursuant to Article 3.1;
 - (b) failing to comply with a written request for information/access or Demand from the Cost Cap Administration pursuant to Article 8.12;
 - (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 8.30;
 - (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 accordance with the requirements set out within FIA technical directive TD017 as renumbered and/or amended from time to time; or
 - (l) failing to comply with any other obligations set out in Article 2 or elsewhere in the Financial Regulations.
- 10.3 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 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.
- 10.4 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.

Late and Non-Submission Breaches

- 10.5 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.
- 10.6 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.
- 10.7 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 10.6 (the "**Extended Reporting Deadline**").
- 10.8 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.

- 10.9 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.
- 10.10 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 12.1(c)(i) and additionally may impose a Financial Penalty and/or any other appropriate Material Sporting Penalties.

Overspend Breaches

- 10.11 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%.
- 10.12 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.
- 10.13 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.
- 10.14 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 12.1(c)(i) and additionally shall impose a Financial Penalty and any other appropriate Material Sporting Penalties.

11. BREACHES APPLICABLE TO INDIVIDUAL F1 TEAM MEMBERS

- 11.1 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 3.

11.2 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 Personnel, which include Individual F1 Team Members.

12. SANCTIONS APPLICABLE TO F1 TEAMS

12.1 The following sanctions may be imposed on F1 Teams for breach of these Financial Regulations as set out in Article 10:

- (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 Reporting Period of the breach;
 - (iii) deduction of Drivers' Championship points awarded for the Championship that took place within the 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 Reporting Period immediately following the date of the imposition of the sanction and (where applicable) subsequent Full Year 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 Reporting Period of the breach;
 - (ii) deduction of Drivers' Championship points awarded for the Championship that took place within the 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 Reporting Period immediately following the date

of the imposition of the sanction (and subsequent Full Year Reporting Periods, where applicable).

Enhanced monitoring

12.2 In addition to any of the sanctions listed in Article 12.1, the Cost Cap Adjudication Panel has the power to impose enhanced monitoring in respect of an F1 Team.

Aggravating or mitigating factors

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

12.4 Examples of aggravating factors include:

- (a) failure to cooperate;
- (b) any element of bad faith, dishonesty, wilful concealment, or fraud;
- (c) multiple breaches of the Financial Regulations in the Reporting Period in question;
- (d) breaches of the Financial Regulations in respect of a previous Reporting Period; and
- (e) quantum of breach of the Cost Cap.

12.5 Examples of mitigating factors include:

- (a) voluntary disclosure of a breach to the Cost Cap Administration;
- (b) track record of compliance with the Financial Regulations in previous Reporting Periods;
- (c) Force Majeure Events; and
- (d) full and unfettered cooperation with the Cost Cap Administration and any persons assisting it pursuant to Article 8.3.

Suspended sanctions

12.6 The Cost Cap Adjudication Panel may suspend the application of any imposed sanction in whole or in part, for a specified period or indefinitely, subject to compliance by the F1 Team with specified conditions.

12.7 For the avoidance of doubt, in the event of an appeal of any decision, the application of all imposed sanctions shall be suspended until the final decision is made by the ICA.

Payment of a Financial Penalty

12.8 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.

- 12.9 Subject to Article 12.8, 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.
- 12.10 Without prejudice to Article 12.9, 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.

13. SANCTIONS APPLICABLE TO INDIVIDUAL F1 TEAM MEMBERS

- 13.1 Where an Individual F1 Team Member admits or is found to have breached any of their obligations under Article 3, a provisional suspension and/or any sanctions set out below may be imposed by the Cost Cap Administration in an ABA or by the Cost Cap Adjudication Panel:
- (a) warning;
 - (b) public reprimand;
 - (c) withholding and/or cancellation of FIA registrations and/or licences for a specified period of time;
 - (d) removal of the right to access Reserved Areas (as defined in the International Sporting Code) at Competitions forming part of any FIA World Championship for a specified period of time; and/or
 - (e) suspension for a specified period of time from taking part or exercising any role, directly or indirectly and in any capacity whatsoever, in (i) any Competition organised or regulated by the FIA or the ASNs (as defined in the International Sporting Code), or placed under their authority, and (ii) any preparatory testing and training organised or regulated by the FIA or the ASNs (or placed under their authority) or organised by their members or licence-holders.
- 13.2 Failure by an Individual F1 Team Member to comply with the terms of any provisional suspension or sanction(s) imposed on them will constitute a further breach of these Financial Regulations, and the failure to respect those terms will constitute an aggravating factor for sanctioning purposes.
- 13.3 Articles 12.3 to 12.5 (inclusive) relating to aggravating/mitigating factors also apply, *mutatis mutandis*, to sanctions on Individual F1 Team Members, to the extent relevant.
- 13.4 The Cost Cap Adjudication Panel may suspend the application of any sanction, in whole or in part, for a specified period or indefinitely, subject to compliance by the Individual F1 Team Member with specified conditions.

14. ARRANGEMENTS FOR NEW ENTRANTS

- 14.1 A new F1 Team must comply with these Financial Regulations in respect of the Full Year 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 7.2 in respect of that period.

APPENDIX 1

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.

"**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 3 of the 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 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 6.

"**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 Reporting Period preceding the Full Year 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 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 Reporting Period in question.

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

"**Competition**" has the meaning set out in the FIA Formula One Sporting Regulations in force during the applicable 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 8.38.

"**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.

"**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
- (d) any company, trust, partnership, or other body, organisation, or mechanism established or operating directly or indirectly in whole or in part for the benefit of or in respect of the 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 Reporting Period preceding the Full Year 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. 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 4.2.

"Cost Cap Adjudication Panel" means the decision-making panel comprised of independent judges and further described in Article 9.

"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 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" means cars that were designed and built in order to comply with the Technical Regulations either in force during the applicable Reporting Period or in force during the Championship season immediately preceding or following the applicable 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, 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 3.1.

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

"Demand" has the meaning set out in Article 8.12(b).

"Demonstration Event" has the meaning set out in the Sporting Regulations in force during the applicable 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 1.1.

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

"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 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 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.

"ERS Test Bench" has the meaning set out in the Sporting Regulations in force during the applicable 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 Reporting Period, or achieves a higher finishing position in the Constructors' Championship taking place in the applicable Reporting Period than it achieved in any of the previous three 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 5.

"Excluded Persons" has the meaning set out in Article 5.1(d) and **"Excluded Person"** shall be construed accordingly.

"Extended Reporting Deadline" has the meaning set out in Article 10.7.

"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 Transferable Components, Defined Specification Components, and Open Source Components;
- (c) the planning, directing, management, control, and/or execution of the activities defined as 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 Activities within paragraphs (a) and (b) of this definition.

"**F1 Cars**" means Current Cars, Previous Cars, Historic 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 Reporting Period; and
- (b) who has driven in a race for the F1 Team in the Championship during the Reporting Period.

"**F1 Team**" means a legal entity that holds an FIA Super Licence to participate in the Championship (being referred to in the Sporting Regulations as the "competitor" or the "constructor").

"**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.

"**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 12.1(a) and "**Financial Penalties**" shall be construed accordingly.

"**Financial Regulations**" means the FIA Formula One Financial Regulations for F1 Teams, as amended from time to time.

"**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 Reporting Period relates.

"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 Reporting Period, the following documents:
 - (i) the Audited Annual Financial Statements in respect of each Reporting Group Entity for the Full Year 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 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 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 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 7.1.

"Full Year 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 Personnel who are engaged by a Reporting Group Entity in the undertaking of F1 Activities;
- (b) Consideration provided to, and associated employer's social security contributions incurred in respect of Personnel who are engaged by a Reporting Group Entity or costs of outsourced services incurred which are Directly Attributable to guarantee the physical protection of 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, Personnel who are engaged by a Reporting Group Entity or cost of outsourced services incurred which are 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 Personnel spending 90% or more of their total working hours in the applicable Reporting Period undertaking Heritage Asset Activities.

"**Historic Cars**" means cars that were designed and built in order to comply with the Technical Regulations in force within any Championship season preceding those referred to within the definition of Previous Cars.

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

"**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 8.47.

"**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 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 Reporting Period ending on 31 December 2028 and each subsequent Full Year Reporting Period, the compound rate obtained by applying:
- (i) the Indexation Rate to the Indexation Rate of the preceding Full Year Reporting Periods starting with the Full Year Reporting Period ending on 31 December 2027; or
 - (ii) the Adjusted Indexation Rate to the Indexation Rate of the preceding Full Year Reporting Periods starting with the Full Year 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 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, the following rates:

US Dollars / Pounds Sterling	US Dollars / Euros	US Dollars / Swiss Francs
1.2640	1.0822	0.8837

- (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.

"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 31 August or if such day is not a business day on the next business day, in respect of the Interim Reporting Period ending on 30 June 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 7.2.

"**Interim Reporting Period**" means a six-month financial reporting period commencing on 1 January and ending on 30 June in any given year.

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

"**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 9.6, 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 10.5.

"**Late Submission Notice**" has the meaning set out in Article 10.5.

"**Late Submitting Team**" has the meaning set out in Article 10.5.

"**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.

"Login Information" has the meaning given to that term in Article 8.14(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 Activities; and
- (e) carrying out Promotional Events, Demonstration Events, or other demonstration events organised by the Commercial Rights Holder.

"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 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 10.13.

"Material Sporting Penalty" has the meaning set out in Article 12.1(c) and **"Material Sporting Penalties"** shall be construed accordingly.

"Minor Overspend Breach" has the meaning set out in Article 10.11.

"Minor Sporting Penalty" has the meaning set out in Article 12.1(b) and **"Minor Sporting Penalties"** shall be construed accordingly.

"Non-Submission Breach" has the meaning set out in Article 10.8 and 10.9, as applicable.

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

"**Objectives**" has the meaning set out in Article 1.4.

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

"**Personnel**" means any individual engaged in the undertaking of 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.

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

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

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

"**Power Unit Dynamometer**" has the meaning set out in the Sporting Regulations in force during the applicable 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 9.7.

"**President of the Hearing**" has the meaning set out in Article 9.11.

"**Previous Cars**" means cars that were designed and built in order to comply with the Technical Regulations in force in any of the three Championship seasons falling immediately prior to the Championship season preceding the applicable Reporting Period.

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

"**Promotional Event**" has the meaning set out in the Sporting Regulations in force during the applicable 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 any rent, lease costs, dilapidation costs, business rates, and taxes in respect of land, buildings, and leasehold improvements.

"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 is resident for tax purposes in the same jurisdiction in which 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 5.1(a) to 5.1(e) (inclusive), 5.1(h), 5.1(i), 5.1(k), 5.1(v), 5.1(w), 5.1(x), 5.1(y), 5.1(z) and 5.2.

"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 4.4.

"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 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 Articles 4.4 to 4.8 (inclusive).

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

"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 9.17(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 Sporting Regulations in force during the applicable Reporting Period.

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

"Standard Supply Components" has the meaning set out in the Technical Regulations in force during the applicable 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 Personnel and/or of the other members of the F1 Team's Legal Group and/or of their respective Personnel) for the purposes of copying and/or downloading data from such Electronic Devices.

"Subset Accounts" means, annual accounts for the Full Year 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

(d) 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 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 Personnel engaged by a Reporting Group Entity or costs of outsourced services incurred that are 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;
- (b) costs incurred with an external specialist to provide environmental sustainability accreditations and/or certifications;
- (c) feasibility study costs and costs to procure and install solar panels, wind turbines, and/or geothermal heat pumps and any related monitoring equipment, including depreciation, impairment loss, and loss on disposal;
- (d) costs to procure up to 50 fully electric or hydrogen powered company cars and to procure and install associated charging points at the F1 Team's premises, including depreciation, impairment loss, and loss on disposal;
- (e) 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;
- (f) donations to charities engaged in the promotion of environmental sustainability projects, costs to purchase green certificates, and costs of planting trees for the purpose of offsetting the F1 Team's carbon emissions;
- (g) costs of bio-fuel purchased for use in the F1 Team's company cars, race transporters, and generators used during Competitions and Testing of Current Cars;
- (h) costs of sustainable aviation fuel purchased to offset carbon emissions from air travel by Personnel and air-freight to Competitions or Testing of Current Cars; and
- (i) costs of 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.

"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 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 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 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 5.1(a) to 5.1(e) (inclusive), 5.1(h), 5.1(i), 5.1(v), 5.1(w), 5.1(x), 5.1(y), 5.1(z) and 5.2.

"**Transferable Components**" has the meaning set out in the Technical Regulations in force during the applicable 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 Reporting Period and communicated to that F1 Team no later than 30 November of the applicable Full Year Reporting Period, calculated as the difference between the Cost Cap of the preceding Full Year Reporting Period and that F1 Team's Reassessed Relevant Costs in respect of the preceding Full Year 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 Reporting Period is not completed by 30 November of the Full Year Reporting Period and in all cases where an investigation opened in relation to the preceding Full Year Reporting Period is not completed by 30 November of the Full Year Reporting Period.

"**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 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.

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

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