



DISTRIBUTION RULES

A. What shall be distributed

Subject to these rules, all collections within a given semi-annual period shall be distributed when due.

B. What shall not be distributed

The Society shall not distribute the collections corresponding to the following:

1. Unidentified sound recordings;
2. Sound recordings not belonging to any Member; and
3. Sound recordings claimed by multiple claimants, whose claims exceed 100%; or who otherwise have conflicting claims.

The Society shall maintain such amounts in an escrow account for a period of three (3) years, for (1) and (2), during which period, the Society shall exert due diligence in identifying and/or recruiting the owners of such unidentified sound recordings.

After said 3-year period, any amount in escrow shall be added to the Gross Collections as part of the distributable amount for the period.

For (3), the Society shall keep said amounts until the claimants come to a settlement, or in accordance with the final order of a Court or administrative body of competent jurisdiction.

For avoidance of doubt, any interest earned on the escrow account shall become part of the revenues of the Society.

C. Application of Distribution Rules

Unless otherwise determined by the Board of Trustees, the Distribution Rules in force at the time of collection shall be applied to a collection.

D. Allowable Deductions

Unless agreed upon by the Board of Trustees and approved by a majority of the Members entitled to vote, only the following may be deducted from the collections of a given period:

1. From gross collections:
 - a) Administrative Fees as approved by the Board of Trustees, not to exceed thirty percent (30%) of gross collections (net of VAT);
 - b) Legal expenses incurred on a specific collection or court award;
 - c) Withholding taxes.
2. From the net royalty due to each Member:
 - a) Withholding taxes, including royalty tax, if applicable;
 - b) Previous overpayments/advances;
 - c) Performers' share, as provided hereunder;

E. Distribution Formulas

The net royalty due to each Member shall be the total of the following:

1. Royalty per song x No. of OSRs claimed

Where a licensee submits a PLAYLIST, the total net collections per licensee corresponding to a period shall be divided by the total number of songs in such playlist.

2. Royalty per hit x No. of hits per OSR x OSRs claimed

Where a licensee submits CUE SHEETS, or otherwise, where monitoring reports are available, either of which shows the frequency at which sound recordings have been played, the total net collections per licensee corresponding to a period shall be divided by the total number of instances (hits) that sound recordings have been played. Hence, the royalty per song is the total number of instances (hits) that a specific sound recording has been played.

3. Royalty computed based on market share

In the absence of a playlist or cue sheet, or other record of the sound recordings played at a particular venue at a particular time, or in the case of amounts in escrow that are returned to the gross collections, the total net collections per licensee corresponding to a period shall be divided in accordance with the market share of each Member, based on the actual market shares collated by the Philippine Association of the Record Industry, Inc. (PARI), or such other industry-accepted measurement of market share as the Board of Trustees may agree upon.

F. Performers' Shares

Performers shall be entitled to a share in the total royalty due on a sound recording, corresponding to the percentage agreed upon in the performers' written agreement with

the member which owns or controls the sound recording under which the performer claims the royalty.

1. In the absence of an agreement, all performers who participated in the recording shall be entitled to a total of fifty percent (50%) of the net royalty due on each recording; provided that the Member shall not be liable to pay more than fifty percent (50%) of the amount it receives on a sound recording.
2. Unless otherwise agreed upon, the Member shall be responsible for remitting the performers' share in royalties it has received to the performers who participated in the recording.
3. Notwithstanding the above, the SOCIETY shall have the authority to enter into an agreement with one or more other collective management organizations (CMOs) organized by a substantial number of active performers for the purpose of the collections under Section 209 of Republic Act No. 8293, entitled, "The Intellectual Property Code of the Philippines," which agreement may provide, among others, for the share of performers to be paid directly to said CMOs; provided, that the total amount remitted to all such CMOs together shall not exceed fifty percent (50%) of the gross collections. In such cases, the Member shall be deemed to have waived its right to more favorable shares agreed upon in its contract with the Performer/s for the period of the agreement between Society and the CMOs. On the other hand, the Society shall ensure that the CMOs shall warrant in writing that the payment to the CMOs of the Performers' share shall relieve the Member of its obligation to directly pay the Performer/s under its Agreement/s.

G. Distribution Schedule

Revenues received shall be distributed within sixty (60) days from the end of the semi-annual period following the period in which the cue sheets/playlists/monitoring reports for said period were received or concluded by Society.

Where no cue sheets/playlists or monitoring reports are received by the Society, revenues shall be accounted for and distributed by the Society within sixty (60) days from the end of the semi-annual period following the period in which the revenue was actually collected by Society.

LICENSE FEES	YEAR 1		YEAR 2		YEAR 3	
	1 st Half	2 nd Half	1 st Half	2 nd Half	1 st Half	2 nd Half
With Cue Sheets	Received Payment	Received 1H Cue sheets / Processing	Received 2H Cue sheets (Year1) / Processing	Payout for Year 1		
Without Cue Sheets	Received payment	Processing	Payout for Year 1			