

## 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

- Tournament fees in 2021 shall be 15% of total prize money.

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

**1) ATP Masters 1000 and ATP 500 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

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

**2) ATP 250 Tournaments:**

On the first day of the tournament, the total fee is due and payable.

**3) ATP Challenger Tour Tournaments. (See Challenger Addendum, page 400).**

The full fee is due with the tournament application.

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- 4) **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.
- 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.

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### 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.

### 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 - Glossary" )

#### 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:

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- 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.
  - 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.
- c) **“See ATP Addendum, page 373” / “See Challenger Addendum, page 393”**

**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 where ATP points are awarded or Davis Cup or Olympics 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 Tour or ATP Challenger Tour tournament in that calendar year.*

**Case:** *A player is out of competition for 30 days after retiring or*

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*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.**

**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?*

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**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.

**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.

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- 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 accepted in the main draw (singles or doubles).
  - 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 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.
- f) **(See ATP Addendum, page 374)**  
**(See Challenger Addendum, page 394)**

\*\* 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 Senior 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 \$35,000/€30,000. **(See Challenger Addendum, page 407)**

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### 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:

- 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

### A. 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) FedEx 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.



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- 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 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.

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**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 tournament 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.

#### **3.18 Supplemental Tournament Financial Information Rule -**

##### **Prize Money Revenue and Audit**

**A.** Each ATP Tour tournament member is required to annually provide to the Committee Auditor (as defined below) a complete and accurate determination and calculation of its actual Gross Revenue (as defined below) and all other financial information and supporting documentation relating thereto, in each case, as requested by the Committee Auditor and in accordance with the terms of this rule. In connection with the foregoing, each ATP Tour tournament member shall provide its full cooperation to the Committee Auditor, who will examine and verify the accuracy of such information.

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B. The following terms used in this Section B shall have the meanings set forth below:

**“Committee”** means the committee appointed by the ATP Board of Directors and authorized to act in accordance with this rule, which shall be comprised of the ATP Chairman, an Independent Member (as defined below) and an equal number of tournament and player representatives, with only one (1) tournament representative and one (1) player representative serving on such Committee being designated by the class of ATP Board of Directors that appointed such representatives with the right to vote on any Committee matters, regardless of the number of tournament and player representatives appointed to serve on the Committee. The player representative and the tournament representative designated with the right to vote on Committee matters shall be collectively referred to herein as the “Voting Members”.

**“Committee Auditor”** means an independent accounting firm appointed by the Committee to (i) receive and evaluate each tournament member’s Submissions, (ii) perform agreed upon procedures regarding financial information included in each Submission, and (iii) prepare reports to be provided to the Committee and to the ATP Board of Directors in accordance with this rule summarizing the Submissions. The Committee Auditor will also act as advisor to the Committee on financial and accounting related matters and Gross Revenue reporting issues and questions

**“Independent Member”** means the independent member of the Committee appointed by the ATP Board of Directors by a super majority vote to serve on the Committee for a 3-year term. The Independent Member is subject to removal at any time by the ATP Board of Directors by a super majority vote.

**“Player Auditor”** means an independent certified public accountant and/or financial advisor selected by the player member(s) of the Committee and approved by the Committee in accordance with Section C below who meets the appropriate level of expertise and experience to evaluate the accuracy of the Submissions. The Player Auditor will act as advisor to the player member(s) of Committee. The Player Auditor may also review items and information related to the application of the ATP Prize Money rules to the extent requested by the player member(s) of the Committee and shall provide comfort to such member(s) as to the accuracy of the Submissions to confirm the reasonableness of the Committee Auditor’s evaluation thereof.

**“Gross Revenues”** means the total amount of gross revenues related to a tournament event determined on the basis of the generally accepted accounting principles in the United States (“GAAP”) or the International Financial Reporting Standards (“IFRS”) (depending on the applicable accounting rules in the country in which the tournament operates), in each case, as in effect on such date of determination and consistently applied, which shall include all revenues related to the tournament’s event operations regardless of which entity affiliated with the tournament event receives, or accounts for, such revenues or which jurisdiction such revenues are reported. All such revenues shall be reported in the tournament’s domestic reporting currency. For combined events, total Gross Revenues should be broken out by event and categorized by those identifiable only to the men’s event, those identifiable only to the women’s event and all other revenues. The Committee has the power to create additional rules for reporting Gross Revenues. Consistent with both GAAP and IFRS, tournaments will report estimated revenues for those revenue sources where final revenue amounts are not determinable by the deadline for completing the Submission. Subsequent adjustments of these estimates to actual will be included in

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Gross Revenues in the subsequent Submission when such final revenue amounts are known.

“**Barter**” means non cash transactions where value is exchanged (for example, when cars are provided as part of a car sponsor deal the value of the cars provided must be included in sponsor revenues). A written description of each Barter transaction must be included as part of each Submission, whether included in or excluded from Gross Revenues. Barter transactions for each revenue category are required to be included in Gross Revenues unless excluded as set forth below in (a), (b) or (c). Barter valuations should be in accordance with GAAP or IFRS, as applicable to each tournament. The Committee will work with the Committee Auditor and include a comprehensive definition of barter transactions and their valuation for Gross Revenue purposes and include such comprehensive definition as part of the Submission. The following Barter transactions are excluded from Gross Revenues:

- (a) Media commitments for promotional time or space that are not for resale and are used solely (i) to promote the tournament, (ii) to promote ATP or any related event or activity of the tournament that generates Gross Revenues, (iii) to promote charitable or not for profit organizations or agencies that are unrelated to the tournament or tournament affiliates, or (iv) for public service announcements.
- (b) Any barter transaction that is both used to satisfy tournament standards and is for the direct benefit of the players. Such direct player benefits include, but are not limited to, hotel accommodations, player transportation, player food, player meals, player beverages, lounge for players, internet access for players, and gifting and on-court supplies for players.
- (c) De Minimus barter transactions defined as individual transactions with valuations under \$10,000 for 250 category tournaments, \$20,000 for 500 category tournaments and \$30,000 for 1000 category tournaments. De Minimus transactions are not required to be reported individually in the Submission as long as the total of such individual transactions is 5% or less of Gross Revenues. In the event such total exceeds 5% of Gross Revenues, tournaments must individually report the highest valued barter transactions included in the total such that the total excluding those transactions is 5% or less of Gross Revenues. A summary written description of each De Minimus transaction is required to be included in the Submission.

Given the potential complexities in valuing barter transactions for inclusion in Gross Revenues, tournaments who submit barter valuations in Submissions through the 2019 year will not be assessed any fine amount in accordance with Section G if those valuations are subsequently changed or amended through the procedures performed by either the Committee Auditor or Player Auditor. This one-time fine abatement will not apply if the Committee determines that a tournament was not acting in good faith or willfully not complying with this rule when submitting those barter valuations.

“**Submission**” means the prescribed, mandatory annual financial information report required to be submitted to the Committee Auditor by each ATP Tour tournament member hereunder, which, for the avoidance of doubt, shall include a determination and calculation of Gross Revenues and any other information required or reasonably requested by the Committee. The Submission must be completed in full as determined by the Committee Auditor to be considered in compliance with this rule.

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**“Related Party”** means a person or company that has control, joint control or significant influence over the tournament or a tournament entity, either by ownership, by agreement, or by power to manage, govern or influence the tournament’s finances and/or operations. Also, a person or company is considered to be a related party to the tournament if the tournament has control, joint control or significant influence over the person or company, either by ownership, by agreement, or by power to manage, govern or influence the person or company’s finances and/or operations.

- C.** The Committee will be delegated the authority by the ATP Board of Directors to administer, implement and enforce this rule, including, but not limited to, the authority to (i) determine procedures for audits for purposes of financial disclosures in accordance with the terms of this rule (including regarding the selection of tournament events to be subject to full on-site audits in accordance with Section E below); (ii) determine the process of receiving financial information from tournament members and any audits with respect to such information, including how often an audit may be performed with respect to an individual tournament; (iii) evaluate and resolve questions and issues that may arise in respect of any audit, Submission or violation of this rule; (iv) enforce this rule pursuant to Section F below; and (v) implement any other aspect of this rule. All actions, approvals and determinations of the Committee shall require a unanimous vote of the Voting Members, unless otherwise expressly provided in this rule (including as set forth in Sections B, C, E and F below). The ATP Chairman shall have no right to vote on Committee matters; provided, however, that in the event that the Voting Members are unable to unanimously agree on the appointment of the Player Auditor, the ATP Chairman acting reasonably shall have the right to vote on whether approval of the proposed Player Auditor should be granted. If any such vote by the ATP Chairman occurs and the ATP Chairman votes against the approval of any proposed Player Auditor, then the ATP Chairman will provide a brief description of his or her reason for such decision to the Committee. The Committee will meet regularly as deemed necessary by the Committee to properly administer, implement and enforce this rule. The ATP Board of Directors will make reasonable and adequate funding available to enable to the Committee to administer, implement and enforce this rule in accordance with the terms herein.
- D.** Each ATP Tour tournament member is required to provide a complete and accurate Submission annually to the Committee Auditor no later than 120 days following the conclusion of its tournament event for such year. Each Submission must be certified by the applicable tournament member as complete and accurate and in compliance with this rule in all material respects. For a period of one (1) calendar year following the date upon which this rule is formally and duly adopted by the ATP Board of Directors (such date, the “Effective Date”), each Submission must include a determination and calculation of Gross Revenues for the current year and the prior two (2) years (i.e., a total of 3 years) and any other required financial information related to such Gross Revenues. The financial information included in each Submission shall be construed and prepared in accordance with GAAP or IFRS, unless a different basis is legally mandated by the country in which the tournament operates. In such case, differences between any such other basis and GAAP or IFRS, as applicable, must be identified and resolved by such tournament member as part of its Submission. Upon appointment by the Committee, each of the Committee Auditor and the Player Auditor will be instructed not to disclose any individual tournament information or documentation that it receives to the Committee, any of its members, ATP, the ATP Board of Directors or any other party. The Committee Auditor and Player Auditor will

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be required to execute and deliver to the Committee a statement of confidentiality and non-disclosure preventing either the Committee Auditor or Player Auditor from making any such disclosure.

- E. Each year, the Committee Auditor will perform an agreed upon desk-based procedures audit (as directed by the Committee) of each tournament member Submission and report to the Committee any issues that it may identify as a result of these procedures for which the Committee Auditor is unable to resolve with the respective tournament. Once this process is complete, the Committee Auditor will provide the results of its procedures and the supporting audit work papers to the Player Auditor. The Player Auditor will undertake a review of the provided information and results. After completing this review, if the Player Auditor has any outstanding issues or questions, the Player Auditor will work with the Committee Auditor to resolve such issues and questions. In the event that the Committee Auditor and the Player Auditor are unable to resolve any such issues or questions, the Committee Auditor and the Player Auditor will inform the Committee and may jointly conduct an on-site audit at the offices of the relevant tournament or Related Party to review and evaluate the books and records of such tournament or Related Party that are reasonably necessary to resolve such issue or question; provided, that any such joint on-site audit must be conducted during regular business hours and no more than three (3) joint on-site audits may be conducted during any consecutive twelve (12) month period. If after any joint on-site audit, the Committee Auditor and the Player Auditor are still unable to resolve any such issues or questions (or in the event the Committee Auditor and the Player Auditor elect not to conduct an on-site audit and such issues or questions remain), the Committee Auditor and the Player Auditor will inform the Committee and the Committee will evaluate the information presented and then issue a determination as to whether the unresolved issue(s) or question(s) is due to an act or omission of a tournament member. In the event that the Voting Members are unable to unanimously agree on such determination, then the Independent Member will make such determination in his or her sole discretion. If it is determined that the unresolved issue(s) or questions(s) are due to an act or omission of a tournament member, then the revenues for that tournament could be excluded from the prize money formula calculation and/or that tournament may be subject to a fine pursuant to Section F below.
- F. Any tournament member that (i) fails to provide a Submission to the Committee Auditor as required under this rule (including with respect to the timing, accuracy and/or completeness thereof), (ii) submits a report or document that contains a material misstatement or omits material information, (iii) does not fully cooperate with the Committee Auditor and Player Auditor as required hereunder, or (iv) otherwise fails to comply with this rule, may request from the Committee a 10 day extension in order to comply with its submission failure. Following any such extension the tournament in each case, may be subject to a fine in a maximum amount of \$250,000. This maximum fine amount will increase by 100% for consecutive year submission failure by a tournament. The Committee shall evaluate the circumstances that led to the failure of such tournament member to comply with the terms of this rule and assess an appropriate fine taking into consideration the guidelines set forth in Section G below or as otherwise provided by the ATP Board of Directors from time to time. For clarity, any such guidelines will be for guidance purposes only and the Committee will have the right to determine an appropriate fine in its sole discretion. In the event that the Voting Members are unable to unanimously agree on a fine, the Independent Member will make such determination in his or her sole discretion taking into account

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the circumstances that led to the failure of the tournament member to comply with the terms of this rule. All fines assessed under this rule will be contributed to the player pension program.

G. The following guidelines set forth fines that may be imposed for violations of this rule (subject to the discretion of Committee as set forth in this rule):

<b>Violation</b>	<b>Fine* 250/500/1000</b>
Failure to meet 120-day deadline to provide a Submission in accordance with this rule	\$5,000/\$10,000/\$20,000
Prolonged failure to meet 120-day deadline to provide a Submission in accordance with this rule (over a month late)	\$15,000/\$30,000/\$60,000
Submission contains a material misstatement or material omission of information	\$15,000/\$30,000/\$60,000 (up to a maximum of \$250,000)
Willful non-compliance with this rule (e.g., failure to provide a Submission)	Up to a maximum of \$250,000

\*Specific amounts should depend on the severity of the violation and issue(s) presented.

Notwithstanding anything to the contrary herein, each ATP Tour tournament member shall have until January 15th, 2020 to provide the Committee Auditor with a complete and accurate Submission related to tournament events concluded in 2018. Any Submission related to a tournament event that concluded in 2019 prior to the Effective Date shall be required to be provided to the Committee Auditor no later than 120 days following the conclusion of such event or if, after giving effect to this rule, such 120 day period has passed, 60 days following the Effective Date.

#### 3.19 500 Prize Money Formula Rule

The formula within this rule will be used to determine increases in on-site prize money for the ATP Tour 500 category of tournaments (as this category is currently composed) for the years 2020 through 2024. In the event this category is materially changed during this period, the Committee will determine what effect such material changes have on applying this rule for the remainder of the term. The formula will be based on a 2-year average growth percentage (AGP) in defined revenues (DR) for all events in the category. The Committee Auditor will calculate AGP and submit such calculations to the Committee for review and approval. Such AGP will be applied to current year category total on-site prize money as follows:

AGP up to 2.5%	On-site prize money increases by 2.5%
AGP over 2.5% to 6%	On-site prize money increases by AGP
AGP over 6%	On-site prize money increases by AGP times 1.167

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The resulting overall on-site prize money increase will be allocated equally to each of the 13 500 events, regardless of their current on-site prize money level.

#### Definitions

**Supplemental Tournament Financial Information Rule-Prize Money and Audit (Audit Rule)** - ATP rule which among other provisions defines the required annual reporting by each ATP tournament of its gross tournament revenue and other financial information and defines the audit procedures to be applied to submitted information. Definitions within that rule are incorporated herein by reference. Implementation of this 500's formula rule will be the responsibility of the Committee as defined in the Audit Rule.

**Average Growth Percentage (AGP)** - AGP is the 2-year average growth in the most recent actual years DR as reported to and calculated by the Committee Auditor. The annual period for purposes of AGP will be the 12-month periods ending in April each year immediately following the Barcelona tournament.

**Defined Revenues (DR)** - Defined revenues are the basis for the AGP calculations and include the following four broad revenue categories as long as the 2-year average of these revenues exceed 92% of average gross revenues as reported to the Committee Auditor:

- Sponsorships
- Ticketing and on-site hospitality
- Media and television revenues
- Government funding and/or government subsidies

Revenues within each of these categories must include all amounts earned in connection with each category. For example, if a sponsor agreement in addition to sponsor signage and benefits, provides for on-site parking or event merchandise, total sponsor payments must be included within this category and not allocated to another revenue category. Similarly, if food and beverage and/or parking are included in a ticketing/hospitality package, the total package proceeds will be included in the ticketing/hospitality category as DR and not allocated to another revenue category.

Consistent with the Audit Rule, where applicable, gross revenues and DR includes tournament revenues received by related parties. A person/company is considered to be a Related Party to the tournament if that person/company has control, joint control or significant influence over the tournament or a tournament entity, either via ownership, via agreement, or via power to manage/govern/influence the tournament's finances and/or operations. Also, a person/company is considered to be a Related Party to the tournament if the tournament has control, joint control or significant influence over the person/company, either via ownership, via agreement, or via power to manage/govern/influence the person/company's finances and/or operations.

If two-year average DR are less than 92% of average gross revenues, the next largest revenue category as determined by the Committee Auditor and approved by the Committee will be added to DR so that the 92% minimum is achieved.

For purposes of DR, barter transactions as defined below for each category are re-



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quired to be included. Barter for this purpose is non cash transactions (for example advertising) where value is exchanged (for example, when cars are provided as part of a car sponsor deal the value of the cars provided must be included in sponsor revenues. Barter valuations should be in accordance with GAAP or IFRS applicable to each tournament.

ATP payments to tournaments for rebates and prize money subsidy are not included in DR or OR. Data distribution revenues shall be included within the other tournament revenues category (OR) and subject to reclassification within DR as provided above.

For purposes of DR, the following will also apply:

- For combined events, direct men only revenues will be included in DR at 100%. Direct women only revenues will be excluded.
- A 70% factor will be applied to combined events revenues which are not directly men or women event revenues.
- Exchange rates to USD for formula calculation purposes and for equal prize money allocation among tournaments will be based on a 2-year average exchange rate.
- Complimentary tickets where no value is received will not be included in revenues. Complimentary tickets provided to Related Parties will be valued and included in DR.
- Taxes and fees required to be paid on tickets sales will be excluded from revenues. For this purpose, taxes and fees only include such amounts that are in effect during the year 2020. Application of this exclusion based on 2020 determination must be consistently applied during the term.
- Insurance proceeds which replace lost revenues will be included as revenues in the category for which the proceeds relate

**Other Revenues (OR)** - OR includes all tournament revenues not otherwise included in DR.

Agreed upon procedures as defined in the Audit Rule will only be applied to DR of the 500's events. Remaining OR as reported under the Audit Rule will be subject only to overall fluctuation reviews and resulting inquiries by the Committee and Player Auditors necessary to understand significant changes.