

**MUSIC DIVISION
DISTRIBUTION POLICY
2017**

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1. INTRODUCTION

1.1 Scope

The Music Division administers the public performance rights on musical works, including cinema projection, radio and TV broadcasting and the rights of mechanical reproduction of said works.

The distribution of copyright revenues is made net of the commission due to SIAE (herein after defined as the "Society") on the amounts originated from the use of protected works and net of possible amounts intended as deduction for cultural activities and support for the national arts referred to in Chapter 18.

Methods, criteria and timing of distribution of the revenues collected by the Society for the use of works administered by the Music Division are established by the following provisions.

1.2 General principles

Revenue distribution criteria are established by SIAE Management Board, after receiving the opinion of the Music Commission, consistently with Article 15, paragraph 7 and Article 18, paragraph 1 of the Articles of Association.

The distribution process is aimed at determining and subsequently allocating the amounts due to the right owners, in compliance with principles of effectiveness, efficiency and transparency, that is to say as accurately as possible within reasonable costs and time limits.

For the purpose to make an accurate distribution of revenues, the Society needs detailed information about the uses of the protected works to which revenues refer to.

The Society distributes the net revenues mainly on census, on the basis of detailed information shown in the music logs provided by the users, in the reports provided by TV/ radio broadcasters or in other types of documents (e.g. reports for online music). In the event that the user is unable to provide complete information or to provide them in a format that SIAE can process, the Society may use alternative methods to acquire data for the distribution, also by means of digital fingerprinting techniques.

In order to ensure cost-effectiveness, the Society may also adopt alternative methods to acquire data, such as the sampling of the logs received and sample surveys carried out by specialized technical teams.

The Management Board, after receiving the opinion of the Music Commission, taking into account the amount of revenues and the cost-effectiveness principles, as well as the availability of the information necessary for distribution purposes, may derogate from the distribution criteria set out in this document by approving specific provisions by means of a decision, while ensuring a fair, equitable and efficient distribution of the revenues due to right owners.

1.2.1 Distribution of the amounts allocated to single musical works

Revenues allocated to the various musical works as a consequence of the activities envisaged by the present criteria, are distributed and paid to right owners on the basis of the distribution shares indicated in the work registration forms registered and uploaded in the Society database, pursuant to Article 33 of the General Regulation. The distribution shares of each single right owner of the work are shown in the statements.

The amounts credited for each musical work by foreign sister Societies are distinctively marked for each Society in the statements sent to members, and to such an extent that, taking into account the shares possibly withheld by said Societies, the distribution shares comply with the conditions established in the registration form of the work, without prejudice to the effects of the special regulatory provisions concerning assignments of the works abroad.

1.2.2 Management policy for not attributable amounts by ordinary distribution

Before and during the ordinary distribution process, different causes may arise, not depending on the Society, which make it impossible to distribute the due amounts in favour of right owners; for example:

- amounts that cannot be included in the ordinary distribution process for extraordinary causes (e.g. reports not sent by the TV and radio broadcasters);
- amounts placed in ordinary distribution that cannot be matched to members due to the impossibility of identifying the work and/or the right owners (e.g. unidentified musical works).

The amounts that cannot be allocated by means of the ordinary distribution criteria are then distributed proportionally, according to the amount of the census statements of reference of the right owners, as indicated in the following chapters and with different timing depending on the cause that has impeded the ordinary distribution.

Possible claims received after the extraordinary proportional distributions referred to above, but within the time limits provided by the law, are accepted if the claimer's ownership of the work is ascertained and all the information necessary to quantify the value to be paid for the use of such work has been received by the Society.

1.3 Period of application

The following criteria are applied to the distribution activities pertaining to the year 2017. The frequency and the timetable for distribution activities are shown in the following chapters.

Table 1: Type of use and class of payment to right owners

CHAPTER	TYPE OF USE	CLASS OF PAYMENT
2	DANCE WITH LIVE MUSIC	CLASS I
3	DISCOTEQUES	CLASS I
4	4 MUSIC PERFORMANCES IN RESTAURANTS, BARS	CLASS I
5	PRIVATE EVENTS	CLASS I
6	CONCERTS AND OTHER MUSIC EVENTS	CLASS IV
7	CINEMA	CLASS II
8	TELEVISION	CLASS II and III
9	RADIO	CLASS III
10	CABLE RADIO	CLASS III
11	BACKGROUND MUSIC	CLASS III and IV
12	ONLINE MUSIC	CLASS VI
13	AUDIO AND VIDEO MECHANICAL REPRODUCTIONS	CLASS V
14	REPRODUCTIONS OF DJs' WORK COPIES	CLASS V
15	RECORDINGS FOR RADIO AND TV BROADCASTING	CLASSE V
16	PRIVATE COPYING	PRIVATE COPYING
17	PAYMENTS FROM FOREIGN SISTER SOCIETIES	PAYMENTS FROM FOREIGN

2 DANCE WITH LIVE MUSIC

2.1 Distribution criteria

Revenues for each **dance and dancing entertainment with live music performances**, with the exception of private events (referred to in Chapter 5), are distributed pro quota among the musical works listed in the relevant logs provided to the Society by the license holder. Works listed more than once in the program of one event are considered as performed only once.

EXCLUSIONS

Works performed **for a duration of less than thirty seconds** are excluded from the census distributions. Moreover, are excluded from the census distributions of dance and dancing entertainment with live music performances:

- A. logs referring to performances **which took place on ships and other means of transport**
- B. (except in case of entertainments for which a check is possible, also in terms of cost-effectiveness);
- C. logs with **programming irregularities**, as implemented by Article 38 of SIAE's General Regulation;
- D. logs with **compilation irregularities** (for example, missing signature, missing or wrong or untruthful indication of performer's or performance director's data, i.e. in case of programs which after verification turn out to be signed by a person other than the actual performance director).

Revenues from the above mentioned logs (points A, B and C) are distributed within the following half-year after the ordinary distribution, in favour of those who participated in the distribution of revenues relating to "Dance with live music", proportionally to the amount of the census statements of the reference period.

2.2 Distribution frequency

The distribution of revenues collected for **dance and dancing entertainments with live music** is made at least **every half-year**:

- revenues relating to the **first half-year** are distributed **by the month of January of the following year**;
- revenues relating to **the second half-year** are distributed **by the month of July of the following year**.

2.3 Management of revenues that cannot be distributed on an ordinary basis

2.3.1 *Missing logs*

Revenues related to logs that, despite the best endeavours used by the Society, were not delivered on time for the distribution activity of the relevant half-year, are distributed in the half-year following the one during which the ordinary distribution was made, in favour of those who participated in the distribution of revenues for "Dance with live music", proportionally to the amount of the census statement of the reference period.

2.3.2 *Unidentified musical works*

Revenues related to unidentified musical works used in "Dance with live music" are distributed in the half-year following the one during which the ordinary distribution was made, in favour of those who participated in the distribution of revenues for "Dance with live music", proportionally to the amount of the census statements of the reference period.

3 DISCOTHEQUES

3.1 Distribution criteria

Revenues for each **music performance by means of mechanical devices for dance and dancing entertainment**¹, with the exception of private events (referred to in Chapter 5), for which **digital music logs (through the online service mioBorderò) are filled in and returned**, are distributed pro quota among the musical works listed in each program. The works listed several times in the program concerning the same event are considered as performed only once.

Any other revenue relating to **music performances by means of mechanical devices for dance and dancing entertainment**, with the exception of private events (referred to in Chapter 5), are allocated and distributed with the following criteria and methods:

1. **70%** on the basis **on a sample consisting of direct**, even partial **surveys** -carried out confidentially during the half-year to which the distribution refers to - of music performances in dance and dancing entertainments by means of mechanical device; the methods of sample surveys are governed by specific technical provisions. The total amount of the aforementioned share of revenues is then allocated pro quota among the musical works identified in the sample.
2. **30%** on the basis of **a sample consisting of 1/5 of the logs** supplied by the event organizers and identified by using statistical selection criteria as per specific technical provisions. The total amount of the above percentage of revenue is allocated among the musical works listed in the sampled logs by allocating to each work listed in the same program an equal number of points, resulting by the ratio between the revenues of the program and the total number of works listed therein. The point value is equal to the ratio between the mentioned total amount and the total number of points attributed to all works listed in all the logs included in the sample. The works listed several times in the program concerning the same event are considered as performed only once.

EXCLUSIONS FROM THE SAMPLE

Music performances are excluded from the samples mentioned in points 1 and 2 above when they are:

- A. performed for **less than thirty seconds**;
- B. performed in **entertainments taking place on ships or other means of transport** (except in case of entertainments for which a check is possible, also in terms of cost-effectiveness)
- C. listed in logs that, after verification, show **compilation irregularities**, as missing signature or missing or irregular or untruthful communication of the requested data;
- D. listed in the logs with **programming irregularities** as implemented by Article 38 of SIAE's General Regulation.

¹ As of 1 July, 2016

3.2 Distribution frequency

The distribution of revenues for **music performances by means of mechanical devices for dance and dancing entertainments** is made **at least every half-year**:

- revenues relating to the first half-year are distributed **by the month of January of the following year**;
- revenues relating to the second half-year are distributed **by the month of July of the following year**.

3.3 Management of revenues that cannot be distributed on an ordinary basis

3.3.1 Unidentified musical works

Revenues relating to unidentified musical works used in "Dance with mechanical devices" are distributed in the half-year following the one in which the ordinary distribution was made, in favour of those who participated in the distributions of revenues for "Dance with mechanical devices", proportionally to the amount of the census statements of the reference period.

4 MUSIC PERFORMANCES IN RESTAURANTS, BARS

4.1 Distribution criteria

Revenues related to each event² **with live performances or by means of mechanical device** (not on a subscription basis) taking place **in restaurants, bars, pubs or similar premises** (public premises whose main activity is not entertainment) with the exception of private events (see Chapter 5), **for which digital music logs are filled in and returned** (through the online service mioBorderò) are distributed pro quota among the musical works listed in each program. Works listed several times in the program for the same event are considered as performed only once.

All other revenues relating to **live music performances or by mechanical device** not on a subscription basis **in restaurants, bars, pubs and similar premises** (public premises whose main activity is not entertainment), with the exception of private events (referred to in Chapter 5), are distributed according to the following criteria and modalities:

1. **75%** on the basis of a **sample consisting of direct surveys**, even partial, carried out confidentially during the half-year to which the distribution refers to. Specific technical provisions rule the methods of the surveys. The total amount of the aforementioned revenues is then allocated pro quota among the musical works identified in the sample.
2. **25%**, on the basis of **a sample consisting of 1/5 of the logs** supplied by the event organizers and identified by using statistical selection criteria as per specific technical provisions. The total amount of the above share of revenues is shared among the musical works listed in the sampled logs by allocating to each work listed in the same program an equal number of points, resulting by the ratio between the revenues of the program and the total number of works listed therein. The point value is equal to the ratio between the mentioned total amount and the total number of points attributed to all the works listed in all the logs included in the sample. The works listed several times in the program concerning the same event are considered as performed only once.

EXCLUSIONS FROM THE SAMPLE

Music Performances under 1 and 2 above are excluded from the sample when they are:

- A. performed for **less than thirty seconds**;
- B. performed in **events that took place on ships and other means of transport** (except in case of entertainments for which a check is possible, also in terms of cost-effectiveness)
- C. listed in logs that, after verification, shows **compilation irregularities**, as missing signature or missing or irregular or untruthful communication of requested data;

² As of 1 July, 2016

- D. listed in logs with **programming irregularities** as implemented by article 38 of SIAE's General Regulation.

4.2 Distribution frequency

The distribution of revenues for music performances under this chapter is made at **least once every half-year**:

- revenues relating to the **first half-year** are distributed **by the month of January of the following year**;
- revenues relating to the **second half-year** are distributed **by the month of July of the following year**.

4.3 Management of amounts that cannot be distributed on an ordinary basis

4.3.1 *Unidentified musical works*

Revenues relating to unidentified works of music performances under this chapter are distributed in the half-year following the one of the ordinary distribution, in favour of those who participated in the distribution of revenues for music performances in restaurants, pubs and bars, proportionally to the amount of the census statements of the reference period.

5 PRIVATE EVENTS

5.1 Distribution criteria

Revenues relating to **dance and other private events**³, with live performed music or music performed by mechanical device are distributed according to the following criteria and procedures:

1. revenues for **private dance entertainment with live music** are distributed proportionally to the amount of the census statements of the reference period of the relevant public entertainments under Chapter 2;
2. revenues for **private dance entertainments with music performed by means of mechanical devices** are distributed proportionally to the amount of the census statements of the period of reference of the relevant public entertainment under Chapter 3;
3. revenues for **private entertainments with music performances** (not on a subscription basis) in **restaurants, bars, pubs and similar premises** are distributed proportionally to the amount of the census statements of the reference period of the relevant public entertainment under Chapter 4.

5.2 Distribution frequency

The distribution of revenues relating to **music performances in dance and other private events** is made at least **every half-year**;

- revenues relating to the **first half-year** are distributed **by the month of January of the following year**;
- revenues relating to the **second half-year** are distributed **by the month of July of the following year**.

³ Organized in any venue: public venues, private houses and open spaces, offered to guests at weddings, ceremonies or celebrations in general, congresses, conventions, corporate meetings, etc ; by private clubs with access permitted only to members and possibly to family members, from venues owners, to guests on the occasion of opening ceremonies, seasonal openings, etc.

6 CONCERTS AND OTHER MUSIC EVENTS

6.1 Distribution criteria

Revenues for public performance for each event included in the following categories:

- a) symphonic, chamber and opera concerts;
- b) dance concerts;
- c) jazz music concerts and entertainments;
- d) music performed as a commentary or in accompaniment of theatrical, dramatic and similar works (so-called "stage music");
- e) theme music performed by mechanical device as background music in amusement parks attractions, in museum tours, in exhibitions, in play areas and venues for children;

are allocated among the musical works listed in the program related to the specific event proportionally to the duration of the respective performances. The works compositions listed several times in the program concerning the same event are considered as performed only once with the exception of the previous point "d".

Revenues for public performance for each event included in the following types:

- f) concerts of light music;
- g) brass bands;
- h) parties in town squares, cabaret, shows;
- i) other music events in places open to the public (not included in previous chapters and paragraphs)

are shared pro quota among the musical works listed in the program related to the specific event. Works listed several times in the program concerning the same event are considered as performed only once.

EXCLUSIONS

Musical works performed for **less than thirty seconds** are excluded from the census distribution.

Excluded from the census distribution are also:

- A. the logs referring to performances **which took place on ships and other means of transport** (except in case of entertainments for which a check is possible, also in terms of cost-effectiveness);

- B. the logs with **compilation irregularities** (for example, missing signature, missing, wrong or untruthful indication of the performer or underwriter data, or in case of logs that, after further verification, turn out to be signed by a person other than the actual performance director).
- C. the logs with **programming irregularities**, as implemented by article 38 of SIAE's General Regulation.

Revenues relating to the above mentioned logs are distributed within the following half-year after the ordinary distribution, in favour of those who participated in the distribution of revenues relating to "Concerts and other Music Events", proportionally to the amount of the census statements of the reference period.

6.2 Distribution frequency

The distribution of revenues for **music performances in Concerts and other music events** is made at least **every half-year**:

- revenues relating to the **first half-year** are distributed **by the month of January of the following year**;
- revenues relating to the **second half-year** are distributed **by the month of July of the following year**.

6.3 Management of revenues that cannot be distributed on an ordinary basis

6.3.1 Missing logs

Revenues relating to logs that, despite the best endeavours used by the Society, were not delivered on time for the distribution activity of the relevant half-year, are distributed in the half-year following the one of the ordinary distribution, in favour of those who participated in the distribution for "Concerts and other music events", proportionally to the total amount of the census statements of the reference period.

6.3.2 Unidentified musical works

Revenues relating to unidentified musical works are distributed in the half-year following the one of the ordinary distribution, in favour of those who participated in the distribution for "Concerts and other music events", proportionally to the amount of the census statements of the reference period.

7 CINEMA

7.1 Distribution criteria

Revenues relating to the "separate remuneration" under Article 46 of the Copyright Law 22.4.41, n. 663, for **musical works included in cinematographic works projected in cinema halls**, are allocated to each single musical work listed in the music program of the film (cue sheet), short film or documentary film registered and accepted by the Society (excluding those constituting music themes or label identifiers of the producer, licensee or distributor of the film itself), based on its duration in seconds.

In the event that, in addition to the feature film, short films, documentary films and/or other types of audiovisual works are projected, the above revenues are proportionally distributed as follows:

- Short film/Documentary/other types of audiovisual works: 12%
- Feature film: 88%

In case of feature films, the amount determined by applying the above criteria is multiplied by a coefficient equal to the ratio between the duration of the music included in the soundtrack of the film and the duration of the film itself. This coefficient is increased by the fixed number 0.25. In any case it cannot be less than 0.40 or greater than 1. Any residual revenue after such a calculation is distributed in favour of those who participated in Class II distributions, proportionally to the amount accrued by each one of them in the relevant half-year.

Revenues for performances of musical works recorded in advertisement films with their own soundtrack are allocated to musical works included in the film to which the revenues refer to, in proportion to their duration in seconds.

7.2 Distribution frequency

The distribution of revenues for **musical works included in cinematographic works projected in cinema halls**, is made at least **every half-year**:

- revenues relating to **the first half-year** are distributed **by the month of January of the following year**;
- revenues relating to **the second half-year** are distributed **by the month of July of the following year**

7.3 Management of revenues that cannot be distributed in an ordinary manner

7.3.1 *Missing cue sheets*

Revenues relating to cinematographic works for which it was not possible to find the related music programs (cue-sheets) are distributed according to the criteria and timetables established by a specific Decision approved by the Management Board, after hearing the opinion of the Music Commission.

7.3.2 *Unidentified music*

Revenues relating to single musical works included in a cinematographic work, which cannot be identified on the basis of the available information, are distributed in the half-year following the ordinary distribution, in favour of those who participated in the distribution of the Cinema Class II, proportionally to the amount of the census statements of the reference period

8 TELEVISION

8.1 Distribution criteria

Revenues from broadcasters for **television broadcasting** rights are allocated to right owners according to two different distribution models, listed below:

1. **Model of census distribution:** distribution based on the duration of musical works included in the reports supplied to the Society by the TV broadcasters. For distribution purposes, the duration of each use is multiplied by coefficients taking into account the role played by music and the time-slot in which it is broadcast (see section 8.1.1);
2. **Sample distribution model:** distribution based on the survey carried out by the Society on the musical works broadcast by a representative sample of TV broadcasters during the reference period. The distribution of overall revenues is made in proportion to the duration of the uses surveyed.

The choice of the model to be applied for the distribution of the revenues collected from each broadcaster is made in compliance with the criteria of effectiveness and management efficiency of the distribution process:

- the Census Model is applied to TV broadcasters with national license (regardless of the technological broadcasting means);
- the Sample Model is applied to local TV broadcasters.

EXCLUSIONS

For the purpose of census distribution are not taken into account:

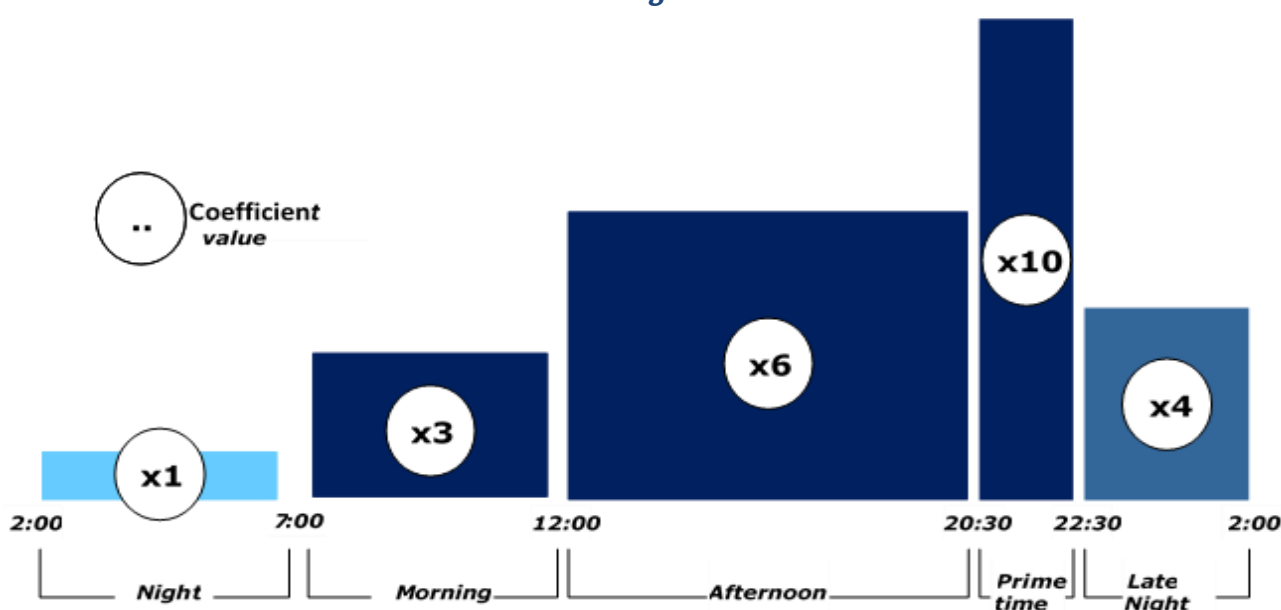
1. single uses with a duration of less than ten seconds. However, uses of the same works for a single duration of less than 10 seconds (provided that they can be identified) are taken into account for the purposes of distribution, when they are repeatedly used within the same program so to reach a total duration equal to or more than 10 seconds;
2. musical works in advertisements messages, which constitute a direct or indirect commercial offer. Announcements of programs of the same broadcaster and musical works included in advertisements of social value are not excluded;
3. musical works used during broadcasts that cannot be identified by listening.

8.1.1 *Model of census distribution*

Each musical work listed in the TV reports supplied to the Society by the broadcaster participates in the distribution according to:

- duration of use;
- **coefficient 1**, which has a different value depending on **broadcasting time-slot** of the television program in which the music is included. The values of the coefficient 1 reflect the trend of average audience of domestic TV broadcasters in the different time slots;
- **coefficient 2**, which has on a different value depending **on the role played by music** in the TV program. The values given to each category (foreground music, commentary, background, etc.) reflect the value attributed to the type of TV programming schedules by the General Licensing Conditions.

Coefficient 1 "time slot" for Television Broadcasting



Coefficient 2 "music role" for TV Broadcasting

Music Role	Description	Coefficient Value 2
FOREGROUND MUSIC	Foreground music for any type of broadcast	100
COMMENTARY MUSIC	Music in films, TV films, documentary films and dramatic works	56
BACKGROUND MUSIC	Music mainly used simultaneously with dialogues	35
JINGLES*	Title music, music inserts and music opening and ending programs	8

(*) for a half-year total use duration of each musical work not exceeding 60 minutes for every single broadcaster

The calculation of the amount allocated to each musical work is determined according to the following:

1. for each use of musical work the value of following single elements is identified:
 - a. duration of use (in seconds);
 - b. coefficient 1 - time slot;
 - c. coefficient 2 - music role;

which are multiplied together thus obtaining a specific number of points for each single use;

2. points for each use are added together to obtain an overall value for each broadcaster;

3. the total revenues paid by the broadcaster are then divided by the total value of points (obtained as above) thus obtaining the Television Point;

TV POINT =

$$\text{Collection Pool} / \sum (\text{Minutes} * \text{Coeff. 1} * \text{Coeff. 2})$$

4. the Television Point is multiplied by the points of each musical work use so determining the accrued due.

ACCRUAL =

$$\text{TV point} * (\text{Minutes} * \text{Coeff. 1} * \text{Coeff. 2})$$

The above operations are carried out differently and separately for each single broadcaster/group of channels.

The coefficients provided for dramatic works, films and TV films, at the request of one of the concerned right owners, accompanied by the appropriate documentation, are multiplied by four for musical works expressly composed for that purpose, having effect only as to premier TV use, both encrypted and non-encrypted, of the whole program for which they were created. In the cases of TV series the increase is limited to the first eight episodes. As to films meant for projection in cinema halls, the increase is applied only to those shown for the first time not less than five years before the first TV premier, both encrypted and non-encrypted.

The amount for films, TV series and documentary films, determined by applying the above criteria, is multiplied by a coefficient equal to the ratio between the duration of the music included in the soundtrack of the film and the duration of the film itself. This coefficient is increased by a fixed 0.25 but cannot be,

however, less than 0.40 or greater than 1. The revenues deriving from the residual of this activity are distributed to those who participated in the distribution of Class II, proportionally to the amount accrued by each of them in the relevant half-year.

8.1.2 Sample distribution model

The total amounts collected from local TV broadcasters are distributed annually among all the identified musical works, through computerized procedures (e.g. fingerprinting), in the annual programming schedule of a sample consisting of at least 20 local TV channels, selected according to their consolidated revenues referred to the latest annual financial statement available.

The identified musical works participate in the distribution in proportion to the duration of use in seconds multiplied by a weighting coefficient attributed to each Broadcaster on the basis of its own consolidated revenues referring to the year prior to the distribution in relation to the total consolidated revenues of all the sampled broadcasters referred to the year prior to the one of distribution.

8.2 Distribution frequency

Timetables of distribution of revenues for television broadcasting rights are influenced by the specific revenues collection model, as the annual fee due by broadcasters for the broadcasting of the musical repertoire protected by the Society (Music Division) is subject to an adjustment determined only after the approval of the yearly financial statement by the broadcaster, and it normally occurs six months after the end of the year in which said uses were made.

Furthermore, the distribution timetable is established consistently with the criteria of cost-effectiveness, taking into account the volume of revenues of the various TV broadcasters.

As a consequence, the distribution of revenues related to TV broadcasting by the **major TV national broadcasters** is made **at least every half-year** as follows:

- revenues relating to the first half-year are distributed by the month of July of the following year;
- revenues relating to the second half-year are distributed by the month of January of the year following the one in which the annual due amount adjustment takes place.

The distribution of revenues from **other smaller national TV broadcasters** is carried out **at least annually** within the month of January of the year following the one in which the annual due amount adjustment takes place.

Finally, the distribution of revenues from **local TV broadcasters** is carried out **at least once a year** by the month of July of the following year.

8.3 Management of revenues that cannot be distributed in an ordinary way

8.3.1 *Missing reports*

As to revenues from domestic TV broadcasters (whatever their technology of broadcasting) for which the program report is not available, the Society adopts the following alternative distribution methods:

1. **simplified distribution** based on the minutes of broadcasting detected by the Society by means of recordings of the programs of each broadcaster and identification by a content-recognition of the works used;
2. should the first criterion be not applicable, revenues from national TV broadcasters for which detailed reports are not available two years after the ordinary distribution are **distributed** to those who participated in the distribution of Class II and III - Television, **proportionally** to the amount of the census statements of the reference period.

8.3.2 *Incomplete reports*

Revenues which cannot be distributed because of incomplete reports sent by main domestic TV broadcasters, are distributed annually, 18 months after the end of the reference period, in favour of those who participated in the distributions of Class III of each one of the aforementioned broadcasters, proportionally to the amount of the census statements of the referenced period.

Revenues that cannot be distributed because of incomplete reports sent by other national TV broadcasters are distributed annually, after 18 months from the end of the reference period, in favour of those participating in distributions of Class III of all other national broadcasters, proportionally to the amount of census statements of the reference period.

8.3.3 *Missing cue sheets*

The amounts relating to cinema works included in TV reports for which it was not possible to obtain the relevant cue sheets, are distributed according to the criteria and deadlines established by a specific decision approved by a Management Board.

8.3.4 *Unidentified music*

The amounts relating to unidentified works both in TV programs and in film /TV series broadcast by main national TV broadcasters are distributed once a year, after 18 months from the end of the reference period;

- as regards musical works in films and TV films, in favour of those who participated in the distribution of Class II of each one of the aforementioned broadcasters, proportionally to the amounts of census statements of the reference period;

- as regards musical works in other TV programs, in favour of those who participated in the distributions of Class III of each one of the aforementioned broadcasters, proportionally to the amount of the census statements of the reference period.

Sums related to unidentified works included both in TV programs and films / TV series broadcast by all other national broadcasters, are distributed once a year, after 18 months from the end of the period of reference, in favour of those who participated in the distributions of Class II and III of all other national TV broadcasters, proportionally to the amount of census statements of the reference period.

9 RADIO

9.1 Distribution criteria

Revenues relating to radio broadcasting are distributed to right owners according to the following two different distribution models:

1. **Census distribution model:** based on the use duration, multiplied by the coefficients taking into account the role played by music and the time slot in which it is broadcast (see paragraph 9.1.1);
2. **Sample distribution model:** distribution based on the identification made by the Society of the works broadcast from a representative sample of radio broadcasters in the period of reference. The distribution of the total collections is made in proportion to the duration of the identified uses.

The choice of the model to be applied for the distribution of revenues from each radio broadcaster is made according to cost-effectiveness and efficiency of the distribution process:

- the Census Model is applied to the National Radio Broadcasters
- the Sample Model is applied to Local Radio Broadcasters

EXCLUSIONS

The following uses are not taken into account for census distribution:

- A. single uses with a duration of less than ten seconds. However, uses of the same work, for a single duration of less than 10 seconds, are taken into account for the purposes of distribution, provided that it is possible to identify them, when they are repeatedly used in the same program so to reach a total duration equal to or more than 10 seconds;
- B. musical works in advertisements, constituting a direct or indirect commercial offer. The announcements of programs of the same broadcaster and the musical works included in promotional messages of social value are not excluded;
- C. musical works used during broadcasts that cannot be identified by listening.

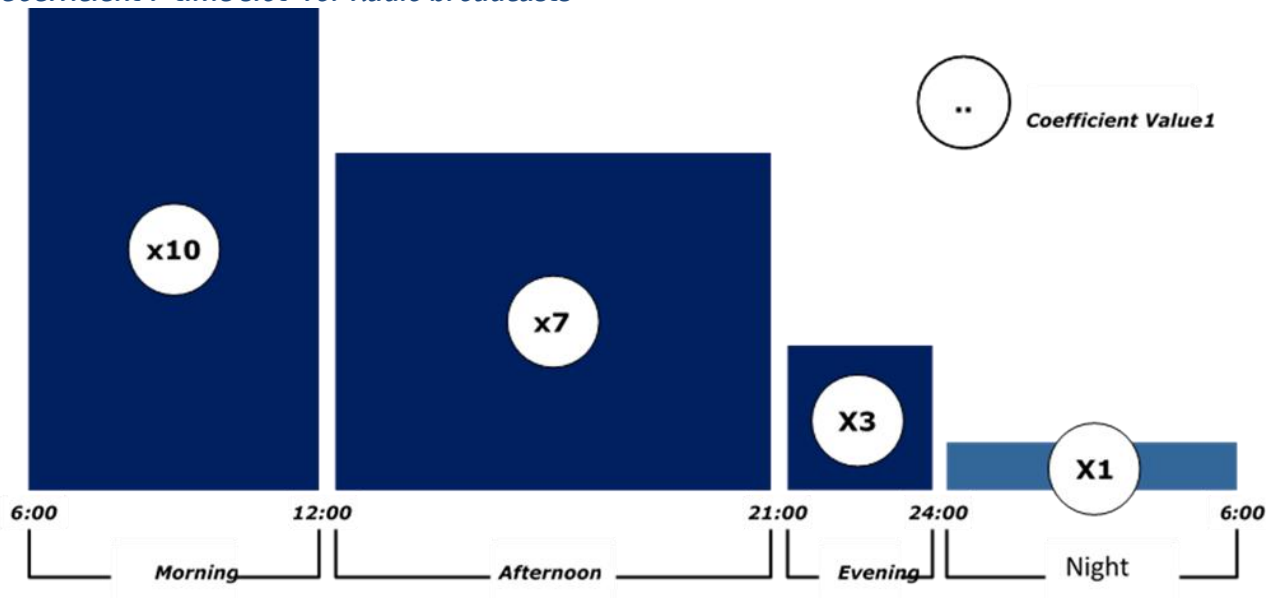
9.1.1 *Census distribution model*

Each work listed in the reports of radio broadcasts delivered to the Society by the broadcasters participates in the distribution according to:

- duration of use;

- **coefficient 1**, which takes a different value according to **broadcasting time slot** of the radio program in which the music is included. The values of the coefficient 1 reflect the trend of average radio audience of the main national broadcasters in the different time slots;
- **coefficient 2**, which takes a different value according **to the role played by music** in the radio program. The values given to each category (foreground music, commentary, background music, etc.) are consistent with those given to the similar coefficient for television uses.

Coefficient 1 "time slot" for Radio broadcasts



Coefficient 2 "role of music" for Radio broadcasts

Music Role	Description	Coefficiente 2 value
FOREGROUND MUSIC	Foreground music for any type of broadcast	100
COMMENTARY MUSIC	Music used to emphasize events of which it constitutes their necessary integration	56
BACKGROUND MUSIC	Music mainly used simultaneously with the dialogues	35
JINGLES*	Title music, music inserts and music opening and ending programs	8

(*) for a half-year utilization period of each work not exceeding a total of 60 minutes for every single broadcaster

The amount to be allocated to each musical work is determined according to the following:

1. for each musical work use the value of the single elements listed below has to be identified:
 - duration of use (in seconds);
 - coefficient 1 - time-slot;
 - coefficient 2 - role of music;

which are multiplied together, thus obtaining a specific number of points for each single use;

2. the points of the individual uses are added up to obtain an overall value for each radio broadcaster;
3. the total revenues paid by the broadcaster are then divided by the overall value of the points (as obtained at point 2), thus obtaining the Radio Point;

RADIO POINT =

$$\text{Collection Pool} / \Sigma (\text{Minutes} * \text{Coeff. 1} * \text{Coeff. 2})$$

4. the Radio Point is multiplied by the points of each musical work use, so determining the accrued due.

ACCRUAL =

$$\text{Radio Point} * (\text{Minutes} * \text{Coeff. 1} * \text{Coeff. 2})$$

The activities above are carried out differently and separately for each radio broadcaster

9.1.2 Sample distribution model

The total amounts paid by local radio stations are distributed every year among all the musical works that have been identified through digital processes (such as fingerprinting) in the annual programming schedule of a sample of at least 20 local radio broadcasters, selected on the basis of their consolidated revenues referred to the latest annual financial statement available.

The identified musical works participate in the distribution in proportion to the duration of their use in seconds, multiplied by a weighting coefficient assigned to each broadcaster on the basis of its consolidated revenues referring to the year prior to the one of the distribution in relation to the total consolidated revenues of all the sampled broadcasters referred to the year preceding the one of distribution.

9.2 Distribution frequency

The distribution of radio broadcasting revenues takes place according to a timing similar to the one applied to the distribution of TV broadcasting revenues.

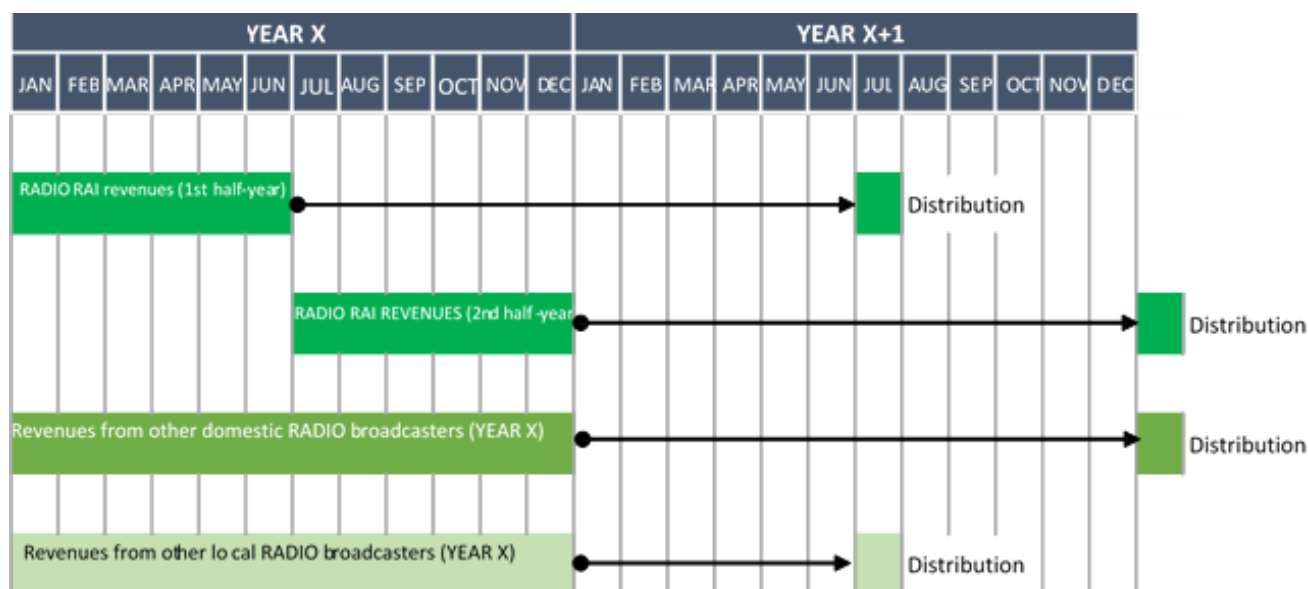
Revenues from **RAI Radio** broadcaster are distributed **at least** every half-year as follows:

- revenues relating to **the first half-year** are distributed by the month of **July of the following year**;
- revenues relating to **the second half-year** are distributed by the month of **January of the year following the one in which the due amount yearly adjustment** takes place.

The distribution of revenues from the **other national radio broadcasters** is made **every year in the month of January of the year following that in which the yearly adjustment** of the amounts due takes place.

Lastly, the distribution of revenues from the local radio broadcasters is carried out every year in the month of July of the year following the one in which uses take place.

Chart illustrating the distribution timetable of revenues for radio broadcasting rights.



9.3 Management of revenues that cannot be distributed in the ordinary way

9.3.1 Missing reports

As regards the revenues from national radio broadcasters whose program report is not available, the Society adopts the following alternative distribution methods:

1. **A simplified distribution** based on the number of minutes calculated by the Society by means of registration of the programs of each broadcaster and a content-recognition of the works used;
2. if the first criterion is not applicable, the revenues from national radio broadcasting companies for which, two years after the ordinary distribution, detailed program reports are not available, **are**

distributed in favour of those who participated in the distributions of the Class III - Radio, **proportionally** to the amount of the census statements of the reference period.

9.3.2 Incomplete reports

Revenues that cannot be distributed because of incomplete reports sent by Radio RAI are distributed annually, after 18 months from the end of the reference period, in favour of those who participated in the distribution of Class III- Radio RAI, proportionally to the amount of the census statement for the period of reference.

Revenues that cannot be distributed due to incomplete reports sent by national radio broadcasters other than Radio RAI are distributed in the half-year following the one of the ordinary distribution, in favour of those who participated in the distributions of Class III - National radio broadcasters other than Radio RAI, proportionally to the amount of the census statements of the reference period.

9.3.3 Unidentified musical works

Revenues related to music uses by Radio RAI, whose information cannot be identified, are distributed annually, after 18 months from the end of the reference period, in favour of those who participated in the distributions of Class III - RAI Radio, proportionally to the amount of the census statements of the reference period.

Revenues related to music uses by national radio broadcasters other than Radio RAI, whose information cannot be identified, are distributed in the half-year following the one of ordinary distribution, in favour of those who participated in the distributions of Class III - National broadcasters other than Radio RAI, proportionally to the amount of census statements of the reference period.

Revenues relating to music uses by local radio broadcasters whose information cannot be identified are distributed in the half-year following the one of the ordinary distribution, in favour of those who participated in the distributions of the Class III - Local radio broadcasters, proportionally to the amount of the census statements of the reference period.

10 CABLE RADIO

10.1 Distribution criteria

The amount to be distributed each year for each specific channel of wired radio are fixed by a specific decision of the Management Board, after hearing the opinion of the Music Commission, on the amount paid by the national public broadcaster under the item "Other activities", as also referred to such kind of use, including the share relating to the recording made for the purpose of said broadcastings.

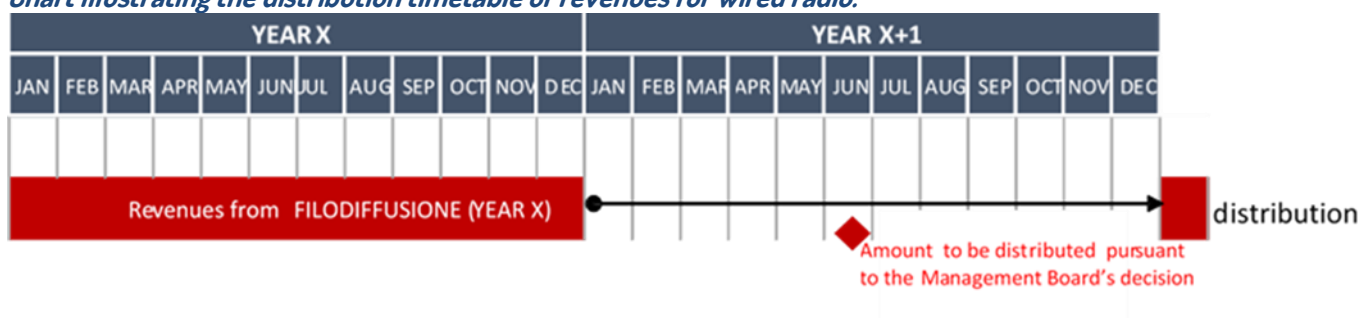
The amount from broadcast of channels 4 and 5 of wired radio are eligible for census distribution, on the basis of duration of use in seconds as declared by the national public broadcaster only with regard to works broadcast foreground. To such revenues, it is added - in equal shares - a 40% of the revenues from the subscription fees paid for the use of wired radio receiving apparatuses, as referred to in the Chapter 11 below.

The amounts from wired radio channels not eligible to census distribution are added for distribution purposes to the revenues from radio broadcasts made by national public broadcaster in the relevant year.

10.2 Distribution frequency

The distribution of revenues from **wired radio** rights is carried out at least **annually**. The revenues relating to a financial year are distributed by the month of January of the year after the one in which the amounts to be distributed are fixed.

Chart illustrating the distribution timetable of revenues for wired radio.



10.3 Management of revenues that cannot be distributed in the ordinary way

10.3.1 Missing reports

Revenues referring to Channels 4 and 5 of wired radio for which six months after the ordinary distribution the program report is unavailable are distributed in favor of those who participated in the distributions of Class III - Radio RAI, proportionally to the amount of the census statements for the reference period.

10.3.2 Incomplete reports

The amounts that cannot be attributed to right owners because of incomplete reports sent by the national public broadcaster are distributed in the half-year following the one of the ordinary distribution, in favor of those who participated in the distributions of Class III - Radio RAI, proportionally to the amount of the census statements of the reference period.

10.3.3 Unidentified musical works

The amounts for musical works broadcast by channels 4 and 5 of wired radio that cannot be identified, are distributed in the half-year following the one of the ordinary distribution, in favor of those participating in the distributions of Class III - Radio RAI, proportionally to the amount of the census statements of the reference period.

11 BACKGROUND MUSIC

This chapter describes the distribution process of performing rights revenues relating to the following uses of musical works:

1. public performance by means of **TV, radio and wired radio apparatuses**;
2. public performance by means of any kind of **mechanical devices** other than TV, radio and wired radio, on a subscription basis;
3. public performances in shops by dedicated radio services on subscription, made by whatever technical way, where said services meet the requirements established by the Music Commission and pursuant to specific agreements, meeting said requirements, entered into between the providers of the services and the Society (hereafter "**In-store Radio**").

11.1 Distribution Criteria

11.1.1 Public performances by means of TV, radio, and wired radio

Revenues for communication to the public by means of TV, radio and wired radio apparatuses are distributed as follows:

- A. 60% of the revenues from subscriptions for **TV sets**, proportionally to the census statements of Class III - Main national TV broadcasting companies of the half-year of reference and the remaining 40% proportionally to the census statements of Class II of the same broadcasting companies;
- B. yearly distribution of revenues from subscriptions for **radio sets**, proportionally to the census statements of Class III of all the national radio broadcasting companies;
- C. distribution of revenues from **wired radio apparatus**:
 - for the purposes of distribution, 60% of revenues is added to the revenues referred to the radio broadcasts made by the national public broadcaster;
 - for the purposes of distribution, 40% of revenues is added to the revenues attributable to Channels 4 and 5 of wired radio in equal shares.

11.1.2 Public performances by means of other mechanical devices on subscription

The distribution criteria of the revenues from periodical subscriptions for public performances made by means of any kind of mechanical devices (with the exclusion of TV, radio and wired radio apparatuses) are established by a special decision of the Management Board, after hearing the advice of the Music Commission.

11.1.3 *In-store radio*

Revenues for performing rights from subscriptions by shops for the use of apparatuses apt to the diffusion of background music by means of “In-store radio” are distributed by census, provided that the works are identified in the relevant programming schedule, on the basis of the reports provided by the Music Providers, as broadcast inside the shops using such services, proportionally to the duration of each single use.

EXCLUSIONS

If during one month at least two inspections are made resulting in the lack of the dedicated service, or in case the background music performed is not consistent with the programs transmitted and/or sent by the Music Provider, all the programs of the dedicated radio channel that was inspected in that specific month, are excluded from the distribution.

The amounts referring to the excluded programs are distributed in the half-year following the one of the ordinary distribution, in favour of those who participated in the distributions of the “In-store radio” revenues, proportionally to the amount of the census statements of the reference period.

11.2 Distribution Frequency

The distribution of the revenues for **Background music – TV and Wired radio** is made at least every **half-year**:

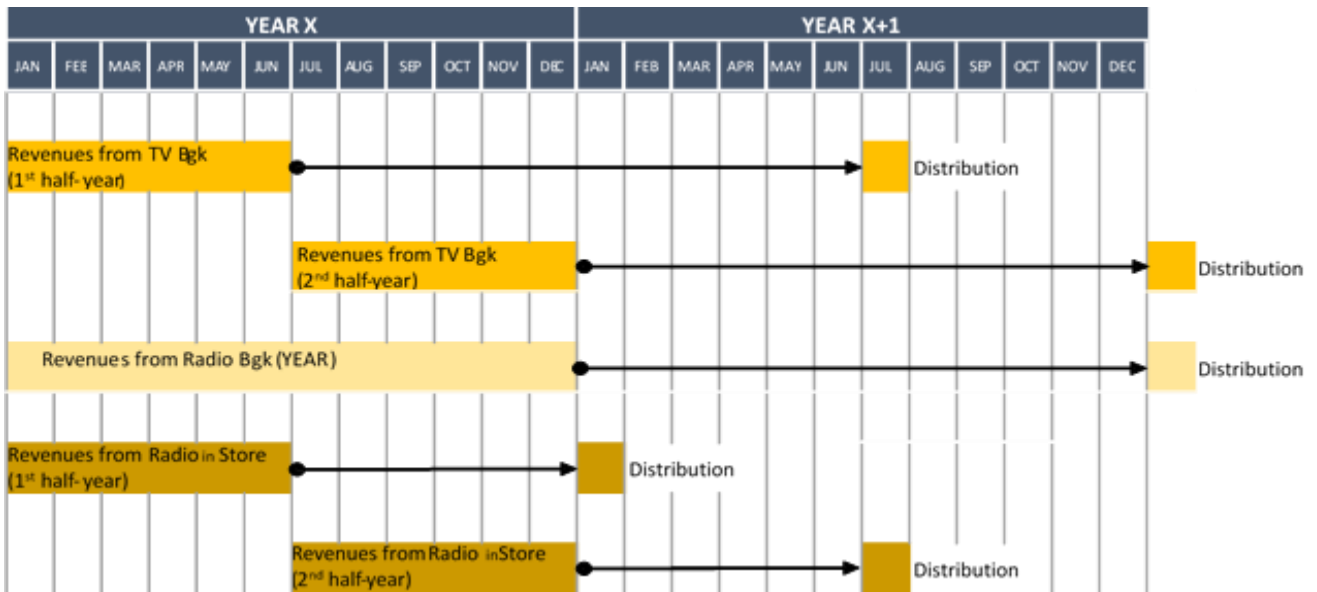
- revenues referring to the **first half-year** are distributed by the month of **July of the following year**, in accordance with the TV distribution timetable (Chapter 8);
- revenues referring to the **second half-year** are distributed by the month of **January of the second following year**, in accordance with the TV distribution timetable (Chapter 8).

The distribution of revenues for **Background Music – Radio** is made at least **annually** by the month of **January of the second following year**, in accordance with the radio distribution timetable (Chapter 9).

The distribution of revenues for **In-Store Radio** is made at least every half-year:

- revenues relating to the **first half-year** are distributed by the month of **January of the following year**;
- revenues relating to the **second half-year** are distributed by the month of **July of the following year**.

Chart illustrating the distribution timetable of revenues for background music



11.3 Management of revenues which cannot be distributed in the ordinary way

11.3.1 Missing reports (In-Store Radio only)

The revenues for “In-Store Radio” whose reports, despite the best endeavours used by the Society, were not delivered by the service providers of the dedicated service on time for the distribution of the relevant half-year, are distributed in the half-year following the one of the ordinary distribution, in favour of those who participated in the distribution of the revenues for “In-Store Radio”, proportionally to the amount of the census statements of the reference period.

11.3.2 Unidentified musical works (In-Store Radio only)

The revenues for the uses of works in In-Store Radios, which cannot be identified, are distributed within the half-year following that of ordinary distribution, in favor of those who participated in the distributions of the revenues for “In-Store Radio”, proportionally to the amount of the census statements of the reference period.

12 ONLINE MUSIC

12.1 Allocation of revenues

Revenues collected for the download of musical works are allocated 75% as mechanical rights, and 25% as performing rights and as such distributed and paid to the right owners on the basis of shares shown in the registration forms registered and uploaded in the Society database, pursuant to Article 33 of the General Regulations.

Revenues collected for the streaming of musical works are allocated 75% as performing rights and 25% as mechanical rights. Revenues for mixed and/or hybrid services of musical works are allocated 50% to performing rights and 50% to mechanical rights.

The same allocations are made for multi-territorial licenses, i.e. those including only the repertoire administered by SIAE on behalf of its members or of entities that have granted to SIAE a specific mandate to this purpose, pursuant to the provisions under item 12.4 (last paragraph).

Revenues collected in countries other than Italy for multi-territorial licenses are allocated pro-quota to performing rights or to mechanical rights according to the quota allocation published for each country (so-called split) on the basis of the agreements and/or international best practices applicable to said multi-territorial licenses.

12.2 Distribution criteria

Revenues collected on the basis of the fees contained in each license, split between performing rights and mechanical rights, according to above provisions on allocation of revenues, are allocated to the musical works listed in the reports delivered to the Society by the licensees, proportionally to the number of uses.

If it is found that for some services, or for certain categories of online uses, census distribution on the basis of the single reports is not compatible with cost-effectiveness criteria taking into account the amount of revenues, the fragmentation of uses and the necessity of further processing required by the reports, the Management Board, after hearing the Music Commission, establishes the relevant distribution criteria by means of a specific decision.

12.3 Revenues from blanket licenses

Lump sum revenues, collected for the use of musical works on the basis of licenses providing for exemption from the obligation of delivering reports, are distributed in the first possible half-year, in favour of those who

participated in the class VI distribution, proportionally to the revenues distributed according to the census statements of the reference period.

12.4 Revenues for multi-territorial licenses

The revenues of each country covered by a multi-territorial license are distributed separately by applying the criteria under 12.2 above.

In case of multi-territorial streaming licenses, if there is a net accrual in the relevant half-year for a work for a single license lower than € 0.50, works that do not reach said minimum threshold can be excluded from the distribution.

If revenues for uses in foreign countries are such to create operational incompatibility with the cost-effectiveness principles, said minimum threshold is applied by aggregating (with the exception of Italy) both revenues and uses in foreign countries covered by a single license.

12.5 Residual revenues

All revenues collected for a multi-territorial license, for which the licensee paid SIAE for uses in Italy that licensors as a whole have not claimed, are considered as residual revenues.

If reports regarding unclaimed works are available, distribution is made according to the criteria applied to domestic licenses. If at the end of the process there are revenues for unidentified musical works, distribution is made according to distribution rules of Class VI, applicable from time to time to Unidentified Musical Works. If reports regarding unclaimed uses are not available, it is directly applied the distribution rule of Class VI, applicable from time to time to Unidentified Musical Works.

If this kind of revenues is collected on the basis of SIAE's market share of its repertoire in the countries covered by a multi-territorial license, revenues are distributed according to the criteria and timetable fixed by specific decision approved by Management Board, after hearing the Music Commission.

12.6 Audiovisual Services

Revenues relating to separate remuneration under Article 46 of Copyright Law 22 April 1941, no 633, concerning musical works included in cinematographic works or assimilated works, are attributed to each musical work listed in the cue-sheet registered at the Society and accepted by the Society itself (with the exclusion of those constituting music themes or label of either the producer, the licensee or the film distributor) according to their duration in seconds.

12.7 Missing Cue-Sheets

Revenues relating to cinematographic or assimilated works included in reports for which it was impossible to obtain the relevant cue-sheets are distributed according to the criteria and timetable fixed by a specific decision approved by the Management Board.

12.8 Management of revenues which cannot be distributed in the ordinary way

12.8.1 Missing reports

Revenues related to reports that, despite the best endeavours used by the Society, were not delivered on time for distribution activities referring to the relevant half-year, and whose future acquisition is unlikely, are distributed in the half-year following the one of the ordinary distribution, in favour of those who participated in the distribution, proportionally to the amount of census statements for the reference period.

12.8.2 Unidentified Musical Works

Revenues relating to the use of works that cannot be identified on the basis of the reports are distributed within the second half-year following the one of the ordinary distribution, in favour of those who participated in the distributions of Class VI, proportionally to the amount of census statements of the reference period.

Claims -if any- received after the extra-ordinary proportional distribution above, but in any case within the limitation period provided by law, are accepted if it is ascertained the claimer's ownership of works and if the Society has received all the necessary information in order to calculate the amounts to be paid for the use of said works.

12.9 Distribution Frequency

The distribution of revenues for online music is made at least every half-year:

- Revenues referring to the first half-year are distributed by the month of January of the following year;
- Revenues referring to the second half-year are distributed by the month of July of the following year.

13 AUDIO AND VIDEO MECHANICAL REPRODUCTIONS

13.1 Distribution Criteria

Revenues collected as **reproduction rights of musical works on audio and video carriers, such as Compact-Disc, DVD, Blu-Ray Disc and any other carrier or similar device**, meant for sale, promotional/complimentary distribution or rental (limited to videographic carriers containing cinematographic or assimilated works) are allocated to the works used, in relation to their duration or their number in the carrier.

EXCLUSIONS

As to reproductions on video carriers, works constituting music themes or music logos identifying the producer or the licensee or film/video distributor, and/or the videographic producer of the audiovisual work reproduced on said carrier, are excluded from distribution.

13.2 Distribution Frequency

The distribution of revenues for audio and video mechanical reproduction is made at least every half-year and the relevant amounts are paid to the associate members:

- as to uses relating to the **first half-year**, by the month of **January of the following year**;
- as to uses relating to the **second half-year**, by the month of **July of the following year**.

13.3 Amounts collected on a lumpsum basis

Amounts collected on a lump sum basis for the mechanical reproduction of works that cannot be identified are distributed in the half-year following the one of the ordinary distribution, in favor of those participating in distributions for audio and video reproduction rights, proportionally to the amount of the census statements of the reference period.

14 REPRODUCTION DJs' WORK COPIES

14.1 Distribution criteria

Revenues collected for mechanical reproduction rights concerning annual licenses for "work copies" (namely compositions) on blank carriers or digital memories, made by Disc Jockeys for professional use to the purpose of public performance, are distributed on a census model. Distribution is made on the basis of the online reports of the work-copies filled out by the licensees, with at least 201 work-copies; to each one of said work-copies it is allocated a certain amount resulting from the ratio between the net amount paid for a single license and the overall number of the declared work-copies.

EXCLUSIONS

Revenues relating to licenses for which the licensees have listed in their reports up to 200 work-copies are excluded from the above system of direct census distribution. Revenues from licenses for which no online reports have been filled out are excluded as well.

14.2 Distribution frequency

Distribution of revenues for licenses with at least 201 work-copies is made annually by the month of July of the year following the one of the license expiry date.

Distribution of revenues excluded from the system of census distribution and of revenues relating to unidentified musical works is made by the month of July of the year following the one of the license expiry date, in favour of those who participated in the distributions for "Dance with mechanical device - detections", proportionally to the amount of census statements of the second half-year of the year of granting of the license and of the first half-year of the following year.

15 RECORDINGS FOR RADIO AND TV BROADCASTING

15.1 Distribution Criteria

Revenues relating to **recording rights for the purpose of radio and TV broadcasting** by radio and TV broadcasters, as identified by a specific decision of the Management Board, after hearing the opinion of Music Commission, are distributed separately for radio and TV broadcasting among all musical works used in radio and TV programs respectively, in any way generated and in whatever way the recording right is exercised, before, during or after radio or TV broadcast, i.e. included in programs recorded and sent to other stations for the purpose of their radio or TV use.

TV: each musical work listed in the program logs of TV broadcastings delivered by the broadcaster to the Society participates in the distribution according to:

- duration of use;
- coefficient 1, that is given a different value according to the broadcasting time-slot of the TV program in which it is included. Values given to the coefficient are the same as reported in Chapter 8.
- coefficient 2, that is given a different value according to the role played by the music within the TV program. Values given to each category (foreground music, commentary music, background music, etc.) are those given to the nature of the TV programming schedules by the General Licensing Conditions.

RADIO: each musical work listed in the program logs of radio broadcastings delivered to the Society by the broadcaster participates in the distribution according to:

- duration of use;
- coefficient 1, which is given a different value according to the broadcasting time-slot of the radio program in which it is included. Values given to the coefficient are the same reported in Chapter 9.
- coefficient 2, which is given a different value according to the role played by music within the radio program. Values given to each category (foreground music, commentary music, background music) are the same given to the analogous coefficient for TV uses.

Coefficient 2 "role played by music"

Role played by Music	Description	Coefficient Value 2
FOREGROUND MUSIC	Foreground music for any kind of broadcast	100
COMMENTARY MUSIC	Music for film and telefilm	20
BACKGROUND MUSIC	Music mainly used simultaneously with dialogues	20
JINGLES*	The music, inserts and theme songs opening and ending programs	3

(*) for a half-year use duration of each musical work not exceeding 60 minutes in total for every single broadcaster

EXCLUSIONS

The following uses are not taken into consideration for the purposes of census distribution:

- A. single uses of less than 10 seconds. However, uses of the same work – for a single duration of less than 10 seconds and provided that they can be identified – are taken into account for distribution purposes when they are repeatedly used – within the same program – so to reach a total duration equal or longer than 10 seconds;
- B. wired radio programs;
- C. musical works in advertisements constituting a direct or indirect commercial offer. Announcements of programs of the broadcaster itself and musical works used in advertisements of social value are not excluded;
- D. musical works broadcast that cannot be identified by listening.

15.1 Distribution frequency

The distribution of revenues relating to **recording rights for TV and radio broadcast** is made at least **every half-year**, consistently with the provisions in Chapters 8 and 9 as to performing rights.

15.2 Management of revenues that cannot be distributed in the ordinary way

15.2.1 *Missing reports*

As to revenues from domestic TV and radio broadcasters (whatever their broadcast technology) for which the relevant report is not available, the Society adopts the following alternative distribution criteria:

1. **a simplified distribution** according to the minutes calculated by the Society by registering the programming of each Broadcaster and content-recognition of the works used;
2. if the above is not applicable, revenues from domestic TV and radio broadcasters for which a detailed program log is unavailable two years after the ordinary distribution, **are distributed** in favour of those who participated in their relevant sub-classes (Class V – TV or Class V – Radio), **proportionally** to the amount of census distribution of the reference period.

15.2.2 *Incomplete reports*

Revenues which cannot be distributed because of incomplete reports sent by TV broadcasters are distributed in the half-year following the one of the ordinary distribution in favour of those who participated

in the distributions of Class V- Radio, proportionally to the amount of census statements of the reference period.

Revenues that cannot be distributed because of incomplete reports sent by radio broadcasters are distributed in the half-year following the one of the ordinary distribution, in favour of those who participated in the distributions of Class V - Radio, proportionally to the amount of the census statements of the reference period.

15.2.3 Missing cue-sheets

Revenues relating to cinematographic works included in TV reports, whose relevant cue-sheets could not be obtained, are distributed according to the criteria and timetable fixed by a specific decision of the Management Board, after hearing the Music Commission.

15.2.4 Unidentified musical works

Revenues relating to TV use of musical works that cannot be identified are distributed in the half-year following the one of the ordinary distribution, in favour of those who participated in the distributions of Class V-TV, proportionally to the amount of census statements of the reference period.

16 PRIVATE COPYING

16.1 Distribution Criteria

As regards the share to be allocated to the Music Division, remunerations for private reproduction for personal use are distributed on the basis of the following criteria:

Revenues for **private audio reproduction**:

- A. a percentage share **proportional** to the amount of the census statements of **Class V Records Italy** of the reference period;
- B. a percentage share **proportional** to the amount of the census statements of **Class III Radio** relating to the uses of the reference period;
- C. a percentage share **proportional** to the amount of the census statements of **Class VI** of the reference period;
- D. a percentage share **proportional** to the overall amount of **all the census statements** of the reference period.

The shares under A, B, C and D above are fixed by a specific yearly Decision of the Management Board, on advice of the Music Commission, in order to keep such shares consistent with the ever-changing conditions of the reference market and with the use habits of private copying.

Revenues for **private video reproduction**:

- E. a percentage share **proportional** to the amount of the census statements of **Class V -Videogram Records** of the reference period;
- F. a percentage share **proportional** to the amount of the census statements of **Classes II and III - main domestic TV broadcasters** relating to the uses of the reference period;
- G. a percentage share **proportional** to the overall amount of **all the census statements** of the reference period.

The shares under E, F and G above, are fixed by a specific yearly Decision of the Management Board, on advice of the Music Commission, in order to keep such shares consistent with the ever-changing conditions of the reference market and the use habits of private copying.

16.2 Distribution Frequency

Frequency and distribution timetables are fixed by a specific Decision of the Management Board, on advice of the Music Commission.

17 PAYMENTS FROM FOREIGN SISTER SOCIETIES

17.1 Distribution Criteria

Revenues from foreign authors' societies are allocated, net of the Society's commission, to the works for which such revenues are reported by the sister Society, and distributed according to the ordinary distribution scheme as shown in the work registration form or according to the special distribution schemes possibly established for the specific territory of origin of the remittances.

Revenues reported by each Sister society as a general proportional or indirect distribution and that cannot in any way be allocated to single works are added to the amounts reported on a census basis by said sister Society, proportionally to the amount reported for each work or right owner and with reference to the census statements of the relevant period.

17.2 Frequency of distribution

Revenues credited by foreign Societies are distributed at least **every half-year**:

- revenues received in the period spanning from December until May are distributed by the month of July;
- revenues received in the period spanning from June until November are distributed by the month of January of the following year.

Revenues collected for cable TV uses constitute an exception. They are distributed once a year during the July distribution according to the procedure fixed by a specific Decision of the Management Board.

17.3 Management of revenues that cannot be distributed in the ordinary way

17.3.1 *Unidentified musical works*

Revenues relating to uses whose details cannot be identified are distributed within the half-year following the one of the ordinary distribution, in favour of those who participated in the distributions of "Payments from abroad" proportionally to the amount of the census statements of the reference period.

18 DEDUCTIONS FOR CULTURAL ACTIVITIES AND SUPPORT FOR THE NATIONAL ARTS

The Society, under the conditions and limits provided for in the reciprocal representation standard–contracts entered into with foreign Authors' Societies, or in other contracts entered into with entities representing right owners, deducts from the net revenues it collects for music performing rights a 5% share in favour of its associate members whose works are managed by the Music Division, for cultural activities and for supporting national arts.

The allocation of these amounts is fixed annually by a specific decision of the Management Board, after hearing the Music Commission.

19 MANAGEMENT OF EXCEPTIONAL CASES

The Management Board, after hearing the Music Commission, establishes by specific decisions the procedures, criteria and timetable distribution of the revenues that cannot be distributed for possible further extraordinary reasons not regulated by this Distribution Policy.