



BULGARIAN CHESS FEDERATION

SPECIAL POWER OF ATTORNEY

Bulgarian Chess Federation hereby exclusively and irrevocably authorizes attorneys **dr. Marco Del Fabro** from Winterthur, Switzerland and **Zoran Damjanovic** from Belgrade, Serbia, to represent us in the appeal procedure at FIDE General Assembly in relation to the bidding procedure of FIDE CANDIDATES TOURNAMENT 2012.

The above appointed attorneys are also authorized to represent us in the potential appeal procedure at Court of Arbitration for Sport (CAS) in Lausanne.

The present Power of attorney becomes valid on the date of signing.

In Sofia,

4 June 2012



PRESIDENT

Bulgarian Chess Federation

Silvio Danailov



BULGARIAN CHESS FEDERATION

Request for a proposal to the General Assembly of the Fédération Internationale des Echecs ("FIDE").

Dear Sirs,

In accordance with Article 4.11. of the FIDE Statutes, the Bulgarian Chess Federation, a member of FIDE, herewith proposes a topic and a speaker for the next General Assembly taking place on September, 7-10.

Proposal:

- 1. The Presidential Board shall inform the General Assembly about the bidding procedure for the FIDE Candidates Tournament 2012 (e.g. bidders, procedure, applications and results etc.)**
- 2. The federations shall not ratify the "Promotion and Event Organization Agreement" between FIDE and Agon Ltd. as it is in violation of the FIDE Statutes and Regulations, and shall declare that the right to host a world chess event should stay exclusively with the federations**
- 3. The decision to award the FIDE Candidates Tournament 2012 to London shall be declared null and void. The General Assembly shall award such tournament to one of the official bidders.
In the alternative, the General Assembly shall order the Presidential Board to award the FIDE Candidates Tournament 2012 to one of the official bidders.**

Speaker: President Mr. Silvio Danailov, assisted by the attorney Dr. Marco Del Fabro

Summary of the case and the reasons for the proposal

Based on the "Bidding Procedure for the FIDE Candidates Tournament 2012" the Bulgarian Chess Federation (and to our knowledge the Chess Federation of Azerbaijan) sent a bid to FIDE on January 31, 2012. According to Article 8 of the bidding form, FIDE should inform the bidding parties of the results within 20 days after the deadline (which was on 31 January 2012). The final contract with the successful bidder shall be signed within 10 days afterwards. However, the Bulgarian Chess Federation did not receive any information from FIDE about its bidding within the mentioned deadline.

On the contrary, the Bulgarian Chess Federation was informed that on 20 February 2012 FIDE entered into an agreement with Agon Ltd., an off-shore company registered on the Island of Jersey which was established only on 12 January 2012, to organize, promote, commercialise and hold events related to the game of chess. The events include among others:

- a. The World Chess Championship Match;**
- b. The World Chess Challenger Competition (Candidates Tournament);**
- c. 6 World Chess Grand Prix Competitions;**
- d. The World Chess World Cup.**

Agon shall be the sole and exclusive organiser of each event. This means that Agon has the right to choose the city, the format and the budget for each event (subject to confirmation by the "Interface", a team consisting of two FIDE members and two Agon members).

The agreement shall be valid for the duration of 10 years (until 31 December 2022). FIDE can only terminate the agreement in case of a "material cause" by Agon (e.g. Agon fails to provide funding; Agon fails to hold an event in accordance with the schedule; Agon is illiquid or declared bankrupt). Agon on the other hand has the right to terminate the contract without cause by giving one year's notice.

The agreement with Agon as well as appointing Agon as organizer of all the world championship cycle events (and Agon's decision to hold the 2012 Candidates Tournament in London) are in violation of the FIDE Statutes and Regulations for the following reasons:

1. No more bidding procedure

"Mr. Vega asked how the bidding procedure will be in the future. [...] Mr. Makropoulos said there will be no bidding procedure as Agon will be organiser." (S. 11 of the minutes of the 1st quarter FIDE Presidential Board in Al Ain, UAE, of 4-5 February 2012)

"Mr. Makropoulos said there will be no bids. You come to us or go to Agon. FIDE decides together with Agon on the organiser." (S. 11 of the minutes of the 1st quarter FIDE Presidential Board)

According to the agreement Agon has the right to choose the venue of a chess event, subject to approval of the interface. This means that there will be no more bidding procedure in the future. This is in violation of Article 4.8.2 of the Rules and Regulations for the Candidates Tournament of the FIDE World Championship cycle 2011-2013:

"FIDE shall open a bidding procedure for the Candidates Tournament before 31 December 2011."

For the Candidates Tournament 2012 Bulgaria and Azerbaijan sent a bid. According to our information the English federation and Agon did not participate in the bidding. Agon cannot be eligible to bid as it is not a federation.

2. FIDE events may only be hosted by federations

According to FIDE Statutes and Regulations FIDE competitions shall be hosted by the affiliated federations.

Article 1.2 (a) of the Statutes:

*"FIDE events (competitions, congresses, meetings) may be hosted **only by federations** where free access is generally assured to representatives of all federations."*

Article 14 Financial Regulations: Options and Bids to Organize FIDE events

14.2.

*"The **federation** granted the first option [...]. The federation granted the second option [...]"*

14.4.

"An offer not in accordance with regulations shall not be considered."

14.6.

*"When the offer has been accepted the **federation** concerned must organize the event as stipulated or forfeit the deposit fee."*

A. Administrative Subject

06. Form to Offer/Bid to hold a FIDE Meeting/Competition

*"(To be filled in by a **national federation affiliated to FIDE**)"*

To appoint Agon as organizer of the major chess competitions is in violation of the FIDE statutes and regulations.

3. FIDE has to comply with its own eligibility criteria

The FIDE statutes and regulations stipulate that a FIDE tournament can only be awarded after a bidding procedure has taken place and after the candidates were evaluated according to the rules and regulations of the bidding procedure, in particular, 4.8.6 - 4.8.8 of the Rules and Regulations for the Candidates Tournament of the FIDE World Championship cycle 2011-2013.

According to our information, neither the English federation nor Agon Ltd. has participated in a formal bidding. FIDE therefore acts against its own rules and regulations by awarding the FIDE Candidates Tournament 2012 to London.

The Executive Board relies its "decisions" on section 9 of the bidding procedure which stipulates that FIDE reserves the right not to award any bid at all. However, this is only a valid argument within the framework of the current rules and regulation and does not give FIDE the right to award the tournament according to its own discretion.

Thus, FIDE does not comply with its own statutes and regulations.

4. Equal rights of members

"They [Agon] guarantee these events with money. We are talking about over 7 Mio. Euros every two years. In all our relations based on this contract, if they want to decide a venue, or a sponsor, FIDE should agree with them." (Deputy President G. Makropoulos, S. 9 of the minutes of the 1st quarter FIDE Presidential Board)

"They are businessmen, they want to make money [...]." (Deputy President G. Makropoulos, S. 10 of the minutes of the 1st quarter FIDE Presidential Board)

Article 1.2 of the FIDE Statutes declares that FIDE bases itself on the principles of equal rights of its members, that FIDE is a non profit making organisation and that it rejects discriminatory treatment for national reasons.

Agon is a profit-oriented company which wants to make business with chess events. It will naturally choose venues which have the potential to generate more money than others. Consequently, big, rich and expensive cities will always be favoured over smaller cities which have less potential to generate a lot of money, like in the current year where the Candidates Tournament shall be hosted by London instead of Sofia. Many members will no longer have the opportunity to host a major chess tournament in the future. This is in violation of the equal rights of the members.

Based on the above, the agreement between FIDE and Agon is in violation of the Statues and Regulations of FIDE. We ask all federations not to ratify the agreement with Agon and to declare that the right to host a world chess event should stay exclusively with the federations.

Thank you!

Bulgarian Chess Federation
Executive Director



Nikolay Velchev