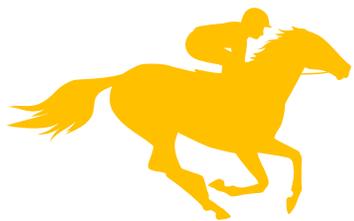


THE HORSERACING SAFETY AND INTEGRITY ACT OF 2020



Horseracing Integrity and Safety Authority, Inc. (the “Authority”)

The Authority is not-for-profit corporation organized under Delaware Law.

The Authority shall file an application for federal recognition as 501(c)(6) entity.

Purpose:

To establish uniform safety and performance standards for horseracing to improve the safety and welfare of equine and human participants in horseracing, implemented through comprehensive compliance and accreditation programs, including an anti-doping and medication program and a racetrack safety program, for covered persons, covered horses, and covered horseraces.

Horseracing Integrity and Safety Authority Board of Directors (“Board”)

Chair: independent director from outside the equine industry (“independent”)

Comprised of 5 independent directors and 4 industry directors.

Anti-Doping and Medication Control Standing Committee

Chair: independent director

Comprised of 4 independent members and 3 industry members.

Racetrack Safety Standing Committee

Chair: industry director

Comprised of 4 independent members and 3 industry members.

Nominating Standing Committee

Co-Chairs: initially named by the incorporator; thereafter, vacancies will be filled by the Board.

Comprised of 7 independent members selected from business, sports and academia.

***All directors and all independent members of each of the standing committees will be subject to strict conflicts of interest rules. See Equine Conflicts of Interest Policy Slide.**

EQUINE CONFLICTS OF INTEREST POLICY

Directors, all independent members of the standing committees, all officers, and all employees *must not*:

- 1) Have a financial interest in or provide goods/services to covered horses;
- 2) Be an officer/official of any equine industry representative or serve in any governance or policymaking capacity for an equine industry representative; or
- 3) Be an employee or have a business or commercial relationship with any of the individuals described in (1) or (2) above.

*Industry members of the standing committees are not subject to these conflict of interest standards.

**There is no look-back period.

***Equine conflict rules also apply to immediate family members of the aforementioned individuals.

Standing Committees

Anti-Doping and Medication Control Standing Committee

- In consultation with the anti-doping enforcement authority, advise the Authority and assist with establishing and implementing a horseracing anti-doping and medication control program, including:
 - Uniform anti-doping and medication control rules, including lists of permitted and prohibited substances;
 - Prohibition on administration of any substance within 48 hours of a racing start subject to (1) possible state racing commission exemption(s) for the use of furosemide (except in two-year-old or stakes races) during the first three years after the program effective date, or (2) after such time, if unanimously approved by the Board after a subcommittee tasked to review the use of furosemide makes specific findings related thereto;
 - Laboratory testing standards and control;
 - Programs for in-competition and out-of-competition testing; and
 - Programs relating to anti-doping and medication control research and education.

Racetrack Safety Standing Committee

- Advise the Authority and assist with establishing and implementing a horseracing safety program, which shall include, without limitation:
 - Training and racing safety standards and protocols;
 - Racing surface quality maintenance system;
 - Programs for injury and fatality and data analysis that may include pre- and post-training and race inspections, use of a veterinarian's list, and concussion protocols;
 - Uniform set of track safety standards;
 - Programs relating to safety research, education, and aftercare.

Nominating Standing Committee

- Initial Blue Ribbon Panel: The initial 2 co-chairs will select 5 others to serve on the initial blue-ribbon panel nominating committee. These 7 members shall, by a vote of 5 of 7, name the initial full Board and the initial members of the other standing committees.
- Nominating Committee: Thereafter, the nominating committee shall recommend candidates to fill any vacancy on the Board or the standing committees; provided, however, a majority of independent and industry directors may also recommend other candidates for consideration.

Enforcement

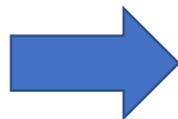
- The Authority will contract with the U.S. Anti-Doping Agency (“USADA”) for services consistent with the horseracing anti-doping and medication control program for the initial 5 years of the program. Subsequently, or if an agreement cannot be reached with USADA, the Authority may contract with a different entity.
- Recommendations for the anti-doping and medication control program shall be developed by the anti-doping and medication control standing committee, in consultation with USADA.
- USADA’s consent is required to make any changes that would render any Baseline Rule (see next slide) less stringent.
- **NOTE ON STATE RACING COMMISSIONS**: State racing commissions will still have a role under the new law. For example, the Authority may contract with state racing commissions regarding enforcement activities for the racetrack safety program and, with the concurrence of USADA or its successor, the anti-doping and medication control program.

Baseline Rules

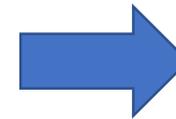
- Generally, the rules adopted by the Authority shall be no less stringent than the following baseline rules (“Baseline Rules”), which will be in effect on the program effective date unless modified by the Authority:
 - The lists of permitted and prohibited substances (including drugs, medications, and naturally occurring substances and synthetically occurring substances) in effect for the International Federation of Horseracing Authorities, dated May 2019.
 - The World Anti-Doping Agency International Standard for Laboratories (version 10.0), dated November 12, 2019.
 - The Association of Racing Commissioners International out-of-competition testing standards, Model Rules of Racing (version 9.2).
 - The Association of Racing Commissioners International penalty and multiple medication violation rules, Model Rules of Racing (version 6.2).
- As noted previously, there is a prohibition on the administration of any prohibited substance to a horse within 48 hours of its next racing start.

Rulemaking Process

Standing Committee



Authority Board of Directors



FTC

The relevant standing committee shall advise the Board and recommend rules on matters within such committee's scope.

The Board shall approve the rules recommended by the standing committee and file same with the FTC.

The FTC shall publish the proposed rule and provide interested persons opportunity to comment.

The FTC shall approve a proposed rule if it finds that such proposed rule is consistent with the requirements of the HIA and the rules and regulations of the FTC.

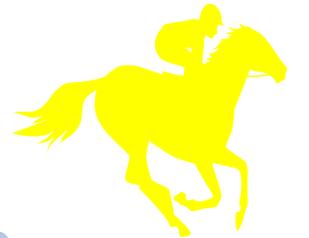
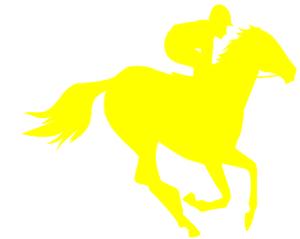
Enforcement and Review Process

SANCTION: Using procedures established by the Authority, the Authority identifies a violation of safety and/or medication standards, investigates the violation, determines a violation occurred and sanctions a track, jockey, breeder, or owner (stewards' hearing or the equivalent). The Authority files notice of the sanction with the FTC.



REVIEW BY FEDERAL AGENCY: Within 30 days of the notice being filed with the FTC, the sanctioned party may petition for a review of the Authority's decision.

- An administrative law judge (ALJ) within the FTC conducts a hearing pursuant to federal APA and renders a decision within 60 days.
- The FTC may, on its own motion, review any decision of the ALJ by giving notice thereof to the Authority and interested parties. In addition, the Authority or sanctioned party may petition the FTC for review of the ALJ decision. Whether to grant review is within the FTC's discretion, subject to certain limitations.



SUMMARY OF IMPLEMENTATION PROCESS

