

THE PROTOCOL GOVERNING THE THIRTY FIRST AMERICA'S CUP

BACKGROUND

The conditions of the 31st America's Cup are set down in the 1887 Deed of Gift, the current Protocol, the International America's Cup Class Rule and the Match Conditions.

The Protocol is the document that fleshes out the **Deed of Gift** with 21st Century detail, covering eligibility issues, the form of the Challenger elimination series and a mass of detail to ensure that all entrants operate within an agreed legal, commercial and competitive framework.

Immediately after Team New Zealand's successful defence of the Cup in 2000, the Yacht Club Punta Ala became the Challenger of Record for the 31st America's Cup. Commodore Bruno Calandriello of Yacht Club Punta Ala handed the challenge to his Commodore Peter Kingston of the Royal New Zealand Yacht Squadron

The challenge included a proposed Protocol, which amended the previous document. The amendments clarify the rules concerning nationality and strengthen rules governing the transfer of technology, design and equipment between syndicates from the same country. The Protocol also proposes a new race format in the challenger elimination series.

The Royal New Zealand Yacht Squadron (**RNZYS**) states that it "believes that a form of protocol (as it has come to be known), is a desirable way of mutually consenting to the various items that, in accordance with the Deed of Gift of the America's Cup dated 24 October 1887 ("Deed of Gift"), may be agreed between the yacht club holding the America's Cup and the yacht club challenging for that Cup".

The RNZYS has also formally declared the Yacht Club Punta Ala to be the Challenger of Record in the following notice:

The RNZYS has received from Yacht Club Punta Ala ("YCPA") a notice of challenge which proposes that the terms of this protocol ("Protocol") should apply to the Thirty First America's Cup match ("Match"), together with other items required by the Deed of Gift and this Protocol to be provided by a challenger for the America's Cup, and RNZYS has consented to the class of yacht and other proposals put forward by YCPA.

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ARTICLE 1: ACCEPTANCE OF CHALLENGES

1.1 RNZYS shall accept every bona fide notice of challenge for the Match from an organized yacht club from a foreign country ("Yacht Club") as more particularly required by the Deed of Gift, which is either:

- a. received by RNZYS, together with payment of the entry fee of US\$150,000 prescribed by Article 2.1 and a declaration in writing by such Yacht Club that it accepts, and will be bound by, this Protocol and all subsequent decisions pertaining thereto, no later than 1700 hours on 1 March 2001 New Zealand standard time; or
- b. received by RNZYS, together with payment of the entry fee of US\$300,000 prescribed by Article 2.2, no later than 1700 hours on 1 March 2002 New Zealand standard time provided RNZYS (i) is satisfied that the spirit and intent of this Protocol has been complied with by such Yacht Club until the date that the notice of challenge is received, and (ii) has received from such Yacht Club a declaration in writing that it has, from the completion of the last race for America's Cup XXX ("Final Race in 2000") until the date its notice of challenge is received, complied with the spirit and intent of this Protocol and that it accepts, and will be bound by, this Protocol and all subsequent decisions pertaining thereto.

1.2 Notwithstanding Article 1. I RNZYS shall not accept a challenge from a Yacht Club unless as at the earlier of the date on which it delivers its challenge and 1 March 2001 it meets each of the following criteria:

- a. it must have been in existence for a minimum of five years;
- b. it must maintain a membership of at least 200 members;
- c. it must be financially supported by a majority of its membership on a pro-rata basis;
- d. it must operate as a yacht club and have objectives consistent with the furtherance of yachting activities; and
- e. it must be a member of the national sailing authority of its country.

1.3 For the purposes of the Deed of Gift, all challenges accepted under Article 1. 1 ("Challenges") shall be deemed to have been received at the same time, being the time of the conclusion of the Final Race in 2000.

1.4 Entry fees must be paid to RNZYS in cleared funds in US dollars. and deposited into a bank account to be nominated by RNZYS.

ARTICLE 2: ENTRY FEES AND PERFORMANCE DEPOSITS

2.1 All notices of challenge lodged under Article 1. I (a) shall be accompanied by a US\$150,000 entry fee.

2.2 All notices of challenge lodged under Article 1. I (b) shall be accompanied by a US\$300,000 entry fee.

2.3 If a challenge is accepted, the entry fee shall be non-refundable and shall be applied as follows:

- a. US\$75,000 in the case of an entry fee payable under Article 2.1, and US\$225,000 in the case of an entry fee payable under Article 2.2, shall be for use by the Challengers and shall be held by RNZYS in a separate account from its normal operating accounts until written instructions regarding disposition are received by RNZYS from the Challenger of Record;
- b. US\$25,000 shall be held by RNZYS for defraying costs associated with maintenance of America's Cup Properties, Inc. ("ACPI"), the holder of the America's Cup trade marks (including the image and silhouette of the America's Cup) worldwide, and the preservation of those marks, as deemed necessary and approved by ACPI, and RNZYS shall ensure that ACPI makes annual reports to the Challenger of Record regarding the disposition of those funds;
- c. US\$50,000 shall be held in a joint bank account ("Joint Account") in the name of RNZYS and the Challenger of Record to be applied towards the payment of any joint costs associated with the Challenger Selection Series to be held in accordance with Article 6, the Defender Selection Series, if there is one, and the Match and such funds may be used to prepare and refine the racing rules and in the training and engagement of officials.

2.4 RNZYS shall make a single payment of \$US50,000 as a contribution, to be held in the Joint Account and applied with the other funds held in that Joint Account.

2.5 The Challengers may, by a majority vote, require additional funds from each Challenger in the form of cash, a performance bond, or a letter of credit, for the purpose of assuring an individual Challenger's participation in the Challenger Selection Series. Those funds or financial instruments may be required at such time and in such amount as is agreed by a majority vote of the Challengers and approved by RNZYS.

2.6 As well as the amounts referred to in Article 2.3(a) the Challengers shall share equally all further costs of the Challenger Selection Series and other activities of the Challengers as a group associated with the challenge for the Thirty First America's Cup. Such costs may be offset from money raised from Challenger group commercial activity.

ARTICLE 3: INITIAL CHALLENGER OF RECORD AND MUTUAL CONSENT

3.1 YCPA, having submitted the first valid notice of Challenge to RNZYS, is appointed by RNZYS as the Initial Challenger of Record ("Initial Challenger of Record").

3.2 The Initial Challenger of Record shall represent all Challengers whose notices of challenge are accepted under Article I unless the Initial Challenger of Record relinquishes its position and a Challenger of Record is appointed under Article 4. I (c) or a Challenger of Record Committee is formed or deemed to be formed under Article 4.

3.3 The Challenge received by RNZYS from YCPA, together with the other items required by the Deed of Gift, specified the class of yacht for the Match and contained the proposals for the dates, the number of races, and the types of courses as set out below:

- a. yachts of the International America's Cup Class ("ACC"), as used in America's Cup XXVIII, XXIX and XXX.;
- b. at the location and on the dates specified in Article 9;
- c. the winner of each race in the Match scores one point, the loser scores no points, and the winner of the Match will be decided by the first yacht to score five points;
- d. the course to be a windward-leeward configuration, 18.5 nautical miles in length with the first leg to windward of 3.25 nm, then four leeward/windward legs of 3.0 nm and a final leeward leg of 3.25 nm; and

- e. the Challenger of Record and RNZYS (together "COR/D") may by mutual consent agree to amend those matters more particularly set out in paragraphs (c) and (d) of this Article 3.3 to include the possibility of increasing the number of races, with some of those races being sailed over a shorter windward/leeward course.

ARTICLE 4: PROVISION FOR CHALLENGER OF RECORD COMMITTEE

4.1 If at any time the Initial Challenger of Record wishes to relinquish its position as Initial Challenger of Record, the following provisions shall apply:

- a. The Initial Challenger of Record shall convene a meeting ("Challengers Meeting") of all of the then Challengers, to take place within 60 days after the day that it gives notice of its intention to relinquish its position as Initial Challenger of Record.
- b. The Initial Challenger of Record shall relinquish its position as the Initial Challenger of Record at the Challengers Meeting, but shall retain the status of a Challenger under this Protocol and retain the rights and powers specifically conferred on the Initial Challenger of Record as such, including, without limitation, those in Article 22.
- c. At the Challengers Meeting the Challengers shall vote either to elect one of the Challengers as Challenger of Record ("Challenger of Record") or alternatively to establish a Challenger of Record Committee or other Organisation or entity ("CORC").
- d. All Challengers present or voting by proxy at the Challengers Meeting or any other duly convened meeting of Challengers shall be entitled to one vote each. If a Challenger is unable to be represented in person at any meeting of Challengers, that Challenger may appoint another Challenger to vote as its proxy. All matters shall be determined by a majority of votes.
- e. If the Challengers at the Challengers Meeting do not either elect a Challenger of Record or vote for the establishment of a CORC, a CORC shall be deemed to be formed at that meeting consisting of all the Challengers. Any Challenger whose notice of challenge is accepted by RNZYS after the Challengers Meeting shall automatically become a member of the CORC.
- f. The outcome of the Challengers Meeting shall be notified to RNZYS within seven days after the date of the Challengers Meeting.
- g. All Challengers present or voting by proxy at any meeting of the CORC shall be entitled to one vote each and all matters shall be determined by a majority of votes. The CORC shall determine in all other respects its own constitution, by-laws and all other rules of internal administration.

ARTICLE 5: RACE CONDITIONS

5.1 RNZYS and the Challenger of Record shall agree upon the Notice of Race and Conditions and the Sailing Instructions governing the races for the Match (together, the "Conditions"). The Conditions, with such modifications as are necessary to accommodate such matters as dates, times, and the number and series of races, shall also govern the races for the Challenger Selection Series and the Defender Selection Series, if there is one. Any such modifications shall be subject to the approval of RNZYS, which shall ensure that they are equitable to all Challengers.

5.2 The Conditions, which shall be similar to the Conditions governing America's Cup XXX, shall be finalised by 30 September 2001 ("Match Conditions Date"). RNZYS and the Challenger of Record shall

endeavour to resolve any differences between them as to the terms of the Conditions through negotiation.

5.3 If on or before the Match Conditions Date such negotiations have been unsuccessful and the Conditions have not been finalised, then the America's Cup Arbitration Panel constituted under Article 22 ("Arbitration Panel") shall commence mediation of all such differences. If that mediation is unsuccessful then the Arbitration Panel shall, no later than three months after the Match Conditions Date, decide the unresolved issues on which RNZYS and the Challenger of Record differ by choosing between the respective positions of RNZYS and the Challenger of Record on those issues and the Conditions governing the Match shall be finalised accordingly.

5.4 Each of the Challengers and RNZYS shall, either within four weeks after agreement has been reached by the Challenger of Record and RNZYS, or within four weeks after the date the Arbitration Panel has determined any unresolved issues, whichever is the later, sign the Conditions and acknowledge that those conditions shall govern the races in the Challenger Selection Series, the Defender Selection Series, if there is one, and the Match.

ARTICLE 6: CHALLENGER SELECTION SERIES

6.1 Prior to the Match, the Challenger of Record shall organise and conduct a Challenger Selection Series for all Challengers, at the venue and within the course areas in the coastal waters of New Zealand specified under Article 9, under the Conditions agreed under Article 5. The winning Yacht Club and its winning yacht shall, subject to Articles 6.3 and 6.4, become the Challenger under the Deed of Gift for the Match.

6.2 The format of Challenger Selection Series shall be as follows:

- a. There will be two round robins. In each round robin each Challenger will sail every other Challenger once (or more than once if there is a small number of Challengers) and a win will carry the same points. The purpose of the round robins is to establish a seeding or ranking for each Challenger. To the extent necessary for the application of Article 6.2(b) an appropriate method will be adopted to resolve any ties;
- b. Following the round robins there will be semi-finals. The number of participants in the semi-finals will be the lesser of:
 - i. the top ten seeded or ranked Challengers as a result of the round robins referred to in Article 6.2(a); and
 - ii. two thirds of the Challengers which participated in those round robins rounded up, if necessary, to an even number.

The semi-finals will be conducted on a seeded ladder basis to be determined by the Challengers and approved by RNZYS.

- c. The finals of the challenge selection series will be between the two top yachts in the semifinals. The winner of each race in the finals will score one point. The loser scores no point. The winning yacht will be decided by the first yacht to score five points.

The Challenger of Record with the agreement of all Challengers and with the consent of RNZYS may change the format of the Challenger Selection Series.

6.3 If the winning Yacht Club and its winning yacht are for any reason ineligible to be the Challenger then the Challenger Yacht Club and its yacht which placed second in such Series, or failing the eligibility of that Yacht Club and its yacht, the Yacht Club and its yacht which gained the next highest place in the Series and which are eligible, shall, subject to Article 6.4, become the Challenger.

6.4 No Challenger shall be accepted as Challenger under the Deed of Gift unless it shall first have declared in writing that it has until that time complied, and will thereafter until the conclusion of the Match comply, with the terms of the Conditions, this Protocol, the Deed of Gift, the Interpretive Resolutions and the decisions of the Arbitration Panel (excluding however any non-compliance by the

Challenger with any of those documents which has already been ruled on or determined in accordance with the terms of those documents by the appropriate body or entity, provided the Challenger has fully complied with such ruling or determination and has fully satisfied any penalty imposed and provided that the Arbitration Panel has not expressly ruled or determined that the particular non-compliance by a Challenger makes it ineligible to become the Challenger under the Deed of Gift for the Match).

ARTICLE 7: COMMON DECLARATION OF YACHTS

7.1 RNZYS and the Challenger of Record shall:

- a. name the Yacht Clubs and their respective yachts which will participate in the finals of the Challenger Selection Series, and the finals of the Defender Selection Series, if there is one, at least four clear days prior to the first race of the finals in which they are to participate; and
- b. have each nominated yacht involved in a public unveiling ceremony on an agreed date at least three clear days prior to the first race of those finals.

7.2 if there is no Defender Selection Series then RNZYS shall nominate one or two yachts which will be involved in a public unveiling ceremony on the agreed date of the public unveiling of the yachts participating in the Challenger Selection Series.

7.3 In addition, the challenging and defending yachts for the Match shall be involved in a public unveiling ceremony which shall be held three clear days prior to the first day of the Match. Prior to the date of that ceremony both the challenging and defending yachts must have been through the official pre-match measurement provided for in Article 8 and have been accepted by RNZYS as Challenger and Defender for the Match. If RNZYS nominated only one yacht under Article 7.2, that yacht shall be the defending yacht. If it nominated two yachts, it shall select, in its absolute discretion, one of those two yachts to be the defending yacht.

7.4 Underbodies may be shrouded until the yachts have been measured, accepted, and unveiled for the finals in a Selection Series or, in the case of defending yachts if there is no Defender Selection Series, until the public unveiling ceremony prior to the finals of the Challenger Selection Series.

7.5 Underbodies may not be shrouded again after the yachts have been so unveiled until in the case of a challenging yacht, the conclusion of the final race in the Challenger Selection Series and, in the case of a defending yacht, the conclusion of the final race in the Defender Selection Series, if there is one, or if not the earlier of (i) the conclusion of the final race of the Challenger Selection Series, and (ii) the eighth day after of the day on which the first race in that Selection Series was scheduled to be held.

7.6 After the challenging and defending yachts have been unveiled for the Match, they may not be shrouded again until after the conclusion of the Match.

7.7 If RNZYS is the eventual winner of the Match, it shall continue the common declaration provisions of this Article 7 so long as it continues to hold the America's Cup. If a Challenger is the eventual winner of the Match, it shall continue the common declaration provisions of this Article 7 so long as it continues to hold the America's Cup.

ARTICLE 8: MEASUREMENT OF YACHTS

8.1 Prior to each public unveiling ceremony in which it is required by Article 7 to participate, each participating yacht to be unveiled shall be remeasured (even though it then has a valid measurement certificate) and the resulting measurement certificate or revalidated measurement certificate shall be marked on the front page thereof as the "Unveiling Measurement Certificate".

8.2 After an Unveiling Measurement Certificate has been issued in respect of a yacht, no changes may be

made to that yacht which would invalidate that certificate until:

- a. in the case of a challenging yacht, the conclusion of the last race in the Challenger Selection Series;
- b. in the case of a defending yacht, the conclusion of the last race in the Defender Selection Series, if there is one, or if not, the earlier of (i) the conclusion of the last race in the Challenger Selection Series, and (ii) the eighth day after the day on which the first race in that Challenger Selection Series was scheduled to be held; and
- c. in the case of the yachts participating in the Match, the conclusion of the last race in the Match.

8.3 Despite Article 8.2, changes may be made to a challenging or defending yacht which would otherwise invalidate its Unveiling Measurement Certificate:

- a. if those changes are required by the Measurement Committee referred to in Article 21, to enable a yacht to comply with the International America's Cup Class Rule ("ACC Rules"); or
- b. in the case of unintentional damage beyond that covered in ACC Rule 49.3(b), if the Measurement Committee approves the repairs as necessary.

ARTICLE 9: SITE AND TIMING OF THE THIRTY-FIRST AMERICA'S CUP

9.1 The Thirty First America's Cup Regatta shall be held in the coastal waters of New Zealand. The Match shall be held in late February/early March 2003 and the Challenger Selection Series shall be held in late 2002 early 2003.

9.2 The venue for the Match, the course areas for the Challenger Selection Series and the precise dates for the Match, shall be announced by RNZYS within one year after the Final Race in 2000, subject, however, to any changes in venue and/or course areas and/or those dates which may be agreed by RNZYS and the Challenger of Record.

ARTICLE 10: ACCEPTANCE OF PROTOCOL AND PROHIBITION ON PROCEEDINGS

10.1 As a condition of entry as a Challenger in the Thirty First America's Cup and in addition to all other requirements under the Deed of Gift, all Challengers are required under Article 1 to agree that they accept and will be bound by all of the provisions of this Protocol. In particular such acceptance includes an acknowledgement that all decisions rendered by the Arbitration Panel will be binding on all Challengers and RNZYS and shall not be subject to appeal or be referred to any court or other tribunal for review in any manner.

10.2 Any Challenger who resorts to any court or tribunal, other than the Arbitration Panel or any other dispute resolution body agreed by RNZYS and the Challenger of Record will, except as permitted by Article 10.4, be in breach of this Protocol and will accordingly be ineligible to make the declaration provided in Article 6 and to be the Challenger for the Match.

10.3 Without in any way limiting Articles 10.1 and 10.2, each Challenger and each Candidate for the Defence, by agreeing to be bound by this Protocol, is deemed to have undertaken on its own behalf and on behalf of each of its officers, members, employees, agents and contractors, that they will not, at any time, in relation to any matter governed by this Protocol, or in relation to any other matter concerning the Thirty First America's Cup, issue proceedings or suit in any court or other tribunal against all or any of the following:

- a. RNZYS or any of its officers, members, employees, agents or contractors;
- b. ACPI or any of its officers, members, employees, agents or contractors;
- c. any other Challenger, the Challenger of Record, or the CORC or any of their respective officers, members, employees, agents or contractors;
- d. any other Candidate for the Defence or any of its officers, members, employees, agents or contractors;
- e. any race official involved in a Selection Series or the Match;
- f. the Measurement Committee or any of its members; or
- g. the Arbitration Panel or any other dispute resolution body agreed by RNZYS and the Challenger of Record or any members of such entities.

10.4 The preceding provisions of this Article 10 do not limit the right of any Challenger or Candidate for the Defence or any of their respective officers, members, employees, agents or contractors, to issue proceedings or suit in relation to:

- a. any loss or damage in respect of usual marine risks and in respect of which claims would ordinarily be the subject of Hull, War Risk and P&I cover;
- b. any loss or damage to any other property used in connection with a Challenge or the Defence;
- c. any injury, loss or damage to a person, boats or other property as a result of wilful or negligent acts; or
- d. any person who is allegedly in breach of any confidentiality undertaking or restrictive covenant entered into with any Challenger or Candidate for the Defence.

ARTICLE 11: INTERPRETIVE RESOLUTIONS

11.1 In an effort better to maintain the stipulation in the Deed of Gift that the America's Cup is for "Friendly competition between foreign countries" the Interpretive Resolutions of the Deed of Gift issued by prior Trustees of the America's Cup and by RNZYS as the present Trustee are retained subject to the alterations contained in this Article I 1.

11.2 The First 1984 Resolutions are altered so that Footnote (1) of the 1982 Amendments is replaced with the words "The requirement that a person be a national will be satisfied if the person has been domiciled in, or has had a principal place of residence in, or has had a valid passport of that country for no shorter period than the period commencing on 1 March 2001 and ending on the date of the first race of the Match".

11.3 The Second 1990 Resolutions are altered so that:

- a. Each Challenger and Candidate for the Defence of the Cup shall submit to RNZYS the names and the details of the designers of the hull, appendages, rig, and sails of its yacht who satisfy the conditions of nationality for more than one country and who elect and declare their nationality as that of the country in which the particular Challenger or Candidate for the Defence is located:
 - i. by 30 August 2001 where a person has been engaged as such a designer on or before that date; and
 - ii. not more than 10 days after the date of engagement where a person has been engaged as such a designer after 30 August 2001-.
- b. Each Challenger and each Candidate for the Defence shall submit to RNZYS

the names and details of all persons in their organisations who could sail as a member of their competing yacht's crew in any Selection Series or the Match who satisfy the conditions of nationality for more than one country and who elect and declare their nationality as that of the country in which the particular Challenger or Candidate for the Defence is located:

- i. by 30 August 2002 where a person has been engaged on or before that date; and
 - ii. not more than 10 days after the date of engagement where a person has been engaged after 30 August 2002.
- c. A person who is a designer and whose name has been properly submitted by a Challenger or Candidate for the Defence under Article 11.3(a) on or before 30 August 2002 is not required to have his or her name submitted under Article 11.3(b). Unless successfully challenged under Article 11.3(e) such a person shall be deemed to be eligible to sail as a member of the competing yacht's crew of the particular Challenger or Candidate for the Defence in any Selection Series or the Match.
- d. A person whose name has been properly submitted under Article 11.3(b) and who subsequently is engaged as a designer is not required to have his or her name submitted under Article 11.3(a). Unless successfully challenged under Article 11.3(e) such a person shall be deemed to be eligible to design for the particular Challenger or Candidate for the Defence.
- e. RNZYS shall promptly provide copies of the names and details of all designers and potential crew which have been submitted to it under Article 11.3(a) and (b) to the Challenger of Record for dissemination to all Challengers and to all Candidates for the Defence, respectively. A person whose name and details have been properly submitted to RNZYS and copied to the Challenger of Record shall be deemed eligible to be a designer for the particular Challenger or Candidate for the Defence, or to participate in a Selection Series and the Match, as a national of the country so declared unless within 28 days after the names and details have been copied to the Challenger of Record ("Challenge Period") there is a challenge to the person's eligibility. No person shall be eligible to be a designer for a Challenger or Candidate for the Defence or serve as a member of a competing yacht's crew until the end of the Challenge Period or, if there is a challenge, until the later of the end of the Challenge Period and the time at which any challenge has been resolved in accordance with the procedure set out in Article 11.4. A person who has been determined to be otherwise eligible under this process, either because no challenge has been made or because a challenge was resolved in favor of eligibility, may become ineligible if, subsequent to a determination of eligibility, his or her actions violate the nationality requirements set out in the amendments to Footnote (1) in amplification of the 1980 Resolutions contained in the First 1984 Resolutions and the Second 1990 Resolutions.
- f. A person who satisfies the conditions of nationality for more than one country but whose name is not submitted by a Challenger or Candidate for the Defence when required under Article 11.3(a) shall be ineligible to design for the country in which that Challenger or Candidate for the Defence is located, with the consequences set out in Footnote (2) in amplification of the 1980 Resolutions including the Amendments of 15 May 1984 and I July 1990.
- g. A person who satisfies the conditions of nationality for more than one country but whose name is not submitted by a Challenger or Candidate for the Defence when required under Article 11.3(a) or Article 11.3 (b) shall be ineligible to sail in the respective competing yacht's crew in any Selection Series or the Match. If a person who is not eligible to sail in a competing yacht's crew under this Article 11.3(g) does so in a race in any Selection Series or the Match, then that competing yacht shall be deemed not to have

participated in that race, with all the consequences which that entails under the Conditions and racing rules adopted by COR/D.

- h. For the purposes of this Article I 1, the term "engaged", where it appears, shall mean involved in any capacity with a Challenger or Candidate for the Defence, whether as an employee, independent contractor or otherwise.

11.4 All disputes relating to the determination of the country which a designer or crew member may represent in the Thirty-first America's Cup shall:

- a. if relating to a Challenger, be resolved by the Challenger of Record and be subject to ratification by RNZYS; and
- b. if relating to a Candidate for the Defence, be resolved by RNZYS and be subject to ratification by the Challenger of Record.

If in either case RNZYS and the Challenger of Record cannot agree and do not ratify the other's decision, the matter shall immediately be referred to the Arbitration Panel for determination.

11.5 A designer, as more particularly defined in "The 1996 Resolutions", may only design or be engaged, or associated in any other capacity, for one Challenger or one Candidate for the Defence (but not both), from the date of the Final Race in 2000 until the conclusion of the Match.

11.6 Subject to the limitation imposed on designers in Article 11.5 and the further prohibition set out in this Article 11.6, and subject to compliance with the "1980 Resolutions" and "The 1982 Amendments" of the Deed of Gift, there shall be no restriction on any person who is engaged in any capacity by any Challenger or Candidate for the Defence ceasing to be so engaged and becoming engaged by another Challenger or Candidate for the Defence. However a person who was engaged by a Challenger or Candidate for the Defence and was eligible to be a member of their competing yacht's crew and who later becomes engaged by another Challenger or Candidate for the Defence of the same nationality as the country in which the first mentioned Challenger or Candidate for the Defence is located, is not eligible to become a member of the competing yacht's crew of such other Challenger or Candidate for the Defence during the Challenger Selection Series, the Defender Selection Series, if there is one, or the Match.

11.7 No person who has been a member of the Arbitration Panel, or a race official during any Selection Series or the Match, shall thereafter crew on any yacht of, or work as a designer or in any capacity for, any Challenger or any Candidate for the Defence.

11.8 The 1980 Resolutions and The 1982 Amendments are altered by replacing clauses (a) and (b) with the following:

- a. "A yacht shall be deemed to be "designed" in a country if the designers of the yacht's hull, deck, appendages (including keel fins, bulbs, canards, rudders, skegs, trim tabs, wings etc) rig and sails are nationals of that country.
- b. A yacht shall be deemed to be "built" in a country if the hull of the yacht, including all training and all planking, plating or other form of surfacing of the hull, the deck and all appendages (including keel fins, bulbs, canards, rudders, skegs, trim tabs, wings etc) have been fabricated and assembled in that country, provided that the foregoing provisions of this clause (b) shall not prevent:
 - i. the modification of the hull of any Challenger in the country in which the relevant America's Cup match is to take place, so long as the modification:
 - A. is effected when the Challenger is in such country;
and
 - B. meets the requirements of clause (a) above, and
 - ii. further appendages for a Challenger's yacht being constructed in the country in which the relevant America's Cup match is to take place provided they meet the requirements of clause (a) above

and that Challenger's yacht arrives in that country with all appendages (including keel fins, bulbs, canards, rudders, skews, trim tabs, wings etc), designed by a national and manufactured in the country of the Challenger." and by adding new clauses (c), (d), (e) and (f) as follows:

- c. A yacht shall be deemed to be "built" in a country irrespective of where its sails and rigs are manufactured so long as the requirements of clause (a) above are met in relation to those sails and rigs.
- d. For the purpose of clauses (a) and (c) above, a rig shall include the mast and main boom, mast and main boom tapers, mast and main boom moulds, shroud and spreader locations, laminate and other similar structural specifications, and nonstandard fittings, but shall not include spinnaker poles and reaching struts.
- e. In relation both to rigs and yachts generally, standard fittings of different design origin are acceptable provided they are generally available.
- f. If any sail or rig of a yacht of a Challenger or Candidate for the Defence is manufactured in a country other than that in which that Challenger or Candidate for the Defence is located, then any other Challenger or Candidate for the Defence shall, on request, be provided by the particular Challenger or Candidate for the Defence with written certification from the manufacturer that it received the sail or rig design from a designer satisfying the nationality requirements of the country in which the particular Challenger or Candidate for the Defence is located and that construction of the sail or rig complied with that designer's drawings and/or specifications.

ARTICLE 12: ADVERTISING AND NAMES OF YACHTS

12.1 There will be constraints on advertising in any for -in on the hulls, cockpits, appendages, sails, rigs, crew clothing or associated equipment of a yacht similar to those which applied in America's Cup XXX..

12.2 From the time of acceptance of a Challenger or Candidate for the Defence by RNZYS, advertising of, or other reference to, tobacco products by such Challenger or Candidate for the Defence is prohibited anywhere in New Zealand. This prohibition shall apply in a Challenger's or Candidate for the Defence by RNZYS, advertising of, or other reference to, tobacco products by such Challenger or Candidate for the Defence is prohibited anywhere in New Zealand. This prohibition shall apply in a Challenger's or Candidate for the Defence's compound, on its boats, sails, and equipment, on its crew clothing, and in advertising material for either the printed or electronic media. The term advertising of tobacco products, as used in Article, includes, but is not limited to:

- a. the use or display of the name of any tobacco product;
- b. the use or display of the name of any company or other entity where such name is also, in whole or in part, the name under which a tobacco product is produced, sold, or otherwise distributed; and
- c. the use or display of a logo, trademark, device or design that is commonly used on tobacco products.

12.3 If a Challenger proposes to name its yacht, the proposed name must first be submitted to COR/D for approval. COR/D shall not approve any name of a yacht if in its opinion that name constitutes advertising. The decision of COR/D shall be final and conclusive.

12.4 If a yacht does not have a name that has been approved by COR/D it shall, for the purposes of the Thirty-First America's Cup, be called by its allocated sail number.

12.5 For the avoidance of doubt, a name that has not been approved by COR/D shall not be engraved on

the America's Cup trophy.

12.6 Advertising or any other graphic work shall, from the time of acceptance of a Challenger or Candidate for the Defence by RNZYS, always comply with generally accepted moral and ethical standards.

ARTICLE 13: RECONNAISSANCE

13.1 The purpose of this provision is to allow Challengers and Candidates for the Defence the opportunity to conduct on the water testing in private and to limit attempts to gather design and yacht performance data and information from or about another Challenger or Candidate for the Defence, its business operations, or its yachts, especially through illegal, clandestine, dangerous, or expensive means. It is intended that Challengers and Candidates for the Defence shall have the opportunity to develop their own design features, systems and techniques in private and not be subject to harassment while testing. Specified methods of information gathering are however permitted during the Observation Period as defined in Article 13.5.

13.2 This Article 13 applies throughout the world to all Challengers and Candidates for the Defence for the period from the completion of the Final Race in 2000 until the completion of the last race of the Match.

13.3 The following activities are prohibited at all times (whether they are directed against another syndicate's yacht, support boats or facilities for purposes contrary to the purpose of this Article 13):

- a. unless specifically permitted under this Article 13, persistent on the water observation (including photography or other methods of obtaining images) or tracking of yachts which are not participating in a race in the Challenger Selection Series, the Defender Selection Series, if there is one, the Match, or any other event organized for ACC yachts (an "Official Race")
- b. any intentional illegal act;
- c. the use of listening devices for eavesdropping;
- d. the use of satellites, aircraft (fixed or rotary winged), and/or other means to observe or record from above other participant's yachts when sailing or ashore in compounds;
- e. the use of divers, submarines or other means to observe or record below or from below the surface of the water;
- f. the capture, recording or analysis of performance data emanating from telemetry, instruments, computers, etc. from another competing syndicate;
- g. the acceptance of any information from a third party that, under this Article, would have been improper for the syndicate to obtain directly;
- h. other than from an opposing yacht in the same match the use of instruments such as laser range-finders and radar to attempt to gauge performance; or
- i. the use of discarded waste material from syndicate compounds or any other source.

13.4 The following activities are permitted at all times:

- a. visual observation from ashore,
- b. the visual observation of another syndicate's yacht, not intended to gather design and yacht performance information, and which is largely unavoidable due to the close proximity of compounds of competing syndicates or passages in the harbour or at sea or overflying in the case of passages by air;
- c. the visual observation (including photography, and other means of obtaining images) of another syndicate's yacht, when it is participating in an Official

Race, from a surface vessel which is either stationary or maintains a distance of at least 200 metres from the racing yachts, provided the observing vessel is clearly identified with the syndicate's name or known flag; and

- d. the receipt and use of casual gossip and press reports.

13.5 The following activities are permitted during the period commencing two months before the first race in the Challenger Selection Series and ending one month after the completion of the Match ("Observation Period"):

- a. the visual observation from within the Racing Area as defined in the Match Conditions (including photography and other means of obtaining images) of another syndicate's yacht from a surface vessel operated in a safe manner and in accordance with local regulations for separation of traffic and provided the observations are made from a distance of at least 200 metres and the observing vessel is clearly identified with the syndicate's name or known flag;
- b. the use of photography and other means of obtaining images of another syndicate's yacht from within the observing syndicate's shore compound and from any space accessible to the general public; and
- c. The visual observation of another syndicate's yacht at a public unveiling referred to in Article 7.

13.6 The penalty for failing to comply with this Article shall be decided by the Arbitration Panel which may, with the approval of COR/D, delegate that power under this Article to any other dispute resolution body established by COR/D. Penalties may be applied to the owner, the yacht, the crew, or all or any of them, and may include (but are not limited to), a loss of points, or exclusion or disqualification from a Selection Series or the Match.

ARTICLE 14: RULES

14.1 The conduct of the Challenger Selection Series, the Defender Selection Series, if there is one, and the Match shall be governed by:

- a. the Deed of Gift, the Interpretive Resolutions and the decisions of the Arbitration Panel;
- b. this Protocol;
- c. the Conditions; and
- d.
 - i. the racing rules as agreed and adopted by COR/D and administered by a Jury appointed by COR/D; and
 - ii. the International America's Cup Class Rule Version 3.0 dated 1 July 1997, unless a new version of such rule is issued by COR/D within a period of six months after the date of the Final Race in 2000, except so far as any of (i) and (ii) are altered by the Conditions;

ARTICLE 15: ELIGIBILITY OF YACHTS

15.1 Each Challenger and Candidate for the Defence may only build, acquire or otherwise obtain two New ACC yachts. A "New ACC yacht" is a yacht that either:

- a. complies with ACC Rule 39.5, the construction of which is commenced after the completion of the Final Race in 2000; or
- b. is deemed to be a New ACC yacht under Article 15.3(d) or Article 16.2.

15.2 Only a New ACC yacht which is built, acquired or otherwise obtained under Article 15. 1, and an ACC yacht that complies with ACC Rule 39.5, the construction of which commenced prior to the Final Race in 2000, which yachts satisfy the design and other nationality requirements, shall be eligible to compete in the Thirty First America's Cup.

15.3 In order to give full effect to the intent of this Article 15, which is to limit Challengers and Candidates for the Defence to building, acquiring, or otherwise obtaining the specified number of New ACC yachts, the following provisions shall apply:

- a. The acquiring or obtaining of a new yacht (construction of which commenced after completion of the Final Race in 2000) capable of being measured as an ACC yacht without significant modification shall be deemed to be the acquisition of a New ACC yacht.
- b. Once a person or entity, whether then a Challenger or Candidate for the Defence or not, has been allocated under ACC Rule 39.5, two sail numbers, no further sail numbers may be allocated to that person or entity. A person or entity shall only be entitled to be allocated a new sail number under ACC Rule 39.5 to the extent that, at the time of such allocation, that person or entity has not built, acquired or obtained (in each case through alteration or otherwise) two New ACC yachts.
- c. Each person or entity whether then a Challenger, Candidate for the Defence, or not, shall engage separate and independent designers having no involvement with any other Challenger's or Candidate for the Defence's program to develop an ACC yacht its appendages, rigs and sails (in each case where referred to in this Article 15.3(c) having the meaning in clause (a) of The 1980 Resolutions and The 1982 Amendments as replaced by Article 11.8) or a yacht capable of being measured as an ACC yacht without significant modification.

Design or performance information or equipment (including appendages, rigs and sails but excluding standard fittings which are generally available) of or in relation to such yacht of a person or entity may not be shared or exchanged with another person or entity except information which may be gleaned without assistance from the other person or entity in formal or informal or head-to-head competition. The acquiring or obtaining of an ACC yacht its appendages, rigs or sails (but not their plans, specifications or other design information), or a yacht capable of being measured as an ACC yacht without significant modification, which was either completed within the meaning of Article 16.4, or made or built, before the completion of the Final Race in 2000 shall not be an infringement of this Article 15.3(c).

- d. Any scale model or scaled down version of an ACC yacht (or other yacht which could be measured as an ACC yacht without significant modification) which is greater than one-third of the size of an actual ACC yacht (or such other yacht) is deemed to be a New ACC yacht for the purposes of this Article and shall be deemed to have been allocated a sail number under ACC Rule 39.5.

Any agreement, arrangement or understanding, whether legally enforceable or not, by one person or entity (in this paragraph "the first person"), whether then a Challenger or not, with any other person or entity (in this paragraph "the second person") that the second person will directly or indirectly build, acquire or otherwise obtain one or more yachts of whatever type (in this paragraph "other yachts") so that the first person can directly or indirectly obtain, in any manner whatever, design or performance information regarding the other yacht or yachts for use in the program of design, development or challenge of the first person, is prohibited.

ARTICLE 16: MODIFICATIONS TO YACHTS

16.1 The purpose of this Article 16 is to maximize the use of all ACC yachts, and to enable yachts to be reshaped in a cost effective manner.

16.2 Any ACC yacht may be altered after it is completed, without that yacht counting as a further New ACC yacht provided the total of all alterations (whether sequential or not) made after the completion of the Final Race in 2000 do not change more than 50% of the original laminate area of the hull as defined in ACC Rule 2.4. If the total of all alterations exceed this limit then the yacht shall be deemed to be a New ACC yacht within the terms of Article 15 and shall be deemed to have been allocated a new sail number under ACC Rule 39.5.

16.3 There is no limitation on alterations that may be made to a yacht's deck.

16.4 An ACC yacht is deemed to be completed on its launching date, or its post construction inspection date, whichever is the earlier. There is no limitation on changes that may be made to the original laminate area of the hull of a yacht before it is completed.

16.5 Except for alterations to a yacht's deck, which do not require any approval, no alteration 's may be made to an ACC yacht after it is completed, without the prior written approval of the Technical Director appointed under the ACC Rules. In order that the Technical Director may determine whether such approval should be given he shall be provided with any information he requests that he believes is necessary to determine whether the alteration is permitted.

16.6 Without limiting the power of the Technical Director to request any information he considers necessary to determine whether or not any alterations are permitted under the above rules, the following procedure shall apply:

- a. The Technical Director shall be provided with a copy of the lines plans for the canoe body of the yacht on the date the yacht is deemed to be completed, or if the yacht was completed before the date of the Final Race in 2000 the lines plans for the canoe body of the yacht at the date of that race, redrawn, if necessary, to represent the accurate lines plans of the canoe body of that yacht as at the date of that race.' and those lines plans shall be the base from which the percentage changes are determined.
- b. A plan of the proposed alterations and a new lines plan showing the cut lines and physical reference points (such as bulkheads) shall be provided to the Technical Director in respect of each proposed alteration. The Technical Director shall calculate both the change in the original laminate area of the hull resulting from the particular proposed alteration and the aggregate of all changes (including the particular proposed alteration) to the original laminate area of the hull from the lines plans which are the base under Article 16.6(a) and advise his approval or otherwise. The Technical Director may require a check measurement.
- c. The Technical Director shall hold all plans and lines plans provided under Articles 16.2 and 16.3 in strictest confidence and they shall normally be stored for safe keeping in a recognised safety deposit facility or filed in an electronic form protected by an appropriate security encryption.

16.7 In order further to give effect to the intent of this Article 16:

- a. there is no limit on the extent of fairing of yachts, and the laminate area of the hull may also be distorted without the distortion constituting an alteration; and
- b. a repair which is approved by the Technical Director as such, shall not be considered an alteration.

an explanatory interpretation of this Article 16, which shall be approved before issue by both RNZYS and the Challenger of Record.

ARTICLE 17: NUMBER OF SAILS

17.1 ACC Rule 33.8 shall not apply. The maximum number of measured sails permitted for each Challenger and each Candidate for the Defence shall be 60, provided that in the Match the Challenger and the Defender shall each be limited to a sail inventory of no more than 30 measured sails ("Match Sail Inventory") from the maximum permitted number of 60 measured sails.

17.2 To be eligible for use in the Match, a measured sail must also be separately registered with the Technical Director as part of the Challenger's or Defender's Match Sail Inventory.

17.3 Sails may be measured and/or registered in the Match Sail Inventory at any time during the Match but no more than 30 measured sails shall be registered in their Match Sail Inventory by either the Challenger or the Defender.

17.4 In this Article 17 a "measured sail" is a sail measured by and registered with the Technical Director under the ACC Rules and, for the avoidance of doubt, once a sail has been measured by and registered with the Technical Director under the ACC Rules by a Challenger or a Candidate for the Defence, it may not be so measured or registered by any other person.

ARTICLE 18: TELEVISION AND TECHNICAL EQUIPMENT

18.1 During racing in the Challenger Selection Series, the Defender Selection Series, if there is one, and the Match, television, audio and other electronic equipment shall be carried on yachts and/or crew of both Challengers and Candidates for the Defence. The amount and manner of placement of such television, audio and other electronic equipment on yachts and crew shall be consistent for all Challengers and Candidates for the Defence.

18.2 All data and information of whatever nature, and for whatever purpose, produced by the television, audio and other electronic equipment carried on yachts and/or crew:

- a. participating in the Challenger Selection Series, shall be the property of the Challengers; and
- b. participating in the Defender Selection Series, if there is one, or in the Match, shall be the property of RNZYS.

18.3 The Challenger of Record in relation to Article 18.2(a), and the Challenger of Record and RNZYS in relation to Article 18.2(b), shall ensure that adequate measures are put in place so that performance information of individual yachts is not available to any other Challenger or Defender, other than such information that is available to the public.

ARTICLE 19: OTHER CONDITIONS

19.1 RNZYS and the Challenger of Record may, from time to time, determine such other conditions or matters as they agree are necessary or desirable for the Thirty First America's Cup regatta provided always that if the Initial Challenger of Record has relinquished its position under Article 4.1(b) no provision or matter pertaining to the responsibilities or rights of the Initial Challenger of Record may be amended without the written consent of the Initial Challenger of Record.

ARTICLE 20: LICENSE AGREEMENT

20.1 At the time of signing the Conditions, or by such later time as RNZYS requires, each Challenger shall execute a license agreement with ACPI relating to the America's Cup trademarks in such form as ACPI may reasonably require. Any dispute as to the terms of that agreement shall be determined by the Arbitration Panel.

ARTICLE 21: MEASUREMENT COMMITTEE

21.1 All matters relating to the measurement of the ACC yachts, the interpretation of the ACC Rules, or the determination as to whether a yacht meets the ACC Rules, shall be determined by the measurement committee ("Measurement Committee") jointly appointed under the ACC Rules by RNZYS and the Challenger of Record.

21.2 Decisions of the Measurement Committee shall be final and shall not be subject to appeal or be referred to any court or other tribunal for review in any manner.

ARTICLE 22: AMERICA'S CUP ARBITRATION PANEL AND DISPUTE RESOLUTION

22.1 An America's Cup Arbitration Panel ("Arbitration Panel") shall be established whereby the RNZYS, as holder of the Cup, and the Initial Challenger of Record, shall each select two members of a five person arbitration panel. The fifth member shall be selected by agreement of the four members already selected and shall be the Chairman of the Arbitration Panel.

22.2 Criteria for selection of all members shall include:

- a. they may be a resident or citizen of any country participating in the Thirty First America's Cup competition or trials whether or not they have a significant interest in the dispute or issue;
- b. they shall possess knowledge of America's Cup history, the Deed of Gift, and the Interpretive Resolutions;
- c. they shall possess good general knowledge of yacht racing and yacht clubs;
and
- d. they shall be known to be fair minded and possess good judgement.

22.3 The Arbitration Panel shall be empowered as follows:

- a. to resolve all matters of interpretation of any of the documents and rules referred to in Article 14 except where expressly excluded in the provisions of such documents and rules and including, where necessary, the determination of the facts relevant to the matter of interpretation;
- b. to resolve disputes (other than those concerning the racing rules or any applicable class or rating rule) between RNZYS and the Challenger of Record;
- c. to resolve disputes (other than those concerning the racing rules or any applicable class or rating rule) between RNZYS and an individual Challenger when the Challenger of Record certifies in writing to RNZYS that a majority of the Challengers desire the issue to be resolved by the Arbitration Panel;
- d. to resolve disputes (other than those concerning the racing rules or any applicable Class or rating rule) between individual Challengers when one of

those Challengers so requests, or between an individual Challenger and the Challenger of Record;

- e. to resolve any disagreement between RNZYS and the Challenger of Record and in particular settling the matters referred to in Article 5;
- f. to determine matters of nationality and other issues under Article I 1;
- g. to determine the appropriate penalty under Article 13;
- h. to resolve disputes under Article 20; and
- i. to resolve any other matters which it is given jurisdiction to determine.

22.4 When considering disputes involving an issue of a technical nature the Arbitration Panel shall consult with the Technical Director or other appropriate technical experts and shall be bound by the advice received when delivering their decision.

22.5 The Initial Challenger of Record and RNZYS shall have the right at any time to replace one or both of their respective Arbitration Panel members, in the event of death, illness, loss of mental faculties, resignation or any other reason which, in the view of the respective entity which appointed the particular member, makes them unable or unwilling to exercise their powers and/or functions under this Article 22. Likewise the four members of the Panel appointed by the Initial Challenger of Record and RNZYS shall have the power to replace the fifth member of the Panel mutually appointed by them at any time in the event of death, illness, loss of mental faculties, resignation, or for any other reason which, in the view of, those four members who appointed that fifth member, makes that fifth member unable or unwilling to exercise their powers and/or functions under this Article 22.

22.6 Meetings of the Arbitration Panel may be held by telephone or audio visual linkup. A quorum for meetings of the Arbitration Panel shall at all times be five, and each member shall be entitled to one vote. Decisions shall be made by a majority of votes. The Arbitration Panel shall draft its own procedural rules for approval by COR/D.

22.7 The costs associated with a meeting of the Arbitration Panel shall be met from the amount held jointly by RNZYS and the Challenger of Record under Article 2.3(c) unless in any particular case the Panel determines that all or part of such costs should be met by one or more of the parties.

22.8 Where no penalty is specifically provided for a breach of any of the provisions of this Protocol, the Conditions, the Deed of Gift, the Interpretive Resolutions or decisions of the Arbitration Panel, the Panel shall determine and impose such penalty as it considers appropriate having regard to the nature and manner of the particular breach.

22.9 The Jury appointed by COR/D under Article 14.1(d)(i) shall not have the power to determine any of the matters set out in Article 23.3.

ARTICLE 23: INTERPRETATION

23.1 Whenever there is a conflict between the provisions of this Protocol and the Conditions or any other relevant racing rule or document (excluding the Deed of Gift but including the Interpretative Resolutions), the terms of this Protocol shall prevail.

23.2 In the interpretation of this Protocol all the provisions hereof shall be construed in such manner as will best promote the purpose and object underlying this Protocol or the particular provision and best ensure that they are given their true spirit, meaning and intent.

23.3 In the interpretation of this Protocol:

- a. all references to RNZYS, where the context so permits, includes any syndicate or other entity or entities which undertake the defence of the Cup on its behalf;
- b. the term "Challenger", except where inconsistent with the context, means a

Yacht Club whose challenge has been accepted by RNZYS under Article 1. I and includes any syndicate or other entity which undertakes that Yacht Club's challenge as its representative;

- c. the term "Candidate for the Defence" means a syndicate or other entity which represents or seeks to represent RNZYS as defender of the America's Cup;
- d. unless a Challenger of Record is appointed under Article 4. 1 (c) or a Challenger of Record Committee is formed or deemed to be formed under Article 4 all references to the Challenger of Record shall be read as references to the Initial Challenger of Record;
- e. if a CORC has been constituted under Article 4.1 then from that time all references to the Challenger of Record shall be read as references to the CORC;
- f. all references to an ACC yacht include any yacht constructed under any version of the ACC Rule;
- g. any reference to a particular ACC Rule shall, where the context permits, be read as a reference to the equivalent Rule in any new version issued by COR/D under Article 14.4(d)(ii).

AMENDMENT

PARTIES:

The Royal New Zealand Yacht Squadron ("RNZYS") of the one part, and Yacht Club Punta Ala ("YCPA") of the other part.

BACKGROUND:

RNZYS and YCPA are the parties to the Protocol. The parties now wish to amend various provisions of the Protocol to reflect changed circumstances and to clarify the meaning of some clauses in order to prevent possible conflicts amongst the same clauses and ambiguities.

AGREED

With effect from the date of this Amendment, the Protocol is amended as follows:

- I. A new article 2.5 is inserted. Accordingly the original articles 2.5 and 2.6 are postponed and renumbered respectively as article 2.6 and article 2.7. The new article 2.5 reads as follows:

"2.5 In addition to the entry fees specified above the following payments will be required:

- a. Each Challenger shall pay the sum of US\$25,000 to tire Joint Account prior to its yacht commencing to race in the Challenger Selection Series;
- b. Prior to the Match Unveiling Ceremony as specified in 7.3 the selected Challenger in the Match shall pay the sum of US\$75,000 and the Defender shall pay the sum of US\$100,000 to the Joint Account. These payments are an eligibility requirement and together with the amounts specified in article 2.3(c) and 2.4, shall be applied by COR/D to the payment of the International Sailing Federation ("ISAF") sanctioning fees due under the agreement between COR/D and ISAF dated 19th September 2000."

- II. Article 1 1.3 (e) is altered by the deletion of the following third sentence:

if there is a challenge, until the later of the end of the Challenge Period and the time at which any challenge has been resolved in accordance with the procedure set out in Article 11.4."

- III. Article 14.1 (d) (ii) is altered by the deletion of the words "six-month" which are replaced by the words "nine months"
- IV. New Articles 22.3 (j), (k), alid (1), are added:
 - j. to fix or determine the fee payable in relation to any application made to the Arbitration Panel;
 - k. to fix or determine the costs in respect of an application payable by an applicant or a party directed to be served with an application;
 - l. to determine the penalty for failure to make any payment fixed or determined by the Panel."
- V. Article 22.7 is deleted and replaced by:

"22.7 The net operating costs of the Arbitration Panel (in excess of application fees and costs received) will be met by COR/D."