



Saturday, June 02, 2007

MEMORANDUM OF UNDERSTANDING

Following intensive negotiations, over the last two days, FIDE and Global Chess BV are pleased to sign a memorandum of understanding between both parties whereby Global Chess are authorized to commence operations on the 1st July 2007 based on a licence agreement, as attached.

While both parties acknowledge that the Agreement requires the ratification of the Executive Board in Antalya 2007, any commitments entered into from 1st July 2007 will be fully valid and enforceable. If the Agreement would not be ratified by the executive Board, the Agreement will be annulled as at the date of the Executive Board.

The parties agree that they will negotiate in good faith the last remaining points regarding the web services agreement (Schedule H) and both parties will seek tax advice to structure the financial aspects of the agreement in line with applicable laws (Clause 4.4).

If any transposition of any clauses has been carried out incorrectly during the compilation of the Agreement in the final stages of negotiation, both FIDE and Global Chess agree in good faith that they will be corrected before the Executive Board.

Signed today Saturday, June 2nd, in Elista, Russia

George Makropoulos
Deputy President
FIDE

Geoffrey D Borg
Chief Executive Officer
Global Chess BV

ALLEN & OVERY

Allen & Overy LLP

JUNE 2007

AGREEMENT

- (1) FEDERATION INTERNATIONALE DES ECHECS
- (2) GLOBAL CHESS B.V.

Saturday, 02 June 2007



84195-00001 AMIP:111824.3



THIS AGREEMENT is made the 1st day of June 2007.

BETWEEN:

- (1) **FEDERATION INTERNATIONALE DES ECHECS**, established under the laws of Switzerland, having its address at 9 Syggrou Avenue, Athens, Greece 11743 ("FIDE"); and
- (2) **GLOBAL CHESS B.V.**, established under the laws of The Netherlands, having its address at Max Euwe Centre, Max Euweplein 13/A1, 1017 MB, Amsterdam, The Netherlands ("Global Chess").

WHEREAS:

- (A) FIDE is the international governing body of the sport of chess recognized as such by the International Olympic Committee (IOC) and has the right to sanction and stage chess related sporting events.
- (B) Global Chess is a company which at the date of this agreement is or shortly after signing of this agreement will be ultimately majority owned (99,999%) by Kirsan Ilyumzhinov and which has its aim to maximize the worldwide promotion of chess.
- (C) FIDE wishes to grant to Global Chess the responsibility to raise sponsorship and commercially exploit the World Chess Championship (men and women) and other major chess events and FIDE wishes to enable Global Chess to properly exercise all tasks necessarily related thereto.
- (D) FIDE wishes to grant specific commercial rights to Global Chess on the terms and conditions set forth below in order to allow Global Chess to increase the worldwide exposure, marketing, and merchandising of chess.
- (E) FIDE and Global Chess realise that the stability, credibility and reliability of FIDE and Global Chess in relation to all stakeholders of the world of professional chess, including potential sponsors, media and players, with respect to the format, formula and rules of the World Chess Championship Cycles and other major professional chess events are the key factors of success.

HAVE HEREBY AGREED as follows:

1. DEFINITIONS AND INTERPRETATIONS

- 1.1 In this Agreement the following words and phrases shall have the following meanings:

Auditing means the right to have access to meetings and documents in order to audit any activities and operations with respect to Events A and/or B after these Events have taken place in order to ensure that i) the interests of sponsors and third parties to which Global Chess has sub-licensed any of the Commercial Rights have been respected and ii) Global Chess has performed its obligations to the sponsors and other contract parties in a credible, reliable and stable manner.

Commercial Rights means the commercial rights set out in Schedule A.



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Contract Period means the period of time commencing on July 1, 2007 and ending December 31, 2012 unless this Agreement is extended for a period of 4 (four) years in accordance with the provisions of Clause 8 in which event the Contract Period shall end on December 31, 2016 unless or until terminated by either party pursuant to Clause 9.

Contract Year means each period of twelve months commencing on 1st July during the Contract Period. Only the first Contract Year will be 18 months, i.e. July 1, 2007 to December 31, 2008.

Events A means the Events listed in Schedule L.

Events B means any new FIDE event or other FIDE event from time to time agreed between the parties.

FIDE Handbook means the 2006 FIDE Handbook as amended by the 2006 FIDE Congress and as amended from time to time.

FIDE Interface team means the FIDE Deputy President and the FIDE Treasurer.

FIDE Official means any member of the Presidential Board, the Executive Board and Chairmen of FIDE Commissions and Committees.

Global Chess Interface Team means the Chairman of Global Chess and the CEO of Global Chess.

Gross Sponsorship Income means the income of Global Chess, other than Other Income, received from Official Sponsors and from any third parties to which any of the Commercial Rights are sub-granted by Global Chess.

Intellectual Property Rights means all intellectual property rights owned by or licensed to FIDE throughout the world whether currently in existence or otherwise and whether vested or contingent including, without limitation, copyright, design rights, database rights, registered designs, patents, trade marks, service marks, signs and other designations, trade secrets and all similar rights whether registered or otherwise including, without limitation, all extensions, reversions, revivals and renewals thereof (it being acknowledged that at the date hereof there are no such rights in the moves of a game of chess). The above shall include, in relation to registrable rights, any applications made in respect of any such rights.

Marks means all existing and future logos, signs, representations, trademarks, trademark, insignia or service marks used by and/or describing or identifying FIDE.

Merchandise means all merchandise under the Intellectual Property Rights and/or in relation to the Events including, without limitation, books, magazines and other publications, drawings, toys, games, novelties, figures and figurines, trinkets, souvenirs, fabrics, apparel, food, drinks, films and motion pictures, video, DVD and television broadcasts and recordings and all other goods or services of a similar nature.

Monitoring: the right to be actively present and represented at any activities and meetings regarding decision making process and operational process with respect to Events A and/or B in order to control the quality of the Events and to ensure that i) the interests of sponsors and third parties to which Global Chess has sub-licensed any of the Commercial Rights are respected and ii) Global Chess is able to perform its obligations to the sponsors and other contract parties in a credible, reliable and stable manner.

Non Branded Income is net income of any revenue after deduction of direct expenses accounted for by Global Chess on non-FIDE branded chess related activities

Official Sponsors means any third party with whom Global Chess enters into a sponsorship agreement for sponsoring FIDE, Events A and/or Events B and/or other FIDE branded activities.

Option Date means December 31st, 2012.

Other Income means any income received by Global Chess through the sale by Global Chess of Merchandise produced by and/or for the account of Global Chess as well as any income received by Global Chess for other chess related FIDE branded activities exploited by and/or for the account Global Chess itself

the Regulations means the Regulations for the World Chess Championship set out in the FIDE Handbook.

Term means the Contract Period and any renewals in accordance with Clause 8 of this Agreement.

Territory means the world.

Venue means the location in each case of any of the Events A and B including, without limitation, the stadiums, their air space, press centres, broadcast centres, contiguous areas and other areas where the Events take place or where people in the Event will be accommodated.

the Women's Regulations means the Regulations for the Women's World Championship set out in the FIDE Handbook.

the Women's World Championship means the Women's Individual World Championship as described in the Women's Regulations.

the World Chess Championship means the Individual World Championships as described in the Regulations.

1.2 The Schedules shall form part of this Agreement.

1.3 In this Agreement:

- (i) Clause headings are included for convenience only and shall not affect the construction of this Agreement;
- (ii) References to Clauses and the Schedules are references to the clauses of and the schedules to this Agreement; and
- (iii) Terms defined in the FIDE Handbook shall have the same meaning unless the context otherwise requires.

2. GRANTS OF RIGHTS TO GLOBAL CHESS

- 2.1 In consideration of the obligations, warranties and undertakings of Global Chess contained in this Agreement, FIDE hereby grants the Commercial Rights to Global Chess as its sole and exclusive licensee for the Contract Period for the Territory, excluding the events listed in Schedule G and Schedule K.
- 2.2 The Commercial Rights granted to Global Chess in Clauses 2.1 shall include the right of Global Chess to appoint third parties to act in lieu of Global Chess by way of delegation, sub-licensing, subcontracting or otherwise, subject to the approval of the FIDE Interface Team, which approval shall not be unreasonably withheld. For the avoidance of doubt Global Chess shall have the right to sub-contract partially or totally the organisation of Events B.
- 2.3 Save as expressly set out in this Agreement, FIDE confirms that it has not granted and will not grant the Commercial Rights or any part thereof to any third party for and/or during the Contract Period, with the exception of contracts listed in Schedule M and already awarded events listed in Schedule G and events already under FIDE bidding procedure before the date of signing of this agreement as listed in Schedule K.
- 2.4 Pre-agreed sponsorship rights are included in the Commercial Rights as defined in Schedule A and in Schedule C1. Schedule C1 will include the right of Global Chess to grant exclusivity to a sponsor for a specific business field. Any sponsorship rights binding FIDE which are not pre-approved will have to be sent to the FIDE Interface Team for approval which approval shall not be unreasonably withheld. If a request for approval remains unanswered by FIDE for more than 15 days, the approval will be considered to have been granted to Global Chess.
- 2.5 FIDE will do everything in its power to accommodate any reasonable sponsorship right request of Global Chess, including but not limited with respect to obligations to be imposed by FIDE on Event organizers and chess players.
- 2.6 The finding and signing of agreements with sponsors is core and exclusive business of Global Chess under the present license, with the exclusion of FIDE itself. Global Chess agrees to communicate with FIDE with respect to the development of sponsorship relations.
- 2.7 FIDE will not seek sponsors but nevertheless if FIDE finds any sponsor, FIDE will present such sponsorship opportunity to Global Chess. Global Chess will use its best endeavours to follow up and must inform the FIDE Interface Team of any outcome thereof. FIDE will receive from Global Chess 85% of the Gross Sponsorship Income of any such Sponsorship Agreement less any costs as agreed with the Sponsor in such Sponsorship Agreement. For sake of clarity the amount received by Global Chess for this Sponsorship will not be considered to form part of the total Gross Sponsorship Income as established for revenue payments to FIDE under clause 4.1 and towards the targets established in Schedule D and Schedule F.
- 2.8 If a potential sponsor indicates firmly to either FIDE or Global Chess that it only wants to enter into a direct agreement with FIDE and not with Global Chess, the Interface Teams will consult in order to decide upon the best course of action in all parties' interest and will agree in good faith upon the financial consequences thereof.



- 2.9 The parties will pre-inform each other through their appointed interface teams before entering into any agreement with third parties which could put a material obligation on the other party and/or which could materially affect any right granted to by the contracting party to the other party.
- 2.10 If during the Contract Period, Global Chess would like to enter into a sponsorship agreement with a term of more than three years, it will seek the pre-approval of FIDE, which approval shall not be unreasonably withheld.
- 2.11 If after Global Chess enters into an agreement with a third party facts become publicly known about such third party which could objectively be considered to seriously damage the image of chess or FIDE if such third party would be or remain publicly linked to chess or FIDE, the interface teams will find a reasonable solution in all parties' interest. Global Chess should ensure that appropriate termination clauses are agreed to by the Sponsor in the Sponsorship Agreement.
- 2.12 FIDE reserves the right to reject any sponsor or any selling of rights which in its view can do damage to the image of chess. If the FIDE Interface team has advised the Global Chess Interface team that it has objections regarding the sponsor being proposed either as a title or general sponsor or the person to whom rights are being sold, then the interface teams will consult to find a reasonable solution in all parties' interest. If no written solution can be found within 5 days of notification of the objection by the FIDE interface team to the Global Chess Interface team, then FIDE will have rejected the sponsorship or selling of rights proposal being made by Global Chess. In this case, Global Chess reserves the right to terminate as specified in clause 9.3 hereunder.

3. UNDERTAKINGS BY GLOBAL CHESS

- 3.1 Global Chess undertakes and guarantees to FIDE that during the Term :
- i. it shall promote, advertise and otherwise market each of the Events in a manner that will reflect favourably on these events, the sport of chess in general and on the good name and reputation of FIDE in the Territory;
 - ii. it shall meet with the FIDE Interface Team at least every three months to discuss the promotion, advertising and marketing of each of the Events and insofar as Events A are concerned the respective involvement of Global Chess and FIDE in such Events including, but not limited to the monitoring and auditing by Global Chess of such Events as listed in Schedule E;
 - iii. it shall take insofar as Events A are concerned responsibility for those aspects of such Events A as listed in Schedule E (including, but not limited to the monitoring and the auditing thereof) and insofar as Events B are concerned also for the organisation of such Events B;
 - iv. it shall use the Marks in the form in which they are registered or otherwise used by FIDE;
 - v. it shall not use the name of FIDE or any of the Marks or any part thereof otherwise than in accordance with the terms of this Agreement;
 - vi. it shall not alter, change, amend, deface or alter the Marks in any manner whatsoever, without FIDE's prior written approval;
 - vii. copies of all agreements, contracts or undertakings made by Global Chess will be sent within 10 days after being signed to the FIDE Secretariat.
 - viii. it will ensure that any third party with whom it enters in a contractual relationship with respect to the Commercial Rights shall meet the ethical requirements as set out by the International Olympic Committee (IOC);

- ix. it will ensure that any third party with whom it enters in a contractual relationship with respect to the Commercial Rights shall meet the ethical requirements as set out by the International Olympic Committee (IOC);
- x. on the condition that FIDE will inform Global Chess (except if agreed by the interface teams) in a timely manner and at least 6 (six) months prior to the anticipated start of any bidding procedure for any of the Events A, Global Chess will inform FIDE at least 15 (fifteen) days before the start of such bidding procedure of any sponsor it has secured or any Commercial Rights it has sold for such a specific event A in order to enable FIDE to include such information in the official document of the bidding procedure. If Global Chess has not found any sponsor or sold Commercial Rights 15 days prior to the start of the bidding procedure, FIDE will be entitled to include sponsorship rights or unsold Commercial Rights in the rights available to organisers bidding for the organisation of the concerned event;
- xi. During the whole bidding procedure Global Chess will be entitled to present potential Title Sponsors to FIDE and FIDE will in good faith inform the decision making body awarding the event to a bidding organiser of the Global Chess proposal(s). The FIDE Interface Team must keep Global Chess full and promptly informed of any relevant development in the bidding procedure including the award decision of the event;
- xii. After awarding the relevant event to a successful bidding organiser, any of the Commercial Rights not granted to the organiser will exclusively revert to Global Chess. As to the Commercial Rights granted to an organiser, FIDE will use its best endeavours to try to encourage the organiser to work with Global Chess with respect to the exploitation of these rights. The income resulting from the monies offered for those additional Commercial Rights in the successful bid will accrue to Global Chess and will be treated as Gross Sponsorship Income.
- xiii. Global Chess should immediately advise FIDE should they employ or enter into any material contract with any FIDE official or employee;
- xiv. Within 3 (three) months after the date of signing of this agreement, Global Chess will provide the FIDE Interface Team with its initial plans for the implementation of this agreement.

4. PAYMENTS

4.1 In consideration of FIDE granting the Commercial Rights to Global Chess, Global Chess shall during the Term of this Agreement pay to FIDE:

(i) For any Gross Sponsorship Income (as defined in clause 1) of Global Chess received by Global Chess in a contract year:

15% for Gross Sponsorship Income between 0 and 1.500.000 Euro

20% for Gross Sponsorship Income between 1.500.001 and 1.750.000 Euro

25% for Gross Sponsorship Income between 1.750.001 and 2.500.000 Euro

30% for Gross Sponsorship Income between 2.500.001 and 5.000.000 Euro

40% for Gross Sponsorship Income between 5.000.001 and 7.000.000 Euro

50% for Gross Sponsorship Income above 7.000.000 Euro

(ii) For any Other Income received by Global Chess in a Contract Year: 10%

(iii) If the total consolidated Other Income received by Global Chess in a contract year for other chess related activities, as defined above in 4.1.(ii), exceeds the amount of 5.000.000 Euro, then the payments to FIDE according to 4.1.(i) for that year are adjusted and increased as follows:

20% for Gross Sponsorship Income between 0 and 1.500.000 Euro

25% for Gross Sponsorship Income between 1.500.001 and 1.750.000 Euro

30% for Gross Sponsorship Income between 1.750.001 and 2.500.000 Euro

35% for Gross Sponsorship Income between 2.500.001 and 5.000.000 Euro

45% for Gross Sponsorship Income between 5.000.001 and 7.000.000 Euro

50% for Gross Sponsorship Income above 7.000.000 Euro.

(iv) For any Non Branded Income received by Global Chess in a Contract Year: 12%

4.2 Global Chess shall keep separate records and accurate accounts of Gross Sponsorship Income, Other Income and Non Branded Income and shall permit FIDE or its duly appointed representatives to inspect twice a year all such relevant records and accounts and take copies thereof.

4.3 The amount payable pursuant to Clause 4.1 above shall be paid within 30 days after the specific income of which the share agreed in sub clause 4.1 is due to FIDE by Global Chess will have been actually received by Global Chess.

4.4 All payments under this Agreement are inclusive of any value added tax or equivalent as may be payable thereon and shall be paid subject to any deduction, withholding or set-off (such as withholding, sales or other taxes) that Global Chess is required by law to make. If Global Chess is required by law to withhold tax from any monies payable to FIDE hereunder, it shall use its reasonable endeavours to provide such proper documents and give such assistance as FIDE may reasonably require for the purpose of obtaining any applicable tax credit.[to be checked by both parties by consulting tax lawyers]

4.5 All payments shall be made to the following bank account of FIDE:

Name of bank:	UBS AG
Address:	Case Postale, 1002 Lausanne, Switzerland
BIC:	UBSWCHZH80A
Account:	243-342087.63Y
IBAN:	CH54 0024 3243 3420 8763 Y
Account name:	Federation Internationale des Echecs

4.6 For the avoidance of any doubt, the parties agree that Global Chess will not have any obligations for payment of any prize fund with respect to any of the Events A and/or B.

4.7 For the avoidance of any doubt, the income which FIDE is already receiving on a regular or anticipated basis :

- (i) 20% of prize funds from any Events A
- (ii) Successful bidder's fee from any Events A
- (iii) Selling of internet rights for World Championship Cycle, World Women's Championship, World Cup and Chess Olympiad

will not be affected by this agreement and will continue to be received by FIDE directly from the successful bidders / national Federations.

4.8 Should Global Chess receive adequate sponsorship for the World Championship Cycle, the interface teams will decide whether any amounts could be paid to FIDE for the prizes of the Continental Championships.

5. UNDERTAKINGS BY FIDE

5.1 FIDE undertakes and guarantees to Global Chess that:

- (i) it is the sole authority recognised by the International Olympic Committee to govern and oversee the sport of chess and has the sole right and authority to exercise and grant the Commercial Rights;
- (ii) it is the absolute legal and beneficial owner of the Intellectual Property Rights;
- (iii) it shall register at its own costs the Mark described in Schedule B1 in the countries listed in Schedule B2 and it shall register or cause to be registered Global Chess as a licensee in the relevant trademark registers. Costs of registration of the Marks will be for FIDE while costs of registration of Global Chess as a licensee will be for Global Chess;
- (iv) it shall register the Mark in any country not listed in Schedule B2 upon first request of Global chess if an Event A or B is going to take place in a country not listed in Schedule B1 Costs of such additional registration of the Mark will be for FIDE while costs of registration of Global Chess as a licensee will be for Global Chess;
- (v) it will ensure that immediately after registration of the Mark in the name of Mr Morten Sand, the registration will be transferred to FIDE and it will provide Global Chess with evidence of such transfer and the registration thereof in the relevant trademark registers;
- (vi) it will ensure that Mr Morten Sand, as long as FIDE is not the registered owner of the Mark, will fully cooperate with Global Chess on the execution of any obligations which FIDE has under this agreement with respect to the Mark ;
- (vii) Schedule G fully discloses to Global Chess any contractual obligations and rights it has already agreed with any third parties at the date of signing of this agreement with respect to any of the Events A and/or Events B. Schedule K fully discloses all pending events under FIDE bidding procedure before the date of signing of this agreement;



- (viii) that before conducting bidding procedures for organizers of Events A and/or B it will pre-inform Global Chess and that when conducting bidding procedures it will convey to the bidding parties all then existing sponsorship rights and the Commercial Rights of Global Chess that have to be respected by any organizers;
 - (ix) it shall use its best endeavours to introduce Global Chess to any of the third parties presently involved in the organisation of any of the Events A for which any of the Commercial Rights have already been granted by FIDE to such third parties in order to involve Global Chess as much as possible in the exploitation of the Commercial Rights with respect to such Events;
 - (x) Global Chess shall have on its own expense the right for a duly appointed representative to attend both the Executive Board and the Presidential Board of FIDE during the Contract Period without any voting rights and on the basis that such representative would not be entitled to be present during any discussions which might involve a potential conflict of interest between FIDE and Global Chess;
 - (xi) it shall meet with the Global Chess Interface Team at least every three months to discuss the promotion, advertising and marketing of each of the Events and insofar as Events A are concerned the respective involvement of Global Chess and FIDE in such Events including, but not limited to the monitoring and auditing by Global Chess of such Events as listed in Schedule E;
 - (xii) FIDE and Global Chess shall, as an essential interface in the execution of this agreement, appoint an Events Committee made up of the FIDE and Global Chess Interface Teams. The task of the Events Committee will be to develop, discuss, review and agree upon the format and scheduling of the Events including but not limited to the World Chess Championship, the Women's World Championship, the Youth World Championship or the World Chess Olympiads (and also of any new Events being proposed). The FIDE representatives in the Events Committee will ensure that all changes to the Events (once approved by the Events Committee) will be submitted and recommended for approval to the World Chess Championship Committee, the Presidential Board of FIDE, the Executive Board of FIDE or the General Assembly, whichever would be required;
 - (xiii) in order to enable Global Chess to act as a credible, reliable and stable partner towards its Official Sponsors and any other third parties, FIDE agrees that no format of any Event will be changed without the consent of the Events Committee;
 - (xiv) it shall promptly do, make, execute, deliver or cause to be done, made, executed or delivered all such further acts documents and things as Global Chess may reasonably require from time to time to give full and proper effect to the grant of the Commercial Rights and to their commercial exploitation.
- 5.2 FIDE shall wherever possible assist Global Chess to obtain all licenses, clearances, permissions, passes and accreditation which are necessary or desirable in order to enable Global Chess to exercise fully its rights under this Agreement.
- 5.3 FIDE shall procure that Global Chess shall become a party to any of the agreements that FIDE enters into during the Term of this Agreement with organizers of any Events A and/or Events B-in order to secure the Commercial Rights of Global Chess with respect to such Events and in order to safeguard Global Chess' other rights such as rights to monitoring and auditing of such Events, if and insofar as applicable.



- 5.4 FIDE shall always remain responsible for setting the official rules for any of the Events A and Events B in accordance with the from time to time applicable FIDE Handbook, and especially taking into account its obligation as agreed in Clause 5.1 (xii) and (xiii) hereof.

6. USE OF THE INTELLECTUAL PROPERTY RIGHTS

- 6.1 Save as for those rights expressly set out herein, Global Chess acknowledges and agrees that it has no right, title or interest in the Intellectual Property Rights and that all such rights, title or interest in the Intellectual Property Rights shall be owned exclusively by FIDE.
- 6.2 Global Chess further acknowledges and agrees that nothing in this Agreement shall be construed as an assignment or grant to Global Chess of any rights, title or interest in or to the Intellectual Property Rights save as for those rights expressly granted herein.
- 6.3 All goodwill derived from the use by Global Chess of the Intellectual Property Rights shall accrue to FIDE. To the extent that any goodwill relating to the use of the Intellectual Property Rights shall vest in Global Chess, Global Chess shall hold such goodwill on trust for FIDE exclusively and shall, at the request of FIDE, enter into a confirmatory assignment of that goodwill in favour of FIDE for no additional consideration.
- 6.4 Global Chess shall use the Intellectual Property Rights in a lawful and ethical manner and will notify the FIDE Interface Team of any proposed use prior to the commencement of such use. In the event that the FIDE Interface Team considers in its reasonable opinion that a proposed use is not lawful or not ethical then such usage may only be made with the approval of the FIDE Presidential Board whose approval once given shall be final and binding on the parties.
- 6.5 FIDE shall, at its own expense, during the Contract Period protect the Marks and any other Intellectual Property Rights by way of registration or other form of perfection as may reasonably be required by Global Chess to give effect to the terms and conditions of this Agreement. In particular, FIDE will take all steps reasonably necessary to maintain all registrations of the Marks and pursue the registration of all pending applications whereas Global Chess will bear the costs of any renewal of such registrations during the Term of this Agreement.
- 6.6 Global Chess shall not apply for or obtain registration of any of the Marks or anything confusingly similar in any country in the Territory without the prior written consent of FIDE. In the event that FIDE consents to any such applications, Global Chess shall effect such registrations in the sole name of FIDE at FIDE's cost.
- 6.7 FIDE shall co-operate with Global Chess in making applications to any relevant registrar of Trade Marks or any equivalent official body in any of the countries listed in Schedule B2 for either the registration of this Agreement as a license or the registration of Global Chess as a registered user of the Marks in respect of each Mark in the Territory within the terms of the licence granted pursuant to this Agreement.



7. INFRINGEMENT

- 7.1 Each party shall promptly and fully notify the other party of any actual or threatened infringements by third parties in the Territory of any of the Intellectual Property Rights which comes to its notice or which FIDE or Global Chess suspects has taken place or may take place.
- 7.2 If a warning letter or other notice of infringement is received by either FIDE or Global Chess, or legal proceedings are brought against either party, alleging the infringement of third party rights, that party will promptly provide full details to the other.
- 7.3 FIDE and Global Chess shall have the right to take all steps including, without limitation, the institution of legal proceedings as may be necessary to halt any infringement of the Intellectual Property Rights by a third party. Any damages recovered from a third party shall be dealt with in a manner, which shall be fair and reasonable as between FIDE and Global Chess. The interface teams will consult to decide which party takes the lead in any legal proceedings.
- 7.4 In the event of any legal action of any sort being brought by Global Chess it shall have the sole conduct of such proceedings and shall, in its absolute discretion, decide what action to take in respect of any such infringement or alleged infringement of the Intellectual Property Rights or any other claim or counterclaim brought or threatened in respect of the Intellectual Property Rights. The same will apply vice versa if any legal action is brought by FIDE.
- 7.5 FIDE shall give such reasonable assistance to Global Chess during the prosecution or defence of any such action brought or defended by Global Chess as it may reasonably require and at the cost and expense of Global Chess. Global Chess shall give such reasonable assistance to FIDE during the prosecution or defence of any such action brought or defended by FIDE as it may reasonably require and at the cost and expense of FIDE.

8. EXTENSION

- 8.1 Global Chess shall have the option to enter into a further agreement with FIDE in relation to the Commercial Rights for a period of 4 (four) years from the Option Date. This option shall be exercisable by Global Chess not later than 12 (twelve) months prior to the expiry of the first 6 (years) part of the Contract Period by written notice to FIDE. Global Chess shall only be entitled to exercise the option agreed upon in this sub-clause if it will have met the minimum financial obligations set out in Schedule F hereto.
- 8.2 If the Contract Period has been extended by exercise by Global Chess of the option as agreed under sub-clause 8.1, Global Chess will be entitled to submit an offer to FIDE not later than 12 (twelve) months prior to the end of the Contract Period on terms not less favourable than those set out in this Agreement. FIDE shall have the right during the 6 (six) months following submission of the offer to refuse such offer during which it shall be free to offer the Commercial Right to third parties but only on financial terms no less favourable to FIDE than the terms offered by Global Chess (except for any non-monetary terms of any such third party offer which are as readily capable of being performed by one party as another). Not later than 6 (six) months after submission of the offer by Global Chess FIDE shall be obliged to notify Global Chess of the terms of any better offer received from a third party and to ask Global Chess if they wish to match such offer.

- 8.3 If Global Chess matches such offer within 3 (three) months of such notice FIDE shall be obliged to accept Global Chess' offer.

9. TERMINATION

9.1 Each party shall be entitled to terminate this Agreement forthwith in writing in the event that:

- i. the other party commits a material breach of its obligations hereunder and, in the case of a breach capable of being remedied, fails to remedy such breach within thirty (30) days after receiving written notice requiring the breach to be remedied; or
- ii. the other party has a winding-up petition entered against it or enters into liquidation or commits an act of bankruptcy or has an administrator or receiver appointed to the whole or any part of its assets (or the equivalent thereof with regard to its constitutional status or in any foreign jurisdiction);
- iii. in case the total of total of the Gross Sponsorship Income and Other Income to be paid to FIDE falls in any of the first four Contract Years of the Term of this Agreement below the minimum amount listed in Schedule D, unless Global Chess pays to FIDE within 60 (sixty) days after the end of the Contract Year the minimum amount for the relevant Contract Year.

9.2 Without in any way limiting the applicability of sub-clause 9.1, Global Chess shall be entitled to terminate this Agreement forthwith in writing in the event that the Regulations, the Women's Regulations or the World Chess Olympiads Regulations are amended or varied, without its express prior written consent.

9.3 Without in any way limiting the applicability of sub-clause 9.1, Global Chess shall be entitled to terminate this Agreement forthwith in writing, in the event that FIDE has exercised its right to reject a sponsor or the selling of the rights and the provisions of Termination as laid out herein shall apply.

9.4 Global Chess will inform the FIDE Interface Team if the ownership of the majority of the shares of Global Chess or the control of Global Chess would during the Term change compared to the situation described in the consideration under (B). If such change of control occurs without the prior written approval of FIDE, which approval shall not be unreasonably withheld by FIDE, this will entitle FIDE to terminate this agreement within 90 days after notification of such a change. Global Chess will have an obligation to inform the FIDE Interface Team if a substantial change occurs in the management, control or ownership of Global Chess such as a change of any member of the Global Chess Interface Team.

9.5 If any of the parties disputes the reason for termination under sub-clauses 9.1 and 9.2, this Agreement will remain in force until the competent arbitration tribunal as described in Clause 21 will have finally decided on the validity of the termination. In case the arbitration tribunal decides that the termination of the agreement was invalid this Agreement shall remain in force for the agreed Term.

10. EFFECT OF TERMINATION

- 10.1 Expiry or termination for any reason of this Agreement shall be without prejudice to the rights and obligations of the parties existing at the date of termination including, without limitation, the right to take action in respect of the circumstances giving rise to such termination.
- 10.2 Upon expiry or termination for any reason of this Agreement, all of Global Chess' rights and opportunities under this Agreement shall terminate immediately and Global Chess shall as soon as reasonably practicable:



- (i) discontinue all advertising and promotional activities carried out by it at such time in connection with the Commercial Rights except as otherwise agreed in writing by FIDE provided that Global Chess may continue to use, sell and distribute existing inventory, packaging and other materials in connection with the Commercial Rights on a non-exclusive basis for a maximum of three (3) months from the date of such termination or expiry;
- (ii) return to FIDE all non-public, confidential, proprietary information furnished by FIDE to Global Chess.

10.3 Upon termination of this Agreement for whatever reason, FIDE may immediately grant to others the rights and opportunities granted to Global Chess under this Agreement, however taking into account the provision of sub-clause 9.3.

11. FORCE MAJEURE

Neither party shall be liable to the other for any loss or damage costs expenses or other claims for compensation arising as a direct or indirect result of breach or non-performance of its obligations under this Agreement due to any cause beyond either party's reasonable control including without limitation any act of God, war, military operations, riot, accident, failure or shortage of power supplies, abnormally inclement weather, fire, flood, hurricane, drought, explosion, lighting, strike, lock out, trade dispute or labour disturbance.

12. RELATIONSHIP

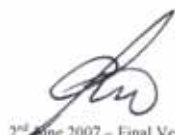
Nothing in this Agreement shall constitute or be construed as constituting a partnership or joint venture between FIDE and Global Chess or shall authorise either party to enter into contractual relationships or incur obligations on behalf of the other party unless specifically agreed otherwise in this Agreement.

13. ASSIGNMENT

This Agreement shall be binding upon and shall inure to the benefit of each party and its respective successors and assigns provided however that neither FIDE nor Global Chess may assign its rights under this Agreement without first obtaining the written consent of the other.

14. ENTIRE AGREEMENT

This Agreement contains the entire agreement of the parties with respect to the subject matter of this Agreement and supersedes all prior agreements and arrangements whether written or oral between the parties with respect to the subject matter of this Agreement. No amendment, interpretation or waiver of any of the provisions of the Agreement shall be effective unless made in writing and signed by each party to this Agreement.



15. NOTICES

- 15.1 Any notices to be sent under this Agreement shall be in writing (which includes messages set by facsimile transmission) and may be delivered personally or by facsimile or by recorded delivery air mail, addressed to the addressee at the address which appears in sub-clause 15.2 or such other business address as it may from time to time notify in writing to the other party. Any such notice shall be deemed to be received, in the case of personal delivery, at the time of delivery, in the case of facsimile transmission, at the time the sender (having correctly transmitted the document) receives the transmission report, and in the case of recorded delivery air mail, seventy two (72) hours after posting.
- 15.2 At the time of entering into this Agreement the address to which notices under this Agreement will have to be sent to is:

As to FIDE to: 9 Syggrou Avenue, Athens, Greece 11743

As to Global Chess to: Max Euwe Centre, Max Euweplein 30/A1, 1017 MB Amsterdam, The Netherlands

16. WAIVER

Failure of either party at any time to demand strict performance by the other of any of the undertakings, terms or conditions set forth herein shall not be construed as a continuing waiver or relinquishment thereof and each party at any time demand strict and complete performance by the other of the said undertakings, terms and conditions.

17. INVALIDITY

In the event that any clause or term of this Agreement shall be deemed to be invalid or unenforceable, this shall not affect the legal enforceability of the Agreement as a whole and the parties agree to replace such invalid clause with a mutually agreed enforceable replacement clause, as close as possible in interpretation to the invalid clause.

18. FURTHER ASSURANCE

Each party undertakes that it shall at the request of the other party execute all further documents, which may be necessary in order to give effect to terms of this Agreement.

19. CONFLICT

In the event of conflict between the terms of this Agreement and the Regulations, the Women's Regulations, the Chess Olympiads Regulations and the other regulations set out in the FIDE Handbook, the terms of this Agreement shall prevail.

20. THIRD PARTY RIGHTS

Unless expressly stated to the contrary, nothing in this Agreement is intended to confer on a person any right to enforce any term of this Agreement, which that person would not have, but for this Agreement.



21. GOVERNING LAW/DISPUTE RESOLUTION

This Agreement shall be governed by and construed in accordance with the Swiss law. The parties shall endeavour to settle amicably by negotiation any dispute, controversy or claim arising out of or in connection with this Agreement. The parties submit to the exclusive jurisdiction of the Sports Court of Arbitration in Lausanne for final settlement of any dispute, which cannot be amicably resolved.

22. RATIFICATION

This Agreement shall be presented to the FIDE Executive Board for ratification at the first FIDE Executive Board after the date of signature of this Agreement.

AS WITNESS the hands of the parties hereto or their duly authorised representatives the day and year first above written.



SIGNATORIES

.....

Signed by:
For and on behalf of
FIDE

.....

Signed by
For and on behalf of
FIDE

.....

Signed by:
For and on behalf of
GLOBAL CHESS

.....

Signed by:
For and on behalf of
GLOBAL CHESS



SCHEDULE A

THE COMMERCIAL RIGHTS

All media, sponsorship, merchandising, presentation, promotional, advertising, marketing and all other commercial rights arising from or relating to FIDE to include without limitation:

- (a) the radio and television in relation to all Events which shall include, without limitation, all standard television, cable television, satellite television (including Direct Broadcasting by Satellite (DBS), Master Antenna Systems (MATV) and Satellite Master Antenna Television Systems (SMATV)) (including fee, pay per view, subscription, licence and rental), radio, theatric, non-theatric, video program, video on demand and multimedia rights including, without limitation, CD-Rom, CDI, videodisc, video, CD, DVD and all software platforms;
- (b) all other rights in all media including film recordings, recordings or videos of or featuring any Event;
- (c) the right to display in all media of promotional, advertising and marketing materials at the Venues and to sell and/or distribute Merchandise at the Venues;
- (d) the right to establish and manage Internet websites, including the official FIDE Website (in accordance with a contract to be agreed upon between the parties), under the FIDE name using the Mark and to exploit the rights via telecommunication links (whether by telephone line, optical, fibre, cable, satellite, WAP technology or otherwise), to exploit the commercial retailing opportunities via internet, live games transmission excluding those Events as listed under Clause 4.7, and to develop any opportunity which presents itself via internet during the Term;
- (e) the right to secure sponsorship for or in respect of each or any number of Events including the right to have any sponsor's logo, name and/product displayed on all advertising, publicity, programmes and other literature produced for or in respect of the Events or any of them;
- (f) the right to include the name or title of a sponsor or any other name reasonably required by such sponsor in the title of all or any of the Events excluding the Olympiad;
- (g) the right to grant to a sponsor for use in connection with that sponsor's own publicity the use of the name "FIDE" and any of the titles of the Events;
- (h) the right to manufacture, sell, hire, promote, distribute and/or endorse Merchandise which is in accordance with FIDE technical regulations (where relevant) worldwide under the FIDE name using the Marks or otherwise as long as this does not conflict with any existing contracts of FIDE as listed in Schedule M;
- (i) the right to the use of the Intellectual Property Rights, including, without limitation, the Marks in relation to Merchandise, respecting the necessary moral and ethical standards with respect to the nature and quality of such Merchandise or otherwise;
- (j) the use of any denomination "official" in relation to the Events, websites, Merchandise or publications;
- (k) the right to organise commercial chess events, festivals, tournaments, competitions, television games and shows, quizzes, exhibitions or fairs under the FIDE name using the Marks;
- (l) the right to participate actively in planning in each awards and presentation ceremony.

The rights set out above shall include the commercial exploitation of the Events through any other form or media excluding any future media or technology and by any means not specifically referred to above.

As to any new media or technology the parties will discuss in good faith the granting of such rights to Global Chess and in as far as possible in accordance with industry standards, the financial and technical implication of such new media. FIDE will in any case during the term not grant any such rights to any other party than Global Chess.

SCHEDULE B1



SCHEDULE B2

Australia
Belarus
China
European Community (CTM)
Georgia
Japan
Russia
South-Korea
USA

SCHEDULE C1

Pre Approved Sponsorship Rights other than dealt with in the Agreement and Schedule A

In return for their contribution, Sponsors may enjoy the following rights and benefits :

1. Use of the Mark for the Events for the purpose of advertising and marketing promotion.
2. Enjoy exclusive or shared exclusive rights to sponsor in the respective business category.
3. Sponsor recognition and acknowledgement in the advertising and promotion campaigns in the run-up to the Events as well as at the Venues.
4. Permission to display appropriate number of banners, signs or other form of advertising during the Events.
5. Hospitality during the Events.
6. Priority to purchase commercial space during the Events period.
7. Priority to purchase sponsorship opportunities in cultural programs and other signature events.
8. Participation in related events such as workshops.
9. Protection of sponsorship rights via the intellectual property protection marketing program.
10. The right to have a role in the Opening and Prize giving ceremonies.
11. Any other right approved by the FIDE Interface Teams.

SCHEDULE D

**MINIMUM TARGETS FOR TOTAL OF GROSS SPONSORSHIP INCOME AND
OTHER INCOME TO BE PAID TO FIDE**

CONTRACT YEAR 1	250,000 € (Two hundred and fifty thousand Euros)
CONTRACT YEAR 2	350,000 € (Three hundred and fifty thousand Euros)
CONTRACT YEAR 3	500,000 € (Five hundred thousand Euros)
CONTRACT YEAR 4	600,000 € (Six hundred thousand Euros)

SCHEDULE E

A	Pre-bid activity	Responsible	Monitoring/ Auditing by
1	Tender documents issued for Event	FIDE	GC
2	Pre-bid inspection	FIDE	GC
3	Discussion of all issues pre-bid	Organisers	FIDE/GC
4	Knowledge and understanding of regulations	Organisers	FIDE/GC
5	Memorandum of Understanding between bidder and FIDE	Organisers	FIDE/GC
6	World Championship formats after 2008	FIDE ¹	
B	Post bid activity		
1	Arrange financial guarantees	Organisers	FIDE
2	Fee payment by successful bidder	Organisers	FIDE
3	Finalise and sign contract with Organisers	Organisers	FIDE
4	Prepare project plan	Organisers	FIDE/GC
5	Committee structure in place	Organisers	FIDE
6	Composition of Committees	Organisers	FIDE
7	Build web site in at least two languages	Organisers	FIDE/GC
8	Federation involvement and responsibility	Organisers	FIDE
9	Checking by FIDE of budget figures and list of items	Organisers	FIDE/GC
10	Public Relations	Organisers	FIDE/GC
11	Arrange further inspections	FIDE	GC
	Final Year Preparations		
1	Arrange public liability and Medical Insurance for all	Organisers	FIDE
2	Finalise registration fee for Federations/delegates	Organisers	FIDE
3	Pre-event office		
	<i>staff in place at least six months before Event</i>	Organisers	FIDE
	<i>draft invitations to FIDE for federations/delegates, good translation</i>	Organisers	FIDE
	<i>issue of invitations</i>	Organisers	FIDE
	<i>send out special invitations to principals, arbiters and Committee Chairmen</i>	Organisers	FIDE
	<i>visa assistance</i>	Organisers	FIDE
	<i>enquiries from federations</i>	Organisers	FIDE
4	Zero bulletin for PR, local and federations	Organisers	FIDE/GC
5	Schedule and plan parallel and cultural activities for free days	Organisers	FIDE
6	Parallel activities to promote city/region	Organisers	GC
7	Organise ceremonies, opening and closing	Organisers	FIDE/GC
8	Arrange to employ translators for airport, venue, congress and hotels	Organisers	FIDE
9	Order medals as per regulations	Organisers	FIDE
10	Hotel/travel		
	<i>finalise ticket arrangements for travel of FIDE people, principals, pta or reimbursement</i>	Organisers	FIDE
	<i>packages for visitors</i>	Organisers	FIDE/GC
	<i>cost of hotels for accompanying persons</i>	Organisers	FIDE
	<i>extra cost for single rooms</i>	Organisers	FIDE
11	Chief Arbiter		
	appointment of Chief Arbiter by FIDE	FIDE	

¹See however clause 5.1 (xi) and (xii).

	visits and communication obligations	FIDE	
12	Organizers to appoint Tournament Director	Organisers	FIDE
13	Appointment of Appeals Committee	FIDE	
	Day one projects – organization	Responsible	Monitoring/ Auditing by
1	Co-ordinator with FIDE, English speaking having authority, regular meetings	Organisers	FIDE/GC
2	Increase office staffing by organisation	Organisers	FIDE
3	Airport		
	<i>meeting and greeting at airport</i>	Organisers	FIDE
	<i>information desk at airport with translators</i>	Organisers	FIDE
	<i>flexibility to deal with late(early) arrivals and visa problems</i>	Organisers	FIDE
	<i>efficient transport to hotels with luggage</i>	Organisers	FIDE
	<i>departure day transport from hotels to airport</i>	Organisers	FIDE
4	Hotels		
	<i>allocation of hotels</i>	Organisers	FIDE
	<i>speedy registration at hotels</i>	Organisers	FIDE
	<i>variety of menu and agreed meal times</i>	Organisers	FIDE
	<i>water to be provided free at meal times</i>	Organisers	FIDE
	<i>room cleaning only to commenced after round start</i>	Organisers	FIDE
	<i>internet access in bedrooms</i>	Organisers	FIDE
	<i>internet facilities in hotel lobby for games access</i>	Organisers	FIDE
	<i>information desks manned from 1000-1900 in hotels</i>	Organisers	FIDE
	<i>medical assistance</i>	Organisers	FIDE
5	Local transport between hotels, venues and city centre	Organisers	FIDE
6	Clear system of accreditation, with different levels of access	Organisers	FIDE/GC
7	Security of players and equipment	Organisers	FIDE/GC
8	Information desk at venues	Organisers	FIDE/GC
9	Telephone lists of key personnel in organisation	Organisers	FIDE
10	Telephone lists of key FIDE / GC people	FIDE	GC
	Projects – technical		
1	Provision of doping control equipment and personnel	Organisers	FIDE
2	Computers in VIP and press rooms, buffet	Organisers	FIDE/GC
3	Document of technical details for event	Organisers	FIDE/GC
4	Captain's meeting	Organisers	FIDE
5	Procedure for collecting team lists	Organisers	FIDE
6	Procedure for collecting composition of teams daily	Organisers	FIDE
7	Venue		
	<i>Information screens and internet access</i>	Organisers	FIDE/GC
	<i>equipment set up</i>	Organisers	FIDE
	<i>facilities in place, including buffets</i>	Organisers	FIDE/GC
	<i>table spacing at venue</i>	Organisers	FIDE
	<i>spectator control and segregation</i>	Organisers	FIDE
	<i>space, access and cost of entry for spectators</i>	Organisers	FIDE
	<i>commentators room and equipment</i>	Organisers	FIDE/GC
	<i>elimination of any noise problems</i>	Organisers	FIDE
	<i>toilets</i>	Organisers	FIDE
	<i>smoking area</i>	Organisers	FIDE
	<i>installation of boards, clocks, pieces, scoresheets</i>	Organisers	FIDE

8	Technical support	Organisers	FIDE/GC
9	Statistical output and information from computer system	Organisers	FIDE/GC
10	FIDE and GC offices in venue with computer, printer and telephone	Organisers	FIDE/GC
11	Press Office with specific needs	Organisers	GC
12	Coordination on last round results for medal calculation	Organisers	FIDE
		Responsible	Monitoring/ Auditing by
	Congress (if applicable)		
1	Document given at inspection	Organisers	FIDE
2	Congress Manager	Organisers	FIDE
3	Follow up at later inspections	Organisers	FIDE/GC
4	Detailed list of personnel and duties	Organisers	FIDE
5	Detailed timetable	Organisers	FIDE
6	Extra meetings	Organisers	FIDE
7	Coffee breaks	Organisers	FIDE
8	Translation: English, Spanish, Russian	Organisers	FIDE
9	Assistance at Executive Board to individuals with translation	Organisers	FIDE
	Finalisation (after Events)		
1	Financial documents	Organisers	FIDE
2	Clearance with organizers	FIDE	
3	Report from Chief Arbiter	FIDE	
4	Report from Global Chess	GC	



SCHEDULE F

Total amount of minimum financial obligations of Global Chess to FIDE for the first 4 contract years of the term in order to entitle Global Chess to exercise renewal right under clause 8.1 :

Euro 1.700.000 (one million seven hundred thousand euro's)



SCHEDULE G

LIST OF AWARDED EVENTS

2007:

- a) Candidates Matches for World Championship 2007: Elista, RUS
- b) World Women's Team Championship 2007: Ekaterinburg, RUS
- c) World Championship 2007: Mexico city, MEX
- d) World Senior Championships 2007: Gmunden, AUT
- e) World Junior Championships 2007: Erevan, ARM
- f) World Youth Championships 2007: Antalya, TUR
- g) World Cup 2007: Khanty-Mansiysk, RUS
- h) World Schools Team Championship, 2007: CZE
- i) World Youth U-16 Olympiad 2007; SIN
- j) World Amateur Championship 2007; ROM

2008:

- a) Chess Olympiad 2008: Dresden, GER
- b) World Championship match 2008
- c) World Senior Championships 2008: Bad Zwischenahn, GER
- d) World Junior Championships 2008: Ankara, TUR
- e) World Youth Championships 2008: Ba Ria - Vung Tau, VIE

2009:

- a) World Cup 2009: Khanty-Mansiysk, RUS

2010:

- a) Chess Olympiad 2010: Khanty-Mansiysk, RUS



SCHEDULE H

WEBSITE SERVICE AGREEMENT



SCHEDULE K

PENDING EVENTS UNDER BIDDING PROCEDURE AS OF 30-05-2007

- A) World Amateur Championship 2008
- B) World Women's Championship 2008
- C) World Youth Championships 2009
- D) World Junior Championships 2009
- E) World Team Championships 2009
- F) World Youth Championships 2010



SCHEDULE L

List of Events A

- a) World Chess Championship Cycles
- b) World Chess Olympiads
- c) World Team Championships
- d) World Women's Championships
- e) World Womens Team Championship
- f) World Seniors Championships
- g) World Senior Team Championship
- h) World Junior Championships
- i) World Youth Championships
- j) World Amateur Championships
- k) World Club Championships
- l) World Cities Championships
- m) World School Championships
- n) World School Team Championships
- o) World Youth U-16 (Children) Olympiads
- p) World Junior Team Championships
- q) World Intercontinental Championships in all formats
- r) World Internet Championships in all formats
- s) World Cups in all formats
- t) World Leagues in all formats
- u) All World Championships for all bodies affiliated and associated with FIDE
- v) All the above World Championships with reduced time control (Rapid, Blitz, etc.)
- w) Grand Prix
- x) All Continental Events (Individual & Team) for Men, Women, Juniors, Youth and Seniors which give qualifying places or form part of their respective World Championship cycles

