

# *Articles of Association and Rules*

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**buma•stemra**



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# INTRODUCTION

This document contains the Articles of Association and Rules of Buma/Stemra, an organisation which represents the interests of composers, lyricists and music publishers.

## Two organisations

Buma/Stemra represents two bodies: Vereniging Buma and Stichting Stemra. Each of these bodies has its own Articles of Association, Rules and Board. They also have separate functions: Vereniging Buma looks after the concerns of interested parties in the field of musical performing rights. Stichting Stemra looks after their interests where mechanical reproduction rights are involved. Buma/Stemra has a single management organisation and, for the sake of efficiency, the Boards of Buma and Stemra meet at the same time.

## Why have Articles of Association and Rules?

You can refer to the Articles of Association and Rules if you have any queries about the 'small print' aspect of Buma or Stemra. In the case of Buma/Stemra, for example, there may be concerns about participation, membership and affiliation, distribution (the sharing of monies received by the organisation), procedures and the organisational structure.

# OUTLINE OF THE ARTICLES OF ASSOCIATION AND RULES

If you would like to familiarise yourself with the Articles of Association and Rules but are not sure where to begin, we suggest you start by looking through this introductory guide. It tells you which articles contain the information you may be looking for. Still can't find it? Then browse through the extensive list of keywords at the end of this publication.

## Articles of Association of Vereniging Buma

The Articles of Association of Vereniging Buma begin with the 'Name, registered office and duration' of the association (Article 1). Article 2 contains definitions of terms used elsewhere in the text. The aim of Vereniging Buma is to further the interests of music authors and publishers. More information about this and about the means employed by Buma to that end can be found in Articles 3 to 5. Rules on membership, e.g. applying for membership, cancellation and conditions are given in Articles 6 to 12.

The Board of the Association is made up of twelve members who are appointed by other members. Rules on elections to the Board and the Council of Members, its composition, tasks, meetings and remuneration are set out in Articles 13 to 20d. For example, Article 13, Paragraph 6 states how the members themselves can put forward candidates for membership of the Board. The powers of the management, its relationship with the Board and the

procedure for appointing members of the management are explained in Articles 21 to 23. These Articles state, amongst other things, that the management recruits staff and that the members' meeting appoints the management on the Board's recommendation. The members' meeting is described from Article 24: Who may attend the members' meeting? How often is it held? When are its decisions legally binding? What are the voting procedures?

To find out more about the financial year and annual accounts, go to Article 26. Article 27 deals with the nature and content of Exploitation agreements. Article 28 deals with the committees and Article 29 with the rules of the Association. Did you know that these may not contradict the Articles of Association? And that they are drawn up by the Board? Article 30 contains the conditions and procedures for amending the Articles of Association and Article 31 the conditions for dissolving the Association. If the Association is dissolved, its affairs must be wound up; for more information, see Article 32. Finally, Articles 33 to 35 contain various general provisions.

## Distribution Rules of Vereniging Buma

The Distribution Rules of Vereniging Buma begin with definitions (Article 1). Articles 2 and 3 contain a general outline of the distribution process and the Rules. Articles 4 and 5 explain the principles of distribution. How monies are distributed and how much money may be generated by the use of a

musical work is described in Articles 6, 7 and 8. Articles 9 and 10 deal with supplementary payments, Article 11 with the basic payment, Article 12 with payments by Buma and Article 13 with minimum payments. Article 18 states when the rules come into effect.

The Distribution Rules also contain five appendices. Appendix I, Article 1, lists the interested parties in the proceeds of musical works: composers, arrangers, lyricists, adapters, publishers, sub-arrangers, local adapters, sub-publishers and catalogue representatives, their heirs and other legal successors. Articles 2 to 9 describe the rights of each of these parties in turn. Appendix II is concerned with the notification of works. Go to Appendix III for information about the awarding of points for distribution. Appendix IV only applies to monies received by Buma from before the 2000 financial year. Appendix V gives detailed information about the distribution keys applied to the received monies. The section on Distribution Regulations concludes with a transitional arrangement for the Rules. This is mentioned in connection with possible complaints about financial years prior to 2000.

### Notes to the Distribution Rules of Vereniging Buma

The Notes to the Distribution Rules contain detailed explanations of each individual article and appendix of the rules. They are easy to read and you may consult them, for example, if there is anything you are

still not sure about after reading the Rules. They can also be used as a supplement to this introduction – if you would like to know more about the Rules before reading the Rules themselves. The Notes are therefore suitable for anybody requiring a context in which to approach the legal text of the Rules themselves.

### Exploitation Rules of Vereniging Buma

The Exploitation Rules of Vereniging Buma specify how the Association handles the exploitation and enforcement of the musical performing right (Article 2 and 3). They also contain information about possible penalties for participants, the annual contribution, distribution and the exploitation agreement (in Articles 4, 5, 6 and 7 respectively). Article 8 deals with the moral rights of the author, Article 9 plagiarism and Article 10 what happens upon the death of a participant. Article 11 is about the assignment (transfer) of claims. This is followed by three Articles concerning the legal relationship between Buma and the participant, special provisions and the date on which the rules come into effect. The section concludes with notes to the amendments to the Exploitation Rules of 2007.

### Articles of Association of Stichting Stemra

The Articles of Association of Stichting Stemra have exactly the same structure as those of Vereniging Buma. Article 1 contains information about the name,

registered office and duration of the Foundation, Article 2 the definitions, Article 3 the aim and means of the Foundation. Articles 6 to 12 are concerned with affiliates, who are the equivalent of Vereniging Buma's members. Articles 13 onwards are to do with the Board and the Council of Members of Stemra. For example, Article 13, Paragraph 3 explains how the affiliates themselves can put forward candidates for membership of the Board. Articles 21 onwards deal with the management. Articles 24 and 25 contain information about the Meeting of Affiliates, the equivalent of the members' meeting of Buma.

To find out more about the financial year and annual accounts, go to Article 26. Article 27 deals with Exploitation agreements, Article 28 deals with committees and Article 29 deals with the rules of the Association, while Article 30 contains the conditions and procedures for amending the Articles of Association. Articles 31 and 32 describe what happens when the Foundation is dissolved, such as the winding up of the Foundation's affairs (Article 32). Finally, Articles 33 to 36 contain various general provisions.

### **Distribution Rules of Stichting Stemra**

The Distribution Rules of Stichting Stemra start with a list of definitions. Articles 2 and 3 contain general provisions regarding the nature of the rules and the distribution. Article 4 and 5 explain the principles of

distribution. Concerning the calculation and distribution of proceeds of each work, go to Articles 6 and 7. Finally, Article 8 is about basic payments, Article 9 payments, Articles 10 to 13 minimum payments and Article 14 the date on which the rules come into effect.

The Distribution Rules include three appendices. Appendix I, Article 1, lists the interested parties in the proceeds of musical works: composers, arrangers, lyricists, adapters, publishers, local adapters, sub-publishers and catalogue representatives, their heirs and other legal successors. Articles 2 to 8 describe the rights of each of these parties in turn. Article 9 mentions the date on which Appendix I came into effect. Appendix II deals with the notification of works. Appendix III is concerned with the distribution of the proceeds of each work and the associated distribution keys. These are simpler than those of Vereniging Buma.

### **Notes to the Distribution Rules of Stichting Stemra**

The Notes to the Distribution Rules contain detailed explanations of each individual article and appendix of the rules. They are easy to read and you may consult them, for example, if there is anything you are still not sure about after reading the Rules. They can also be used as a supplement to this introduction – if you would like to know more about the Rules before reading the Rules themselves. The Notes are therefore

suitable for anybody requiring a context in which to approach the legal text of the Rules themselves.

### Exploitation Rules of Stichting Stemra

The Exploitation Rules specify how the Foundation handles the exploitation and enforcement of the mechanical reproduction rights (Article 2 and 3). They also contain information about possible penalties for participants, the annual contribution, distribution and the exploitation agreement (in Articles 4, 5, 6 and 7 respectively). Article 8 deals with the moral rights of the author, Article 9 plagiarism and Article 10 what happens upon the death of a participant. Article 11 is about the assignment (transfer) of claims. This is followed by an article dealing with the legal relationship between Stemra and the participant. Articles 13 to 15 contain special provisions and transitional provisions. The article after that indicates the date on which the rules come into effect. The section concludes with notes to the Exploitation Rules of 2007.

### Indexation Rules of Vereniging Buma and Stichting Stemra

The Indexation Rules are the rules adopted by Vereniging Buma and Stichting Stemra for adjusting the sums mentioned in the Articles of Association and the Rules. The Rules give the formula used by Buma/Stemra and explain how the amounts are rounded.

### Accreditation Rules

The Accreditation Rules state the criteria that professional associations have to meet in order to nominate candidates for the Board and the Council of Members of Buma/Stemra and which criteria they have to meet in order to be eligible for financial subsidy from Buma/Stemra.

### Election Rules

These rules deal with the election of authors to the Board and the Council of Members . As far as possible and by analogy these rules also apply to the election of publishers. The election rules start with definitions In Article 1. The election rules describe which procedures have to be followed when holding elections. Articles 4, 5 and 6 therefore state which criteria apply for candidates for the Board and the Council of Members . The role and composition of the Benoemings-AdviesCommissie (Advisory Appointment Committee) (BAC) are also described (Article 7).

### Rules on dealing with plagiarism disputes between participants of Buma and Stemra

These rules begin with definitions, followed by Articles 2 and 3 containing provisions about the Vaste Commissie Plagiaat (Permanent Committee on Plagiarism, VCP). Articles 4 and 5 indicate when somebody may submit a complaint and how the VCP deals with it. The VCP may demand a deposit before dealing with a complaint (Article 6). The procedures

which are followed in dealing with a complaint are described in Articles 7 to 12. Reimbursements for VCP members and deposits declared forfeited are regulated in Articles 13 and 14. The rules also explain about the adjustments made in 2007.

### **Rules of the Disputes Committee**

For the first time, this edition of the Articles of Association and Rules contains the rules of the Disputes Committee. These explain the scope of the rules, how the committee is composed and appointed, how a meeting proceeds and what are the consequences of the verdicts of the Committee. As well as the Rules themselves, notes are also provided. These notes reflect the intention of the Rules, but are also an integral part of the Rules. The notes also serve as instructions for applying the Rules.

# ARTICLES OF ASSOCIATION OF VERENIGING BUMA

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## ARTICLES OF ASSOCIATION

### NAME, REGISTERED OFFICE AND DURATION

#### Article 1

1. The name of the Association is: *Vereniging Buma*.
2. The Association has its registered office in *Amstelveen*.
3. The Association has been established for an unlimited period of time

### DEFINITIONS

#### Article 2

In these Articles of Association the following definitions apply:

- a. *Musical performing right: The rights and/ or claims under the law, a convention or a statutory regulation to which the author or his successors in title are entitled, anywhere in the world, with regard to every publication - with the exception of reproductions or the distribution of reproductions - of copyright-protected musical works with or without lyrics, the performance of dramatic-musical works being regarded as equivalent to these if rendered without being shown.*
- b. *Composer: The creator of a musical work.*
- c. *Lyricist: The creator of lyrics associated with a musical work.*
- d. *Author: A natural person who is a composer and/or lyricist.*
- e. *Publisher: A one-man business operated by a natural person who performs the commercial function of music publisher.*
- f. *Publishing company: A company operated by and/or for the account of several natural persons or by a legal entity, which performs the commercial function of music publisher.*
- g. *Participant: The interested party with respect to the musical performing right who has concluded an exploitation agreement with the Association either in the capacity of author or his successor in title, or in the capacity of publisher or publishing company.*
- h. *Members: Participants and persons registered by publishing companies or by companies as mentioned in Article 7a who are admitted as members under these Articles of Association for the duration of such membership.*
- i. *New Geneco: The Nieuw Genootschap van Nederlandse Componisten (New Society of Dutch Composers of Serious Music), which, by the notarial deed dated July 8, 2014 following the merger with Componisten '96 (Composers '96), is the changed name of the Genootschap van Nederlandse Componisten (Society of Dutch Composers), founded on February 5, 1911, with registered office in Amsterdam.*
- j. *Popauteurs.nl: Vereniging Popauteurs.nl, which, by the notarial deed dated February 14, 2014, is the changed name of the Vereniging van Professionele Auteurs Lichte Muziek (Association of Professional*

Authors of Light Music), which, by the notarial deed dated May 3, 1990, was the changed name of the Vereniging Woord en Toondichters der Lichte muziek W.T.L. (Association of authors and composers of Light Music), founded on January 28, 1937, with registered office in Amsterdam.

- k.** VSenV: De 'Vereniging van Schrijvers en Vertalers' (The Association of Writers and Translators) with registered office in Amsterdam, since 1998 successor of the Vereniging van Letterkundigen/Vakbond van Schrijvers (Dutch Writers Guild), founded on February 15, 1905, with registered office in Amsterdam.
- l.** BCMM: Beroepsvereniging Componisten MultiMedia (Professional Association of MultiMedia Composers), founded on the thirteenth of March, two thousand and nine, with registered office in 's-Gravenhage;
- m.** NMUV: Nederlandse Muziek Uitgevers Vereniging, (Association of Dutch Music Publishers), founded on the sixth of November, nineteen hundred and ninety-two, with registered office in Hilversum;
- n.** Groep Uitgevers (Group of Publishers): the Groep Uitgevers en Grossiers (Group of Publishers and Wholesalers) of the Vereniging van Muziekhandelaren en Uitgevers in Nederland (Association of Music Dealers and Publishers in the Netherlands), founded on the sixteenth of July, nineteen hundred and nine, with registered office in Amsterdam;
- o.** exploitation agreement: a contract as referred to in Article 27;
- p.** repertoire: the total number of musical works with regard to which a natural person or legal entity holds either the musical performing right, or a right to payment by virtue of the musical performing right at the moment the exploitation agreement is entered into, and all musical works he will create during the term of this agreement or with regard to which he will acquire either the musical performing right, or the right to payment by virtue of the musical performing right for the duration of this agreement.
- q.** Stemra: Stichting Stemra, with registered office in Amstelveen;
- r.** member of the management: a natural person appointed by the members' meeting in accordance with Article 21, Paragraphs 1 and 5;
- s.** management: the body as referred to in Article 21, consisting of one or more members of the management;
- t.** chief executive: the member of the management appointed as chairperson of the management by the members' meeting in accordance with Article 21, Paragraph 1;
- u.** (deputy) managing director: the employee who has been allocated the title of (deputy) managing director by the management, in accordance with Article 23, Paragraph 3;
- v.** Council of Members : the body referred to in Article 20a;
- w.** Successor in title
  - a** natural person who has acquired music copyright from an author under the law of inheritance (i.e. as heir or legatee);
  - b** successive heirs and/or legatees;
  - c** a 'besloten vennootschap' or 'naamloze vennootschap' with an author or their legal successor holding at least ninety percent (90%) of the issued share capital, or
  - d** other legal entities meeting the requirements laid down in rules to be defined by the Board

## AIM AND MEANS

### Article 3

The Association's aim is to further the tangible and intangible interests of authors and their successors in title, publishers and publishing companies as a non-profit institution.

### Article 4

1. The Association endeavours to achieve this by:
  - a. seeking to improve copyright protection in general and in particular of works by composers and lyricists, both nationally and internationally;
  - b. acting as an intermediary with regard to the musical performing right and the exploitation and enforcement of the rights and claims entrusted to the Association. For this purpose, the Association may act in its own name in legal matters, irrespective of the title on account of which it is administering and enforcing the rights and claims entrusted to it;
  - c. setting up and maintaining an office to carry out the activities of the Association;
  - d. setting up and maintaining organisations and funds, with or without legal personality, whose aim is to further the cultural and social interests of the participants;
  - e. other means which further its aim.
2. In order to achieve its aim the Association is authorised to operate both in and outside the Netherlands.
3. The Association is authorised to conclude agreements with organisations of a similar nature outside the Netherlands, preferably on the basis of reciprocity.
4. The Association is authorised to participate in national and international organisations in the area of copyright.

5. The Association is authorised to allow its office to carry out activities on behalf of third parties in the area of copyright or related rights and claims on condition that such activities shall not adversely affect or jeopardise the interests of the Association and its participants.

### Article 5

The Association's financial resources consist of:

- a. payments received for services rendered to natural persons or legal entities;
- b. contributions from members, annual contributions from participants and admission fees charged;
- c. revenue from assets;
- d. voluntary contributions and donations;
- e. testamentary dispositions which cannot be accepted other than by benefit of inventory;
- f. other revenue.

## MEMBERSHIP

### Article 6

1. Membership of the Association is only open to natural persons who are authors or heirs or legatees of the author, or publishers, or who perform a managerial role in a publishing company.
2. Each publishing company can register only one managerial officer for membership.
3. A natural person can be a member of the Association in one capacity only.

### Article 7

1. Authors may be members of the Association on condition that they
  1. are residents or citizens of one of the Member States of the European Union,

- and
  - 2. have concluded an exploitation agreement with the Association
  - and
  - 3. have received an average income of at least two hundred and fifty euros (€ 250.00) per annum under their exploitation agreement for three consecutive calendar years.
2. If an author has been a member of the Association before and their membership was terminated on the basis of Article 11, Paragraph 2 because their total income for five calendar years amounted to less than one thousand euros (€ 1,000), they must have received the amount referred to in Article 7, Paragraph 1 (3) in income since their membership last expired.

### Article 7a

1. A company as referred to in Article 2, sub-paragraph w, can register an author who holds at least ninety per cent (90%) of the shares for membership of the Association, provided
- 1. the company has established its head office in one of the Member States of the European Union
  - and
  - 2. the company has concluded an exploitation agreement with the Association
  - and
  - 3. the company has received an average income of at least two hundred and fifty euros (€ 250.00) per annum under its exploitation agreement for three consecutive calendar years.
- 1.a. For the purposes of this Article 7a, Paragraph 1 (relating to membership), the years and income when the author was a participant

count towards counting the years and income of the company of which the author has registered membership.

2. If an author registered by the company has been a member of the Association before and that membership was terminated on the basis of Article 11, Paragraph 2 because the total income of the company for five calendar years amounted to less than one thousand euros (€ 1,000), the company must have received the amount referred to in Article 7a, Paragraph 1 (3) in income since that membership last expired.

### Article 7b

1. A participant who has concluded an exploitation agreement with the Association on behalf of succeeding heirs and legatees of an author can be a member of the Association, provided that
- 1. the participant is a resident or citizen of one of the Member States of the European Union
  - and
  - 2. has concluded an exploitation agreement with the Association
  - and
  - 3. the repertoire has received an average income of at least two hundred and fifty euros (€ 250.00) per annum under the exploitation agreement for three consecutive calendar years.
2. If a person registered on behalf of succeeding heirs and legatees has been a member of the Association before and that membership was terminated on the basis of Article 11, Paragraph 2b because the total income from the exploitation agreement mentioned in Paragraph 1 (2) for five calendar years amounted to less than one thousand euros (€ 1,000), they must have received the amount referred to in Article 7,

Paragraph 1 (3) in income since the membership last expired.

3. Succeeding heirs and legatees are the successors mentioned in Article 1, letter t, under a and b.
4. Members who are members of the Association on behalf of heirs and/or legatees cannot be or become members of the Board or members of the Council of Members of the Association.

### Article 8

1. Publishers may be members of the Association on the condition that they
  1. are residents or citizens of one of the Member States of the European Union, and
  2. do not work as publishers within a publishing company, and
  3. have concluded an exploitation agreement with the Association for all or at least fifty original works which they have published under a direct legal relationship with an author or their successors in title, and
  4. have received an average income of at least two thousand five hundred euros (€ 2,500.00) per annum under their exploitation agreement for three consecutive calendar years.
2. If a publisher has been a member of the Association before and their membership was terminated on the basis of Article 11, Paragraph 3 because their total income for five calendar years amounted to less than ten thousand euros (€ 10,000.00), they must have received the amount referred to in Article 8, Paragraph 1 (4) in income since their membership last expired.

### Article 9

1. A publishing company can register one managerial officer for membership of the Association if this publishing company
  1. has established its head office in one of the Member States of the European Union and
  2. has concluded an exploitation agreement with the Association for all or at least fifty original works which it has published under a direct legal relationship with an author or their successors in title, and
  3. has received an average income of at least two thousand five hundred euros (€ 2,500.00) per annum under its exploitation agreement for three consecutive calendar years.
2. If a person registered by the publishing company has been a member of the Association before and that membership was terminated on the basis of Article 11, Paragraph 4 because the total income of the publishing company for five calendar years amounted to less than ten thousand euros (€ 10,000.00), the publishing company must have received the amount referred to in Article 9, Paragraph 1 (3) in income since that membership last expired.

### Article 10

1. Applications – by a participant – for membership are made in writing to the management by means of an application form to be provided by the management.
2. The management decides whether to admit or reject applications. In doing so it must check whether the person concerned meets the membership requirements. The applicant must be notified of the decision in writing no later than thirty days after receipt of the application form by the Association.

3. The starting date of the membership will be the date of the written notification of the management's decision on admission.
4. If a decision is taken to reject the application for membership, reasons will be given. The applicant may lodge a written appeal with the Association's Board, giving their reasons for doing so, within three months of the date of the written notification of the management's decision.
  - a. If a publishing company has applied for membership for a natural person, only this publishing company is entitled to lodge the appeal referred to in the above paragraph.
  - b. If a company as referred to in Article 7a has applied for membership for an author, only that company is entitled to lodge the appeal referred to in paragraph 4.
5. In the event of differences of opinion on whether all the requirements for membership have been met, the Association's records will be definitive unless evidence to the contrary is provided.

### Article 10a

1. Every year – preferably during the month of January – the management checks to see
  - a. which participants meet the membership requirements referred to in Articles 7, 7b and 8;
  - b. which participants meet the requirements for applying for membership as referred to in Articles 7a and 9.
2. A participant as referred to in Article 10a who meets the membership requirements referred to in Articles 7, 7b or 8 becomes a member of the Association on being notified by the management, in writing or by electronic means, that the participant meets the membership requirements referred to in Articles 7, 7b or 8. Membership commences on the date of the written or electronic notification by the management, unless

the participant informs the management within thirty (30) days of the written or electronic notification by the management that he does not wish to be a member. In the event of differences of opinion on whether all the requirements for membership have been met, the Association's records will be definitive unless evidence to the contrary is provided.

3. A participant as referred to in Article 10 who meets the membership requirements referred to in Article 7a or 9 receives written or electronic notification from the management stating that the participant is a person who may apply to the management for membership as referred to in Article 7a or 9 using an application form attached to the notification. The management checks whether the person applying for membership meets the membership requirements. The management decides whether to admit or reject applications. The terms of Article 10 Paragraphs 2 to 6 likewise apply.

### Article 11

1. Every year the management calculates the amounts received in income by each member and each publishing company as referred to in Article 7a and each participant on behalf of heirs and legatees of an author as referred to in Article 7b under his or her exploitation agreement for the past five calendar years.
2. An author's membership as referred to in Article 7 will be terminated if the total amount referred to in Paragraph 1 amounts to less than one thousand euros (€ 1,000.00) unless Article 11, Paragraph 8 applies.
  - a. An author's membership as referred to in Article 7a will be terminated if the total amount referred to in Paragraph 1 amounts to less than one thousand euros (€ 1,000.00)

unless Article 11, Paragraph 8 applies.

- b. *Membership on behalf of succeeding heirs and legatees of an author as referred to in Article 7b will be terminated if the total amount referred to in Paragraph 1 amounts to less than one thousand euros (€ 1,000.00) unless Article 11, Paragraph 8 applies.*
3. *A publisher's membership as referred to in Article 8 will be terminated if the total amount referred to in Paragraph 1 amounts to less than ten thousand euros (€ 10,000.00) unless Article 11, Paragraph 8 applies.*
4. *The membership of a managerial officer as referred to in Article 9 will be terminated if the total amount referred to in Paragraph 1 earned by the publishing company which registered their membership amounts to less than ten thousand euros (€ 10,000.00).*
5. *The membership of an author as specified in Article 7 or of a publisher as specified in Article 8 cannot be terminated on the basis of Article 11, Paragraphs 2 to 4, if the membership has not yet lasted five consecutive calendar years.*
- 6a. *The membership of a natural person as specified in Article 9 acquired pursuant to an application for membership submitted by a publishing company cannot be terminated on the basis of Article 11, Paragraph 4 if their membership and the preceding membership of other natural persons registered for membership by the same publishing company have not jointly lasted for five consecutive calendar years.*
- 6b. *The membership of an author as specified in Article 7a acquired pursuant to an application for membership submitted by a company as specified in Article 7a cannot be terminated on the basis of Article 11, Paragraph 2a if their membership has not lasted for five consecutive*  
*calendar years.*
- 6c. *The membership of a participant as specified in Article 7b on behalf of succeeding heirs and legatees as referred to in Article 7b cannot be terminated on the basis of Article 11, Paragraph 2b if the membership on behalf of the heirs and legatees has not lasted for five consecutive calendar years.*
7. *Unless evidence to the contrary is provided, the Association's records will be definitive.*
8. *Based on the special contributions of an Association's member, the Board is entitled to grant dispensation from the stipulations regarding the financial requirements and/or the required number of original works, in one or more of the following articles:*
  - 1) *article 7, paragraph 1, sub 3 (Europe),*
  - 2) *article 7a, paragraph 1, sub 3,*
  - 3) *article 7b, paragraph 1, sub 3,*
  - 4) *article 8, paragraph 1, sub 3 (50 works) and sub 4 (Europe),*
  - 5) *article 9, paragraph 1, sub 2 (50 works) and sub 3 (Europe),*
  - 6) *article 11, paragraphs 2 to 4,*
  - 7) *article 13a, paragraphs 1 to 4,*  
*if, in the judgement of the Board,*
    - a. *the participant has done praiseworthy work as a member of one of the bodies of the Association and/or Stemra;*
    - b. *the participant has done praiseworthy work as a board member of establishments affiliated with the Association or Stemra or organisations at national or international level;*
    - c. *the participant has done praiseworthy work in areas related to the aims of the Association or Stemra.*

## Article 12

### 1. Membership expires:

- a. on the death of the member;
- b. by cancellation in writing on the part of the Association, effective immediately, to be sent by registered letter and stating the reasons, in the following cases:
  1. if the exploitation agreement concluded between the Association and the member or the publishing company or the company referred to in Article 7a has expired for whatever reason;
  2. if the member, whether registered for membership by a publishing company or not, or the publishing company who registered a person as a member has ceased to meet the requirements in the Articles of Association on membership or registering a person as a member, with the exception of the financial requirements referred to in Article 7, Paragraph 1 (3), Article 8, Paragraph 1 (4) or Article 9, Paragraph 1 (3);
  3. in the case referred to in Article 11, Paragraph 2, 2a, 2b, 3 or 4, unless Article 11, Paragraph 8 applies;
  4. if the publishing company withdraws the registration of the member it registered by registered letter;
  5. if the company referred to in Article 7a withdraws the registration of the member it registered by registered letter;
  6. if the company which registered a person for membership has ceased to meet the requirements in the Articles of Association on membership or registering a person as a member, with the exception of the financial requirements referred to in Article 7a, Paragraph 1 (3);
  7. if a participant on behalf of heirs and legatees has ceased to meet the requirements in the Articles of Association on registering a person as a member, with the exception of the financial requirements referred to in Article 7b, Paragraph 1 (3);
- c. by cancellation in writing on the part of the Association, to be sent by registered letter, stating the reasons, with two weeks' notice, in the following cases:
  1. if the member or the publishing company who registered the member or the company as referred to in Article 7a who registered the member or the participant who registered somebody on behalf of heirs or legatees does not fulfil his or her obligations under the Articles of Association, rules, resolutions of the Association or the exploitation agreement;
  2. if the Association cannot reasonably be required to continue the membership;
- d. by resignation in writing, to be sent by registered post, stating the reasons, by a member who is an author as referred to in Article 7, or – if the member, being an author as referred to in Article 7a, is registered for membership by a company – exclusively by the company, or – if the member is registered by a publishing company – exclusively by the publishing company, or – in the case of a member acting on behalf of heirs and legatees as referred to in Article 7b – exclusively by the member – on the thirty-first (31st) of December of any year, with at least three months' notice;
- e. by expulsion by the Association if the

member or the publishing company which has registered a person for membership or the company as referred to in Article 7a which has registered an author for membership, or if the participant and/or the member acting on behalf of heirs and legatees as referred to in Article 7b contravenes the Articles of Association, rules, resolutions of the Foundation or the exploitation agreement or unreasonably prejudices the Foundation.

2. Termination on the part of the Foundation by virtue of Article 12, Paragraph 1, b and c, is effected by the Board. The person whose membership has been terminated as well as the publishing company or the company as referred to in 7a are immediately notified of the termination in writing. An appeal may be lodged with the Foundation's Board in writing, giving the reasons for the appeal, within one month of the date of receipt of the written notification of the decision to terminate the membership. An appeal may be lodged by a member who is an author as referred to in Article 7, or – if the member, being an author as referred to in Article 7a, has been registered for membership by a company – exclusively by the company, or – if the member has been registered by a publishing company – exclusively by the publishing company, or – in the case of a member acting on behalf of heirs and legatees – by the member. Membership is suspended pending the appeal. Such suspension may not last for longer than one year.
3. The expulsion referred to in Article 12, Paragraph 1 e is effected by means of a written decision by the Board, which must state the reasons for the expulsion. The person who has been expelled from the membership as well as

the publishing company or the company as referred to in 7a are immediately notified of the Board's decision. An appeal against the expulsion must be lodged with the members' meeting in writing, giving the reasons for the appeal. The appeal must be filed with the Foundation's Board within one month of the date of the written notification of the decision to expel the member.

An appeal may be lodged by a member who is an author as referred to in Article 7, or a member acting on behalf of heirs and legatees as referred to in Article 7b, or – if the member, being an author as referred to in Article 7a who has been registered for membership by a company – exclusively by that company, or – if the member has been registered by a publishing company – exclusively by the publishing company. The affiliate will be suspended during the appeal period and pending the appeal. The party authorised to lodge the appeal has the right to explain their appeal at the relevant members' meeting. Such suspension may not last for longer than one year.

## THE BOARD

### Article 13

1. The Board of the Association consists of thirteen people. Twelve people are appointed in the manner referred to in Paragraph 2, subparagraphs a and b. A thirteenth, independent, person is appointed by the members in accordance with Article 17, Paragraph 2.
2. The members of the Board are:
  1. eight (8) authors, who are participants or are

- authors in a company that is a participant, who are chosen by the author members;
- 2. four (4) persons who are participating publishers or have a managerial position in a publishing company that is a participant, and who are chosen by the publisher members.
- 3. one independent person, as referred to in Paragraph 1, as independent chairperson.
- 3. A director of the Association must also be a director of Stemra.

### Article 13a

- 1. An author who is a member of the Association can be appointed to the Board of the Association if the author or the participant who registered the author for membership of the Association
  - 1. for at least five (5) whole consecutive calendar years has had an exploitation agreement with the Association as well as with Stemra,
  - and
  - 2. has received an average income of at least one thousand euros (€ 1000) per annum under their exploitation agreement for the last three (3) whole consecutive calendar years, with the income being received from the exploitation agreement with the Association as well as from the exploitation agreement with Stemra.
- 1.a. For the purposes of this Article 13a, Paragraph 1 (relating to appointing a member of the Board), the years and income when the author was a participant count towards counting the years and income of the participant of which the author has registered membership.
- 2. A publisher who is a member of the Association can be appointed to the Board of

the Association if the publisher

- 1. for at least five (5) whole consecutive calendar years has had an exploitation agreement with the Association for all or at least fifty (50) original works which the publisher has published under a direct legal relationship with an author or their successors in title,
- and
- 2. has received an average income of at least ten thousand euros (€ 10,000) per annum under those exploitation agreements for the last three whole consecutive calendar years, where income is obtained from both the exploitation agreement with the Association and the exploitation agreement with Stemra.
- 3. A managerial officer as referred to in Article 9 who is a member of the Association can be appointed to the Board of the Association if the publisher-participant who registered the managerial officer for membership
  - 1. for at least five (5) whole consecutive calendar years has had an exploitation agreement with the Association and with Stemra for all or at least fifty (50) original works which the publisher-participant has published under a direct legal relationship with an author or their successors in title;
  - and
  - 2. has received an average income of at least ten thousand euros (€ 10,000) per annum under those exploitation agreements for the last three (3) full consecutive calendar years, where income is obtained from both the exploitation agreement with the Association and the exploitation agreement with Stemra.
- 4. Members of the Board may be re-elected subject to all the provisions of these Articles of Association.

## Article 13b

1. Appointment of the members of the Board takes place as follows:
  - a1. Candidates for the eight places on the Board for authors listed in Article 13, Paragraph 2, sub-paragraph 1 can be nominated by professional associations:
    - a) of composers of serious music such as Nieuw Geneco;
    - b) of composers/lyricists of light music such as Popauteurs.nl;
    - c) of lyricists such as VSenV.
    - d) of composers of media music such as BCMM;
    - e) recognised as professional associations by the Board in accordance with the Accreditation Rules referred to in Article 29, Paragraph 2.
  - a2. Candidates for each vacancy can also be nominated by participants in writing, as long as each written nomination for a candidate is signed legibly by at least ten participants or is supported by the Board, and this takes place taking the other provisions of these Articles of Association into account.
  - a3. The members of the Board referred to in Article 13, Paragraph 2, sub-paragraph 1 are chosen in the members' meeting by the members present who have voting rights and are authors as referred to in Article 2, Paragraph d.
  - a4. Every person entitled to take part in the voting casts one vote.
  - b1. With respect to the appointment of the four places on the Board listed in Article 13, Paragraph 2, sub-paragraph 2:
    - a) candidates for three places on the Board can be nominated by the NMUV;
    - b) a candidate for one place on the Board can be nominated by the GroepUitgevers.
  - b2. Candidates for each vacancy can also be nominated by participants in writing, as long as each written nomination for a candidate is signed legibly by at least ten participants or is supported by the Board, and this takes place taking the other provisions of these Articles of Association into account.
  - b3. The members of the Board referred to in Article 13, Paragraph 2, sub-paragraph 2 are chosen in the members' meeting by the members present who have voting rights and are publishers as referred to in Article 8, Paragraph 1, or have a managerial position in a publishing company as referred to in Article 9, Paragraph 1.
  - b4. Any person who is authorised to take part in the voting may cast the same number of votes as the number of times the average amount he/she or the publishing company who registered him/her for membership status received from the Association by virtue of the model administration agreement in each calendar year for the three calendar years immediately preceding the year in which the voting takes place is divisible by forty thousand euros (€ 40,000), with a maximum of ten, unless the member is a person who has been granted dispensation as referred to in Article 11, Paragraph 8. In the latter case the member casts one vote.
  - b5. If the amount referred to in sub-paragraph b4 is between two thousand five hundred euros (€ 2,500) and forty thousand euros (€ 40,000), the member casts one vote.
  - b6. In the month of January each year the

management notifies each member as referred to in sub-paragraph b4 of the number of votes he/she can cast in elections to the Board during that year.

- b7. In connection with what is stipulated in sub-paragraph b6, no members' meeting in which there is voting on one or more vacancies on the Association's Board can take place between the first of January and the fifteenth of February in any year.
- b8. The publisher or the publishing company has the right to appeal to the Board against this notification for two weeks after the date of the notification. The Board shall decide within a month, but in any case no later than on the day on which a members' meeting that has to decide about one or more vacancies on the Board takes place.

2. The nomination of a candidate is valid only once the management has received a written declaration from the candidate that he/she is prepared to sit.
3. Board members may be re-elected subject to all the provisions of these Articles of Association.
4. With the exception of what is stipulated in Article 20a, candidates can be nominated at any time by the Board or by five members for positions other than those on the Board, even during the members' meeting, What is stipulated in Article 24 applies accordingly when voting on positions other than those on the Board.

### Article 13c

1. Without prejudice to what is stipulated in Articles 13, 13a and 13b above, only a person who is appointed at the same time as a director of Stemra can be appointed as a director of the Association.
2. The Board draws up a profile sketch of the

composition of the Board, taking the representativeness of the various genres, among other things, into account. The profile sketch of the Board will be published on the Association's website. Without prejudice to what is stipulated in Articles 13, 13a and 13b above, all recommendations and nominations of candidates must be made taking this profile sketch into account.

3. The Advisory Appointment Committee as referred to in Article 28, Paragraph 2 shall fulfil its role in the composition of the Board and the Council of members such that the diversity of the genres and the representativeness is guaranteed as much as possible.

### Article 14

1. The Association's Board will invite the eligible organisations as specified in Article 13, Paragraphs 1 and 2, in writing to nominate candidates at least ten (10) weeks prior to the date of the meeting at which a decision has to be taken on filling one or more vacancies on the Board.
2. Written nominations as referred to in Paragraph 1 above must be received by the management no later than eight (8) weeks prior to the date of the members' meeting.
3. The members and participants are informed of the names of the candidates nominated in the notice of the members' meeting as referred to in Article 25, Paragraph 2. The notice of the meeting also describes how candidates can be nominated.
4. Written nominations as referred to in Article 13b, paragraph 1, subparagraph a2 and b2 must be received by the management no later than four (4) weeks prior to the date of the members' meeting.

5. If none of the professional associations mentioned in Article 13b, Paragraph 1, has submitted a nomination in accordance with the Articles of Association, and one or more candidates have not been nominated by members in accordance with the Articles of Association, the Association's Board will appoint two candidates for the vacancy concerned.

## Article 15

1. The Board members are appointed for four years. They resign in accordance with a roster to be compiled by the Board. Resigning members of the Board are eligible for re-election immediately but only once, on the understanding that if a member of the Board has resigned from his/her position and that a continuous period of four years has passed since then, the person concerned will be eligible once again for appointment as a member of the Board and what is stipulated in the first two paragraphs of this article shall apply to him/her.
  2. Vacancies that arise in the meantime will be filled finally at the next members' meeting during which all the stipulations of these Articles of Association concerning the appointment of Board members can be met.
  3. Vacancies that arise in the meantime can be filled temporarily by the Board. The Board may appoint a temporary Board member:
    - a. if the Board member whose membership of the Board has ended in the meantime, was nominated as a candidate by a particular professional association at the time: from a binding nomination with an intermediate candidate from that professional association. The binding character of the binding nomination can be taken away by a Board decision taken by more than two-thirds of the votes cast;
    - b. in the case of a Board member whose membership of the Board has ended in the meantime, nominated as a candidate at the time by ten members as referred to in Article 13b, Paragraph 5 – or by the Board itself in the context of Article 14, Paragraph 5 – after the Board has held negotiations about an interim candidate with the ten members who nominated the Board member concerned as a candidate or with the professional associations.
- What is stipulated in Article 13, Paragraph 3 applies accordingly to the appointment of temporary members of the Board.
4. The temporary member of the Board resigns at the next members' meeting referred to in Paragraph 2 during which all the stipulations of these Articles of Association concerning the appointment of ordinary members of the Board can be met.
  5. The status applicable for ordinary members of the Board and the requirements that apply for the composition of the Board are applicable in full to the appointment of temporary members of the Board.
  6.
    - a. In the event of the anticipated longer-term absence of one (or more) of the members of the Board of the Association, the Board, in a similar manner to that described in Art. 15 par. 3 subparagraph a/b of the Articles of Association and taking into account the provision of b below, can appoint a person to assist the Board in the performance of its duties for the duration of the absence. This designated person is merely an observer, and has no formal vote.
    - b. After a period of 9 months of absence, this will become an interim vacancy. The filling of

this interim vacancy will take place in a similar manner to Art. 15 par. 2 to 5 of these Articles of Association. The designated person mentioned in a will remain as an observer until the time at which the vacancy is filled.

## Article 16

1. Without prejudice to the stipulations of Article 17, Paragraph 5, membership of the Board ends:
  - a. upon death;
  - b. upon resignation on the basis of Article 15, Paragraph 1 or Paragraph 4;
  - c. upon resignation in the meantime at the member's own request;
  - d. upon losing a status listed in Article 13, Paragraph 2;
  - e. upon losing the status of director of Stemra, as prescribed in Article 13, Paragraph 3;
  - f. upon dismissal by the members' meeting as recommended by the Board or thirty members or such a number of all members as are entitled to cast one-tenth of the votes in a members' meeting; such a decision for dismissal requires a majority of at least three-quarters of the votes cast in the meeting.
2. If for any reason whatsoever the membership of all sitting members of the Board end, the management shall assume all the Board's powers and obligations. The management will then immediately call a members' meeting in accordance with Articles 14 and 25, during which a new Board will be appointed.
3. The Board is authorised to suspend a board member with regard to the provisions of this article.
4. A board resolution for immediate and effective suspension requires unanimity of the votes cast, with at least four authors and two publishers voting for suspension, not including the independent chairman and the board member in question. The Board is then required to seek advice from the Integrity Committee.
5. In cases other than those provided for in paragraph 4 (direct suspension), the advice of the Integrity Committee will first be sought before the Board may decide to suspend, and this decision will require a three-quarter majority of the votes cast, not including the independent chairman and board member in question.
6. Suspension will not take place before the board member in question has been heard or has been given the opportunity to be heard.
7. A suspension may last no longer than one year. Extension of a suspension is not possible. The administrative emoluments will not be paid during the suspension.
8. A decision to lift a suspension requires the same qualified majority as the original decision to suspend (unanimity or three-quarters majority).
9. Items relating to a suspension will be placed on the agenda of the board meeting by the independent chairman of the Board.
10. There is no appeal to the Buma/Stemra Disputes Committee against a suspension.
11. In the case of a long-term suspension, and on the recommendation of the professional association (or 10 participants) of the suspended board member, the Board can appoint an observer provided there is compliance with Article 15 par. 6 of the Buma/Stemra Articles of Association.

## Article 17

1. The Board appoints a vice-chairperson and a secretary from among its members.

2. The Board, having heard the Council of Members, shall propose to the members' meeting the appointment of an independent person as chairperson, also called the independent chairperson, and also as a member of the Board. Neither Article 13, Paragraph 2, sub-paragraphs 1 and 2, nor Articles 13a and 13b apply to this member of the Board. What is stipulated in Article 13, Paragraph 3 does apply in this case, however.
3. The chairperson chairs the meetings of the Board. The vice-chairperson will deputise in the chairperson's absence. If both are absent, the Board will appoint a chairperson for the meeting.
4. The chairperson and secretary, or their deputies to be appointed by the Board in their absence, jointly represent the Association in judicial and extrajudicial matters notwithstanding the management's powers of representation as set out below.
5. With respect to the independent chairperson as referred to in Paragraph 2, their membership of the Board ends, in addition to what is stipulated in Article 16, Paragraph 1, as a result of a decision by the members' meeting to that end that is taken on the recommendation of the Board, having heard the Council of Members. The recommendation by the Board for the dismissal of the independent chairperson can only come about by virtue of a decision by the Board that is taken with a majority of at least two-thirds of the votes cast in a Board meeting at which at least three-quarters of the other active members of the Board are present or represented. The chairperson does not take part in the voting. Abstentions and invalid votes are deemed not to have been cast. The Board cannot adopt such a recommendation for dismissal without

having interviewed the chairperson or having reasonably offered him/her the opportunity to be interviewed.

### Article 18

1. The Board is charged with governing the Association. Its main duties are to supervise the management, represent the participants' interests and admit new participants.
2. The Board is entitled to establish contributions, annual contributions, admission fees and special charges. Decisions in this regard must be approved by the members' meeting.
3. The Board takes decisions on all matters that have not been entrusted to other bodies of the Association by or by virtue of these Articles of Association.
4. The Board is authorised to conclude agreements to buy, transfer or encumber registered property and to conclude agreements whereby the Association stands as guarantor, commits itself as joint and several debtor, warrants performance by a third party or provides security for a debt of a third party.

### Article 19

1. The Board meets as often as the chairperson deems necessary or when three members of the Board or the management request a meeting.
2. If the chairperson does not convene a meeting requested by three members of the Board or by the management within fourteen days, the parties requesting the meeting have the right to convene a meeting themselves and to provide a chairperson for it.
3. Notwithstanding the provisions of paragraph 5, Board decisions may only be taken legally and without interference or consultation in a meeting at which at least eight directors,

without counting the independent chairman, must be physically present. A member of the Board can be represented in a meeting by another member of the Board after written permission that the chairperson considers sufficient has been granted, and on the understanding that the permission granted to the other member of the Board is simultaneously valid for a meeting of Stemra. A member of the Board can therefore only act as an authorised person for one other member of the Board. If fewer than eight members of the board, without counting the independent chairman, are physically present at a meeting, a new meeting is convened on a date not less than fourteen days and no more than one month after the first meeting. The legally-binding decision concerned may then be taken at this meeting, regardless of the number of members of the Board present or represented.

4. Teleconference and decision-making:

The Board may also make non-written decisions in a conference call, which includes any other standard means of telecommunication, provided that the relevant proposal has been submitted to all the directors and none of them have objected to this manner of making decisions. Following a teleconference, each director who attended the meeting shall send a written confirmation of his/her vote to the secretary to the Board. With regard to decisions taken in this way, the secretary to the Board will create a report enclosing the written confirmations that have been received, and this will be signed by the chairman and the secretary to the Board. This report will be filed at the offices of Buma/Stemra.

5. E-mail decisions:

1. In a singular event that lends itself towards

a decision without substantive discussion, the Board may make a written decision without a meeting (whereby this includes votes being cast by e-mail), provided that

- a. the text of the proposal, including a deadline within which a vote may be cast – and, when using e-mail and similar means of communication, including confirmation of receipt – is sent to all the members of the Board as far as possible at the same time, and
- b. at least eight members of the Board – not including the independent chairman – have declared in writing within the deadline mentioned in sub-paragraph a (whereby this includes every report that is sent with the help of today's means of communications and is received in writing) that they are in agreement with this form of decision-making.

2. In the case of voting by e-mail, the member of the Board shall, when making his vote, send a copy of his vote to the other members of the Board (for example, using reply to all), simultaneously as far as possible, unless it was a vote regarding persons (in which case, no reply to all).
3. A written decision can be taken without a meeting by the simple majority of at least eight submitted votes, whereby blank votes shall be deemed to have not been cast.
4. After expiry of the deadline, a report will be drawn on the same day regarding the result of the vote with – unless it was a vote regarding persons – a report of how the individual members of the Board voted, if not everyone answered with 'reply all'. The Board shall keep a record of decisions reached in this way. The written decision

shall be passed once again for information at the next meeting.

6. Decisions by the Board on the establishment and amendment of rules or concerning a proposal to amend these Articles of Association may only be taken with a majority of two-thirds of the votes cast at the Board meeting. In all other cases, the Board may take decisions with a majority of the votes cast at the meeting. Abstentions and invalid votes are deemed not to have been cast. Abstentions and invalid votes are deemed not to have been cast.
7. The management attends the meetings of the Board unless the subject relates to the management itself, in which case the Board may decide to meet without the management being present.

## Article 20

1. The members of the Board are only entitled to reimbursement of those expenses which the Board believes have been incurred in the interests of the Association. Members will receive an attendance fee, the rules for which are determined by the members' meeting on the Board's recommendation.
2. The chairperson is entitled to an entertainment allowance, the amount of which is determined by the Board.

## COUNCIL OF MEMBERS

### Article 20a

1. The Association has a Council of Members. The Council of Members is not a body as referred to in Article 2:39 of the Civil Code.
2. The Council of Members consists of at least twelve (12) and not more than thirteen (13)

persons. Twelve persons will be nominated from and by the members. A thirteenth, independent person can be nominated by the Council of Members in accordance with Article 20c par. 2.

3. The Council of Members consists of:
  1. eight participants who are authors as referred to in Article 2, sub-paragraph g and who meet the following criteria:
    - are a resident or citizen of one of the Member States of the European Union
    - have an exploitation agreement with the Association and with Stemra
    - have received an average income of at least five hundred euros (€ 500) per annum under those exploitation agreements for the last three (3) full consecutive calendar years, where income is obtained from both the exploitation agreement with the Association and the exploitation agreement with Stemra
  2. four participants who are publishers as referred to in Article 8 paragraph 1, or act in a managerial position in a publishing company as referred to in Article 9 paragraph 1 and who meet the following criteria:
    - are a resident or citizen of or have established their head office in one of the Member States of the European Union
    - have an exploitation agreement with the Association and with Stemra for all or at least fifty (50) original works that they have published under a direct legal relationship with authors or their successors in title;
    - have received an average income of at least five thousand euros (€5,000) per annum under those exploitation agreements for the last three (3) full

- consecutive calendar years, where income is obtained from both the exploitation agreement with the Association and the exploitation agreement with Stemra.
3. one independent chairman as referred to in par. 2, if appointed by the members' meeting as a member of the Council of Members, in accordance with Article 20c, par. 2.
  4. A member of the Association's Council of Members must also be a member of the Stemra Council of Affiliates.
  5. Candidates for the eight places on the Council of Members for authors referred to in Paragraph 3, sub-paragraph 1 can be nominated by professional associations:
    - a. of composers of serious music such as Nieuw Geneco;
    - b. of composers/lyricists of light music such as populauteurs.nl;
    - c. of lyricists such as VSenV;
    - d. of composers of media music such as BCMM;
    - e. recognised as a professional association by the Board in accordance with the Accreditation Rules referred to in Article 29, Paragraph 2.
  - 5a. Candidates for each vacancy can also be nominated by participants in writing, as long as each written nomination for a candidate is signed legibly by at least ten participants or is supported by the Board, and this takes place taking the other provisions of these Articles of Association into account.
  - 5b. The members of the Council of Members referred to in Article Paragraph 3, sub-paragraph 1 are chosen in the members' meeting by the authors present who are entitled to vote and have the status of member.
  - 5c. Every person entitled to take part in the voting casts one vote.
  6. Concerning the four places on the Council of Members referred to in Paragraph 3, sub-paragraph 2 for persons who are participant publishers or have a managerial position in a publishing company that is a participant:
    - a) candidates for three places can be nominated by the NMUV;
    - b) a candidate for one place can be nominated by the GroepUitgevers.
  - 6a. Candidates for each vacancy can also be nominated by participants in writing, as long as each written nomination for a candidate is signed legibly by at least ten participants or is supported by the Board, and this takes place taking the other provisions of these Articles of Association into account.
  - 6b. The members of the Council of Members referred to in Article 6 are chosen in the members' meeting by the publisher members present who have voting rights, as referred to in Article 8, and the members present who have voting rights and have a managerial position in a publishing company, as referred to in Article 9, Paragraph 1.
  - 6c. Any person who is authorised to take part in the voting may cast the same number of votes as the number of times the average amount he/she or the publishing company who registered him/her for membership status received from the Association by virtue of the model administration agreement in each calendar year for the three calendar years immediately preceding the year in which the voting takes place, is divisible by forty thousand euros (€ 40,000), with a maximum of ten, unless the member is a person who has been granted the dispensation as referred to in Article 11, Paragraph 8. In the latter case the member casts one vote.

- 6d. If the amount referred to in Paragraph 6c is between two thousand five hundred euros (€ 2,500) and forty thousand euros (€ 40,000), the member casts one vote.
- 6e. In the month of January each year the management notifies each member as referred to in Paragraph 6c of the number of votes he/she can cast in elections to the Council of Members during that year.
- 6f. In connection with what is stipulated in Paragraph 6c, no members' meeting in which there is voting on one or more vacancies on the Association's Council of Members can take place between the first of January and the fifteenth of February in any year.
- 6g. The publisher or the publishing company has the right to appeal to the Board against this notification for two weeks after the date of the notification. The Board shall decide within a month, but in any case no later than on the day on which a members' meeting that has to decide about one or more vacancies on the Board takes place.
7. The nomination of a candidate is valid only once the management has received a written declaration from the candidate that he/she is prepared to sit.
8. Without prejudice to what is stipulated about this in this article, only a person who is appointed at the same time as a member of the Stemra Council of Affiliates can be appointed as a member of the Association's Council of Members.
9. The Board draws up a profile sketch of the composition of the Council of Members, with the approval of the Council of Members, taking the representativeness of the various genres, among other things, into account. The profile sketch of the Council of Members is published on the Association's website. Without prejudice to what is stipulated about this in this article, all recommendations and nominations of candidates must be made taking this profile sketch into account.
10. The members of the Council of Members are appointed for four years. They resign in accordance with a roster to be compiled by the Board. Resigning members of the Council of Members are eligible for re-election immediately but only once, on the understanding that if a member of the Council of Members has resigned from his/her position and that a continuous period of four years has passed since then, the person concerned will be eligible once again for appointment as a member of the Council of Members and what is stipulated in the first two phrases of this article shall apply to him.
11. The membership of a participant in the Council of Members ends:
- upon death;
  - upon resignation on the grounds of Article 20a paragraph 10;
  - by early resignation at their own request;
  - through loss of one of the capacities mentioned in Article 20a, paragraph 3;
  - through loss of the capacity of being a member of the Council of Affiliates of Stemra, as required under Article 20a, paragraph 4;
  - by dismissal by the general meeting of members/affiliates on the recommendation of the Board or of thirty members/affiliates or of the number of members/affiliates needed to cast one tenth of the votes at a general meeting of members/affiliates; a majority of at least three quarters of the votes cast at a meeting is required in order to take such a decision regarding dismissal.

g. In the case of interim appointments and absences, the provisions of Article 15 par. 2 to 6 will apply analogously to the Council of Members.

12. If the membership of all current participants in the Council of Members expires for whatever reason, the Board shall assume all the powers and obligations of the Council of Members. The Board shall then immediately convene a general meeting of members/affiliates in accordance with the provisions of Articles 14 and 25, at which a new Council of Members shall be appointed.

### Article 20b

1. The Association's Board will invite the eligible organisations as specified in Article 20a, Paragraphs 5 and 6, in writing to nominate candidates at least ten (10) weeks prior to the date of the members' meeting at which a decision has to be taken on filling one or more vacancies on the Council of Members.
2. The written nominations referred to in Paragraph 1 above must be received by the management no later than eight (8) weeks prior to the date of the members' meeting in question.
3. The members and participants are informed of the names of the candidates nominated in the notice of the members' meeting as referred to in Article 25, Paragraph 2. The notice of the meeting also describes how candidates can be nominated.
4. Written nominations must be received by the management no later than four (4) weeks prior to the date of the members' meeting concerned.
5. If one of the organisations listed in Article 20a, Paragraph 6 has not nominated a candidate in accordance with the Articles of Association nor

has a candidate been nominated by members and participants, as referred to in Paragraph 3, the Board of the Association will appoint one or more candidates for the vacancy concerned.

6. What is stipulated in Article 16, Paragraph 1 applies accordingly to the resignation of members of the Council of Members.

### Article 20c

1. The Council of Members shall appoint a vice-chairman and a secretary from amongst its members.
2. With regard to the appointment of a chairman, the Council of Members is authorized
  - a. to appoint a chairman from amongst its members, or
  - b. to make a proposal to the members' meeting to appoint an independent person as chairman, also referred to as the independent chairman, also a member of the Council of Members. Article 20a par. 3 subpar. 1 and 2, par. 5, 6, 7, 9 and 10 do not apply to this member of the Council of Members. The provision in Article 20a par. 4 will apply, however.
3. The chairman of the Council of Members chairs the meetings of the Council of Members. In his absence, he will be replaced by the vice-chairman of the Council of Members. If the two above-mentioned persons are both absent, the Council of Members will assign a chairman for the meeting.
4. The Council of Members shall meet as often as the chairman of the Council of Members deems it appropriate, or if three members of the Council of Members or the chief executive request a meeting, but at least four times a year.
5. Regardless of the provision on par. 6, decisions of the Council of Members can only be legally

taken in a meeting in which at least seven members of the Council of Members are physically present. Subject to the approval of the chairman, a member of the Council of Members may be represented at a meeting by another member of the Council of Members if a written power of attorney is provided. A member of the Council of Members can thereby only act on behalf of another member of the Council of Members as a proxy. If fewer than seven members of the Council of Members are physically present at a meeting, a new meeting will be convened on a date not less than fourteen days and no more than one month after the first meeting. The respective legally-binding decision may be taken at this meeting, regardless of the number of members of the Council of Members present.

6. Teleconferences and decision making: The Council of Members may also make non-written decisions in a conference call, which includes any other standard means of telecommunication, provided that the relevant proposal has been submitted to all the members of the Council of Members and none of them have objected to this manner of making decisions. Following a teleconference, each member of the Council of Members who attended the meeting shall send a written confirmation of his/her vote to the Secretary to the Board. The method of decision making shall be covered once again for information purposes at the next meeting, and will be recorded in the minutes.
7. E-mail decisions:
  1. In a singular event that lends itself towards a decision without substantive discussion, the Council of Members may make a written decision without a meeting (whereby this

includes votes being cast by e-mail), provided that

- a. the text of the proposal, including a deadline within which a vote may be cast – and, when using e-mail and similar means of communication, including confirmation of receipt – is sent to all the members of the Council of Members as far as possible at the same time, and
  - b. at least seven members of the Council of Members have declared in writing within the deadline mentioned in sub-paragraph a (whereby this includes every report that is sent with the help of today's means of communications and is received in writing) that they are in agreement with this form of decision-making.
2. In the case of voting by e-mail, the member of the Council of Members shall, when making his vote, send a copy of his vote to the other members of the Council of Members (for example, using reply to all), simultaneously as far as possible, unless it was a vote regarding persons (in which case, no reply to all).
  3. A written decision can be taken without a meeting by the simple majority of at least seven submitted votes, whereby blank votes shall be deemed to have not been cast.
  4. After expiry of the deadline, a report will be drawn on the same day regarding the result of the vote with – unless it was a vote regarding persons – a report of how the individual members of the Council of Members voted, if not everyone answered with 'reply all'. The Council of Members shall keep a record of decisions reached in this way. The written decision shall be considered once

- again for information at the next meeting.
8. If the chairman does not convene a meeting that has been requested by three members of the Council of Members or the chief executive within two weeks, the applicants have the right to convene a meeting themselves and to provide a chairman for it.
  9. The Council of Members makes its decisions by a simple majority of the votes cast at the meeting. Blank votes and invalid votes will be deemed to have not been cast.
  10. The management will attend the meetings of the Council of Members, unless the proposal concerns the management itself, in which case the Council of Members can decide to meet without the presence of the management.
  11. Joint consultations will take place between the Council of Members and the Board at least twice a year. The joint consultations will be chaired by the chairman of the Board.

### Article 20d

1. The Council of Members' task is:
  - a. advising the Board of the Association;
  - b. preparing the decision-making at the members' meeting.
2. The Council of Members prepares items and performs tasks in such a way that the Association's members' meeting proceeds as efficiently as possible.
3. The Council of Members can establish, in rules it can itself set, further rules and regulations concerning the performing of tasks and the manner of decision-making by the Council of Members, as long as the tasks described in Paragraphs 1 and 2 above are taken into account and as long as those rules do not conflict with these Articles of Association.

## MANAGEMENT (MEMBERS) AND CHIEF EXECUTIVE

### Article 21

1. The management consists of one or more natural persons who are not members or participants of the Association. If the management has more than one member, the members' meeting appoints one of them as chief executive on the Board's recommendation. If the management consists of one person only, where the 'chief executive' is mentioned in these Articles of Association, this shall refer to the sole member of the management.
2. The management is charged with managing the Association's office as well as with the duties assigned to it by the Board. The management is directed by the chief executive. The management reports to the Board.
3. The management is obliged to notify the Board of all information necessary to carry out its managerial duties. The management is also obliged to notify the members' meeting, via the Board, of all information regarding the management of the office demanded by the members' meeting.
4. The management recruits, suspends and dismisses employees and defines their terms of employment.
5. In order to help it to perform its tasks, the Board is entitled, in consultation with Stemra's Board, to set up and dissolve a committee known as the Supervisory Board, which will advise it on request on matters concerning the Association and/or the Association's office. If explicitly instructed to do so by the Board, the Supervisory Board can also be charged with the actual supervision on behalf of the Board of certain matters concerning the Association's

office. Persons who have reached the age of 70 may not stand as candidate or be appointed or reappointed as committee member, nor as temporary committee member.

6. The terms of employment are defined by the Board for each member of the management individually. In the case of a member of the management who is also a member of Stemra's management, the terms must be established by way of a joint decision by the Association's and Stemra's Boards.
7. The Board can suspend a member of the management. If this concerns a member of the management who is also a member of Stemra's management, suspension may only be effected by way of a joint decision by the Association's and Stemra's Boards.
8. Members of the Supervisory Board are appointed for four years. They resign in accordance with a resignation roster which is compiled jointly by the Association's Board and Stemra's Board. A member of the Supervisory Board who is appointed to fill an interim vacancy takes the place of the person he succeeds on the resignation roster. Resigning members of the Supervisory Board may be reappointed immediately, as long as the uninterrupted period served by a member of the Supervisory Board, as defined in Paragraph 7b and 7c, is no longer than twelve years.
9. A suspension can be extended one or more times but cannot last longer than four months in total. If no decision has been taken to cancel the suspension during this period, the suspension will expire.

## Article 22

The management is authorised to represent the Association in judicial and extra-judicial

matters without prejudice to the Board's powers of representation. If the management consists of more than one member, powers of representation will also be vested in the chief executive or two members of the management acting jointly.

## Article 23

1. The management divides its duties and activities between its members, which division requires approval of the Board.
2. Only members of the management have general powers of attorney.
3. The management can grant an employee the title of (deputy) managing director on the Board's recommendation.
4. The management is authorised to grant one or more employees limited powers of attorney and may amend or revoke these powers.

## MEMBERS' MEETING

### Article 24

1. The members' meeting may be attended by:
  - a. all non-suspended members;
  - b. participants;
  - c. members of the Board;
  - d. members of the Council of Members;
  - e. members of the management:
  - f. a delegation from the Works Council of the Association or the joint Works Council of the Association and Stemra, consisting of the chairperson and the secretary, or their deputies.
  - g. other persons whom the Board has allowed to attend the members' meeting.
2. Legally binding decisions may only be taken at a members' meeting if at least thirty (30)

members attend the meeting; if fewer than thirty members are present at a meeting, another meeting will be convened at a date no less than fourteen days and no more than one month after the first meeting. The management will notify the members of this meeting at least seven days before the meeting, stating the agenda of the previous meeting referred to at the beginning of this paragraph, as well as the venue and the time of the new meeting, in a publication issued periodically by the Association, by circular letter or by advertisement in a popular national newspaper, or by circulating the notice of the meeting electronically. Paragraphs 2 and 3 of Article 25 do not apply to this members' meeting. The legally binding decision may then be taken at this meeting regardless of the number of members present.

3. Unless specified otherwise by or by virtue of these Articles of Association, all decisions are taken with a simple majority of votes cast; abstentions and invalid votes are deemed not to have been cast.
4. Each non-suspended member of the Association is authorised to cast one vote.
5. A non suspended member can be represented at a meeting by another non suspended member by written proxy by means of a proxy form to be provided by the management. This form must be received by the management no later than three (3) days before the date of the members' meeting, excluding Sundays and public holidays and not counting the day of the members' meeting itself. Any member deputising for another may only accept one such proxy. The proxy is only valid for one meeting. An author can only authorise another author. A publisher can only authorise another

publisher. An heir can only authorise a member with the same capacity as the testator. A company as referred to in Article 7a may only authorise an author.

6. Matters are voted on verbally unless the chairperson decides otherwise; votes on persons are taken using ballot papers or electronically. If voting about persons is to take place electronically, this shall be stated in the additional notice of the meeting calling for a meeting of members.
7. Voting on candidates is carried out per vacancy. If none of the candidates receives a majority of the number of votes cast during an initial vote on these persons, the appointment procedure shall be continued immediately:
  - i. if it is a vote between two candidates: by a second vote, after which, if this vote has resulted in another tied vote, lots shall be drawn. The chairperson casts the lots, unless he/she is an interested party, in which case another person shall be appointed.
  - ii. if it is a vote between three or more candidates: by a subsequent vote between the two candidates who received the greatest number of votes during the first ballot. If more than two people receive an equal number of votes cast and qualify for another ballot, another vote shall be held to decide which two people are eligible for the additional ballot. If the votes cast in the additional ballot are tied, lots shall be drawn. The chairperson casts the lots, unless he/she is an interested party, in which case another person shall be appointed. If the two persons chosen by lots have each obtained the same number of votes, the stipulation under i shall apply accordingly.
- 7a. The decision to appoint the independent chairper-

son of the Board shall be based on the Board's proposal as referred to in Article 17 Paragraph 2 that is taken by the members' meeting with an absolute majority of the votes cast.

8. In the event of a tied vote on a proposal that does not concern the election of people, the proposal will be rejected.
9. At any members' meeting where people are to be voted for, the members' meeting will appoint a voting committee consisting of three of the members present. The voting committee's decision is binding.

## Article 25

1. A members' meeting is held at least once a year. The members' meeting at which the Board reports on its management activities and the annual accounts are approved is held not later than 30 June. The elections to the Board, including the Council of Members, are also held at this meeting.
2. A members' meeting is notified to the members in a publication issued periodically by the Association, and/or by means of a circular, and/or by e mail and/or made available by electronic means. This notice, which is sent by post and/or by e-mail and/or made available by electronic means at least six (6) weeks before the day of the meeting, states the location, date, starting time and agenda of the meeting. In the case where members of the Board and Council of Members are to be elected at the meeting, the notice of the meeting shall also contain the names of candidates as referred to in Article 14, paragraph 3 and Article 20a, paragraphs 5 and 6 respectively, as well as an indication of the way in which candidates proposed by members can be nominated (as long as the written proposal of candidacy has been signed legibly by at least ten participants). The

notice of the meeting can also indicate that any later changes or additions concerning the notice of the meeting can be announced by advertisement in a popular national newspaper, as referred to in Paragraph 4, and/or that this announcement can be sent by e-mail and/or made available by electronic means.

3. Items can be placed on the agenda of the members' meetings by the Council of Members, the Board, the management or by ten members and/or participants. Items shall be taken to include proposals. Items submitted by members and/or participants must be notified to the Board in writing at least four (4) weeks before the day of the meeting, not counting the day of the meeting. The letter must be signed by the members and/or participants concerned and be accompanied by notes.
4. Members will be informed of any amendments or additions to the agenda as mentioned in Paragraph 2 or other information in the notice of the meeting. This announcement will be published in a publication issued periodically by the Association and/or by circular letter and/or in a popular national newspaper and/or by e mail and/or will be made available by electronic means. This written and/or electronic announcement should be delivered by post and/or made public and/or sent by e mail and/or made available by electronic means at least two (2) weeks in advance of the date of the members' meeting.
5. A members' meeting will also be convened:
  - a. if the Board decides to hold a members' meeting;
  - b. if at least twenty members or at least the number of members needed to cast one-tenth of the votes at a members' meeting ask the Board in writing to convene

a members' meeting, stating the items to be included on the agenda.

6. The request referred to in Paragraph 5 b should be signed legibly by the persons requesting the meeting and should be accompanied by explanatory information. Within ten days of receipt of the request, the Board should convene a board meeting to which the persons requesting the meeting are invited to put forward their reason for wishing to convene a members' meeting.

If the Board accepts their request, it should convene a members' meeting within a period of no more than four (4) weeks. If this request is not met within fourteen days, the persons requesting the meeting can call the meeting themselves. Members are notified of a members' meeting as referred to in this paragraph at least two (2) weeks in advance of the meeting or otherwise as stipulated in Article 25, Paragraph 2.

- 6a.
  1. Any member may submit a motion about a subject on the agenda.
  2. A motion is a short, reasoned explanation about a subject so that an opinion, wish or request may be expressed, without any associated legal consequences.
  3. A motion must be submitted to the management in writing and must be signed, stating the name of the party submitting it.
  4. A motion shall be dealt with at the same time as the discussion of the subject to which it pertains, unless the chairman rules that it should be discussed later.
7. During a members' meeting, legally binding decisions can only be taken with regard to the items included on the agenda or the additional agenda.
8. The members' meeting is chaired by the

chairperson or, in their absence, by the vice chairperson. If the latter does not attend the meeting either, the Board will appoint a chairperson for the meeting.

9. Minutes are kept of the matters discussed at the meeting.

## FINANCIAL YEAR AND ANNUAL ACCOUNTS

### Article 26

1. The financial year corresponds to the calendar year.
2. The management draws up annual accounts consisting of a balance sheet and a profit and loss account, accompanied by explanatory notes, every year by April at the latest, that shall state the additional functions held by all members of the Board of the Association and shall publish the salaries of the management and the expense remunerations received by Board members.
3. The Board appoints a chartered accountant who audits the annual accounts drawn up by the management and reports on them to the Board.
4. Once a year the members' meeting can appoint a financial committee from among its members, consisting of three members who should not be members of the Board. This committee will, subject to certain rules, audit the annual accounts and report on them to the members' meeting independently of the chartered accountant referred to in Paragraph 3 of this Article.
5. The annual accounts must be approved by the members' meeting.
6. A copy of the annual accounts, accompanied by the auditors' declaration, will be made available to members and participants free of charge on request.

7. *In the meeting in which approval of the annual accounts is an item on the agenda the members' meeting shall include a separate item on the agenda that discharges the Board from the performance of its tasks and the members of the management from all the actions that it turns out they have carried out in the financial year concerned.*

## **EXPLOITATION AGREEMENT**

### **Article 27**

1. *An exploitation agreement as referred to in Article 2 g of the Articles of Association between the Association and individual authors or their successors in title, publishers or publishing companies will consist of a model agreement to be established by the Board which will be governed by the Indexation, Exploitation and Distribution Rules.*
2. *The management is authorised to conclude an agreement with an author or their successors in title, a publisher or a publishing company that differs from the agreement referred to in Paragraph 1. This should be done in consultation with the Board without third parties having to be informed of this consultation.*

## **COMMITTEES; ADVISORY APPOINTMENT COMMITTEE**

### **Article 28**

1. *Without prejudice to what is stipulated in Paragraph 2, the Board can decide to set up one or more committees for one or more subjects. Every committee is charged with a task and a commission to be decided by the Board. The*

*Board appoints for each committee the persons who will sit on it and can decide to change a committee's task and commission, to change the composition of a committee and to cancel a committee, without prejudice to what is stipulated in Paragraph 2.*

2. *The Board sets up at least a committee called the: Advisory Appointment Committee, which consists of:*
  - *the independent chairperson;*
  - *the chief executive; as well as*
  - *members who are authors as referred to in Article 2, sub-paragraph d, or are publishers as referred to in Article 8, Paragraph 1, or have a managerial position in a publishing company as referred to in Article 9, Paragraph 1, in the ratio of two to one (2:1). The chief executive has only an advisory role on the Advisory Appointment Committee, but no voting right. The composition of the Association's Advisory Appointment Committee must be the same as that of Stemra's Advisory Appointment Committee. The Advisory Appointment Committee's task and commission is guiding in the broadest sense of the term and furthering the proper conduct of appointing members of the Board and the Council of Members, thereby safeguarding the diversity of the genres and the representativeness of the members of the bodies referred to.*
3. *The Board can make further rules concerning committees, including the Advisory Appointment Committee, in accordance with what is stipulated in Article 29.*

## RULES

### Article 29

1. The Board has the right to define and amend rules, except for the rules of the Council of Members as referred to in Article 20d Paragraph 3. These rules may not contain any provisions that conflict with these Articles of Association.
2. The Board is in all cases responsible for concluding:
  - a. the Distribution Rules;
  - b. the Exploitation Rules;
  - c. the Indexation Rules;
  - d. the rules on dealing with plagiarism disputes between participants.
  - e. the Accreditation Rules.
3. The rules referred to in Paragraph 1 require the approval of the members' meeting before they take effect.
4. The Distribution Rules contain provisions that set out the method by which the distribution and payment of monies received by the Association by virtue of musical performing rights are distributed to participants and other interested parties. A percentage of up to ten percent (10%), to be established by the Board on the management's recommendation, is to be deducted from the amount of royalties from the Netherlands to be distributed between Dutch and non-Dutch interested parties on the basis of the annual accounts. The Board establishes the amounts to be reduced in this way for the protection of the tangible and non-tangible interests of composers, lyricists, publishers, publishing companies and companies as referred to in Article 7a, and to promote Dutch music.
5. The Exploitation Rules contain provisions on the exploitation and enforcement of musical performing rights and on the legal relationship between the participants and the Association.
6. The Indexation Rules contain provisions on the indexation of the sums of money mentioned in the Articles of Association, rules and exploitation agreements.
7. The Accreditation Rules include provisions for the accreditation of professional associations that may nominate candidates for appointment as members of the Board or members of the Council of Members.

## AMENDING THE ARTICLES OF ASSOCIATION

### Article 30

1. Decisions on amending the Association's Articles of Association can only be taken with a majority of at least two-thirds of the votes cast at a members' meeting at which at least thirty (30) members are present.
2. A copy of the proposal in which the possible changes are included verbatim shall be sent to the members in a circular and/or a periodically issued publication of the Association and/or by e mail and/or made available by electronic means and must be posted and/or sent by e mail and/or made available by electronic means at least two (2) weeks before the day of the members' meeting. The parties who asked for a members' meeting to be convened to discuss an amendment to the Articles of Association should make a copy of the proposal containing a verbatim transcript of the amendment available for inspection by members and participants in an appropriate place, and in any case at the offices of the Association, from at least ten days before the meeting until after the day on which the meeting is held.

- 2a. 1. Any member may submit amendments to proposed changes to the articles of association.
2. An amendment to a proposal is a change that is textual in nature or subsidiary to the meaning of that proposal. Modifications affecting the content, including modifications that are contrary in meaning to the original proposal, shall be deemed to be a request to the board to include this in the preparations for the next members' meeting, without prejudicing the right of members to submit items for the agenda or to call for a members' meeting as defined in Article 25.
3. An amendment must be submitted to the board in writing no later than 6 (six) working days before the members' meeting, stating the name, address and telephone number of the party submitting it. The management is responsible for the distribution of the amendment at the members' meeting.
4. The chairman presents the amendment for discussion at the same time as the proposal to which it pertains.
5. Any amendment may be explained by the party or parties submitting it.
6. An amendment shall be deemed admissible unless the chairman has ruled otherwise. A motion for such a decision can be moved by the chairman or by another of the parties that are present.
7. The following sequence shall be observed when taking decisions about a proposal and the amendments suggested to it:
1. the amendments
  2. the proposal itself, whether or not amended according to one or more adopted amendments.
8. When making decisions on amendments as described in the previous paragraph, the amendments shall be discussed in order with those that have the most far-reaching effect being taken first. In the case of disputes over the question which amendment has the most far-reaching consequences, the meeting shall take a decision. Adopting an amendment means that amendments with less far-reaching consequences shall not be discussed. The chairman can also decide that decisions shall be taken separately on individual elements of an amendment.
9. The meeting can decide that other changes made may mean that amendments have to be considered to have lapsed.
3. If fewer than thirty (30) members are present at a meeting at which a proposal to amend the Articles of Association is on the agenda, a new meeting is convened on a date no less than fourteen days and no more than one month after the first meeting. The management will notify the members of this meeting at least seven days before the meeting, stating the agenda of the previous meeting referred to at the beginning of this paragraph, as well as the venue and the time of the new meeting, in a publication issued periodically by the Association, by circular letter or by advertisement in a popular national newspaper, or by making the notice of the meeting available by electronic means. The management should make a copy of the proposal containing a verbatim transcript of the amendments to the Articles of Association available for inspection at the offices of the Association from at least five days before the meeting until after the day on which the

meeting is held. Paragraphs 2 and 3 of Article 25 do not apply to this members' meeting. A legally binding decision to amend the Articles of Association can be taken at this meeting with a majority of at least two-thirds of the votes regardless of the number of members present.

4. Decisions on amending the Articles of Association do not take effect until they have received the written consent of the Control Board of the Collective Management Organisations for Authors and neighbouring rights and have been established by notarial deed. The chairperson, the vice chairperson or the secretary are authorised to have the act executed by deed.

## DISSOLUTION

### Article 31

1. Before being able to take the decision to dissolve the Association, the members' meeting must take a decision in principle on this matter with a majority of at least two-thirds of the votes cast at the Board's request. At least sixty (60) members must be present at this meeting.
2. A decision on the dissolution of the Association can only be taken with a majority of at least two-thirds of the votes cast at a new members' meeting at which the number of members needed to cast one-tenth of the votes is present.
3. If a meeting at which a proposal to dissolve the Association is on the agenda is not attended by this number of members, a new meeting will be convened on a date no less than fourteen days but no more than one month after the first meeting. The management will notify the members of this meeting at least seven days before the meeting, stating the agenda of the previous meeting referred to at the beginning

of this paragraph, as well as the venue and the time of the new meeting, in a publication issued periodically by the Association, by circular letter or by advertisement in a popular national newspaper, or by circulating the notice of the meeting electronically. Paragraphs 2 and 3 of Article 25 do not apply to this members' meeting. A legally binding decision to dissolve the Association can be taken at this meeting with a majority of at least two-thirds of the votes regardless of the number of members present.

## WINDING UP

### Article 32

1. After taking the decision to dissolve the Association, which is also deemed to be a decision to wind up the Association, the dissolution will be effected by the management under the Board's supervision unless the members' meeting decides otherwise.
2. The members' meeting establishes the fee to be paid to the liquidators and any supervising persons.
3. After it has been dissolved, the Association will continue to exist if and to the extent that this is necessary in order to wind up its affairs.
4. During the winding-up procedure, the provisions of the Articles of Association will remain in force as far as possible and necessary.
5. The members' meeting that takes the decision to dissolve the Association will decide how the Association's property remaining after payment of all debts will be allocated, bearing in mind that the balance should be used for a purpose that matches the aims of the Association as closely as possible.
6. The Association's books and records will be

*held by a person or establishment appointed by the members' meeting for this purpose for a period of thirty years after the Association has been wound up.*

*to take the necessary measures to ensure that the Board and the Council of Members are composed in accordance with what is stipulated in that respect in these Articles of Association.*

## GENERAL PROVISIONS

### Article 33

The sums of money mentioned in the Articles of Association, rules and exploitation agreements are periodically indexed on the basis of an indexation clause determined in accordance with certain rules.

### Article 34

In all cases in which the provisions of the Articles of Association and/or rules of the Association are contrary to the law, the law will prevail.

### Article 35

Decisions on all matters not governed by law, the Articles of Association or the rules will be taken by the Board.

Adopted by the members' meeting of Vereniging Buma on May 20, 2015. Brought into effect by the execution up of the notarial deed on August 18, 2015.

## TRANSFER STIPULATION

### Article 36

1. *What is stipulated in Article 13, Paragraph 3 and Article 16, Paragraph 1 sub-paragraph e shall first apply to the directors who are appointed or reappointed after the implementation of the changes in question to the Articles of Association (dated 17 July 2012).*
2. *The Board is obliged, immediately after the implementation of the changes in question to the Articles of Association (dated 17 July 2012),*

# DISTRIBUTION RULES OF VERENIGING BUMA

Non binding translation. For information purposes only.

As referred to in Article 29, Paragraph 3 of the Articles of Association of Vereniging Buma, last amended at the members' meeting held on 21 May 2014.

## DEFINITIONS

### Article 1

In these rules and the associated appendices, the following definitions apply:

- a. **Buma:** Vereniging Buma, with registered office in Amstelveen.
- b. **Musical performing right:** *The rights and/ or claims under the law, a convention or a statutory regulation to which the author or their successors in title are entitled, anywhere in the world, with regard to every publication - with the exception of reproductions - of copyright-protected musical works with or without lyrics, the performance of dramatico-musical works being regarded as equivalent to these if rendered without being shown.*
- c. **Musical work:** A musical work in the strict sense as well as a dramatico-musical work, a choreographic work and a pantomime, if this dramatico-musical work, choreographic work or pantomime is rendered without being shown. This should also be understood to include arrangements and lyrics that have been set to music, including the lyrics of declamations. Unless otherwise specified, musical works are understood to mean those musical works that belong to the Buma repertoire.
- d. **Repertoire:** *The total number of musical works with regard to which a natural person or legal entity holds either the musical performing right, or a right to payment by virtue of the musical performing right at the moment the exploitation agreement is entered into, and all musical works he will create during the term of this agreement or with regard to which he will acquire either the musical performing right, or the right to payment by virtue of the musical performing right for the duration of this agreement.*
- e. **Permission:** *Any authorisation or permit granted by or on behalf of the copyright owner(s) to make alterations or additions to a musical work, as well as the consent given by an authorised publisher to sub-publish a musical work published by them.*
- f. **Author:** *A composer, lyricist or any other natural person who creates a work of literature, science or art.*
- g. **List of performed works:** *A list of musical works performed or broadcast during a performance or broadcast, including programme details obtained by sampling or other means.*
- h. **Participant:** *The interested party with respect to the musical performing right who has concluded an exploitation agreement with Buma either in the capacity of author or their successors in title or in the capacity of publisher or publishing company.*
- i. **'Legal successor'** means:

- a. a natural person who has acquired this musical performing right under the law of inheritance (i.e. as heir or legatee) from an author
- b. successive heirs and/or legatees
- c. a 'besloten vennootschap' or 'naamloze vennootschap' with articles of association that determine that the shares are registered, such company being the successor in title of the author's entire repertoire or that of their legal successor as referred to in b, such author or legal successor holding at least ninety percent (90%) of the issued share capital, or
- d. other legal entities meeting the requirements laid down in rules to be defined by the Board of the Association.

of the monies. The nature and number of these accounts are determined within the scope of the annual accounts, subject to the provisions of Article 6 of these Rules.

2. A sum to be established within the framework of the annual accounts will be deducted from the sections mentioned in Paragraph 1 above to take account of the costs of the administration activities carried out in connection with a section, the distribution of the monies within that section and management in general.
3. Insofar as no provisions are made within the framework of the annual accounts, the other revenues, which are not proceeds of the musical performing rights, are allocated pro rata to the sections in accordance with the share of each of these sections in the total of the monies available for distribution and payment. The allocation is effected within the framework of the annual accounts.

## GENERAL

### Article 2

These Rules regulate the distribution and payment of monies received by Buma in respect of musical performing rights, as determined annually in accordance with the annual accounts and taking into account the provisions of Article 29 of Buma's Articles of Association. These are known as the Distribution Rules.

### Article 3

1. The monies received by Buma during any financial year in respect of musical performing rights are accounted for in a number of accounts known as 'sections' after deduction of reserves and provisions and taking into account the nature of the performance or broadcast of the musical works and the origin

## PRINCIPLES

### Article 4

Distribution is based on the principle that the monies available for distribution as specified in Article 3 are distributed among and paid to those specified in Appendix I as being interested parties in the performed or broadcast musical works.

### Article 5

1. Participants are obliged to give notification of their musical works in accordance with the procedure described in Appendix II.
2. No payment is made for musical works that are not notified in accordance with the procedure described in Appendix II. Buma is

however authorised to make payments to the interested parties on the basis of lists of performed works and/or notifications from other parties entitled to a share and/or other clear information. Nevertheless the obligation of the participant as described in Paragraph 1 of this article remains in force.

3. Distribution is based on the list of performed works as available to Buma. With regard to obtaining and processing the list of performed works, the management will take those measures which it considers desirable, both from the point of view of fair distribution and from the point of view of efficient management.
4. With regard to lists of performed works which result in payments in the special sections specified in Article 6 Paragraph 2 of these Rules, the Board may, in order to obtain prompt and complete information about the programme, impose more specific conditions on the collaboration required from the participants whose musical works are involved, failing which the participants shall have no right to payment under the special section concerned.
5. Lists of performed works which the management believes to be inaccurate may be excluded from distribution and payment. In this case the management will take measures to obtain the correct data unless it has sound reasons to believe that:
  - a. the costs associated with the necessary measures will be disproportional in relation to the potential proceeds for the participants concerned;
  - b. it appears that one or more of the participants concerned are in any way involved in producing the inaccurate data.

## DISTRIBUTION

### Article 6

The share of any musical work in the amount available for distribution in each section as specified in Article 3 – and taking into account the terms of Articles 9 and 10 – is calculated as follows:

1. General sections

The number of points awarded to any musical work in accordance with Appendix III is multiplied by the notified number of performances of that musical work within a section. The number of points for all performances of that musical work obtained in this way is divided by the total number of points for all notified musical works within the section concerned. This determines the share of that musical work in the monies available for distribution in that section.
2. Special sections

Within the special sections, the monies received for each programme are paid out, taking into account Article 3 Paragraphs 2 and 3. The number of points awarded to any musical work in accordance with Appendix III is multiplied by the notified number of performances of that musical work within the programme concerned. The number of points for all performances of that musical work obtained in this way is divided by the total number of points for all notified musical works within the programme concerned. This determines the share of that musical work in the monies available for distribution for that particular programme. The following are eligible for special distribution:
- A Use of music during performances
  - a. where the Buma revenues exceed an amount per performance to be specified by the Board, and

- b. where it appears from the lists of performed works that – with application of a special distribution – one or more of the interested parties should receive a substantial share of the revenues to be specified by the Board, and
- c. where Buma has received the lists of performed works in accordance with the conditions laid down by the Board as mentioned in Article 5, Paragraph 4.

B Use of music during performances other than as mentioned in A:

- a. for which Buma has granted permission on the basis of a licence (fee) which also includes other types of music use, and
- b. for which Buma has received lists of performed works.

The share of a musical work is calculated on the basis of an average revenue per performance. The terms of Paragraph 2 above concerning Special Sections do not apply to arrangements laid down in an international context for special sections, where the distribution is made on the basis of rules to be defined by the Board.

### 3. General film sections

The amounts for each film in the general film sections are calculated as follows: The proceeds of any film are multiplied by the number of seconds of music belonging to the Buma repertoire in that film. The number obtained in this way is divided by the total of the numbers for all films, which gives the share of the film in this section. The share of a musical work in a film is calculated by dividing the number of seconds of all the performances of that musical work in the film by the total duration in seconds of all the musical works in the film.

### 4. Radio and TV sections

The number of seconds of any musical work is added up per musical work, per section. The number obtained in this way is divided by the total of the numbers for all broadcast musical works belonging to the Buma repertoire, which gives the share of a musical work in that section.

### 5. Online sections

a. In a general license, the share of a work consists of the average amount per stream and/or download times the number of times that the work has been streamed or downloaded, regardless of the actual / declared duration of the work. The average amount per stream and/or download is found from the total amount available for distribution arising from the collection associated with this license(s) divided by the total number of streams and/or downloads arising from that license(s) unless the provision under c is applicable.

b. In the case of a license specified per work, the amount available for distribution per licensed work or group of works is divided among and paid to the interested parties of that work or of the group of works, regardless of the actual/declared duration of the work.

c. If, in the case of a general license as referred to in a, it is the opinion of the management that:

1. there is a relatively small license revenue and dividing it as described above under a, would, in the opinion of management, not be justified due to cost / benefit considerations, the entire license revenue based on the specific reference repertoire would, in consultation with the Board, then be distributed among the beneficiaries in a manner that will be decided by the Board.
2. so much work - such as processing

program data, filling in the copyright data of works and so on - would be needed in order to distribute the complete license amount that, in the opinion of the management, this would not be justified through cost/benefit considerations with regard to the total license amount, then

- i) both the works already completed and the works that are still to be completed, whereby the proportion of the work to be completed exceeds a specific amount, will be divided in accordance with the provisions under a, and
- ii) the remaining undistributed amount, on the basis of the reference repertoire established in consultation with the Board, will be distributed among the rightholders in a manner to be determined by the Board.

### Article 7

1. When calculating the totals as mentioned in Article 6 within any section, the shares allocated to persons who are not interested parties as set out in Appendix V are ignored.
2. For the purposes of this article, “persons who are not interested parties” shall be understood to mean authors of protected musical works who are not members of Buma or who have not entered into an exploitation agreement with an organisation as specified in Article 4 Paragraph 3 of the Articles of Association.

### Article 8

1. The proceeds for each musical work calculated in accordance with Article 6 are distributed among interested parties, as specified in Appendix I, in accordance with the distribution keys set out in Appendix V, irrespective of any

agreements to the contrary between the parties concerned, unless these rules themselves permit a different arrangement to be made.

2. In the case of contradictory claims on a share in a musical work, the management is entitled to postpone payment of that share until the parties have reached agreement or until the management is presented with a decision that is binding on both parties.

## SUPPLEMENTARY PAYMENTS

### Article 9

For the payment of a share for unreported performances of repertoire that do not appear in lists of performed works because of the type of performance location, the Board may specify a different settlement which is deducted from the section concerned, as defined within the framework of the annual accounts. The following conditions must also be met:

- a. Buma accepts that a relatively large number of performances of each musical work will not be reported in view of the type of performance location.
- b. Buma has granted permission, against payment, for performances in the type of performance location.
- c. The non-reporting is not already accounted for in any other way or covered by any distribution (method).

### Article 10

For the payment of a share for broadcasts of a certain type of repertoire that does not appear, or does not appear in a sufficiently recognisable manner, in lists of performed works, the Board may specify a different settlement which is

deducted from the section concerned, as defined within the framework of the annual accounts.

The following conditions must also be met:

- a. *Buma accepts, based on the type of repertoire, that a relatively large number of performances of each work will not be, or will not be adequately recognisable in the lists of performed works.*
- b. *Buma has granted permission, against payment, for the broadcasting of the type of repertoire.*
- c. *The non-appearance or inadequately recognisable appearance in lists of performed works is not already accounted for by Buma in any other way or covered by any distribution (method).*

## BASIC PAYMENT

### Article 11

1. *If the total Buma and Stemra distributions to an interested party in any year amounts to less than a sum to be determined jointly by the Boards of Buma and Stemra on a periodic basis, each interested party shall annually receive a supplement to the said amount as remuneration for the performances, broadcasts and/or mechanical recordings not included in the distribution for that year. This is conditional on payment of the annual contribution.*
2. *The Board may specify a similar arrangement for sister organisations.*

## PAYMENTS

### Article 12

All payments by Buma are made in Dutch currency. Buma has the right to charge

participants for the bank charges incurred in making the payments to the participants.

## MINIMUM PAYMENTS

### Article 13

1. *Payment to an interested party will only be made if the proceeds in their favour exceed a minimum amount per distribution to be decided periodically by the management with the approval of the Board.*
2. *Unpaid amounts will be credited to the exploitation account.*

### Article 14

Money intended for social and cultural purposes is spent in the three calendar years following the calendar year in which they were reserved. If and insofar as this money is not spent for the chosen purpose within the period of three years referred to, this will be reported to the members' meeting or the affiliate's meeting. In that case a proposal for the destination of the money (or the remaining part thereof) not spent in time will be put before the members or the affiliates.

### Article 15

1. *These rules and the associated appendices do not apply to monies received by virtue of musical performing rights from organisations specified in Article 4, Paragraph 3 of the Articles of Association, with the exception of the distribution keys set out in Appendix V, taking any shares retained by these organisations into account.*
2. *Payment of the amounts specified in Paragraph 1 above is made in accordance with rules to be determined by the Board.*

## Article 16

1. *Buma strives to pay the money received for use in a given calendar year to the interested parties in the succeeding calendar year, but no later than three calendar years after the year in which it was received.*
2. *Claims relating to settlements made in any year will be dealt with no later than 31 December of the second year following the calendar year in which the settlement concerned is made. The participant's right to make a claim relating to the settlement concerned shall then expire.*
- 3a. *If an error is discovered when determining the amount due to a participant, it can be rectified until no later than 31 December of the second year following the calendar year in which the settlement concerned is made.*
- 3b. *Amounts paid that are too high shall not be recovered if, in the management's opinion, there are serious arguments for considering recovery to be unreasonable.*
4.
  - a. *Any money received for other than interested parties who cannot be traced, despite reasonable attempts by Buma to do so, shall remain in the name of the rightholder for five years.*
  - b. *Other money that cannot be paid out because the details of the other than interested party cannot be discovered, despite Buma's efforts to do so, shall also be reserved for five years.*
5. *If a non-affiliated rightholder does not claim a payment for use in a usage year within five years (calculated from the time at which Buma settled payment for the usage year concerned), the claim for the payment for use in that usage year shall expire.*
6. *The remuneration not paid out after the*

*mentioned periods have expired (3 and 5 years), shall be paid out to the participants pro rata.*

7. *The Buma Board establishes from time to time what percentage of the money received from each section will be reserved for later claims, as referred to in the preceding paragraphs, by affiliated rightholders as well as non-affiliated rightholders.*

## Article 17

The management may take decisions on matters not governed by these rules if it sees fit to do so. Such decisions must be taken in the spirit of these rules as far as possible and should ensure that the interests of all concerned are fairly represented.

## DATE ON WHICH THESE RULES COME INTO EFFECT

### Article 18

1. *These rules come into effect on January 1, 1986. They have no bearing on the distribution and payment of monies received by Buma by virtue of musical performing rights prior to that date.*
2. *These rules were established by the Board of Vereniging Buma on October 30, 1985 and were approved by the members' meeting of Vereniging Buma on December 9, 1985.*
3. *These rules were last amended by a resolution of the Board of Vereniging Buma on 22 January 2014 and were approved by the members' meeting of Vereniging Buma on 21 May 2014.*
4. *The amendment mentioned in the previous paragraph comes into effect as of the date of approval by the members' meeting of Vereniging Buma.*

# APPENDICES TO THE DISTRIBUTION RULES OF VERENIGING BUMA

Non binding translation. For information purposes only.

## APPENDIX I

### INTERESTED PARTIES

#### Article 1

1. Only participants and members, affiliates or other third parties represented by the organisations specified in Article 4, Paragraph 3 of the Articles of Association are interested parties in the proceeds of a musical work.
2. The parties who are interested parties in the proceeds of the musical works (jointly) created or (sub-)published by them are:
  - a. Composers
  - b. Arrangers
  - c. Lyricists
  - d. Adapters
  - e. Publishers
  - f. Sub-arrangers
  - g. Local adapters
  - h. Sub-publishers
  - i. Catalogue representativesor their heirs or other legal successors.

### THE COMPOSER

#### Article 2

1. The composer of a musical work is the natural person who created the music of that musical work.
2. If two or more persons created the music jointly, they are regarded as co-composers.

*In accordance with the provisions of Appendix V, the composer's share in the proceeds of a musical work is divided equally among the co-composers.*

3. Anyone who makes use of copyright-protected music by other composers when creating his own music will be regarded as the co-composer or arranger, depending on the extent of his own contribution. Written permission is required for doing so. In the case of published or sub-published musical works, this permission must have been granted by the publisher or the sub-publisher unless the composer did not authorise the publisher to grant such permission in the publishing agreement concluded. In this case and in the case of unpublished musical works, permission must have been granted by the composer.
4. If a composer uses a pre-existing musical work when creating a new musical work, either by changing a fragment of the pre-existing musical work by digital electronic or other means so that a new musical work is created or by inserting his own music in the pre-existing work, the composer of the original musical work and the composer of the new musical work are regarded as co-composers.
5. If the composer of the new musical work specified in the previous paragraph has used existing recordings of the original musical work when creating his new musical work, he will only receive a share in the proceeds from the new musical work if he has obtained written permission for the use of the recording from the owners of any neighbouring rights existing on the

recording in addition to the copyright permission as set out in Paragraph 3 of this article.

6. If the composer makes use of one or more copyright-protected lyrics in creating a musical work, he will only receive a share in the proceeds of that musical work if he has obtained written permission to use the lyrics. In the case of published or sub-published lyrics, this permission must have been granted by the publisher, the sub-publisher or the catalogue representative unless the lyricist did not authorise the publisher to grant such permission in the publishing agreement concluded. In this case and in the case of unpublished musical works, permission must have been granted by the lyricist.
7. If split-copyright publishers as specified in Article 6 Paragraph 3 of this Appendix are involved in the lyrics used by the composer and one or more of these split-copyright publishers have been given the authorisation specified in Paragraph 3 of this article, the composer will only receive a share in the proceeds of the musical work if he has obtained written permission from one of the split-copyright publishers.

## THE ARRANGER

### Article 3

1. The arranger is any composer who alters or adds to a musical work by another composer in such a way that he has endowed it with a personal dimension by means of his own creative contribution.
2. If two or more persons created the arrangement jointly, they are regarded as co-arrangers. The arranger's share in the proceeds of a musical

work is divided equally among the co-arrangers.

3. If the arranger of a musical work is also the composer of that musical work, or if all the co-arrangers are also the sole co-composers, no arranger's share will be allocated.
4. The following activities are not regarded as arrangements of musical works:
  - a. Measures relating to practical matters which are limited to:
    - adding dynamic or agogic accents
    - adding phrasing
    - adding registers for organ or other keyboard instruments
    - describing fingerings
    - illustrations, embellishments
    - transcribing old methods of notation to those customarily used today
    - correcting mistakes in the original draft and similar activities.
  - b. Transcriptions into other keys or voice registers (transpositions)
  - c. Omission or simplification of voices (reductions)
  - d. Changing or doubling of voices
  - e. Addition of one single parallel voice to a melody voice
  - f. other alterations in musical works that do not meet the requirements of Paragraph 1 of this Article.
5. The arranger of a copyright-protected musical work will only receive a share in the proceeds of that musical work if he has been granted written permission for the arrangement. In the case of published musical works, this permission must have been granted by the publisher unless the composer or lyricist did not authorise the publisher to grant such permission in the publishing agreement concluded. In this case, permission must

have been granted by the composer or the lyricist, or by the publisher if authorised by the composer or lyricist as specified in the previous sentence. In the case of unpublished musical works, permission must have been granted by the composer and the lyricist.

6. The arranger will only receive a share if his arrangement is actually used.
7. The arranger can also claim a share in the proceeds of the musical work if the musical work concerned is used without his arrangement actually being used. However in this case, permission must have been granted without specifying that it is valid for a specifically defined use only. Furthermore, in the case of published works, each of the following conditions must be met:
  - a. Permission must have been granted by a publisher who is still acting as such with regard to the musical work for which permission was granted.
  - b. The arranger's version must have been published as sheet music.
  - c. The arranger's version must have been issued on a sound carrier produced for commercial purposes.
  - d. The arranger's version must be of national significance in accordance with criteria to be specified by the management.
8. If split-copyright publishers as specified in Article 6 Paragraph 3 of this Appendix are involved in a copyright-protected musical work arranged by an arranger and one or more of these split-copyright publishers have been given the authorisation specified in Paragraph 5 of this article, the arranger will only receive a share in the proceeds of this musical work if he has obtained written permission from one of the split-copyright publishers.

## THE LYRICIST

### Article 4

1. The lyricist of a musical work is the natural person who wrote the lyrics of that musical work.
2. If two or more persons wrote the lyrics jointly, they are regarded as co-lyricists. In accordance with the provisions of Appendix V, the lyricist's share in the proceeds of a musical work is divided equally among the co-lyricists.
3. If the lyricist makes use of copyright-protected music in creating a musical work, he will only receive a share in the proceeds of that musical work if he has obtained written permission to use the music. In the case of published or sub-published music, this permission must have been granted by the publisher, sub-publisher or catalogue representative, unless the composer did not authorise the publisher to grant such permission in the publishing agreement concluded. In this case and in the case of unpublished music, permission must have been granted by the composer.
4. If split-copyright publishers as specified in Article 6 Paragraph 3 of this Appendix are involved in the copyright-protected musical work used by the lyricist and one or more of these split-copyright publishers have been given the authorisation specified in the previous paragraph, the lyricist will only receive a share in the proceeds of this musical work if he has obtained written permission from one of the split-copyright publishers.
5. The lyricist also receives a share in the proceeds of a musical work if the music to which the lyrics belong is performed without lyrics. This does not apply to lyrics belonging

to music no longer protected by copyright.

6. The provisions of the previous paragraph do not apply to works specified in Paragraph 3 of this article unless the permission specified in Paragraph 3 of this article states otherwise.
7. With reference to films, the rule described in Paragraph 5 only applies to those lyricists mentioned on the cue-sheet.

by the adapter of the lyrics and one or more of these split-copyright publishers have been given the authorisation specified in the previous paragraph, the adapter will only receive a share in the proceeds of this musical work if he has obtained written permission from one of the split-copyright publishers.

5. The adapter will only receive a share if his adaptation is actually used.

## THE ADAPTER

### Article 5

1. The adapter of a musical work is a natural person who alters or adds to the lyrics of a musical work in such a way that he endows it with a personal dimension by means of his own creative contribution.
2. If two or more persons have adapted the lyrics jointly, they are regarded as co-adapters. In accordance with the provisions of Appendix V, the adapter's share in the proceeds of a musical work is divided evenly among the co-adapters.
3. The adapter of a copyright-protected musical work will only receive a share in the proceeds of that musical work if he has been granted written permission to adapt the lyrics. In the case of published musical works, this permission must have been granted by the publisher unless the original authors or their assignees did not authorise the publisher to grant such permission in the publishing agreement concluded. In this case and in the case of unpublished musical works, permission must have been granted by the original authors or their successors in title.
4. If split-copyright publishers as specified in Article 6 Paragraph 3 of this Appendix are involved in the copyright-protected lyrics used

## THE PUBLISHER

### Article 6

1. The publisher is any natural person or legal entity who has obtained the publishing rights and produces and distributes the standard printed edition of the whole musical work or any other graphically reproduced editions thereof.
2. If two or more publishers published the musical work jointly, they are regarded as co-publishers. The publisher's share in the proceeds of a musical work is divided equally among the co-publishers unless they have mutually agreed to a different division and made this known in the notification.
3. Publishers who, on the basis of a contract with one or more interested parties in a musical work, have obtained only part of the publishing rights to that musical work, are regarded as split copyright publishers. The split-copyright publisher's share compared with the publisher's total share in the proceeds of the musical work is in the same ratio as the share of the interested parties with whom he has concluded a contract compared with the author's total share.
4. A publisher who has obtained the publishing rights for a territory mentioned by name on the

basis of a contract with the original publisher in the capacity of substitute publisher is regarded as the original publisher for that territory.

5. Rights which extend to printing only do not provide a right to shares in the proceeds of a musical work.
  6. With reference to distribution, the date on which a contract with a publisher comes into effect is always taken to be the first day of the distribution period in which the contract date or the starting date of the contract falls, though any monies that have not yet been distributed from previous distribution periods will be paid to the publisher, subject to any agreements to the contrary regarding a different starting date, provided these arrangements are set forth in the publishing contract.
- b. Permission must have been granted by a publisher, sub publisher or catalogue representative who is still acting in this capacity with regard to the musical work for which permission was granted.
  - c. The sub-arranger's version must have been published as sheet music.
  - d. The sub-arranger's version must have been issued on a sound carrier produced for commercial purposes.
  - e. The sub-arranger's version must be of national significance in accordance with criteria to be specified by the management.
4. Paragraph 3 will not apply if there is a sub-arranger who has been granted permission previously in addition to the sub-arranger to whom the provisions of Paragraph 3 apply and the former's sub-arrangement is actually used.
  5. The sub-arranger's share will be divided equally between both sub-arrangers if there is a sub-arranger who has been granted permission at a later stage in addition to the sub-arranger to whom the provisions of Paragraph 3 apply and the former's sub-arrangement is actually used.

## THE SUB-ARRANGER

### Article 7

1. The sub arranger of a musical work is a natural person who, after having obtained written permission from a publisher, sub publisher or catalogue representative, makes a new arrangement of a musical work sub published in the Netherlands.
2. The sub-arranger will only receive a share if his sub-arrangement is actually used.
3. The sub-arranger can also claim a share in the proceeds of a musical work if the musical work concerned is used without his sub-arrangement actually being used. In this case, however, each of the following requirements must be met:
  - a. Permission must have been granted without specifying that it is only valid for a specific use.
6. If split-copyright publishers as specified in Article 6 Paragraph 3 or Article 9 Paragraph 3 of this Appendix are involved in a musical work arranged by a sub-arranger, the sub-arranger will only receive a share in the proceeds of the musical work if he has obtained written permission from one of the split-copyright publishers, split-copyright sub-publishers or catalogue representatives.
7. A sub arranger outside the Netherlands who, after having obtained written permission from a sub publisher or catalogue representative outside the Netherlands, makes a new arrangement of a musical work sub published

outside the Netherlands, will receive a share if his sub arrangement is actually used.

8. If there is a sub arranger to whom the provisions of Paragraph 3 of this article apply in addition to the sub-arranger outside the Netherlands as specified in Paragraph 7 of this article, the sub arranger's share is divided equally between the two sub arrangers if the sub arrangement outside the Netherlands is actually used.

## THE LOCAL ADAPTER

### Article 8

1. The local adapter of a musical work is a natural person who, with the written permission of a publisher, sub publisher or catalogue representative, writes new lyrics for or translates the original lyrics of a musical work sub published in the Netherlands.
2. The local adapter will only receive a share if his sub-lyrics are actually used.
3. The local adapter can also claim a share in the proceeds of a musical work if the musical work concerned is used without his sub-lyrics actually being used. In this case, however, each of the following requirements must be met:
  - a. Permission must have been granted without specifying that it is only valid for a specific use.
  - b. Permission must have been granted by a publisher, sub publisher or catalogue representative who is still acting in this capacity with regard to the musical work for which permission was granted.
  - c. The version in which the local adapter's lyrics are being used must have been published as sheet music.
  - d. The version in which the local adapter's lyrics are being used must have been issued on a sound carrier produced for commercial purposes.
  - e. The local adapter's version of the lyrics must be of national significance in accordance with criteria to be specified by the management.
4. Paragraph 3 will not apply if there is a local adapter who has been granted permission previously in addition to the local adapter to whom the provisions of Paragraph 3 apply and the former's sub-lyrics are actually used.
5. The local adapter's share will be divided equally between both local adapters if there is a local adapter who has been granted permission at a later stage in addition to the local adapter to whom the provisions of Paragraph 3 apply and the former's sub-lyrics are actually used.
6. If split-copyright publishers as specified in Article 6 Paragraph 3 or Article 9 Paragraph 3 of this Appendix are involved in a musical work containing sub-lyrics written by a local adapter, the local adapter will only receive a share in the proceeds of the musical work if he has obtained written permission from one of the split-copyright publishers, split-copyright sub-publishers or catalogue representatives.
7. A local adapter outside the Netherlands who, after having obtained written permission from a sub publisher or catalogue representative outside the Netherlands, writes new sub-lyrics for a musical work sub published outside the Netherlands, will receive a share if his sub lyrics are actually used.
8. If there is a local adapter to whom the provisions of Paragraph 3 apply in addition to the local adapter outside the Netherlands as

specified in Paragraph 7 of this article, the local adapter's share is divided equally between both local adapters if the sub lyrics from outside the Netherlands are actually used.

## THE SUB-PUBLISHER AND THE CATALOGUE REPRESENTATIVE

### Article 9

1. A sub publisher is a publisher who, with the written permission of the original publisher not residing in the same country as the sub publisher, republishes a musical work. A party who acquires sub publishing rights for the country in which the work was originally published is not regarded as a sub publisher.
2. If two or more sub publishers jointly sub publish a musical work, they are regarded as co- sub publishers. In this case, the sub publisher's share in the proceeds of the musical work is divided equally among the co sub publishers, unless they have mutually agreed on a different division.
3. A sub publisher who, on the basis of a contract with a split copyright publisher outside the Netherlands as referred to in Article 6, Paragraph 3 of this Appendix, has only acquired part of the sub publishing rights to a musical work, is regarded as split-copyright sub-publisher. The split-copyright sub-publisher's share is in direct proportion to the split-copyright publisher's share in the original distribution key. If it is not known for whatever reason which authors who are interested parties in a musical work are represented by the split-copyright publisher and the split-copyright sub-publisher, the split-copyright sub-publisher's share may never be larger than the split-copyright publisher's share of the original distribution key.
4. A publisher who has concluded a catalogue representation contract with a publisher or split copyright publisher outside the Netherlands is regarded as the catalogue representative. The catalogue representative is not obliged to republish a musical work belonging to the catalogue concerned. The provisions of Paragraph 3 also apply to the allocation of shares to a catalogue representative of a split copyright publisher outside the Netherlands.
5. A share in the proceeds of a musical work will only be allocated to the sub publisher, the split-copyright sub-publisher or the catalogue representative if his contract with the original publisher or split copyright publisher is valid for a period that is at least equivalent to the minimum established by the international copyright organisation CISAC. If CISAC no longer specifies such a minimum period, the minimum period of validity of the contract will be established by the management.
6. With regard to distribution, the date on which a contract with a sub-publisher or catalogue representative comes into effect is always taken to be the first day of the distribution period in which the contract date or the starting date of the contract falls, unless there are any agreements to the contrary regarding a different starting date, provided these arrangements are set forth in the contract.
7. Buma must be informed in writing of the contractual expiry of a sub publishing contract or of representation by a catalogue representative in good time before the contract expires. If no such notice is sent it is assumed that the contract has been prolonged, except in

the case referred to in Paragraph 7a.

- 7a. Where two or more parties make a substantiated written claim on the representation of a catalogue or on a sub-publishing contract, the management is entitled to postpone payment of that share until the parties have reached agreement or until the management is presented with a decision that is binding on both parties.
8. If Buma receives notification concerning the coming into effect or expiry of a sub publishing contract or representation by a catalogue representative at a time when the proceeds of musical works to which this contract or representation relates have already been distributed among the interested parties or the distribution of the proceeds is at an administratively advanced stage, Buma is not obliged to make distributions that conflict with the notifications in this regard.

## Article 10

1. This Appendix comes into effect on January 1, 1986. It has no bearing on the distribution and payment of monies received by Buma by virtue of musical performing rights prior to that date.
2. This Appendix was established by the Board of Vereniging Buma on October 30, 1985 and was approved by the members' meeting of Vereniging Buma on December 9, 1985.
3. This Appendix was last amended by a resolution of the Board of Vereniging Buma on April 4, 2007 and was approved by the members' meeting of Vereniging Buma on May 14, 2007.
4. The amendment mentioned in the previous paragraph comes into effect as of the date of approval by the members' meeting of Vereniging Buma.

## APPENDIX II

### NOTIFICATION OF WORKS

#### Article 1

The management provides each participant with forms on request, on which the latter can give notification of the musical works in which he is an interested party.

#### Article 2

Authors who have created a musical work jointly should jointly give notification of the work on a form issued to them by the management on request.

#### Article 3

No payment will be effected for musical works notified by means of forms that are incompletely filled out or by means of forms other than those provided in accordance with these rules, unless the management is of the opinion that there are important reasons why the notification should nevertheless be accepted.

#### Article 4

The provision relating to the obligation to give notification of a work jointly as described in Article 2 of this Appendix does not apply to duly notified musical works to which alterations are made with the written permission of an authorised publisher.

#### Article 5

Notified musical works to which alterations including changes of title are made in any way other than as mentioned in Article 4 of this Appendix must be re-notified.

## Article 6

The management may lay down additional rules as to whether or not sheet music has to be submitted. The participant is at all times obliged to send Buma, on Buma's first request, a copy of the manuscript or sheet music of a musical work or the master tape in the case of electrical acoustic music.

## Article 7

With the agreement of the management, catalogue representatives may give notification of the musical works in which they are interested parties in a different way to be determined in more detail.

## Article 8

1. *This Appendix comes into effect on January 1, 1986. It has no bearing on the distribution and payment of monies received by Buma by virtue of musical performing rights prior to that date.*
2. *This Appendix was established by the Board of Vereniging Buma on October 30, 1985 and was approved by the members' meeting of Vereniging Buma on December 9, 1985.*
3. *This Appendix was last amended by a resolution of the Board of Vereniging Buma on April 16, 1997 and was approved by the members' meeting of Vereniging Buma on May 26, 1997.*
4. *The amendments mentioned in the previous paragraph of this article came into effect on January 1, 1997.*

## APPENDIX III

### RATING OF MUSICAL WORKS

#### Article 1

1. *Every musical work is awarded a number of points, for which purpose the musical works are classified on the basis of duration as described in Article 2 of this Appendix.*
2. *The management can alter an existing classification based on information drawn from practical experience.*

#### Article 2

Classification by duration is either made on the basis of the notification of the work concerned and information provided by the organisations referred to in Article 4, Paragraph 3 of the Articles of Association, or on the basis of the actual duration specified in the musical score or sheet music, or, if the duration differs considerably from this, on the basis of the actual duration as determined during one or more performances or broadcasts.

#### Article 3

The management will inform the participants concerned if the classification by duration differs from the notification of the work.

#### Article 4

The points referred to in Article 1, Paragraph 1 of this Appendix are awarded according to the table below:

Musical works with a duration of:

00 min. 1 sec. to 59 sec.	<b>12</b>
01 min. to 05 min.	<b>36</b>
05 min. 1 sec. to 10 min.	<b>84</b>

10 min. 1 sec. to 15 min.	<b>144</b>
15 min. 1 sec. to 20 min.	<b>204</b>
20 min. 1 sec. to 25 min.	<b>264</b>
25 min. 1 sec. to 30 min.	<b>324</b>
30 min. 1 sec. to 35 min.	<b>384</b>
35 min. 1 sec. to 40 min.	<b>444</b>
40 min. 1 sec. to 45 min.	<b>504</b>
45 min. 1 sec. to 50 min.	<b>564</b>
50 min. 1 sec. to 55 min.	<b>624</b>
55 min. 1 sec. to 60 min.	<b>684</b>

For musical works with a duration of 60 min. 1 sec. or more, the number of points is increased by 60 points for each 5 minutes or part thereof.

### Article 5

1. *Pot-pourris, medleys, compilations, etc. are regarded as one musical work for the purpose of allocating points.*
2. *The total proceeds of pot-pourris are distributed between the musical works or transitions included in the piece in accordance with their share in the duration of the whole piece.*
3. *The proceeds of each musical work or transition included in a pot-pourri are distributed in accordance with Appendix V.*

### Article 6

In the event of disputes concerning the classification described in Article 1 of this Appendix, the participant concerned can approach a Committee of Appeal set up for this purpose by the Board.

### Article 7

1. *This Appendix comes into effect on January 1, 1986. It has no bearing on the distribution and payment of monies received by Buma by virtue*

*of musical performing rights prior to that date.*

2. *This Appendix was established by the Board of Vereniging Buma on October 30, 1985 and was approved by the members' meeting of Vereniging Buma on December 9, 1985.*
3. *This Appendix was last amended by a resolution of the Board of Vereniging Buma on September 6, 2000 and was approved by the members' meeting of Vereniging Buma on October 23, 2000.*
4. *The amendment mentioned in the previous paragraph of this article comes into effect on January 1, 2001 with regard to the distribution and payment of monies received by Buma from the 2000 financial year onwards in relation to musical performing rights.*

## APPENDIX IV

### ELECTRICAL ACOUSTIC MUSIC

Appendix IV expires with effect from January 1, 2001 as regards the distribution and payment of monies received by Buma from the 2000 financial year onwards in relation to musical performing rights. This follows the resolution of the Board of Vereniging Buma dated September 6, 2000, approved by the members' meeting of Vereniging Buma held on October 23, 2000. The text of Appendix IV was as follows:

#### Article 1

In this Appendix, electrical acoustic music is understood to mean all music that has been recorded directly onto a sound carrier by the composer, on the understanding that the music can only be performed by playing this sound carrier.

## Article 2

1. A number of points is awarded to each electrical acoustic musical work. For this purpose, the musical works are classified by:
  - a. genre
  - b. duration
2. Serious electrical acoustic musical works are also classified by instrumentation.
3. The management can alter an existing classification based on information drawn from practical experience.

## Article 3

Articles 2, 3, 4 and 6 of Appendix III also apply with regard to classification by genre, duration and instrumentation, on the understanding that where Article 4 of Appendix III mentions musical scores and sheet music, these should be read as “the sound carrier concerned”.

## Article 4

1. Article 5 of Appendix III also applies with regard to classification by instrumentation, on the understanding that the number of tracks recorded on the sound carrier referred to in Article 1 is established first, not including supporting tracks and counting interdependent tracks jointly as one single track, after which Article 5 of this Appendix applies.
2. Where Article 5 of Appendix III mentions musical scores and sheet music, these should be read as “the sound carrier concerned” when applied to electrical acoustic music.

## Article 5

The management will inform the participants concerned if the classification by genre, duration or instrumentation differs from the notification of the work.

## Article 6

Points are awarded according to the table below:

- a. *Serious electrical acoustic musical works; The tables in Article 7a. of Appendix III apply. The table for musical works composed for 1 or 2 separate voices applies to musical works composed for one track. The table for musical works composed for between 3 and 9 separate voices applies to musical works composed for two tracks. The table for musical works composed for between 10 and 19 separate voices applies to musical works composed for three or four tracks. The table for musical works composed for more than 19 separate voices applies to musical works composed for five or more tracks.*
- b. *Entertainment electrical acoustic musical works; The table in Article 7b. of Appendix III applies.*

## Article 7

With respect to musical works for the performance of which both a sound carrier as described in Article 1 of this Appendix and musical instruments are used, the number of separate voices in the instrumental portion of the musical work determined in accordance with Appendix III is added to the number of separate voices in the electrical acoustic portion determined in accordance with Article 6 of this Appendix. Points are then awarded in accordance with Article 7 of Appendix III.

## Article 8

Articles 8, 9, 11 and 12 of Appendix III likewise apply.

## Article 9

1. This Appendix comes into effect on January 1, 1986. It has no bearing on the distribution and payment of monies received by Buma by virtue of musical performing rights prior to that date.
2. This Appendix was established by the Board of Vereniging Buma on October 30, 1985 and was approved by the members' meeting of Vereniging Buma on December 9, 1985.
3. This Appendix was last amended by a resolution of the Board of Vereniging Buma on April 16, 1997 and was approved by the members' meeting of Vereniging Buma on May 26, 1997.
4. The amendments mentioned in the previous paragraph of this article came into effect on January 1, 1997.

Composer	41.67%
Lyricist	41.67%
Adapter	16.66%
Composer	83.34%
Arranger	16.66%
Composer	41.67%
Arranger	16.66%
Lyricist	41.67%
Composer	41.67%
Arranger	8.33%
Lyricist	41.67%
Adapter	8.33%

- b. For published musical works in which at least one of the interested parties is a participant, except as stipulated in bbis1:

## APPENDIX V

### DISTRIBUTION KEYS

#### Article 1

The monies available for each musical work are distributed between the interested parties in the musical work in accordance with the distribution scales mentioned below.

- a. Musical works in manuscript form, in which at least one of the interested parties is a participant:

Composer	100.00%
Composer	50.00%
Lyricist	50.00%

Composer	66.66%
Publisher	33.34%
Composer	33.33%
Lyricist	33.33%
Publisher	33.34%
Composer	25.00%
Lyricist	25.00%
Adapter	16.66%
Publisher	33.34%
Composer	50.00%
Arranger	16.66%
Publisher	33.34%
Composer	25.00%
Arranger	16.66%

Lyricist	25.00%
Publisher	33.34%
Composer	25.00%
Arranger	8.33%
Lyricist	25.00%
Adapter	8.33%
Publisher	33.34%

bbis1.

For published musical works for which only the publisher is a participant and for which all the authors are affiliated to an Anglo-American copyright organisation (PRS, ASCAP, BMI or SESAC) as mentioned in Article 4 Paragraph 3 of the Articles of Association, distribution shall be in accordance with the repartition scales of the organisations as listed in Article 4 Paragraph 3 of the Articles of Association, insofar as:

- a. the authors have 'Anglo-American origins' as defined in paragraph bbis2 and the participating publisher can demonstrate by providing the publishing contract or providing correspondence with the authors that an Anglo-American partitioning scale has been agreed, and
- b. the repartition scales of the author or authors' societies are in agreement on this point.

bbis2.

The term 'authors with Anglo-American origins' shall be taken to mean authors affiliated to PRS (United Kingdom), ASCAP (USA), BMI (USA), SESAC (USA), IMRO (Ireland), SOCAN (Canada), APRA (Australia) or SAMRO (South Africa).

- c. Monies for musical works in which none of the interested parties is a participant will be

*distributed in accordance with the documentation on the distribution of these musical works submitted to Buma by the organisations referred to in Article 4, Paragraph 3 of the Articles of Association. If this documentation is not available, monies will be distributed in accordance with the distribution scales mentioned under a and b.*

## Article 2

1. If the contribution to a musical work by one of the co-composers mentioned in Article 2 Paragraph 2 of Appendix I of these rules is in the public domain, the other co-composers are jointly regarded as the composer of this musical work for the purposes of Article 1 of this Appendix.
2. If the music in a musical work is in the public domain but the lyrics are not, the lyricist is also regarded as the composer for the purposes of Article 1 of this Appendix.
3. If the contribution to a musical work by one of the co-arrangers mentioned in Article 3 Paragraph 2 of Appendix I of these rules is in the public domain, the other co-arrangers are jointly regarded as the arranger of this musical work for the purposes of Article 1 of this Appendix.
4. If the contribution to a musical work by one of the co-lyricists mentioned in Article 4 Paragraph 2 of Appendix I of these rules is in the public domain, the other co-lyricists are jointly regarded as the lyricist of this musical work.
5. If the lyrics in a musical work are in the public domain but the music is not, the composer is also regarded as the lyricist for the purposes of Article 1 of this Appendix.
6. If the music and the lyrics in a musical work are in the public domain, the arranger is also

regarded as the composer and the lyricist for the purposes of Article 1 of this Appendix.

7. If the music and the lyrics in a musical work are in the public domain, the adapter is also regarded as the lyricist and composer for the purposes of Article 1 of this Appendix.
8. If the music and the lyrics in a musical work are in the public domain, the local adapter is also regarded as the composer and the lyricist for the purposes of Article 1 of this Appendix.
9. If the music and the lyrics in a musical work are in the public domain, the sub-arranger is also regarded as the composer and the lyricist for the purposes of Article 1 of this Appendix.

### Article 3

Unless the management decides otherwise, the provisions of Article 2 of this Appendix do not apply to musical works that are in the public domain for reasons other than the expiry of a specific statutory period after the death of the composer and/or the lyricist.

### Article 4

The following distribution keys apply to musical works sub-published by a participant:

Composer	50%
Publisher	16.66 or 25 or 33.34 or 0%w
Sub-publisher	33.34 or 25 or 16.66 or 50%

Composer	33.34%
Sub-arranger	16.66%
Publisher	16.66 of 25 of 33.34 of 0%
Sub-publisher	33.34 or 25 or 16.6 or 50%
Composer	25%
Lyricist	25%
Publisher	16.66 or 25 or 33.34 or 0%
Sub-publisher	33.34 or 25 or 16.66 or 50%

Composer	16.67%
Sub-arranger	16.66%
Lyricist	16.67%
Publisher	16.66 or 25 or 33.34 or 0%
Sub-publisher	33.34 or 25 or 16.66 or 50%

Composer	16.67%
Lyricist	16.67%
Local adapter	16.66%
Publisher	16.66 or 25 or 33.34 or 0%
Sub-publisher	33.34 or 25 or 16.66 or 50%

Composer	16.67%
Sub-arranger	8.33%
Lyricist	16.67%
Local adapter	8.33%
Publisher	16.66 or 25 or 33.34 or 0%
Sub-publisher	33.34 or 25 or 16.66 or 50%

### Article 5

With regard to musical works in which either the music or the lyrics are used to a minor extent, the management can adjust the authors' shares in the proceeds in line with the ratio between the music and the lyrics.

### Article 6

The distribution between co-composers as described in Article 2, Paragraphs 3 and 4 of Appendix I is carried out as specified in the written permission granted. If the written permission does not provide any information on the agreed distribution key, distribution will be carried out in equal parts or, if it is clear which part of the work was created by each of the co-composers, in accordance with the duration of each contribution.

## Article 7

1. *Contrary to Article 4 of this Appendix, the publisher's and sub-publisher's shares can together amount to less than 50%, depending on the relevant provisions in the original publishing contract.*
2. *The publisher's and sub publisher's joint share referred to in Paragraph 1 will be distributed in accordance with the relevant provisions in the sub publishing contract.*
3. *The remaining share will be distributed in accordance with Article 10 of this Appendix.*

## Article 8

Catalogue representatives are regarded as sub publishers for the purposes of Articles 4, 7 and 9 of this Appendix.

## Article 9

As agreed in the contract concluded by the original publisher outside the Netherlands and the sub publisher affiliated with Buma, the key for the distribution of monies between them will be applied during the entire term of the contract.

## Article 10

The distribution between the original composer outside the Netherlands and the lyricist will be carried out in accordance with the documentation on the distribution of these musical works submitted to Buma by the organisations referred to in Article 4, Paragraph 3 of the Articles of Association. If this documentation is not available, monies will be distributed in accordance with the distribution keys mentioned in Article 4 of this Appendix.

## Article 11

If a participating publisher assigns a work originally published by him for sub publication to a publisher, whether it is a member of an organisation referred to in Article 4, Paragraph 3 of the Articles of Association or not, the total publisher's share can be set at 50%.

## Article 12

1. *If a musical work in the public domain becomes protected again as a result of legislation, the monies available for this musical work will be distributed between those who were interested parties in the musical work at the time at which the musical work entered the public domain.*
2. *The composer of a musical work who has used public-domain lyrics in the creation of a musical work is no longer regarded as the lyricist within the meaning of Article 2 Paragraph 5 of this Appendix if the lyrics become protected again. The composer is deemed to have obtained permission to use the lyrics within the meaning of Article 2 Paragraph 6 of Appendix I.*
3. *Co-composers as specified in Article 2 of Appendix I who have used public-domain music in the creation of a musical work are no longer regarded as the only composers of this musical work within the meaning of Article 2 Paragraph 1 of this Appendix if the music becomes protected again. The co-composers are deemed to have obtained permission to use the music within the meaning of Article 2 Paragraph 3 of Appendix I.*
4. *The arranger of a musical work who has used public-domain music and lyrics in the creation of an arrangement is no longer regarded as the composer and lyricist within the meaning of*

Article 2 Paragraph 6 of this Appendix if the music and lyrics become protected again. The arranger is deemed to have obtained permission to use the music and lyrics within the meaning of Article 3 Paragraph 5 of Appendix I.

5. If the contribution by one of the co-arrangers as specified in Article 3 Paragraph 2 of Appendix I in a musical work was in the public domain, the other co-arrangers are no longer regarded as the only arrangers of this musical work within the meaning of Article 2 Paragraph 3 of this Appendix if the contribution becomes protected again.
6. The sub-arranger who has used public-domain music and lyrics in the creation of a sub-arrangement is no longer regarded as the composer and lyricist within the meaning of Article 2 Paragraph 9 of this Appendix if the music and lyrics become protected again. The sub-arranger is deemed to have obtained permission to use the music and lyrics within the meaning of Article 7 Paragraph 1 of Appendix I.
7. The lyricist of a musical work who has used public-domain music in the creation of a musical work is no longer regarded as the composer within the meaning of Article 2 Paragraph 2 of this Appendix if the music becomes protected again. The lyricist is deemed to have obtained permission to use the music within the meaning of Article 4 Paragraph 3 of Appendix I.
8. If the contribution by one of the co-lyricists as specified in Article 4 Paragraph 2 of Appendix I in a musical work was in the public domain, the other co-lyricists are no longer regarded as the only lyricists of this musical work within the meaning of Article 2 Paragraph 4 of this

Appendix if the contribution becomes protected again.

9. The adapter of a musical work who has used public-domain lyrics and music in the creation of an adaptation is no longer regarded as the lyricist and composer within the meaning of Article 2 Paragraph 7 of this Appendix if the lyrics and music become protected again. The adapter is deemed to have obtained permission to use the music and lyrics within the meaning of Article 5 Paragraph 3 of Appendix I.
10. The local adapter who has used public-domain music and lyrics in the creation of sub-lyrics is no longer regarded as the composer and lyricist within the meaning of Article 2 Paragraph 8 of this Appendix if the music and lyrics become protected again. The local adapter is deemed to have obtained permission to use the music and lyrics within the meaning of Article 8 Paragraph 1.
11. If, in the period in which a musical work was in the public domain, a publication of an arrangement of this musical work was notified by a publisher who was not the publisher notified at the time the musical work was in the public domain, the publisher's share in the proceeds of the arrangement will be distributed equally between the publishers of the original musical work and those of the arrangement.
12. The provisions of the above paragraphs of this Article also apply to works becoming protected in the Netherlands as a result of a country joining an international convention after he entered the public domain in the Netherlands.

### **Article 13**

In the event of disputes concerning the distribution described in Article 1 of this Appendix, the participant concerned can lodge

an appeal with a Committee of Appeal set up for this purpose by the Board.

#### **Article 14**

1. In this article the terms below have the following meaning:
  - a. Dutch Work: a new work of which all the authors are Buma participants;
  - b. Mixed Work: a new or existing work of which one or more authors are Buma participants and one or more authors are affiliated with a foreign sister organisation.
2. The authors as defined in Article 1 sub f of this agreement of Dutch and/or Mixed Works may – taking due note of the stipulations in this Article 14 – agree a partitioning key for the authors' shares of their works that differs from that stated in Article 1 of Appendix V for the duration of the copyright, in accordance with further rules that may be imposed by the Board, without prejudice to:
  - a. the shares of the arranger and adapter
  - b. the distribution in principle for Dutch works (one-third shares for the composer, lyricist and publisher) in which a variant for the composer/lyricist has an effect on the publishers, where the share for the publishers and sub-publishers together cannot exceed 50%.
3. The rule for a Dutch Work is that the non-standard partitioning key applies for the entire territory for which the author is affiliated to Buma and Stemra, and for a Mixed Work the non-standard partitioning key applies for all monies collected by Buma and Stemra for the work in question.
4. For a Dutch Work, a non-standard agreement is only possible under the following conditions:
  - a. all the authors must have accepted the

*agreed non-standard partitioning; the notification (currently a CTB form, or OU) signed by all the parties must show this is the case.*

- b. The signed notification (currently a CTB form, or OU) shows that:
  1. the parties concerned declare that Buma is not liable for any consequences whatsoever pursuant to the partitioning agreed by the authors, where this differs from the partitioning keys as defined in Article 1 of Appendix V.
  2. the authors indemnify Buma against any claims by third parties, for example relating to (but not limited to) claims by existing and possible future rightholders, arising directly or indirectly from the application of the partitioning keys that differ as requested from Buma's repartition regulations.
  3. the authors undertake to inform their existing and future publishers about the non-standard partitioning.
5. In the case of a Mixed Work, a non-standard arrangement is only possible if the partitioning between Buma's author/participant or publisher/participant is retained and within the share of Buma's author/participant.
6. This Article 14 shall come into effect as of 1 January 2012 and only covers works that are notified after it comes into effect.

#### **Article 15**

1. This Appendix comes into effect on January 1, 1986. It has no bearing on the distribution and payment of monies received by Buma by virtue of musical performing rights prior to that date.
2. This Appendix was established by the Board of Vereniging Buma on October 30, 1985 and was

*approved by the members' meeting of Vereniging Buma on December 9, 1985.*

3. *This Appendix was last amended by a resolution of the Board of Vereniging Buma on 6 April 2011 and was approved by the members' meeting of Vereniging Buma on 23 May 2011.  
The amendment to Article 14 referred to in the previous paragraph takes effect (in accordance with Article 14 Paragraph 6) on 1 January 2012 and only covers works that are notified after it comes into effect.*
4. *The amendment to Article 14 referred to in the paragraph 3 takes effect (in accordance with Article 14 Paragraph 6) on 1 January 2012 and only covers works that are notified after it comes into effect.*
5. *The addition of paragraphs bbis1 and bbis2 to Article 1 of Appendix V, as referred to in Paragraph 3, shall come into effect on 23 May 2011 on the understanding that:*
  - a. *the amendment does not affect distributions that have already been disbursed.*
  - b. *OU notifications with new percentages for new works, insofar as Buma receives them in time, can still be included in the Buma distribution for "use in 2010" that will be paid out at the end of 2011, providing that all the conditions are met. These notification can therefore be included in the Stemra RTV distribution in October 2012, covering 2011.*
  - c. *OU notifications with new percentages for existing works can be including in the payments/distribution made in 2012 (covering usage in 2011).*

## TRANSITIONAL ARRANGEMENT FOR THE DISTRIBUTION RULES OF VERENIGING BUMA

### Article 1

1. *Musical works classified as works in the middle genre before January 1, 1997 will be regarded as entertainment musical works from that date onwards.*
2. *If so requested by the interested parties, the management may rule in individual cases that a work as described in the previous paragraph be regarded as a serious musical work from January 1, 1997 onwards.*

### Article 2

The points per second allocated in accordance with Article 9 of Appendix III to musical works regarded as entertainment musical works in accordance with Article 1 Paragraph 1 of this transitional arrangement will be multiplied by the following factors:

For the 1997 distribution year:	<b>1.75</b>
For the 1998 distribution year:	<b>1.50</b>
For the 1999 distribution year:	<b>1.25</b>

At the time this transitional arrangement was introduced in 1997, Article 9 read as follows:

### Article 9

1. *Musical works used in one of the sections described in Article 6 Paragraph 5 of these distribution rules are allocated points per second for each broadcast corresponding to the duration of the broadcast in seconds.*
2. *The points per second obtained in accordance with the previous paragraph are multiplied by the following factors:*

- for entertainment music: **1**
- for serious music with 1 or 2 separate voices: **2**
- for serious music with between 3 and 9 separate voices: **3**
- for serious music with between 10 and 19 separate voices: **4**
- for serious music with more than 19 separate voices: **5**

# NOTES TO THE DISTRIBUTION RULES OF VERENIGING BUMA

Non binding translation. For information purposes only.

The Distribution Rules of Vereniging Buma are made up of several sections: the rules themselves and a number of appendices, each of which deals with a particular part of the subject matter – who the interested parties are, how to notify a work, how the works are valued and how the proceeds of a work are shared among the interested parties.

The appendices are preceded by the rules themselves, consisting of 18 articles. These articles are explained one by one below.

The Distribution Rules determine which types of interested parties are entitled to share in a work. These are the composer, lyricist, publisher etc. and their legal successors (see Article 1, Paragraph 2 Appendix I of the Buma Distribution Rules). Regarding the introduction of NV/BV (naamloze vennootschap/besloten vennootschap) in the Articles of Association in 2007, the NV/BV must be expressly mentioned in the description of the term 'legal successor'.

The Distribution Rules were considerably simplified in October 2000. The changes concern, amongst others, the following points:

1. *Distribution based on duration*  
The instrumentation tables and multiplication factors for the different serious sections have been abolished.

*Henceforward, distributions will be based solely on duration. The traditional multiplication factors and the different points tables no longer apply: Now there is only one table and this applies to all works (Appendix III, Article 4).*

2. *From now on Buma can make distributions provided there is adequate information, even if the work has not yet been notified (Distribution Rules, Article 5, Paragraph 2).*
3. *A special distribution for live performances that meet certain criteria (Distribution Rules, Article 6, Paragraph 2, point A).*
4. *The possibility of making an additional payment for unreported performances (Distribution Rules, Article 9) or broadcasts (Distribution Rules, Article 10).*
5. *Introduction of a general basic payment by Buma/Stemra in other cases of unreported music use (Distribution Rules, Article 11, Paragraph 1 Buma; for Stemra Distribution Rules, Article 8, Paragraph 1).*

## Article 1

- a. *For a number of years the legally registered name of Buma has been 'De Vereniging Buma'. The word Buma is an abbreviation of 'Bureau voor Muziekauteursrecht'.*
- b. *The following is a description of the term 'muziekauteursrecht' (musical performing right), which comes from Article 30a of the Dutch Copyright Act. This term was introduced into the Copyright Act in 1932 and was intended to establish the fact that mediation concerning rights in relation to the performance of musical works from then on required ministerial approval. Article 30a defines the limits within which*

such approval is necessary. Within those limits fall performances and radio or television broadcasts of musical works with or without words, and of so called 'grand right' works (musical works written for dramatic use in theatre or television) where performed without the theatrical element.

Not only in the Netherlands the musical performing right is known in the sense described above; hence the words 'under the law, a convention or a statutory regulation ... anywhere in the world'.

- c. The definition of the expression 'musical work' (*muziekwerk*) is naturally adapted to the expression 'musical performing right' (*muziekauteursrecht*), since the musical performing right relates to musical works with or without lyrics. Therefore, in addition to musical works 'in the strict sense' (the term being understood to mean works that are written to be performed as independent non-theatrical pieces of music), the definition also covers dramatico-musical and choreographic works and pantomimes, because in certain circumstances (namely when they are rendered without being shown) they fall under musical performing rights. At the same time it is made clear that lyrics set to music also belong to the musical works, even if they are not sung but rather declaimed, as is usual in a declamation.
- The Distribution Rules naturally apply only to the Buma repertoire.
- d. An author or their successor in title (e.g. an heir or a publisher with whom they have a contract) has a repertoire. Under these rules, this consists of all works in respect of which the interested party holds the musical performing right or a right to payment arising from the

musical performing right. This concerns both the repertoire that the interested party has at the moment of concluding an exploitation agreement and the future repertoire.

Buma also has a repertoire: It consists of the sum of all repertoires of those parties with whom an exploitation agreement has been concluded and all repertoires of foreign sister organisations with which a reciprocal or non-reciprocal representation agreement has been concluded.

- e. There are two types of permission which are needed for certain types of use of copyright-protected musical works. Firstly, permission to create arrangements (the making of alterations or additions to existing musical works) and secondly, permission to represent in one country a musical work published in another country, this way or another, as publisher.
- f. The term 'author' is used here in the widest sense of the word: the terms 'composer' and 'lyricist' are mentioned here by way of example: it concerns all literary, scientific or artistic works (the description which the Dutch Copyright Act applies to all works that can benefit from copyright protection). In the practical application of these rules, it naturally concerns musical works.
- g. 'List of performed works' means any document (whether or not in electronic format) that can be used to determine which works are actually performed or broadcast, the gathered information being needed in order to calculate the amount of everyone's share in the annual revenues of Buma.
- h. 'Participant' means only the authors and publishers who are directly affiliated to Buma. Only in this definition a distinction is made between 'publisher' (a person) and 'publishing company' (an entity). In virtually all cases the

word 'publisher' is used even if a publishing company is meant.

- i. The term 'legal successor' needs to be defined because the Distribution Rules specify which type of interested party is entitled to a share in the work. These are the composer, lyricist, publisher etc. and their legal successors (see Article 1, Paragraph 2 Appendix I of the Buma Distribution Rules). Regarding the introduction of NV/BV (naamloze vennootschap / besloten vennootschap) in 2007, the NV/BV must be expressly mentioned in the description of the term 'legal successor'. This is also in line with the assumptions as previously expressed by the Boards and by the annual general meeting in 2006. The existing situation should be maintained as far as possible. An NV or BV may therefore only acquire the repertoire of one author/creator and that one author must hold at least 90% of the shares of that NV/BV. It is not possible for the author himself – as author/creator – to conclude an exploitation agreement with Buma/Stemra for a part of his repertoire and then place other parts of his repertoire with one or more NVs/BVs and allow those NVs/BVs to conclude exploitation agreements with Buma/Stemra. The composer/lyricist is and remains the creator; see the definition of author in the Articles of Association. The heir or NV/BV is a legal successor of the author. The NV/BV itself is not a creator. An NV/BV which employs an author does not satisfy these definitions and such an NV/BV cannot conclude an exploitation agreement with Buma/Stemra.

## Article 2

Article 29 of Buma's Articles of Association state, amongst other things, that the Board of Buma must provide Distribution Rules. Article

29 Paragraph 3 specifies the content of the Distribution Rules: They "contain provisions that set out the method by which the distribution and payment of revenues received by the Association by virtue of the musical performing right are distributed to participants and other interested parties". "Other interested parties" are, in particular, foreign sister organisations.

Under international agreements, the vast majority of copyright organisations devote a percentage of net revenues to protecting the tangible and non-tangible interests of their own participants and to promoting their national music. Article 29 Paragraph 3 stipulates that the percentage may not exceed 10%.

## Article 3

The money that Buma collects from music users is passed on to the interested parties. This can only be done after the total amount available for distribution has been determined. On the one hand, Buma incurs costs in carrying out activities relating to the distribution and furthermore has to set aside certain reserves and create provisions on the basis of its obligations and general business operation. On the other hand, Buma also receives income independently of its exploitation of musical performing rights (e.g. interest income and revenues from service-provision). Therefore it is only after the annual accounts have been prepared that it is possible to know how much money is available for distribution to participants and foreign sister organisations for a given year.

That money is divided up into a number of sections depending on the type of music use

(which is determined on the basis of the lists of performed works). In principle a review is carried out every year to determine which sections should be considered. Naturally there are few differences in that respect from one distribution year to the next. Nevertheless, certain sections may be added and others removed.

The costs are determined within the framework of the annual accounts. Finally, Buma's other revenues are allocated pro rata to the sections, likewise within the framework of the annual accounts.

#### **Article 4**

The monies available for distribution are distributed per section among the parties with an interest in the musical works performed or broadcast within that section. To determine who the interested parties are, it is necessary on the one hand to know the works which each interested party has created and on the other hand, via the lists of performed works, which works have been used.

#### **Article 5**

This Article concerns, on the one hand, the way in which the participants notify their works to Buma and, on the other hand, the lists of performed works.

Every participant must notify all his works. Forms are available for that purpose, which must be used for notification. In principle the rule is that anyone who fails to notify or notifies wrongly is not entitled to payment. However, if Buma has access to other clear information from which it is apparent who the copyright-holders are, such as notification by a publisher or information that is known to Stemra, then

Buma may decide to effect payment after all. Nevertheless, the obligation to notify still stands. As far as the musical performing right is concerned, Buma is the copyright-holder in respect of all works of all participants, current works and future works. Even if notification is not given, Buma may collect monies for the works in question. However, at all stages of its activities, Buma must have access to all information about its repertoire. Hence the strict rules on notification.

Paragraphs 3, 4 and 5 of Article 5 are concerned with the lists of performed works. According to these provisions, Buma is obliged to make efforts to obtain lists of performed works. There are limits to this obligation to make efforts: On the one hand, in certain circumstances Buma may refrain from further information gathering if the existing lists of performed works already result in a fair distribution; on the other hand Buma does not have to gather further information if for example this would entail undue costs. Furthermore, Buma can oblige participants to provide Buma with certain information which Buma may need in order to arrange a special distribution. If such information is lacking, the participant concerned will not be entitled to receive payment in that special section. The Board of Buma must decide which type of information is needed.

Doubts may exist as to the correctness of a list of performed works. In this case the Board of Buma has the right to disregard that list. Buma is then obliged to get hold of a correct list. This obligation likewise has limits: if the costs are unduly high or if fraud is suspected, the obligation to gather further information about performed works ceases to apply.

## Article 6

There are four main sections: The general sections, special sections, general film sections and the radio and TV sections.

In the (1) general sections amounts are distributed which are collected for all public performances of musical works that take place on public occasions, unless it concerns large events or theatrical performances whereby a large amount is collected for a relatively small number of performed works. In that case the distribution is made per programme according to the rules for the (2) special sections. There is no special distribution in cases where an international agreement is applicable.

If music that is broadcast forms part of a film being shown at the same time, the distribution is carried out in accordance with the rules for the (3) general film sections.

Musical works broadcast via radio or television are covered by the distribution in the (4) radio and TV sections.

In the general and special sections, a points system is used. Each work is awarded a certain number of points depending on the duration and based on the repertoire information available to Buma. The number of performances of a work within a section is registered and that number is multiplied by the number of points awarded to the work. The product is the total number of points that the work has achieved within that section. All points of all works performed in the relevant section together make up the figure which the total amount available for that section must be divided by in order to obtain the points value within that section. For each work, an amount is then available that is equal to the number of points achieved, multiplied by the points value.

In the general sections the total number of points is calculated, in principle, on the basis of all lists of performed works obtained within that section.

In the special sections, a list of performed works in principle forms a section: The money collected for the event, after the various necessary deductions and additions, forms the amount which is to be divided by the total number of points achieved during the event. This involves a points value per list of performed works, whereas the general sections involve a points value per group of lists of performed works. Here too the duration is based on the repertoire information available to Buma.

In the general film sections, calculations are based on durations. The net revenue of a film is multiplied by the number of seconds of music occurring in that film (music not belonging to the Buma repertoire is naturally disregarded). The figures obtained in this way for all films shown in the Netherlands over the course of a calendar year are added together.

To find out a film's share of the amount available to the general film section, the total is divided by the figure for that film. The resulting fraction is then multiplied by the total amount available to the section and the resulting amount available to the film is shared among the interested parties with rights to the film music, taking into account the duration of the contribution of each one. The radio and TV sections also work on the basis of durations.

For each section it is calculated how many seconds of that work were broadcast. This gives the number of seconds of all works combined per section and within each section

one also has the number of seconds of each work. To find out a work's share of a section, the number of seconds of the work in that section is divided by the total number of seconds of all works in that section. The amounts available to the sections are determined in accordance with Article 3.

### **Article 7**

Obviously when calculating the totals in the various sections where the duration is a decisive factor, Buma disregards shares of works not belonging to the Buma repertoire.

### **Article 8**

Once it has been established what amounts are available for each work performed or broadcast in a given distribution year, these amounts must of course be shared among the various interested parties. For that purpose, there is an appendix to the rules which determines the share for each type of interested party based on a distribution factor. In general it is contractually forbidden to depart from that distribution factor; however, the Rules leave open the possibility of reaching different agreements in certain cases. Where two parties both claim a particular share in the distribution, Buma will generally suspend payment until the parties reach agreement or until a court or an arbitrator has pronounced a binding decision.

### **Article 9**

This Article is one of three provisions established in October 2000, namely Articles 9 to 11, which are concerned with additional payments due to unreported performances or broadcasts. Article 9 deals with unreported performances of repertoire not appearing in

the lists of performed works: Article 9 introduces the possibility of reaching a further settlement in order to make an additional payment.

### **Article 10**

This Article is one of three provisions established in October 2000, namely Articles 9 to 11, which are concerned with additional payments due to unreported performances or broadcasts. Article 10 deals with the new possibility of reaching a further settlement for broadcasts of a certain type of repertoire that does not appear, or does not appear in a sufficiently recognisable manner, in lists of performed works in order to make an additional payment.

### **Article 11**

This Article is another of the three provisions established in October 2000, namely Articles 9 to 11, which are concerned with additional payments due to unreported performances or broadcasts. Article 11 introduces a basic payment for all interested parties. Where the total of all Buma and Stemra distributions of a participant in a year amounts to less than a sum to be determined jointly by the Boards, a supplement to that amount shall be paid to the participant in December of that year, provided the annual contribution is paid. This means that everyone who has paid their annual contribution is guaranteed a basic payment. This basic payment is remuneration for the performances, broadcasts and/or mechanical recordings not included in the distribution for that year. For those who receive a distribution, this remuneration is already covered by the amount paid. Interested parties

of sister organisations pay no annual contribution to Buma or Stemra and are therefore not eligible to receive a basic payment.

### Article 12

Buma, as a Dutch organisation, naturally effects all payments to participants in euros. It is possible that the payments will give rise to bank charges or other expenses, in which case they are borne by the participant.

### Article 13

Very small amounts will not be paid. A minimum payment per distribution will be determined periodically. Nobody benefits from receiving just a few euros; on the other hand, every payment costs money.

### Article 14

The approval guidelines for CMOs such as Buma include a stipulation for the spending of the SoCu money and the reporting thereof. This affects only Buma, as Stemra has no SoCu spending.

Article II.2-c of the approval guidelines accepted by Buma/Stemra states: “Money intended for social and cultural purposes will be spent in the three calendar years following the calendar year in which it was reserved<sup>1</sup>. If and insofar as this money is not spent for the chosen purpose within the period of three years referred to, this will be reported to the members’ meeting or the affiliate’s meeting. In that case a proposal for the destination of the money (or the remaining

part thereof) not spent in time will be put before the members or the affiliates.”

The literal text of the above approval article has been adopted as Article 14.

### Article 15

Buma receives money not only from Dutch music users; it also gets money from abroad via sister organisations for Dutch authors and publishers who are participants of Buma. The amounts are passed on to the participants, Buma being entitled to make the passing on of the amounts subject to certain rules. These rules may require, for example, that a certain percentage be deducted to cover costs. The Distribution Rules are not concerned with the amounts received from abroad. The rules do however stipulate that the Buma distribution keys should be applied to the received amounts, taking previously deducted shares into account. In general the publisher’s share should not exceed 50%. Therefore, if the foreign sister organisation has already deducted a publisher’s share of 50%, then the whole of the amount received by Buma for the benefit of its participants shall be paid to the participating authors.

### Article 16

1. “Interested party” in Paragraph 1 is taken to mean a rightholder affiliated to Buma and/or Stemra with an exploitation agreement, and/or a rightholder affiliated to a foreign sister organisation, with the status of composer, adapter, etc., as referred to in Article 1 of

<sup>1</sup>2011 was the first calendar year in which reservation occurred.

Appendix 1 of the Distribution Rules.

Paying out within three calendar years after the year of receipt comes down to the following: music usage in 2012 = collection in 2012 = distribution in 2013-2014-2015 = complaints up to and including the 2nd year after the year of payment, i.e. up to and including 2015. A party who is not an interested party is not affiliated to Buma or sister organisations: they do not take part, so Buma does not collect for them, nor does it distribute to them, and so does not reserve for them either. Insofar as Buma does collect for outsiders (rightholders not affiliated to Buma or sister organisations) or does protect them, such as via cable or satellite, see Article 15, Paragraph 5.

2. The term “claim” occurs in the exploitation agreements and means submitting a query or a complaint about the settlement.
3. Mistakes can, of course, be made, to both the benefit and disadvantage of a participant. Both Buma and the participant have two (2) full calendar years’ time in which to correct a mistake. Two examples:
  1. Settlement in March 2013: the rightholder has two (2) full calendar years’ time, plus the months up to 31 December 2013. In short: 2 years and 9 months.
  2. Settlement in November 2013: the rightholder has two (2) full calendar years’ time, plus the months up to 31 December 2013. In short: 2 years and 1 month.The expiry period (complaint period) starts running from the date that Buma/Stemra sent the settlements about such use to the rightholders, even in cases in which the use of a work has not been indicated and there has actually been no settlement about this to the rightholder.

In other words: the non-settlement for the use for a specific work of a participant over a certain period shall also be considered to be a settlement for this period.

As a rule of thumb, the amounts that are underpaid after the complaint has been found to be justified, can always be offset, and the overpaid amounts can be reclaimed. There may be compelling reasons to not consider reclaiming.

4. Continuing to reserve by name refers to money for rightholders whose names but not their bank account numbers are known, for example, or whose names are known but there is too little information available about the usage/work to put a composer’s name to the usage/work concerned. Another example: the name is known, but not the share in the work or the status (C, A, or E).
5. Other money is money for rightholders about whom the CMO has too little information to be able to reserve it by name. For example no surname, only the information that it involves a composer and a share, or the name is completely misspelled.
6. Paying participants pro rata means paying the group of participants (rightholders with an exploitation agreement) for whose benefit the reservation took place, unless there are good reasons for choosing another method.

### Article 17

Although many matters are covered by the Distribution Rules and the associated appendices, cases may occasionally arise for which the Distribution Rules or the appendices contain no relevant provisions. The Article allows the management to take a decision. The management must ensure that the principles

of the rules are followed in so far as possible and that the interests of all concerned are weighed up fairly.

### **Article 18**

Entirely new Distribution Rules came into effect on 1 January 1986. The Rules and the associated appendices have been amended several times since then.

The 2007 amendments referred to in Paragraph 3 (and Paragraph 4) can take effect immediately. On the other hand, the timing and conditions of the transition from an author's exploitation agreement to an NV/BV exploitation agreement requires consultation between the parties concerned (e.g. the author, publisher, bank, tax authority) and Buma/Stemra.

## **APPENDIX I**

### **Article 1**

Appendix I deals with the different interested parties in the proceeds of musical works.

There are nine types of interested party: composers, arrangers, lyricists, adapters, publishers, sub-arrangers, local adapters, sub-publishers and catalogue representatives. Appendix I devotes one article to each of these types of interested party.

### **Article 2**

The originator of all music is the composer. He may have created a piece of music entirely on his own; he may also create a piece of music jointly with a colleague, in which case the co-composer is treated equally by Buma for the purpose of distributions: they each receive the same amount.

Where a composer uses the work of another in order to create a new piece, in some cases he may have contributed so much to the work that he is regarded as a co-composer. On the other hand he may have contributed so little that his creation should be regarded as an arrangement. Be that as it may, both the new co-composer and the arranger must obtain copyright permission in order to have their work recognised and to receive a share of the Buma distribution. They must obtain such permission from the publisher or from the composer, depending on whether a publishing agreement exists and what is stipulated in that agreement.

Most of the article devoted to the composer is concerned with the different permissions needed if the intention is to use the works of others for one's own creative work. For example, Paragraphs 4 and 5 deal with, amongst other things, the phenomenon of 'sampling'. But that is not all: The general rule here is that, if one uses the work of another, whether a copyright-holder or the owner of any neighbouring right, it is necessary to obtain the permission of that other party. To be recognised by Buma as the composer of the new work, one must be able to produce the written permission.

The same applies where a composer wishes to use existing lyrics belonging to someone else for a vocal composition. They must obtain permission from the publisher of the lyric or from the writer himself, again depending on whether a publishing agreement exists and what the agreement says.

When requesting the necessary permission, the composer may encounter the phenomenon of split copyright. Split copyright exists where

there are two publishers of a work who have no contractual relationship with each other. For example: A song that has been created by a composer who has an exclusive contract with a publisher and a lyricist who has such a contract with another publisher. In that case the Rules stipulate that someone who wishes to use such a work in their own work will receive a share if they have obtained permission to do so from one of the publishers with an interest in the work. However, this Article is not applicable to manuscript shares. If a song has been created by two composers, both of whom have an exclusive agreement with a different publisher, and by a lyricist whose contribution is not published, then someone who wishes to use that work in their own work must obtain permission from one of the split-copyright publishers, but also from the lyricist.

### Article 3

An arranger is a composer. The same conditions apply to him as to a composer. If a number of composers create an arrangement together, they are regarded as co-arrangers and Buma treats them equally: they each receive the same amount. Someone who creates an arrangement of his own piece remains the composer. In that case he is not regarded by Buma as the arranger.

It is of course necessary to establish whether or not something is an arrangement. To that end, Paragraph 4 mentions a number of 'arrangements' which Buma does not regard as arrangements for the purposes of these Rules. In general these are simple, practical additions which make no significant contribution to the musical piece.

Naturally an arranger also needs to obtain

written permission before his arrangement can be regarded as such by Buma. The arranger of a copyright protected work only receives a share of the proceeds of the arrangement if he has obtained written consent for the arrangement, and if it is clear from the consent that the arranger of the work is granted an arranger's share. This also applies for the sub-arranger as specified in Article 7 Appendix 1 Distribution Rules Buma.

Here too, whether permission must be obtained from the publisher or from the composer and any lyricist of the original work depends on whether a publishing agreement exists in relation to the original work and what is stated in that agreement.

Be that as it may, in principle the arranger only receives a share if the work in question is used in his arrangement. In certain circumstances it is possible that an arranger will receive a share upon any use of the original work, even if his arrangement is not used. Article 3 Paragraph 7 allows for this possibility, subject to a number of stringent conditions. One of the conditions is that Buma's management must be of the opinion that the arranger's version is 'of national significance'. This implies that an arranger who wishes to claim a share, even if his arrangement is not used, must obtain a declaration to that effect from Buma. Here too the arranger may be faced with a split copyright. The rules which apply to the co-composer naturally also apply to the arranger: Permission is required, but that permission only has to come from one of the split-copyright publishers. Here too, this rule does not apply to manuscript shares (see the note to Article 2).

#### Article 4

Everyone knows what a lyricist is. The fact that lyrics can be created jointly is also generally known. Here too, Buma treats co-lyricists equally, so that the lyricists' share is shared equally among the co-lyricists.

Naturally permission is needed if the lyricist wishes to create lyrics for existing music that is still protected. They can obtain this permission from the publisher or the composer, depending on the terms of any agreement between the composer of the chosen music and a publisher. If the music which the lyricist wishes to use is sub-published, permission is needed from the sub-publisher or catalogue representative (see Article 2 Paragraph 6 of Appendix I for both Buma and Stemra).

Here too the lyricist may be faced with a split copyright. Like the composer and the arranger, the lyricist must obtain permission. Permission from just one of the split-copyright publishers is sufficient. This rule does not apply to manuscript shares (see the note to Article 2). Of course it often happens that works originally written as vocal works are published in instrumental form. In that case there are three possibilities: The composer wrote the music for lyrics created by a lyricist. In that case the lyricist also receives a share for instrumental use of the work. A second possibility is that the lyrics were created for an existing, protected piece of music. In that case the lyricist in principle receives no share for instrumental use of the work, unless otherwise indicated in his written permission. The third possibility is that the lyricist wrote the lyrics for a piece of music that is no longer protected by copyright. In that case the lyricist

obviously receives no share for instrumental use of the work.

Finally, only lyricists mentioned on the cue-sheet of a film share in the proceeds of that film. The cue-sheet of a film is a list of works used in the film.

#### Article 5

For an adapter, a lyricist who arranges existing lyrics in such a way that a new work is produced, the same rules apply as to the arranger of the music. Here too the rule is that if more than one adapter has worked on the lyrics, the share is distributed equally between the adapters. An adapter likewise needs permission either from the publisher or from the original creators of the work (including the composer). The adapter of a copyright protected work only receives a share of the proceeds of the adaptation if he has been granted written permission to adapt the lyrics, and if it is clear from the permission that the adapter is allocated an arranger's share. This also applies for the sub-arranger as specified in Article 8 Appendix 1 Distribution Rules Buma.

The adapter may also be faced with a split copyright, in which case permission from just one of the split-copyright publishers is sufficient. This rule does not apply to manuscript shares (see the note to Article 2). The adapter also receives a share only if his adaptation is actually used: In the case of adaptations there is no question of a general authorisation as may be given in exceptional cases for music arrangements.

#### Article 6

A publisher (in the context of these Distribution

Rules the word naturally refers to a music publisher) is originally a person or business engaged in the graphical reproduction of musical works and the distribution of those graphical reproductions. Although the practice of publishing every work in sheet music form is becoming less and less prevalent, particularly when it comes to entertainment music, in these Distribution Rules it remains a basic assumption that a publisher is able to provide sheet music for the works in his portfolio. In certain cases there may be two or more publishers of a single musical work. In that case there are two possibilities: The publishers may have concluded an agreement between them stipulating that they publish the work jointly; the publishers' share is then divided equally among the co-publishers, unless they have stipulated in their submission that they wish to distribute their share differently. It is also possible that they have no contractual relationship with one another: one publisher has concluded a publishing agreement with one author of a work, another with another author of the same work. This results in a split copyright whereby the publishers are regarded not as co-publishers, but as split-copyright publishers. This can give rise to all kinds of problems; these Distribution Rules provide a solution to two such problems: If somebody needs permission for changes that he wants to make to his published work (a co-composer, an arranger, etc.), permission from just one of the split-copyright publishers is sufficient. The share of a split-copyright publisher in the publishers' share is proportional to the share of the author in the authors' share. Where a foreign publisher grants a Dutch publisher the right to replace him as publisher

for a certain territory (in which case it is called a 'substitute publisher'), this publisher is regarded by Buma as the original publisher for that territory.

The publishing contract must explicitly mention the publisher's right to a share, at least if the publisher wants to have the right to a share of the copyright proceeds of the work. If this mention is lacking, Buma will assume that the publisher has only been granted printing and distribution rights.

Finally: As long as Buma makes distributions on a calendar year basis, a publishing agreement must always begin and end on 1 January of any year. For Buma distributions it is therefore stipulated that the publishing agreement runs, in principle, synchronously with the distribution period. The starting date of the agreement is therefore the first day of the distribution period in which the agreement date or the commencement date of the agreement falls, and the end date is the first date of the distribution period in which the agreement expires. For example, if the agreement sets the starting date on September 1, 1998 and the provisional termination date on September 1, 2001, Buma will bring forward the starting date to January 1, 1998 and the termination date to January 1, 2001.

It is possible to conclude understandings whereby the starting date is changed, provided such understandings are set out in the publishing agreement. With regard to income which results from the exploitation of the work and which relates to previous distribution periods, where the income has not yet been paid out, the publisher shares in these monies too. The publishing agreement may depart from this rule.

## Article 7

It is common practice for many foreign works, particularly entertainment works, to be sub-published in the Netherlands by Dutch music publishers. A version tailored to the Dutch market is then often produced; the arrangers in this process are known as sub-arrangers. Naturally a sub-arranger needs permission in order to create the sub-arrangement. Such permission may, depending on the circumstances, be given by the original publisher or by his representative in the Netherlands, a sub-publisher or a catalogue representative.

For the sub-arranger, broadly speaking, the same rules apply as for the arranger. Normally he only receives a share if his arrangement is actually used. In certain circumstances he can obtain from Buma the right to a share, even if his arrangement is not actually used. Here too, stringent conditions apply.

The distinction between published and unpublished works made in Article 3 Paragraph 7 does not apply in this case, because a sub-arrangement by definition involves a published work. It is possible that there are two (or more) sub-arrangers needing permission for the same work. In that case, the earlier sub-arranger will receive his share as usual upon actual use of his arrangement; upon actual use of the arrangement of the later sub-arranger, his share will be distributed equally between him and the earlier sub-arranger. Here too the sub-arranger may be faced with a split copyright. He too needs permission from just one of the split-copyright publishers (who may also be split-copyright sub-publishers and a catalogue representative of one of the split-copyright publishers). Here too, this rule

does not apply to manuscript shares (see the note to Article 2).

The rules applicable to Dutch sub-arrangers also apply to foreign sub-arrangers of an originally Dutch work if their sub-arrangement is actually used in the Netherlands.

## Article 8

The rules for local adapters are exactly the same as those for sub-arrangers. A local adapter is someone who creates Dutch lyrics sub-published in the Netherlands, either totally new lyrics or translated lyrics. For a further explanation, read the notes to Article 7.

## Article 9

A sub-publisher is a publisher who newly publishes a work in a different country with the permission of the original publisher. His rights are territorially limited. His territory does not have to be confined to one country; there are Dutch publishers who have sub-publishing rights for certain works covering the territory of the European Union, for example. Once again there may be co-sub-publishers and split-copyright sub-publishers: it is possible for two publishers to obtain sub-publishing rights jointly; it is also possible, in a case of split copyright, for a sub-publisher to conclude an agreement with a split-copyright publisher. The rules here are exactly the same as for a co-publisher and a split-copyright publisher. A catalogue representative is a publisher who has concluded a catalogue representation agreement with a foreign publisher. He receives a share in the proceeds, despite the fact that he does not have to exercise any actual publishing activities in relation to the work.

Some time ago, CISAC set the minimum

duration of sub-publishing agreements in principle at 3 years. Buma is bound by that CISAC decision, so that sub-publishers who wish to be eligible for a share in the proceeds of a work must show that they have concluded a sub-publishing agreement in relation to that work that satisfies the CISAC condition. Moreover, Buma was a proponent of the minimum agreement duration, if only because it felt that only such a measure could bring some stability to the administration. Stability in the administration saves on costs. Therefore, even if CISAC should decide in the future to revoke its decision on minimum agreement duration, Buma's management will itself set such a minimum. As long as Buma makes distributions on a calendar year basis, a sub-publishing contract must always begin and end on 1 January of any year. For Buma distributions it is therefore stipulated that the sub-publishing agreement runs, in principle, synchronously with the distribution period. The starting date of the agreement is therefore the first day of the distribution period in which the agreement date or the commencement date of the agreement falls, and the end date is the first date of the distribution period in which the agreement expires. For example, if the agreement sets the starting date on September 1, 1998 and the provisional termination date on September 1, 2001, Buma will bring forward the starting date to January 1, 1998 and the termination date to January 1, 2001. This could change in the future if Buma decides to switch to shorter distribution periods in relation to all distribution sections. In relation to all sections, because of course it is not clear beforehand which section a particular work will belong to. However it is

already possible at this stage to conclude understandings whereby the starting date is changed, provided such understandings are defined in the sub-publishing agreement. Furthermore, sub-publishers and catalogue representatives must remember to inform Buma in good time of the commencement and termination of an agreement. If they fail to do so, Buma will not be responsible for any incorrect distributions resulting from the delay in reporting.

## APPENDIX II

This appendix deals with the method of notifying works. In the past, the expression 'declaration of works' was used. Since January 1, 1997 the term is 'notification' (aanmelding). Upon notification the author reconfirms, redundantly, the transfer of his musical performing right in respect of works that did not exist at the time the exploitation agreement was concluded – redundantly, because he already did so in the exploitation agreement. This reconfirmation is done for strictly legal reasons: Under the old Dutch Civil Code, the validity of a transfer of future rights was very doubtful in Dutch law. Following the introduction of the New Civil Code on January 1, 1992 the situation may well be different, but the case law is still not one hundred percent clear on the matter.

### Article 1

This Article mentions the existence of the notification forms referred to in Article 5 of the rules themselves. Notification can only be made using these forms.

## Article 2

This article says that jointly created musical works must be declared jointly.

## Article 3

In principle, no payments will be made in relation to works that have been incorrectly or incompletely notified. Buma may depart from this principle in compelling circumstances.

## Article 4

Once a work has been correctly notified, further notifications, particularly concerning the making of alterations, are not subject to the joint notification requirement.

## Article 5

Any alteration to a work must nevertheless be notified using a notification form.

## Article 6

Where Buma, for whatever reason, asks a participant to submit the sheet music (or in some cases the master tape) of a certain work, the participant is obliged to do so immediately upon request. Buma is entitled to make submission of the sheet music or master tape with the notification obligatory in relation to certain types of work.

## Article 7

Catalogue representatives, who often notify a great many musical works at the same time, may give notification in a different way to be decided in consultation with Buma, for example using electronic means.

## APPENDIX III

This appendix regulates the rating of musical works. This does not of course mean that Buma decides whether or not a musical work is of good quality; the works are rated solely according to duration. Every work is rated using a points system. In the general sections (Article 6, Paragraph 1) the number of points awarded to each work determines the amount that will be paid for the work in each section. In the other sections different distribution methods are applicable, which are discussed in Article 6 of the actual rules and further explained in this appendix.

## Article 1

As soon as they are included in Buma's documentation, all musical works are classified exclusively on the basis of duration. In October 2000 the members' meeting decided to abolish the classification by genre, and also to abolish the classification by instrumentation. A work is registered in the first instance on the basis of the notification. Although the genre is no longer significant for the distribution, it is still important as regards the information provided to sister organisations. Therefore the genre of the musical work must be stated on the notification form. However, Buma is at all times entitled to depart from this notification. An interested party who disagrees with such a departure may approach a specially convened Appeal Committee.

## Article 2

With regard to the duration, registration is carried out in principle on the basis of the notification and documentation. However, in

some cases upon the inclusion of the work Buma will request the sheet music in order to analyse the duration more closely. Furthermore the actual duration of a work can always be determined on the basis of radio or television broadcasts. The actual duration will then replace the duration reported in the notification or documentation, bearing in mind that works do not always have the same duration when they are performed or broadcast. In this case a participant who disagrees with the registration of his work by Buma may approach the Appeal Committee mentioned above.

### **Article 3**

This Article concerns Buma's obligation to inform the relevant participants immediately of any differences from the notification of the work.

### **Article 4**

This Article contains the points table. According to this table, a musical work receives a certain number of points for every five minutes' duration.

### **Article 5**

A special type of musical work is formed by pot-pourris, medleys, compilations, etc. A number of other musical works are wholly or partially included in these musical works; moreover, they often contain transitions from one musical work to the next.

This type of musical work is treated in the first instance as if it were a single work. The proceeds of that work are subsequently distributed among the parties with an interest in the musical works and transitions which go

to make up the pot-pourri, medley or compilation, in proportion to the used duration.

### **Article 6**

Anyone who does not agree with the classification eventually applied by Buma in relation to one of his works may approach a specially convened Appeal Committee.

If his complaint is rejected by the committee, he may of course take the case to the ordinary courts.

### **Article 7**

Entirely new Distribution Rules came into effect on 1 January 1986. The Rules and the associated appendices have been amended several times since then. Paragraph 4 is concerned with the date of introduction of the changes to the rules approved in October 2000.

According to Paragraph 4, the changes come into force as of the beginning of the 2000 financial year; the changes affect distributions in the year 2001. These changes therefore have no bearing on complaints regarding distributions in the previous year of 2000 (amounts collected in 1999). Paragraph 4 also makes it clear that, for example, monies claimed later by Buma for e.g. broadcasts in 1999 – for which the monies were only received/collected in 2000 (i.e. in the 2000 financial year) – are likewise distributed according to the new rules.

## **APPENDIX IV**

Appendix IV concerning electrical acoustic music expires with effect from January 1, 2001 as regards the distribution and payment of monies received by Buma from the 2000

financial year onwards in relation to musical performing rights. This follows the resolution of the Board of Vereniging Buma dated September 6, 2000, approved by the members' meeting of Vereniging Buma held on October 23, 2000. The scrapping of Appendix IV coincides with the discontinuation of classification of works by genre and instrumentation. Therefore in the case of electrical acoustic music it is no longer necessary to convert the number of tracks to a number of voices (instrumentation), since the number of voices (instrumentation) is no longer relevant. Appendix IV is still significant in relation to complaints for the financial years up to and including 1999.

## APPENDIX V

This appendix determines how the proceeds of each work must be divided among the different interested parties.

### Article 1

This article provides, both for manuscript works and for published musical works, a total of seven different ways in which the proceeds may be shared among the different types of interested party. As far as published musical works are concerned, a basic principle is that a Dutch publisher can never receive more than one third of the proceeds of a work for use of his repertoire within the Netherlands, except – according to the annual members' meeting of 2011 – where it concerns a publisher affiliated to Buma with Anglo-American authors (which is possible on condition that the publisher's share is increased to half, see

below under “Publishers with Anglo-American authors”). Another basic principle is that persons who have a joint role within the work share with each other the amount available in respect of that role. For example, if a manuscript work has one composer and two lyricists, the composer receives half the proceeds of the work and the two lyricists a quarter each, unless the authors mutually agree a different partitioning key; this is possible from 1 January 2012 onwards – see Article 14 in Appendix V.

For a foreign work in which no Buma participant is involved, in principle the form of distribution stipulated by the foreign sister organisations concerned is applicable. The annual members' meeting of 2011 added a stipulation regarding “Publishers with Anglo-American authors”: in Anglo-American repartition rules, the shares of both the publisher and the authors are 50%. If an Anglo-American publisher becomes affiliated to Buma indirectly through a representative or sub publisher rather than directly, these shares do not change. That is to say, the shares of the publisher and the authors remain split 50:50. However, Anglo-American publishers are increasingly signing commercial exploitation contracts not only with the organisation in their own country but also with a European performing rights organisation either for the country in question or for a larger region. These publishers then collect their shares directly from the organisation or organisations to which they are affiliated. In Buma's case, this would conflict with the partitioning scales that are applied by these Anglo-American societies. This difference could have a number of undesirable consequences for Buma's business, such as a

substantial increase in the number of settlement-related complaints from the publishers affected and sister organisations, as well as creating an obstacle in obtaining repertoire. All in all, the situation here is such that it justifies a specific partitioning key being listed in our rules. In cases involving a publisher affiliated to Buma with a publishing contract with authors who are affiliated to an Anglo-American society, the key used by the authors' society (50:50) may be applied. In other words, application of the partitioning keys of the authors' society instead of that of the publishers' society, in this specific case. This also applies to cases that are comparable to the Anglo-American case, such as Canada, Australia, etc. The date from which this is effective is handled in Article 15.

### Article 2

This Article deals with what happens if one or more of the authors involved in a work falls into the public domain, or if use is made of all or part of a work belonging to the public domain. In other words, what happens about the distribution relating to a work on January 1 of the year after the year in which one of the authors of the work has been dead for more than seventy years? The basic principle is that the other authors take over that author's share. This Article describes the order in which this takes place.

### Article 3

The public domain includes more than one might think: Not just works whose authors have been dead for more than seventy years, but also works from a country where no copyright exists or which have no international copyright treaty in common with the Netherlands

belong to the public domain. Article 2 does not apply to these works, which means for example that a Dutch composer who has used lyrics by a Saudi-Arabian writer in a musical work is not deemed also to be the lyricist of that work, even though the lyrics are in the public domain in the Netherlands. Buma's Board may decide differently in this matter.

### Article 4

This Article regulates the distribution for a work which was originally published abroad, but which is sub-published by a Dutch publisher. In this case there are six different possibilities; for all other situations, the distribution can be worked out from the distributions mentioned. A first basic principle is that, as regards the distribution between the original publisher and the sub-publisher, one should work on the basis of the sub-publishing contract. A second basic principle is that the publisher and the sub-publisher together can never receive more than half the proceeds.

### Article 5

It is often the case that lyrics are only used in a small part of a larger musical work. Or the opposite can happen: It is possible to imagine a declamation where music is only used in a small part of the work. In that case it would be unfair if the composer and the lyricist each received equal shares. So in that event Buma may deviate from the terms of Articles 2 and 4 of this Appendix in order to arrive at a fairer distribution.

### Article 6

In principle, Buma treats co-composers equally. However, there are two important

exceptions to this principle: Firstly, a different distribution may be established in the permission that is granted or in the contract concluded between the co-composers, in which case Buma will go along with that arrangement. Secondly, it is possible that a musical work is made up of parts, it being specified which composer has created which part. In that case the distribution will be made in proportion to the duration of each of the contributions.

#### **Article 7**

It is possible (and indeed happens from time to time) that a publisher, in his original publishing contract, accepts a smaller share than half of the amount for the publisher and sub-publisher together. In that case, Buma proceeds on the basis of the provisions of the publishing and sub-publishing contracts. In that event the authors' shares will naturally be higher.

#### **Article 8**

In the distribution, no distinction is made between catalogue representatives and sub-publishers.

#### **Article 9**

If a foreign publisher concludes a contract for musical works published by him with a Dutch sub-publisher, for the distribution between publisher and sub-publisher Buma will conform to the terms of that contract. However, the distribution resulting from the contract cannot be changed during the term of the contract. In other words, if the publisher and the sub-publisher agree in the meantime to change the distribution mentioned in the contract, Buma will disregard such change and

stick to the distribution originally agreed. This measure has to be seen in the context of the rule which says that sub-publishing contracts must have a minimum term. Changes made during the term of the contract would defeat the object of that condition.

#### **Article 10**

In the case of foreign authors, for distributions relating to foreign works sub-published in the Netherlands, Buma will adhere to the documentation received from the foreign sister organisation. So in this situation the publisher's share is distributed between the publisher and the sub-publisher according to the contract, while the other half of the proceeds are distributed on the basis of any documentation from the sister organisation. If no such documentation exists, Buma will of course adhere to its own distribution keys.

#### **Article 11**

In the distribution keys for works published in the Netherlands, Buma's Distribution Rules limit the publisher's share to one third. If a Dutch publisher concludes a sub-publishing contract in relation to a work originally published by him with a foreign sub-publisher, that share, which after all has to be shared between the publisher and the sub-publisher, is increased to a half. This increase is justified by the fact that the work can now reach a far wider audience, amply compensating for the reduction in the author's share.

#### **Article 12**

In the last amendment of the Dutch Copyright Act, the protection period for works of literature, science and art was increased from

fifty to seventy years after the death of the longest living author. To be precise: until January 1 of the year following the year in which the longest living author has been dead for seventy years. This naturally created a problem in that many works had fallen into the public domain because the longest living author had been dead for at least fifty but not yet seventy years. The law says that the copyright protection for those works must be revived, this time until a new date: January 1 of the year following the year in which the longest living author has been dead for seventy years.

It is important to realise that this entails major problems. In the first place because, in the meantime, the work may well have been arranged, published, given lyrics or adapted to modern tastes, naturally without the permission of the reborn copyright-holders. The question is what to do with all those who had become interested parties for Buma due to the arranging, publishing, providing with lyrics or adapting, and who in some cases had to be regarded as original composers on the basis of Article 2 of this Appendix. The legal requirement which says that acquired rights should not be tampered with does not make the problem any easier.

Article 12 creates order out of the chaos. It is based on the principle that the interested parties are those who were interested parties at the time the work fell into the public domain under the previous legal regime. Consequently, if a new work is created using work that was previously in the public domain, the same distribution keys apply as if the work had always been protected. At the same time, someone who created a new musical work

using a work that was at the time in the public domain is deemed to have obtained permission to use it. Therefore the arranger of a work that was previously in the public domain and that is now protected again does not have to obtain permission for use from the parties with an interest in that work, in order for the arranger to share in the proceeds of their arrangement. He automatically receives the arranger's share of 16.66%.

This rule also provides a solution to another long-standing problem relating to distribution, which can now be solved in a similar way. Supposing a country joins an international copyright convention to which the Netherlands also belongs. From that moment onwards, works are protected in the Netherlands that were previously in the public domain. For arrangers and arrangement publishers, the same rules apply as those relating to works whose copyright has been revived.

### **Article 13**

Finally: Anyone who disagrees with a distribution made by Buma and is unable to reach agreement with Buma on the matter may approach the special committee.

### **Article 14**

The number of requests for non-standard copyright distribution based on the titles has increased recently (2011). It is therefore necessary to have a structured description that must be complied with when making such requests, in order to achieve the correct distribution.

There are two types of non-standard partitioning keys:

1. *Dutch Work: A work for which all authors are Buma/Stemra affiliates*
2. *Mixed Work: This refers to non-standard partitioning keys where not only Buma/Stemra authors are involved, but also those of sister organisations. According to Paragraph 2, the Board may impose additional rules that requests for non-standard partitioning keys must comply with. This regulation only covers non-standard partitioning keys agreed mutually for authors. The regulation does not provide for separate agreements made by publishers as well.*

## THE TRANSITIONAL ARRANGEMENT

The transitional arrangement is mentioned in connection with possible complaints concerning the financial years up to and including 1999.

### Article 1

Up to January 1, 1997 Buma recognised three genres: works of a serious nature, works of the middle genre and entertainment works. The middle genre was abolished as of January 1, 1997 and the remaining works in the middle genre are regarded as entertainment works from that date onwards.

Interested parties may object. They must show that the works to which their objection relates are of a serious nature. Buma's management will pronounce a verdict following such an objection. If the participant disagrees with this verdict, they may approach an Appeal Committee set up by the Board.

### Article 2

The consequences of the abolition of the middle genre may be disagreeable for those whose works are now in the entertainment genre. Therefore a transitional arrangement has been introduced in order to alleviate the pain somewhat. Where a work was already notified (at the time: declared) on December 31, 1996 and was placed in the middle genre, in the sections where points are awarded per second in relation to that work, for a period of three calendar years a multiplication factor is applied. Each year the multiplication factor is reduced: 1.75, 1.5, 1.25. By the year 2000 those works will have reached the payment level for entertainment works.

# EXPLOITATION RULES OF VERENIGING BUMA

Non binding translation. For information purposes only.

## DEFINITIONS

### Article 1

In these rules the following definitions apply:

- a. **Buma:** Vereniging Buma, with registered office in Amstelveen.
- b. **Stemra:** Stichting Stemra, with registered office in Amstelveen.
- c. **Musical performing right:** *The rights and/or claims under the law, a convention or a statutory regulation to which the author or his successors in title are entitled, anywhere in the world, with regard to every publication - with the exception of reproductions or the distribution of reproductions - of copyright-protected musical works with or without lyrics, the performance of dramatico-musical works being regarded as equivalent to these if rendered without being shown.*
- d. **Repertoire:** *The total number of musical works with regard to which a natural person or legal entity holds either the musical performing right, or a right to payment by virtue of the musical performing right at the moment the exploitation agreement is entered into, and all musical works he will create during the term of this agreement or with regard to which he will acquire either the musical performing right, or the right to payment by virtue of the musical performing right for the duration of this agreement.*
- e. **Publisher:** *A one-man business operated by a natural person who performs the commercial function of music publisher.*
- f. **Publishing company:** *A company operated by and/or for the account of several natural persons or by a legal entity, which performs the commercial function of music publisher.*
- g. **Participant:** *The interested party with respect to the musical performing right who has concluded an exploitation agreement with Buma either in the capacity of author or his successors in title or in the capacity of publisher or publishing company.*
- h. **Author:** *The author as referred to in article 2 of Buma's Articles of Association who holds at least 90% of the issued share capital of the assignee company.*
- i. **Company:** *A 'besloten vennootschap' or 'naamloze vennootschap' with articles of association that determine that the shares are registered, such company being the assignee of the author's entire repertoire or that of his legal successor as referred to in Article 2 b of the Articles of Association, such author or successor holding at least ninety percent (90%) of the issued share capital of the company.*

## EXPLOITATION AND ENFORCEMENT

### Article 2

1. *The administration and enforcement of the musical performing right is carried out by Buma on behalf of participants in accordance with the statutory provisions applicable in the country where the administration and enforcement are carried out.*

2. *In order to ensure that the musical performing right is administered and enforced in foreign countries, Buma may conclude agreements with foreign organisations with similar or related aims.*

### **Article 3**

Buma is entitled, whether or not at the request of the participant, to refrain from administering or enforcing the musical performing right or causing it to be administered or enforced in certain countries or in certain cases. Buma will inform the participant concerned about this in writing in good time, stating its reasons for doing so, after which the participant is entitled to administer or enforce the musical performing right himself or to cause it to be administered or enforced in these cases.

## **PENALTY CLAUSE**

### **Article 4**

1. *If, in the binding judgement of the Board, a participant repeatedly or very seriously contravenes the Articles of Association, the rules or the agreements concluded with him or otherwise undertakes actions which may cause damage to Buma or other participants, the Board may impose on him a maximum fine of € 2,268 in favour of Buma, without prejudice to any other claims Buma may have and without prejudice to the special penalty clauses mentioned elsewhere in the Articles of Association, rules and agreements.*
2. *The participant is obliged to pay to Buma any fine imposed on him under the Articles of Association, rules or agreements, within fourteen days of Buma's requesting him to do so by registered letter.*

## **ANNUAL CONTRIBUTION**

### **Article 5**

The participant is obliged to pay the contribution, annual contributions or other charges specified in Article 18 Paragraph 2 of the Articles of Association. Without prejudice to the provisions of the Articles of Association, the rules or any agreements entered into with the participant, the management has the right to take suitable measures if the participant does not meet this obligation. Suitable measures shall be taken to include the blocking of any monies to be paid to the participant and termination of the exploitation agreement entered into with the participant.

## **DISTRIBUTION**

### **Article 6**

1. *Buma undertakes to pay all monies it receives to the participants entitled to a share in accordance with the provisions of the Distribution Rules specified in Article 29, Paragraph 3 of the Articles of Association. The Board is entitled to specify minimum amounts below which payments will not be made. Participants will be informed of such decisions in good time.*
2. *Without prejudice to the provisions of Paragraph 1, the Board is entitled to determine on an annual basis how much participants should pay to cover the cost of registration.*
3. *All payments by Buma are made in Dutch currency.*
4. *Buma shall in no circumstances bear the cost of payments made to participants.*

## THE EXPLOITATION AGREEMENT

### Article 7

1. An Exploitation agreement as referred to in Article 2 g of the Articles of Association between Buma and individual authors or their successors in title, publishers or publishing companies will consist of a model agreement to be established by the Board which will be governed by the Indexation, Exploitation and Distribution Rules.
2. The management is entitled to specify in the model agreement to be concluded with the individual authors or their successors in title, publishers or publishing companies, that the agreement does not apply to certain countries mentioned by name in the Agreement.
3. The management, in consultation with the Board, is entitled to conclude an agreement with an author or his successor in title, a publisher or publishing company, that deviates from the model agreement referred to in Paragraph 1 above within the meaning of Article 27, Paragraph 2 of the Articles of Association.

## MORAL RIGHTS

### Article 8

With regard to works from its repertoire, Buma grants licences for publication only under the explicit condition that the moral rights of the author as specified in Article 25 of the Dutch Copyright Act are respected.

## PLAGIARISM

### Article 9

1. In the event of a dispute between participants concerning plagiarism, this dispute will be settled in accordance with the provisions of the rules on the handling of plagiarism disputes between participants of Buma and Stemra.
2. The provisions in Paragraph 1 do not affect the right of all participants to request temporary arrangements in the form of a temporary injunction or to take legal action before the civil courts in the event of disputes concerning plagiarism.
3. The Board is entitled to publish the judgements of the Vaste Commissie Plagiaat (Permanent Committee on Plagiarism) mentioned in the rules on the handling of plagiarism disputes between participants of Buma and Stemra in the manner it deems appropriate. The Board can also publicly reprimand the party found to be in error.
4. The Board is furthermore entitled to impose a maximum fine of € 2,268 in favour of Buma on the party found to be in error as specified in the previous Paragraph without prejudice to the obligation of the party found to be in error to pay costs, damages and interest.

## DEATH OF A PARTICIPANT

### Article 10

1. If the Exploitation agreement terminates because of the death of the participant or one of his principals, or of the author of the company which acquired the right, and Buma exercises the right to prolong the Agreement as described in the cancellation clause of the Exploitation

agreement concerned, the provisions of the Exploitation agreement between Buma and the principals, heirs and legatees of the participant, and the company if the participant is a company, remain in force.

2. If, on the death of a participant or his principal, or of the author of the company which acquired the right, other persons exist who are entitled to the repertoire of the deceased participant or principal, or to the shares of the company which acquired the right, for whom or for which Buma administers or enforces the musical performing right, a new exploitation agreement can only be concluded after all the persons concerned, and in the case of a company the authorised representative of the company which acquired the right, have jointly appointed an authorised person who will deal with Buma on behalf of them or on behalf of the company. Buma will not be obliged to make any payments until this is done.
- b. The Indexation Rules as referred to in the Articles of Association.
- c. The rules on the handling of plagiarism disputes as referred to in Article 9 of the Exploitation Rules.
2. Future amendments to the rules mentioned in Paragraph 1 that have been adopted by means of a legally binding association resolution taken by Vereniging Buma will apply to, and be considered part of, all current exploitation agreements.
3. Future rules that concern participants and that have been adopted by a legally binding association resolution taken by Vereniging Buma will apply to, and be considered part of, all current exploitation agreements.
4. Buma undertakes to inform the participant in writing of any amendments to the rules as mentioned in Paragraph 2, any new rules as mentioned in Paragraph 3 and any amendments to the Articles of Association.

## ASSIGNMENT

### Article 11

A participant is not allowed to assign existing or future claims on Buma to third parties without Buma's explicit written consent.

## RULES

### Article 12

1. The following rules govern and form part of the legal relationship between Buma and the participant:
  - a. The Distribution Rules as referred to in the Articles of Association.

## SPECIAL PROVISIONS

### Article 13

1. Buma is entitled to offset any monies it owes to a participant, whether due or not, against all monies the participant concerned owes Buma, whether due or not, if:
  - a. the participant concerned does not in all respects comply with the provisions of the exploitation agreement;
  - b. the exploitation agreement is terminated for any reason;
  - c. the participant concerned has been declared bankrupt or has filed a petition for bankruptcy;
  - d. the participant concerned has applied for

a moratorium on payments;  
e. the property or assets of the participant concerned are seized.

2. If a participant's claim on Buma is seized, the costs involved in the seizure and the subsequent procedures, including Buma's legal adviser's legal and non-legal costs, are to be reimbursed to Buma by the participant.

## DATE ON WHICH THESE RULES COME INTO EFFECT

### Article 14

These rules come into effect on January 1, 1987. They were established by the Board of Vereniging Buma on November 6, 1986 and approved by the members' meeting of Vereniging Buma on December 15, 1986. They were last amended by the Board of Vereniging Buma on April 4, 2007 and approved by the members' meeting of Vereniging Buma on May 14, 2007, which amendment comes into effect as of the date of approval by the members' meeting of Vereniging Buma.

As at July 3, 1989, Article 25 of the Dutch Copyright Act reads as follows:

1. Even after assignment of his copyright, the author of a work has the following rights:
  - a. the right to oppose the communication to the public of the work without acknowledgement of his name or other indication as author, unless such opposition would be unreasonable;
  - b. the right to oppose the communication to the public of the work under a name other than his own, and any alteration in the name of the work or the indication of the

author, in so far as it appears on or in the work or has been communicated to the public in connection with the work;

- c. the right to oppose any other alteration of the work, unless the nature of the alteration is such that opposition would be unreasonable;
- d. the right to oppose any distortion, mutilation or other impairment of the work that could be prejudicial to the name or reputation of the author or to his dignity as such.

2. Upon the death of the author, the rights referred to under a, b and c shall belong, until the expiry of the copyright, to the person designated by the author in his last will and testament or in a codicil thereto.
3. The rights referred to under a and b may be waived in so far as alterations to the work or its title are concerned.
4. If the author of the work has assigned his copyright, he shall continue to be entitled to make such alterations to the work as he may make in good faith in accordance with generally accepted principles. As long as copyright subsists, the same right shall belong to the person designated by the author in their last will and testament or in a codicil thereto, if it may reasonably be assumed that the author would have approved such alterations.

# NOTES TO THE EXPLOITATION RULES OF VERENIGING BUMA 2007

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The Exploitation Rules contain provisions on the exploitation and enforcement of the musical performing right and on the legal relationship between participants and Buma.

The Exploitation Rules contain rules on a number of specific subjects, such as exploitation outside the Netherlands (Articles 2 and 3), the respecting of moral rights (Article 8) and what to do in case of plagiarism (Article 9) or upon the death of an interested party (Article 10).

Buma's freedom to decide policy regarding exploitation of copyrights is related inter alia to the costs of exploitation and enforcement.

Buma/Stemra aims to have a licence agreement with every music user in the Netherlands who needs permission to use music. Buma has signed automatically renewable agreements with a large number of music users. New music users are located in a variety of ways and then approached. Buma staff visit new companies and ventures, and Buma employs sophisticated technology for detecting music use. One example is the web crawler for tracing online music use and music during events. How the collected monies are paid out by Buma/Stemra is stated in the Buma

and Stemra distribution rules.

Works by Buma/Stemra affiliates are often exploited commercially in areas covered by its sister organisations. The sister organisation will do everything that may be reasonably expected of it to collect remunerations for this use of music abroad. This agreement derives inter alia from reciprocal agreements that Buma has signed with the sister organisations. In addition, the sister organisations have agreed with each other that they will treat foreign rightholders the same as their own rightholders. This is also stated in the 'Professional rules for Musical Societies', Cisac article 9b.

The sister organisations are however independent organisations that act subject to their local legislation and regulations (and articles of association and rules). The legal situation and therefore the commercial exploitation policy can vary between countries. Buma/Stemra does not have any powers to influence the repartition and collection policies of its sister organisations. Differences may be related to the manner of representation or the rates, as well as in the way in which music users are tracked down. Sister organisations may for instance think differently about making use of resources (for enforcement), such as gathering evidence and taking legal steps if necessary. Buma/Stemra is transparent about which sister organisations it has reciprocal agreements with (see the usual channels - website, portal, etc.) so that users and members are fully aware of this.

This is a best-effort obligation, which was adopted by the Buma/Stemra board meeting on 1 May 2013.

The notes below focus on the introduction by Buma in 2007 of the authorial legal entity, also referred to as author's BV or NV (hereinafter called: BV). These notes were sent to the members' meeting held on May 14, 2007.

Definition in Article 1, point h (author) and point i (author's BV/company)

According to the Articles of Association, an Author's BV exists where an exploitation agreement is concluded with a BV which is the successor in title of the repertoire of an author who holds at least 90% of the shares of that BV. A BV that has the repertoire of 2 authors does not satisfy the definition of participant and will not receive an exploitation agreement: 2 x 90% of the shares of the same BV is an impossibility.

Nor is it possible for an author A to acquire the repertoire of author B and subsequently transfer his own A repertoire and that of author B to the BV and then have that BV conclude an exploitation agreement with Buma. This cannot be done because – as far as author B is concerned – the BV is not a successor in title of a creator/author; in this case the BV is merely the successor in title of a purchaser of someone else's repertoire. The BV does not satisfy the definition of a participant in the Articles of Association and will not receive an exploitation agreement.

Furthermore, an exploitation agreement with an author covers the author's entire repertoire.

An author cannot split his repertoire in such a way that he concludes an exploitation agreement with Buma both as author and as BV, or split his repertoire between 2 BVs and conclude an agreement with Buma for one or both of them. An author cannot conclude 2 different exploitation agreements with Buma and therefore he cannot split his repertoire between 2 agreements. Nor can a BV spread the repertoire across several agreements.

## Article 10 (Death of a participant)

The old Article 10 already contained a provision concerning the death of an author-participant. On their death:

- The exploitation agreement between the author and Buma terminates (see Article 11, Paragraph 1, letter A of the agreement).
- Buma can extend the agreement (see Article 11, Paragraph 2 of the agreement).

In that case:

- *In the case of an author, their heirs are bound by the extension.*
- *The heirs are offered a new exploitation agreement wherein they authorise one person to deal with Buma on their behalf.*

The new Article 10 has now been expanded to include a provision in the event of the death of an author-non-participant whose BV has concluded an exploitation agreement with Buma. On their death:

- The exploitation agreement between the BV and Buma terminates (see Article 11, Paragraph 1, letter A of the agreement).
- Buma can extend the agreement (see Article 11, Paragraph 2 of the agreement).

In that case:

- *The BV is bound by the extension. The heirs have 90% of the shares. By definition these legal successors can also hold 90% of the shares of a BV, and this BV can conclude an heirs' BV exploitation agreement whereby one of the heirs receives a mandate and power of attorney to deal with Buma on behalf of the BV. Until the heirs' BV exploitation agreement is concluded, Buma handles the ongoing business with someone authorised by the BV for that purpose.*

### **Article 14 (Date on which these rules come into effect)**

The amendment as such can come into effect immediately. On the other hand, the timing and conditions of the transition from an author's agreement to a BV agreement require consultation between the parties concerned (e.g. the author, publisher, bank, tax authority) and Buma/Stemra.

Upon the death of the author/creator, the company must nominate one of the heirs in place of the author/creator as mandate and power of attorney holder, so that he can handle the business with Buma. Upon the death of an author with 90% of the shares, the BV can only conclude an heirs' agreement if the heirs also (continue to) hold at least 90% of the shares. As with an ordinary heirs' agreement, the heirs must nominate one person who can handle the business with Buma. Why is it necessary to have an heirs' BV agreement? Vereniging Buma does not wish to be the representative of, for example, large music users which buy up shares of repertoire BVs of dead authors. Buma may only conclude exploitation agreements with BVs of which at least 90% of the shares are held by the author or the author's heirs (Article 2 t of the Articles of Association).

# ARTICLES OF ASSOCIATION OF STICHTING STEMRA

Non binding translation. For information purposes only.

## ARTICLES OF ASSOCIATION

### NAME, REGISTERED OFFICE AND DURATION

#### Article 1

1. The name of the Foundation is: Stichting Stemra.
2. The Foundation has its registered office in Amstelveen.
3. The Foundation has been established for an unlimited period of time

### DEFINITIONS

#### Article 2

In these Articles of Association the following definitions apply:

- a1. Mechanical reproduction rights: Rights and/ or claims under laws, contracts or statutory regulations anywhere in the world, due to the author or his assignees with respect to the recording of copyright protected works on sound and/or video carriers and/or the reproduction of recorded works on sound and/or video carriers or the causing thereof and/or the making available of these works to third parties, in the broadest sense of the word and irrespective of the way in which these works are recorded, reproduced or made available.
- a2. For the application of the Articles of Association and rules, the term 'mechanical

reproduction rights' shall also be taken to include the graphical reproduction rights, unless the nature of the exploitation and repartition relating to the graphical reproduction rights as defined in subparagraph n3 or a1 is such that other outcomes would be expected or where unmodified application of this subparagraph a2 could not reasonably be expected, in which case the Board shall decide (as provided for under article 35 of the Articles of Association).

- a3. graphical reproduction rights: the rights and/or entitlements under law, treaty or legislative regulations anywhere in the world accruing to the publisher or its legal successors regarding the replication and/or publication of Sheet Music in any form whatsoever, such as for example (but not limited to):
  - a. paper, electronic, analogue or digital formats, distributed via or published in or on any information carriers and media that already exist or may be developed in future, such as for example (but not limited to) the Internet, files, CD, CD-R, DVD-R, minidisc, laser disc, musical scores, books, anthologies, extracts, magazines, newspapers, folders, articles and other publications, but with the exception of the sale and rental of sheet music (being the primary exploitation rights accruing to the publisher), at any rate insofar the said sale and rental are not related to the graphical reproduction rights as defined hereinafter under b, c, d and a4 (being the secondary rights accruing to Stemra);

- b. screens and television and/or (other) forms of illuminated projection for the purposes of e.g. television programmes, events and meetings;
  - c. (parts of) Sheet Music as determined in the regulations (or the successors to such regulations) as defined by the publisher for sheet music anthologies, karaoke, the Internet and for the purpose of orchestras and/or choirs regarding the licences provided by Stemra for the ‘additional copies’ regulation (or its successor)
  - d. forms of publication and/or replication that are associated with the exploitation of secondary rights, as further defined under subparagraph a4, to be taken in the broadest sense of the term and irrespective of the way in which the publication and/or the recording and/or replication and/or provision takes place.
- a4. The term ‘graphical reproduction rights’ shall also be taken to include:
- a. reproduction copyright remunerations regarding the payments accruing to the publisher and/or authors represented by it for sheet music based on the reproduction copyright regulations in Articles 16h through 16m of the Dutch Copyright Act;
  - b. lending right remunerations relating to remunerations for Sheet Music accruing to the publisher and/or the authors it represents under the lending rights regulation from articles 15c to 15g of the Dutch Copyright Act;
  - c. home copying remunerations for sheet music onto blank carriers, as per article 16c of the Dutch Copyright Act.
- b. Composer: The creator of a musical work.
  - c. Lyricist: The creator of lyrics whether or not associated with a musical work.
  - d. Author: A natural person who is a composer and/or lyricist.
  - e. Publisher: A one-man business operated by a natural person who performs the commercial function of music publisher.
  - f. Publishing company: A company operated by and/or for the account of several natural persons or by a legal entity, which performs the commercial function of music publisher.
  - g. Participant: The interested party with respect to mechanical reproduction rights who has concluded an exploitation agreement with the Foundation either in the capacity of author or his successor in title, or in the capacity of publisher or publishing company.
  - h. Affiliate: Participants and persons registered by publishing companies or by the companies mentioned in Article 7a who are admitted in the capacity of affiliates under these Articles of Association for as long as they retain such capacity.
  - i. New Geneco: The Nieuw Genootschap van Nederlandse Componisten (New Society of Dutch Composers), which, by the notarial deed dated July 8, 2014, following the merger with Componisten ‘96 (Composers ‘96), is the changed name of the Genootschap van Nederlandse Componisten (Society of Dutch Composers), established on February 5, 1911, with registered office in Amsterdam.
  - j. Popauteurs.nl: Vereniging Popauteurs.nl, which, by the notarial deed dated February 14, 2014, is the changed name of the Vereniging van Professionele Auteurs Lichte Muziek (Association of Professional Authors of Light Music), which, by the notarial deed dated May 3, 1990, was the changed name of the Vereniging Woord en Toondichters der Lichte muziek W.T.L. (Association of authors and composers of Light

Music), founded on January 28, 1937, with registered office in Amsterdam.

- k. VSenV: De 'Vereniging van Schrijvers en Vertalers' (The Association of Writers and Translators) with registered office in Amsterdam, since 1998 successor of the Vereniging van Letterkundigen/Vakbond van Schrijvers (Dutch Writers Guild), founded on February 15, 1905, with registered office in Amsterdam.
  - l. BCM: Beroepsvereniging Componisten MultiMedia (Professional Association of MultiMedia Composers), founded on the thirteenth of March, two thousand and nine, with registered office in 's-Gravenhage;
  - m. NMUV: Nederlandse Muziek Uitgevers Vereniging, (Association of Dutch Music Publishers), founded on the sixth of November, nineteen hundred and ninety-two, with registered office in Hilversum;
  - n. Groep Uitgevers (Group of Publishers): the Groep Uitgevers en Grossiers (Group of Publishers and Wholesalers) of the Vereniging van Muziekhandelaren en Uitgevers in Nederland, founded on the sixteenth of July, nineteen hundred and nine, with registered office in Amsterdam;
  - o. exploitation agreement: a contract as referred to in Article 27;
  - p. repertoire: the total number of works with regard to which a natural person or legal entity holds either the mechanical reproduction rights, or a right to payment by virtue of the mechanical reproduction rights at the moment the exploitation agreement is entered into, and all works he will create during the term of this agreement or with regard to which he will acquire either the mechanical reproduction rights, or the right to payment by virtue of the mechanical reproduction rights for the duration of this agreement;
- p1. When applying the Articles of Association and Rules, the term 'works' shall also be taken to include sheet music, unless the nature of the exploitation and distribution relating to sheet music as defined in subparagraphs p2 and a1 is such that other outcomes would be expected or where application of this subparagraph p1 without amendments could not reasonably be expected, in which case the Board decides on the grounds of Article 35 of the Articles of Association.
  - p2. Sheet music: every conceivable graphical representation of a musical work and/or musical notation of a musical work with or without lyrics and/or separate song texts, appearing in written, printed or any other form including (but not limited to) paper and/or other digital or electronic forms of publication and/or projection.
- q. Buma: Vereniging Buma, with registered office in Amstelveen.
  - r. member of the management: a natural person appointed by the affiliates' meeting in accordance with Article 21, Paragraphs 1 and 5;
  - s. management: the body as referred to in Article 21, consisting of one or more members of the management;
  - t. chief executive: the member of the management appointed as chairperson of the management by the affiliates' meeting in accordance with Article 21, Paragraph 1;
  - u. (deputy) managing director: the employee who has been allocated the title of (deputy) managing director by the management, in accordance with Article 23, Paragraph 3;
  - v. Council of Affiliates the body referred to in Article 20a;

- w. successor in title:
- a. a natural person who has acquired mechanical reproduction rights under the law of inheritance (i.e. as heir or legatee) from an author, successive heirs and/or legatees;
  - b. successive heirs and/or legatees;
  - c. a 'besloten vennootschap' or 'naamloze vennootschap' with an author or their legal successor holding at least ninety percent (90%) of the issued share capital, or
  - d. other legal entities meeting the requirements laid down in rules to be defined by the Board of the Association.

## AIM AND MEANS

### Article 3

The Foundation's aim is to further the tangible and intangible interests of authors and their successors in title, publishers and publishing companies as a non-profit institution.

### Article 4

1. The Foundation endeavours to achieve this by:
  - a. seeking to improve copyright protection in general and in particular of works by composers and lyricists, both nationally and internationally;
  - b. acting as an intermediary with regard to the mechanical reproduction rights and the exploitation and enforcement of the rights and claims entrusted to the Foundation. For this purpose, the Foundation may act in its own name in legal matters, irrespective of the title on account of which it is administering and enforcing the rights and claims entrusted to it;
  - c. setting up and maintaining an office to

carry out the activities of the Foundation;  
d. other means which further its aim.

2. In order to achieve its aim the Foundation is authorised to operate both in and outside the Netherlands.
3. The Foundation is authorised to conclude agreements with organisations of a similar nature outside the Netherlands, preferably on the basis of reciprocity.
4. The Foundation is authorised to participate in national and international organisations in the area of copyright.
5. The Foundation is authorised to allow its office to carry out activities on behalf of third parties in the area of copyright or related rights and claims on condition that such activities shall not adversely affect or jeopardise the interests of the Foundation and the participants.

### Article 5

The Foundation's financial resources consist of:

- a. the amount set aside at the time of establishment;
- b. payments received for services rendered to natural persons or legal entities;
- c. annual contributions from participants and admission fees charged;
- d. revenue from assets;
- e. voluntary contributions and donations;
- f. testamentary dispositions which cannot be accepted other than by benefit of inventory;
- g. other revenue

## AFFILIATE

### Article 6

1. The status of affiliate of the Foundation is only

open to natural persons who are authors or heirs or legatees of the author, or publishers, or who perform a managerial role in a publishing company.

2. A publishing company can register only one managerial officer for affiliate status.
3. A natural person can be an affiliate of the Foundation in one capacity only.

### Article 7

1. Authors may be affiliates of the Foundation on condition that they
  1. are residents or citizens of one of the Member States of the European Union and
  2. have concluded an exploitation agreement with the Foundation and
  3. have received an average income of at least two hundred and fifty euros (€ 250.00) per annum under their exploitation agreement for three consecutive calendar years.
2. If an author has been an affiliate of the Foundation before and that status was terminated on the basis of Article 11, Paragraph 2 because their total income for five calendar years amounted to less than one thousand euros (€ 1,000), they must have received the amount referred to in Article 7, Paragraph 1 (3) in income since their affiliate status last expired.

### Article 7a

1. A company as referred to in Article 2, letter w, can register an author who holds at least ninety percent (90%) of the shares for the status of affiliate of the Foundation, provided
  1. the company has established its head office in one of the Member States of the European Union

and

2. the company has concluded an exploitation agreement with the Foundation and
  3. the company has received an average income of at least two hundred and fifty euros (€ 250.00) per annum under its exploitation agreement for three consecutive calendar years.
- 1a. For the purposes of this Article 7a, Paragraph 1 (relating to Stemra affiliates), the years and income when the author was a participant count towards counting the years and income of the company of which the author has registered as an affiliate.
  2. If an author registered by the company has been an affiliate of the Foundation before and that status was terminated on the basis of Article 11, Paragraph 2 because the total income of the company for five calendar years amounted to less than one thousand euros (€ 1,000), the company must have received the amount referred to in Article 7a, Paragraph 1 (3) in income since their affiliate status last expired.

### Article 7b

1. A participant who has concluded an exploitation agreement with the Foundation on behalf of succeeding heirs and legatees of an author can be an affiliate of the Foundation, provided that
  1. the participant is a resident or citizen of one of the Member States of the European Union and
  2. has concluded an exploitation agreement with the Foundation and
  3. the repertoire has received an average income of at least two hundred and fifty euros (€ 250.00) per annum under the exploitation agreement for three consecutive calendar years.

2. If a person registered on behalf of succeeding heirs and legatees has been an affiliate of the Foundation before and that status was terminated on the basis of Article 11, Paragraph 2b because the total income from the exploitation agreement mentioned in Paragraph 1 (2) for five calendar years amounted to less than one thousand euros (€ 1,000), they must have received the amount referred to in Article 7, Paragraph 1 (3) in income since their affiliate status last expired.
3. Succeeding heirs and legatees are the successors mentioned in Article 1, letter t, under a and b.
4. Affiliates who are affiliates of the Foundation on behalf of heirs and/or legatees cannot be or become members of the Board or members of the Foundation's Council of Affiliates.

## Article 8

1. Publishers may be affiliates of the Foundation on condition that they
  1. are residents or citizens of one of the Member States of the European Union and
  2. do not work as publishers within a publishing company and
  3. have concluded an exploitation agreement with the Foundation for all or at least fifty original works which they have published under a direct legal relationship with an author or their successors in title and
  4. have received an average income of at least two thousand five hundred euros (€ 2,500.00) per annum under their exploitation agreement for three consecutive calendar years.
2. If a publisher has been an affiliate of the

Foundation before and that status was terminated on the basis of Article 11, Paragraph 3 because their total income for five years amounted to less than ten thousand euros (€ 10,000.00), they must have received the amount referred to in Article 8, Paragraph 1 (4) in income since their affiliate status last expired.

## Article 9

1. A publishing company can register one managerial officer as an affiliate of the Foundation if this publishing company
  1. has established its head office in one of the Member States of the European Union and
  2. has concluded an exploitation agreement with the Foundation for all or at least fifty original works which it has published under a direct legal relationship with an author or their successors in title and
  3. has received an average income of at least two thousand five hundred euros (€ 2,500.00) per annum under its exploitation agreement for three consecutive calendar years.
2. If a person registered by the publishing company has been an affiliate of the Foundation before and that status was terminated on the basis of Article 11, Paragraph 4 because the total income of the publishing company for five calendar years amounted to less than ten thousand euros (€ 10,000.00), the publishing company must have received the amount referred to in Article 9, Paragraph 1 (3) in income since their affiliate status last expired.

## Article 10

1. Applications – by a participant – for affiliate

status are made in writing to the management by means of an application form to be provided by the management.

2. The management decides whether to admit or reject applications. In doing so it must check whether the person concerned meets the requirements for affiliate status. The applicant must be notified of the decision in writing no later than thirty days after receipt of the application form by the Foundation.
3. The starting date of the affiliate status will be the date of the written notification of the management's decision on admission.
4. If a decision is taken to reject the application for affiliate status, reasons will be given. The applicant may lodge a written appeal with the Foundation Board, giving their reasons for doing so, within three months of the date of the written notification of the management's decision.
5.
  - a. If a publishing company has applied for affiliate status for a natural person, only this publishing company is entitled to lodge the appeal referred to in the above paragraph.
  - b. If a company as referred to in Article 7a has applied for affiliate status for an author, only that company is entitled to lodge the appeal referred to in paragraph 4.
6. In the event of differences of opinion on whether all the requirements for affiliate status have been met, the Foundation records will be definitive unless evidence to the contrary is provided.

#### Article 10a

1. Every year – preferably during the month of January – the management checks to see
  - a. which participants meet the requirements for affiliate status referred to in Articles 7, 7b and 8;
  - b. which participants meet the requirements

for applying for affiliate status as referred to in Articles 7a and 9.

2. A participant as referred to in Article 10a who meets the requirements for affiliate status referred to in Articles 7, 7b or 8 becomes an affiliate of the Foundation on being notified by the management, in writing or by electronic means, that the participant meets the requirements for affiliate status referred to in Articles 7, 7b or 8. Affiliate status commences on the date of the written or electronic notification by the management, unless the participant informs the management within thirty (30) days of the written or electronic notification by the management that he does not wish to be an affiliate. In the event of differences of opinion on whether all the requirements for affiliate status have been met, the Foundation records will be definitive unless evidence to the contrary is provided.
3. A participant as referred to in Article 10 who meets the requirements for affiliate status referred to in Article 7a or 9 receives written or electronic notification from the management stating that the participant is a person who may apply to the management for affiliate status as referred to in Article 7a or 9 using an application form attached to the notification. The management checks whether the person applying for affiliate status meets the requirements for affiliate status. The management decides whether to admit or reject applications. The terms of Article 10 Paragraphs 2 to 6 likewise apply.

#### Article 11

1. Every year the management calculates the amounts received in income by each affiliate and each publishing company and each company as referred to in Article 7a and each

participant on behalf of heirs and legatees of an author as referred to in Article 7b under his or her exploitation agreement for the past five calendar years.

2. An author's affiliate status as referred to in Article 7 will be terminated if the total amount referred to in Paragraph 1 amounts to less than one thousand euros (€ 1,000.00) unless Article 11, Paragraph 8 applies.
- 2a. An author's affiliate status as referred to in Article 7a will be terminated if the total amount referred to in Paragraph 1 amounts to less than one thousand euros (€ 1,000.00) unless Article 11, Paragraph 8 applies.
- 2b. Affiliate status on behalf of succeeding heirs and legatees of an author as referred to in Article 7b will be terminated if the total amount referred to in Paragraph 1 amounts to less than one thousand euros (€ 1,000.00) unless Article 11, Paragraph 8 applies.
3. A publisher's affiliate status as referred to in Article 8 will be terminated if the total amount referred to in Paragraph 1 amounts to less than ten thousand euros (€ 10,000.00) unless Article 11, Paragraph 8 applies.
4. The affiliate status of a managerial officer as referred to in Article 9 will be terminated if the total amount referred to in Paragraph 1 earned by the publishing company which registered their affiliate status amounts to less than ten thousand euros (€ 10,000.00).
5. The affiliate status of an author as specified in Article 7 or of a publisher as specified in Article 8 cannot be terminated on the basis of Article 11, Paragraphs 2 to 4, if the affiliate status has not yet lasted five consecutive calendar years.
6. a. The affiliate status of a natural person as specified in Article 9 acquired pursuant to an application for affiliate status submitted by a publishing company cannot be terminated on the basis of Article 11, Paragraph 4 if their affiliate status and the preceding affiliate status of other natural persons registered for affiliate status by the same publishing company have not jointly lasted for five consecutive calendar years.  
b. The affiliate status of an author as specified in Article 7a acquired pursuant to an application for affiliate status submitted by a company as specified in Article 7a cannot be terminated on the basis of Article 11, Paragraph 4a if their affiliate status has not lasted for five consecutive calendar years.  
c. The affiliate status of a participant as specified in Article 7b on behalf of succeeding heirs and legatees as referred to in Article 7b cannot be terminated on the basis of Article 11, Paragraph 2b if the affiliate status on behalf of the heirs and legatees has not lasted for five consecutive calendar years.
7. Unless evidence to the contrary is provided, the Foundation's records will be definitive.
8. The Board is entitled to grant an affiliate of the Foundation a dispensation on the basis of his/her special contributions from the stipulations regarding the financial requirements and/or the required number of original works, in one or more of the following Articles:
  1. Article 7, Paragraph 1, sub 3 (Europe),
  2. Article 7a, Paragraph 1 sub 3,
  3. Article 7b, Paragraph 1, sub 3,
  4. Article 8, Paragraph 1, sub 3 (50 works) and sub 4 (Europe),
  5. Article 9, Paragraph 1, sub 2 (50 works) and sub 3 (Europe),
  6. Article 11, Paragraphs 2 to 4,
  7. Article 13a, Paragraphs 1 to 4,

if, in the judgement of the Board:

- a. the participant has done praiseworthy work as a member of one of the bodies of the Foundation and/or Buma;
  - b. the participant has done praiseworthy work as a board member of establishments affiliated with the Foundation or Buma or organisations at national or international level;
  - c. the participant has done praiseworthy work in areas related to the aims of the Foundation or Buma.
4. if the publishing company withdraws the registration of the affiliate it registered by registered letter;
  5. if the company referred to in Article 7a withdraws the registration of the affiliate it registered by registered letter;
  6. if the company which registered a person for affiliate status has ceased to meet the requirements in the Articles of Association on affiliate status or registering a person as an affiliate, with the exception of the financial requirement referred to in Article 7a, Paragraph 1 (3);
  7. if a participant on behalf of heirs and legatees has ceased to meet the requirements in the Articles of Association on registering a person as an affiliate, with the exception of the financial requirement referred to in Article 7b, Paragraph 1 (3);

## Article 12

### 1. Affiliate status ends:

- a. on the death of the affiliate;
- b. by cancellation in writing on the part of the Foundation, effective immediately, to be sent by registered letter and stating the reasons, in the following cases:
  1. if the exploitation agreement concluded between the Foundation and the affiliate or the publishing company or the company referred to in Article 7a has expired for whatever reason;
  2. if the affiliate, whether registered for affiliate status by a publishing company or not, or the publishing company which registered a person as an affiliate has ceased to meet the requirements in the Articles of Association on affiliate status or registering a person as an affiliate, with the exception of the financial requirements referred to in Article 7, Paragraph 1 (3), Article 8, Paragraph 1 (4) or Article 9, Paragraph 1 (3);
  3. in the case referred to in Article 11, Paragraph 2, 2a, 2b, 3 or 4, unless Article 11, Paragraph 8 applies;
- c. by cancellation in writing on the part of the Foundation, to be sent by registered letter, stating the reasons, with two weeks' notice, in the following cases:
  1. if the affiliate or the publishing company which registered the affiliate for affiliate status or the company as referred to in Article 7a which registered the affiliate for affiliate status or the participant who registered a person on behalf of heirs or legatees does not fulfil their obligations under the Articles of Association, regulations, resolutions of the Foundation or the exploitation agreement;
  2. if the Foundation cannot reasonably be required to continue the membership;
- d. by resignation in writing, to be sent by registered post, stating the reasons, by an

affiliate who is an author as referred to in Article 7, or – if the affiliate, being an author as referred to in Article 7a, is registered for affiliate status by a company – exclusively by the company, or - if the affiliate is registered by a publishing company – exclusively by the publishing company, or – in the case of an affiliate acting on behalf of heirs and legatees as referred to in Article 7b - exclusively by the affiliate - on December 31 of any year, with at least three months' notice;

e. by expulsion by the Foundation if the affiliate or the publishing company which has registered a person for affiliate status or the company as referred to in Article 7a which has registered an author for affiliate status, or if the participant and/or the affiliate acting on behalf of heirs and legatees as referred to in Article 7b contravenes the Articles of Association, regulations, resolutions of the Foundation or the exploitation agreement or unreasonably prejudices the Foundation.

2. Termination on the part of the Foundation by virtue of Article 12, Paragraph 1, b and c, is effected by the Board. The person whose affiliate status has been terminated as well as the publishing company or the company as referred to in 7a are immediately notified of the termination in writing. An appeal may be lodged with the Foundation's Board in writing, giving the reasons for the appeal, within one month of the date of receipt of the written notification of the decision to terminate the affiliate status. An appeal may be lodged by an affiliate who is an author as referred to in Article 7 or 7b, or – if the affiliate, being an author as referred to in Article 7a, has been registered for affiliate status by a company – exclusively by the

company, or – if the affiliate has been registered by a publishing company – exclusively by the publishing company, or – in the case of an affiliate acting on behalf of heirs and legatees – by the affiliate.

Membership is suspended pending the appeal. Such suspension may not last for longer than one year.

3. The expulsion referred to in Article 12, Paragraph 1 e is effected by means of a written decision by the Board, which must state the reasons for the expulsion. The person who has been expelled from affiliate status as well as the publishing company or the company as referred to in 7a are immediately notified of the Board's decision. An appeal against the expulsion must be lodged with the meeting of affiliates in writing, giving the reasons for the appeal. The appeal must be filed with the Foundation's Board within one month of the date of the written notification of the decision to expel the member.

An appeal may be lodged by an affiliate who is an author as referred to in Article 7, or an affiliate acting on behalf of heirs and legatees as referred to in Article 7b, or - if the affiliate, being an author as referred to in Article 7a who has been registered for affiliate status by a company – exclusively by that company, or – if the affiliate has been registered by a publishing company – exclusively by the publishing company. The affiliate will be suspended during the appeal period and pending the appeal. The party authorised to lodge the appeal has the right to explain their appeal at the relevant meeting. Such suspension may not last for longer than one year.

## THE BOARD

### Article 13

1. The Board of the Foundation consists of thirteen people. Twelve people are appointed in the manner referred to in Paragraph 2, subparagraphs a and b. A thirteenth person is appointed by the affiliates in accordance with Article 17, Paragraph 2.
2. The members of the Board are:
  - a. eight (8) authors, who are participants or are authors in a company that is a participant, who are chosen by the author affiliates;
  - b. four (4) persons who are participating publishers or have a managerial position in a publishing company that is a participant, and who are chosen by the publisher affiliates.
  - c. one (1) independent person, as referred to in Paragraph 1, as independent chairperson.
3. A director of the Foundation must also be a director of Buma.

### Article 13a

1. An author as referred to in Article 13, Paragraph 1, can be appointed to the Board of the Foundation if the author or the company-participant, as referred to in Article 13, Paragraph 1, which registered the author for the status of affiliate of the Foundation
  1. for at least five (5) whole consecutive calendar years has had an exploitation agreement with the Foundation and
  2. has received an average income of at least one thousand euros (€ 1000) per annum under his/her exploitation agreement for the last three (3) consecutive whole

calendar years, with the income being received from the exploitation agreement with the Foundation as well as from the exploitation agreement with Buma.

- 1a. For the purposes of this Article 13a, Paragraph 1 (relating to appointing members of the Board), the years and income when the author was an affiliate count towards counting the years and income of the participant of which the author has registered as an affiliate.
2. A publisher who is an affiliate of the Foundation can be appointed to the Board of the Foundation if the publisher
  1. for at least five (5) whole consecutive calendar years has had an exploitation agreement with the Foundation for all or at least fifty (50) original works which the publisher has published under a direct legal relationship with an author or their successors in title, and
  2. has received an average income of at least ten thousand euros (€ 10,000) per annum under their exploitation agreements for the last three (3) whole consecutive calendar years, where income is obtained from both the exploitation agreement with the Foundation and the exploitation agreement with Buma.
3. A managerial officer as referred to in Article 9 who is an affiliate of the Foundation can be appointed to the Board of the Foundation if the publisher-participant who registered the managerial officer for affiliate status
  1. for at least five (5) whole consecutive calendar years has had an exploitation agreement with the Foundation and with Buma for all or at least fifty (50) original works which the publisher-participant has

published under a direct legal relationship with an author or their successors in title; and

2. has received an average income of at least ten thousand euros (€ 10,000) per annum under those exploitation agreements for the last three (3) full consecutive calendar years, where income is obtained from both the exploitation agreement with the Foundation and the exploitation agreement with Buma.
4. Persons who have reached the age of 70 may not stand as candidate or be appointed or reappointed as board member, nor as temporary board members.
5. Members of the Board may be re-elected subject to all the provisions of these Articles of Association.

### Article 13b

1. Board members are appointed as follows:
  - a1. Candidates for the eight places on the Board for authors referred to in Article 13, Paragraph 2, sub-paragraph a can be nominated by professional associations:
    - a. of composers of serious music such as Nieuw Geneco;
    - b. of composers/lyricists of light music such as Popauteurs.nl;
    - c. of lyricists such as VSenV;
    - d. of composers of media music such as BCMM;
    - e. recognised as professional associations by the Board in accordance with the Accreditation Rules referred to in Article 29, Paragraph 2.
  - a2. Participants may nominate candidates for each vacancy in writing on condition that each written nomination of candidates is

signed legibly by at least ten participants or is supported by the Board and provided this is carried out with due observance of the other provisions of these Articles of Association.

- a3. The members of the Board referred to in Article 13, Paragraph 2 (a) are elected at the general meeting of affiliates by the authors present who have the status of affiliates.
- a4. Every person entitled to take part in the voting casts one vote.
  - b1. For the four seats on the Board mentioned in Article 13, Paragraph 2 (b)
    - a. three candidates may be nominated by the NMUV;
    - b. one candidate may be nominated by the Groep Uitgevers.
  - b2. Participants may nominate candidates for each vacancy in writing on condition that each written nomination of candidates is signed legibly by at least ten participants or is supported by the Board and provided this is carried out with due observance of the other provisions of these Articles of Association.
  - b3. The members of the Board referred to in Article 13, Paragraph 2 (b) are elected at the general meeting of affiliates by the publisher-affiliates present as referred to in Article 8 and by the affiliates who exercise a managerial function in a publishing company as mentioned in Article 9, Paragraph 1.
  - b4. Any person who is authorised to take part in the voting may cast the same number of votes as the number of times the average amount they or the publishing company who registered them for affiliate status received from the Foundation by virtue of the model administration agreement in each calendar

year for the three calendar years immediately preceding the year in which the voting takes place, is divisible by forty thousand euros (€ 40,000.00), with a maximum of ten, unless the affiliate is a person who has been granted the dispensation referred to in Article 11, Paragraph 8. In this case the affiliate casts one vote

- b5. If the amount referred to in Paragraph b4 above is between two thousand five hundred euros (€ 2,500.00) and forty thousand euros (€ 40,000.00), the affiliate casts one vote.
  - b6. In January each year, the management informs each affiliate referred to in Paragraph b4 above of the number of votes they may cast in that year's elections to the Board.
  - b7. In connection with the provisions of Paragraph b6 above, no meeting of affiliates at which one or more vacancies on the Foundation's Board are to be voted on may be convened during the period between January 1 and February 15 of any year.
  - b8. During the two weeks following the date of the notification, the publisher or the publishing company is authorised to appeal against this notification to the Board, which will come to a decision within one month but no later than by the date of a general meeting of affiliates at which a decision on one or more vacancies on the Board is to be taken.
2. A nomination of a candidate is only valid once the management has received a written declaration of willingness from the candidate.
  3. Members of the Board may be re-elected subject to all the provisions of these Articles of Association.
  4. With the exception of what is stipulated in Article 20a, candidates can be nominated at

any time by the Board or by five participants for positions other than those on the Board, even during the affiliates' meeting. When voting takes place for positions other than those on the Board, each of the non-suspended affiliates has the right to cast a maximum of one vote. What is stipulated in Article 24 apply accordingly.

5. Each member of the Board has the right to cast one vote at each election provided Paragraph 1, subpara. a4, b4 or b5 does not apply to them.

### Article 13c

1. Without prejudice to what is stipulated in Articles 13, 13a and 13b above, only a person who is appointed at the same time as a director of the Foundation can be appointed as a director of Buma.
2. The Board draws up a profile sketch of the composition of the Board, taking the representativeness of the various genres, among other things, into account. The profile sketch of the Board is published on the Foundation's website. Without prejudice to what is stipulated in Articles 13, 13a and 13b above, all nominations of candidates must be made taking this profile sketch into account.
3. The Advisory Appointment Committee as referred to in Article 28, Paragraph 2 shall fulfil its role in the composition of the Board and the Council of Affiliates such that the diversity of the genres and the representativeness is guaranteed as much as possible.

### Article 14

1. The Foundation's Board will invite the eligible organisations as specified in Article 13b, Paragraph 1, in writing to nominate candidates at least ten (10) weeks prior to the date of the

meeting of affiliates at which a decision has to be taken on filling one or more vacancies on the Board.

2. Written nominations as referred to in Paragraph 1 above must be received by the management no later than eight (8) weeks prior to the date of the meeting of affiliates.
3. The affiliates and participants are informed of the names of the candidates nominated by the organisations in the notification of the meeting of affiliates as referred to in Article 25, Paragraph 2. The notification also indicates the way in which affiliates can nominate candidates.
4. Written nominations by participants as referred to in Article 13b, subparagraphs a2 and b2 must be received by the management no later than four (4) weeks prior to the date of the meeting of affiliates.
5. If one of the organisations mentioned in Article 13b, Paragraph 1 has nominated a candidate in a way which contravenes the Articles of Association and participants as referred to in Paragraph 4 have also nominated a candidate in a way which contravenes the Articles of Association, the Foundation's Board will appoint a candidate for the vacancy concerned.

## Article 15

1. The Board members are appointed for four years. They resign in accordance with a roster to be compiled by the Board. Resigning members of the Board are eligible for reappointment immediately but only once, on the understanding that if a member of the Board has resigned from his position and that a continuous period of four years has passed since then, the person concerned will be eligible once again for appointment as a member of the Board and what is stipulated in the first two paragraphs of this article shall apply to him/her.
2. Vacancies which arise between meetings will be permanently filled at the next meeting of affiliates at which all the provisions of these Articles of Association concerning the appointment of members of the Board can be met.
3. Interim vacancies which arise between meetings may be temporarily filled by the Board. The Board may appoint a temporary Board member:
  - a. on the basis of a binding nomination of a temporary candidate by a professional association, if the Board member whose membership of the Board has ended between meetings was originally nominated by this professional association. The binding nomination may be deprived of its binding nature by a decision by the Board supported by at least two-thirds of the votes cast.
  - b. in the case of a Board member whose membership of the Board has ended in the meantime, nominated as a candidate at the time by ten participants as referred to in Article 13b, Paragraph 1 – or by the Board itself in the context of Article 14, Paragraph 5 – after the Board has held negotiations about an interim candidate with the ten members who had nominated the Board member concerned as a candidate or with the professional associations. What is stipulated in Article 13, Paragraph 3 applies accordingly to the appointment of temporary members of the Board.
4. The temporary member of the Board will resign at the next meeting of affiliates as specified in Paragraph 1 above at which all the provisions of these Articles of Association concerning the appointment of ordinary members of the Board can be met.
5. The duties performed by the ordinary members

of the Board and the requirements concerning the composition of the Board apply in full to the appointment of temporary members of the Board.

6. a. In the event of the anticipated longer-term absence of one (or more) of the members of the Board of the Foundation, the Board, in a similar manner to that described in Art. 15 par. 3 subparagraph a/b of the Articles of Association and taking into account the provision of b below, can appoint a person to assist the Board in the performance of its duties for the duration of the absence. This designated person is merely an observer, and has no formal vote.
- b. After a period of 9 months of absence, this will become an interim vacancy. The filling of this interim vacancy will take place in a similar manner to Art. 15 par. 2 to 5 of these Articles of Association. The nominated person will remain as an observer until the time at which the vacancy is filled.

## Article 16

1. Without prejudice to the stipulations of Article 17, Paragraph 5, membership of the Board ends:
  - a. upon death;
  - b. upon resignation on the basis of Article 15, Paragraph 1 or Paragraph 4;
  - c. upon resignation in the meantime at the member's own request;
  - d. upon losing a status listed in Article 13, Paragraph 2;
  - e. upon losing the status of director of Buma, as prescribed in Article 13, Paragraph 3;
  - f. upon dismissal by the affiliates' meeting as recommended by the Board or thirty affiliates or such a number of all affiliates as are entitled to cast one-tenth of the votes in an affiliates' meeting; such a decision for

dismissal requires a majority of at least three-quarters of the votes cast in the meeting.

2. If the membership of all current members of the Board expires for whatever reason, the management will assume all the Board's powers and obligations. The management will then immediately convene a meeting of affiliates in accordance with the provisions of Articles 14 and 25, at which a new Board will be appointed.
3. The Board is authorised to suspend a board member with regard to the provisions of this article.
4. A board resolution for immediate and effective suspension requires unanimity of the votes cast, with at least four authors and two publishers voting for suspension, not including the independent chairman and the board member in question. The Board is then required to seek advice from the Integrity Committee.
5. In cases other than those provided for in paragraph 4 (direct suspension), the advice of the Integrity Committee will first be sought before the Board may decide to suspend, and this decision will require a three-quarter majority of the votes cast, not including the independent chairman and board member in question.
6. Suspension will not take place before the board member in question has been heard or has been given the opportunity to be heard.
7. A suspension may last no longer than one year. Extension of a suspension is not possible. The administrative emoluments will not be paid during the suspension.
8. A decision to lift a suspension requires the same qualified majority as the original decision to suspend (unanimity or three-quarters majority).
9. Items relating to a suspension will be placed on the agenda of the board meeting by the

independent chairman of the Board.

10. There is no appeal to the Buma/Stemra Disputes Committee against a suspension.
11. In the case of a long-term suspension, and on the recommendation of the professional association (or 10 participants) of the suspended board member, the Board can appoint an observer provided there is compliance with Article 15 par. 6 of the Buma/Stemra Articles of Association.

### Article 17

1. The Board appoints a vice chairperson and a secretary from among its members.
2. The Board, having heard the Council of Affiliates, shall propose to the affiliates' meeting the appointment of an independent person as chairperson, also called the independent chairperson, and also as a member of the Board. Neither Article 13, Paragraph 2, sub-paragraphs 1 and 2, nor Articles 13a and 13b apply to this member of the Board. What is stipulated in Article 13, Paragraph 3 does apply in this case, however.
3. The chairperson chairs the meetings of the Board. The vice chairperson will deputise in the chairperson's absence. If both are absent, the Board will appoint a chairperson for the meeting.
4. The chairperson and secretary, or their substitute(s) to be appointed by the Board in their absence, jointly represent the Foundation in judicial and extra-judicial matters notwithstanding the management's powers of representation as set out below.
5. With respect to the independent chairperson as referred to in Paragraph 2, his/her membership of the Board ends, in addition to what is stipulated in Article 16, Paragraph 1, as a result of a decision for dismissal by the affiliates' meeting to that end that is taken on the recommendation of the Board, having heard the Council of Affiliates.

The recommendation by the Board for the dismissal of the independent chairperson can only come about by virtue of a decision by the Board that is taken with a majority of at least two-thirds of the votes cast in a Board meeting at which at least three-quarters of the other active members of the Board are present or represented. The chairperson does not take part in the voting. Abstentions and invalid votes are deemed not to have been cast. The Board cannot adopt such a recommendation for dismissal without having interviewed the chairperson or having reasonably offered him/her the opportunity to be interviewed.

### Article 18

1. The Board is charged with governing the Foundation. Its main duties are to supervise the management, represent the participants' interests and admit new participants.
2. The Board is entitled to establish annual contributions, admission fees and special charges. Decisions in this regard must be approved by the meeting of affiliates.
3. The Board takes decisions on all matters that have not been entrusted to other bodies of the Foundation by or by virtue of these Articles of Association.
4. The Board is authorised to conclude agreements to buy, transfer or encumber registered property and to conclude agreements whereby the Foundation stands as guarantor, commits itself as joint and several debtor, warrants performance by a third party or provides security for a debt of a third party.

### Article 19

1. The Board meets as often as the chairperson deems necessary or when three members of the

Board or the management request a meeting.

2. If the chairperson does not convene a meeting requested by three members of the Board or by the management within fourteen days, the parties requesting the meeting have the right to convene a meeting themselves and to provide a chairperson for it.
3. Notwithstanding the provisions of paragraph 5, Board decisions may only be taken legally and without interference or consultation in a meeting at which at least eight directors, without counting the independent chairman, must be physically present. A member of the Board can be represented in a meeting by another member of the Board after written permission that the chairperson considers sufficient has been granted, and on the understanding that the permission granted to the other member of the Board is simultaneously valid for a meeting of Buma. A member of the Board can therefore only act as an authorised person for one other member of the Board.

If fewer than eight members of the board, without counting the independent chairman, are physically present at a meeting a new meeting is convened on a date not less than fourteen days and no more than one month after the first meeting. The legally-binding decision concerned may then be taken at this meeting, regardless of the number of members of the Board present or represented.

4. **Teleconference and decision-making:**  
The Board may also make non-written decisions in a conference call, which includes any other standard means of telecommunication, provided that the relevant proposal has been submitted to all the directors and none of them have objected to this manner

of making decisions. Following a teleconference, each director who attended the meeting shall send a written confirmation of his/her vote to the Secretary to the Board. With regard to decisions taken in this way, the Secretary to the Board will create a report enclosing the written confirmations that have been received, and this will be signed by the Chairman and the Secretary to the Board. This report will be filed at the offices of Buma/Stemra.

5. **E-mail decisions:**
  1. The Board may – in a singular event that lends itself towards a decision without substantive discussion – make a written decision without a meeting (whereby this includes votes being cast by e-mail), provided that
    - a. the text of the proposal, including a deadline within which a vote may be cast – and, when using e-mail and similar means of communication, including confirmation of receipt – is sent to all the members of the Board as far as possible at the same time, and
    - b. at least eight members of the Board – not including the independent chairman – have declared in writing within the deadline mentioned in sub-paragraph a (whereby this includes every report that is sent with the help of today's means of communications and is received in writing) that they are in agreement with this form of decision-making.
  2. In the case of voting by e-mail, the member of the Board shall, when making his vote, send a copy of his vote to the other members of the Board (for example, using reply to all), simultaneously as far as possible, unless it was a vote regarding persons (in which case, no reply to all).

3. A written decision can be taken without a meeting by the simple majority of at least eight submitted votes, whereby blank votes shall be deemed to have not been cast.
4. After expiry of the deadline, a report will be drawn on the same day regarding the result of the vote with –unless it was a vote regarding persons – a report of how the individual members of the Board voted, if not everyone answered with ‘reply all’. The Board shall keep a record of decisions reached in this way. The written decision shall be passed once again for information at the next meeting.
6. Decisions by the Board on the establishment and amendment of rules or concerning a proposal to amend these Articles of Association may only be taken with a majority of two-thirds of the votes cast at the Board meeting. In all other cases, the Board may take decisions with a majority of the votes cast at the meeting. Abstentions and invalid votes are deemed not to have been cast.
7. The management attends the meetings of the Board unless the subject relates to the management itself, in which case the Board may decide to meet without the management being present.

## Article 20

1. The members of the Board are only entitled to reimbursement of those expenses which the Board believes have been incurred in the interests of the Foundation. Members will receive an attendance fee, the rules for which are determined by the meeting of affiliates on the Board’s recommendation.
2. The chairperson is entitled to an entertainment allowance, the amount of which is determined by the Board.

## COUNCIL OF AFFILIATES

### Article 20a

1. The Foundation has a Council of Affiliates.
2. The Council of Affiliates will consist of at least twelve (12) and not more than thirteen (13) persons. Twelve persons will be nominated from and by the members. A thirteenth, independent person can be nominated by the Council of Affiliates to become a member of the Council of Affiliates in accordance with Article 20c par. 2.
3. The composition of the Council of Affiliates is as follows:
  1. eight participants who are authors as referred to in Article 2, sub-paragraph g and who meet the following criteria:
    - are a resident or citizen of one of the Member States of the European Union
    - have an exploitation agreement with the Foundation as well as with Buma
    - have received an average income of at least five hundred euros (€ 500) per annum under those exploitation agreements for the last three (3) full consecutive calendar years, where income is obtained from both the exploitation agreement with the Foundation and the exploitation agreement with Buma
  2. four participants who are publishers as referred to in Article 8 paragraph 1, or act in a managerial position in a publishing company as referred to in Article 9 paragraph 1 and who meet the following criteria:
    - are a resident or citizen of or have established their head office in one of the Member States of the European Union

- have an exploitation agreement with the Foundation and with Buma for all or at least fifty (50) original works that they have published under a direct legal relationship with authors or their successors in title;
  - have received an average income of at least five thousand euros (€ 5,000) per annum under those exploitation agreements for the last three (3) full consecutive calendar years, where income is obtained from both the exploitation agreement with the Foundation and the exploitation agreement with Buma.
3. one independent chairman as referred to in par. 2, if appointed by the members' meeting as a member of the Council of Affiliates in accordance with Article 20c, par. 2.
4. A member of the Foundation's Council of Affiliates must also be a member of the Buma Council of Members.
5. Candidates for the eight places on the Council of Affiliates for authors referred to in Paragraph 3, sub-paragraph 1 can be nominated by professional associations:
- a. of composers of serious music such as Nieuw Geneco;
  - b. of composers/lyricists of light music such as popauteurs.nl;
  - c. of lyricists such as VSenV;
  - d. of composers of media music such as BCMM;
  - e. recognised as a professional association by the Board in accordance with the Accreditation Rules referred to in Article 29, Paragraph 2.
- 5a. Candidates for each vacancy can also be nominated by participants in writing, as long as each written nomination for a candidate is signed legibly by at least ten participants or is supported by the Board, and this takes place taking the other provisions of these Articles of Association into account.
- 5b. The members of the Council of Affiliates referred to in Article 3, sub-paragraph 1 are chosen in the general meeting of affiliates by the authors present who have the status of affiliate.
- 5c. Every person entitled to take part in the voting casts one vote.
6. Concerning the four places on the Council of Affiliates referred to in Paragraph 3, sub-paragraph 2 for persons who are participant publishers or have a managerial position in a publishing company that is a participant:
- a. candidates for three places can be nominated by the NMUV;
  - b. a candidate for one place can be nominated by the Groep Uitgevers.
- 6a. Candidates for each vacancy can also be nominated by participants in writing, as long as each written nomination for a candidate is signed legibly by at least ten participants or is supported by the Board, and this takes place taking the other provisions of these Articles of Association into account.
- 6b. The members of the Council of Affiliates referred to in Paragraph 6 are chosen in the general meeting of affiliates by the publisher affiliates present, as referred to in Article 8, and the affiliates present who have a managerial position in a publishing company, as referred to in Article 9, Paragraph 1.
- 6c. Any person who is authorised to take part in the voting may cast the same number of votes as the number of times the average amount they or the publishing company who registered

them for affiliate status received from the Foundation by virtue of the model administration agreement in each calendar year for the three calendar years immediately preceding the year in which the voting takes place, is divisible by forty thousand euros (€ 40,000), with a maximum of ten, unless the affiliate is a person who has been granted dispensation as referred to in Article 11, Paragraph 8. In the latter case the affiliate casts one vote

- 6d. If the amount referred to in Paragraph 6c is between two thousand five hundred euros (€ 2500) and forty thousand euros (€ 40,000), the affiliate casts one vote.
- 6e. In the month of January each year the management notifies each affiliate as referred to in Paragraph 6c of the number of votes he/she can cast in elections to the Council of Affiliates during that year.
- 6f. In connection with what is stipulated in Paragraph 6c, no affiliates' meeting in which there is voting on one or more vacancies on the Association's Council of Affiliates can take place between the first of January and the fifteenth of February in any year.
- 6g. The publisher or the publishing company has the right to appeal to the Board against this notification for two weeks after the date of the notification. The Board shall decide within a month, but in any case no later than on the day on which a general meeting of affiliates that has to decide about one or more vacancies on the Board takes place.
7. The nomination of a candidate is valid only once the management has received a written declaration from the candidate that he/she is prepared to sit.
8. Without prejudice to what is stipulated about this in this article, only a person who is appointed at the same time as a member of the Foundation's Council of Affiliates can be appointed as a member of Buma's Council of Members.
9. The Board draws up a profile sketch of the composition of the Council of Affiliates, with the approval of the Council of Affiliates, taking the representativeness of the various genres, among other things, into account. The profile sketch of the Council of Affiliates will be published on the Foundation's website. Without prejudice to what is stipulated above in this article, all nominations of candidates must be made taking this profile sketch into account.
10. The members of the Council of Affiliates are appointed for four years. They resign in accordance with a roster to be compiled by the Board. Resigning members of the Council of Affiliates are eligible for re-election immediately but only once, on the understanding that if a member of the Council of Affiliates has resigned from his/her position and that a continuous period of four years has passed since then, the person concerned will be eligible once again for appointment as a member of the Council of Affiliates and what is stipulated in the first two phrases of this article shall apply to him.
11. The membership of a participant in the Council of Affiliates ends:
  - a. upon death;
  - b. upon resignation on the grounds of Article 20a paragraph 10;
  - c. by early resignation at their own request;
  - d. through loss of one of the capacities mentioned in Article 20a, paragraph 3;
  - e. through loss of the capacity of being a member of the Council of Members of Buma, as required under Article 20a,

paragraph 4;

- f. by dismissal by the general meeting of affiliates on the recommendation of the Board or of thirty affiliates or of the number of affiliates needed to cast one tenth of the votes at a general meeting of affiliates; a majority of at least three quarters of the votes cast at a meeting is required in order to take such a decision regarding dismissal.
  - g. In the case of interim appointments and absences, the provisions of Article 15 par. 2 t / m 6 will apply analogously to the Council of Affiliates.
12. If the membership of all current participants in the Council of Affiliates expires for whatever reason, the Board shall assume all the powers and obligations of the Council of Affiliates. The Board shall then immediately convene a general meeting of members/affiliates in accordance with the provisions of Articles 14 and 25, at which a new Council of Affiliates shall be appointed.

### Article 20b

1. The Foundation's Board will invite the eligible organisations as specified in Article 20a, Paragraphs 5 and 6, in writing to nominate candidates at least ten (10) weeks prior to the date of the affiliates' meeting at which a decision has to be taken on filling one or more vacancies on the Council of Affiliates .
2. The written nominations referred to in Paragraph 1 must be received by the management no later than eight (8) weeks prior to the date of the affiliate's meeting in question.
3. The affiliates and participants are informed of the names of the candidates nominated in the notice of the affiliates' meeting as referred to in Article 25, Paragraph 2. The notice of the

meeting also describes how candidates can be nominated.

4. Written nominations must be received by the management no later than four (4) weeks prior to the date of the affiliates' meeting in question
5. If one of the organisations listed in Article 5, Paragraph 6 has not nominated a candidate in accordance with the Articles of Association nor has a candidate been nominated by affiliates and participants, as referred to in Paragraph 3, the Board of the Foundation will appoint a candidate for the vacancy concerned.
6. What is stipulated in Article 16, Paragraph 1 applies accordingly to the resignation of members of the Council of Affiliates.

### Article 20c

1. The Council of Affiliates shall appoint a chairman, a vice-chairman and a secretary from among its members.
2. With regard to the appointment of a chairman, the Council of Affiliates is authorized
  - a. to appoint a chairman from amongst its members, or
  - b. to make a proposal to the meeting of the affiliates to appoint an independent person as chairman, also referred to as the independent chairman, and also as a member of the Council of Affiliates.Article 20a par. 3 subpar. 1 and 2, par. 5, 6, 7, 9 and 10 do not apply to this member of the Council of Affiliates. The provision of Article 20a, par. 4 is applicable, however.
3. The chairman of the Council of Affiliates chairs the meetings of the Council of Affiliates. In his/her absence, the vice-chairman of the Council of Affiliates will deputise. If both the aforementioned persons are absent, the Council of Affiliates shall appoint a chairman for the meeting,

4. The Council of Affiliates shall meet as often as considered appropriate by the chairman of the Council of Affiliates, or if three members of the Council of Affiliates or the chief executive request a meeting in writing, but in any case at least four times a year.

5. Regardless of the provision on par. 6, decisions by the Council of Affiliates can only be legally binding if taken in a meeting at which at least seven members of the Council of Affiliates are physically present.

Subject to the approval of the chairman, a member of the Council of Affiliates may be represented at a meeting by another member of the Council of Affiliates if a suitable, written power of attorney is provided. A member of the Council of Affiliates can thereby only act on behalf of another member of the Council of Affiliates as a proxy.

If fewer than seven members of the Council of Affiliates are physically present at a meeting, a new meeting will be convened on a date not less than fourteen days and no more than one month after the first meeting. The respective legally-binding decision may be taken at this meeting, regardless of the number of members of the Council of Affiliates present.

6. Teleconferences and decision-making:

The Council of Affiliates may also make non-written decisions in a conference call, which includes any other standard means of telecommunication, provided that the relevant proposal has been submitted to all the members of the Council of Affiliates and none of them have objected to this manner of making decisions.

Following a teleconference, each member of the Council of Affiliates who attended the meeting shall send a written confirmation of his/her vote to the Secretary to the Board. The method of

decision making shall be covered once again for information purposes at the next meeting, and will be recorded in the minutes.

7. E-mail decisions:

1. The Council of Affiliates may – in a singular event that lends itself towards a decision without substantive discussion – make a written decision without a meeting (whereby this includes votes being cast by e-mail), provided that

a. the text of the proposal, including a deadline within which a vote may be cast – and, when using e-mail and similar means of communication, including confirmation of receipt, is sent to all the members of the Council of Affiliates as far as possible at the same time, and

b. at least seven members of the Council of Affiliates have declared in writing within the deadline mentioned in sub-paragraph a (whereby this includes every report that is sent with the help of today's means of communications and is received in writing) that they are in agreement with this form of decision-making.

2. In the case of voting by e-mail, the member of the Council of Affiliates shall, when making his vote, send a copy of his vote to the other members of the Council of Affiliates (for example, using reply to all), simultaneously as far as possible, unless it was a vote regarding persons (in which case, no reply to all).

3. A written decision can be taken without a meeting by the simple majority of at least seven submitted votes, whereby blank votes shall be deemed to have not been cast.

4. After expiry of the deadline, a report will be drawn on the same day regarding the result of the vote with –unless it was a vote

regarding persons – a report of how the individual members of the Council of Affiliates voted, if not everyone answered with ‘reply all’. The Council of Affiliates shall keep a record of decisions reached in this way. The written decision shall be passed once again for information at the next meeting.

8. If the chairman does not convene a meeting that has been requested by three members of the Council of Affiliates or the chief executive within two weeks, the applicants have the right to convene a meeting themselves and to provide a chairman for it.
9. The Council of Affiliates makes its decisions by a simple majority of the votes cast at the meeting. Blank votes and invalid votes will be deemed to have not been cast.
10. The management will attend the meetings of the Council of Affiliates, unless the proposal concerns the Board itself, in which case the Council of Affiliates can decide to meet without the presence of the Board.
11. Joint consultations will take place between the Council of Affiliates and the Board at least twice a year. This joint consultation will be chaired by the chairman of the Board.

### Article 20d

1. The Council of Affiliates’ task is:
  - a. Advising the Board of the Foundation;
  - b. preparing the decision-making at the affiliates’ meeting.
2. The Council of Affiliates will prepare items and perform tasks in such a way that the Foundation’s affiliates’ meeting proceeds as efficiently as possible.
3. The Council of Affiliates can establish, in rules it can itself set, further rules and regulations concerning the performing of tasks and the

manner of decision-making by the Council of Affiliates, as long as the tasks described in Paragraphs 1 and 2 above are taken into account and as long as those rules do not conflict with these Articles of Association.

## MANAGEMENT (MEMBERS) AND CHIEF EXECUTIVE

### Article 21

1. The management consists of one or more natural persons who are not affiliates or participants of the Foundation. If the management has more than one member, the meeting of affiliates appoints one of them as chief executive on the Board’s recommendation. If the management consists of one person only, where the ‘chief executive’ is mentioned in these Articles of Association, this shall refer to the sole member of the management.
2. The management is charged with managing the Foundation’s office as well as with the duties assigned to it by the Board. The management is directed by the chief executive. The management reports to the Board concerning the Foundation’s affairs.
3. The management is obliged to notify the Board of all information necessary to carry out its managerial duties. The management is also obliged to notify the meeting of affiliates, via the Board, of all information regarding the management of the office demanded by the meeting of affiliates.
4. The management recruits, suspends and dismisses employees and defines their terms of employment.
5. The members of the management are appointed and dismissed by the meeting of affiliates on the

Board's recommendation. If an appointment or dismissal concerns a member of the management who is or is to become a member of Buma's management, the appointment or dismissal must also be effected by Buma by way of a joint recommendation by the Foundation's Board and Buma's Board.

6. Each member's terms of employment on the management are individually determined by the Foundation's Board. If the member of management is also a member of Buma's management, the terms must be established by way of a joint decision by the Foundation's Board and Buma's Board.
7. The Board can suspend a member of the management. If this member of management is also a member of Buma's management, suspension may only be effected by way of a joint decision by the Foundation's Board and Buma's Board.
8. A member of the management may not be suspended or dismissed before they have been interviewed or have been reasonably offered the opportunity to be interviewed by the Foundation's Board, and by Buma if this member of the management is also a member of Buma's management. The Board will offer the member of management the opportunity to answer to the meeting of affiliates.
9. A suspension can be extended one or more times but cannot last longer than four months in total. If no decision has been taken to cancel the suspension during this period, the suspension will expire.

### Article 22

The members of the management are authorised to represent the Foundation in legal and non-legal matters without prejudice to the Board's powers of representation. If the

management consists of more than one member, powers of representation will also be vested in the chief executive or two members of the management acting jointly.

### Article 23

1. The management divides its duties and activities between its members, which division requires approval of the Board.
2. Only members of the management have general powers of attorney.
3. The management can grant an employee the title of (deputy) managing director on the Board's recommendation.
4. The management is authorised to grant one or more employees limited powers of attorney and may amend or revoke these powers.

## MEETING OF AFFILIATES

### Article 24

1. The meeting of affiliates is open to:
  - a. all non suspended affiliates;
  - b. participants;
  - c. members of the Board;
  - d. members of the Council of Affiliates;
  - e. members of the management;
  - f. a delegation from the Works Council of the Foundation or the joint Works Council of the Foundation and Buma, consisting of the chairperson and the secretary, or their deputies.
  - g. other persons whom the Board has allowed to attend the affiliates' meeting.
2. Legally binding decisions may only be taken at a meeting of affiliates if at least thirty affiliates attend the meeting; if less than thirty affiliates are present at a meeting, another meeting will

be convened at a date no less than fourteen days and no more than one month after the first meeting. The management will notify the affiliates of this meeting at least seven days before the meeting, stating the agenda of the previous meeting referred to at the beginning of this paragraph, as well as the venue and time of the new meeting, in a publication issued periodically by the Foundation, by circular letter or by advertisement in a popular national newspaper, or by circulating the notice of the meeting electronically. Paragraphs 2 and 3 of Article 25 do not apply to this meeting of affiliates. The legally binding decision may then be taken at this meeting regardless of the number of affiliates present.

3. Unless specified otherwise by or by virtue of these Articles of Association, all decisions are taken with a simple majority of votes cast; abstentions and invalid votes are deemed not to have been cast.
4. The affiliates of the Foundation and the members of the Board have one vote at a meeting of affiliates, subject to the provisions of Article 13b, Paragraph 1 b with regard to the appointment of members of the Board. This Paragraph 4 of Article 24 may not result in an increase in the number of votes as referred to in Article 13b, Paragraph 1 b.
5. A non suspended affiliate can be represented at a meeting by another non suspended affiliate by written proxy by means of a proxy form to be provided by the management. This form must be received by the management no later than three days before the date of the meeting of affiliates, excluding Sundays and public holidays and not counting the day of the meeting of affiliates itself. Any affiliate deputising for another may only accept one such proxy. The proxy is only valid for

one meeting. An author can only authorize another author. A publisher can only authorize another publisher. An heir can only authorise a member with the same capacity as the testator. A company as referred to in Article 7a may only authorise an author.

6. Matters are voted on orally unless the chairperson decides otherwise; votes on persons are taken with ballot papers or electronically. If voting about persons is to take place electronically, this shall be stated in the additional notice of the meeting calling for a meeting of affiliates.
7. Voting on candidates is carried out per vacancy. If none of the candidates put forward receives a majority of votes cast in a first ballot, the appointment procedure is immediately continued
  - i. if it is a vote between two candidates: by a second vote, after which, if this vote has resulted in another tied vote, lots shall be drawn. The chairperson casts the lots, unless he/she is an interested party, in which case another person shall be appointed.
  - ii. if it is a vote between three or more candidates: by a subsequent vote between the two candidates who received the greatest number of votes during the first ballot. If more than two people receive an equal number of votes and qualify for another ballot, another vote will be held to decide which two people are eligible for the next ballot. If votes in the next ballot are equally divided, the case will be decided by lot. The chairperson casts the lots, unless he/she is an interested party, in which case another person shall be appointed.

If the two persons chosen by lots have each obtained the same number of votes, the stipulation under i shall apply accordingly.

- 7a. The decision to appoint the independent chairperson of the Board shall be based on the Board's proposal as referred to in Article 17 Paragraph 2 that is taken by the affiliates' meeting with an absolute majority of the votes cast.
8. In the event of a tied vote on a proposal that does not concern the election of people, the proposal will be rejected.
9. At any meeting of affiliates where people are to be voted for, the meeting of affiliates will appoint a voting committee consisting of three of the affiliates present. The voting committee's decision is binding.

## Article 25

1. A meeting of affiliates is held at least once a year. The meeting of affiliates at which the Board accounts for its governing activities and the annual accounts are approved is held by June 30 at the latest. The elections to the Board, including the Council of Affiliates, are also held at this meeting.
2. A meeting of affiliates will be notified to the affiliates in a publication issued periodically by the Foundation, and/or by means of a circular and/or by e mail and/or made available by electronic means. This notice, which shall be sent by post and/or by e mail and/or made available by electronic means at least six (6) weeks before the day of the meeting, states the location, date, starting time and agenda of the meeting. In the case where members of the Board and Council of Affiliates are to be elected at the meeting, the notice of the meeting shall also contain the names of candidates as referred to in Article 14, paragraph 3 and Article 20a, paragraphs 5 and 6 respectively, as well as an indication of the way in which candidates proposed by members can be nominated (as long as the written proposal of candidacy has been signed legibly by at least ten participants). The notice of the meeting can also indicate that any later changes or additions concerning the notice of the meeting can be announced by advertisement in a popular national newspaper, as referred to in Paragraph 4, and/or that this announcement can be sent by e-mail and/or made available by electronic means.
3. Items can be placed on the agenda of the affiliates' meetings by the Council of Affiliates, the Board, the management or by ten affiliates and/or participants. Items shall be taken to include proposals. Items submitted by affiliates and/or participants must be notified to the Board in writing at least four (4) weeks before the day of the meeting, not counting the day of the meeting. The letter must be signed by the affiliates and/or participants concerned and be accompanied by notes.
4. Affiliates will be informed of any amendments or additions to the agenda as mentioned in Paragraph 2 or other information in the notice of the meeting. This announcement will be published in a publication issued periodically by the Foundation and/or by circular letter and/or in a popular national newspaper and/or by e mail and/or will be made available by electronic means. This written and/or electronic announcement should be delivered by post and/or made public and/or sent by e mail and/or made available by electronic means at least two (2) weeks in advance of the date of the meeting of affiliates.
5. A meeting of affiliates will also be convened:
  - a. if the Board decides to hold a meeting of affiliates;
  - b. if at least twenty affiliates or at least the number of affiliates needed to cast one-tenth of the votes at a meeting of

affiliates ask the Board in writing to convene a meeting of affiliates, stating the items to be included on the agenda, in cases to which Article 13b, Paragraph 1 b does not apply.

6. The request referred to in Paragraph 5 b should be signed legibly by the persons requesting the meeting and should be accompanied by explanatory information. Within ten days of receipt of the request, the Board should convene a board meeting to which the persons requesting the meeting are invited to put forward their reason for wishing to convene a meeting of affiliates. If the Board accepts their request, it should convene a meeting of affiliates within a period of no more than four weeks. If this request is not met within fourteen days, the persons requesting the meeting can call the meeting of affiliates themselves. Affiliates are notified of a meeting of affiliates as referred to in this paragraph at least two weeks in advance of the meeting or otherwise as stipulated in Article 25, Paragraph 2.

- 6a. 1. Any affiliate may submit a motion about a subject that is on the agenda.
2. A motion is a short, reasoned explanation about a subject so that an opinion, wish or request may be expressed, without any associated legal consequences.
3. A motion must be submitted to the management in writing and must be signed, stating the name of the party submitting it.
4. A motion shall be dealt with at the same time as the discussion of subject to which it pertains, unless the chairman rules that it should be discussed later.
7. During a meeting of affiliates, legally binding decisions can only be taken with regard to the items included on the agenda or the additional agenda.

8. The meeting of affiliates is chaired by the chairperson or, in their absence, by the vice chairperson. If the latter does not attend the meeting either, the Board will appoint a chairperson for the meeting.
9. Minutes are kept of the matters discussed at the meeting.

## FINANCIAL YEAR AND ANNUAL ACCOUNTS

### Article 26

1. The financial year corresponds to the calendar year.
2. The management draws up annual accounts consisting of a balance sheet and a profit and loss account, accompanied by explanatory notes, every year by April at the latest, that shall state the additional functions held by all members of the Board of the Foundation and shall publish the salaries of the management and the expense remunerations received by Board members.
3. The Board appoints a chartered accountant who audits the annual accounts drawn up by the management and reports on them to the Board.
4. Once a year the meeting of affiliates can appoint a financial committee from among its affiliates, consisting of at least two and no more than three affiliates who should not be members of the Board. This committee will, subject to certain rules, audit the annual accounts and report on them to the meeting of affiliates independently of the chartered accountant referred to in Paragraph 3 of this Article.
5. The annual accounts must be approved by the meeting of affiliates.
6. A copy of the annual accounts, accompanied

by the auditors' declaration, will be made available to affiliates and participants free of charge on request.

7. In the meeting in which approval of the annual accounts is an item on the agenda, the affiliates' meeting shall include a separate item on the agenda that discharges the Board from the performance of its tasks and the members of the management from all the actions that it turns out they have carried out in the financial year concerned.

## EXPLOITATION AGREEMENT

### Article 27

1. An exploitation agreement as referred to in Article 2 g of the Articles of Association between the Foundation and individual authors or their successors in title, publishers or publishing companies will consist of a model agreement to be established by the Board which will be governed by the Indexation, Exploitation and Distribution Rules.
2. The management is authorised to conclude an agreement with an author or their successors in title, a publisher or a publishing company that differs from the agreement referred to in Paragraph 1. This should be done in consultation with the Board without third parties having to be informed of this consultation.

## COMMITTEES, ADVISORY APPOINTMENT COMMITTEE

### Article 28

1. Without prejudice to what is stipulated in Paragraph 2, the Board can decide to set up one

or more committees for one or more subjects. Every committee will be charged with a task and a commission to be decided by the Board. The Board will appoint for each committee the persons who will sit on it and can decide to change a committee's task and commission, to change the composition of a committee and to cancel a committee, without prejudice to what is stipulated in Paragraph 2.

2. The Board will at least set up a committee called the: Advisory Appointment Committee, on which will sit:
  - the independent chairperson;
  - the chief executive; as well as
  - members who are authors as referred to in Article 2, sub-paragraph d, or are publishers as referred to in Article 8, Paragraph 1, or have a managerial position in a publishing company as referred to in Article 9, Paragraph 1, in the ratio of two to one (2:1). The chief executive shall have only an advisory role on the Advisory Appointment Committee, but no voting right. The composition of the Foundation's Advisory Appointment Committee must be the same as that of Buma's Advisory Appointment Committee. The Advisory Appointment Committee's task and commission is guiding in the broadest sense of the term and furthering the proper conduct of appointing members of the Board and the Council of Affiliates, thereby safeguarding the diversity of the genres and the representativeness of the members of the bodies referred to.
3. The Board can make further rules concerning committees, including the Advisory Appointment Committee, in accordance with what is stipulated in Article 29.

## RULES

### Article 29

1. *The Board has the right to define and amend rules, except for the rules of the Council of Affiliates as referred to in Article 20d Paragraph 3. These rules may not contain any provisions that conflict with these Articles of Association.*
2. *The Board is in all cases responsible for concluding:*
  - a. *the Distribution Rules;*
  - b. *the Exploitation Rules;*
  - c. *the Indexation Rules;*
  - d. *the rules on dealing with plagiarism disputes between participants.*
  - e. *the Accreditation Rules.*
3. *The rules referred to in Paragraph 1 require the approval of the meeting of affiliates before they take effect.*
4. *The Distribution Rules contain provisions that set out the method by which the distribution and payment of monies received by the Foundation by virtue of mechanical reproduction rights are distributed to participants and other interested parties.*
5. *The Exploitation Rules contain provisions on the exploitation and enforcement of mechanical reproduction rights and on the legal relationship between the participants and the Foundation.*
6. *The Indexation Rules contain provisions on the indexation of the sums of money mentioned in these Articles of Association, rules and exploitation agreements.*
7. *The Accreditation Rules include provisions for the accreditation of professional associations that may nominate candidates for appointment as members of the Board or members of the Council of Affiliates.*

## AMENDING THE ARTICLES OF ASSOCIATION

### Article 30

1. *Decisions on amending the Foundation's Articles of Association can only be taken with a majority of at least two-thirds of the votes cast at a meeting of affiliates at which at least thirty affiliates are present.*
2. *A copy of the proposal in which the possible changes are included verbatim shall be sent to the affiliates in a circular and/or a periodically issued publication of the Foundation and/or by e mail and/or made available by electronic means and must be posted and/or sent by e mail and/or made available by electronic means at least two (2) weeks before the day of the meeting of affiliates. The parties who asked for an affiliates' meeting to be convened to discuss an amendment to the Articles of Association should make a copy of the proposal containing a verbatim transcript of the amendment available for inspection by affiliates and participants in an appropriate place, and in any case at the offices of the Foundation, from at least ten days before the meeting until after the day on which the meeting is held.*
  - 2a. 1. *Any affiliate may submit amendments to proposed changes to the articles of association.*
  2. *An amendment to a proposal is a change that is textual in nature or subsidiary to the meaning of that proposal. Modifications affecting the content, including modifications that are contrary in meaning to the original proposal, shall be deemed to be a request to the board to include this in the preparations for the next meeting of affiliates, without prejudicing the right of affiliates to submit items for the agenda or to call for a meeting of affiliates as defined in Article 25.*

3. An amendment must be submitted to the board in writing no later than 6 (six) working days before the meeting of affiliates, stating the name, address and telephone number of the party submitting it. The management is responsible for the distribution of the amendment at the meeting of affiliates.
  4. The chairman presents the amendment for discussion at the same time as the proposal to which it pertains.
  5. Any amendment may be explained by the party or parties submitting it.
  6. An amendment shall be deemed admissible unless the chairman has ruled otherwise. A motion for such a decision can be moved by the chairman or by another of the parties that are present.
  7. The following sequence shall be observed when taking decisions about a proposal and the amendments suggested to it:
    - a. the amendments
    - b. the proposal itself, whether or not amended according to one or more adopted amendments, as the case may be.
  8. When making decisions on amendments as described in the previous paragraph, the amendments shall be discussed in order with those that have the most far-reaching effect being taken first. In the case of disputes over the question of which amendment has the most far-reaching consequences, the meeting shall take a decision. Adopting an amendment means that amendments with less far-reaching consequences shall not be discussed. The chairman can also decide that decisions shall be taken separately on individual elements of an amendment.
  9. The meeting can decide that other changes made may mean that amendments have to be considered to have lapsed.
3. If fewer than thirty affiliates are present at a meeting at which a proposal to amend the Articles of Association is on the agenda, a new meeting is convened on a date no less than fourteen days and no more than one month after the first meeting. The management will notify the affiliates of this meeting at least seven days before the meeting, stating the agenda of the previous meeting referred to at the beginning of this paragraph, as well as the venue and time of the new meeting, in a publication issued periodically by the Foundation, by circular letter or by advertisement in a popular national newspaper, or by making the notice of the meeting available by electronic means. Paragraphs 2 and 3 of Article 25 do not apply to this meeting of affiliates. A legally binding decision to amend the Articles of Association can be taken at this meeting with a majority of at least two-thirds of the votes regardless of the number of affiliates present.
  4. Resolutions to amend the Articles of Association shall only enter into force after they have received written consent from the Control Board of the Collective Management Organisations for Authors and neighbouring rights, and have then been confirmed by a notarial deed. The chairman, the vice-chairman or the secretary are authorized to execute this deed.

## DISSOLUTION

### Article 31

1. Before being able to take the decision to dissolve the Foundation, the meeting of affiliates must take a decision in principle on

this matter with a majority of at least two-thirds of the votes cast at the Board's request. At least sixty affiliates must be present at this meeting.

2. A decision on the dissolution of the Foundation can only be taken with a majority of at least two-thirds of the votes cast at a new meeting of affiliates at which the number of affiliates needed to cast one-tenth of the votes is present.
3. If a meeting at which a proposal to dissolve the Foundation is on the agenda is not attended by this number of affiliates, a new meeting will be convened on a date no less than fourteen days but no more than one month after the first meeting. The management will notify the affiliates of this meeting at least seven days before the meeting, stating the agenda of the previous meeting referred to at the beginning of this paragraph, as well as the venue and time of the new meeting, in a publication issued periodically by the Foundation, by circular letter or by advertisement in a popular national newspaper, or by circulating the notice of the meeting electronically.

Paragraphs 2 and 3 of Article 25 do not apply to this meeting of affiliates. A legally binding decision to dissolve the Foundation can be taken at this meeting with a majority of at least two-thirds of the votes regardless of the number of affiliates present.

## WINDING UP

### Article 32

1. After taking the decision to dissolve the Foundation, which is also deemed to be a decision to wind up the Foundation, the dissolution will be effected by the management

under the Board's supervision unless the meeting of affiliates decides otherwise.

2. The meeting of affiliates establishes the fee to be paid to the liquidators and any supervising persons.
3. After it has been dissolved, the Foundation will continue to exist if and to the extent that this is necessary in order to wind up its affairs.
4. During the winding-up procedure, the provisions of the Articles of Association will remain in force as far as possible and necessary.
5. The meeting of affiliates that takes the decision to dissolve the Foundation will decide how the Foundation's property remaining after payment of all debts will be allocated, bearing in mind that the balance should be used for a purpose that matches the aims of the Foundation as closely as possible.
6. The Foundation's books and records will be held by a person or establishment appointed by the meeting of affiliates for this purpose for a period of thirty years after the Foundation has been wound up.

## GENERAL PROVISIONS

### Article 33

The sums of money mentioned in the Articles of Association, rules and exploitation agreements are periodically indexed on the basis of an indexation clause determined in accordance with certain rules.

### Article 34

In all cases in which the provisions of the Articles of Association and/or rules of the Foundation are contrary to the law, the law will prevail.

### Article 35

Decisions on all matters not governed by law, the Articles of Association or the rules will be taken by the Board.

## TRANSFER STIPULATION

### Article 36

1. *What is stipulated in Article 13, Paragraph 3 and Article 16, Paragraph 1 sub-paragraph e shall first apply to the directors who are appointed or reappointed after the implementation of the changes in question to the Articles of Association (dated 17 July 2012).*
2. *The Board is obliged, immediately after the implementation of the changes in question to the Articles of Association (dated 17 July 2012), to take the necessary measures to ensure that the Board and the Council of Affiliates are composed in accordance with what is stipulated in that respect in these Articles of Association.*

Adopted by the meeting of affiliates of Stichting Stemra on May 20, 2015. Brought into effect by the execution up of the notarial deed on August 18, 2015.

# DISTRIBUTION RULES OF STICHTING STEMRA

Non binding translation. For information purposes only.

as referred to in Article 29, Paragraph 3 of the Articles of Association of Stichting Stemra, last amended at the meeting of affiliates held on 21 May 2014.

## DEFINITIONS

### Article 1

In these Rules and the associated Appendices, the following definitions apply:

- a. *Stemra: Stichting Stemra, with registered office in Amstelveen.*
- b. *Buma: Vereniging Buma, with registered office in Amstelveen.*
- c1. *Mechanical reproduction rights: Rights and/or claims under laws, contracts or statutory regulations anywhere in the world, due to the author or their assignees with respect to the recording of copyright protected works on sound and/or video carriers and/or the reproduction of recorded works on sound and/or video carriers or the causing thereof and/or the making available of these works to third parties, in the broadest sense of the word and irrespective of the way in which these works are recorded, reproduced or made available.*
- c2. *When applying the Articles of Association and Rules, the term ‘mechanical reproduction rights’ shall also be taken to include the graphical reproduction rights, unless the nature of the exploitation and distribution relating to graphical reproduction rights*

*as defined in subparagraph f3 or c1 is such that other outcomes would be expected or where application of this subparagraph c2 without amendments could not reasonably be expected, in which case the Board shall decide (on the grounds of article 35 of the Articles of Association).*

- c3. *Graphical reproduction rights: rights and/or entitlements under law, treaty or legislative regulations anywhere in the world that accrue to the publisher or its legal successors regarding the replication and/or publication of sheet music in any form whatsoever, such as for example (but not limited to):*
  - a. *paper, electronic, analogue or digital formats, distributed by means of or published in or on any information carriers and media that already exist or that may be developed in future, such as for example (but not limited to) the Internet, files, CD, CD R, DVD R, minidisc, laser disc, musical scores, books, anthologies, extracts, magazines, newspapers, folders, articles and other publications, but with the exception of the sale and rental of sheet music (which are the primary exploitation rights accruing to the publisher), at any rate insofar as the said sale and rental are not related to the graphical reproduction rights as defined hereinafter under b, c, d and c4 (which are the secondary exploitation rights accruing to Stemra),*
  - b. *screens, televisions and/or (other) forms of illuminated projection for the purposes of e.g. television programmes, events and meetings,*

- c. (parts of) Sheet music as determined in the regulations (or the respective successors thereof) as defined by the publisher for sheet music anthologies, karaoke, the Internet and for the purposes of orchestras and/or choirs relating to licences provided by Stemra for the ‘additional copies’ regulation (or the successor thereof),
  - d. forms of publication and/or replication that are associated with the exploitation of secondary rights (as further defined under subparagraph c4), to be taken in the broadest sense of the term and irrespective of the way in which the publication and/or recording and/or replication and/or provision takes place.
- c4.** The term ‘graphical reproduction rights’ shall be taken to include:
- a. reproduction copyright remunerations regarding payments for sheet music accruing to the publisher and/or the authors it represents based on the reproduction copyright regulations in Articles 16h through 16m of the Copyright Act;
  - b. lending right remunerations relating to remunerations for sheet music accruing to the publisher and/or the authors it represents under the lending rights regulation in articles 15c to 15g of the Copyright Act;
  - c. home copying levies for sheet music onto blank carriers, as in Article 16c of the Copyright Act.
  - d. Label information: Indication by a producer containing the details of a specific sound and/or video carrier, in particular concerning the works which have been or will be mechanically reproduced thereon.
  - e. Work: A literary, scientific or artistic work.
- f1.** Repertoire: The total number of works with regard to which a natural person or legal entity holds either the mechanical reproduction rights, or a right to payment by virtue of the mechanical reproduction rights at the moment the exploitation agreement is entered into, and all works he will create during the term of this agreement or with regard to which he will acquire either the mechanical reproduction rights, or the right to payment by virtue of the mechanical reproduction rights for the duration of this agreement.
- f2.** When applying the Articles of Association and Rules, the term ‘works’ shall be taken to include sheet music, unless the nature of the exploitation and partition relating to sheet music and/or mechanical reproduction rights as defined in subparagraphs f3 or c1 respectively is such that other outcomes would be expected or where application of this subparagraph f2 without amendment could not reasonably be expected, in which case the Board shall decide (on the grounds of Article 35 of the Articles of Association).
- f3.** Sheet music: every conceivable graphical representation of a musical work and/or musical notation of a musical work with or without lyrics and/or separate song texts, appearing in written, printed or any other form including (but not limited to) paper and/or other digital or electronic forms of publication and/or projection.
- g.** Permission: Any authorisation or permit granted by or on behalf of the copyright owner(s) to make alterations or additions to a work, as well as the acceptance given by an authorised publisher to sub-publish a work published by them.

- h. Author: A composer, lyricist or any other natural person who creates a work of literature, science or art.*
- i. Participant: The interested party with respect to mechanical reproduction rights who has concluded an exploitation agreement with Stemra either in the capacity of author or their successor in title, or in the capacity of publisher or publishing company.*
- j. Licence: The copyright permission granted by Stemra to third parties for the mechanical reproduction of works from its repertoire.*
- k. Legal successor:*
  - a. a natural person who has acquired mechanical reproduction rights under the law of inheritance (i.e. as heir or legatee) from an author,*
  - b. successive heirs and/or legatees,*
  - c. a 'besloten vennootschap' or 'naamloze vennootschap' with articles of association that determine that the shares are registered, such company being the successor in title of the author's entire repertoire or that of their legal successor as referred to in b, such author or legal successor holding at least ninety percent (90%) of the issued share capital, or*
  - d. other legal entities meeting the requirements laid down in rules to be defined by the Board of the Association.*

annual accounts. They are known as the Distribution Rules.

### Article 3

- 1. The monies received by Stemra during any financial year by virtue of mechanical reproduction rights, after deduction of reserves and provisions and taking into account the origin of the monies, are accounted for in at least three accounts. The first contains the monies received by way of licences for sound and/or video carriers to be commercially marketed. The second contains monies received from broadcasting organisations for works recorded by these broadcasting organisations for their radio and television broadcasts. The other accounts contain all other monies received by Stemra by way of licences or compensation claims for recordings and/or the distribution of works.*
- 2. A sum to be established within the framework of the annual accounts is deducted from the above-mentioned monies in each of the accounts to cover the costs incurred in connection with the exploitation activities carried out in respect of an account, the distribution of the monies within the account and operating expenses in general.*
- 3. If no other provisions are made within the framework of the annual accounts, the other proceeds, which are not proceeds from the mechanical reproduction rights, are credited to the exploitation account.*

## GENERAL

### Article 2

These Rules govern the distribution and payment of monies received by Stemra by way of mechanical reproduction rights, as determined annually in accordance with the

## PRINCIPLES

### Article 4

Distribution is based on the principle that the monies available for distribution as specified in

Article 3 are distributed among and paid to those specified in Appendix I as being interested parties in the mechanically reproduced works. Appendix I shall not apply to the partition of monies available for distribution that arise from graphical reproduction rights.

## Article 5

1. Participants are obliged to notify their works in accordance with the procedure described in Appendix II.
2. No payment is made for works that are not notified in accordance with the procedure described in Appendix II. Stemra is however authorised to make payments to the interested parties on the basis of lists of label information, lists of performed works and/or notifications from other parties entitled to a share and/or other clear information. Nevertheless the obligation of the participant as described in Paragraph 1 of this article remains in force.
3. Distribution is based on the label information made available to Stemra by producers of sound and/or video carriers, the lists of works performed on radio and television made available to Buma and Stemra in accordance with the agreements between Buma and Stemra on the one hand and broadcasting organisations on the other, and the other details of the recordings and distribution of works as obtained by Stemra.
4. Label information or other details which the management believes to be inaccurate may be excluded from distribution and payment. In this case the management will take measures to obtain the correct data unless it has sound reasons to assume that:
  - a. the costs associated with the necessary measures will be disproportional in relation

to the potential proceeds for the participants concerned;

- b. it appears that one or more of the participants concerned are in any way involved in producing the inaccurate data.

## DISTRIBUTION

### Article 6

The share of any work in the amount available for distribution as specified in Article 3 is calculated as follows:

- a. With regard to the amount relating to licences for sound and/or video carriers to be commercially marketed, the amount for each sound and/or video carrier is separately distributed among and paid to those mentioned in Appendix I as being interested parties in the mechanically reproduced works on the sound and/or video carriers in accordance with their share in the duration of the whole work. The management can decide to apply a different distribution for a specific sound carrier depending on the share in the duration.
- b. Amounts received from the broadcasting organisations are distributed and paid in accordance with the Distribution Rules as referred to in Article 29, Paragraph 3 of Buma's articles of association on the understanding that the provisions of Appendix III apply accordingly to the distribution of monies among the interested parties.
- c. Online sections
  1. In a general license, the share of a work consists of the average amount per stream and/or downloads times the number of times that the work has been streamed or downloaded, regardless of the actual /

declared duration of the work. The average amount per stream and/or download is found from the total amount available for distribution arising from the collection associated with this license(s) divided by the total number of streams and/or downloads arising from that license(s) unless the provision under c is applicable.

2. In the case of a license specified per work, the amount available for distribution per licensed work or group of works is divided among and paid to the interested parties of that work or of the group of works, regardless of the actual/declared duration of the work.
3. If, in the case of a general license as referred to in a, it is the opinion of the management that:
  - a. there is a relatively small license revenue and dividing it as described above under a, would, in the opinion of management, not be justified due to cost / benefit considerations, the entire license revenue based on the specific reference repertoire would, in consultation with the Board, then be distributed among the beneficiaries in a manner that will be decided by the Board.
  - b. so much work - such as processing program data, filling in the copyright data of works and so on - would be needed to distribute the complete license amount that, in the opinion of the management, this would not be justified through cost/benefit considerations with regard to the total license amount, then
    - i) both the works already completed and the works that are still to be completed, whereby the proportion of

works to be completed exceeds a specific amount, will be divided in accordance with the provisions under a, and

- ii) the remaining undistributed amount, on the basis of the reference repertoire established in consultation with the Board, will be distributed among the rightholders in a manner to be determined by the Board.

- d. The provisions of Paragraph a. above are applied as far as possible with respect to amounts relating to other monies received by way of licences for recordings of works. If the management is of the opinion that this is impossible, this amount will be credited to the exploitation account if no other provisions are made within the framework of the annual accounts. The stipulation defined here in subparagraph d shall not apply to the distribution of monies available for partition that arise from graphical reproduction rights.
- e. Amounts received in respect of claims relating to home copying, renting and/or lending will be distributed on the basis of specific market research into public home copying, renting or lending patterns and on the basis of the information available from the distributions specified in Paragraphs a. and b. of this article. The amount that is received under the remunerations agreements for home copying shall furthermore be partitioned taking due notice of the stipulations of Appendix IV. The amount that is received under the remunerations agreements for lending rights shall furthermore be partitioned taking due notice of the stipulations of Appendix V. The stipulation defined here in subparagraph e shall not apply to the distribution of monies

available for partition that arise from graphical reproduction rights.

- f. The distribution of monies that are received pursuant to graphical reproduction rights shall be handled taking due notice of the rules defined by the Board.

### Article 7

1. The proceeds of each work calculated in accordance with Article 6 are distributed among the interested parties as specified in Appendix I in accordance with the distribution keys set out in Appendix III. This is done irrespective of any agreements to the contrary between the parties involved unless these rules themselves permit a different arrangement to be made. Appendix III shall not apply to the partition of monies available for distribution that arise from graphical reproduction rights.
2. In the case of contradictory claims on a share in a work, the management is entitled to postpone payment of that share until the parties have reached agreement or until the management is presented with a decision that is binding on both parties.

## BASIC PAYMENT

### Article 8

1. If the total Buma and Stemra distribution to an interested party in any year amounts to less than a sum to be determined jointly by the Boards of Buma and Stemra on a periodic basis, each interested party shall annually receive a supplement to the said amount as remuneration for the performances, broadcasts and/or mechanical recordings not included in the distribution for that year. This is conditional

on payment of the annual contribution.

2. The Board may specify a similar arrangement for sister organisations.

## PAYMENTS

### Article 9

1. All payments by Stemra are made in Dutch currency. Stemra has the right to charge participants for the bank charges incurred in making the payments to the participants.
2. A periodic amount based on the monies received in the financial year as posted to the accounts listed in Article 3 Paragraph 1 in the manner specified therein will be paid to participants who are interested parties at intervals to be determined by the management and approved by the Board.
3. The amount to be paid is determined in accordance with a percentage for each account to be determined annually by the Board.
4. If the total of the amounts periodically paid to a participant in any financial year exceeds the total of the amounts to which the participant would have been entitled for that financial year excluding the amounts specified in Paragraph 2, the difference is settled with the participant within six months of the approval of the annual accounts concerned.
5. If the total of the amounts periodically paid to a participant in any financial year is less than the total of the amounts to which the participant would have been entitled for that financial year excluding the amounts specified in Paragraph 2, the difference is settled with the participant within six months of the approval of the annual accounts concerned.

## MINIMUM PAYMENTS

### Article 10

1. Payment to an interested party will only be made if the proceeds in their favour exceed a minimum amount per distribution to be decided periodically by the management with the approval of the Board.
2. Unpaid amounts will be credited to the exploitation account.

### Article 11

1. These rules and the associated appendices do not apply to monies received by virtue of mechanical reproduction rights from organisations specified in Article 4, Paragraph 3 of the Articles of Association, with the exception of the distribution keys set out in Appendix III, taking any shares retained by these organisations into account. Appendix III shall not apply to the partition of monies available for distribution that arise from graphical reproduction rights.
2. Payment of the amounts specified in Paragraph 1 above is made in accordance with rules to be determined by the Board.

### Article 12

1. Stemra strives to pay the monies received for use in a given calendar year to the interested parties in the succeeding calendar year, but no later than three calendar years after the year in which they were received.
2. Claims relating to settlements made in any year will be dealt with no later than 31 December of the second year following the calendar year in which the settlement concerned is made. The participant's right to make acclaim relating to the settlement

concerned shall then expire.

- 3a. If an error is discovered when determining the amount due to a participant, it can be rectified until no later than 31 December of the second year following the calendar year in which the settlement concerned is made.
- 3b. Amounts paid that are too high shall not be recovered if, in the management's opinion, there are serious arguments for considering recovery to be unreasonable.
- 4a. Any monies received for other than interested parties who cannot be traced, despite reasonable attempts by Stemra to do so, shall remain in the name of the rightholder for five years.
- 4b. Other monies that cannot be paid out because the details of the other than interested party cannot be discovered, despite Stemra's efforts to do so, shall also be reserved for five years.
5. If a non-affiliated rightholder does not claim a payment for use in a usage year within five years (calculated from the time at which Stemra settled payment for the usage year concerned), the claim for the payment for use in that usage year shall expire.
6. The remuneration not paid out after the aforementioned periods have expired (3 and 5 years), shall be paid out to the participants pro rata.
7. The Stemra Board shall establish from time to time what percentage of the money received from each section will be reserved for later claims, as referred to in the preceding Paragraphs, by affiliated rightholders as well as non-affiliated rightholders.

### Article 13

The management may take decisions on matters not governed by these rules if it sees fit to do so. Such decisions must be taken in

the spirit of these rules as far as possible and should ensure that the interests of all concerned are fairly represented.

## **DATE ON WHICH THESE RULES COME INTO EFFECT**

### **Article 14**

- 1. These regulations come into effect on January 1, 1987. They have no bearing on the distribution and payment of monies received by Stemra by virtue of mechanical reproduction rights prior to that date.*
- 2. These rules were established by the Board of Stichting Stemra on November 6, 1986 and approved by the meeting of affiliates of Stichting Stemra on December 15, 1986.*
- 3. These rules were last amended by a resolution of the Board of Stichting Stemra on 22 January 2014 and approved by the meeting of affiliates of Stichting Stemra on 21 May 2014.*
- 4. The amendment mentioned in the previous paragraph comes into effect as of the date of approval by the meeting of affiliates of Stichting Stemra.*

# APPENDICES TO THE DISTRIBUTION RULES OF STICHTING STEMRA

Non binding translation. For information purposes only.

## APPENDIX I

### INTERESTED PARTIES

#### Article 1

1. Only participants and members, affiliates or other third parties represented by the organisations specified in Article 4, Paragraph 3 of the Articles of Association are interested parties in the proceeds of a work.
2. The parties who are interested parties in the proceeds of the works (jointly) created or (sub)published by them are:
  - a. composers
  - b. arrangers
  - c. lyricists
  - d. adapters
  - e. publishers
  - f. local adapters
  - g. sub-publishers
  - h. catalogue representatives or their heirs or other legal successors.

### THE COMPOSER

#### Article 2

1. The composer of a work is the natural person who created the music of that work.
2. If two or more persons created the music of a work jointly, they are regarded as co-composers. In accordance with the provisions of Appendix II, the composer's

share in the proceeds of a work is divided equally among the co-composers.

3. A composer who makes use of copyright-protected music by other composers when creating his own music will be regarded as the co-composer or arranger, depending on the extent of his own contribution. Written permission is required for doing so. In the case of published or sub-published musical works, this permission must have been granted by the publisher or the sub-publisher unless the composer did not authorise the publisher to grant such permission in the publishing agreement concluded. In this case and in the case of unpublished musical works, permission must have been granted by the composer.
4. If a composer uses a pre-existing musical work when creating a new musical work, either by changing a fragment of the pre-existing musical work by digital electronic or other means so that a new musical work is created or by inserting his own music in the pre-existing musical work, the composer of the original musical work and the composer of the new musical work are regarded as co-composers.
5. If the composer of the new musical work specified in the previous paragraph has used existing recordings of the original musical work when creating his new musical work, he will only receive a share in the proceeds from the new musical work if he has obtained written permission for the use of the recordings from the owners of any neighbouring rights existing on the recordings in addition to the copyright permission as set out in Paragraph 3 of this article.

6. If the composer makes use of one or more copyright-protected lyrics in creating a work, he will only receive a share in the proceeds of that work if he has obtained written permission to use the lyrics. In the case of published or sub-published lyrics, this permission must have been granted by the publisher, the sub-publisher or the catalogue representative unless the lyricist did not authorise the publisher to grant such permission in the publishing agreement concluded. In this case and in the case of unpublished works, permission must have been granted by the lyricist.
7. If split-copyright publishers as specified in Article 6 Paragraph 3 of this Appendix are involved in the lyrics used by the composer and one or more of these split-copyright publishers have been given the authorisation specified in Paragraph 3 of this article, the composer will only receive a share in the proceeds of the work if he has obtained written permission from one of these split-copyright publishers.
3. If two or more persons created the arrangement jointly, they are regarded as co-arrangers. The arranger's share in the proceeds of a work is divided equally among the co-arrangers.
4. The following are not regarded as arrangements:
  - a. Measures relating to practical matters which are limited to:
    - adding dynamic or agogic accents
    - adding phrasing
    - adding registers for organ or other keyboard instruments
    - describing fingerings
    - illustrations, embellishments
    - transcribing old methods of notation to those customarily used today
    - correcting mistakes in the original draft and similar activities.
  - b. Transcriptions into other keys or voice registers (transpositions)
  - c. Omission or simplification of voices (reductions)
  - d. Changing or doubling of voices
  - e. Addition of one single parallel voice to a melody voice
  - f. other alterations in works that do not meet the requirements of Paragraph 1 of this Article.

## THE ARRANGER

### Article 3

1. The arranger is a composer who alters or adds to a work by another composer in such a way that he has endowed it with a personal dimension by means of his own creative contribution.
2. The arranger only receives a share if the work arranged by him is not or no longer copyright-protected in the Netherlands. He receives the share that the composer would have received if the music were copyright-protected, but only if his arrangement is mechanically reproduced.

## THE LYRICIST

### Article 4

1. The lyricist of a work is the natural person who wrote the lyrics of that work.
2. If two or more persons wrote the lyrics jointly, they are regarded as co-lyricists. In accordance with the provisions of Appendix III, the lyricist's share in the proceeds of a work is

divided equally among the co-lyricists.

3. If the lyricist makes use of copyright-protected music in creating a work, he will only receive a share in the proceeds of that work if he has obtained written permission to use the music. In the case of published or sub-published music, this permission must have been granted by the publisher, sub-publisher or catalogue representative, unless the composer did not authorise the publisher to grant such permission in the publishing agreement concluded. In this case and in the case of unpublished music, permission must have been granted by the composer.
4. If split-copyright publishers as specified in Article 6 Paragraph 3 of this Appendix are involved in the copyright-protected work used by the lyricist and one or more of these split-copyright publishers have been given the authorisation specified in the previous paragraph, the lyricist will only receive a share in the proceeds of this work if he has obtained written permission from one of the split-copyright publishers.
5. The lyricist also receives a share in the proceeds of a work if the music to which the lyrics belong is mechanically reproduced without lyrics. This does not apply to lyrics belonging to music no longer protected by copyright.
6. The provisions of the previous paragraph do not apply to works specified in Paragraph 3 of this article unless the permission specified in Paragraph 3 of this article states otherwise.

## THE ADAPTER

### Article 5

1. The adapter of a work is a lyricist who alters or adds to the lyrics of a work in such a way that he endows it with a personal dimension by means of his own creative contribution.
2. If two or more persons have adapted the lyrics jointly, they are regarded as co-adapters. In accordance with the provisions of Appendix III, the adapter's share in the proceeds of a work is divided evenly among the co-adapters.
3. The adapter of a copyright-protected work will only receive a share in the proceeds of that work if he has been granted written permission to adapt the lyrics. In the case of published works, this permission must have been granted by the publisher unless the original authors or their assignees did not authorise the publisher to grant such permission in the publishing agreement concluded. In this case and in the case of unpublished works, permission must have been granted by the original authors or their successors in title.
4. If split-copyright publishers as specified in Article 6 Paragraph 3 of this Appendix are involved in the copyright-protected work used by the adapter and one or more of these split-copyright publishers have been given the authorisation specified in the previous paragraph, the adapter will only receive a share in the proceeds of this work if he has obtained written permission from one of the split-copyright publishers.
5. The adapter will only receive a share if his adaptation is mechanically reproduced.

## THE PUBLISHER

### Article 6

1. The publisher is any natural person or legal entity who has obtained the publishing rights and, by virtue of those rights, produces and distributes the standard printed edition of the whole work or any other graphically reproduced editions thereof.
2. If two or more publishers published the work jointly, they are regarded as co-publishers. The publisher's share in the proceeds of a work is divided equally among the co publishers unless they have mutually agreed to a different division and made this known in the notification.
3. Publishers who, on the basis of a contract with one or more interested parties in a work, have obtained only part of the publishing rights to that work, are regarded as split copyright publishers. The split-copyright publisher's share compared with the publisher's total share in the proceeds of the work is in the same ratio as the share of the interested parties with whom he has concluded a contract compared with the author's total share.
4. A publisher who has obtained the publishing rights for a territory mentioned by name on the basis of a contract with the original publisher in the capacity of substitute publisher is regarded as the original publisher for that territory.
5. Rights which extend to printing only do not provide a right to shares in the proceeds of a work.
6. With reference to distribution, the date on which a contract with a publisher comes into effect is always taken to be the first day of the distribution period in which the contract date

or the starting date of the contract falls, though any monies that have not yet been distributed from previous distribution periods will be paid to the publisher, subject to any agreements to the contrary regarding a different starting date, provided these arrangements are set forth in the publishing contract.

## LOCAL ADAPTER

### Article 7

1. The local adapter of a work is a natural person who, with the written permission of a publisher, sub publisher or catalogue representative, writes new lyrics for or translates the original lyrics of a work sub published in the Netherlands.
2. The local adapter will only receive a share if his local adaptation is actually used.
3. The local adapter can also claim a share in the proceeds of a work if the work concerned is used without his local adaptation actually being used. In this case, however, each of the following requirements must be met:
  - a. Permission must have been granted without specifying that it is only valid for a specific use.
  - b. Permission must have been granted by a publisher, sub publisher or catalogue representative who is still acting in this capacity with regard to the work for which permission was granted.
  - c. The version in which the local adapter's lyrics are being used must have been published as sheet music.
  - d. The version in which the local adapter's lyrics are being used must have been issued on a sound carrier produced for commercial purposes.
  - e. The local adapter's version of the lyrics

must be of national significance in accordance with criteria to be specified by the management.

4. Paragraph 3 will not apply if there is a local adapter who has been granted permission previously in addition to the local adapter to whom the provisions of Paragraph 3 apply and the former's local adaptation is actually used.
5. The local adapter's share will be divided equally between both local adapters if there is a local adapter who has been granted permission at a later stage in addition to the local adapter to whom the provisions of Paragraph 3 apply and the former's local adaptation is actually used.
6. If split-copyright publishers or split-copyright sub-publishers as specified in Article 6 Paragraph 3 of this Appendix are involved in the copyright-protected work used by the local adapter, the local adapter will only receive a share in the proceeds of the work if he has obtained written permission from one of the split-copyright publishers or split-copyright sub-publishers.
7. A local adapter outside the Netherlands who, after having obtained written permission from a sub publisher or catalogue representative outside the Netherlands, writes a new local adaptation for a work sub published outside the Netherlands, will receive a share if his local adaptation is actually used.
8. If there is a local adapter to whom the provisions of Paragraph 3 apply in addition to the local adapter outside the Netherlands as specified in Paragraph 7 of this article, the local adapter's share is divided equally between both local adapters if the local adaptation from outside the Netherlands is actually used.
9. Shares will only be allocated to a local adapter

outside the Netherlands as referred to in Paragraph 8 if the foreign local adapter in question is an affiliate or member of an organisation as referred to in Article 2, Paragraph 4 of the Articles of Association.

## THE SUB-PUBLISHER AND THE CATALOGUE REPRESENTATIVE

### Article 8

1. A sub publisher is a publisher who, with the written permission of the original publisher not residing in the same country as the sub publisher, republishes a work. A party who acquires sub publishing rights for the country in which the work was originally published is not regarded as a sub publisher.
2. If two or more sub publishers jointly sub publish a work, they are regarded as co- sub publishers. In this case, the sub publisher's share in the proceeds of the work is divided equally among the co sub publishers, unless they have mutually agreed on a different division.
3. A sub publisher who, on the basis of a contract with a split copyright publisher outside the Netherlands, has only acquired part of the sub publishing rights to a work, is regarded as a split-copyright sub-publisher. The split-copyright sub-publisher's share in the proceeds of a work is in direct proportion to the split-copyright publisher's share in the original distribution key. If it is not known for whatever reason which authors who are interested parties in a work are represented by the split-copyright publisher and the split-copyright sub-publisher, the split-copyright sub-publisher's share may never be larger than

the split-copyright publisher's share of the original distribution key.

4. A publisher who has concluded a catalogue representation contract with a publisher or split copyright publisher outside the Netherlands is regarded as the catalogue representative. The catalogue representative is not obliged to republish a work belonging to the catalogue concerned. The provisions of Paragraph 3 also apply to the allocation of shares to a catalogue representative of a split copyright publisher outside the Netherlands.
5. A share in the proceeds of a work will only be allocated to the sub publisher, the split-copyright sub-publisher or the catalogue representative if his contract with the original publisher or split copyright publisher is valid for a period that is at least equivalent to the minimum established by the international copyright organisations CISAC and BIEM. If CISAC and BIEM no longer specify such a minimum period, the minimum period of validity of the contract will be established by the management.
6. With regard to distribution, the date on which a contract with a sub-publisher or catalogue representative comes into effect is always taken to be the first day of the distribution period in which the contract date or the starting date of the contract falls, unless there are any agreements to the contrary regarding a different starting date, provided these arrangements are set forth in the contract.
7. Stemra must be informed in writing of the contractual expiry of a sub publishing contract or of representation by a catalogue representative in good time before the contract expires. If no such notice is sent it is assumed that the contract has been prolonged, without

prejudice to the terms of Paragraph 7a.

- 7a. Where two or more parties make a substantiated written claim on the representation of a catalogue or on a sub-publishing contract, the management is entitled to postpone payment of that share until the parties have reached agreement or until the management is presented with a decision that is binding on both parties.
8. If Stemra receives notification concerning the coming into effect or expiry of a sub publishing contract or representation by a catalogue representative at a time when the distribution of the proceeds of works to which this contract or representation relates is at an administratively advanced stage, Stemra is not obliged to make distributions that conflict with the notifications in this regard.

## Article 9

1. This Appendix came into effect on January 1, 1987. It has no bearing on the distribution and payment of monies received by Stemra by virtue of mechanical reproduction rights prior to that date.
2. This Appendix was established by the Board of Stichting Stemra on November 6, 1986 and approved by the meeting of affiliates of Stichting Stemra on December 15, 1986.
3. This Appendix was last amended by the Board of Stichting Stemra on April 4, 2007 and approved by the meeting of affiliates of Stichting Stemra on May 14, 2007.
4. The amendment mentioned in the previous paragraph comes into effect as of the date of approval by the meeting of affiliates of Stichting Stemra.

## APPENDIX II

### NOTIFICATION OF WORKS

#### Article 1

The management provides each participant with forms on request, on which the latter can give notification of the works in which he is an interested party.

#### Article 2

Authors who have created a work jointly should jointly give notification of the work on a form issued to them by the management on request.

#### Article 3

No payment will be effected for works notified by means of forms that are incompletely filled out or by means of forms other than those provided in accordance with these rules, unless the management is of the opinion that there are important reasons why the notification should nevertheless be accepted.

#### Article 4

The provision relating to the obligation to give notification of a work jointly as described in Article 2 of this Appendix does not apply to duly notified works to which alterations are made with the written permission of an authorised publisher.

#### Article 5

Notified works to which alterations including changes of title are made in any way other than as mentioned in Article 4 of this Appendix must be re-notified.

#### Article 6

The management may lay down additional rules as to whether or not sheet music has to be submitted. The participant is at all times obliged to send Stemra, on Stemra's first request, a copy of the manuscript or sheet music of a work or the master tape in the case of electrical acoustic music.

#### Article 7

With the agreement of the management, catalogue representatives may give notification of the works in which they are interested parties in a different way to be determined in more detail.

#### Article 8

1. *This Appendix came into effect on January 1, 1987. It has no bearing on the distribution and payment of monies received by Stemra by virtue of mechanical reproduction rights prior to that date.*
2. *This Appendix was established by the Board of Stichting Stemra on November 6, 1986 and approved by the meeting of affiliates of Stichting Stemra on December 15, 1986.*
3. *This Appendix was last amended by the Board of Stichting Stemra on April 16, 1997 and approved by the meeting of affiliates of Stichting Stemra on May 26, 1997.*
4. *The amendments mentioned in the previous paragraph of this article came into effect on January 1, 1997.*

## APPENDIX III

### DISTRIBUTION KEYS

#### Article 1

The monies available for each work are distributed between the interested parties in the work in accordance with the distribution scales mentioned below.

- a. Works in manuscript form, in which at least one of the interested parties is a participant:

Composer 100.00%

Lyricist 100.00%

Composer 50.00%

Lyricist 50.00%

- b. Published works, in which at least one of the interested parties is a participant, except as stipulated in bbis:

Composer 50.00%

Publisher 50.00%

Lyricist 50.00%

Publisher 50.00%

Composer 33.33%

Lyricist 33.33%

Publisher 33.34%

bbis.

For works for which the participating publisher of a work that he originally published has entered into a publishing contract with authors who are not affiliated to an organisation as defined in Article 4 Paragraph 3 of the Articles of Association (a non-society author), the overall publisher's share can be set to 100%

of the total available amount, provided that:

- a. the affiliated publisher is able to demonstrate that he is authorized to do so by the author by providing the publishing contract or his correspondence with the authors, and
- b. the affiliated publisher has actually stated a share of 100% for the mechanical rights on the OU notification.
- c. For works whose publisher is a member or affiliate of an organisation as referred to in Article 4, Paragraph 3 of the Articles of Association, the distribution will be carried out in accordance with the documentation on the distribution of these works submitted to Stemra. The participants' share together shall never be less than what he would be entitled to on the basis of an equal distribution between authors and publishers.
- d. Monies for works in which none of the interested parties is a participant will be distributed in accordance with the documentation on the distribution of these works submitted to Stemra by the organisations referred to in Article 4, Paragraph 3 of the Articles of Association. If this documentation is not available, monies will be distributed in accordance with the distribution scales of the relevant sister organisations.

#### Article 2

With regard to musical works in which either the music or the lyrics are used to a minor extent, the management can adjust the authors' shares in the proceeds in line with the ratio between the music and the lyrics.

#### Article 3

1. If the contribution to a work by one of the co-composers mentioned in Article 2 Paragraph

2 of Appendix I of these rules is in the public domain, the other co-composers are jointly regarded as the composer of this work for the purposes of Article 1 of this Appendix.

2. If the music in a work is in the public domain but the lyrics are not, the lyricist is also regarded as the composer for the purposes of Article 1 of this Appendix.
3. If the contribution to a work by one of the co-arrangers mentioned in Article 3 Paragraph 3 of Appendix I of these Rules is in the public domain, the other co-arrangers are jointly regarded as the arranger of this work for the purposes of Article 1 of this Appendix.
4. If the contribution to a work by one of the co-lyricists mentioned in Article 4 Paragraph 2 of Appendix I of these Rules is in the public domain, the other co-lyricists are jointly regarded as the lyricist of this musical work for the purposes of Article 1 of this Appendix.
5. If the lyrics of a work are in the public domain but the music is not, the composer is also regarded as the lyricist for the purposes of Article 1 of this Appendix.
6. If both the music and the lyrics of a work are in the public domain, the arranger whose arrangement of the work is mechanically reproduced is also regarded as the composer and the lyricist for the purposes of Article 1 of this Appendix.
7. If both the music and the lyrics of a work are in the public domain, the adapter whose adaptation of the work is mechanically reproduced is also regarded as the composer and the lyricist for the purposes of Article 1 of this Appendix.
8. If both the music and the lyrics of a work are in the public domain, the local adapter is also regarded as the composer and the lyricist for

the purposes of Article 1 of this Appendix.

9. If both the music and the lyrics of a work are in the public domain, the sub-arranger is also regarded as the composer and the lyricist for the purposes of Article 1 of this Appendix.

#### Article 4

The distribution between co-composers as described in Article 2, Paragraphs 3 and 4 of Appendix I is carried out as specified in the written permission granted. If the written permission does not provide any information on the agreed distribution key, distribution will be carried out between the co-composers in equal parts or, if it is clear which part of the work was created by each of the co-composers, in accordance with the duration of each contribution.

#### Article 5

If an adapter has created an adaptation with the permissions referred to in Appendix I, Article 5 Paragraph 3, his share of the proceeds is set at 10% of the total amount available for the work. This share is not charged to the publisher's share in the proceeds.

#### Article 6

Unless the management decides otherwise, the provisions of Article 3 of this Appendix do not apply to works that are in the public domain for reasons other than the expiry of a specific statutory period after the death of the composer and/or the lyricist.

#### Article 7

The following rules apply to works sub-published by a participant:

1. Between the publisher and the participating

sub-publisher or catalogue representative, the distribution specified in the agreement between the publisher and the participating sub-publisher or catalogue representative is adhered to.

2. The sub-publisher's share may not exceed 50% of the total amount available for the work, unless the organisations referred to in Article 4, Paragraph 3 of the Articles Association, to which both the authors and the publisher are affiliated, agree a different distribution key.
3. Contrary to the previous paragraph, for works of certain nationalities as specified by the management, a distribution is permitted whereby it is left to the sub-publisher to pass on privately the authors' and the original publisher's share.
4. Where a local adapter has permission to make a local adaptation, he receives 33.33% of the sub-publisher's share, which share is the remainder left over after the sub-publisher has fulfilled his contractual obligation to pass on part of the monies paid to him by Stemra to the original publisher outside the Netherlands. The sub-publisher must notify this share to the local adapter before or at the time of concluding the contract in question, simultaneously notifying Stemra. If the sub-publisher fails to notify his share to the local adapter or to notify Stemra, the local adapter's share is 10% of the total amount available for the work.
5. If one or more of the authors are members or affiliates of one of the organisations referred to in Article 4 Paragraph 3 of the Articles of Association, their shares and the method of payment thereof will be determined in accordance with the documentation submitted to Stemra concerning the works in question, notwithstanding any different stipulations in the agreement between the publisher and the

sub-publisher or catalogue representative, it being understood that a composer or lyricist who is a participant shall never receive a smaller share than 50% of the share to which he would be entitled if no sub-publisher or catalogue representative were involved.

6. In the absence of documentation concerning the works referred to in the previous paragraph of this Article, whose authors and publisher all belong to an organisation as referred to in Article 4, Paragraph 3 of the Articles of Association, the monies will be distributed in accordance with Article 1 of this Appendix.

### Article 8

As agreed in the contract concluded by the original publisher outside the Netherlands and the sub publisher affiliated with Stemra, the key for the distribution of monies between them will be applied during the entire term of the contract.

### Article 9

Catalogue representatives are regarded as sub publishers for the purposes of Articles 7 and 8 of this Appendix.

### Article 10

1. If a participating publisher assigns a work originally published by him for sub publication to a publisher, whether it is a member of an organisation referred to in Article 4, Paragraph 3 of the Articles of Association or not, the total publisher's share can be set at up to 50% of the total amount available.
2. Contrary to the previous paragraph, in the case of library editions the total publisher's share can be set at up to 75% of the total amount available. Library editions in this context

means works that are recorded on sound carriers which are not intended for normal sale to the public but which are made available by publishers to users with the intention that they be used as background music for audio or audiovisual productions.

### Article 11

1. If a work in the public domain becomes protected again as a result of legislation, the monies available for this work will be distributed between those who were interested parties in the work at the time at which the work entered the public domain.
2. The composer of a musical work who has used public-domain lyrics in the creation of a musical work is no longer regarded as the lyricist within the meaning of Article 3 Paragraph 5 of this Appendix if the lyrics become protected again. The composer is deemed to have obtained permission to use the lyrics within the meaning of Article 2 Paragraph 6 of Appendix I.
3. Co-composers as specified in Article 2 of Appendix I who have used public-domain music in the creation of a musical work are no longer regarded as the only composer within the meaning of Article 3 Paragraph 1 of this Appendix if the music becomes protected again. The co-composers are deemed to have obtained permission to use the music within the meaning of Article 2 Paragraph 3 of Appendix I.
4. The arranger of a musical work who has used public-domain music and lyrics in the creation of an arrangement is no longer regarded as the composer and lyricist within the meaning of Article 3 Paragraph 6 of this Appendix if the music and lyrics become protected again.
5. If the contribution by one of the co-arrangers as specified in Article 3 Paragraph 3 of Appendix I in a musical work was in the public domain, the other co-arrangers are no longer regarded as the only arrangers of this musical work within the meaning of Article 2 Paragraph 3 of this Appendix if the contribution becomes protected again.
6. The lyricist of a musical work who has used public-domain music in the creation of a musical work is no longer regarded as the composer within the meaning of Article 3 Paragraph 2 of this Appendix if the music becomes protected again. The lyricist is deemed to have obtained permission to use the music within the meaning of Article 4 Paragraph 3 of Appendix I.
7. If the contribution by one of the co-lyricists as specified in Article 4 Paragraph 2 of Appendix I in a musical work was in the public domain, the other co-lyricist(s) are no longer regarded as the only lyricists of this musical work within the meaning of Article 3 Paragraph 4 of this Appendix if the contribution becomes protected again.
8. The adapter of a musical work who has used public-domain lyrics and music in the creation of an adaptation is no longer regarded as the lyricist and composer within the meaning of Article 3 Paragraph 7 of this Appendix if the lyrics and music become protected again. The adapter is deemed to have obtained permission to use the music and lyrics within the meaning of Article 5 Paragraph 3 of Appendix I.
9. The local adapter who has used public-domain music and lyrics in the creation of a local adaptation is no longer regarded as the composer and lyricist within the meaning of Article 3 Paragraph 8 of this Appendix if the music and lyrics become protected again. The local adapter is deemed to have obtained

permission to use the music and lyrics within the meaning of Article 7 Paragraph 1 of Appendix I.

10. If, in the period in which a work was in the public domain, a publication of an arrangement of this work was notified by a publisher who was not the publisher notified at the time the work was in the public domain, the publisher's share in the proceeds of the arrangement will be distributed equally between the publishers of the original work and those of the arrangement.
11. Contrary to the terms of Appendix I, Article 3, Paragraph 2, an arranger whose arrangement was created and notified in the period in which the work was in the public domain receives a share of 10% of the proceeds of the work after it becomes copyright-protected again.
12. The provisions of the above paragraphs of this Article also apply to works becoming protected in the Netherlands as a result of a country joining an international convention after they entered the public domain in the Netherlands.

## Article 12

In the event of disputes concerning the distribution described in Article 1 of this Appendix, the participant concerned can lodge an appeal with a Committee of Appeal set up for this purpose by the Board.

## Article 13

1. In this paragraph the terms below have the following meaning:
  - a. Dutch Work: a new work of which all the authors are Stemra participants;
  - b. Mixed Work: a new or existing work of which one or more authors are Stemra participants and one or more authors are

2. The authors as defined in Article 1 sub h of these rules of Dutch and/or Mixed Works may – taking due note of the stipulations in this Article 13 – agree a partitioning key for the authors' shares of their works that differs from that stated in Article 5 of Appendix III for the duration of the copyright, in accordance with further rules that may be imposed by the Board, without prejudice to:
  - a. the share for the adapter
  - b. the distribution in principle for Dutch works (one-third shares for the composer, lyricist and publisher) in which a variant for the composer/lyricist has an effect on the publishers, where the share for the publishers and sub-publishers together cannot exceed 50%.
3. The rule for a Dutch Work is that the non-standard partitioning key applies for the entire territory for which the author is affiliated to Buma and Stemra, and for a Mixed Work the non-standard partitioning key applies for all monies collected by Buma and Stemra for the work in question.
4. For a Dutch Work, a non-standard agreement is only possible under the following conditions:
  - a. all the authors must have accepted the agreed non-standard partitioning; the notification (currently a CTB form, or OU) signed by all the parties must show this is the case.
  - b. The signed notification (currently a CTB form, or OU) shows that:
    1. the parties concerned declare that Stemra is not liable for any consequences whatsoever pursuant to the partitioning agreed by the authors, where this differs from the partitioning affiliated to a foreign sister organisation.

keys as defined in Article 5 of Appendix III.

2. the authors indemnify Stemra against any claims by third parties, for example relating to (but not limited to) claims by existing and possible future rightholders, arising directly or indirectly from the application of the partitioning keys that differ as requested from Stemra's repartition rules.
3. the authors undertake to inform their existing and future publishers about the non-standard partitioning.
5. In the case of a Mixed Work, a non-standard arrangement is only possible if the partitioning between Stemra's author/participant or publisher/participant is retained and within the share of Stemra's author/participant.
6. This Article 13 shall come into effect as of 1 January 2012 and only covers works that are notified after it comes into effect.

#### Article 14

1. This Appendix came into effect on January 1, 1987. It has no bearing on the distribution and payment of monies received by Stemra by virtue of mechanical reproduction rights prior to that date.
2. This Appendix was established by the Board of Stichting Stemra on 6 April 2011 and approved by the meeting of affiliates of Stichting Stemra on 23 May 2011.
3. This Appendix was last amended by the Board of Stichting Stemra on March 25, 1998 and approved by the meeting of affiliates of Stichting Stemra on May 25, 1998.
4. The amendment to Article 1 paragraph bbis referred to in paragraph 3 comes into force with immediate effect, on the understanding that OU

notifications with new percentages for new works and/or OU notifications with modified new percentages for existing works can be included as of the distribution for "Sales from 1 July 2011 onwards" that are to be disbursed in June 2012, provided that the OU notification was received in time by the Board and provided that all other conditions have been complied with. This amendment does not affect distributions that have already been disbursed.

5. The amendment to Article 10 referred to in Paragraph 3 (i.e. scrapping its Paragraph 3) shall come into effect with the usage for the first half of 2012 (sales over the first half of 2012, i.e. distribution payment in December 2012) and does not relate to any distributions that have already been settled. The amendment to Article 13 referred to in Paragraph 3 takes effect (in accordance with Article 13 Paragraph 6) on 1 January 2012 and only covers works that are notified after it comes into effect.
6. the amendment to article 13 referred to in Paragraph 3 shall - in accordance with Article 13, paragraph 6 - come into effect as of 1 January 2012 and only covers works that are notified after it has come into effect.

## APPENDIX IV

### HOME COPYING REMUNERATION

- a. The 'Stichting de Thuis kopie' (Home Copying Foundation) is charged with the collection and distribution of the remunerations as defined in Article 16c of the Dutch Copyright Act and Article 10 Paragraph e of the Dutch Neighbouring Rights Act (hereinafter jointly referred to as the "home copying remuneration")

and disburses the home copying levies that it collects to the distributing organisations appointed by it, based on partitioning keys and taking due note of the stipulations defined in the Distribution Rules as approved by the Control Board of the Collective Management Organisations and the associated Appendix 2 as referred to in Article 19 of the Stichting de Thuiskopie;

- b. As a consequence of agreements with authors (composers, lyricists), music publishers that own copyrights and reciprocity agreements with sister organisations, Stemra exercises in its own name what are known as mechanical reproduction rights, relating inter alia to virtually the entire world repertoire of music (music and lyrics);
- c. As a consequence of being duly assigned by the Stichting de Thuiskopie, Stemra distributes the home copying levies that it receives among its affiliated rightholders, based on the Distribution Rules as referred to in Article 29 Paragraph 3 of the articles of association of Stichting Stemra and as approved in 1993 by the Stichting de Thuiskopie and the Ministry of Justice; these Distribution Rules were last modified on 14 May 2007 (Appendix 1; hereinafter referred to as the “Stemra Distribution Rules”);
- d. The Stichting de Thuiskopie has once again appointed Stemra contractually as a distribution organisation for the home copying remuneration for its affiliated rightholders;
- e. Given the timeframe within which the home copying remuneration must be distributed, the number of works with respect to which rightholders may be able to claim entitlement to the home copying remuneration, the reasonable balance that must be found between the accuracy of the determination of the individual

claims and the associated costs, and the interests of consumers’ privacy, it is not possible to have a determination made on a title-by-title basis of the extent to which works are copied for personal use. Stemra therefore distributes the home copying remuneration on the basis of information about the extent to which musical works are broadcast on radio and/or TV, and based on sales figures for sound carriers and music DVDs, which gives the most realistic picture possible of the associated copying behaviour;

- f. Stemra shall investigate the options for gathering reliable data about the extent to which the online provision of music files results in copying for personal use, whereby account must be taken of the fact that the home copying remuneration is not intended in any way to legalise music files that are provided illegally, nor for the compensation of damages that may be suffered by rightholders as a result;
- g. Stemra distributes the above-mentioned shares annually under its affiliated rightholders, based on the Stemra Distribution Rules, on the understanding that, in addition to that, the stipulations of this regulation shall also be applicable in conjunction with the Distribution Rules of the Stichting de Thuiskopie.

## Article 1 Principles for the distribution

1. Stemra pays the home copying remuneration twice a year to all rightholders, taking due note of the Stemra Distribution Rules and in accordance with the stipulations of these rules. The term ‘rightholders’ shall in these rules be taken to mean composers, lyricists, music publishers and their legal successors for whom Stemra exercises the mechanical reproduction rights.

2. The amounts received by the Stichting de Thuiskopie over the course of a calendar year shall be placed in a separate interest-bearing account. The interest this accumulates shall be disbursed pro rata among the rightholders.
3. These rules are based on an effort to disburse a maximum amount for the home copying remuneration to the largest possible group of rightholders, in such a way that the distribution provides the best possible reflection of the extent to which the musical works concerned are actually copied.
4. The musical works belonging to the Stemra repertoire are “fingerprinted”, providing Stemra – through its sister organisation Buma – with information about the number of times and the durations for which each of the musical works in its repertoire (plus films with musical works recorded in them) are at any rate broadcast on national radio and/or TV channels (hereinafter referred to as the “RTV payment” and “Film payment” respectively). Moreover, based on the licences it has issued, Stemra has details of the sales figures for sound carriers and music DVDs relating to music works that are in its repertoire (hereinafter referred to as the “Industry payment”).

## Article 2 Determining the home copying remuneration

1. The balance of the home copying levies received by Stemra over any one calendar year are, after subtracting the provisions referred to in Article 5, distributed in part for home copying of musical works that have been broadcast on radio or television, and partly for home copying of musical works that are recorded on sound and image carriers. The home copying

remuneration for home copying on image/sound carriers intended for interactive use is assigned pro rata to the audio component.

2. The Stemra board determines annually on the basis of the available market data what percentages of the balance are to be allocated to the above-mentioned categories.
3. The percentages stated in the above-mentioned article at the time that these distribution rules were introduced (after subtracting the provisions referred to in Article 5) are:
  - for the audio home copying remuneration: 68% industry, 32% RTV
  - for the audiovisual home copying remuneration: 60% film music, 40% RTV
4. The home copying remuneration that is to be distributed to the rightholders shall be added pro rata at the same time as the lending rights payments to the Stemra payments relating to the sale of image and sound carriers (the Industry payment), to the Stemra payments relating to the broadcasting of musical works on radio and television (the RTV payment) and to the Stemra payments relating to film broadcasts (the Film payment).

## Article 3 Time and method of receipt and payment

1. An initial payment of the home copying remuneration to rightholders affiliated to Stemra shall be made as soon as possible and in any event no later than one calendar year after receipt by Stemra of the home copying levies concerned for a specific year’s collections.
2. Insofar as Stemra receives the home copying remuneration from the Stichting de Thuiskopie quarterly and in such a way that there is a maximum of three months between collection and repartition by the Stichting de Thuiskopie

– so that the collections for the third and fourth quarters of a given calendar year are received by Stemra no later than the first and second quarters of the following calendar year respectively – Stemra shall make a payment for the home copying remuneration to rightholders who are affiliated to Stemra in the first calendar year following the calendar year in which the home copying remuneration was collected by the Stichting de Thuis kopie.

3. The Industry payment mentioned in Article 2.3 shall be made in July of each calendar year, whereas the RTV payment and Film payment shall take place in October/November. After the final quarterly payment for the preceding year is received from the Stichting de Thuis kopie, Stemra shall proceed to pay out the home copying remuneration for the previous year's collections as quickly as possible, and in any event by no later than 31 December of each successive year.

#### Article 4 Minimum payment rule

1. The stipulation of Article 10 of the Stemra distribution rules shall be applicable with respect to minimum payments.
2. The stipulation of Article 8 of the Stemra distribution rules shall be applicable with respect to basic payments.

#### Article 5 Costs/reservations for later claims

1. Stemra shall reserve a percentage of the total amount of home copying remunerations received in a given calendar year, where the said percentage shall be determined by the Stemra board in consultation with the Stichting de Thuis kopie, in order to cover the costs associated with the distribution of the home

copying remuneration; this percentage shall not exceed 15% of the total amount of home copying levies received by Stemra in any one calendar year. If the ratio between the amount to be paid out and the effort required to produce such a distribution means that a higher percentage is reasonably appropriate, the Stemra board may decide (with the approval of the Stichting de Thuis kopie) to set a higher percentage.

2. In consultation with the board of the Stichting de Thuis kopie, the Stemra board determines periodically what percentage of the home copying remunerations received should be reserved for later claims by both affiliated rightholders and non-affiliated rightholders over a period of five years following on from the calendar year in which the home copying remuneration is collected by the Stichting de Thuis kopie. In 2010, this percentage was set at 5%.
3. Insofar as a reserved amount for a particular calendar year has not been paid out in subsequent claims after the period of five years has expired, that balance shall be paid out pro rata to rightholders over the calendar year in question.
4. If a non-affiliated rightholder has not made a claim within the legal limitation period – as counted from the moment at which the non-affiliated rightholder was made aware of his entitlement to remuneration for the home copying remuneration - then the entitlement to the home copying remuneration lapses.

#### Article 6 Non-payable sums and time limitation

1. Stemra shall disburse the home copying remuneration to the rightholders within three calendar years after the calendar year during

which the Stichting de Thuiskopie collected it.

2. In contrast to the stipulations of Article 12 Paragraph 1 of the Stemra Distribution Rules and Article 5 Paragraph 4 of the standard exploitation contract, the entitlement of the affiliated rightholders to the home copying remuneration lapses if the affiliated rightholders have not made a claim to this home copying remuneration within three calendar years after the calendar year during which the Stichting de Thuiskopie collected it.
3. Stemra shall administer such non-payable sums separately and provide the Stichting de Thuiskopie with information on request about the reasons why such monies were not disbursed.
4. In order to give the Stichting de Thuiskopie the opportunity to meet its obligations as a result of the stipulations in Article 2 of the Order in Council on home copying (5 November 2007, Bulletin of Acts and Decrees 2007, 435), any home copying levies that are collected by the Stichting de Thuiskopie in a given calendar year and paid to Stemra for distribution to its affiliated rightholders and that are not distributed by Stemra among the rightholders within the three calendar years following the year during which they were collected by the Stichting de Thuiskopie shall be marked as having been unduly paid to Stemra by the Stichting de Thuiskopie; in the following year, these monies shall be withheld (plus interest and yields, plus any costs that the Stichting de Thuiskopie may have incurred in making this settlement) from the amount of home copying remuneration that Stemra receives from the Stichting de Thuiskopie for distribution among the rightholders, unless the Board of the Stichting de Thuiskopie decides otherwise.

### Article 7 Accounting and accountability

Stemra provides accounting and accountability annually to the Stichting de Thuiskopie regarding the way in which the home copying remuneration has been distributed for any given calendar year among the rightholders, in accordance with the reporting rules in the assignment agreement, accompanied by an approved auditor's statement.

### Article 8 Settlement of disputes

1. Rightholders may submit complaints against Stemra with respect to the implementation of these rules.
2. A dispute between a rightholder and Stemra may be presented to the Buma/Stemra Disputes Committee, taking due note of the procedures as described in the Buma/Stemra Disputes Committee Rules.

### Article 9 Effective date and applicability

1. This Appendix has been laid down by the Board of Stichting Stemra on 8 December 2010 and approved by the meeting of Stemra affiliates on 23 May 2011.
2. This Appendix comes into effect on 23 May 2011 and shall remain in effect until a new rule has been set down and comes into effect. The rules are also applicable to the distribution of as yet undistributed sums over the previous calendar years.

## APPENDIX V

### LENDING RIGHTS REMUNERATIONS

- a. Stichting Leenrecht (the Lending Rights Foundation) is charged with the collection and

distribution as defined in Article 15c of the Dutch Copyright Act and Articles 2, 6, 7a and 8 of the Neighbouring Rights Act (hereinafter jointly referred to as the “lending rights remunerations”) and disburses the lending rights payments that it collects to the distributing organisations appointed by it, based on partitioning keys and taking due note of the stipulations defined in the decree issued by the Minister of Justice on 31 October 2000 approving the Distribution Rules for Audio and Video Lending Rights and the associated distribution rules;

- b. As a consequence of agreements with authors (composers, lyricists), music publishers that own copyrights and reciprocity agreements with sister organisations, Stemra exercises in its own name what are known as mechanical reproduction rights, relating the worldwide repertoire of music (music and lyrics) that has been transferred to Stemra;
- c. The Stichting Leenrecht has indicated Stemra as a distributing organisation; Stemra distributes the home copying levies that it receives among its affiliated rightholders, based on the Distribution Rules as referred to in Article 29 Paragraph 3 of the articles of association of Stichting Stemra (these distribution rules were last amended on 14 May 2007), taking due note of the stipulations of these rules;
- d. The term ‘rightholders’ shall in these rules be taken to mean: both Stemra-affiliated and non-affiliated composers, lyricists, music publishers and their legal successors on behalf of whom Stemra exercises mechanical reproduction rights by virtue of its Articles of Association.

## Article 1 Principles for the distribution

1. Once a year, the Stichting Leenrecht pays Stemra the Audio, Video and Multimedia Lending Rights remunerations (hereinafter referred to as the “lending rights payments”) over that year for further distribution by Buma/Stemra.
2. Twice a year, Stemra pays out the lending rights payments to the rightholders, taking due note of the Stemra Distribution Rules and in accordance with the stipulations of those rules.
3. These rules are based on an effort to provide the maximum amount of lending rights payments to the largest possible group of rightholders. Given the number of works with respect to which rightholders may be able to claim entitlement to lending rights payments, the reasonable balance that must be found between the accuracy of the determination of the individual claims and the associated costs, Stemra distributes the lending rights payments in such a way that it provides the most realistic possible reflection of the extent to which the musical works concerned are actually lent out.
4. To that end, based on the licences it has issued, Stemra has details of the sales figures for sound carriers and music DVDs relating to music works that are in its repertoire (hereinafter referred to as the “Industry payment”). Its sister organisation Buma has details of the usage in terms of the number of times and the durations for which films containing musical works that belong to the Stemra repertoire are broadcast on national radio and TV (hereinafter referred to as the “Film payments”).

## Article 2 Minimum payment rule

1. The stipulation of Article 10 of the Stemra

distribution rules shall be applicable with respect to minimum payments.

2. The stipulation of Article 8 of the Stemra distribution rules shall be applicable with respect to basic payments.
3. If the sum for lending rights payments received by Stemra in any one category is less than E12,500 then that sum shall be added pro rata to the Stemra Industry payment and the Stemra Film payment.

### Article 3 Time and method of receipt and payment of the Lending Rights remunerations

1. Stemra receives the annual lending rights payment from the Stichting Leenrecht in December.
2. After subtracting the provisions stated in Article 4, the balance of the lending rights payments that is to be distributed among the rightholders is added – at the same time as the home copying remuneration payments – as follows to the Stemra payments relating to the sale of image and sound carriers (the Industry payment) and to the Stemra payments relating to film broadcasts (the Film payment):
  - audio and multimedia lending rights are added to the Stemra Industry payment
  - video lending rights are added to the Stemra Film payment
3. The Industry payments and Film payments referred to in Article 3.2 are made in July and October respectively of each calendar year. Stemra shall carry out the further distribution of the lending rights payments among the rightholders in the year after the one in which it receives those payments.

### Article 4 Costs/reservation

1. Stemra shall be able to reserve a percentage of the total amount of lending rights remunerations received in a given calendar year, where the said percentage shall be determined by the Stemra board in consultation with the Stichting Leenrecht, in order to cover the costs associated with the distribution of the lending rights remunerations; this percentage shall not exceed 15% of the total amount of lending rights payments received by Stemra in any one calendar year. If the ratio between the amount to be paid out and the effort required to produce such a distribution means that a higher percentage than 15% is reasonably appropriate, the Stemra board may decide (with the approval of the Stichting Leenrecht) to set a higher percentage.
2. The Stemra board shall determine what percentage of the lending rights payments received for any one year shall be reserved for unforeseen claims by unaffiliated rightholders; this reserve shall be retained for 5 years after the annual lending rights payments are received.

### Article 5 Lapsed entitlements

1. Stemra shall make every effort to disburse the lending rights remunerations for a given calendar year among the rightholders during the following year, and in any event no later than three years after the payments are received.
2. In contrast to the stipulations of Article 12 Paragraph 1 of the Stemra Distribution Rules and Article 5 Paragraph 4 of the standard exploitation contract, the entitlement of the affiliated rightholders to lending rights payments lapses if the affiliated rightholders

have not made a claim to this lending rights payment within three years after the calendar year during which the Stichting Leenrecht collected it.

3. If a non-affiliated rightholder has not made a claim to an entitlement within five years – counting from the moment at which Stemra receives the lending rights payments from the Stichting Leenrecht for a given calendar year – then that entitlement to lending rights payments shall lapse.
4. After the above-mentioned period expires, non-disbursed lending rights payments shall be distributed *pro rata* among the rightholders.

#### Article 6 Accounting and accountability

1. Stemra provides accounting and accountability annually to the Stichting Leenrecht regarding the way in which the lending rights payments have been distributed for any given calendar year among the rightholders, in accordance with the reporting rules in the assignment agreement, accompanied by an approved auditor's statement.

#### Article 7 Settlement of disputes

1. Rightholders may submit complaints against Stemra with respect to the implementation of these rules.
2. A dispute relating to the way in which these rules are implemented may be presented to the Buma/Stemra Disputes Committee, taking due note of the procedures as described in the Buma/Stemra Disputes Committee Rules

#### Article 8 Effective date and applicability

1. These rules have been laid down by the Board of Stichting Stemra on 6 April 2011 and

approved by the meeting of Stemra affiliates on 23 May 2011.

2. These rules come into effect on 23 May 2011 and shall remain in effect until a new regulation has been set down and comes into effect. The rules are also applicable to the distribution of as yet undistributed sums over the previous calendar years.

# NOTES TO THE DISTRIBUTION RULES OF STICHTING STEMRA

Non binding translation. For information purposes only.

The Distribution Rules of Stichting Stemra are made up of six sections: the rules themselves and five appendices, each of which deals with a particular part of the subject matter: who the interested parties are, how to notify a work, how the proceeds of a work are shared among the interested parties, the home copying remunerations and the lending rights payments. The five appendices are preceded by the rules themselves, consisting of 14 articles. These articles are explained one by one below.

The Distribution Rules determine which types of interested parties are entitled to share in a work. These are the composer, lyricist, publisher etc. and their legal successors (see Article 1, Paragraph 2 Appendix I of the Stemra Distribution Rules). Regarding the introduction of NV/BV (naamloze vennootschap / besloten vennootschap) in the Articles of Association in 2007, the NV/BV must be expressly mentioned in the description of the term 'legal successor'.

In contrast to Buma, Stemra's Distribution Rules were modified only in a few minor respects in October 2000. The most

important point was the introduction of a general basic payment by Buma/Stemra for unreported music use (Stemra Distribution Rules, Article 8, Paragraph 1; Buma Distribution Rules, Article 11, Paragraph 1).

## GRAPHICAL REPRODUCTION RIGHTS IN 2011

As of 1 January 2011, Stichting Musicopy stopped the exploitation activities for graphical reproduction rights<sup>1</sup> relating to sheet music and song texts. Musicopy has terminated its exploitation agreements with the music publishers. Musicopy has also requested Stemra to take over the various exploitation activities. The Board of Stemra gave the green light for this in 2010 because these exploitation activities fit in well with the existing collective arrangements of Buma/Stemra. Stemra has offered new exploitation agreements to former Musicopy music publishers. Exploitation of these rights is a new activity for Stemra and these rights have also been included in the Articles of Association and the Rules.

The activity is defined on the sale and rental rights for sheet music in whatever form, i.e. the primary rights of the publisher. These sale and rental rights continue to reside with the publisher, except for separately

<sup>1</sup> Items for which Musicopy collected the proceeds included licences for reproduction and/or public performance of song texts and/or musical notation. In addition, Musicopy received the remunerations for further distribution to the rightholders covering lending rights, reproduction rights and the reader regulation for educational institutions.

listed rights (formerly the 'Musicopy rights') such as the rules for additional copying, lending rights, etc. as these rights – the secondary rights – are to be exploited by Stemra. Everything that is not covered by sale/rental is to be exploited by Stemra.

The Articles of Association of Stemra are applicable to the exploitation of graphical reproduction rights. The Rules are also applicable in principle; 'in principle', because the various partitioning methods used by Musicopy are being translated to the appropriate Buma/Stemra method of distribution and payment schedules, retaining certain specific Musicopy aspects.

Not a great deal will change in the relationship between Stemra and publishers with whom there is already an exploitation agreement, other than that the services provided by Stemra will be expanded to cover graphical reproduction rights. The proceeds from graphical reproduction rights (formerly the 'Musicopy rights') will therefore also count as Stemra income in the sense used by the Articles of Association, the Rules, and so forth.

New publishers who are not yet affiliated to Stemra will be included in the applicable Stemra structure in the same way as other Stemra rightholders through the new 'Stemra exploitation agreement for graphical publishers'. This includes:

- admission to the annual rightholders' meeting, with voting rights (if the

conditions stated in the Articles of Association are fulfilled);

- being eligible for election as a Stemra board member (if the conditions stated in the Articles of Association are fulfilled).

The Articles of Association and the Rules<sup>2</sup> of Stemra state:

- that graphical reproduction rights shall henceforth be considered part of Stemra's mechanical reproduction rights;
- what is covered by the term 'graphical reproduction rights'. It is then clear for music publishers what they are transferring to Stemra for collective exploitation and what they will continue to exploit themselves.

These descriptions and amendments further affect:

- the definitions in Article 2 of the Articles of Association, the Distribution Rules and the Exploitation Rules;
- the distribution: the distribution of graphical reproduction rights shall be done in accordance with the distribution rules defined by the Stemra board. Musicopy had its own distribution rules that are separate from Appendices I and II of the Stemra Distribution Rules; these appendices are therefore not applicable.

## Article 1

- a. For a number of years the legally registered name of Stemra has been 'De Stichting Stemra'. The word Stemra is an abbreviation of

<sup>2</sup> In this case, the Distribution Rules and the Exploitation Rules.

'Stichting tot Exploitatie van de Mechanische Rechten van Auteurs' (Foundation for the Exploitation of the Mechanical Rights of Authors).

- b. Vereniging Buma is mentioned in the Distribution Rules of Stemra in Article 6, letter b. Buma's Distribution Rules are followed in relation to the amounts collected from the broadcasting organisations.
- c. The mechanical reproduction right is broadly defined here. It concerns not only the right to record a work on a sound and/or video carrier, but also the right to distribute the sound and/or video carriers concerned in any manner whatsoever. Not only in the Netherlands the mechanical reproduction right is known in the sense described above; hence the words 'under the law, a convention or a statutory regulation ... anywhere in the world'.
- d. 'Label information' means the information that Stemra needs in order to determine which works are actually recorded on a particular sound and/or video carrier. The data obtained via this information from the producers is needed to calculate the amount of each party's share in Stemra's revenue.
- e. Any mechanically reproduced work is of interest to Stemra; Stemra does not confine itself to musical works. Hence the general definition of the word 'work' as also used in the Dutch Copyright Act.
- f. An author or his successor in title (e.g. an heir or a publisher with whom he has a contract) has a repertoire. Under these rules, this consists of all works in respect of which the interested party holds the mechanical reproduction right or a right to payment arising from the mechanical reproduction right. This concerns both the repertoire that the interested party has at the moment of concluding an exploitation agreement and the future repertoire. Stemra also has a repertoire: It consists of the sum of all repertoires of those parties with whom an exploitation agreement has been concluded and all repertoires of foreign sister organisations with which a reciprocal or non-reciprocal representation agreement has been concluded.
- g. There are two types of permission which are needed for certain types of use of copyright-protected works. Firstly, permission to create arrangements (the making of alterations or additions to existing works) and secondly, permission to represent in one country a work published in another country, this way or another, as publisher.
- h. The term 'author' is used here in the widest sense of the word; the terms 'composer' and 'lyricist' are mentioned here by way of example: it concerns all literary, scientific or artistic works (the description which the Dutch Copyright Act applies to all works that can benefit from copyright protection).
- i. 'Participant' means only the authors and publishers who are directly affiliated to Stemra. Only in this definition a distinction is made between 'publisher' (a person) and 'publishing company' (an entity). In virtually all cases the word 'publisher' is used even if a publishing company is meant.
- k. The term 'legal successor' needs to be defined because the Distribution Rules specify which type of interested party is entitled to a share in the work. These are the composer, lyricist, publisher etc. and their legal successors (see Article 1, Paragraph 2 Appendix I of the Buma Distribution Rules). Regarding the introduction of NV/BV (naamloze vennootschap / besloten vennootschap), the NV/BV must be expressly

mentioned in the description of the term 'legal successor'.

*This is also in line with the assumptions as previously expressed by the Boards and by the annual general meeting in 2006. The existing situation should be maintained as far as possible. An NV or BV may therefore only acquire the repertoire of one author/creator and that one author must hold at least 90% of the shares of that NV/BV. It is not possible for the author himself – as author/creator – to conclude an exploitation agreement with Buma/Stemra for a part of his repertoire and then place other parts of his repertoire with one or more NVs/BVs and allow those NVs/BVs to conclude exploitation agreements with Buma/Stemra.*

*The composer/lyricist is and remains the creator; see the definition of author in the Articles of Association. The heir or NV/BV is a legal successor of the author. The NV/BV itself is not a creator. An NV/BV which employs an author does not satisfy these definitions and such an NV/BV cannot conclude an exploitation agreement with Buma/Stemra.*

## Article 2

This Article specifies the content of the Distribution Rules. Obviously the monies received in a distribution period cannot be distributed until it has been established on the basis of the annual accounts how much money is available for distribution. Hence the words 'determined annually in accordance with the annual accounts'.

## Article 3

The money that Stemra collects from music users is passed on to the interested parties.

Usually it is not possible to pass on the whole of the money, since on the one hand Stemra incurs costs in carrying out activities relating to the distribution and furthermore has to set aside certain reserves and create provisions on the basis of its obligations and general business operation. On the other hand, Stemra also receives income independently of its exploitation of mechanical reproduction rights (e.g. interest income and revenues from service-provision). Therefore it is only after the annual accounts have been prepared that it is possible to know how much money is available for distribution to participants and foreign sister organisations for a given distribution period. That money is shared among at least three accounts depending on the origin of the monies. In principle a review is carried out every year to determine which accounts should exist. Naturally there are few differences in that respect from one distribution year to the next. Nevertheless, certain accounts may be added and others removed. The costs for each account are determined within the framework of the annual accounts. The cost percentage may differ from one account to another. In all cases, each account bears its own exploitation and distribution costs and, in addition, shares in the general operating expenses. Finally, Stemra's other revenues are entered to the exploitation account, likewise within the framework of the annual accounts. Of the three accounts referred to in Article 3, the first is by far the largest. It concerns all the monies that Stemra collects from producers of commercially marketed sound and/or video carriers. Such monies are distributed for each sound or video carrier.

The second account contains all monies paid by broadcasting organisations to Stemra for permission to make, use and keep sound and video carriers on which works from Stemra's repertoire are reproduced for broadcasts.

The other accounts contain all other amounts collected by Stemra by way of licences or on the basis of legal compensation claims.

#### Article 4

The monies available for distribution are distributed per account among the parties with an interest in the works mechanically reproduced within the framework of that account. To determine who the interested parties are, it is necessary on the one hand to know the works which each interested party has created and on the other hand, via the label information or other means, which works have been used.

#### Article 5

This Article concerns, on the one hand, the way in which the participants notify their works to Stemra and, on the other hand, the label information.

Every participant must notify all his works. Forms are available for that purpose, which must be used for notification. Anyone who fails to notify or notifies wrongly is not entitled to payment in relation to the unnotified or incorrectly notified works. Nevertheless, the obligation to notify still stands.

As far as the mechanical reproduction right is concerned, Stemra is the copyright-holder in respect of all works of all participants, current works and future works. Even if notification is not given, Stemra may collect monies for the works in question. However, at all stages of its

activities, Stemra must have access to all information about its repertoire. Hence the strict rules on notification.

Paragraphs 3 and 4 of Article 5 are concerned with the label information and the lists of performed works of the broadcasts. To make distributions, Stemra relies on the label information and the lists of works performed on radio and television. With regard to lists of performed works, Stemra acts in close cooperation with Buma which needs the same data in order to make distributions. With regard to the producers' label information, Stemra has access to almost all information about video and sound carriers appearing and distributed throughout the Netherlands. Doubts may exist as to the correctness of label information. In this case the Board of Stemra has the right to disregard that information. Stemra is then obliged to get hold of correct information. This obligation likewise has limits: if the costs are unduly high or if fraud is suspected, the obligation to investigate further ceases to apply.

#### Article 6

Regarding the account formed through the collection of monies relating to mechanical reproductions to be commercially marketed, for each reproduction the collected money is shared among the interested parties in accordance with the duration of each work. Regarding monies collected for radio and television broadcasts, Buma's distribution rules for radio and television broadcasts are followed. This gives rise to a small complication: the distribution keys of Buma and those of Stemra are not wholly identical. This means that data derived from Buma's radio and

television distributions may be used, but must be adapted to the Stemra distribution keys before each party's share in the revenue can be calculated. Of course, the computerisation of the Buma/Stemra administration makes the whole process more manageable. Regarding the amounts collected for further use of the Stemra repertoire, one should endeavour to follow the distribution system for sound carriers to be commercially marketed; if this is not possible, the money goes to the exploitation account, which naturally has the effect of reducing costs. Since 1990 the Dutch Copyright Act has included rules, in Articles 16c-16g, for copies made at home for personal use on sound or video carriers. The 'Stichting de Thuis kopie' (Home Copy Foundation) was set up as a collection and distribution organisation to implement these rules. Home copying fees collected by the Stichting de Thuis kopie for music are then distributed among music authors by Stemra. For more details see Appendix IV. Stichting Leenrecht (the Lending Rights Foundation) has been appointed as a collection and distribution organisation for the lending rights remunerations as defined in Article 15c of the Dutch Copyright Act (and Articles 2, 6, 7a and 8 of the Dutch Neighbouring rights Act). Lending rights remunerations collected by Stichting Leenrecht for music are then distributed among music authors by Stemra, for more details see appendix V.

### Article 7

Once it has been established what amounts are available for each work mechanically reproduced in a given distribution period, these amounts must of course be shared among the various interested parties. For that

purpose, there is an Appendix to the Rules which determines the share for each type of interested party based on a distribution factor. In general it is contractually forbidden to depart from that distribution factor; however, the Rules leave open the possibility of reaching different agreements in certain cases. Where two parties both claim a particular share in the distribution, Stemra will generally suspend payment until the parties have reached an agreement or until a court or an arbitrator has pronounced a binding decision.

### Article 8

Where the total of all Buma and Stemra distributions of a participant in a year amounts to less than a sum to be determined jointly by the Boards, a supplement to that amount shall be paid to the participant in December of that year, provided the annual contribution is paid. This means that everyone who has paid his annual contribution is guaranteed a basic payment.

This basic payment is the remuneration for the performances, broadcasts and/or mechanical recordings not included in the distribution for that year. For those who receive a distribution, this remuneration is already covered by the amount paid.

Interested parties of sister organisations pay no annual contribution to Buma or Stemra and are therefore not eligible to receive a basic payment.

### Article 9

Stemra, as a Dutch organisation, naturally effects all payments to participants in euros. It is possible that the payments will give rise to bank charges or other expenses, in which case

they are borne by the participant. Stemra uses a system of periodic advance payments to participants. A percentage of the collected amount (known as the commission percentage or administration cost percentage) which is re-defined each year by the management – largely on the basis of international agreements such as the Cannes Accord – is used to pay the advances per account. Of course, an advance is only received by those participants for whom it has been established that they may be regarded as interested parties in that year. Settlement is made within six months of the approval of the annual accounts, it being possible that the participant may have to pay part of the advance back or receive an additional payment. Paragraph 5 was accidentally omitted from the 1998 version of the Articles of Association, but is now included once more.

### Article 10

Very small amounts will not be paid. A minimum payment per distribution will be determined periodically. Nobody benefits from receiving just a few euros; on the other hand, every payment costs money.

### Article 11

Stemra receives money not only from Dutch music users; it also gets money from abroad via sister organisations for Dutch authors and publishers who are participants of Stemra. The amounts are passed on to the participants, Stemra being entitled to make the passing on of the amounts subject to certain rules. These rules may require, for example, that a certain percentage be deducted to cover costs. The Distribution Rules are not concerned with

the amounts received from abroad. The rules do however stipulate that the Stemra distribution keys should be applied to the received amounts, taking previously deducted shares into account. In general the publisher's share should not exceed 50%. Therefore, if the foreign sister organisation has already deducted a publisher's share of 50%, then the whole of the amount received by Stemra for the benefit of its participants shall be paid to the participating authors.

### Article 12

1. *“Interested party” in Paragraph 1 is taken to mean a rightholder affiliated to Buma and/or Stemra with an exploitation agreement and/or a rightholder affiliated to a foreign sister organisation, with the status of composer, adapter, etc., as referred to in Article 1 of Appendix 1 of the Distribution Rules. Paying out within three calendar years after the year of receipt comes down to the following: music usage in 2012 = collection in 2012 = distribution in 2013-2014-2015 = complaints up to and including the 2nd year after the year of payment, i.e. up to and including 2015. A party who is not an interested party is not affiliated to Stemra or sister organisations: they do not take part, so Stemra does not collect for them, nor does it distribute to them, and so does not reserve for them either. Insofar as Stemra does collect for outsiders (rightholders not affiliated to Stemra or sister organisations) or does protect them, such as via cable or satellite, see Article 15, Paragraph 5.*
2. *The term “claim” occurs in the exploitation agreements and means submitting a query or complaint about the settlement.*
3. *Mistakes can, of course, be made, to both the*

benefit and the disadvantage of a participant. Both Buma and the participant have two (2) full calendar years' time in which to correct a mistake. Two examples:

1. Settlement in March 2013: the rightholder has two (2) full calendar years' time, plus the months up to 31 December 2013. In short: 2 years and 9 months.
2. Settlement in November 2013: the rightholder has two (2) full calendar years' time, plus the months up to 31 December 2013. In short: 2 years and 1 month.

The expiry period (complaint period) starts running from the date that Buma/Stemra sent the settlements about such use to the rightholders, even in cases in which the use of a work has not been indicated and there has actually been no settlement about this to the rightholder. In other words: the non-settlement for the use for a specific work of a participant over a certain period shall also be considered to be a settlement for this period.

As a rule of thumb, the amounts that are underpaid after the complaint has been found to be justified, can always be offset, and the overpaid amounts can be reclaimed. There may be compelling reasons to not consider reclaiming.

4. Continuing to reserve by name refers to money for rightholders whose names are known but not their bank account numbers, for example, or whose names are known but there is too little information available about the usage/work to put a composer's name to the usage/work concerned. Another example: the name is known, but not the share in the work or the status (C, A, or E).
5. Other money is money for rightholders about

whom the CMO has too little information to be able to reserve it by name. For example no surname, only the information that it involves a composer and a share; or the name is completely misspelled.

6. Paying participants pro rata means paying the group of participants (rightholders with an exploitation agreement) for whose benefit the reservation took place, unless there are good reasons for choosing another method.

### Article 13

Although many matters are covered by the Distribution Rules and the associated appendices, cases may occasionally arise for which the Distribution Rules or the appendices contain no relevant provisions. The Article allows the management to take a decision. The management must ensure that the principles of the rules are followed in so far as possible and that the interests of all concerned are weighed up fairly.

### Article 14

Entirely new Distribution Rules came into effect on January 1, 1987. The Rules and the associated appendices have been amended several times since then.

The 2007 amendments referred to in Paragraph 3 (and Paragraph 4) can take effect immediately. On the other hand, the timing and conditions of the transition from an author's exploitation agreement to an NV/BV exploitation agreement requires consultation between the parties concerned (e.g. the author, publisher, bank, tax authority) and Buma/Stemra.

## APPENDIX I

### Article 1

Appendix I deals with the different interested parties in the proceeds of musical works. There are eight types of interested party: composers, arrangers, lyricists, adapters, publishers, local adapters, sub-publishers and catalogue representatives. Appendix I devotes one article to each of these types of interested party.

### Article 2

The originator of all music is the composer. He may have created a piece of music entirely on his own; he may also create a piece of music jointly with a colleague, in which case the co-composer is treated equally by Buma for the purpose of distributions: they each receive the same amount. Where a composer uses the work of another in order to create a new piece, in some cases he may have contributed so much to the work that he is regarded as a co-composer. On the other hand he may have contributed so little that his creation should be regarded as an arrangement. The new co-composer must obtain copyright permission in order to have his work recognised and to receive a share of the Stemra distribution. He must obtain such permission from the publisher or from the composer, depending on whether a publishing agreement exists and what is stipulated in that agreement. Most of the article devoted to the composer is concerned with the different permissions needed if the intention is to use the works of others for one's own creative work. For example, Paragraphs 4 and 5 deal with, amongst other things, the phenomenon of

'sampling'. But that is not all: The general rule here is that, if one uses the work of another, whether a copyright-holder or the owner of any neighbouring right, it is necessary to obtain the permission of that other party. To be recognised by Stemra as the composer of the new work, one must be able to produce the written permission.

The same applies where a composer wishes to use existing lyrics belonging to someone else for a vocal composition. He must obtain permission from the publisher of the lyrics or from the writer himself, again depending on whether a publishing agreement exists and what the agreement says.

When requesting the necessary permission, the composer may encounter the phenomenon of split copyright. Split copyright exists where there are two publishers of a work who have no contractual relationship with each other. For example: A song that has been created by a composer who has an exclusive contract with a publisher and a lyricist who has such a contract with another publisher. In that case the Rules stipulate that someone who wishes to use such a work in his own work will receive a share if he has obtained permission to do so from one of the publishers with an interest in the work. However, this Article is not applicable to manuscript shares. If a song has been created by two composers, both of whom have an exclusive agreement with a different publisher, and by a lyricist whose contribution is not published, then someone who wishes to use that work in his own work must obtain permission from one of the split-copyright publishers, but also from the lyricist.

### Article 3

An arranger is a composer. The same conditions partially apply to him as to a composer. If a number of composers create an arrangement together, they are regarded as co-arrangers and Stemra treats them equally: they each receive the same amount. But there is also an important difference between a co-composer and an arranger. Someone who, after obtaining the required permission, has changed an existing work such that he must be regarded as a co-composer receives a share in the proceeds of that work. An arranger, on the other hand, only receives a share if the original work that he arranges has already entered the public domain. In that case he is regarded as the composer of the new work; obviously he is not entitled to a share if the non-copyright-free music is performed in its original form.

It is of course necessary to establish whether or not something is an arrangement. To that end, Paragraph 4 mentions a number of 'arrangements' which Stemra does not regard as arrangements for the purposes of these Rules. In general these are simple, practical additions which make no significant contribution to the musical piece.

### Article 4

Everyone knows what a lyricist is. The fact that lyrics can be created jointly is also generally known. Here too, Stemra treats co-lyricists equally, so that the lyricists' share is shared equally among the co-lyricists. Naturally permission is needed if the lyricist wishes to create lyrics for existing music that is still protected. He can obtain this permission from the publisher or the composer,

depending on the terms of any agreement between the composer of the chosen music and a publisher. If the music which the lyricist wishes to use is sub-published, permission is needed from the sub-publisher or catalogue representative (see Article 2 Paragraph 6 of Appendix I for both Stemra and Buma). Here too the lyricist may be faced with a split copyright. Like the composer and the arranger, the lyricist must obtain permission. Permission from just one of the split-copyright publishers is sufficient. This rule does not apply to manuscript shares (see the note to Article 2).

Of course it often happens that works originally written as vocal works are published in instrumental form. In that case there are three possibilities: The composer wrote the music for lyrics created by a lyricist. In that case the lyricist also receives a share for instrumental use of the work. A second possibility is that the lyrics were created for an existing, protected piece of music. In that case the lyricist in principle receives no share for instrumental use of the work, unless otherwise indicated in their written permission. The third possibility is that the lyricist wrote the lyrics for a piece of music that is no longer protected by copyright. In that case the lyricist obviously receives no share for instrumental use of the work.

### Article 5

For an adapter, a lyricist who arranges existing lyrics in such a way that a new work is produced, the same rules apply as to the arranger of the music. Here too the rule is that if more than one adapter has worked on the lyrics, the share is distributed equally between

the adapters. An adapter likewise needs permission either from the publisher or from the original creators of the work (including the composer). The adapter of a copyright protected work only receives a share of the proceeds of the adaptation if he has been granted written permission to adapt the lyrics, and if it is clear from the permission that the adapter is allocated an arranger's share. This also applies for the sub-arranger as specified in Article 7 Appendix 1 Distribution Rules Stemra. The adapter may also be faced with a split copyright, in which case permission from just one of the split-copyright publishers is sufficient. This rule is not applicable to manuscript shares. (In this regard see the note to Article 2). The adapter likewise only receives a share if his adaptation is actually used.

## Article 6

A publisher was originally a person or business engaged in the graphical reproduction of musical works and the distribution of those graphical reproductions. Although the practice, of music publishers in particular, of publishing every work in sheet music form is becoming less and less prevalent, particularly when it comes to entertainment music, in these Distribution Rules it remains a basic assumption that a music publisher is able to provide sheet music for the works in their portfolio.

In certain cases there may be two or more publishers of a single work. In that case there are two possibilities: The publishers may have concluded an agreement between them stipulating that they publish the work jointly; the publishers' share is then divided equally

among the co-publishers, unless they have stipulated in their submission that they wish to distribute their share differently. It is also possible that they have no contractual relationship with one another: one publisher has concluded a publishing agreement with one author of a work, another with another author of the same work. This results in a split copyright whereby the publishers are regarded not as co-publishers, but as split-copyright publishers. This can give rise to all kinds of problems; these Distribution Rules provide a solution to two such problems: If somebody needs permission for changes that he wants to make to his published work (a co-composer, an adapter, etc.), permission from just one of the split-copyright publishers is sufficient. The share of a split-copyright publisher in the publishers' share is proportional to the share of the author in the authors' share.

Where a foreign publisher grants a Dutch publisher the right to replace him as publisher for a certain territory (in which case it is called a 'substitute publisher'), this publisher is regarded by Stemra as the original publisher for that territory.

The publishing contract must explicitly mention the publisher's right to a share, at least if the publisher wants to have the right to a share of the copyright proceeds of the work. If this mention is lacking, Stemra will assume that the publisher has only been granted printing and distribution rights.

Finally: For Stemra distributions it is stipulated that the publishing agreement runs, in principle, synchronously with the distribution period. The starting date of the agreement is therefore the first day of the distribution period in which the agreement date or the commence-

ment date of the agreement falls, and the end date is the first date of the distribution period in which the agreement expires. For example, if the agreement sets the starting date on March 1, 1998 and the provisional termination date on March 1, 2001, Stemra will bring forward the starting date to January 1, 1998 and the termination date to January 1, 2001. This could change in the future if Stemra decides to switch to shorter distribution periods in relation to all distribution sections. In relation to all sections, because of course it is not clear beforehand which section a particular work will belong to. However it is already possible at this stage to conclude understandings whereby the starting date is changed, provided such understandings are defined in the publishing agreement. With regard to income which results from the exploitation of the work and which relates to previous distribution periods, where the income has not yet been paid out, the publisher shares in these monies too. The publishing agreement may depart from this rule.

### Article 7

It is common practice for many foreign works, particularly entertainment works, to be sub-published in the Netherlands by Dutch music publishers. A version tailored to the Dutch market is then often produced; the new lyricists in this process are known as local adapters. Naturally a local adapter must obtain permission before making their new local adaptation. Such permission may, depending on the circumstances, be given by the original publisher or by his representative in the Netherlands, a sub-publisher or a catalogue representative. For the local adapter, broadly speaking the same rules apply as for the adapter. Normally

he only receives a share if his arrangement is actually used. However, in certain circumstances it is possible that a local adapter will receive a share upon any mechanical reproduction of the original work, even if his local adaptation is not used. Stringent conditions apply in this regard. One of the conditions is that Stemra's management must be of the opinion that the local adapter's version is 'of national significance'. This implies that a local adapter who wishes to claim a share, even if his local adaptation is not used, must obtain a declaration to that effect from Stemra.

It is possible that there are two (or more) local adapters needing permission for the same work. In that case, the earlier local adapter will receive his share as usual upon actual use of his local adaptation; upon actual use of the local adaptation of the later local adapter, his share will be distributed equally between him and the earlier local adapter.

Here too the local adapter may be faced with a split copyright. He too need permission from just one of the split-copyright publishers (who may also be split-copyright sub-publishers and a catalogue representative of one of the split-copyright publishers). Here too, this rule does not apply to manuscript shares (see the note to Article 2).

The rules applicable to Dutch local adapters also apply to foreign local adapters of an originally Dutch work if their local adaptation is actually used in the Netherlands.

### Article 8

A sub-publisher is a publisher who newly publishes a work in a different country with the permission of the original publisher. His rights are territorially limited. Their territory

does not have to be confined to one country; there are Dutch publishers who have sub-publishing rights for certain works covering the territory of the European Union, for example. Once again there may be co-sub-publishers and split-copyright sub-publishers: it is possible for two publishers to obtain sub-publishing rights jointly; it is also possible, in a case of split copyright, for a sub-publisher to conclude an agreement with a split-copyright publisher. The rules here are exactly the same as for a co-publisher and a split-copyright publisher.

A catalogue representative is a publisher who has concluded a catalogue representation agreement with a foreign publisher. He receives a share in the proceeds, despite the fact that he does not have to exercise any actual publishing activities in relation to the work. Some time ago, CISAC set the minimum duration of sub-publishing agreements in principle at 3 years. Stemra is bound by that CISAC decision, so that sub-publishers who wish to be eligible for a share in the proceeds of a work must show that they have concluded a sub-publishing agreement in relation to that work that satisfies the CISAC condition. Moreover, Stemra was a proponent of the minimum agreement duration, if only because it felt that only such a measure could bring some stability to the administration. Stability in the administration saves on costs. Therefore, even if CISAC should decide in the future to revoke its decision on minimum agreement duration, Stemra's management will itself set such a minimum.

For Stemra distributions it is stipulated that the sub-publishing agreement runs, in principle, synchronously with the distribution period. The starting date of the agreement is

therefore the first day of the distribution period in which the agreement date or the commencement date of the agreement falls, and the end date is the first date of the distribution period in which the agreement expires. For example, if the agreement sets the starting date on March 1, 1998 and the provisional termination date on March 1, 2001, Stemra will bring forward the starting date to January 1, 1998 and the termination date to January 1, 2001. This could change in the future if Stemra decides to switch to shorter distribution periods in relation to all distribution sections. In relation to all sections, because of course it is not clear beforehand which section a particular work will belong to. However it is already possible at this stage to conclude understandings whereby the starting date is changed, provided such understandings are defined in the sub-publishing agreement. Furthermore, sub-publishers and catalogue representatives must remember to inform Stemra in good time of the commencement and termination of an agreement. If they fail to do so, Stemra will not be responsible for any incorrect distributions resulting from the delay in reporting.

## APPENDIX II

This appendix deals with the method of notifying works. In the past, the expression 'declaration of works' was used. Since January 1, 1997 the term is 'notification' (aanmelding). Upon notification the author reconfirms, redundantly, the transfer of his musical performing right in respect of works that did not exist at the time the exploitation agree-

ment was concluded – redundantly, because he already did so in the exploitation agreement. This reconfirmation is done for strictly legal reasons: Under the old Dutch Civil Code, the validity of a transfer of future rights was very doubtful in Dutch law. Following the introduction of the New Civil Code on January 1, 1992 the situation may well be different, but the case law is still not one hundred percent clear on the matter.

### Article 1

This Article mentions the existence of the notification forms referred to in Article 5 of the rules themselves. Notification can only be made using these forms.

### Article 2

This article says that jointly created works must be declared jointly.

### Article 3

In principle, no payments will be made in relation to works that have been incorrectly or incompletely notified. In compelling circumstances Stemra may diverge from this principle.

### Article 4

Once a work has been correctly notified, further notifications, particularly concerning the making of alterations, are not subject to the joint notification requirement.

### Article 5

Any alteration to a work must nevertheless be notified using a notification form.

### Article 6

Where Stemra, for whatever reason, asks a

participant to submit the sheet music (or in some cases the master tape) of a certain work, the participant is obliged to do so immediately upon request. Stemra is entitled to make submission of the sheet music or master tape with the notification obligatory in relation to certain types of work.

### Article 7

Catalogue representatives, who often notify a great many musical works at the same time, may give notification in a different way to be decided in consultation with Stemra, for example using electronic means.

## APPENDIX III

This appendix determines how the proceeds of each work must be divided among the different interested parties.

### Article 1

This article provides, both for manuscript works and for published musical works, a total of six different ways in which the proceeds may be shared among the different types of interested party. As far as published musical works are concerned, a basic principle is that a Dutch publisher can never receive more than one half of the proceeds of a work for use of his repertoire within the Netherlands, except where it concerns a publisher affiliated to Stemra who by virtue of a publishing contract with an author who is not affiliated to any society can collect 100%.

Another basic principle is that persons who have a joint role within the work share with each other the amount available in respect of

that role. For example, if a manuscript work has one composer and two lyricists, the composer receives half the proceeds of the work and the two lyricists a quarter each, unless the authors mutually agree a different partitioning key; this is possible from 1 January 2012 onwards – see Article 13 in Appendix III. For a foreign work in which no Stemra participant is involved, in principle the form of distribution stipulated by the foreign sister organisations concerned is applicable. In cases where authors are not affiliated anywhere: the share of an affiliated published whose authors are not affiliated anywhere (NS) may be increased. The previous rule was that a publisher affiliated to Stemra received a share of 33.34% for a vocal work for which he was the original issuer. There is an exception to that 33.34% rule for a Stemra-affiliated author with original publishing contracts with Anglo-American authors (this exception is based on a Board decision from 1985 regarding works of Anglo-American authors, provided that there is a publishing contract in which the rights are transferred to the publisher). This is because there is no mechanical rights organisation for authors in these countries, or because for authors in these countries 100% is collected by their publisher as standard. Stemra is therefore able to collect 100% of the mechanical rights for a Stemra-affiliated publisher with a publishing contract in which an Anglo-American author has granted such rights to the publisher. If Stemra were not to make such collections, the rightholders would have to make the claims themselves against the users. Over the course of time, what was an exceptional practice has in fact become the rule rather than the exception. For transpar-

ency's sake and to ensure equal treatment, the Board and the meeting of affiliates decided in 2011 that it is sensible for this practical rule (100% of the collection by Stemra instead of 33.34%) to be included in the Distribution Rules. This practice - the share of the NS author being discounted by the share of its Stemra publisher - shall apply for all NS authors who have granted rights to a publisher affiliated with Stemra and regardless of the nationality of such an NS author, provided that a number of conditions are met. Those conditions are:

- a. *agreement between the author and publisher: the affiliated publisher can if so requested demonstrate, e.g. through the publishing contract or correspondence with the author – that he has been authorised by the author to do so, and*
- b. *Stemra mandate: the affiliated publisher has actually stated a share of 100% for the mechanical rights on the OU notification to Stemra.*

## Article 2

It is often the case that lyrics are only used in a small part of a larger musical work. Or the opposite can happen: It is possible to imagine a declamation where music is only used in a small part of the work. In that case it would be unfair if the composer and the lyricist each received equal shares. In that case, Stemra may diverge from the basic rules in order to arrive at a fairer distribution.

## Article 3

This Article deals with what happens if one or more of the authors involved in a work falls into the public domain, or if use is made of all

or part of a work belonging to the public domain. In other words, what happens about the distribution relating to a work on January 1 of the year after the year in which one of the authors of the work has been dead for more than seventy years? The basic principle is that the other authors take over that author's share. This Article describes the order in which this takes place.

#### Article 4

In principle, Stemra treats co-composers equally. However, there are two important exceptions to this principle: Firstly, a different distribution may be established in the permission that is granted or in the contract concluded between the co-composers, in which case Stemra will go along with that arrangement. Secondly, it is possible that a work is made up of parts, it being specified which author has created which part. In that case the distribution will be made in proportion to the duration of each of the contributions.

#### Article 5

The adapter's share is treated separately. It was agreed that the adapter's share may never be at the expense of the publisher's share; eventually it was decided, in all cases where the adapter is eligible to receive a share, to give the adapter ten percent of the total amount available. This ten percent is charged to the author's share.

#### Article 6

The public domain includes more than one might think: Not just works whose authors have been dead for longer than seventy years, but also works from a country where no

copyright exists or which have no international copyright treaty in common with the Netherlands belong to the public domain. Although it is not expressly stated here, it must be assumed that Article 3 does not apply to these sorts of works, which means for example that a Dutch composer who has used lyrics by a Saudi-Arabian writer in a musical work is not deemed also to be the lyricist of that work, even though the lyrics are in the public domain in the Netherlands. Stemra's Board may decide differently in this matter.

#### Article 7

This Article states, for works sub-published in the Netherlands, how the proceeds must be shared among the different types of interested party. In this first place, regarding the share of the sub-publisher and that of the catalogue representative, the sub-publishing agreement is followed, which states that the sub-publisher's share must not exceed fifty percent of the proceeds. An exception to this rule is where the foreign sister organisation to which both the original authors and the original publisher are affiliated allow a higher percentage. This Article also stipulates, for works of certain nationalities, that Stemra's management may instruct the sub-publisher itself to pass on the shares of authors and publishers domiciled abroad. A sub-publisher must notify to Stemra which part of the share paid to him by Stemra he must pass on to the original publisher. This is important in relation to the share of any local adapter; according to Paragraph 4 of this Article the local adapter receives one third of the amount left over for the sub-publisher. The sub-publisher must also notify the local adapter of his agreement with the original

publisher in this regard. If the notifications required under this Article are not made, the local adapter will receive 10% of the total amount available for the work.

With regard to foreign authors, in principle Stemra will proceed on the basis of the data sent by the foreign sister organisations to Stemra, even if that data differs from the data notified by the sub-publishers to Stemra. The basic principle is the protection of the composer or lyricist, particularly if that composer or lyricist is a participant of Stemra. The composer and the lyricist are in any case entitled to fifty percent of the share that they would receive if there were no sub-publication. Stemra naturally adheres to its own rules if no data is available from abroad.

### Article 8

If a foreign publisher concludes a contract for musical works published by him with a Dutch sub-publisher, for the distribution between publisher and sub-publisher Stemra will conform to the terms of that contract.

However, the distribution resulting from the contract cannot be changed during the term of the contract. In other words, if the publisher and the sub-publisher agree in the meantime to change the distribution mentioned in the contract, BUMA will disregard such change and stick to the distribution originally agreed. This measure has to be seen in the context of the rule which says that sub-publishing contracts must have a minimum term. Changes made during the term of the contract would defeat the object of that condition.

### Article 9

In the distribution, no distinction is made

between catalogue representatives and sub-publishers.

### Article 10

In the distribution keys for works published in the Netherlands, Stemra's Distribution Rules limit the publisher's share to one third in some cases. If a Dutch publisher concludes a sub-publishing contract in relation to a work originally published by him with a foreign sub-publisher, that share, which after all has to be shared between the publisher and the sub-publisher, is increased to a half. This increase is justified by the fact that the work can now reach a far wider audience, amply compensating for the reduction in the author's share.

Paragraph 3 (which was scrapped at the annual members' meeting of 23 May 2011) already made it possible to have a higher overall publisher's share in exceptional circumstances for sub-publishing contracts that were signed before 1 July 1994. This exception no longer applies as of the usage period covering the first half of 2012 (sales in the first half of 2012, i.e. for distribution in December 2012). Scrapping this exception shall have no effect on distributions that have already been made. For library editions, a maximum publisher's share of seventy-five percent applies.

### Article 11

In the last amendment of the Dutch Copyright Act, the protection period for works of literature, science and art was increased from fifty to seventy years after the death of the longest living author. To be precise: until

January 1 of the year following the year in which the longest living author has been dead for seventy years. This naturally created a problem in that many works had fallen into the public domain because the longest living author had been dead for at least fifty but not yet seventy years. The law says that the copyright protection for those works must be revived, this time until a new date: January 1 of the year following the year in which the longest living author has been dead for seventy years.

It is important to realise that this entails major problems. In the first place because, in the meantime, the work may well have been arranged, published, given lyrics or adapted to modern tastes, naturally without the permission of the reborn copyright-holders. The question is what to do with all those who had become interested parties for Buma due to the arranging, publishing, providing with lyrics or adapting, and who in some cases had to be regarded as original composers on the basis of Article 2 of this Appendix. The legal requirement which says that acquired rights should not be tampered with does not make the problem any easier.

Article 11 creates order out of the chaos. It is based on the principle that the interested parties are those who were interested parties at the time the work fell into the public domain under the previous legal regime. Consequently, if a new work is created using work that was previously in the public domain, the same distribution keys apply as if the work had always been protected. At the same time, someone who created a new musical work using a work that was at the time in the public domain is deemed to have obtained permis-

sion to use it. Therefore a composer who has set his own music to lyrics that were previously in the public domain does not have to obtain permission for use from the parties with an interest in those lyrics in order for the composer to share in the proceeds of the work. He automatically receives the composer's share. For the arranger, a separate rule is included. If an arrangement is created during the period that the work was in the public domain, the arranger who under Article 3 of this Appendix was regarded as the composer is regarded as the arranger as of the moment that the work becomes protected again. This means that his share would be reduced to zero if no exception was made for him to the rule that arrangers of copyright-protected works receive no share of the proceeds of those works. Paragraph 11 of Article 11 provides a solution to this problem: in this special case the arranger receives ten percent of the proceeds of the work. If his arrangement has since been published by a publisher, the share of the original publisher is halved in favour of the publisher of the arrangement.

This rule also provides a solution to another long-standing problem relating to distribution, which can now be solved in a similar way. Supposing a country joins an international copyright convention to which the Netherlands also belongs. From that moment onwards, works are protected in the Netherlands that were previously in the public domain. For arrangers and arrangement publishers, the same rules apply as those relating to works whose copyright has been revived.

## Article 12

Finally: Anyone who disagrees with a distribu-

tion made by Stemra and is unable to reach agreement with Stemra on the matter may approach the special committee.

### Article 13

The number of request for non-standard copyright distribution based on the titles has increased recently (2011). It is therefore necessary to have a structured description that must be complied with when making such requests, in order to achieve the correct distribution.

There are two types of non-standard partitioning keys:

1. *Dutch Work: A work for which all authors are Buma/Stemra affiliates*
2. *Mixed Work: This refers to non-standard partitioning keys where not only Buma/Stemra authors are involved, but also those of sister organisations. According to Paragraph 2, the Board may impose additional rules that requests for non-standard partitioning keys to comply with.*

## APPENDIX IV

### HOME COPYING REMUNERATION

#### Introduction

Stemra receives home copying levies from Stichting de Thuiskopie for further distribution. A variety of conditions apply to this. Stichting de Thuiskopie is charged with the collection and distribution of the home copying remuneration. Stichting de Thuiskopie does not distribute the monies itself among the rightholders. It pays out the home copy

levies that it collects to a number of organisations that it assigns for the distribution, such as Stemra. Stichting de Thuiskopie does that on the basis of distribution keys (partitioning keys) and the stipulations of the Distribution Rules, as approved by the Control Board of the Collective Management Organisations (governmental supervisory authority).

Stichting de Thuiskopie and the Control Board have made various agreements about this repartition. Those agreements also affect the conditions that Stichting de Thuiskopie imposes on Stemra receiving home copying remuneration payments.

Stichting de Thuiskopie and the aforementioned Control Board for the governmental supervision have reached agreement about the working method for undistributable monies and the period for subsequent claims by non-affiliated rightholders. This means that both the Stichting de Thuiskopie and the distribution organisations after it in the chain, such as Stemra, must amend their distribution rules for the home copying remuneration.

The broad lines of these changes are:

- at least 95% must be distributed within 3 years of collection by Stichting de Thuiskopie. Any proportion of this that cannot be distributed, is deemed non-payable and may be withheld against what Stemra is paid by Stichting de Thuiskopie in the following year (the fourth year). It is mandatory that this stipulation should be included in the distribution rules.
- A maximum of 5% can be reserved for later claims by non-affiliated parties for a period of a maximum of 5 years (the statutory time limitation) after the year in which the monies

are collected by Stichting de Thuiskopie.

- The residual sum left in the sixth year after the later claims must be distributed among those entitled to the home copying remuneration payments for the year in which the money was reserved.

This appendix handles the distribution of the income from the home copying remuneration.

### Article 3, paragraph 3

Stichting de Thuiskopie strives to ensure that there is no more than one quarter between collection and distribution to organizations such as Stemra.

### Article 5, paragraph 4

This article is in accordance with Article 14 of the home copy rules of Stichting de Thuiskopie itself:

- at least 95% must be distributed within 3 years of collection by Stichting de Thuiskopie. Any proportion of this that cannot be distributed is deemed non-payable and may be withheld against what Stemra is paid by Stichting de Thuiskopie in the following year (the fourth year), on the grounds of Article 18 Paragraph 4 of the Distribution Rules of Stichting de Thuiskopie.
- a maximum of 5% can be reserved for later claims in particular by non-affiliated parties for a period of a maximum of 5 years (which is also the statutory time limitation) after the year in which the monies are collected by Stichting de Thuiskopie.
- the residual sum left in the sixth year after the later claims is distributed among the rightholders for the year in which the money was reserved: the Stichting de Thuiskopie has been

expressly instructed to ensure this, in line with the requirements of the CvTA (the Dutch copyright supervisory board).

### Article 6, paragraph 4

Stemra barely has non-distributable monies and limitation, because it does divide within three years.

## APPENDIX V

### LENDING RIGHTS

Stemra receives lending rights remunerations from Stichting Leenrecht, which Stemra then distributes further. A variety of conditions apply to this. Stichting Leenrecht is charged with the collection and distribution of lending rights remunerations. Stichting Leenrecht does not distribute the monies itself among the rightholders. It pays out the lending rights monies that it collects to a number of organisations that it assigns for the distribution, such as Stemra. Stichting Leenrecht does that on the basis of distribution keys (partitioning keys) and the stipulations of the Distribution Rules, as approved by the Control Board of the Collective Management Organisations (governmental supervisory authority).

This is an amendment to the Stemra Distribution Rules, implemented by means of an additional Appendix V regarding lending rights payments. This amendment has been made on request by Stichting Leenrecht.

# EXPLOITATION RULES OF STICHTING STEMRA

Non binding translation. For information purposes only.

Last amended at the members' meeting held on May 23, 2011.

## DEFINITIONS

### Article 1

In these rules the following definitions apply:

- a. Stemra: Stichting Stemra, with registered office in Amstelveen.
- b. Buma: Vereniging Buma, with registered office in Amstelveen.
- c1. Mechanical reproduction rights: rights and/or claims under laws, contracts or statutory regulations anywhere in the world accruing to the author or those to whom he transfers rights with respect to the recording of copyright protected works on sound and/or video carriers and/or the reproduction of recorded works on sound and/or video carriers (or having such reproductions made) and/or making these works available to third parties, in the broadest sense of the term and irrespective of the way in which these works are recorded, reproduced or made available.
- c2. When applying the Articles of Association and Rules, the term 'mechanical reproduction rights' shall also be taken to include the graphical reproduction rights, unless the nature of the exploitation and distribution relating to graphical reproduction rights as defined in subparagraphs d3 or c1 is such that other outcomes would be

*expected or where application of this subparagraph c2 without amendments could not reasonably be expected, in which case the Board shall decide (pursuant to article 35 of the Articles of Association).*

- c3. Graphical reproduction rights: rights and/or entitlements under law, treaty or legislative regulations anywhere in the world that accrue to the publisher or those to whom his rights are assigned regarding the replication and/or publication of sheet music in any form whatsoever, such as for example (but not limited to):
  - a. paper, electronic, analogue or digital formats, distributed using or published in or on any type of information carriers and media that already exists or that may be developed in future, such as for example (but not limited to) the Internet, computer files, CD, CD R, DVD R, minidisc, laser disc, musical scores, books, anthologies, extracts, magazines, newspapers, folders, articles and other publications, but with the exception of the sale and rental of sheet music (which are the primary exploitation rights accruing to the publisher), at any rate insofar as the said sale and rental are not related to the graphical reproduction rights as defined hereinafter under b, c, d and c4 (which are the secondary exploitation rights accruing to Stemra);
  - b. screens, televisions and/or (other) forms of illuminated projection for the purposes of e.g. television programmes, events and meetings;
  - c. (parts of) Sheet music as determined in the various regulations (or the

respective successors thereof) as defined by the publisher for sheet music anthologies, karaoke, the Internet and for the purposes of orchestras and/or choirs relating to licences provided by Stemra for the 'additional copies' regulation (or the successor thereof);

- d. forms of publication and/or replication that are associated with the exploitation of secondary rights (as further defined under subparagraph c4), to be taken in the broadest sense of the term and irrespective of the way in which the publication and/or recording and/or replication and/or provision takes place.
- c4. 'Graphical reproduction rights' shall be taken to include:
- a. reproduction copyright remunerations for payments for sheet music accruing to the publisher and/or the authors it represents based on the reproduction copyright regulations in Articles 16h to 16m of the Copyright Act;
  - b. lending right remunerations for remunerations for sheet music accruing to the publisher and/or the authors it represents under the lending rights regulation in articles 15c to 15g of the Copyright Act;
  - c. home copying remunerations for sheet music onto blank carriers, as in Article 16c of the Copyright Act.
- d1. Repertoire: The total number of works with regard to which a natural person or legal entity holds either the mechanical reproduction rights, or a right to payment by virtue of the mechanical reproduction rights at the moment the exploitation agreement is entered into, and all works he will create during the term of this agreement or with regard to which they will acquire either the mechanical reproduction rights, or the right to payment by virtue of the mechanical reproduction rights for the duration of this agreement.
- d2. When applying the Articles of Association and Rules, the term 'works' shall be taken to include sheet music, unless the nature of the exploitation and partition relating to sheet music and/or mechanical reproduction rights as defined in d3 or c1 respectively is such that other outcomes would be expected or where application of this paragraph d2 without amendment could not reasonably be expected, in which case the Board shall decide (on the grounds of Article 35 of the Articles of Association).
- d3. Sheet music: every conceivable graphical representation of a musical work and/or musical notation of a musical work (with or without lyrics and/or separate song texts) appearing in written, printed or any other form including (but not limited to) paper and/or other digital or electronic forms of publication and/or projection.
- e. Publisher: A one-man business operated by a natural person who performs the commercial function of music publisher.
  - f. Publishing company: A company operated by and/or for the account of several natural persons or by a legal entity, which performs the commercial function of music publisher.
  - g. Participant: The interested party with respect to mechanical reproduction rights who has concluded an exploitation agreement with Stemra either in the capacity of author or his successor in title, or in the capacity of publisher or publishing company.
  - h. Author: The author as referred to in article 2 of

Stemra's Articles of Association who holds at least 90% of the issued share capital of the assignee company.

- i. Company: A 'besloten vennootschap' or 'naamloze vennootschap' with articles of association that determine that the shares are registered, such company being the assignee of the author's entire repertoire or that of his legal successor as referred to in Article 2 b of the Articles of Association, such author or successor holding at least ninety percent (90%) of the issued share capital of the company.

## **EXPLOITATION AND ENFORCEMENT**

### **Article 2**

1. The exploitation and enforcement of the mechanical reproduction rights is carried out by Stemra on behalf of participants in accordance with the statutory provisions applicable in the country where the exploitation and enforcement are carried out.
2. In order to ensure that the mechanical reproduction rights are exploited and enforced in foreign countries, Stemra may conclude agreements with foreign organisations with similar or related aims.

### **Article 3**

Stemra is entitled, whether or not at the request of the participant, to refrain from exploiting or enforcing the rights or causing them to be exploited or enforced in certain countries or in certain cases. Stemra will inform the participant concerned about this in writing in good time, stating its reasons for doing so, after which the participant is entitled to exploit or enforce the mechanical reproduc-

tion rights himself or to cause them to be exploited or enforced in these cases.

## **PENALTY CLAUSE**

### **Article 4**

1. If, in the binding judgement of the Board, a participant repeatedly or very seriously contravenes the Articles of Association, the rules or the agreements concluded with him or otherwise undertakes actions which may cause damage to Stemra or other participants, the Board may impose on him a maximum fine of € 2,268 in favour of Stemra, without prejudice to any other claims Stemra may have and without prejudice to the special penalty clauses mentioned elsewhere in the Articles of Association, rules and agreements.
2. The participant is obliged to pay to Stemra any fine imposed on him under the Articles of Association, rules or agreements, within fourteen days of Stemra's requesting him to do so by registered letter.

## **ANNUAL CONTRIBUTION**

### **Article 5**

The participant is obliged to pay the contribution, annual contributions or other charges specified in Article 18 Paragraph 2 of the Articles of Association. Without prejudice to the provisions of the Articles of Association, the rules or any agreements entered into with the participant, the management has the right to take suitable measures if the participant does not meet this obligation. Suitable measures shall be taken to include the

blocking of any monies to be paid to the participant and termination of the exploitation agreement entered into with the participant.

## DISTRIBUTION

### Article 6

1. Stemra undertakes to pay all monies it receives to the participants entitled to a share in accordance with the provisions of the Distribution Rules specified in Article 29, Paragraph 3 of the Articles of Association. The Board is entitled to specify minimum amounts below which payments will not be made. Participants will be informed of such decisions in good time.
2. Without prejudice to the terms of Paragraph 1, each year the participant is required to pay an amount determined by the Board in respect of registration costs.
3. All payments by Stemra are made in Dutch currency.
4. Stemra shall in no circumstances bear the cost of payments made to participants.

## THE EXPLOITATION AGREEMENT

### Article 7

1. An Exploitation agreement as referred to in Article 2 g of the Articles of Association between Stemra and individual authors or their successors in title, publishers or publishing companies will consist of a model agreement to be established by the Board which will be governed by the Indexation, Exploitation and Distribution Rules.
2. The management is entitled to specify in the

*model agreement to be concluded with the individual authors or their successors in title, publishers or publishing companies, that the agreement does not apply to certain countries mentioned by name in the Agreement.*

3. The management, in consultation with the Board, is entitled to conclude an agreement with an author or his successor in title, a publisher or publishing company that deviates from the model agreement referred to in Paragraph 1 above within the meaning of Article 27, Paragraph 2 of the Articles of Association.

## MORAL RIGHTS

### Article 8

With regard to works from its repertoire, Stemra grants licences for recording and distribution under the explicit condition that the moral rights of the author as specified in Article 25 of the Dutch Copyright Act are respected.

## PLAGIARISM

### Article 9

1. In the event of a dispute between participants concerning plagiarism, this dispute will be settled in accordance with the provisions of the rules on the handling of plagiarism disputes between participants of Buma and Stemra.
2. The provisions in Paragraph 1 do not affect the right of all participants to request temporary arrangements in the form of a temporary injunction or to take legal action before the civil courts in the event of disputes concerning plagiarism.

3. The Board is entitled to publish the judgements of the Vaste Commissie Plagiaat (Permanent Committee on Plagiarism) mentioned in the rules on the handling of plagiarism disputes between participants of Buma and Stemra in the manner it deems appropriate. The Board can also publicly reprimand the party found to be in error.
4. The Board is furthermore entitled to impose a maximum fine of € 2,268 in favour of Stemra on the party found to be in error as specified in the previous Paragraph without prejudice to the obligation of the party found to be in error to pay costs, damages and interest.

persons concerned, and in the case of a company the authorised representative of the company which acquired the right, have jointly appointed an authorised person who will deal with Stemra on behalf of them or on behalf of the company. Stemra will not be obliged to make any payments until this is done.

## ASSIGNMENT

### Article 11

A participant is not allowed to assign existing or future claims on Stemra to third parties without Stemra's explicit written permission.

## DEATH OF A PARTICIPANT

### Article 10

1. If the Exploitation agreement terminates because of the death of the participant or one of his principals, or of the author of the company which acquired the right, and Stemra exercises the right to prolong the Agreement as described in the cancellation clause of the Exploitation agreement concerned, the provisions of the Exploitation agreement between Stemra and the principals, heirs and legatees of the participant, and the company if the participant is a company, remain in force.
2. If, on the death of a participant or his principal, or of the author of the company which acquired the right, other persons exist who are entitled to the repertoire of the deceased participant or principal, or to the shares of the company which acquired the right, for whom or for which Stemra exploits or enforces the mechanical reproduction rights, a new exploitation agreement can only be concluded after all the

## RULES

### Article 12

1. The following rules govern and form part of the legal relationship between Stemra and the participant:
  - a. The Distribution Rules as referred to in the Articles of Association.
  - b. The Indexation Rules as referred to in the Articles of Association.
  - c. The rules on the handling of plagiarism disputes as referred to in Article 9 of the Exploitation Rules.
2. Future amendments to the rules mentioned in Paragraph 1 that have been adopted by means of a legally binding foundation resolution adopted by Stemra will apply to, and be considered part of, all current exploitation agreements.
3. Future rules that concern participants and that have been adopted by a legally binding foundation resolution adopted by Stemra will

apply to, and be considered part of, all current exploitation agreements.

4. Stemra undertakes to inform the participant in writing of any amendments to the rules as mentioned in Paragraph 2, any new rules as mentioned in Paragraph 3 and any amendments to the Articles of Association.

## SPECIAL PROVISIONS

### Article 13

1. Stemra is entitled to offset any monies it owes to a participant, whether due or not, against all monies the participant concerned owes Stemra, whether due or not, if:
  - a. the participant concerned does not in all respects comply with the provisions of the exploitation agreement;
  - b. the exploitation agreement is terminated for any reason;
  - c. the participant concerned has been declared bankrupt or has filed a petition for bankruptcy;
  - d. the participant concerned has applied for a moratorium on payments;
  - e. the property or assets of the participant concerned are seized.
2. If a participant's claim on Stemra is seized, the costs involved in the seizure and the subsequent procedures, including the legal and non-legal procedures consequent thereon and including Stemra's legal adviser's legal and non-legal costs, are to be reimbursed to Stemra by the participant.

### Article 14

1. In exceptional cases, when notifying a work that has not appeared in print or otherwise been

published, the participant may stipulate that the work to which the notification relates may not be recorded and distributed in any manner whatsoever during a period to be agreed with Stemra, counting from the date of notification.

2. Stemra will inform the producers of sound and/or video carriers to whom Stemra has granted general permission to record and distribute works from the Stemra repertoire in order to place these carriers in circulation under the producer's brand or brands, in writing, of any withholding as referred to in Paragraph 1.
3. Stemra accepts no liability for any damages as may arise from recording or distribution of a work that has been withheld as referred to in Paragraph 1 of this Article.

## TRANSITIONAL PROVISIONS

### Article 15

1. With the exception of Paragraph 2 these Rules supersede the provisions of the Exploitation Rules laid down by the Board of Stemra on March 8, 1976 on the recommendation of management and confirmed by the meeting of affiliates of Stichting Stemra on May 3, 1976 and by the Board of Trustees of Vereniging Buma on June 4, 1976.
2. Articles 3, 4 Paragraph 1, 16 and 17 of the Exploitation Rules mentioned in Paragraph 1 remain in full force with regard to exploitation agreements concluded before January 1, 1987, unless such an agreement was subsequently superseded by another exploitation agreement with Stemra.

The articles mentioned in Paragraph 2 read as follows:

### Article 3:

Anyone who either irrevocably instructs and authorises Stemra to represent him with regard to his mechanical reproduction right or transfers this right to Stemra, is under the obligation to do so in accordance with the agreement concluded between him and Stemra and referred to in Article 9 of these Rules for all works for which the person holds the mechanical reproduction right when the exploitation agreement is entered into and for all works the person creates during the term of the agreement or for which he obtains either the mechanical reproduction right or a right to payment by reason of the mechanical reproduction right.

### Article 4

#### Paragraph 1:

To the exclusion of any other party with the exception of the foreign organisations referred to in Article 1, Paragraph 2 of these Rules, Stemra will be entitled to grant or refuse to grant licences for the mechanical reproduction of the works in its repertoire, specify the conditions under which such licences are granted, take legal action against infringements and otherwise undertake any actions, both in and out of court, which the contracting parties themselves would be legally entitled to undertake, to the extent permitted under the laws of the country in which Stemra exploits its repertoire or causes it to be exploited.

### Article 16:

If rights have been transferred to Stemra by virtue of any agreement, Stemra undertakes to return these rights by means of a legally binding transfer as soon as the agreement expires.

### Article 17:

1. *The contracting party is obliged to inform Stemra of any change of address, nationality, residence or legal capacity in writing without delay.*
2. *If Stemra has to notify the contracting party of anything in writing, Stemra is discharged by sending the notification to the last address for the contracting party of which it was informed*

## DATE ON WHICH THESE RULES COME INTO EFFECT

### Article 16

These rules come into effect on January 1, 1987.

Thus established by the Board of Stichting Stemra on November 6, 1986 and approved by the meeting of affiliates of Stichting Stemra on December 15, 1986.

Amended by resolution of the meeting of affiliates of Stichting Stemra on December 4, 1989.

Last amended by the Board of Stichting Stemra on April 4, 2007 and approved by the meeting of affiliates of Stichting Stemra on May 14, 2007, which amendments come into effect as of the date of approval by the meeting of affiliates of Stichting Stemra.

### As at July 3, 1989, Article 25 of the Dutch Copyright Act reads as follows:

1. *Even after assignment of his copyright, the author of a work has the following rights:*
  - a. *the right to oppose the communication to the public of the work without*

*acknowledgement of his name or other indication as author, unless such opposition would be unreasonable;*

- b. the right to oppose the communication to the public of the work under a name other than his own, and any alteration in the name of the work or the indication of the author, in so far as it appears on or in the work or has been communicated to the public in connection with the work;*
  - c. the right to oppose any other alteration of the work, unless the nature of the alteration is such that opposition would be unreasonable;*
  - d. the right to oppose any distortion, mutilation or other impairment of the work that could be prejudicial to the name or reputation of the author or to his dignity as such.*
- 2. Upon the death of the author, the rights referred to under a, b and c shall belong, until the expiry of the copyright, to the person designated by the author in his last will and testament or in a codicil thereto.*
  - 3. The rights referred to under a and b may be waived in so far as alterations to the work or its title are concerned.*
  - 4. If the author of the work has assigned his copyright, he shall continue to be entitled to make such alterations to the work as he may make in good faith in accordance with generally accepted principles. As long as copyright subsists, the same right shall belong to the person designated by the author in their last will and testament or in a codicil thereto, if it may reasonably be assumed that the author would have approved such alterations.*

# NOTES TO THE EXPLOITATION RULES OF STICHTING STEMRA

Non binding translation. For information purposes only.

The Exploitation Rules contain provisions on the exploitation and enforcement of mechanical reproduction rights<sup>1</sup> and on the legal relationship between the participants and Stemra.

The Exploitation Rules contain rules on a number of specific subjects, such as exploitation outside the Netherlands (Articles 2 and 3), the respecting of moral rights (Article 8) and what to do in case of plagiarism (Article 9) or upon the death of an interested party (Article 10).

Stemra's freedom to decide policy regarding exploitation of copyrights is related inter alia to the costs of exploitation and enforcement, during which the costs of exploitation and enforcement of copyrights of all the affiliates on the one hand have to be weighed up against the percentage retention agreed with the affiliates on the other.

Buma/Stemra aims to have a licence agreement with every music user in the Netherlands who needs permission to use music. Buma/Stemra has signed automatically renewable agreements with a large number of music users. New music users are located in a variety of ways and then approached. Buma staff visit new companies

and ventures, and Buma/Stemra employs sophisticated technology for detecting music use. One example is the web crawler for tracing online music use and music during events. How the collected monies are paid out by Buma/Stemra is stated in the Buma and Stemra distribution rules.

Works by Buma/Stemra affiliates are often exploited commercially in areas covered by its sister organisations. The sister organisation will do everything that may be reasonably expected of it to collect remunerations for this use of music abroad. This agreement derives inter alia from reciprocal agreements that Buma/Stemra has signed with the sister organisations. In addition, the sister organisations have agreed with each other that they will treat foreign rightholders the same as their own rightholders. This is also stated in the 'Professional rules for Musical Societies', Cisac article 9b.

The sister organisations are however independent organisations that act subject to their local legislation and regulations (and articles of association and rules). The legal situation and therefore the commercial exploitation policy can vary between countries. Buma/Stemra does not have any powers to influence the repartition and collection policies of its sister organisations. Differences may be related to the manner of

<sup>1</sup> Proceeds of works that Musicopy collected included licences for reproduction and/or public performance of song texts and/or musical notation. In addition, Musicopy received remunerations for further distribution to the rightholders covering lending rights, reproduction rights and the reader regulation for educational institutions.

representation or the rates, as well as in the way in which music users are tracked down. Sister organisations may for instance think differently about making use of resources (for enforcement), such as gathering evidence and taking legal steps if necessary. Buma/Stemra is transparent about which sister organisations it has reciprocal agreements with (see the usual channels - website, portal, etc.) so that users and members are fully aware of this.

This is a best-effort obligation, which was adopted by the Buma/Stemra board meeting on 1 May 2013.

The notes below focus on the introduction on the introduction by Stemra in 2007 of the authorial legal entity, also referred to as author's BV or NV (hereinafter called: BV). These notes were sent to the meeting of affiliates held on May 14, 2007.

## **DESCRIPTION OF GRAPHICAL REPRODUCTION RIGHTS IN ARTICLE 1**

As of 1 January 2011, Stichting Musicopy stopped its exploitation activities for graphical reproduction rights<sup>1</sup> relating to sheet music and song texts. Musicopy has terminated its exploitation agreements with the music publishers. Musicopy has also asked Stemra to take over the various exploitation activities. The Board of Stemra gave the green light for this in 2010 because these exploitation activities fit in well with the existing collective regulations of Buma/Stemra.

Stemra has offered new exploitation agreements to former Musicopy music publishers. Exploitation of these rights is a new activity for Stemra and these rights have also been included in the Articles of Association and the Rules.

The activity is based on the sale and rental rights for sheet music in whatever form, i.e. the primary rights of the publisher. These sale and rental rights remain with the publisher, except for separately listed rights (formerly the 'Musicopy rights') such as the rules for additional copying, lending rights, etc. as these rights – the secondary rights – are to be exploited by Stemra. Everything that is not covered by sale/rental is to be exploited by Stemra.

The Articles of Association of Stemra are applicable to the exploitation of graphical reproduction rights. The Rules are also applicable in principle – the term 'in principle' is used because the various partitioning methods used by Musicopy are being translated to the appropriate Buma/Stemra method of distribution and remuneration schedules, retaining specific Musicopy aspects.

Not a great deal will change in the relationship between Stemra and publishers with whom there is already an exploitation agreement, other than that the services provided by Stemra will be expanded to cover graphical reproduction rights.

The proceeds from graphical reproduction rights (formerly known as the 'Musicopy rights') will therefore also count as Stemra income in

<sup>2</sup> In this case, the [Distribution Rules](#) and the [Exploitation Rules](#).

the sense used by the Articles of Association, the Rules and so forth.

New publishers who are not as yet affiliated to Stemra will be included in the applicable Stemra structure in the same way as other Stemra rightholders through the new 'Stemra exploitation agreement for graphical publishers'. This includes:

- admission to the annual rightholders' meeting, with voting rights (if the conditions stated in the Articles of Association are fulfilled);
- being eligible for election as a Stemra board member (if the conditions stated in the Articles of Association are fulfilled).

The Articles of Association and the Rules<sup>2</sup> of Stemra state:

- that graphical reproduction rights shall henceforth be deemed to be part of Stemra's mechanical reproduction rights;
- what is covered by the term 'graphical reproduction rights'. It is then clear for music publishers what they are transferring to Stemra for collective exploitation and what they will continue to exploit themselves.

These descriptions and amendments further have an effect on:

- the definitions in Article 2 of the Articles of Association, the Distribution Rules and the Exploitation Rules;
- the distribution: the partitioning for graphical reproduction rights shall be done in accordance with the distribution rules defined by the Stemra board. Music copy had its own distribution rules that have been kept separate from Appendices I and II of the

*Stemra Distribution Rules; these appendices are therefore not applicable.*

The meeting of affiliates of Stemra held on 23 May 2011 accepted the various changes to Stemra's Articles of Association and Rules.

### **DEFINITION IN ARTICLE 1, POINT H (AUTHOR) AND POINT I (AUTHOR'S BV/COMPANY)**

According to the Articles of Association, an Author's BV exists where an exploitation agreement is concluded with a BV which is the successor in title of the repertoire of an author who holds at least 90% of the shares of that BV.

- A BV that has the repertoire of 2 authors does not satisfy the definition of participant and will not receive an exploitation agreement: 2 x 90% of the shares of the same BV is an impossibility.
- Nor is it possible for an author A to acquire the repertoire of author B and subsequently transfer their his A repertoire and that of author B to the BV and then have that BV conclude an exploitation agreement with Stemra. This cannot be done because – as far as author B is concerned – the BV is not a successor in title of a creator/author; in this case the BV is merely the successor in title of a purchaser of someone else's repertoire. The BV does not satisfy the definition of a participant in the Articles of Association and will not receive an exploitation agreement.
- Furthermore, an exploitation agreement with an author covers the author's entire repertoire. An author cannot split his repertoire in such a way that he concludes an

exploitation agreement with Stemra both as author and as BV, or split his repertoire between 2 BVs and conclude an agreement with Stemra for one or both of them. An author cannot conclude 2 different exploitation agreements with Stemra and therefore he cannot split his repertoire between 2 agreements. Nor can a BV spread the repertoire across several agreements.

legal successors can also hold 90% of the shares of a BV, and this BV can conclude an heirs' BV exploitation agreement whereby one of the heirs receives a mandate and power of attorney to deal with Stemra on behalf of the BV. Until the heirs' BV exploitation agreement is concluded, Stemra handles the ongoing business with someone authorised by the BV for that purpose.

### Article 10 (Death of a participant)

The old Article 10 already contained a provision concerning the death of an author-participant.

On their death:

- The exploitation agreement between the author and Stemra terminates (see Article 11, Paragraph 1, letter A of the agreement).
- Stemra can extend the agreement (see Article 11, Paragraph 2 of the agreement).

In that case:

- In the case of an author, their heirs are bound by the extension.
- The heirs are offered a new exploitation agreement wherein they authorise one person to deal with Stemra on their behalf.

The new Article 10 has now been expanded to include a provision in the event of the death of an author-non-participant whose BV has concluded an exploitation agreement with Stemra. On their death:

- The exploitation agreement between the BV and Stemra terminates (see Article 11, Paragraph 1, letter A of the agreement).
- Stemra can extend the agreement (see Article 11, Paragraph 2 of the agreement).

In that case:

- The BV is bound by the extension. The heirs have 90% of the shares. By definition these

Upon the death of the author/creator, the company must nominate one of the heirs in place of the author/creator as mandate and power of attorney holder, so that he can handle the business with Stemra. Upon the death of an author with 90% of the shares, the BV can only conclude an heirs' agreement if the heirs also (continue to) hold at least 90% of the shares. As with an ordinary heirs' agreement, the heirs must nominate one person who can handle the business with Stemra. Why is it necessary to have an heirs' BV agreement? Stemra does not wish to be the representative of, for example, large music users which buy up shares of repertoire BVs of dead authors. Stemra may only conclude exploitation agreements with BVs of which at least 90% of the shares are held by the author or the author's heirs (Article 2 t of the Articles of Association).

### Article 14 (Date on which these rules come into effect)

The amendment as such can come into effect immediately. On the other hand, the timing and conditions of the transition from an author's agreement to a BV agreement require consultation between the parties concerned (e.g. the author, publisher, bank, tax authority) and Buma/Stemra.

# INDEXATION RULES OF VERENIGING BUMA AND STICHTING STEMRA

Non binding translation. For information purposes only.

As laid down in 2002, as specified in Articles 29 and 33 of Vereniging Buma's Articles of Association passed by deed on December 20, 1990 and Articles 29 and 33 of Stichting Stemra's Articles of Association passed by deed on December 20, 1990.

## Article 1

The monies specified in Articles 29 and 33 of Vereniging Buma's Articles of Association and the relevant Rules and Exploitation agreements and Articles 29 and 33 of Stichting Stemra's Articles of Association and the relevant Rules and Exploitation agreements are adjusted by the management in December of every year (starting in December 1991) for the subsequent calendar year in accordance with the following indexation formula:

$$Y = PX1 \times 100 - 100 \\ PX$$

Y = adjustment in percent;

PX1= price index as at June 1 of the current year;

PX = price index as at June 1 of the previous year.

## Article 2

The price index used is the consumer index figure published by the CBS relating to families in work with a total income in 1980 below the wage limit for health insurance with a reduced weighting for

medical care excluding the effects of changes in indirect taxation and benefits.

## Article 3

The adjustments to the monies resulting from the indexation as mentioned in Article 7 of Buma's and Stemra's Articles of Association are rounded to whole euros in such a way that amounts of less than € 0.50 are disregarded and amounts of between € 0.50 and € 1.00 are rounded up to € 1.00.

## Article 4

1. *The adjustments to the monies resulting from the indexation as mentioned in Articles 8, 9 and 11 of Buma's and Stemra's Articles of Association are rounded to the nearest multiple of € 2.00.*
2. *The adjustments to the monies resulting from the indexation as referred to in the first sum mentioned in Article 13, Paragraph b (5) of Stemra's Articles of Association and the amounts of money specified in Buma's and Stemra's Rules and Exploitation agreements are rounded to the nearest multiple of € 2.00.*

Thus established by the Boards of Buma and Stemra on October 16, 1987 and approved by the member's meeting of Vereniging Buma and the meeting of affiliates of Stichting Stemra on December 3, 1990.

# ACCREDITATION RULES OF THE AUTHORS' PROFESSIONAL ASSOCIATIONS

As referred to in Article 29, Paragraph 2 of the Articles of Association of Buma and Stemra

## 1. INTRODUCTION

On the basis of the Accreditation Rules recognised authors' professional associations

- a. may nominate candidates for election to the Buma/Stemra Board and the Buma/Stemra Council of Members (Articles 13b and 20a in the proposed changes to the Articles of Association; and 10 participants can nominate their own candidate);
- b. can receive subsidies on the basis of the Accreditation Rules (see text below).

## 2. ACCREDITATION RULES DATED 17 APRIL 2012

### GENERAL

1. Accredited authors' professional associations (hereinafter called accredited associations) receive financial subsidies from Buma/Stemra.
2. The Board of Buma/Stemra sets a subsidy ceiling each year, i.e. the maximum amount that is available each year for the accredited associations together, called the Annual Subsidy.
3. A decision by the Board of Buma/Stemra is required for recognising an organisation as an accredited association. Authors' professional associations that satisfy the following requirements will be accredited.

### REQUIREMENTS

1. *The organisation must be an association.*
2. *The organisation must have members with voting rights who pay contributions to the organisation.*
3. *The organisation must represent the interests of those who are exclusively composers and/or lyricists, as indicated by the organisation's Articles of Association. Notes by means of an example: The BIM was not eligible on the grounds of the 2011 rules because it has members who are not lyricists and/or composers but are only performing musicians. Should the BIM consist only of performing musicians who are also lyricists and/or composers and should the representing of the interests of only composers and/or lyricists become apparent in its aim, then it would be eligible for recognition. This is a requirement in the aim. See also actual aim 4.*
4. *The organisation must consist of only persons who are composers and/or lyricists. Note: requirement 4 must correspond in practice to the aim of requirement 3.*
5. *The organisation must be representative of the professional group, i.e.:*
  - a. *at least 50 members are professional composers and/or lyricists, 50% of whom (i.e. at least 25) are uniquely members of the organisation. Note: what is meant by professional and unique is stated in sub-paragraphs b and c.*
  - b. *Being a professional composer and/or lyricist is shown by the generation of income as a composer and/or lyricist*

from payments by Buma and/or Stemra of at least € 258 on an annual basis, at any rate the financial limit in the Buma Articles of Association.

Note: the professionalism limit applies to the joint incomes from Buma and Stemra, as it did in the previous changes to the Articles of Association.

- c. Being a unique member of an organisation is shown by the declaration – to be made a maximum of 1x per annum – by the member that he/she wishes to be counted as a professional composer/lyricist exclusively in this organisation from 1 January of the next calendar year. A later declaration cancels a previous one.
6. At the time it requests accreditation as a professional association, the organisation must have the legal status referred to in requirement 1 and must satisfy all the other requirements set down in these rules.
7. The organisation must have sufficient income for performing its tasks, also with a view to its desired continuity. The organisation must submit an annual report and annual accounts to Buma/Stemra for that purpose.
8. The organisation must base its policy on the wishes of the professional members affiliated to it, and for that purpose must have an office for forming and operating the policy, and a system for consulting its members about policy matters.
9. The requirements – in particular requirement 5 – will be checked annually on the basis of a list of members to be submitted to Buma/Stemra by the association that requested accreditation by Buma/Stemra, numbers that can then be matched – with a view to checking requirements 5.a and b – against the Buma/Stemra list of members/affiliates.

Notes on regular checking and the choice of members with multiple memberships: it is up to each member to choose which professional organisation he/she wishes to be a member of, and it is the responsibility of the professional organisation in question to ensure that such members make such declarations; it is therefore not up to the Buma/Stemra administration to chase up this sort of declaration. It is probably possible for members to do this via the portal. As far as the regular update is concerned, an annual update is being considered because new members are constantly coming along and new professional associations are regularly set up. This is an annual update because cancelling a subsidy only after 5 years has passed, for example, is too sensitive a concept.

10. Version 6 of the Accreditation Rules, dated 6 April 2011, is withdrawn with immediate effect.

## TRANSITION MEASURE

11. The first check for the following associations recognised by the law and under previous rules is 1 January 2012: Nieuw GeNeCo, Popauteurs.nl, BCMM, VSenV en BIM. New applicants for accreditation are checked when they apply. The accreditation of new applicants of the year following the Board's decision for accreditation, except for associations that applied for accreditation before 1 July 2012, whose accreditation takes effect from 1 January 2012. Accreditation is valid for one year and has to be applied before each subsequent year.
12. The Buma Board can – for reasons of a social nature, reasonableness and fairness – award an association that has lost its accreditation a once-off subsidy that is no higher than the

*amount the association received in its last year of accreditation.*

- 13. The Buma/Stemra Board can adopt financial measures for 2012 that differ from what is stipulated in these rules, with the aim of compensating associations that were subsidised for several years by virtue of previous rules and decisions by the Board in the event of their subsidies being reduced or lost.*

## **DISTRIBUTION OF THE ANNUAL SUBSIDY**

- 1. 25% of the Annual Subsidy is distributed equally among the accredited associations.*
- 2. 75% of the Annual Subsidy is awarded according to the proportion of professional members in each accredited association, with each professional unique member receiving a share according to the following calculation:*

*“75% of the Annual Subsidy” divided by “the total number of professional unique members in the association” = the amount per member.*

Adopted by the Boards of Buma and Stemra on 17 April 2012 and approved by the members’ meeting of Buma and the affiliates’ meeting of Stemra on 16 May 2012.

# ELECTION RULES

## INTRODUCTION

A general members' meeting with elections proceeds in 5 phases:

1. Annually, around February 1st, the preliminary phase, in which the BSb specifies the diversity, the election rules, the role of the Advisory Appointment Committee, etc. for the next year, in time for Phase 2 (Articles 29 and 35 of the Articles of Association).
2. 10 weeks (70 days) before the general members' meeting: an invitation to the professional associations to nominate candidates no later than 8 weeks (56 days) before the general members' meeting (Articles 14 and 20b, Paragraph 1/2 of the Articles of Association)<sup>1</sup>.
3. 6 weeks (42 days) before the general members' meeting: first notice of the meeting, with the names of the candidates from the professional associations, stating that 10 rightholders can nominate their own candidate and can submit agenda items until no later than 4 weeks (28 days) before the general members' meeting (Articles 14, Paragraph 4, 20b Paragraph 4 and 25 Paragraph 2/3 of the Articles of Association)<sup>2</sup>.
4. 2 weeks (14 days) before the general members' meeting: final notice of the meeting, with the final list of candidates and agenda/items (Article 25, Paragraph 4 of the Articles of Association).
5. Elections during the general members' meeting.

These rules<sup>3</sup> are tailored to the election of authors to the Board and the Council of Members. By analogy these rules also apply as far as possible to the election of publishers.<sup>4</sup> Since May 2014, the board members of Stichting Buma Cultuur are also being selected by Buma's General Members Meeting based on the appointment criteria in the Articles of Association of Stichting Buma Cultuur. By analogy, the rules of these Election rules also apply to the elections held by Buma for board members of Stichting Buma Cultuur.

## GENERAL

### Article 1 – Definitions

- a. General members' meeting: members' meeting of Vereniging Buma and/or affiliates' meeting of Stichting Stemra.
- b. BSb: board meeting of Buma/Stemra, being

<sup>1</sup> Submit candidate nominations no later than 8 weeks before the general members' meeting, and all other documentation (such as CVs, code of conduct, motivation, requirement profile sketches) no later than 7 weeks before the general members' meeting, i.e. one week before the first invitation.

<sup>2</sup> Submit candidate nominations no later than 4 weeks before the general members' meeting, and all other documentation (such as CVs, code of conduct, motivation, requirement profile sketches) no later than 3 weeks before the general members' meeting, i.e. one week before the final notice (of the meeting).

<sup>3</sup> In particular with respect to autumn 2012, but also 2013 et seq, see for example Article 3, Paragraph 4.

<sup>4</sup> Analogous application of, among others, Article 4, Paragraphs 1 and 2; Article 5 Requirements for candidates for the Board; Article 7, Paragraphs 1 and 2 concerning the BAC, Article 8, etc.

- the joint meeting of the Board of Buma and the Board of Stemra.
- c. CvTA: College van Toezicht collectieve beheersorganisaties Auteurs- en naburige rechten (Control Board of the Collective Management Organisations for Authors and neighbouring rights).
  - d. BAC: BenoemingsAdviesCommissie (Advisory Appointment Committee) – of Vereniging Buma as well as Stichting Stemra, unless otherwise indicated – as described in Articles 13c and 28, Paragraph 2 of the Articles of Association.
  - e. Professional association: The professional association as referred to in Article 13b, Paragraph 1, sub-paragraph a1 and Article 20a, Paragraph 5 of the Articles of Association.
  - f. Nominator: The professional association that nominates a candidate (as referred to in Articles 13b and 20a of the Articles of Association), or the participant that nominates a candidate with the signatures of 10 participants (as referred to in Articles 13b and 20a of the Articles of Association).
  - g. Articles of Association: Articles of Association means the Articles of Association of Vereniging Buma as well as of Stichting Stemra, as adopted by the annual meeting of 21 May 2014, unless otherwise indicated.
  - h. VOG: Verklaring Omtrent het Gedrag (character declaration), for which a pre-completed form can be obtained at Buma/Stemra in order to get a declaration from the authorities via the municipality.
  - i. NMUV: Nederlandse Muziek Uitgevers Vereniging, (Association of Dutch Music Publishers), founded on the sixth of November, nineteen hundred and ninety-two, with registered office in Hilversum, as referred to in Article 2 of the Articles of Association.
  - j. VMN: the Groep Uitgevers en Grossiers (Group of Publishers and Wholesalers) of the Vereniging van Muziekhandelaren en Uitgevers in Nederland (Association of Music Dealers and Publishers in the Netherlands), founded on the sixteenth of July, nineteen hundred and nine, with registered office in Amsterdam, as referred to in Article 2 of the Articles of Association.
  - k. New Geneco: The Nieuw Genootschap van Nederlandse Componisten (New Society of Dutch Composers of Serious Music), which, by the notarial deed dated July 8, 2014 following the merger with Componisten '96 (Composers '96), is the changed name of the Genootschap van Nederlandse Componisten (Society of Dutch Composers), founded on February 5, 1911, with registered office in Amsterdam, as referred to in article 2 of the Articles of Association.
  - l. Popauteurs.nl: Vereniging Popauteurs.nl, which, by the notarial deed dated February 14, 2014, is the changed name of the Vereniging van Professionele Auteurs Lichte Muziek (Association of Professional Authors of Light Music), which, by the notarial deed dated May 3, 1990, was the changed name of the Vereniging Woord en Toondichters der Lichte muziek W.T.L. (Association of authors and composers of Light Music), founded on January 28, 1937, with registered office in Amsterdam, as referred to in article 2 of the Articles of Association.
  - m. VSenV: De 'Vereniging van Schrijvers en Vertalers' (The Association of Writers and Translators) with registered office in Amsterdam, since 1998 successor of the Vereniging van Letterkundigen/Vakbond van Schrijvers (Dutch Writers Guild), founded on February 15, 1905, with registered office in

Amsterdam, as referred to in article 2 of the Articles of Association.

- n. BCMM: Beroepsvereniging Componisten MultiMedia (Professional Association of MultiMedia Composers), founded on the thirteenth of March, two thousand and nine, with registered office in 's-Gravenhage, as referred to in Article 2 of the Articles of Association.
- o. VCTN: Vereniging Componisten en Tekstdichters NTB (Association of Composers and Lyricists) was founded on 3 January 2014 and based in Amsterdam.

## PHASE 1

### Article 2 – Voting right

Every year – preferably during the month of January – the management checks to see which participants:

- a. have acquired voting rights
- b. are eligible to have voting rights
- c. no longer meet the voting right criteria, and informs the parties concerned in the manner stipulated in Articles 10, 10a and 11 of the Articles of Association.

### Article 3 – Diversity and composition of the Board/Council of Members as a whole

- 1. Authors' and publishers' genres relevant to musical works are represented on the current Board. For publishers these are: publishers of

light music (NMUV) and publishers of serious music (VMN). The authors' professional associations that are represented on the Board reached agreement at the beginning of 2012 about the representativeness of the various genres ('diversity') with the ratio of 3:3:1:1<sup>5</sup> for both Board and Council of Members. VSenV did not submit a candidate in 2012 and later years, and, at the start of 2015, stated that it will not make use of its right to nominate a lyricist candidate. After seeking advice from the professional associations, the BSb decided on 11 March 2015 to use the following diversity ratio for elections at the general meeting of 20 May 2015: 3 seats for light music, 3 seats for multimedia, 1 seat for composer of serious music, 1 free seat.

- 2. With that diversity ratio as a basic principle, the starting point for the elections on 20 May 2015 where the nomination for authors is concerned, is based on the following vacancies and genres for the 8 vacancies for authors on the Board and the Council of Members respectively:
  - a. vacancies/seats 1-3: composers/lyricists of light music, such as members of [popauteurs.nl](http://popauteurs.nl)
  - b. vacancies/seats 4-6: composers of media music, such as members of BCMM
  - c. vacancy/seat 7: composer of serious music, such as members of Nieuw Geneco
  - d. vacancy/seat 8: free seat (no specific category).

Note: The starting point is therefore 3:3:1:1 but in

<sup>5</sup> diversity in the ratio 3:3:1:1 = 3 light music, 3 multimedia, 1 composer of serious music, 1 lyricist.

the end, the members' meeting determine the final result at the annual meeting by voting on the candidates. 10 participants can also nominate candidates, with a request to justify their nominations with respect to, among other things, their connection with one or more genres. The members can make their choices on this basis.

3. At the elections on 20 May 2015, a professional association may nominate one or more candidates for each vacancy.
4. If after the elections on 20 May 2015 there will be more different types of professional associations or multiform professional associations, the Board will re-examine the diversity stipulations and consult in advance with the professional associations concerned – which will preferably proffer joint and unanimous advice – with respect to diversity.

### Article 3A – Diversity and composition of the Buma Cultuur Board as a whole

The Articles of Association of Buma Cultuur were amended in 2014. The following diversity ratio<sup>6</sup> for authors and publishers in the Board of Buma Cultuur was defined:

- a. with respect to each of the four (4) Board seats for authors mentioned in paragraph 4 (i), the professional associations recognized by Buma can each nominate one candidate per named category serious, multimedia, pop and general (no specific category, i.e. free seat).
- a. with respect to each of the three (3) Board seats for publishers mentioned in paragraph 4 (ii), NMUV and VMN can each nominate one candidate.

### Article 4 – Diversity criteria & description of each candidate

1. Keeping the statutory principle of diversity as a managerial responsibility in mind, the Board has also looked at ways to provide a certain protection for diversity, and has laid down the following three criteria: selection by professional associations, personal presentation at the General Members Meeting, and genre-related income.

With regard to the nominations of candidates by the professional associations - the first phase of the elections - the Board deems the two criteria 'selection via professional associations' and 'personal presentation at the General Members Meeting' to be sufficient to ensure a sound consideration by the General Members Meeting. With regard to the candidate nominations - in the second phase of the elections - by means of 10 signatures of participants – the criterion of 'presentation at the General Members Meeting' alone is insufficient, and a genre-related income criterion offers sufficient guarantee of diversity i.e.: over the last 5 (five) consecutive full calendar years (and in the case of a shorter membership or affiliation with Buma/Stemra proportionally fewer calendar years), a candidate needs to have received at least 50 % of his/her Buma and Stemra income in the category related to the seat for which he/she is nominated as a candidate, and a written declaration of this must be provided (see Article 3.2 a to c of these rules).

This written declaration can be deposited with a notary by Buma/Stemra. A verification can,

<sup>6</sup> See Article 6 par. 7 and/or 4 of the Articles of Association of Buma

of course, be carried out at any time if facts or circumstances arise that indicate that this is necessary.

2. A candidate can stand for only one seat/vacancy. A candidate can stand for either the Buma/Stemra Board or the Buma/Stemra Council of Members or the Buma Cultuur Board. Membership of the Buma/Stemra Board is not compatible with membership of the Council of Members or the Buma Cultuur Board and vice versa. Each candidate and nomination must be in accordance with the Articles of Association, the rules and decisions by the Board.
3. A Nominator must indicate in good time – no later than one week before the relevant notice of the meeting – for which vacancy/seat the candidate is being nominated. If Buma/Stemra (or its chairperson) does not receive this information in time, the nomination shall not be valid.  
Notes: There are two notices of the meeting, in Phase 3 and in Phase 4. Professional associations must nominate candidates in time for the first notice of the meeting (Phase 3, see Article 10 of these rules). A participant with the signatures of 10 participants must nominate a candidate in time for the final notice of the meeting (Phase 4, see Article 11 of these rules).
4. With a view to the diversity ratio as referred to

in Article 3 of these rules, the Nominator will be asked for the following information, to be available via the members' portal:

- a. the arguments that each candidate employs to demonstrate why he/she feels connected to the genre relevant to the seat/vacancy
- b. a curriculum vitae (written) or biography of the candidate in Word including the following
  1. the professional association of which the candidate is a member,
  2. how many works (approximately) and what sort of work the candidate has created or have been performed
  3. what administrative experience the candidate has,
- c. a clear profile photograph (high resolution) of the candidate .

Note: Not a requirement cast in stone, but a guideline to supplement the diversity stipulation in Articles 13c, 20a Paragraph 8 and 9, and Article 28 of the Articles of Association of Buma and Stemra and Article 6 Paragraph 4 of the Articles of Association of Buma Cultuur. There is no specific penalty for infringement. The BAC does not check candidates against the diversity stipulation. The final assessment lies in the elections in the members' meeting. The reason for this is to provide the members with

<sup>7</sup> in particular Articles 13 to 13c inclusive of the Articles of Association

<sup>8</sup> having an exploitation agreement for at least five (5) whole consecutive calendar years:

- authors: for the entire repertoire worldwide with Buma/Stemra

- publishers: for all or at least fifty (50) original works which the publisher has published under a direct legal relationship with an author or their successors in title,

<sup>9</sup> has received an average income by virtue of the exploitation agreement of at least

- authors: one thousand euros (€ 1,000) - (€ 1.096.00 in 2015)

- publishers: ten thousand euros (€ 10,000) - (€ 10.960,00 in 2015)

per annum for the last three (3) whole consecutive calendar years, with the income being received from the exploitation agreement with Buma as well as from the exploitation agreement with Stemra.

additional information.

5. If the management and/or the secretary to the Buma/Stemra Board have not received the relevant information in Article 4, Paragraph 3 of these rules in time – no later than one week before the notice of the meeting concerned in Phase 3 or 4 – the situation can be mentioned in the appropriate notice of the meeting.

Notes: 1. See the notes to Paragraph 2 of this Article. 2. If a candidate or a nominator does not provide information about the candidate's genre, it will be evident from his/her CV and voters can weigh that up in their choice of candidates.

## Article 5 – Requirements for candidates for the Board

Notes: The BAC – see Article 7 below – assesses only objective criteria (such as Buma/Stemra incomes, contracts, signing of the code of conduct, and the declaration that the candidate is prepared to sit) and aspects of conflict of interest and other 'formal' impediments concerning candidates from professional associations and 10 rightholders. The BAC therefore does not assess whether candidates comply with other non-objective elements of the code of conduct or profile sketches.

1. Legal requirements for members of the Board
  1. Candidates must satisfy the requirements stated in the Articles of Association<sup>7</sup>, such as:
    - a. having a 5-year contract with Buma/Stemra<sup>8</sup>;
    - b. having received income from Buma/Stemra<sup>9</sup>:
      - authors: at least € 1,096.00 (2015)
      - publishers: at least € 10,960.00 (2015) per annum on average for the last three (3) whole consecutive calendar years.

2. If a candidate does not satisfy the legal requirements on time – no later than one week before the notice in Phase 3 or 4 of the meeting in question – the nomination will not be legally valid and the person will not be added to the list of candidates.

Notes

1. If a candidate does not satisfy the requirements and has not been granted dispensation, he/she will not be added to the list of candidates.
  2. There are two notices of the meeting, in Phase 3 and in Phase 4. Professional associations must nominate candidates in time for the first notice of the meeting (Phase 3, see Article 10 of these rules).. A participant with the signatures of 10 participants must nominate a candidate in time for the final notice of the meeting (Phase 4, see Article 11 of these rules).
2. Profile sketch of the Buma/Stemra Board
    1. Candidates must – for Buma as well as Stemra – satisfy the General Qualifications of item B of the Profile Sketch of the Buma/Stemra Board as much as possible and satisfy and fit in with the other qualifications in the Profile Sketch of the Buma/Stemra Board as much as possible.
    2. Candidates will be asked to state in their CVs / biography why they think they satisfy what is stipulated in Article 5.2.1 of these rules. Notes: Flexible standard, for guidance. There is no specific penalty for infringement. The final assessment lies in the elections in the members' meeting. The reason for this is to provide the members with additional information. No profile sketch for and in consultation with the Council of Members has yet been drawn up.

3. Profile sketch of members of the Buma/Stemra Board
  1. Each candidate must satisfy all requirements of Buma as well as Stemra as much as possible.
  2. Candidates will be asked to state in their CVs / biography why they think they satisfy what is stipulated in Article 5.3.1 of these rules. Notes: Flexible standard, for guidance, no specific penalty for infringement. It does provide the members with information, however.
4. Signed Code of Conduct for Members of the Board of Buma/Stemra.
  1. Each candidate must send a signed original of the Code of Conduct for Members of the Board of Buma/Stemra, or a scanned copy of it from his/her own e-mail address, to the management and/or the secretary to the Board in good time.
  2. If a candidate does not satisfy the requirement of Article 5.4.1 of these rules in time – no later than one week before the notice in Phase 3 or 4 of the meeting in question – the nomination will not be legally valid and the person will not be added to the list of candidates.
5. Conflict of interest from the Code of Conduct for Members of the Board of Buma/Stemra
  1. A member of the Board may not be a member of the Board or an employee of:
    1. the Board or a supervisor of another CMO
    2. an organisation representing the interests of authors' and/or neighbouring rights, unless that organisation is specifically for Buma/Stemra members/rightholders
  3. Stichting Buma Cultuur, Stichting Sociaal Fonds Buma, or a similar body that collects money.
  2. In the case of a position in which, in the BAC's opinion, there is a question of a conflict of interest, the management and/or the secretary to the Board must have received no later than one week before the notice in question of the meeting of the list of candidates a declaration signed by the candidate in which the candidate declares that he/she will have shown for the benefit of the chairperson/integrity committee no later than one week after appointment by the general members' meeting that he/she has resigned from the position as referred to in Article 5.5.1 of these rules. In the

<sup>10</sup> in particular Article 20a of the Articles of Association

<sup>11</sup> Articles 6 to 9 inclusive of an exploitation agreement:

- authors: for the entire repertoire worldwide with Buma/Stemra

- publishers: for all or at least fifty (50) original works which the publisher has published under a direct legal relationship with an author or their successors in title

<sup>12</sup> has received an average income by virtue of the exploitation agreement of at least

- authors: € 500,00 - (€ 548,00 in 2015)

- publishers: € 5,000 - (€ 5.480,00 in 2015)

per annum for the last three (3) consecutive calendar years, with the income being received from the exploitation agreement with Buma as well as from the exploitation agreement with Stemra.

declaration referred to, the candidate declares irrevocably that if the he/she does not resign the position in good time, he/she will resign voluntarily in advance.

3. If a candidate does not satisfy the requirement of Articles 5.5.1 and 5.5.2 of these rules in time – no later than one week before the notice in Phase 3 or 4 of the meeting in question – the nomination will not be legally valid and the person will not be added to the list of candidates.
6. Declaration that the candidate is prepared to sit
  1. Each candidate must send a signed original of a declaration that the candidate is prepared to sit on the Board of Buma/Stemra, or a scanned copy of it from his/her own e-mail address, to the management and/or the secretary to the Board in good time.
  2. If a candidate does not satisfy the requirement of Article 5.6.1 of these rules in time – no later than one week before the notice in Phase 3 or 4 of the meeting in question – the nomination will not be legally valid and the person will not be added to the list of candidates.
7. Verklaring omtrent gedrag (Certificate of good conduct) (VOG)
  1. Candidates must send a certificate of good conduct to the management and/or the secretary to the Board in good time – no later than one week before the final notice in Phase 4 of the meeting in question.
  2. If a candidate does not satisfy the requirement in the preceding paragraph in time, the nomination will not be legally valid and the person will not be added to the final list of candidates.
  3. Insofar as the nomination of a candidate by a professional association at the time of the

first notice of the meeting is involved, while the period of the final notice of the meeting has not yet expired as referred to in the preceding paragraph, an \* (asterisk) will be placed next to the candidate's name in the first notice of the meeting, with a statement that no certificate of good conduct has yet been received.

#### 8. Personal presentation

With regard to the assessment of the diversity ratios, each candidate will be requested to motivate, in a short personal presentation during the General Members Meeting, why the candidate feels himself/herself to be associated with the respective genre of the seat/vacancy.

### Article 6 – Requirements for candidates for the Council of Members

1. Legal requirements for members of the Council of Members
  1. Candidates must satisfy the requirements referred to in the Articles of Association<sup>10</sup>, have voting rights at Buma as well as Stemra, i.e., among other things:
    - a. have a contract with Buma/Stemra<sup>11</sup>;
    - b. have received an income of Buma/Stemra<sup>12</sup>:
      - authors: at least € 548,00 (2015)
      - publishers: at least € 5,480,00 (2015) as an average per annum for the last three (3) whole consecutive calendar years.
  2. If a candidate does not satisfy the legal requirements on time – no later than one week before the notice in Phase 3 or 4 of the meeting in question – the nomination will not be legally valid and the person will not be added to the list of candidates.

Note: see Article 5.1 above
2. Code of conduct for preventing apparent conflict of interest

1. A member of the Council of Members may not be a member of the Board or an employee of:

1. Stichting Buma Cultuur
2. Stichting Sociaal Fonds Buma or a similar body that collects money<sup>13</sup>

Note: See the notice of the meeting dated 21 March 2012 concerning the elections that was sent to members of the Board and rightholders.

2. In the case of a position in which, in the BAC's opinion, there is a question of a conflict of interest, the management and/or the secretary to the Board must have received no later than one week before the notice in question of the meeting of the list of candidates a declaration signed by the candidate in which the candidate declares that he/she will have shown for the benefit of the chairperson/integrity committee no later than one week after appointment by the general members' meeting that he/she has resigned from the position as referred to in Article 6.2.1 of these rules. In the declaration referred to, the candidate declares irrevocably that if the he/she does not resign the position in good time, he/she will resign voluntarily in advance.
3. If a candidate does not satisfy the requirement of Article 6.2.2 of these rules in time – no later than one week before the notice in Phase 3 or 4 of the meeting in question – the nomination will not be legally valid and the person will not be added to the list of candidates.

3. Declaration that the candidate is prepared to sit

1. Each candidate must send a signed original of a declaration that the candidate is prepared to sit on the Buma/Stemra Council of Members, or a scanned copy of it from his/her own e-mail address, to the management and/or the secretary to the Board in good time.
2. If a candidate does not satisfy the requirement of Article 6.3.1 of these rules in time – no later than one week before the notice in Phase 3 or 4 of the meeting in question – the nomination will not be legally valid and the person will not be added to the list of candidates.

4. Profile sketches for the Buma/Stemra Council of Members

1. A candidate must meet as many of the requirements as possible for both Buma and Stemra.
2. A candidate is required to indicate in his/her CV / biography why the candidate believes that he/she meets the requirements in Article 6.4.1 of these rules.

Note: Flexible standard, for guidance, no specific sanction for infringement. Serves as information for the members.

5. Signed Rules of the Council of Members with Code of Conduct

1. A candidate should have sent an original of the "Rules of the Council of Members and the Council of Affiliates", or a scanned copy of this, signed by the candidate, from the candidate's own e-mail address to the management and/or the secretary to the Board in good time.
2. If a candidate has not complied with the

<sup>13</sup> the Council of Members often discusses social-cultural interests and subjects, and a member of the Council of Members could be, for example, both a person assessing an application and a person receiving a subsidy.

requirement of Article 6.5.1 of these rules in due time, i.e. at the latest one week before the corresponding notice of Phase 3 or 4, the nomination will not be legally valid and the person will not be added to the list of candidates.

#### 6. Personal presentation

With regard to the assessment of the diversity ratios, each candidate will be requested to motivate, in a short personal presentation during the General Members Meeting, why the candidate feels himself/herself to be associated with the respective genre of the seat/vacancy

c. in the case of the author categories serious, multimedia or pop, a written declaration stating that his or her company generates more than fifty percent (50%) of its income through its exploitation contract with Buma by means of activities that can be considered to fall under the category of the seat for which he/she is a candidate.

2. If a candidate does not fulfil the statutory requirements in good time - at the latest one week before the corresponding notice of the meeting of Phase 3 or 4 - the nomination will be invalid, and the person will not be placed on the list of candidates.

Explanation:

1. If a candidate does not comply, the candidate will not be placed on the list of candidates.
2. There are two notices of meetings. In Phase 3 and Phase 4. Professional associations must nominate candidates in good time before the first notice of the meeting (Phase 3, see Article 10 of these rules). A participant with the signatures of 10 participants must nominate a candidate in good time before the definitive notice of

## Article 7 – Requirements for candidates for Buma Cultuur Board

### 1. Statutory requirements for members of the Board

1. A candidate must meet the requirements stated in the Articles of Association<sup>14</sup>, such as:
  - a. have a 5-year contract with Buma<sup>15</sup>
  - b. have received income from Buma<sup>16</sup>:
    - authors: at least € 1,096.00 (2015)
    - publishers: at least € 10,906.00 (2015) average per year during the prior three (3) consecutive whole calendar years.

<sup>14</sup> In particular, Article 6 of the Articles of Association of Buma Cultuur

<sup>15</sup> An exploitation contract lasting a period of at least five (5) consecutive, whole calendar years

- authors: have the following with Buma

- publishers: with regard to all, but at least fifty (50) original works, in respect of which the publisher, through a direct legal relationship with an author or his legal successor in title, has proceeded to publishing with Buma (Art. 6 Paragraph 5 sub b of the Articles of Association of Buma Cultuur).

<sup>16</sup> Has received an average income by virtue of the exploitation agreement of at least

- authors: one thousand euros (€ 1,000) - (€ 1.096.00 in 2015)

- publishers: ten thousand euros (€ 10,000) - (€ 10.960,00 in 2015)

per annum for the last three (3) whole consecutive calendar years, with the income being received from the exploitation agreement with Buma (Art. 6 Paragraph 5 sub a Articles of Association of Buma Cultuur).

the meeting (Phase 4, see Article 11 of these rules).

**2. Profile sketch of the Buma Cultuur Board**

1. A candidate must fulfill the qualification and expertise requirements of the 'Profile sketch of the Buma Cultuur Board' as closely as possible.
2. A candidate will be asked to motivate in the curriculum vitae/biography why the candidate believes that he/she meets the provisions of Article 7.2.1 of these rules. Explanation: Flexible standards for guidance. There is no specific penalty for violation. The final assessment is through the elections at the members' meeting. The motivation is purely informative for the members.

**3. Conflict of interest in the case of board members of Buma Cultuur (Art. 6 paragraph 1 Articles of Association of Buma Cultuur)**

1. A board member of Buma Cultuur cannot simultaneously serve on the board of another body (including the Council of Members, supervisory body) of:
  1. Buma or Stemra or another CMO, or be an employee of a CMO
  2. An organisation representing the interests of authors' and/or neighbouring rights, unless this organisation is specifically for Buma members/rightholders, or be an employee of the referred organisation
2. If a candidate does not meet the provisions of Articles 7.3.1. of these rules in good time – at the latest one week before the corresponding notice of meeting of Phase 3 or 4 – there is no valid nomination, and the

person will not be placed on the list of candidates.

**4. Declaration that the candidate is prepared to sit (Art. 6 paragraph 9 Articles of Association of Buma Cultuur)**

1. A candidate must provide an original, written declaration, signed by the candidate, of his/her willingness to serve on the Board of Buma Cultuur, or a scanned copy of this sent from the private email address of the candidate to the management and/or the secretary to the Board of Buma/Stemra, in good time.
2. If a candidate does not meet the provisions of Article 7.4.1 of these rules in good time - at the latest one week before the corresponding notice of meeting of Phase 3 or 4 – there is no valid nomination and the person will not be placed on the list of candidates.

**Article 8 – BAC, role and composition**

1. The BAC assesses only objective criteria (such as Buma/Stemra incomes, contracts, signing of the code of conduct for members of the Board of Buma/Stemra, and the declaration that the candidate is prepared to sit) and aspects of conflict of interest and other 'formal' impediments concerning candidates from professional associations and 10 rightholders. The BAC does not assess whether candidates comply with other non-objective aspects of the code of conduct and/or profile sketches<sup>17</sup>.
2. Where recoverable omissions in candidate nominations are concerned, the BAC shall notify the Nominator of the omission and – if the period has not yet expired – state until

<sup>17</sup> See Articles 13c, Paragraph 2 and 20a Paragraph 9 of the Articles of Association.

which date the omission can be rectified.

3. The list of candidates as referred to in a notice of the meeting in Phase 3 (Article 10 of these rules) and Phase 4 (Article 11 of these rules) contains the following sequence for each seat:
  1. seat number as referred to in Article 3 of these rules,
  2. the genre for that seat number as referred to in Article 3 of these rules,
  3. the candidate from the professional association that corresponds the most closely to the relevant genre as referred to in Article 3 of these rules,
  4. other candidates concerned with this seat, in alphabetic order

Note: f.e. seat 7 for composers of serious music with a Nieuw Geneco candidate: the Nieuw Geneco candidate is named first for the seat, followed by the candidates of the 10 rightholders, in alphabetic order.

4. The further composition of the BAC will be determined by the BSb. Members of the Board or of the Council of Members may not be members of the BAC. A candidate for the Board or the Council of Members may not be a member of the BAC.

Notes:

1. The BAC can consist of rightholders from the field. The BSb can invite the professional associations to provide a candidate as soon as possible. This must comply with the legal ratio of authors to publishers of 2:1 (Article 28, Paragraph 2 of the Articles of Association).
2. Candidates for membership of the BAC must be nominated as soon as possible, because at a given moment the candidates from the

professional associations (who are invited 10 weeks before the general members' meeting to nominate candidates no later than 8 weeks before the general members' meeting) will be trickling in and any errors/omissions in the nominations of candidates will have to be reported by the BAC.

5. This article regarding the BAC also applies analogously to Buma Cultuur.

## PHASE 2

### Article 9 – Invitation to professional associations

1. The legal and affiliated professional associations are invited at least 10 weeks<sup>18</sup> before the general members' meeting to nominate candidates for the Board and the Council of Members no later than 8 weeks before the general members' meeting in the manner stipulated in these rules and the Articles of Association.
2. The BAC deals with the candidate nominations it receives in the manner described in Articles 3 to 11 inclusive of these rules and the Articles of Association.
3. The invitation includes, among other things:
  - a. which vacancies there are for which genres, as described in Article 3 of these rules and in Articles 13b and 20a of the Articles of Association;
  - b. the contents of Article 4 of these rules, such as stating that:
    - A candidate can stand for only one seat/vacancy. A candidate can stand for either the Buma/Stemra Board or the Council of

<sup>18</sup> 10 weeks: Article 14/20b, Paragraph 1 Articles of Association

Members, or the Buma Cultuur Board, but not both. Membership of the Buma/Stemra Board is not compatible with membership of the Council of Members or the Buma Cultuur Board, and vice versa. Each candidate and nomination must be in accordance with the Articles of Association, the rules and decisions by the Board (cf. Article 4, Paragraph 1 of these rules).

- What background information about the candidate will be asked for, as well as justification of the choice for the seat in question (cf. Article 4, Paragraph 3 of these rules).
- c. If a candidate and/or Nominator does not satisfy the legal requirements on time – no later than one week before the notice in Phase 3 (Article 10, Paragraph 1) of the meeting – the nomination will not be legally valid and the person nominated will not be added to the list of candidates (cf. Article 4, Paragraph 2 of these rules).

Note: If a candidate does not meet the Buma/Stemra income requirements and subsequently has not been granted dispensation, the person will not be added to the list of candidates.

sent to the rightholders, with a statement that 10 rightholders can nominate their own candidate and can submit agenda items until no later than 4 weeks before the general members' meeting and how they can do this, all in the manner described in these rules and the Articles of Association<sup>19</sup>.

2. The notice of the meeting states, among other things:
  - a. which vacancies there are for which genres, as described above in Article 3 of these rules and in Articles 13b and 20a of the Articles of Association of Buma/Stemra and Article 6 of the Articles of Association of Buma Cultuur;
  - b. the contents of Article 4 of these rules, such as stating that:
    - A candidate can stand for only one seat/vacancy. A candidate can stand for either the Buma/Stemra Board or the Council of Members or the Buma Cultuur Board, but not both. Membership of the Buma/Stemra Board is not compatible with membership of the Council of Members or the Buma Cultuur Board and vice versa. Each candidate and nomination must be in accordance with the Articles of Association, the rules and decisions by the Board (cf. Article 4, Paragraph 1 of these rules).
    - A candidate must have received at least 50% of his/her Buma and Stemra income during the last 5 (five) consecutive full calendar years (and in the case of a shorter membership or affiliation with Buma/Stemra proportionally fewer calendar years) in the category related to the seat for which he/she is nominated

## PHASE 3

### Article 10 – Provisional list of candidates

1. At least 6 weeks before the general members' meeting, the first notice of the meeting, with the names of the candidates from the professional associations in accordance with Article 7, Paragraph 3 of these rules, will be

<sup>19</sup> Article 25, Paragraph 2 of the Articles of Association, among others.

as a candidate, and a written declaration of this must be provided (applies for Articles a to c of these rules). This written declaration can be deposited with a notary by Buma/Stemra. A verification can, of course, be carried out at any time if facts or circumstances arise that indicate that this is necessary.

- What background information about the candidate will be asked for, as well as justification of the choice for the seat in question (cf. Article 4, Paragraph 3 of these rules) and a personal presentation of the candidate at the General Members Meeting.
- c. If a candidate and/or Nominator does not satisfy the legal requirements on time – no later than one week before the notice in Phase 4 (Article 11, Paragraph 1) of the meeting – the nomination will not be legally valid and the person nominated will not be added to the list of candidates (cf. Article 4, Paragraph 2 of these rules).

Note: If a candidate does not meet the Buma/Stemra income requirements and has not been granted dispensation, the person will not be added to the list of candidates.

## PHASE 4

### Article 11 – Last notice of the meeting – 2 weeks before the general members’ meeting

1. The final notice of the meeting with the final list of candidates and the agenda with the items for the meeting are sent to all concerned

no later than 2 weeks before the general members’ meeting, in the manner described in these rules and the Articles of Association.

2. The list of candidates as referred to in a notice of the meeting in Phases 3 and 4 contains the following sequence for each seat (cf. Article 8, Paragraph 3 of these rules):
  1. seat number as referred to in Article 3 of these rules,
  2. the genre for that seat number as referred to in Article 3 of these rules
  3. the candidate from the professional association that corresponds the most closely to the relevant genre as referred to in Article 3 of these rules
  4. other candidates concerned with this seat, in alphabetic order.

## PHASE 5

### Article 12 – Voting during the elections themselves

1. The persons listed in Article 24 of the Articles of Association of Buma/Stemra, including ‘other persons whom the Board has allowed to attend the general members’ meeting’ may attend the general members’ meeting.
2. The elections to the Board and the Council of Members take place by voting for each vacancy in the sequence announced in the notice of the meeting in Phase 4, and in the manner stipulated in these rules and the Articles of Association<sup>20</sup>.
3. a. A voting box with an activated voting pass will be reserved at the front desk for voting members who have stated at least 2 days

<sup>20</sup> Article 24, Paragraph 7 of the Articles of Association, among others

prior to the general meeting of members that they will be attending it, to enable them to take part in the voting.

- b. Voting boxes and voting passes will be available at the front desk for other voting members for as long as stocks of voting passes that have been activated in the voting computer are available and/or as long as further voting passes can be registered in the voting computer and activated.
  - c. Registration and activation of additional voting passes can be done - as long as stocks are available - up to 30 minutes before the general members' meeting commences. At that point, the voting computer will be 'frozen' (closed for new registrations) so that no further voting passes may be registered or activated in the voting computer.
  - d. During the lunch break or any similar pause, additional voting passes may be registered and activated in the voting computer, as long as stocks are available. The voting computer will once again be frozen/closed shortly before resumption of the general members' meeting.
4. The result of voting on a vacancy is announced immediately after the vote.
  5. Voting on each vacancy is first by Buma and then by Stemra, after which the result is announced.
  6. The voting committee's decision is binding, according to Article 24, Paragraph 9 of the Articles of Association.
  7. Faulty voting devices must be replaced, but not lost voting passes<sup>21</sup>. If a rightholder with voting rights informs the chairperson in time that his/her voting device is faulty and in the chairperson's opinion the difference in the

vote(s) not cast at the next election is relevant, the chairperson can decide immediately to hold the election again.

### Article 13 – other stipulations

1. The Board decides on all matters that have not been entrusted to other bodies of (Buma/ Stemra) by or by virtue of the Articles of Association (Article 18, paragraph 3 of the Articles of Association).
2. Decisions on all matters not governed by law, the Articles of Association or the rules will be taken by the Board (Article 35 of the Articles of Association).

### Article 14 – date of taking effect and amendment

1. The election rules were amended by a resolution to establish the amendments of the Articles of Association by the general members' meeting of Buma en the general meeting of affiliates of Stemra on 21 May 2014, and brought into effect by the execution up of the notarial deed on 2 October 2014. These amendments of the Articles of Association effect the Election Rules as of the date on which the Articles of Association were brought into effect.
2. The election rules were last amended by the Buma/Stemra Board meeting dated 8 april 2015.

<sup>21</sup> cf. the loss of a ballot paper in elections to the House of Representatives: a replacement ballot paper is not available.

# RULES ON DEALING WITH PLAGIARISM DISPUTES BETWEEN PARTICIPANTS OF BUMA AND STEMRA

Non binding translation. For information purposes only.

Last amended at the members' meeting held on May 14, 2007.

## DEFINITIONS

### Article 1

In these rules the following definitions apply:

- a. VCP: *Vaste Commissie Plagiaat (the Permanent Committee on Plagiarism)*;
- b. Buma: *Vereniging Buma, with registered office in Amstelveen.*
- c. Stemra: *Stichting Stemra, with registered office in Amstelveen.*
- d. *Publisher: A one man business operated by a natural person or a business operated by and/or for the account of several natural persons or by a legal entity who/which perform(s) the commercial function of music publisher;*
- e. *Participant: the interested party with respect to the musical performing right and/or mechanical reproduction rights who has concluded an exploitation agreement with Buma and/or Stemra either in the capacity of author or his successor in title or in the capacity of publisher or publishing company.*
- f. *Successor in title: the successor in title mentioned in Article 2 t of the Articles of Association of Buma and Stemra.*

## THE PERMANENT COMMITTEE ON PLAGIARISM

### Article 2

1. *There is a permanent committee for dealing with disputes on plagiarism or similar disputes in which one or more participants are involved, called the Vaste Commissie Plagiaat (Permanent Committee on Plagiarism, VCP).*
2. *The VCP consists of at least five members: one member chairman and one member deputy chairman, both of whom must be law graduates (Master of Laws), and at least three other members who must be composers, lyricists and/or music publishers (or have a managerial function in a publishing company).*
3. *The members of the VCP are appointed and dismissed by the Boards of Buma and Stemra. Appointments are made for a period of five years after hearing the members of the VCP. Resigning members are eligible for reappointment immediately.*
4. *The members of the VCP must be resident in the Netherlands.*
5. *The composition of the VCP and any changes to it are published.*

### Article 3

1. *The Boards of Buma and Stemra appoint the secretary of the VCP, who should be a law graduate (Master of Laws), in consultation with the chairman of the VCP.*

2. *The secretary attends all meetings and takes the minutes; he or she has an advisory role.*

## COMPLAINTS

### Article 4

1. *A participant of Buma or Stemra can lodge a complaint with the VCP as complainant:*
  - a. *if he is of the opinion that a work created or published by another participant is an infringement of the copyright of an earlier work of which the complainant is the creator or the creator's successor in title or publisher;*
  - b. *if he is the creator or the publisher of a work of which another participant claims to be the creator or the creator's successor in title or publisher;*
  - c. *if he is of the opinion that a work created or published by another participant contains a needless imitation of style of a work of which the complainant is the creator or the creator's successor in title or publisher, which could cause confusion.*
2. *The complainant should submit his complaint to the secretary of the VCP in writing accompanied by the necessary explanation and reasons and the required evidence.*
3. *Complaints as referred to in Paragraph 1 can also be submitted to the VCP by the Board of Buma or Stemra or by a foreign organisation for or on behalf of composers, lyricists or publishers who are affiliated to this organisation on condition that this organisation has concluded a reciprocal contract with Buma or Stemra on the exploitation of the musical performing right or mechanical reproduction rights.*

### Article 5

1. *The VCP will only deal with a complaint if the work concerned of the complainant has been registered with or otherwise notified to Buma and/or Stemra as the complainant's own work, regardless of whether the work against which the complaint is being lodged has been registered with or otherwise notified to Buma and/or Stemra.*
2. *If the respondent is not a participant but the publisher of the work is, the complaint can (also) be lodged against the publisher.*
3. *If the complaint concerns a work that is published by a participant and the complaint is only lodged against the composer or lyricist of the work, the VCP may consider the complaint as also having been lodged against the publisher.*
4. *The VCP is also authorised to deal with and settle a complaint lodged against a composer, lyricist and/or publisher who is not a participant if this party submits voluntarily to the jurisdiction of the VCP.*

## DEPOSIT

### Article 6

1. *Before dealing with a complaint the VCP may ask the complainant to pay a deposit, the amount of which is determined by the chairman of the VCP.*
2. *A deposit may not exceed € 1,362 and is paid into the bank or giro account of Buma.*

## HANDLING THE COMPLAINT

### Article 7

1. Once the chairman has established that a complaint meets the requirements set out in Articles 4 and 5 and that the complainant has complied with the VCP's request to pay a deposit, the chairman calls a meeting of the VCP to deal with the complaint.
2. The secretary simultaneously notifies Buma and Stemra that a complaint as specified in Article 4, Paragraph 1 a or b has been received so that payments for the relevant works by the complainant and the respondent can be suspended.

### Article 8

1. The VCP holds its meetings at Buma's offices unless the chairman decides otherwise.
2. It establishes the order of proceedings itself.
3. Before coming to a decision, it is obliged to hear both the complainant and the respondent(s), or at least offer them the opportunity to be heard.
4. Each of the parties to a complaint has the right to challenge a member of the VCP participating in dealing with this complaint on the grounds of one of the provisions of Article 29 of the Code of Civil Procedure relating to the challenging of judges.  
*If the VCP accepts the reason(s) put forward for the challenge, the challenged member will no longer participate in dealing with the complaint concerned.*
5. The VCP is entitled to access information relating to the work of the complainant and the work of the respondent(s) held in Buma's and Stemra's records.
6. The VCP can only make a decision on the basis of documents with which all parties have had

the opportunity to become acquainted.

7. The VCP may consult one or more experts of its choice and pay them for their advice.
8. If desired, the parties may use the services of one or more advisers.
9. The VCP will only make a decision on a case if the chairman or the deputy chairman and at least two other members are present during the session. If it becomes apparent before the session that this quorum will not be reached, the session will be re-scheduled.

### Article 9

1. The VCP will not pass judgement on the artistic content or value of the works by the complainant and the respondent.
2. It will satisfy itself as to whether the work by the complainant is original, i.e. an expression of their own personal ideas.
3. If the respondent is of the opinion that the work by the complainant is itself not new, the burden of proof in this regard lies with the respondent.

### Article 10

1. The VCP decides by a simple majority vote. In the event of a tied vote, the complaint will be rejected.
2. All members and the secretary are subject to the rules of professional secrecy.
3. The VCP's decisions are duly substantiated and at the very least state the facts and the evidence considered.
4. The VCP presents its decisions in writing. The VCP sends copies of its decisions to all parties and to the Boards of Buma and Stemra.
5. The VCP is authorised to give a verbal, abridged decision during the session irrespective of the provisions of Paragraphs 3 and 4 above. A record of such a decision is

taken during the session, a copy of which can be provided to the parties concerned. The record is signed by the chairman and must always contain the names and addresses of the complainant and the respondent, the names of the members of the VCP who participated in dealing with the complaint and whether or not the complaint is admissible and justified.

6. The VCP's decision serves as non binding advice to the parties.
7. A decision arrived at by the VCP will take effect retrospectively from the date of receipt of the complaint by the secretary of the VCP. The decision will not affect monies distributed before this date unless the civil judge in a final judgement rules otherwise. The date of receipt of the complaint is regarded as the date on which the complaint meets the requirements set out in Article 4 Paragraph 2 of these rules.
8. When the VCP rules on a dispute on plagiarism, Buma and Stemra are bound to adhere to the VCP's decision as far as distribution is concerned until such time as either party to the dispute informs them of a ruling by a civil judge in a final judgement that a different method of distribution is appropriate.
9. In the event that the copyright on a work is infringed, with regard to the monies to be distributed by Buma and Stemra, the VCP will indicate as accurately as possible the extent to which the portion of the work infringing the copyright is essential to the entire work against which the complaint is lodged.
10. If the VCP reaches a decision on a dispute concerning needless imitation of style which could cause confusion, Buma and Stemra can only allow the decision to have consequences for the distribution of monies once either party

to the dispute has notified them of a final judgement by a civil judge which concurs with the decision reached by the VCP.

11. The VCP advises the Boards of Buma and Stemra on a case-by-case basis whether and in what form its decision will be published.
12. Buma and Stemra's rights and obligations as referred to in Paragraphs 8 and 10 above also apply where either party to the dispute notifies Buma and Stemra of a decision arrived at by way of an arbitration verdict within the meaning of Article 1020 ff. of the Code of Civil Procedure at the request of both parties.

#### Article 11

1. If the VCP rules that a complaint is valid, the complainant will be refunded any deposit paid in full.
2. In the case referred to in Paragraph 1, the VCP can choose whether or not to charge the costs of dealing with the complaint, or part thereof, to the respondent(s).
3. If the VCP rules that a complaint is unfounded, it can order the complainant to pay the costs of dealing with the complaint and/or declare the deposit forfeited.
4. If a complaint is withdrawn, the VCP can declare the deposit forfeited either in full or in part.
5. Unless the VCP declares the deposit forfeited, it will be offset against the amount the complainant has been ordered to pay in costs as specified in Paragraphs 3 and 4 above; if the deposit exceeds the amount he or she was ordered to pay in costs, the complainant will be refunded the balance.
6. The amount the complainant is ordered to pay in costs or the difference between the deposit paid and the amount they have been ordered

*to pay in costs should be paid to Buma within fourteen days after the announcement of the decision; otherwise Buma is entitled to collect the amount in its own name.*

### **Article 12**

- 1. The parties are entitled to ask the VCP to arrive at a binding decision on a complaint lodged with it.*
- 2. The binding decision arrived at in accordance with Paragraph 1 above will then be regarded as an arbitration decision within the meaning of Article 10, Paragraph 12 of these rules.*

## **REIMBURSEMENTS**

### **Article 13**

- 1. Each member of the VCP is entitled to reimbursement of travel and accommodation expenses and an attendance fee per half-day of each meeting attended or part thereof, to be determined by the Boards of Buma and Stemra.*
- 2. These amounts, as well as the fees referred to in Article 8, Paragraph 7, are charged to Buma's account and are settled as specified in Paragraph 3 below.*
- 3. The negative difference between the amounts paid in costs to Buma and the deposits declared forfeited on the one hand and the costs of collection, reimbursements and fees as specified in Paragraphs 1 and 2 on the other hand is calculated once every calendar year and shared equally by Buma and Stemra.*

### **Article 14**

If the amount received by Buma due to orders to pay costs and deposits declared forfeited exceeds the amount payable under Article 13 and/or due to collection costs during the year, it will donate the surplus to the Stichting Sociaal Fonds Buma (Buma Foundation Social Fund).

### **Article 15**

- 1. These rules were last amended by a resolution of the Board of Vereniging Buma and the Board of Stichting Stemra on April 4, 2007 and approved by the members' meeting of Vereniging Buma and the meeting of affiliates of Stichting Stemra on May 14, 2007.*
- 2. The amendment mentioned in the previous paragraph comes into effect as of the date of approval by the members' meeting of Vereniging Buma and by the meeting of affiliates of Stichting Stemra.*

# NOTES TO THE RULES ON DEALING WITH PLAGIARISM DISPUTES BETWEEN PARTICIPANTS OF BUMA AND STEMRA

Non binding translation. For information purposes only.

Below are the notes to the amendments of 2007 as sent to the Buma members' meeting and the meeting of Stemra affiliates on May 14, 2007. The amendments were necessary in view of the introduction of the Author's NV or BV in the Articles of Association.

The rules of the VCP are based on the assumption that the complainant is also the creator. That is no longer the case if the creator has died or has sold his repertoire to an NV or BV (hereinafter called: BV). It is not reasonable to exclude these successors in title from appealing to the VCP. According to the Exploitation agreement, a complaint of a BV must be submitted on behalf of the BV by the author/creator.

Hence the introduction in 2007 of the term 'successor in title' (rechtverrijgende) in Article 2, Paragraph 1 f and in Article 4, Paragraph 1, a – c.

The date of coming into effect is regulated in Article 15. The amendments as such can come into effect immediately. On the other hand, the timing and conditions of the transition from an author's exploitation agreement to a BV exploitation agreement requires consultation between the parties concerned (e.g. the author, publisher, bank, tax authority) and Buma/Stemra.

# RULES OF THE BUMA/STEMRA DISPUTES COMMITTEE

Non binding translation. For information purposes only.

## DEFINITIONS

### Article 1

In these rules the following definitions apply:

- a. *Buma*: Vereniging Buma, with registered office in Amstelveen;
- b. *Stemra*: Stichting Stemra, with registered office in Amstelveen;
- c. *Participant*: the participant as referred to in Article 2 of the Articles of Association of Buma and Stemra, or a past participant where it concerns an account for which the complaint deadline mentioned in Article 5, Paragraph 2 of the Exploitation agreement of Buma or Stemra has not yet expired;
- d. *Chairperson*: the chairperson of the Disputes Committee appointed in accordance with Article 3 Paragraph 1 of these rules;
- e. *Secretary*: the secretary of the Disputes Committee appointed in accordance with Article 4 Paragraph 1 of these Rules;
- f. *Rules*: The Rules of the Buma/Stemra Disputes Committee with the associated Notes to the Rules of the Buma/Stemra Disputes Committee.

## SCOPE

### Article 2

1. These Rules apply to disputes between a Participant on the one hand and Buma and/or Stemra on the other hand

concerning decisions of Buma and/or Stemra which individually and directly affect the interests of the Participant concerned and which are taken pursuant to Articles of Association, rules or exploitation agreements.

2. These Rules do not apply to decisions of the Buma members' meeting or the meeting of Stemra affiliates, except in the case referred to in Paragraph 9.
3. Disputes concerning decisions in which, by virtue of the Articles of Association, rules or exploitation agreements, the management and/or the Board has power to interpret the policy of Buma and/or Stemra, or in which it has freedom to decide policy, are excluded, except in the case referred to in Paragraph 9.
4. Disputes which have already been referred to or are pending before another body, such as the ordinary civil court, are excluded.
5. The Disputes Committee shall resolve to declare any case involving a sum that in its opinion exceeds € 100,000 to be inadmissible and refer the parties to the ordinary civil court.
6. Disputes to which the rules on dealing with plagiarism disputes of Buma/Stemra are applicable shall not be heard by the Disputes Committee.
7. Disputes concerning a particular account will only be heard once the usual complaints procedure of Buma and/or Stemra has been fully gone through, unless the Disputes Committee is of the opinion that the handling period is unreasonably long.
8. A dispute can only be brought before

the Disputes Committee once.

9. These regulations will apply, or a complaint will be respectively admissible if the complaint on which the dispute is based is against a decision of the members' meeting or the affiliates' meeting or the Board, or against the general policy of Buma/Stemra, but, in this case, the Disputes Committee can only marginally assess whether the individual interests of the individual participant in question have been sufficiently taken into account. If the Disputes Committee believes that this has been insufficiently done, the Disputes Committee will request a review of the case by the members' meeting, the affiliates' meeting or the Board.

## COMPOSITION AND APPOINTMENT OF THE COMMITTEE

### Article 3

1. The Disputes Committee consists of at least seven members, namely:
  - a. an independent chairperson (who must be a lawyer with expertise in the field of intellectual property rights);
  - b. a deputy independent chairperson (who must be a lawyer with expertise in the field of intellectual property rights);
  - c. five ordinary committee members who are members of Buma and/or Stemra, of whom three are authors and two are publishers.
  - d. members of the Disputes Committee must not be employees of Buma or Stemra.
2. A dispute is handled by three members of the Disputes Committee, namely:
  - a. the chairperson (or their deputy) and
  - b. two ordinary members of the Disputes

Committee, appointed by the chairperson (or their deputy)

3. The Chairperson, members and deputy members of the Disputes Committee are appointed and dismissed by the members' meeting of Buma and the meeting of Stemra affiliates, on the recommendation of the Boards of Buma and Stemra, having heard the Chairperson of the Disputes Committee.
4. The appointment is always for a period of three years.
5. A member or deputy member who stands down may be reappointed immediately for one period.

## SECRETARIAT

### Article 4

1. The Boards of Buma and Stemra appoint a secretary and deputy secretary jointly in consultation with the chairperson.
2. The Secretary attends all meetings and takes the minutes; he or she has an advisory role.
3. The address of the secretariat is at the offices of Buma/Stemra.

## SUBMISSION OF DISPUTES

### Article 5

1. A dispute is initiated by submitting it in writing to the secretariat.
2. The submission contains the following information:
  - a. the name, address and place of domicile or establishment or actual place of abode of the applicant and his or her telephone and/ r fax number;
  - b. the name, address and place of domicile or establishment or actual place of abode of

- the opposing party and his or her telephone and/or fax number;
- c. a clear explanation of the dispute and, where applicable, of that which the applicant is claiming, with copies of relevant documents where applicable.
  3. The Secretary provides the applicant with written confirmation of receipt of the submission, indicating the date of receipt.
  4. The Secretary simultaneously notifies Buma and/or Stemra of the submission.
  5. The secretary invites Buma and/or Stemra to respond to the submission in writing within six weeks after the secretary receives the dispute handling fee.
2. During the meeting the Disputes Committee gives the parties the opportunity to explain their positions verbally.
  3. The failure of a party to appear at the meeting without putting forward good reasons, despite having been properly called upon by the Secretary to attend, shall not prevent the Disputes Committee from hearing the other party(ies) and pronouncing its verdict.
  4. The Disputes Committee can be advised by one or more experts of its choice and pay fees to them, and/or hear Buma and/or Stemra or witnesses.
  5. If a settlement is reached, this will be set down in writing in an agreement between the parties and signed by the parties, whereupon the dispute resolution comes to an end.

## REPRESENTATION

### Article 6

1. The parties can be represented in the proceedings of the dispute by a person authorised to that end or by a lawyer.
2. The parties shall notify the Secretary and Buma and/or Stemra of the appointment of a representative as soon as possible, unless the appointment is already evident from the submission or from the written response of Buma and/or Stemra.

## MEETING OF THE DISPUTES COMMITTEE

### Article 7

1. The Disputes Committee itself determines the order of proceedings. The dates for submission of documents and the date of the meeting (hearing) will be chosen in such a way that the dispute process should in principle be completed within six months.

## WRITTEN PROCESS

### Article 8

1. Depending on the nature and scale of the dispute, the Disputes Committee may also decide to resolve the dispute through a written process.
2. If the Disputes Committee decides on a written process, the applicant will be given the opportunity to provide a further written explanation, after which Buma and/or Stemra will be given the opportunity to give a further written response.
3. The Chairperson decides the deadlines for submission of the documents, in such a way that the dispute process should in principle be completed within six months.

## PRESENTATION OF DOCUMENTS

### Article 9

1. The Disputes Committee is at all times authorised to demand that the parties and/or Buma and/or Stemra present certain documents that it considers to be of significance for the dispute.
2. All the documents submitted by a party, including the notification of the dispute, are submitted in six copies to the Secretary, who immediately sends the documents concerned to the other party indicating the date of receipt.

## VERDICT OF THE DISPUTES COMMITTEE

### Article 10

1. Once the dispute process is completed, the Chairperson determines the date on which the Disputes Committee will deliver its verdict.
2. The Disputes Committee decides by a majority vote.
3. In reaching its verdict the Disputes Committee considers only those documents which have been brought to the attention of all parties.
4. The verdict of the Disputes Committee must be backed by reasons, indicating at least the facts, the evidence that has been put forward, the grounds on which the Disputes Committee arrived at its opinion and – in so far as applicable – the ruling on payment of the costs mentioned in Article 14.
5. The verdict of the Disputes Committee is given in writing. The Secretary sends a copy of the verdict to all the parties.
6. The verdict of the Disputes Committee is binding on the parties.

7. Buma and/or Stemra is obliged to comply with the verdict, except in the case referred to in Paragraph 8.
8. Implementation of the verdict of the Disputes Committee shall be suspended if any one of the parties wishes to refer the ruling to the civil courts and has filed the case to that effect with the civil court by no later than 6 (six) weeks after the date of the verdict. The suspension shall remain in effect until the court gives an irrevocable ruling, which shall then supersede the verdict of the Disputes Committee.

## COSTS OF THE PROCEDURE

### Article 11

1. Each party bears its own costs, including the costs of legal assistance mentioned in Article 6.
2. The costs and expenses of the Disputes Committee, of the secretariat and of the experts mentioned in Article 7, Paragraph 4 are borne by Buma and/or Stemra.

## FEES AND EXPENSES OF MEMBERS OF THE DISPUTES COMMITTEE AND SECRETARY

### Article 12

1. The fees of the members of the Disputes Committee and the Secretary are defined jointly by the Boards of Buma and Stemra.
2. The expenses of the members and Secretary include reasonable travel and accommodation costs as well as postage, telephone and fax costs.

## DISPUTE HANDLING DEPOSIT

### Article 13

1. For each notification of disputes (one notification may cover several disputes), a dispute handling deposit shall be payable by the notifying party:
  - a. author: € 150 per notification
  - b. publisher: € 300 per notification
2. The dispute handling deposit must be paid into the Buma/Stemra account by no later than 14 days after the day on which the secretary confirms receipt of the notification.
3. If the notifying party has not paid the dispute handling deposit demanded of them within the term specified by the secretary, they shall be deemed to have withdrawn their complaint.
4. If the Disputes Committee finds in favour of the notifying party, they will receive their dispute handling deposit back without interest.

## FINAL PROVISIONS

### Article 14

1. All proposals and counterproposals for a settlement put forward by any person are deemed to be made with due reservation of rights.
2. The members of the Disputes Committee and the Secretary shall act neither as referee, nor as advocate or adviser in any legal or arbitration procedure concerning disputes occurring in relation to disputes that have been dealt with wholly or partially within the framework of this dispute procedure.

## DATE OF TAKING EFFECT AND AMENDMENT OF RULES

### Article 15

1. These rules were last modified by a resolution of the boards of Vereniging Buma and Stichting Stemra on 3 April 2013 affecting Articles 3, 4, 5, 9 and 13.
2. These rules are established and amended jointly by the Boards of Buma and Stemra. Save as otherwise specified, the applicable rules are those in force on the date when the dispute was lodged.

# NOTES TO THE RULES OF THE BUMA/STEMRA DISPUTES COMMITTEE

Non binding translation. For information purposes only.

As sent to the Buma members' meeting and the meeting of Stemra affiliates in 2006

## A. INTRODUCTION

The introduction of rules for dealing with disputes was prompted by the statements made in the 'Echerer resolution' of the European Parliament [1] and the requirements of the Collective Management Supervision Act (Wet Toezicht Collectief Beheer) [2]. In a letter of 8 February 2005 the Control Board (College van Toezicht) requested that it be sent the dispute rules adopted by Buma. Buma thereupon submitted the rules of the VCP (Vaste Commissie Plagiaat – Permanent Committee on Plagiarism) and indicated that it was working on more general rules for dealing with complaints of interested parties concerning matters such as distribution.

## B. STATUS OF THESE NOTES

These notes reflect the intention of the Rules and are an integral part of the Rules. The notes also serve as instructions for applying the Rules.

## C. SCOPE

These Rules relate to disputes between a

Participant and Buma and/or Stemra concerning certain decisions of Buma and/or Stemra. Therefore not all decisions are covered by the Rules. It must concern a decision whereby the interests of the Participant are individually and directly affected (see point 4 below). Furthermore, the decision must be taken for the purpose of execution and application of Articles of Association, rules or exploitation agreements. Such is the purport of Article 2, Paragraph 1 of the Rules. This is the main rule.

The intention of this main rule is described on the one hand via an interpretation of the main rule, and on the other hand via a number of exceptions to the main rule, and also by a number of examples of what is and what is not covered by the rules.

With regard to execution and application, the Disputes Committee may for example decide in respect of a dispute concerning a complaint of a Participant that the management has applied the Articles of Association, rules or exploitation agreements incorrectly in this specific case. But where it concerns subjects on which, under the Articles of Association, rules or exploitation agreements, the management has discretionary policy, the dispute resolution procedure is not applicable, even if the complaint itself concerns a specific case. Nor is it the role of the Disputes Committee to rule on (the content of) the Articles of Association, rules or exploitation agreements them-

selves. These rules are laid down by the members' meeting or the meeting of affiliates. For example, the dispute resolution procedure is not intended to apply to a complaint such as that which was brought by a tunes composer concerning a lower valuation of jingles, bridges, links, etc. due to a change in the Distribution Rules. The complaint concerned not so much a specific application of a regulation, but rather a matter of policy, in this case an amendment to the Distribution Rules by the Board and the members' meeting. It is not the role of the Disputes Committee to make any pronouncement on policy. If a Participant does not agree with the policy, under the rules of the association and/or the foundation they can try to get the policy changed, or they can apply to the courts.

## D. INDIVIDUAL AND DIRECT EFFECT ON INTERESTS

This terminology used in Article 2, Paragraph 1 is derived from the General Administrative Law Act (*Algemene Wet Bestuursrecht*) and European law.

Under Article 1:2, first paragraph, of the General Administrative Law Act, interested party means a person whose interests are directly affected by a decision. According to the practice of the administrative court, for a person to be regarded as such they must satisfy five criteria:

- a. the party concerned must have their own interest in the case;
- b. this must concern a personal interest which adequately distinguishes the interested party

from others;

- c. this interest must be objectively definable (purely imagined or instinctive complaints are therefore not sufficient);
- d. the interest must be sufficiently current (i.e. not an uncertain future interest);
- e. the interest must be directly affected by the decision.

The addition of the word 'individual' is based on European law, which mentions an interested party whose interests are individually and directly affected. A Participant can only complain about a decision that concerns them individually. For example, author A cannot complain about a decision affecting author B.

## E. EXCEPTIONS TO THE SCOPE

In addition to the interpretation and exceptions as mentioned in point 3 above, the following specific exceptions are mentioned

- a. *Decisions of the meeting of members and/or affiliates.*  
A decision of the highest body, for example of the members' meeting, must not be submitted to the Disputes Committee for appraisal (Article 2, paragraph 2). If a Participant does not agree with the policy, under the rules of the association and/or the foundation they can try to get the policy changed, or they can apply to the courts
- b. *Discretionary policy, further interpretation.*  
As mentioned above, these Rules are not concerned with disputes about the policy of the annual general meeting, the Board or the management, but rather with complaints of

a person who is individually disadvantaged in connection with the specific execution/application of policy as limited to their case. Nor is the dispute resolution procedure intended to enable the Disputes Committee to deliberate on cases where the Articles of Association, rules or exploitation agreements allow the management and/or the Board discretionary policy. After all it is not intended that the Disputes Committee should review policy, i.e. sit in the place of the policy-makers. Where a policy-making body, such as the members' meeting, grants the management freedom to decide policy – for example in order to allow exceptions to a regulation – the Disputes Committee may not provide any further interpretation or pass judgment on the matter. If a Participant objects to the application of a regulation by the management in their specific case, they should appeal not to the Disputes Committee, but rather to the Board or the members' meeting in order to have the regulation amended. As long as the Board or the members' meeting does not consider it necessary to formulate a regulation or decision concerning the matter in hand, there is no question of a decision reviewable by the Disputes Committee '... taken for the purpose of execution of Articles of Association, rules or exploitation agreements' as referred to in Article 2, Paragraph 1.

The Disputes Committee assesses whether or not the existing policy has been executed/applied correctly, but not whether the policy itself is wrong.

**c. Other rules**

The VCP (Vaste Commissie Plagiaat – Permanent Committee on Plagiarism) is an independent committee consisting of experts

on the subject matter. In the area where the VCP is expert, it is not necessary for the new Disputes Committee also to be active. In case of doubt, the VCP will decide. This exception concerns Article 2, Paragraph 6

**d. Complaints about accounts**

This concerns Article 2, Paragraph 7. The usual procedure is as follows. Complaints concerning accounts are subject to Article 15 of the Distribution Rules (complaints about accounts up to a maximum of 2 years after the account, and the corresponding Article 5 of the Exploitation agreement). A complaint is handled by the management, via staff. Thereafter it was – until now – possible to appeal to the Board.

Where it concerns a complaint about the distribution, it is only possible to lodge a claim under the dispute resolution procedure once a decision has been made about the complaint. This depends on the acceptance or rejection of a complaint being carried out formally, stating reasons. That does however mean that if a decision on a complaint is not forthcoming – bearing in mind the complexity, scale and clarity of the complaint – the 'failure to come forth' must be regarded as a rejection of the complaint. The current usual procedure outlined above in relation to the Board ceases to apply on these Rules coming into force.

**e. Dispute already referred to the ordinary court**

Article 2, Paragraph 7 states that if the dispute in question is already being dealt with by the court, an appeal cannot also be lodged with the Disputes Committee. Therefore a Participant may decide not to approach the Disputes Committee (for a binding advice, see Art. 10, Para. 6), but to approach a different body, such as the court.

- f. Other exceptions in Article 2  
This concerns exceptions as mentioned in Paragraphs 5 and 8 of Article 2. These exceptions are self-explanatory.

## **F. FURTHER EXAMPLES: RULES DO APPLY**

- a. A dispute over the execution of the Distribution Rules based on e.g. a decision of the management, in relation to which the management does not have discretionary policy.
- b. For complaints about incorrect application of copyright distribution keys, it was formerly possible to appeal (against a management decision) to an Appeal Committee established by the Board (Art. 13, Appendix 5 Buma Distribution Rules). This rule is replaced by these new Rules. A complaint can now be submitted to the Disputes Committee if all criteria are met (e.g. dispute not already pending at court, etc.).
- c. A dispute about the non-admission of a Participant as a member or affiliate, or about the deprivation of such status (e.g. because in the opinion of the management the revenue requirement, which is strictly set – i.e. no freedom to decide policy – in the Articles of Association, is no longer met).
- d. A complaint about failure to notify a decision in good time in accordance with Article 3 of the Exploitation Rules not to exploit a work in a particular country (the complaint cannot relate to the actual decision itself not to exploit the work in that country: discretionary policy).
- e. A complaint about failure to notify a decision in good time in accordance with Article 6 of the Exploitation Rules to set the minimum amount below which no payment will be made (not the actual decision itself to apply such limit, nor the level of such limit: freedom to decide policy).
- f. A complaint about the penalty referred to in Article 4 of the Exploitation Rules.
- g. For complaints about classification according to duration, it was formerly possible to appeal (against a management decision) to an Appeal Committee established by the Board (Art. 6, Appendix 1, Buma Distribution Rules). This rule is replaced by these new Rules. A complaint can now be submitted to the Disputes Committee if all criteria are met (e.g. dispute not already pending at court, etc.).
- h. Incorrect application by management of the procedure for extra-judicial dissolution, see G.c below.

## **G. FURTHER EXAMPLES: RULES DO NOT APPLY**

- a. Hille complaint about non-collection from crematoria  
The Participant is individually and directly affected by the management's decision, but it is based on a (published) policy. Hille therefore has to approach the policy-makers, the Board or the annual general meeting. As is well known, the court rejected Hille's complaint.
- b. Management decision to suspend due to double claim  
Such a decision is based on Article 8, Paragraph 2, Buma Distribution Rules (Stemra Article 7, Paragraph 2).  
The management 'is entitled' to suspend. In this respect the management has been granted freedom to decide policy under the Rules. This is the exception mentioned in Article 2, Paragraph

3. Buma/Stemra recognises different types of blocking. The management is entitled to suspend in the case of e.g. :

1. Contradictory “CTB” applications (CTB stands for Componist, Tekstdichter, Bewerker [Composer, Lyricist, Arranger], work is registered by the author).
2. Double claim between publishers concerning foreign work with Dutch sub-publisher. Buma/Stemra suspends + demands response. If the party complained against does not respond within 2 months, the claim will be awarded to the complainant.
3. Double claim of publishers of originally Dutch work. Since the end of 2004, equivalent to point 2.
4. Request of a sister organisation where a Buma/Stemra Participant is involved.
5. Extra-judicial dissolution according to the procedure published in the Newsletter of January 2003.
6. A complaint to the VCP (Article 7, Paragraph 2 VCP).
7. Other cases of contradictory claims to a share in a musical work as mentioned in Art. 8 of the Buma Distribution Rules (Stemra Art. 7).

- c. Extra-judicial dissolution procedure  
This concerns rules for a dispute between interested parties. The dispute resolution procedure is not applicable (exception mentioned in Article 2, Paragraph 6). A different situation is where the management applies the procedure wrongly (incorrectly, incompletely, unreasonably), in which case the dispute resolution procedure can be applied to such a management decision.
- d. Dispute about minimum limit / basic amount  
The rules do not apply to a possible complaint

about a decision pursuant to Article 11 of the Exploitation Rules to set a minimum amount below which no payment will be made. Since it concerns the Board’s discretionary policy, the complaint would have to be directed against the general decision itself to apply that limit and/or against the amount of that limit. Therefore such a complaint is not possible.

A complaint can however be made about the failure to notify a decision in good time (see point e of ‘Dispute resolution procedure does apply’). The foregoing also applies to a Board decision concerning the level of the basic amount in Article 13 of the Buma Distribution Rules.

- e. Reservation and withdrawal of repertoire  
Subject to Article 3 of the Exploitation Rules and Article 27, Paragraph 2 of the Articles of Association, the management is authorised to refrain from exploiting an individual Participant in a certain country or in certain cases or for certain forms of exploitation. This concerns the management’s freedom to decide policy: the dispute resolution procedure is not applicable.
- f. Excluding doubtful lists of performed works from distribution  
This concerns the authority of the management to exclude doubtful lists of performed works from distribution and take additional measures (Article 5, Paragraph 5 Buma Distribution Rules). Concerns discretionary policy, therefore the dispute resolution procedure is not applicable.
- g. Supplementary payment due to unreported performances  
This concerns the authority of the Board to introduce or not introduce a supplementary payment due to unreported performances (Art. 9 and 10 Buma Distribution Rules). Concerns

*freedom to decide policy, therefore the dispute resolution procedure is not applicable.*

**h.** *Extension of exploitation agreement by up to 3 years*

*Where the Exploitation agreement is terminated by a Participant, the management shall have the right to extend the agreement by a period of not more than 3 years, on grounds based on the management's tasks regarding exploitation. This is stated in Article 11, Paragraph 2 of the Exploitation agreement established by the Board by virtue of the Articles of Association. This concerns the management's discretionary policy.*

**i.** *Payments that are disputed on grounds that fall within the competency of the VCP. This is the exception mentioned in Article 2, Paragraph 6.*

## **H. APPOINTMENT (ART. 3)**

Because the complaint will often be directed against the management or Board of Buma or Stemra, the Disputes Committee should not be appointed by the Board. Therefore the members are appointed for and by the members and affiliates, but on the recommendation of the Board, having heard the Committee.

## **I. SUBMISSION OF DISPUTE (ART. 5)**

A complaint must be submitted in good time to a special, carefully composed committee (Disputes Committee). The complaint must be clear and backed up by reasons. The Committee informs the management of the complaint immediately. After all, it may concern a

conflict that affects the distribution. For that reason, the management should be able to decide to suspend the distribution in question. The Committee must be (placed in a position such that it is) able to reach a decision quickly. The verdict is binding on the parties.

## **J. BINDING ADVICE (ART. 10)**

A court can only carry out a minimal assessment of a binding advice. The dispute resolution procedure is relatively cheap for interested parties and for Buma/Stemra. This committee has the necessary know-how. A Participant may also choose to go to court instead of to the Disputes Committee.

## **K. NOTES**

<sup>1</sup> [European Parliament resolution adopted at the initiative of Ms. Raina A. Mercedes Echerer on a Community framework for collective management societies in the field of copyright and neighbouring rights \(2002/2274\(INI\) of 15 January 2004\)](#). Points 29, 39 and 49 of the resolution call for a dispute settlement procedure that is affordable for authors for resolving disputes between interested parties and the society.

<sup>2</sup> [Collective Management Supervision Act \(Wet Toezicht Collectief Beheer\) of 6 March 2003](#). Article 2, Paragraph 2 stipulates that the Control Board (College van Toezicht) shall take care to ensure 'that a collective management organisation ... e. has a satisfactory dispute resolution procedure for interested parties'.

# LIST OF KEYWORDS

Use the following list of keywords to see whereabouts in the document you can find information about a particular subject.

## A

Accounts	Buma Distribution Rules (including notes): Article 3 Stemra Distribution Rules: Article 3
Adapter	Buma Distribution Rules (including notes): Article 5 (Appendix I); Stemra Distribution Rules: Article 5 (Appendix I)
Adjustment of sums	Indexation Rules of Buma and Stemra: Articles 1 – 4
Advisory Appointment Committee (BAC)	Buma Articles of Association: article 28 Stemra Articles of Association: article 28 Election Rules: article 7
Affiliate	Stemra Articles of Association: Article 2; Articles 6 – 12
Aim and means	Buma Articles of Association: Article 3; Stemra Articles of Association: Article 3
Alteration of notified works	Buma Distribution Rules (including notes): Article 4 and Article 5 (Appendix II); Stemra Distribution Rules: Article 4 and Article 5 (Appendix II)
Amending the Articles of Association	Buma Articles of Association: Article 30; Stemra Articles of Association: Article 30
Annual accounts	Buma Articles of Association: Article 26; Buma Distribution Rules (including notes): Article 2 and Article 3; Stemra Articles of Association: Article 26; Stemra Distribution Rules: Article 2 and Article 3;
Annual contribution	Buma Exploitation Rules: Article 5; Stemra Exploitation Rules: Article 5
Annual Subsidy	Accreditation Rules of the authors' professional associations
Appeal Committee	Buma Distribution Rules (including notes): Article 6 (Appendix III); Stemra Distribution Rules: Article 12 (Appendix III)
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Appointment of Board	Buma Articles of Association: Articles 13 – 15; Stemra Articles of Association: Articles 13 – 15
Appointment of Disputes Committee	Rules of the Buma/Stemra Disputes Committee: Article 3; 1 Notes to the Rules of the Buma/Stemra Disputes Committee: H
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Appointment of VCP members	Rules on dealing with plagiarism disputes: Article 2
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CBS	Indexation Rules of Buma and Stemra: Article 2
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Classification according to duration	Buma Distribution Rules (including notes): Article 1 and Article 4 (Appendix III)
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Co-composer	Buma Distribution Rules (including notes): Article 2 and Article 3 (Appendix I),

	Article 6 (Appendix IV); Stemra Distribution Rules: Article 2 and Article 3 (Appendix I), Article 4 (Appendix III)
Co-lyricist	Buma Distribution Rules (including notes): Article 4 (Appendix I); Stemra Distribution Rules: Article 4 (Appendix I)
Company	Buma Articles of Association: Article 2 and Article 7a; Buma Distribution Rules (including notes): Article 1; Buma Exploitation Rules: Article 1; Stemra Articles of Association: Article 2 and Article 7a; Stemra Distribution Rules: Article 1;
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Complaint handling	Rules on dealing with plagiarism disputes: Article 7
Composer	Buma Distribution Rules (including notes): Article 2 (Appendix I); Buma Articles of Association: Article 2; Stemra Articles of Association: Article 2
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Buma/Stemra is the Dutch author's right society  
of composers, songwriters and music publishers.

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