



# Colorado Bar Association Sports & Entertainment Law Section



*In Association with the Beverly Hills Bar Association Entertainment Law Section*

## Anatomy of the Deal Series: Bringing the 11th Team to the F1 Grid

*May 28, 2025, 12 pm MT via Zoom*



Presented by  
Scott Young CFP® CPWA®  
UBS Financial Services Inc. Denver



Featuring **Caroline McGrory**  
*Chief Legal Officer  
TWG Cadillac F1 Team Ltd.  
Live from the U.K.*



## "Anatomy of the Deal" CLE Series UPCOMING EVENTS!

June 17, 12-1pm via Zoom

### **Inside Music Publishing Agreements**

Featured presenter Dave Ratner, Principal, Creative Law Network and Chair Emeritus,  
Colorado Bar Association Sports & Entertainment Law Section

July 29, 12-1pm TBD

### **Beyond the Headset: Inside College Football Coaching Contracts**

Panel discussion with former Arizona State University Football General Manager and Deputy Athletic Director, Jean Boyd; Jon Baker, Vice President, ProStar Sports Agency; Paul Sheehy, President, ProStar Sports Agency & Chair, Colorado Bar Association Sports & Entertainment Law Section

TBA/Fall

### **Navigating Student-Athlete Compensation in the Post-House Era**

Featured presenters Leigh Augustine, Augustine Sports and Allison Kolberg, Associate,  
Faegre Drinker Biddle & Reath

TBA/Fall

### **Representing Players in MLB Salary Arbitration**

Featured presenter, Ryan Lake, Lake Law Group

**Colorado Bar Association**  
***Sports & Entertainment Law Section***

**Anatomy of the Deal: Bringing Cadillac as the 11<sup>th</sup> Team on the F1 Grid**

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**Speaker Biography**



**Caroline McGrory**

*Chief Legal Officer, Cadillac Formula 1 Team (Silverstone, England)*

Simply put, Caroline is one of the most influential people in the world of sports in general, and specifically in F1.

In her current position as Chief Legal Officer of the ***Cadillac Formula 1 Team***, her experiences have helped the team become the 11<sup>th</sup> team on the grid, beginning with the 2026 season. No small feat, as the team's bid – which originated as one under the Andretti Racing umbrella – was initially approved by the sport's governing body, the FIA, only to be rejected by the commercial right holder. What followed was an intricate array of dealing, politics, legal wrangling, posturing, and bargaining, including threats from Congress and the US Department of Justice. This all culminated with the ultimate acceptance of the team into the single most exclusive sport in the world, with just 10 teams, now 11 competing for the FIA Formula One World Championships.

Prior to Cadillac, Caroline served as Director of Legal Affairs for ***Alpine F1 Team*** during 2023, a season which saw the Renault-owned team undergo massive executive and management changes.

The majority of Caroline's F1 experience came as the Director of Legal and Commercial Affairs for ***Mercedes-AMG Petronas Formula One Team*** from 2009 to 2016. During that time, she was part of a team which won three consecutive Constructors' (Team) Championships and three consecutive Drivers' Championships with Lewis Hamilton in the cockpit from 2014-2016. That run set the stage for 5 additional Constructors' titles (through 2021) and 4 more Drivers' titles for Hamilton through 2020.

Caroline was an integral part of the most incredible stories in F1 history. The Great Recession caused automaker Honda to withdraw its team from the Formula 1 grid after the 2008 season. From 2004 to early 2009, she served as Senior Legal Counsel/Legal Director of ***Honda Racing F1 Team*** (previously British American Racing). Honda had re-joined the sport in 2000 to some success but couldn't continue to back the \$300 million team due to worldwide economic issues. Instead of shutting down the entire operation, Honda executives sold the team to former technical director Ross Brawn, famously for £1 (the

equivalent of \$2.04 in 2023). Caroline was a member of the management team which was involved in the Management Buy Out from Honda to create the newly formed **Brawn GP F1 Team** at the end of 2008. During 2009 she was one of five shareholders and directors on the Board involved in all strategic and other decision making within the team. This story is the subject of ***Brawn: The Impossible Formula 1 Story*** a miniseries on Netflix hosted by Keanu Reeves, which won an International Emmy for Best Sports Documentary.

Caroline has also made an impact in sports off the F1 grid. In 2016, she joined newly crowned English Premier League Champions, **Leicester City** as their first General Counsel and a member of the Senior Leadership Team, a position she held into 2019. And, from 2019 through 2023, Caroline was Chief Legal Officer and member of the Executive Management Team of the Birmingham Commonwealth Games, officially known as the **XXII Commonwealth Games**, hosting nearly 5,000 athletes, including 311 para athletes from 72 Commonwealth Games Associations, generating over £1.2 billion to the United Kingdom economy.



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The Provision Group

**THANK YOU TO OUR ANATOMY OF THE DEAL SERIES  
PRESENTING SPONSOR!**

## The Provision Group – Our Team

### Scott F. Young, CFP®, CPWA®

Senior Vice President – Wealth Management

O: (303) 488-3197 C: (303) 875-7800 [s.young@ubs.com](mailto:s.young@ubs.com)



Scott's passion is to serve the wealth planning needs of affluent multi-generational families. He has developed two special niches: NFL and NCAA football coaches and players and multi-generational families. The son of a Marine Corps pilot, Scott endeavors to bring commitment and dedication to each client relationship. As a walk-on football player at Wisconsin, Scott learned the value of perseverance and selfless teamwork en route to being part of a Rose Bowl championship team. In 1998, Scott embarked on a career as a Financial Advisor to serve, to lead and to help clients and their families achieve their goals.

Scott received his BS in Economics from the University of Wisconsin-Madison. He has earned two advanced industry credentials; CERTIFIED FINANCIAL PLANNER™ and Certified Private Wealth Advisor. He is an NFL Players Association Registered Financial Advisor and a speaker at the American Football Coaches Association Conference. He is also on the selection committee for the Pat Tillman Foundation - to award scholarships for exemplary military veterans. At UBS, Scott served as the Co-Chair of the Financial Advisor Advisory Council - a select leadership group of 16 Advisors advocating for best practices across the firm. Scott, his wife Annika and their daughter Hollie, live in Greenwood Village, CO. Their oldest, Allie, attends the University of Wisconsin-Madison and their son, Erik attends Western Reserve Academy in Hudson, Ohio. In addition, Scott has been a youth and varsity high school football coach (Mullen, Creek, Valor Christian) for over 20 years. Scott and Annika enjoy raising their children, skiing, golfing and attending lacrosse and football games.



### Caroline Perry, CFP®

Client Service Associate – Wealth Management

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From the largest task to the smallest request, Caroline works diligently to exceed client expectations. Her core responsibilities are essential to enabling her team to carry out its mission of helping financially successful individuals plan, invest, and lead fulfilling lives. As a CERTIFIED FINANCIAL PLANNER™, Caroline spearheads her client's Financial Goals Analysis, which is the UBS planning software that shows you how all parts of your financial life impact one another and how each decision you make can affect your lifestyle today and in the years to come. She supports Scott in a Jr. Financial Advisor capacity and is constantly learning about the ins and outs of portfolio management. Additionally, Caroline acts as a liaison between the Financial Advisors and Client Service Associates and ensures that all client requests are completed above and beyond expectations.

Caroline graduated from the University of Colorado at Boulder with a degree in Finance and a concentration in Real Estate. A standout member of the Division I Women's Lacrosse team at Colorado, Caroline was awarded a scholarship for leadership and sportsmanship in memory of a former teammate. Following graduation Caroline started her career in Chicago working in Wealth Management for AllianceBernstein. Since then, Caroline has moved back to her hometown of Denver, Colorado to join Scott at UBS. Caroline has a passion for all things sports, specifically football, hockey and golf. She also enjoys spending time outdoors, whether that is fishing or hiking in the summer or skiing in the winter with friends and family. Caroline holds her Series 7, Series 63, and Series 65 licenses.

**Colorado Bar Association**  
***Sports & Entertainment Law Section***

**Anatomy of the Deal:**

**Bringing Cadillac as the 11<sup>th</sup> Team on the F1 Grid**

***Presented by Scott Young CFP, CPWA  
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**General Outline**

- I. Introduction and Speaker Background
- II. Get to know the players:
  - I. Formula 1 (F1)
  - II. Fédération Internationale de l'Automobile (FIA)
  - III. Formula 1 Management (FOM)
    - I. Colorado Connection: Owned by Liberty Media, Englewood, CO
  - IV. Concorde Agreement
- III. The Process of becoming a team on the F1 Grid
  - I. Overview
  - II. Legal Challenges
  - III. Other Challenges
- IV. Initial Bid Rejection & The Pivot through the appeals process
  - I. There will be lawyers. And Congressmen.
  - II. General Motors involvement
- V. Unique legal challenges operating in a global sport
- VI. U.S. Market relevance
- VII. Q&A



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### **Get To Know The Interrelated Parties**

Here are the essential interrelated parties to know of:

Formula 1, or F1 is a motorsport where teams compete in races using their own engineered Formula One cars.

The FIA and Formula 1 Management have distinct but interconnected roles in Formula 1.

The FIA (Fédération Internationale de l'Automobile) is the governing body, responsible for safety, rules, and the sanctioning of Formula 1 as a motorsport championship.

Formula 1 Management (FOM), owned by Liberty Media (based right here in Englewood, Colorado, just off E470) under its Formula One Group umbrella on the other hand, holds the commercial rights to the championship, managing aspects like race contracts, television deals, and marketing, while managing the commercial and business aspects of Formula 1, including negotiating contracts with teams and sponsors.

Here's a more detailed breakdown:

#### **FIA (Fédération Internationale de l'Automobile):**

##### **Governing Body:**

The FIA is responsible for the overall sporting governance of Formula 1, including setting the rules, regulations, and safety standards.

##### **Sporting Authority:**

The FIA ensures that races are conducted fairly, safely, and according to the regulations.

##### **Sanctioning Body:**

The FIA sanctions the Formula 1 World Championship, meaning it officially recognizes and approves it.

##### **Technical Oversight:**

The FIA oversees the technical aspects of the cars and their compliance with the regulations.

### **Formula One Management (FOM) / Formula One Group:**

#### Commercial Rights Holder:

FOM holds the commercial rights to Formula 1, meaning it controls aspects like race contracts, television deals, and licensing.

#### Promotional and Marketing:

FOM is responsible for promoting and marketing Formula 1 to a global audience.

#### Business Operations:

FOM manages the commercial and business aspects of Formula 1, including negotiating contracts with teams and sponsors.

#### Ownership:

FOM is owned by Liberty Media, an Englewood, Colorado based media company.

### **The FIA/FOM Relationship:**

The FIA and FOM have a complex relationship, often described as a partnership and sometimes with tensions.

The FIA, as the governing body, has the authority to enforce the rules and regulations, while FOM, as the commercial rights holder, has significant influence over the business aspects of the sport.

There can be disagreements between the FIA and FOM, particularly on issues like the number of races, team entries, and the commercial value of the sport.

Recently, the FIA and FOM have made efforts to improve their relationship and work more closely together.

### **What is Formula 1 or F1**

F1 is a motorsport where teams compete in races using their own engineered Formula One cars.

#### The goal:

Drivers compete to win individual races (Grand Prix) and accumulate points to earn the Drivers' Championship. Teams also compete to earn the Constructors' Championship.

#### How it works:

The season consists of multiple Grand Prix races (currently 24 plus 6 “Sprint” races), each taking place on different tracks around the world.

#### Significance:

F1 is considered the pinnacle of motorsport and attracts a global audience. It's known for its high speeds, intense competition, and the advanced technology used in the cars.

#### History:

The FIA Formula One World Championship began in 1950, and it has been one of the world's premier forms of motorsport since then.



# Congress of the United States

Washington, DC 20515

May 1, 2024

Mr. Gregory B. Maffei  
President & Chief Executive Officer  
Liberty Media Corporation  
12300 Liberty Blvd.  
Englewood, CO 80112

Dear Mr. Maffei:

We write to express our concerns with apparent anti-competitive actions that could prevent two American companies, Andretti Global and General Motors (GM), from producing and competing in Formula 1.

This partnership, which includes GM and the thousands of its workers who we represent, would showcase exceptional American engineering and design skills, including the production of the only American-built and designed engine (power unit) in Formula 1.

Last year, the Fédération Internationale de l'Automobile (FIA), the sole and independent arbiter of entry into Formula 1, approved Andretti Global to enter Formula 1 racing starting in 2026. However, despite FIA's approval of the Andretti Global partnership, Formula One Management (FOM), the commercial rights holder owned by Liberty Media Corporation, rejected Andretti Global's admission.

FOM's rejection appears to be driven by the current line-up of European Formula 1 race teams, many of which are affiliated with foreign automobile manufacturers that directly compete with American automotive companies like GM. It is unfair and wrong to attempt to block American companies from joining Formula 1, which could also violate American antitrust laws.

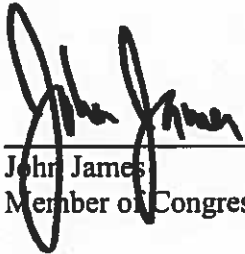
Participation of all Formula 1 teams—including any American teams—should be based on merit and not just limited to protecting the current line-up of race teams. This is especially true considering Formula 1's growing presence in the United States, including three Grand Prix motor racing events in Miami, Florida; Austin, Texas; and Las Vegas, Nevada.

As Members of Congress, we request your responses to the following questions:

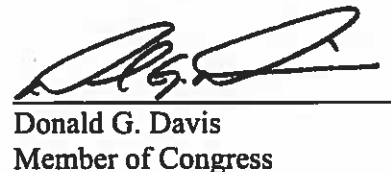
1. Under the Concorde Agreement, Formula 1's governing document, up to 12 teams can participate. Currently, there are 10 teams competing in Formula 1 races. Previously, the FIA launched and led a comprehensive application process with the purpose of allowing one or more prospective teams to join Formula 1 racing series. Andretti Global, with its partner GM, submitted an application, and after receiving four applications, the FIA approved Andretti Global. Under what authority does FOM proceed to reject admission of Andretti Global? What is the rationale for FOM's rejection, especially with respect to Andretti Global and its partner GM, potentially being the first American-owned and America-built race team?
2. The Sherman Antitrust Act of 1890 outlaws unreasonable restraints on market competition to produce the best outcome for the American consumer. How does FOM's denial of Andretti Global and GM, American-owned companies, square with Sherman Act requirements, since the decision will benefit incumbent European racing teams and their foreign automobile manufacturing affiliates?
3. We understand that GM intends to re-introduce its Cadillac brand into the European market, which would support thousands of good-paying American automotive jobs, especially with Formula 1's worldwide audience and its halo effect on its teams and sponsors. How much did GM's and Andretti's entrance into racing competition taking a portion of the racing market share and GM's entry into the European market taking market share each play into the decision to deny admission to the Andretti Global team, given the public outcry of incumbent Formula 1 teams against a new American competitor?

We request your response by May 3<sup>rd</sup>, 2024, as we continue to exercise oversight on this matter, and with the appropriate Federal regulators, to ensure that any potential violations of U.S. anticompetition law are expeditiously investigated and pursued.

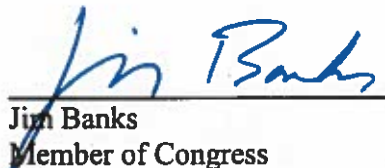
Sincerely,



John James  
Member of Congress



Donald G. Davis  
Member of Congress



Jim Banks  
Member of Congress



Jake Ellzey  
Member of Congress



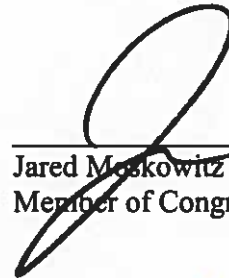
Morgan Luttrell  
Member of Congress



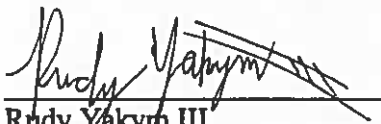
Erin Houchin  
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André Carson  
Member of Congress



Jared Moskowitz  
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Member of Congress



Ronny L. Jackson  
Member of Congress



Daniel T. Kildee  
Member of Congress



Haley M. Stevens  
Member of Congress

# Demystifying Andretti's Failed F1 Application

BY SHALABH GUPTA, AMRAN NAWAZ, AND DANIEL NAZARETH

July 2024

Article originally published by LawInSport: [Demystifying Andretti's failed F1 bid & anti-dilution fees explained](#)

On March 22, 2023, the Federation Internationale de l'Automobile (FIA) invited applications for a new team that would participate in the FIA Formula One World Championship (F1) starting in 2025 or 2026. Andretti Formula Racing LLC (Andretti), a partnership between Mr. Michael Andretti and General Motors (i.e., Cadillac), was the only applicant that FIA approved from a "technical" perspective in October 2023. However, in January 2024, Formula One Management (FOM) rejected Andretti's application based on insufficient "commercial" rationale. In its official statement, FOM stated that "while the Andretti name carries some recognition for F1 fans, our research indicates that F1 would bring value to the Andretti brand rather than the other way around."<sup>1</sup>

While the legal fraternity has been discussing the legal implications of FOM's decision, we explore the "commercials" relating to an eleventh team on the F1 paddock and how it affects the "value" distribution among the F1 Teams.

We provide an overview of the F1 business and Andretti's application. We also discuss how F1's rise in popularity and financial performance improvements since Liberty Media's acquisition of the sport mean that Andretti may no longer bring material benefit to F1 on or off the track; and why the current \$200 million anti-dilution fee set by the FOM no longer sufficiently covers the dilution in existing teams' prize fund or reflects the recent transaction prices of

F1 teams and may need to be re-looked at. Fees for anti-dilution or expansion are common across American Major Leagues<sup>2</sup> and provide a mechanism to compensate existing teams for their dilution in the share of profits upon the entry of a new team. Therefore, to join the F1 paddock, FOM may need to consider a higher anti-dilution fee that reflects current economic trends to make entry of new teams such as Andretti commercially viable or reject the application process entirely and pursue the standing model, which is to invest in an existing F1 team at prevailing market prices. Our review of these prevailing economic trends helps in demystifying, from a financial perspective, FOM's decision on Andretti's application.

## BACKGROUND

Mr. Andretti is a former race driver who operates racing teams across organizations such as IndyCar and Formula E, and has been exploring opportunities to join F1 for several years.

On March 22, 2023, FIA invited applications for a new team that would participate in F1 starting in 2025 or 2026.<sup>3</sup> Although FIA received several applications, only four applicants advanced to the second phase of the process, and Andretti was the only candidate to meet the "technical" criteria set out by FIA.<sup>4</sup> Andretti proposed using an existing F1 power unit until the 2028 season, when it would have switched to a General Motors engine.<sup>5</sup> Andretti also promised an "all-American" F1 team with at least one American driver.<sup>6</sup>

On January 31, 2024, FOM rejected Andretti's application, stating his proposed team did not bring adequate competitive and commercial "value" upon entry. FOM explained that the addition of Andretti to the grid will not improve the competitiveness of the races as the new team will not compete for podium or wins, which is the most significant way for a team to bring value to F1.<sup>7</sup> FOM also claimed it did not expect Andretti's entry to have any material positive effect on the commercial right holder's (i.e., FOM) financial results and would not be competitive participant as "novice constructor" team not being able to meet the "unique technical challenge to constructors",<sup>8</sup> despite satisfying FIA's "technical" criteria.

## Overview of Formula One

### REGULATORY AND GOVERNANCE

The FIA is the governing body for F1 and, as such, is "solely responsible for regulating the sporting, technical, and safety aspects of F1, through the FIA's F1 Commission and World Motor Sport Council."<sup>9</sup> FIA's primary responsibilities include setting safety standards, establishing rules and guidelines, and mediating and arbitrating competitive disputes amongst F1 teams.

FIA has granted FOM the exclusive commercial rights to F1 until 2110.<sup>10</sup> FOM is responsible for the commercial exploitation and development of F1, including managing race promotion, media rights, and sponsorship arrangements.<sup>11</sup>

The relationship amongst the FIA, FOM, and F1 teams is governed by the "Concorde Agreement",<sup>12</sup> which was last executed in August 2020 for the period from January 1, 2021, to December 31, 2025 (2021 Concorde Agreement).<sup>13</sup> The 2021 Concorde Agreement establishes key terms such as the calculation and allocation of the prize fund, procedures for setting the F1 calendar, and termination rights.<sup>14</sup>

### BUSINESS OPERATIONS

FOM generates revenue primarily from its commercial exploitation and development of F1, which include race promotion, media rights, and sponsorships. Prize fund distribution to the F1 teams is FOM's largest cost category. The prize fund is allocated to F1 teams based primarily on their finishing position in the preceding F1 season. In

addition, Ferrari is paid a certain amount in recognition of its heritage.<sup>15</sup>

In addition to their share of the prize fund, F1 teams generate revenue from their sponsorship and advertising partners. To compete, F1 teams incur operating costs such as driver salaries, research and development, team salaries, logistics, and other race operation costs.

An overview of F1's business operations based on Liberty Media's 2023 Form 10-K is provided in [Figure 1](#).<sup>16</sup>

### FINANCIAL PERFORMANCE FROM 2017 TO 2024

Liberty Media acquired FOM in 2017 at an enterprise value of \$8.0 billion.<sup>17</sup> Following Liberty Media's acquisition, F1's financial performance improved in each year from 2017<sup>18</sup> to 2023,<sup>19</sup> except 2020,<sup>20</sup> which was affected by COVID-19.

As depicted in Figure 2 above, since the signing of the 2021 Concorde Agreement, FOM's revenue has almost tripled from \$1.1 billion in 2020<sup>21</sup> to \$3.2 billion in 2023.<sup>22</sup> Similarly, FOM's prize fund distribution to F1 teams (represented as the red line in Figure 2) has increased by 71% from \$711 million<sup>23</sup> in 2020 to \$1.2 billion in 2023.<sup>24</sup>

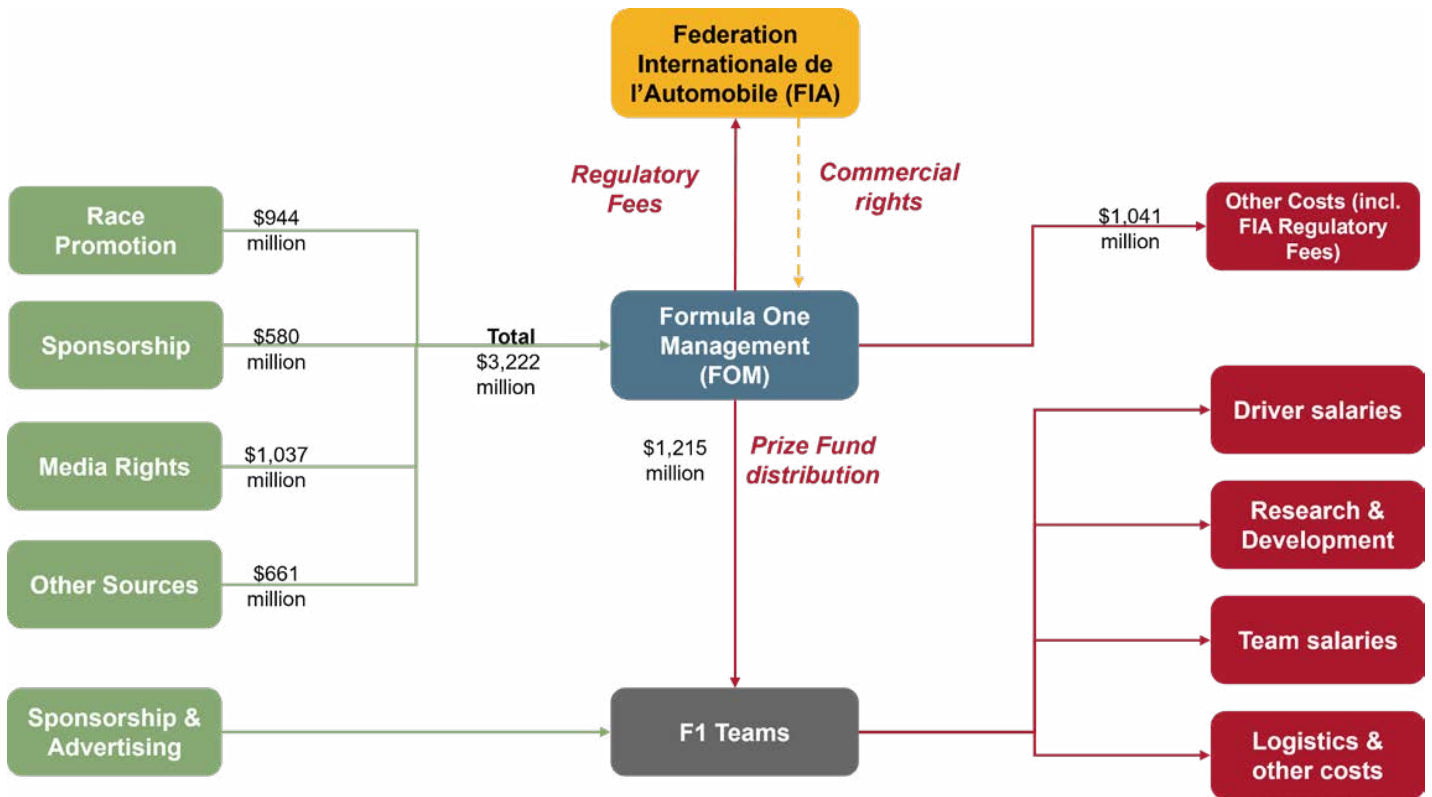
In summary, F1's popularity has grown since Liberty Media's acquisition, thanks to social media presence, expansion into the US, and Netflix's "Drive to Survive" reality series amongst others.<sup>25</sup> Consequently, audiences — both at races and those watching from home — have increased,<sup>26</sup> and so has F1's revenue from all sources. The flywheel effect has benefited F1, Liberty Media (or FOM), and existing F1 teams, but at the same time joining the F1 paddock has become ever so difficult.

### ANDRETTI MAY NO LONGER BRING MATERIAL BENEFIT TO F1 ON OR OFF THE TRACK

F1, like the American Major Leagues, operates under, what some may call, a "closed league" model, wherein the same teams compete in the competition year over year irrespective of their sporting performances. Over time, the American Major Leagues have added new or "expansion" teams to improve the sporting and financial performance. For instance, Major League Soccer (MLS) started with 10 teams in 1996 but "expanded" to 29 teams for the 2023 season.<sup>27</sup>



**Figure 1: F1's Business Operations Overview**



For American Major Leagues, such as MLS, new or “expansion” teams are value accretive as the league expands to newer markets, attracts more fans, and increases the number of matches to be played which in turn increases ticket, commercial, and broadcasting revenues.

In the case of F1, it was reported that Andretti could assist F1 in developing the US market further. Andretti promised an “all-American” F1 team with an American power unit provider<sup>28</sup> (i.e., General Motors) and at least one American driver.<sup>29</sup> However, F1’s competition structure and improving popularity and financial performance over the past five years could explain FOM’s comment that adding Andretti to the F1 paddock would not bring adequate competitive and commercial “value”, as discussed below.<sup>30</sup>

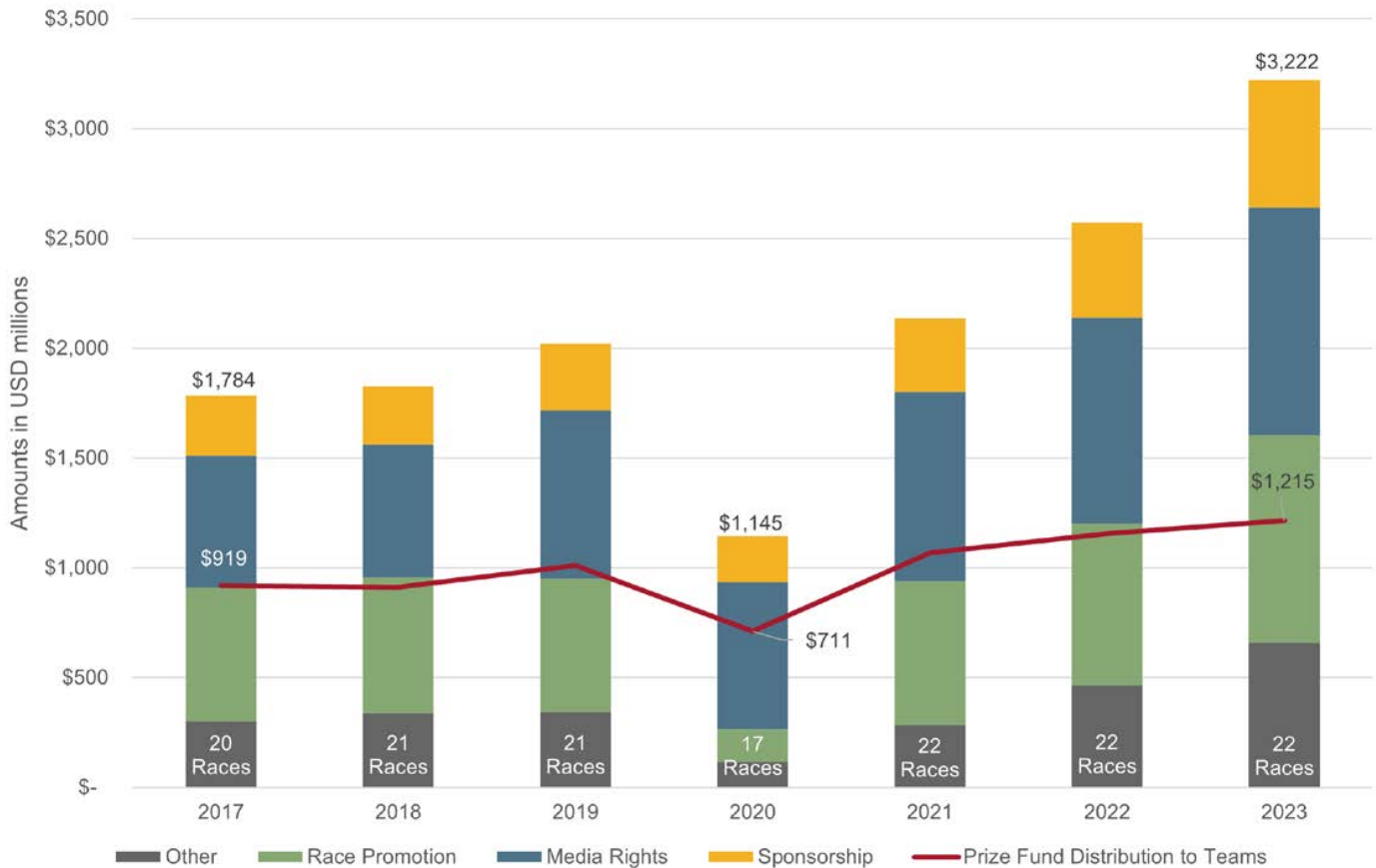
**1. Use of an existing power unit provider:** As Andretti planned to use an existing power unit provider until the 2028 season, FOM explained that its drivers were unlikely to compete for podiums or wins, which is the primary way a new team could improve race quality, attract audience, and add value to F1.

**2. Pre-determined worldwide race calendar:** F1 has a pre-determined worldwide race calendar that is not affected by the addition of a new team (unlike MLS wherein adding a new team leads to two more matches). The number of F1 races have increased from 20 (including one in the US) in 2017<sup>31</sup> to 24 (including three in the US) in 2024, which is the upper limit stipulated in the 2021 Concorde Agreement.<sup>32</sup>

**3. Increase in popularity and audience:** The increase in popularity and audience – both at the races and those watching from home – has contributed to tripling FOM’s revenues between 2020 and 2023, as depicted in Figure 2 above. In addition, Apple Inc. reportedly offered to take over F1’s global broadcasting rights for \$2 billion,<sup>33</sup> which would double FOM’s 2023 media rights revenue (\$1 billion in 2023), if successful.<sup>34</sup>

Based on the above factors, it is not surprising to see FOM’s concerns with Andretti’s application and the lack of commercial “value” the eleventh team would bring to F1.<sup>35</sup>

**Figure 2: F1's Financial Performance (2017-2024)**



### ANTI-DILUTION FEE IS NOT REFLECTIVE OF PRIZE FUND AND TEAM VALUES IN 2024

A potential investor can invest in a sports team or a league in one of two ways:

1. purchase a stake in or acquire an existing team by paying the transaction price (which reflects expected cash flows and prevailing commercial factors), or
2. if available, establish a new team by paying the expansion fees (which is pre-determined by a league's regulator or the 2021 Concorde Agreement in the case of F1).

We note that the \$200 million anti-dilution fee does not sufficiently cover the dilution in the existing teams' share of the prize fund nor reflect the recent transaction prices of F1 teams.

### \$200 Million Cover Existing Teams' Dilution in Prize Fund Share for Only Two Seasons

For American Major Leagues, which are organized under a "closed league" model,<sup>36</sup> the same teams share the league's

profits each year. When a new team is added, the profit distribution ratio is re-calculated. Therefore, all else equal, the profit share of an existing team is diluted after a new team is added to the league.

The expansion fee is often revised to reflect the prevailing economic trends and maintain comparability and consistency with the transaction price. For instance, for the National Hockey League ("NHL"), we noted a 30%<sup>37</sup> increase in expansion fees paid by the Seattle Kraken in 2021, compared to the Vegas Golden Knights in 2017, which is consistent with a 36% increase in NHL team value during the same period.<sup>38</sup>

As discussed above, FOM's prize fund distribution to F1 teams increased by 71% from \$711 million in 2020 to \$1.2 billion in 2023. Accordingly, each F1 team, on average, received \$71 million<sup>39</sup> in 2020 and \$122 million<sup>40</sup> in 2023. If the prize fund was distributed amongst 11 teams instead of 10, each team's share, on average, would have reduced by \$6 million<sup>41</sup> in 2020 and \$11 million<sup>42</sup> in 2023.



With an anti-dilution fee of \$200 million and ten existing F1 teams, each of the ten teams, on average, would have received \$20 million as compensation for the dilution in their share of profits upon the entry of an eleventh team. Therefore, the anti-dilution fee would have compensated the existing teams' reduced profits for three to four seasons based on 2020 prize fund distributions (i.e., \$20 million / \$6 million), but for approximately only two seasons based on 2023 prize fund distributions (i.e., \$20 million / \$11 million).<sup>43</sup>

### Anti-Dilution Fee Does Not Reflect the Recent F1 Team's Transaction Prices

In a previous [thought paper](#), we explained that "the value of a sports team is determined based on future economic returns, which are influenced by factors such as the popularity of the sport and the team and the league's competition structure".<sup>44</sup>

In the aftermath of the COVID-19 pandemic, when several F1 teams were on the verge of bankruptcy, FIA introduced a cost cap at the start of the 2021 season.<sup>45</sup> Coupled with the growing popularity of the sport and the "closed league" structure, the cost cap improved F1 teams' financial sustainability and profitability, and in turn, their value.

For instance, Mr. Lawrence Stroll purchased the Aston Martin F1 Team<sup>46</sup> for \$117 million in 2018<sup>47</sup> and sold a minority stake thereof to Arctos Partners at a \$1.24 billion valuation in 2023,<sup>48</sup> an increase of 960%<sup>49</sup> in six years. While one might say that Mr. Stroll might achieved above average returns because the erstwhile Force India team,

which Mr. Stroll purchased in 2018, was in a financially distressed situation at the time, the value of F1 teams, on average, has increased from \$500 million in 2019 to \$1.88 billion in 2023, an increase of 276% over five years, according to Forbes.<sup>50</sup>

A summary of F1 team implied values based on recent transactions is provided in [Figure 3](#).

In summary, FOM's revenues and F1 team values have approximately tripled since the 2021 Concorde Agreement. The anti-dilution (or expansion) fees for F1 must be revised to reflect current economic conditions and team values, akin to the approach taken by the NHL as previously explained. It has been widely reported that the current \$200 million anti-dilution fee will likely be revised to at least \$600 million in the upcoming renewal of the 2021 Concorde Agreement,<sup>51</sup> which is consistent with the increase in FOM's revenues and F1 team values discussed above.

### FINAL THOUGHTS

Since its acquisition, Liberty Media, via FIA and FOM, has implemented several measures to improve the F1 business, including the introduction of new cost caps and car development rules, adding more race events, expanding into the US, and increasing the sport's popularity through social media and Netflix's "Drive to Survive" series. Consequently, the financial performance and values of FOM and F1 teams have substantially increased.

**Figure 3: F1 Recent Transactions Summary**



Given that the revenues and values of F1 teams have increased drastically since 2020, the current \$200 million anti-dilution fee will need to be increased to reflect the prevailing economic trends and maintain comparability and consistency with the recent transaction prices of F1 teams.

Expanding the F1 grid, which American Major Leagues have successfully accomplished, could be an avenue to improve sporting and financial performance, resulting in value-accretive benefits. However, F1 has a pre-determined race calendar with races organized across the globe and followed by a global fanbase. Thus,

the thriving global F1 phenomenon explains FOM's comments that the entry of Andretti would not bring sufficient overall additional "value".

Would Andretti be prepared to pay a higher anti-dilution fee that reflects current economic trends or purchase a stake in or acquire an existing F1 team at prevailing market prices?

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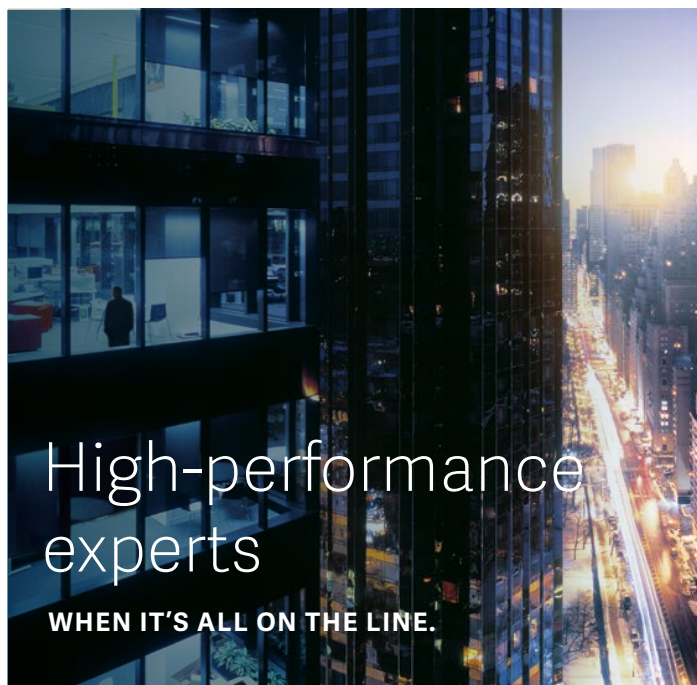
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### **Concorde Agreement**

From 1981 until 2012, successive Concorde Agreements governed the relationship between Formula 1, the FIA and the Teams, including the regulation of the World Championship. After the then-current Concorde Agreement expired on December 31, 2012, Formula 1 entered into a separate binding bilateral agreement with each Team (the "Team Agreements"), securing the relevant Team's commitment to continue participating in the World Championship until December 31, 2020. In addition, Formula 1 entered into the 2013 Concorde Implementation Agreement with the FIA in 2013. The 2013 Concorde Implementation Agreement, in addition to making certain modifications to the 100-Year Agreements for the period to end 2030, provides that the FIA agrees to provide certain sporting governance arrangements and regulatory safeguards for the benefit of the Teams, to enter into a new Concorde Agreement for a term of eight years (from 2013 to 2020) reflecting those sporting governance arrangements and regulatory safeguards and to enter into a subsequent Concorde Agreement from 2021 to 2030 or to extend the sporting governance arrangements or regulatory safeguards agreed under the 2013 Concorde Implementation Agreement on substantially the same terms from 2021 to 2030. The Team Agreements and the 2013 Concorde Implementation Agreement together provided, until December 31, 2020, the contractual framework for the World Championship that was previously set out in the Concorde Agreements. I-18Table of Contents In August 2020, Formula 1, the FIA and the Teams entered into the 2021 Concorde Agreement, securing the commitment of the Teams to continue participating in the World Championship from January 1, 2021 until December 31, 2025, and governing the relationship between the parties during that period. The 2021 Concorde Agreement is made up of two separate documents: (a) the 2021 Concorde Commercial Agreement between Formula 1 and each of the Teams; and (b) the 2021 Concorde Governance Agreement between Formula 1, the FIA and each of the Teams. The 2021 Concorde Agreement provides, among other things, for the participation of the Teams in the World Championship during the term of that agreement, and provides for Formula 1 to make certain Prize Fund payments to the Teams based on their performance in the Constructors' Championship and other principles (such as success and heritage in Formula 1). Key Provisions As discussed above, the 2021 Concorde Agreement establishes a Prize Fund, establishes procedures for setting the World Championship calendar, and provides for certain termination rights. The 2021 Concorde Agreement establishes rules for the determination of the Prize Fund to be paid to the Teams, which is calculated with reference to certain percentages of Formula 1's Prize Fund Adjusted EBIT (defined by Formula 1 as operating profit adjusted to exclude certain specific, and largely non-cash items). A share of the Prize Fund is paid to Ferrari in recognition of its heritage, with the remainder paid to Teams based on their results in prior Constructors' Championships (a significant majority of which is based on their position in the prior year's World Championship). Under the 2021 Concorde Agreement, the consent of 70% of the Teams is required if there are more than 24 Events in a season or if there are fewer than eight Events across Europe and North America combined. The 2021 Concorde Agreement may be terminated with respect to a Team if the Team fails to participate in

more than three Events in a season, fails to submit a valid entry for participation in the World Championship or becomes insolvent. Teams may terminate their rights and obligations pursuant to the 2021 Concorde Agreement by giving one full season's written notice to Formula 1, as well as under certain other circumstances, including: ● Formula 1 is unable to pay its debts when they become due; ● Formula 1 fails for three months to pay an aggregate amount due in excess of \$10 million to the Team; or ● Upon the occurrence of specified compliance violations or sanctions-related events. Circuit Rights Agreements Under circuit rights agreements (the "Circuit Rights Agreements"), Formula 1 acquires from race promoters certain rights to commercially exploit at the Events, including the rights to sell trackside advertising and title sponsorship, the right to sell Paddock Club hospitality (other than at three Events) and commercial use of the name of the Event and circuit. In a few cases a cash payment is made for the grant of these circuit rights and in others Formula 1 offers a commission or share of revenue to a race promoter where they have been instrumental in introducing a new sponsor from its territory that purchases a title sponsorship or trackside advertising. Circuit Rights Agreements typically have a term that is tied to the relevant race promoter contract. Intellectual Property Formula 1 is the registered owner of a portfolio of trade mark registrations and applications, including for the F1 logo, the World Championship logo (which is used only in sporting contexts), "Formula One", "Formula 1", "F1" and "Grand Prix" when used in connection with any of the aforementioned and most of the official Event titles where they are capable of registration. Formula 1 owns the copyright on footage of each Event since 1981 as well as footage related to a large number of pre-1981 Events. Ownership of this copyright enables Formula 1 to license that footage to broadcasters and to take legal action against infringers of that copyright. Under the 2021 Concorde Agreement, Formula 1 also has the exclusive right, I-19Table of Contents subject to limited exceptions, to use each Team's intellectual property rights (including image rights) to portray the World Championship and/or any Event in any visual form. Licenses and Permits Formula 1 is required to obtain permits for the allocation and use of radio frequencies which are necessary for the operation of live camera and other equipment used in the production of live television images and also in live radio communications used by Formula 1, the FIA, the Teams (including car to pit radio transmissions) and the emergency services. Such radio frequency permits are obtained by a dedicated unit in the television production team, with assistance from the local race promoter. Typically, such radio frequency permits are obtained from the relevant governmental authority responsible for licensing the use of radio frequencies in the host country of the relevant Event. The requirements and procedures for obtaining such permits vary by country and they may involve the completion of written formalities or the inspection by the relevant governmental authority of all equipment to be operated with a radio frequency. Permits are typically issued subject to conditions, which Formula 1 has generally been able to satisfy. Strategy Formula 1's goal is to further broaden and increase the global scale and appeal of the World Championship in order to improve the overall value of Formula 1 as a sport and its financial performance. Key factors of this strategy include: ● continuing to seek and identify opportunities to expand and develop the Event calendar and bring Events to attractive and/or strategically important new markets outside of Europe, which typically have higher race promotion fees, while continuing to build on the

foundation of the sport in Europe; ● developing sponsorship revenue, including increasing sales of Event-based packages and under the Global Partner program, and exploring opportunities in underexploited product categories; ● capturing opportunities created by media's evolution, including the growth of social media and the development of Formula 1's digital media assets; ● building up the entertainment experience for fans and engaging with new fans on a global basis to further drive race attendance and television viewership; ● improving the on-track competitive balance of the World Championship and the long term financial stability of the participating Teams; and ● improving the environmental sustainability of Formula One and its related activities, targeting a net zero carbon footprint by 2030 and sustainable race events by 2025, and building on Formula 1's initiatives to fight inequality and improve the diversity and opportunity in Formula 1 at all levels.



FORMULA 1

# EVERYTHING YOU NEED TO KNOW ABOUT THE F1 CONCORDE AGREEMENT

*The Concorde Agreement is a key factor behind Formula 1 being the global phenomenon it is today.*



Ed Hardy

Mar 15, 2025, 6:44 PM



2







F1 teams are constantly in discussion with series owners Liberty Media about the new Concorde Agreement, which is set to come into effect in 2026.

The Concorde Agreement is pivotal for the day-to-day running of F1 and dates back to the 1980s, when it ended political disputes that plagued the championship at the time.

## Top Videos

Several editions of the Concorde Agreement have since been signed, with F1 currently under its eighth term – so what exactly is it? What is the F1 Concorde Agreement?

The Concorde Agreement is a contract between F1, its governing body the FIA and the teams who compete in the series. It defines how F1 is run – with one agreement relating to the regulatory framework of grand prix racing, and another outlining the commercial terms. What the Concorde Agreement contains is largely confidential, but it's still known that the contract states how much the championship finishing positions are worth. Teams also receive a 50% share of F1's profits up to a certain point, with that share then decreasing if more income is generated. It is understood that F1 teams currently receive 45% of the prize pot after revenue exceeded \$3billion in 2023. Bonus payments are also included for achievements like winning the championship. Meanwhile, Ferrari controversially receives a historical bonus for being the only team to have competed in every F1 season since the championship's debut in 1950.



It is understood that Ferrari receives an extra 5% if the total prize pot distributed to teams does not surpass \$1.1b. Ferrari's bonus is eventually capped at 10% for anything above and beyond an approximate revenue of \$1.6b – exactly where the income figures are currently understood to be.

Williams team boss James Vowles said in 2023: "I think Ferrari brings something special to the sport. We have to be honest about that. If you ask an average person who they know in Formula 1, you will see that Ferrari is still a name that stands out. That's the truth behind it. They bring a certain level of heritage and recognition to the sport. So I think there's a reason these things exist."



Charles Leclerc, Ferrari SF-24, 3rd position, passes the chequered flag

Photo by: Mark Sutton / Motorsport Images

The entry fee for F1 (\$657,837 per year) and the cost cap (\$135m per year) are other conditions included within the Concorde Agreement. But it is not all financial, as the contract also states the obligation for teams to participate in every race and helps with any potential regulation changes.

So the Concorde Agreement is essential for the day-to-day running of F1 and it must be signed by every team in the championship.

It is decided at the time of signing how long that specific Concorde Agreement will run for, during which period teams must remain committed to the championship if they've signed the contract.

When did the F1 Concorde Agreement begin?

The first F1 Concorde Agreement was signed in 1981 in an attempt to end the dispute between the Federation Internationale du Sport Automobile (FISA) and the Formula One Constructors' Association (FOCA), commonly known as the FISA-FOCA war.

It was a battle that started in the late 1970s as the two, now defunct, sporting organisations battled for control of the series. FISA, then motorsport's governing body, was headed by president Jean-Marie Balestre while Bernie Ecclestone led FOCA with Max Mosley as legal

advisor.

FOCA was a trade union of sorts for the non-factory teams, who believed FISA held a bias towards major manufacturers such as Ferrari, Renault and Alfa Romeo. It came to a heated climax in 1980, when FOCA teams boycotted the mandatory driver briefings for the Belgian and Monaco GPs to protest against F1's revenue distribution.

Fines were issued as a result, with FISA then stating it would revoke racing licences should the fines not be paid. It led to FOCA threatening to withdraw from the Spanish GP, held just two weeks after Monaco, which would have been a disaster for FISA had just three teams competed in the grand prix.

That looked like a real possibility until Juan Carlos I, King of Spain from 1975 to 2014, ordered the race to take place. But it did so without the sanctioning of FISA, meaning its supporting teams withdrew and the event became a non-championship race.





Carlos Reutemann, Williams FW07B Ford, leads Alan Jones, Williams FW07B Ford, Didier Pironi, Ligier JS11/15 Ford, and Nelson Piquet, Brabham BT49 Ford

Photo by: Motorsport Images

The dispute also led to tyre supplier Goodyear threatening to leave F1 at the end of 1980 and that would have caused much damage to the series. So, Ecclestone organised a meeting with team bosses and FISA representatives at the FIA headquarters in Paris's Place de la Concorde – hence the name of the contract – leading to the first Concorde Agreement being signed.

It largely settled the FISA-FOCA war because a fairer distribution of revenue was agreed, as was a structure for incoming regulation changes and the requirement for teams to compete at every race. The first Concorde Agreement lasted until 1987, when Ecclestone established Formula One Promotions and Administration, later known as FOM, to manage television rights for the teams.

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This Concorde Agreement ran until the end of 1991, with the third contract being signed for the following year covering the 1992 to 1996 seasons. But the fourth Concorde Agreement only lasted for a year because it was rejected by McLaren, Williams and Tyrrell, who were outraged that, as FOCA president, Ecclestone had transferred F1's commercial rights to his Formula One Administration company.

The three teams lost income as a result, but a fifth Concorde Agreement was signed for 1998 to accommodate McLaren, Williams and Tyrrell after reaching a compromise. To this day, the fifth Concorde Agreement has lasted the longest because a sixth contract was not signed until 2009, which ended the FIA-FOTA dispute.

The Formula One Teams Association (FOTA) was a group of F1 teams – Ferrari, McLaren, Renault, Toyota, BMW-Sauber, Brawn GP, Red Bull and Toro Rosso – who threatened to form a breakaway series for 2010.

This came after the FIA attempted to force through new regulations, which included an optional budget cap amid the 2007-08 financial crisis. Those who elected to use the budget cap would have been given greater technical and design freedoms, so teams thought this essentially created two sets of rules for the championship.

The threat appeared very real and FOTA even leaked a proposed calendar for its series. So, the sixth Concorde Agreement brought much needed stability to F1 and included revised proposals for the regulation changes that came into effect for 2010. In general though, it was just a continuation of the fifth Concorde Agreement and was signed by all teams bar BMW, who left F1 at the end of 2009.

It lasted until the end of 2012, yet the seventh Concorde Agreement was not signed until July 2013, with it being enforced two months later. Ecclestone said it gave teams more involvement in the rule-making process.



Bernie Ecclestone, CEO, FOM

Photo by: Alastair Staley / Motorsport Images

That Concorde Agreement expired at the end of 2020, with the eighth contract completely revolutionising F1. It was the first Concorde Agreement signed under Liberty ownership and introduced F1's first-ever budget cap, which began at \$145m per season before dropping by \$5m each year until it settled at \$135m from 2023.

This was done to encourage greater parity across the grid, as the major manufacturers had approximately four times the budget of teams at the back, and the distribution of prize money was also revised for said reason.

These changes proved crucial in confirming the commitment of many teams, whose futures were in doubt given negotiations took place amid the COVID-19 pandemic. It was therefore a worrying time for many, so the significance of all 10 teams signing the eighth Concorde Agreement and confirming their entry until at least the end of 2025 cannot be understated.

When is the next F1 Concorde Agreement?

The ninth F1 Concorde Agreement is due to come into effect for the 2026 season, to coincide with the regulation changes that will overhaul the power unit.

Although it is still largely unknown what will be detailed within the contract, Autosport revealed that Ferrari will retain its historical bonus payment but it is set to be capped at 5%.

It comes after F1 gave teams the draft terms of the Concorde Agreement and championship CEO Stefano Domenicali said the priority was to deliver a contract that did not deviate much from the last one.

"We are in the process of discussion with the teams," he said. "The most important point is to keep the situation as stable as possible.

These are the points of discussion. As you can imagine, we cannot go into detail of it but, as soon as we can, we will share what we can do. The situation is optimal to keep discussing with the teams, with all the relevant parties, the best way to finalise everything for a stronger future up to a longer term."

Another big talking point of the ninth Concorde Agreement is the cost cap, which may be increased to \$220m but have more stipulations included within.





Mohammed Ben Sulayem, President, FIA, Stefano Domenicali, CEO, Formula One Group, on the grid

Photo by: Andy Hone / Motorsport Images

One of the considerations was to include maternity leave, which caused concerns that it could discourage teams from employing women. That's because if staff took paid maternity leave then interim replacements would have to be hired, thus triggering extra costs. Employee entertainment - summer or Christmas parties for example - was also considered, which resulted in further concern because teams might not host something that serves as a reward for staff members.

But the FIA has now made it clear that those elements will not be brought under the cost cap.

The FIA's head of single seater financial regulations Federico Lodi said: "During the discussion with teams, a range of exclusions, including maternity/paternity leave and entertainment, were considered for being included in the perimeter of the cost cap.

"This was in exchange for a correspondent increase of cost cap level that would have allowed teams to continue to fund maternity/paternity leave programs and entertainment events without any consequences for cost cap purposes.

"But during the last F1 Commission meeting, it was unanimously agreed that these costs should remain excluded from the perimeter of the cost cap."

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# F1 at a crossroads? FIA and Liberty Media's battle for pole position on commercial rights



Tuesday, 14 January 2025

Author: [Ben Jones](#), [Dr. Richard Miles](#)

Liberty Media, the current commercial rights holder of Formula One (**F1**), and the Fédération Internationale de l'Automobile (**FIA**), F1's governing body, have recently been engaged in a power struggle for control of the sport. This escalated to a point where Liberty Media [reportedly threatened<sup>\[1\]</sup>](#) to establish a breakaway championship, while the FIA countered with threats to revoke F1's commercial licence. This article explores the potential commercial implications for F1.

- [The chequered past: the EC's anti-trust investigation and FIA's grant of the 100-year commercial licence](#)
- [The ongoing saga: escalating tensions between Liberty Media and the FIA](#)
- [Looking ahead: could the FIA really revoke the 100-year commercial agreement from Liberty Media?](#)
- [Broader landscape: the complexity of matters involving ownership and control of major sporting events](#)

# The chequered past: the EC's anti-trust investigation and FIA's grant of the 100-year commercial licence

In June 1999, the [European Commission opened an anti-trust investigation<sup>\[2\]</sup>](#) alleging that the FIA and Formula One Constructors Association – who represent the teams' interests - abused their dominant position and restricted competition by imposing unnecessary limitations on promoters, circuit owners and broadcasters. The [Commission closed its investigation<sup>\[3\]</sup>](#) after the FIA agreed to limit itself to a regulatory role, so as to prevent any conflict of interests, and to remove certain commercial restrictions imposed on circuit owners and TV broadcasters. Following the agreement with the European Commission, the FIA granted an exclusive licence to F1's commercial rights under the terms of the so-called '100-Year Agreement' to a third party for a one-time lump-sum and escalating annual regulatory fees. In 2017, [Liberty Media acquired the commercial rights<sup>\[4\]</sup>](#) for an equity value of \$4.4 billion.

Since its acquisition, Liberty Media has overseen significant revenue growth, in large part driven by an increased focus on audience expansion and bringing “new eyeballs” to the sport. Deals struck with ESPN and Sky Sports, combined with digital ventures (such as the popular Netflix series 'Drive to Survive') have seen F1 acquire new fans across the globe and annual revenues jump considerably as a result.

## The ongoing saga: escalating tensions between Liberty Media and the FIA

However, recent times have seen escalating tensions between Liberty Media and the FIA, underscored by public disagreements over [unexpected calendar announcements<sup>\[5\]</sup>](#), [safety concerns<sup>\[6\]</sup>](#) and restrictions on [driver activism<sup>\[7\]</sup>](#), all highlighting a growing disconnect between the two organizations. Tensions appeared to reach a boiling point in early 2023 when the FIA president labelled a rumoured \$20 billion acquisition of the commercial rights by the Saudi Arabian Public Investment Fund as “*inflated*”. The FIA's president stated that “*any potential buyer is advised to apply common sense, consider the greater good of the sport and come with a clear, sustainable plan – not just a lot of money*”.

Reportedly, Liberty Media [perceived these comments as an overreach<sup>\[8\]</sup>](#) of the FIA's regulatory role and a breach of the undertakings the FIA previously gave to the European Commission not to prejudice the ownership, management and/or exploitation of the commercial rights. In response, Liberty Media's legal team reportedly sent a warning letter to the FIA, suggesting that the FIA may be liable for potential damage to the sport, its commercial stakeholders and to the value of Liberty Media Corporation.

In the period since it appears that relations between FIA and Liberty Media have deteriorated even further as a result of (amongst other eventualities):

- **The initial rejection of Andretti-Cadillac's application to become the eleventh team** participating in the championship despite fervent backing from the FIA. Liberty Media had seen the [FIA's advocacy<sup>\[9\]</sup>](#) for the bid as further encroachment into the commercial domain of F1, potentially in breach of the [undertakings<sup>\[10\]</sup>](#) given to the European Commission. The application has since been approved (albeit now with backing from General Motors) following the revelation that the United States Department of Justice (DoJ) had launched an [anti-trust probe<sup>\[11\]</sup>](#) into Liberty Media's decision to reject the application.
- **The FIA's investigations<sup>[12]</sup> into Susie Wolff** (the managing director of the F1 Academy) and Liberty Media's internal protocols, which appeared to have been designed to cast doubts on Liberty Media's ability to operate F1 effectively. This has now led to a [criminal complaint being filed<sup>\[13\]</sup>](#) against the FIA by Ms. Wolff in the French courts.

Against all these machinations, there had also been rumours that Liberty Media could [initiate a breakaway series<sup>\[14\]</sup>](#) unless senior figures within the FIA stop acting in a manner perceived as detrimental by Liberty Media. This would have been a complex strategy fraught with risk requiring the cooperation of existing F1 teams who are [contractually committed to F1<sup>\[15\]</sup>](#) as signatories to the 2021-2025 Concorde Agreement and the termination or renegotiation of numerous commercial agreements with Liberty Media's respected broadcast partners and suppliers. Commercially it would risk splitting the global audience across two competing products, with potentially costly ramifications for all of the sport's stakeholders.

Furthermore, history suggests that a Liberty Media breakaway series would likely attract significant scrutiny from competition authorities. This is underscored by the precedent set in 2006 when CVC Capital Partners, the previous commercial rights holder of F1, [elected to divest their interest<sup>\[16\]</sup>](#) in the body which holds the commercial rights to MotoGP (Dorna Sports) in order to "[remove the serious doubts](#)" held by the EU in respect of a party holding the commercial rights to both F1 and MotoGP.

Unsurprisingly when [Liberty Media acquired Dorna Sports<sup>\[17\]</sup>](#) in April 2024, this triggered an [EU antitrust investigation<sup>\[18\]</sup>](#) which is currently ongoing. This development suggests that any Liberty-Media spin-off series would likely be subject to immediate investigation due to the substantial commercial influence wielded by Liberty Media in the world of motorsport. This scrutiny would quite possibly persist regardless of the outcome of the extant antitrust probe, as Liberty Media would control one, if not two, of the major sporting brands in this sector. This is a complex topic deserving of its own analysis that will be the subject of a further article.

Most recently the general unrest between the parties has cooled somewhat with the [announcement of a joint strategic plan](#) to deliver the best outcome for the sport.

## Looking ahead: could the FIA really revoke the 100-year commercial agreement from Liberty Media?

However, despite outward signs of cooperation, the FIA president has [publicly stated](#)<sup>[19]</sup> that "*the day we wake up without the FIA will never come... A different reality could immediately arise in which Formula 1 is not [Liberty Media's]*". This could be perceived as a thinly veiled threat to oust the commercial rights holder - but does the FIA even have the power to revoke Liberty Media's commercial rights?

The terms of F1 commercial agreements are shrouded in secrecy, but Liberty Media's [SEC filings](#)<sup>[20]</sup> reveal that the FIA does have a limited scope to terminate the 100-year agreement in the event of:

- an unpermitted change of control;
- insolvency;
- a failure to pay an amount due to the FIA;
- an arbitrator declaring a material breach of the 100-Year Agreement; or
- interference with certain FIA rights without prior consent.

The termination of the 100-year agreement and the consequent loss of the exclusive Formula 1 licence would have a severe impact on Liberty Media and preclude it from exploiting any commercial rights associated with the sport, at least in its present guise. It would necessitate the immediate cessation of F1 operations, the termination of virtually all commercial contracts, and the discontinuation of all trademark and other intellectual property usage.

Naturally, given Liberty Media's substantial investment in F1, it is anticipated that they would pursue all available legal avenues to challenge any such termination. Subject to any dispute resolution procedures and contractual remedies contained in the 100-Year Agreement, in the first instance, Liberty Media would likely apply for interim relief available under the governing law of the agreement. Further steps may potentially include pursuing compensatory and/or consequential damages stemming from any contractual breaches by the FIA.

Additionally, this situation could arguably prompt other competition law investigations by the relevant authorities. The Commission's original aim was to "*establish a complete separation of the commercial and regulatory functions...where new agreements are proposed which place the commercial exploitation of [F1] at arm's length*". Any termination of the 100-year agreement and exclusive licence would arguably undermine

this separation, potentially leading to further action by the European Commission and/or the U.S. Department of Justice.

## Broader landscape: the complexity of matters involving ownership and control of major sporting events

The ongoing dispute over F1's commercial rights reiterates the complexity of matters involving ownership and control of major sporting events. The global and highly commercialised nature of modern sports further complicates matters due to the involvement of multiple legal jurisdictions and a diverse range of stakeholders, each with their own legal frameworks and antitrust laws. This heightens the need for rights owners to seek legal counsel and carefully navigate the intricate web of regulations and potential pitfalls.

Furthermore, even if team owners, competitors and suppliers aren't directly involved in the dispute, they face potential risks from any actions taken by the FIA or Liberty Media. Consequently, it is crucial for owners and competitors to be well-versed with their own regulatory requirements, and to understand the specific legal rights and challenges that they could potentially deploy to shield themselves from the actions of governing bodies and/or rights owners. Taking advice now and preparing for future changes will allow all stakeholders to be in the best possible position to react promptly and efficiently in a rapidly evolving environment.

### References

*Hits 2131 Posted in [Sports](#) | [Commercial](#) | [Competition/Anti-Trust](#) | [Dispute Resolution](#) | [Motorsport](#) | [Articles](#) | [Regulation & Governance](#)*

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