

## III. FINANCIAL

### 3.01 Composition of Commitment

Each tournament's financial commitment is composed of on-site prize money and tournament fee obligations unless otherwise approved by ATP.

### 3.02 Currency

All references to money are expressed in United States Dollars (USD) and Euros (EUR), unless otherwise designated. Tournament fees, fines and other amounts payable to ATP are payable in USD or EUR.

### 3.03 Default of Prize Money Payments

Any ATP Tour or ATP Challenger Tour tournament that defaults in payment of prize money, tournament fee or any other payments due to ATP may have its membership status (sanction status if ATP Challenger Tour tournament) changed subject to ATP Bylaws.

### 3.04 Fee Obligation

**A.** ATP Tour and ATP Challenger Tour tournaments must pay to ATP as part of their total financial commitment the following fees based on prize money level and tournament classification, unless otherwise determined by ATP:

ATP Tour Masters 1000

- Tour Fee
- Marketing Fee
- Bonus Pool Contribution

ATP Tour 500

- Tour Fee
- Marketing Fee

ATP Tour 250

- Tour Fee
- Marketing Fee

ATP Challenger Tour 15% of the Prize money

**B.** All fees shall be due and payable as follows:

**1) ATP Tour Tournaments:**

**a)** Six (6) months prior to the first day of the tournament, the Advance Fee is due:

ATP Tour Masters 1000	\$60,000/€51,000
ATP Tour 500	\$50,000/€42,500
ATP Tour 250	\$12,500/€10,625

**b)** On the first day of the tournament, the balance of unpaid fees is due and payable.

**2) ATP Challenger Tour Tournaments.** The full fee is due with the tournament application.

**3) Late Payments.** Fee payments not received by due dates are subject to an initial 2% late fee, followed by a subsequent 2% late fee every 30 days.

### 3.05 Fees/Other Payments

**A.** All fees and monies due to ATP are to be sent by wire or check in USD or EUR.

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B. Any amounts (e.g. player fines, non-member service fees, air-tickets) collected or owed by the tournament to ATP must be remitted to ATP.

#### 3.06 Insurance

A. Each ATP Tour and ATP Challenger Tour tournament shall obtain and maintain general liability insurance or the equivalent thereof, with an insurance carrier maintaining a financial rating of "A" by AM Best and acceptable to ATP.

- 1) Masters 1000 events shall maintain a minimum limit of \$10,000,000 USD.
- 2) ATP Tour 500 and ATP Tour 250 events shall maintain limits of not less than \$5,000,000 USD.
- 3) ATP Challenger Tour events offering prize money of \$100,000 and above shall maintain limits of not less than \$€1,000,000 in coverage.
- 4) ATP Challenger Tour events offering prize money less than \$100,000 shall maintain limits of not less than \$€500,000 in coverage.
- 5) The liability insurance shall include bodily injury and property damage liability, personal injury, participant legal liability, hired and non-owned auto and contractual liability coverage.
- 6) The tournament liability insurance shall name ATP Tour, Inc. (a United States Corporation), its director and officers, employees, agents as additional named insureds with respect to any claim or suits brought against ATP, its officials, employees, agents, regardless of the court of jurisdiction, arising out of the negligence of the tennis tournament, its directors or representatives.
- 7) Coverage will include volunteers, on-court officials and ball persons as "named insureds" under the policy.

B. Each ATP Tour and ATP Challenger Tour tournament is responsible for determining whether applicable worker's compensation statutes apply to injuries sustained by volunteers, sub-contractors, on-court officials or ball persons. In the absence of a worker's compensation coverage requirement, it is recommended that the tournament purchase excess medical insurance for the event to provide medical payments coverage to injured volunteers, on-court officials or ball persons involved in the event.

C. All such insurance shall provide, not less than thirty (30) days, prior written notice to ATP of cancellation.

D. Each ATP Tour and ATP Challenger Tour tournament shall furnish to ATP no later than sixty (60) days prior to such tournament a certificate of insurance from such insurance carrier certifying compliance with the above requirements.

#### 3.07 Letter of Credit - New/Conditional Tournaments

Unless otherwise determined by ATP, each ATP Tour tournament with conditional membership status must submit to ATP within the time period required, an approved irrevocable Letter of Credit, in form and substance, satisfactory to ATP, from an ATP approved bank in the amount of the on-site prize money. Such Letter of Credit must have an expiration date no earlier than one (1) month after the last scheduled day of ATP event.

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## 3.08 Prize Money

### A. General

#### 1) ATP Tour

- a) Prize money at all ATP Tour events shall be paid through ATP or its designated agent at the conclusion of the tournament, unless otherwise approved by ATP. Prize money shall be distributed based on breakdowns established by ATP. ATP must approve any changes in prize money, including from year to year.
- b) ATP must receive the electronically completed ATP prize money excel spreadsheet no later than the end of the business day on the Monday following the conclusion of the tournament. The spreadsheet must be emailed to [accounting@atptour.com](mailto:accounting@atptour.com).
- c) Tournaments are required to wire net prize money to the designated bank trust account to ensure receipt by the Wednesday following the conclusion of their respective events.

#### 2) ATP Challenger Tour

- a) Prize money at all ATP Challenger Tour events shall be paid through ATP or its designated agent at the conclusion of the tournament, unless otherwise approved by ATP.
  - b) ATP must receive 100% of the prize money as follows:
    - New applicants – prize money must be deposited in ATP account six (6) weeks prior to the first day of the tournament.
    - Existing Events – prize money must be deposited in ATP account four (4) weeks prior to the first day of the tournament.
  - c) ATP must receive the electronically completed ATP prize money excel spreadsheet no later than the end of the business day on the Monday following the conclusion of the tournament. Spreadsheet must be emailed to [accounting@atptour.com](mailto:accounting@atptour.com).
  - d) ATP reserves the right to seek assurances of a tournament's financial viability in the form of a letter of credit, advance payment of prize money or any other means ATP deems necessary.
- 3) Prize money shall be paid only for matches played. If a final cannot be played, then each finalist shall be paid runner-up prize money. For purposes of this section, a match is played when it is won as a result of a retirement, default, walkover or no show. (See Exhibit K)

#### Singles:

- a) A player who withdraws from the main draw singles competition at an ATP Tour or ATP Challenger Tour event after the start of the qualifying and prior to his first match shall receive first round prize money (second round in the case of a Bye) if the following conditions are met:
  - i) The player must be on-site at the time of the withdrawal and must be declared unfit to compete by the tournament doctor.
  - ii) Each player is limited to two (2) tournaments, non-consecutive, in a calendar year where he may receive prize money for the on-site withdrawal.
  - iii) Players who have been out of competition due to long term injuries (30 days or more) and withdraw on-site become eligible for the provision to receive prize money only after they have returned to competition and competed in their first event.

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- iv) Players who have been out of competition, for any reason, 60 days or more and withdraw on-site become eligible for the provision to receive prize money only after they have returned to competition and competed in their first event.
- b) The Lucky Loser replacing a player who has withdrawn on-site shall receive final round qualifying prize money plus money earned in the main draw minus the prize money paid to the withdrawing player.

**Case:** *A player withdraws on-site from singles before his first singles match but is still in doubles. Is he eligible for first round prize money compensation if all other conditions are met?*

**Decision: Yes.** *The player may collect the on-site prize money if he is still competing in the doubles of that tournament as long as he receives medical clearance prior to the doubles match. The doubles match cannot be on the same day as his withdrawal or on the day of his scheduled singles match.*

**Case:** *A player withdraws from singles before his first singles match and collects on site prize money. Can he play a special event or another tennis event that week?*

**Decision: No.** *Once a player withdraws he cannot continue or participate in any other event that week; whether he collects the on-site prize money compensation or not.*

**Case:** *A player withdraws on site and collects prize money. Is he allowed to do the same at the next tournament he's entered in.*

**Decision: No.** *A player is not allowed to collect prize money when withdrawing on-site at two consecutive tournaments. A player must compete in a tournament before being allowed to collect prize money at another event.*

**Case:** *A player withdraws on site and receives prize money at an ATP Challenger Tour tournament. Subsequently, he withdraws on site and receives prize money at an ATP Tour tournament. Is the player allowed to withdraw on site and receive prize money at another ATP Challenger Tour or ATP Tour tournament?*

**Decision: No.** *Once the player has withdrawn on site and received prize money at any two, non-consecutive ATP Tour or ATP Challenger Tour tournaments, he has used his 2 tournament limit for the year and is not eligible to receive prize money for any future on-site withdrawal at an ATP World Tour or ATP Challenger Tour tournament in that calendar year.*

**Case:** *A player is out of competition for 30 days after retiring or withdrawing due to injury. Is he eligible to receive prize money if he withdraws on-site after being out the 30 consecutive days since his retirement/withdrawal?*

**Decision: No.** *The player is only eligible for the provision to receive prize money for an on-site withdrawal after he has returned to competition and competed in his first event.*

**Case:** *A player using a protected ranking for entry withdraws on site and collects prize money. Does this tournament count towards the total number of tournaments the player has used with his protected ranking?*

**Decision: Yes.**

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**Case:** If a player qualifies, accepts a special exempt or accepts a wild card and becomes a main draw player, can he receive on-site prize money if otherwise eligible?

**Decision: Yes.** Once he is accepted into the main draw as a qualifier, special exempt or wild card, he can receive on-site prize money compensation if otherwise eligible.

**Case:** A player who is not on-site withdraws after the 12 noon, Friday deadline and comes on-site to do promotional activity or to be medically examined (Challengers) in order to avoid the applicable penalties. Is he eligible for first round prize money compensation?

**Decision: No.** The player must be on-site at the time of the withdrawal in order to be eligible for first round prize money compensation under the rule.

**Case:** May a player who withdraws on-site and otherwise qualifies, decline the first round prize money?

**Decision: Yes,** the player may decline to accept the money and then it becomes a normal on-site withdrawal.

**Case:** A player is an on-site withdrawal and wants to wait to decide whether or not to accept the first round prize money if otherwise eligible. Is the player allowed to wait?

**Decision: No.** The player must declare his intent at the time of the on-site withdrawal.

**Case:** A main draw player that would have been seeded with a bye withdraws on-site after the Qualifying started but before the main draw was done. He is eligible for compensation. Does he get 1st or 2nd round PM compensation?

**Decision:** The player receives 1st round PM compensation. Seeding is not official until the draw is made.

**Case:** A main draw player withdraws late after the Qualifying has started and travels to the tournament site to perform Promotional Activities to avoid the LW fine. Is he eligible for prize money compensation?

**Decision:** The player is not eligible for compensation as he was not on-site when the withdrawal was done.

**Case:** During Qualifying, two players withdraw from the main draw list. One player was on-site and eligible for compensation while the other player was not on-site or otherwise ineligible to receive prize money. Neither player was seeded with a Bye. How is it decided what PM will the LL's be receiving?

**Decision:**

1. The lucky loser who was drawn as the number 1 LL is eligible to receive first round prize money or whatever money he earns in the main draw. He does not keep the final round qualifying money.
2. The lucky loser who was drawn as number 2 LL receives final round qualifying money plus money earned in main draw, less the amount paid to the withdrawing player.
3. The same principle applies if there were more than two withdrawing players prior to the completion of the qualifying or the qualifiers being placed in the draw.

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**Case:** A seeded main draw player with a Bye withdraws on-site after the Qualifying started, the main draw has been made and the player is eligible to collect 2nd round prize money compensation. The order of play for the first day has not been released and the next seeded player who did not receive a Bye moves into that position. How is the prize money distributed?

**Decision:** The seeded player moving to the bye position will receive first round prize money if he loses and first round prize money plus the difference between 2nd round and the round reached if he wins. The LL inserted in the draw receives final round qualifying money plus prize money earned in main draw less the 1st round prize money.

**Case:** Same situation as above, however the order of play for the first day has been released.

**Decision:** If a qualifier is drawn into the bye position he will receive first round prize money if he loses and first round prize money plus the difference between 2nd round and the round reached if he wins. The lucky loser who was drawn into the 1st round position receives final round qualifying money plus money earned in main draw, less the 1st round money paid to the qualifier drawn into the bye position.

**Case:** Two main draw players withdraw overnight after the Qualifying has finished. The Qualifiers were drawn into their respective positions in the draw. The Order of Play for the first day of main draw is released. One of the withdrawing players was seeded with a bye. The LL's are drawn into the vacant position in the draw. The second LL is drawn to replace the seeded player with the bye. How is the prize money decided if the withdrawing players have received compensation?

**Decision:** The LL's receive PM dependent on which player they were drawn to replace in the draw. This is a different procedure than the cases when the WD's happen before the Q is finished and the Q/LL's inserted into the draw.

**Doubles:** Should a doubles match in an ATP Tour or ATP Challenger Tour event be uncontested\* or fail to be completed, the losing team shall only receive points and prize money from the previous round unless one of the following exceptions is applicable:

- \* A team withdrawing from the first round will not receive prize money whether there is or is not an alternate/lucky loser team. The exceptions do not apply.
- a) Neither player was in the singles main draw;
- b) Both players used, or could have used\*\*, their doubles ranking for entry into the doubles draw (does not apply to wild card teams).
- c) The retiring/withdrawing player is still in the singles competition and at the time of the medical examination is declared unfit to play in the singles of that event or, if no longer involved in the singles competition of that event, is forced to withdraw from the singles or doubles\*\*\* of the next tournament in which he is entered.
  - i) For ATP Tour events if the retiring/withdrawing player was not in the singles draw of that event and is forced to withdraw from the next event in which he is entered (singles or doubles).

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- ii) For ATP Challenger events if the retiring/withdrawing player was not in the singles draw of that event and is forced to withdraw from the following week's event (single or doubles) after the withdrawal deadline.
  - d) The retiring/withdrawing player was not involved in the singles draw of that event and:
    - i) For ATP World Tour events is forced to withdraw from the next event in which he is entered (singles or doubles).
    - ii) For ATP Challenger events is forced to withdraw from the following week's event (singles or doubles\*\*\*).
  - e) The retiring/withdrawing player had withdrawn/retired from his singles match, which was scheduled the same day; or, if the doubles match is scheduled for a following day the player is examined by the tournament Doctor and is declared unfit for competition in the doubles event.
- \*\*** Example: Player A is not in the singles draw and his doubles ranking is 20; his partner, Player B, is in the singles draw with a ranking of 15. Player B's doubles ranking is 30. The cutoff for their method of entry is 60. Using player B's doubles ranking would have kept them as a direct acceptance so they qualify for exception b) above.
- \*\*\*** For ATP Challenger events the withdrawal for doubles must be after the withdrawal deadline.
- 4) A player who receives a "bye" and loses in the second round shall receive second round loser's prize money.
  - 5) Players affected by the entries or seedings not in accordance with ATP Rules and Regulations shall not be entitled to compensation. Such entry or seeding variances shall be resolved at the sole discretion of the Executive Vice President - Rules & Competition.
  - 6) A tournament must send to ATP any prize money not paid to a player who is defaulted for improper conduct.

#### 3.09 On-Site Prize Money

Each ATP Tour and ATP Challenger Tour tournament is required to offer and pay as part of its financial commitment the on-site prize money shown in Exhibit J plus hotel accommodations, unless otherwise determined by ATP. The minimum prize money for ATP Challenger Tour Tournaments is \$54,160/€46,600.

#### 3.10 Prize Money / Fee Payments

##### A. ATP Tour Tournaments

Prize money and fee payments by all ATP Tour level tournaments shall be determined as follows:

- 1) **U.S. Tournaments:** All prize money, fees etc. must be paid in USD.
- 2) **European Region Tournaments:** All prize money, fees etc. must be paid in EUR.
- 3) **All Other Tournaments:** All prize money, fees etc. must be paid in USD. Any change from USD payment must be approved by the ATP Board.

##### B. ATP Challenger Tour Tournaments

Prize money and fee payments by all ATP Challenger Tour tournaments shall be determined as follows:

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- 1) **U.S. Challengers:** All prize money and fees must be paid in USD.
- 2) **European Region Challengers:** All prize money and fees must be paid in EUR.
- 3) **All Other ATP Challenger Tour Events:** Prize money and fees must be paid in USD.

#### 3.11 On-Site Prize Money Adjustment

##### Exchange Rate Adjustment Rule

There will be no prize money adjustment for tournaments in the U.S. and tournaments in ATP's European Group, except for those in non-euro based countries. For all other tournaments, the on-site prize money will be increased or decreased from approved prize money levels when there are significant exchange rate changes between USD or EUR / local currency. The amount of the prize money adjustment shall be determined as follows:

- 1) As of March 31, June 30, September 30 and December 31 of each year, ATP will compare the current market exchange (ratio of local currency to USD or EUR) with the 5-year average of the same currency exchange rate for each non-U.S./ non-European group and calculate the change between the current rate and average rate as a percentage of the average rate. Prize money amounts for tournaments in countries where more than a 10% change occurs will be adjusted by one-half of the percentage change subject to a maximum adjustment of 15%.

The calculations will apply to tournaments in the following year on the dates as follows:

- a) March 31 calculation-tournaments that begin from January 1 through March 31
  - b) June 30 calculation-tournaments that begin from April 1 through June 30
  - c) September 30 calculation-tournaments that begin from July 1 through September 30
  - d) December 31 calculation-tournaments that begin from October 1 through December 31
- 2) ATP Rankings points will be based on approved prize money levels prior to any adjustment pursuant to this section. This section will not apply to tournaments in countries where currencies are not actively traded.
  - 3) The Exchange Rate Adjustment rule will not apply to: new ATP Tour tournaments who have run their event for less than 5 years, existing tournaments that relocate to a country with different currency for the first 5 years in the new location, existing tournaments who previously elected to opt out of this rule and ATP Challenger Tour events. New ATP tournaments may not opt out of this rule.

#### 3.12 Late Payment

Prize money payments not received by the due dates specified herein are subject to an initial 2% late fee, followed by a subsequent 2% late fee every 30 days.

#### 3.13 Taxes-Notice of Withholdings

Each ATP Tour and ATP Challenger Tour tournament is required to give at least ninety (90) days notice to ATP of the percentage of the applicable player income tax deduction. No other tax deduction(s) will be permitted from the on-site prize money paid to a player. Tournaments are responsible for any additional taxes imposed. Each



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tournament is responsible for withholding required income taxes from each player's prize money payment and remitting such amounts to the applicable taxing authorities on a timely basis.

#### **3.14 Withholding From Prize Money**

- A.** Each ATP Tour and ATP Challenger Tour tournament shall withhold from prize money only a player's applicable income tax deduction, non-member service fee, fines, advances and other ATP designated expenses.
- B.** Each ATP Tour and ATP Challenger Tour tournament shall document the player income tax deduction, if any, and provide players on-site with a withholding income tax receipt.
- C.** When a fine is deducted from a player's prize money paid in a currency other than the assessed currency, the exchange rate used (on the day the fine is deducted) by ATP Tour and ATP Challenger Tour tournament for the payment of prize money shall be applicable to the payment of the fine.

#### **3.15 Prizes and Non-Cash Awards**

- A.** In addition to on-site prize money, each ATP Tour tournament may give to each singles and doubles winner during the on-site awards presentation one (1) non-cash award or prize plus a trophy. Non-cash awards or prizes valued over \$5,000 must be approved by the President no later than forty-two (42) days prior to the tournament and can be offered for results in that tournament only.
- B.** All non-cash awards or prizes must be the product of, or service provided by, a principal tournament sponsor.
- C.** Pre-existing tournament sponsorship agreements made before 1993 for non-cash awards or prizes are exempt until the expiration of such agreements. The tournament must notify the appropriate ATP Regional Office of such non-cash awards or prizes forty-two (42) days prior to the tournament.
- D.** Tournaments may not pay travel expenses without special written permission from ATP.

#### **3.16 Release from Financial Commitment**

- A.** Each ATP Tour tournament is required to pay its financial commitment for each calendar year tournament.
- B.** No refund shall be made for any sums paid whether or not the event is actually held, unless ATP in its sole discretion determines that extraordinary circumstances exist justifying such action.

#### **3.17 Tournament Financial Information**

- A.** Every two years all ATP Tour tournaments are required to provide accurate and complete actual and projected financial and other relevant information as requested by an independent consultant appointed by the ATP Board of Directors (Consultant), and otherwise provide reasonable cooperation to Consultant, including, if requested, permitting Consultant to undertake reasonable steps to verify the accuracy of tour-

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nament financial data, for the sole purpose of enabling Consultant to provide group tournament data and its evaluation of such data to the ATP Board of Directors.

- B.** Consultant will be instructed not to provide to ATP or its staff, except for the COO/ CFO and President, individual tournament information or any information that could reasonably lead to the calculation of individual tournament information and the matching of the information to a particular tournament.
- C.** Any tournament that fails to comply with this rule shall be subject to an annual fine in an amount up to a maximum of one half of a respective tournament's Fee Obligation for that year not to exceed \$100,000. The President shall recommend any such fine after completion of an investigation into the circumstances that lead to the failure to comply. All fines shall be subject to approval by the ATP Board of Directors.
- D.** A tournament may petition the ATP Board for an exemption from complying with this rule. The ATP Board will consider such petitions that demonstrate clearly that a particular tournament's organization/financial structure is such that it is not permitted to provide the information, or the requested financial information, when combined with other tournaments, will result in incorrect or misleading implications.