

PHONOGRAPHIC PERFORMANCE LIMITED

INTERNATIONAL DISTRIBUTION RULES

This document sets out the rules applicable to the distribution of monies collected by PPL from collective management organisations in respect of the exploitation outside of the United Kingdom of the rights controlled by those of PPL's members who have appointed PPL to collect such monies.

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**RULE ONE
AIMS**

- 1.1 The aims of PPL's International Distribution Rules are to ensure that:
- (1) the international monies collected by PPL are distributed and paid to Record Companies and Performers fairly, efficiently, accurately, promptly and in a cost effective manner;
 - (2) the international monies collected from a CMO are allocated to Record Companies and/or Performers fairly and in accordance with the allocations made by that CMO pursuant to its distribution policy or, where sufficient and appropriate allocation data is not provided to PPL, by as fair, accurate and cost effective approximations to the distribution policy of that CMO as PPL determines to be reasonable in all the circumstances; and
 - (3) PPL's distributions are in accordance with PPL's Articles of Association and PPL's contractual duties to Record Companies and Performers.

**RULE TWO
LIST OF DEFINITIONS**

- 2.1 The following definitions are used in these Rules:

The 1988 Act	The Copyright, Designs and Patents Act 1988 or any relevant statutory modification or re-enactment of that statute for the time being in force.
Band / Main Artist Allocation Data	Information received from a CMO setting out the amounts or proportions of an International Payment that relate to named bands or main artists (but not to specific Mandating Performers).
The Board	The board of directors of PPL.
CMO	A collective management organisation responsible for the licensing or management of some or all of the Rights in one or more countries outside of the United Kingdom.
Corporate Group	A collection of Record Companies who: (1) are associated companies (whether incorporated in the United Kingdom or otherwise) within Section 416 of the Income and Corporation Taxes Act 1988 (as amended); (2) inform PPL that they wish to receive a

	(3) collective payment from PPL; or are classified as such by the Finance Committee as it shall determine to be reasonable in all the circumstances.
Costs Deduction	The costs deducted from an International Payment by PPL calculated in accordance with Rule Five.
Distribution Committee	The committee duly appointed by the Board to administer certain aspects of the distribution of monies by PPL.
Exploitation Period	A period of time (such as a calendar year) in which a Sound Recording is used and in respect of which one or more allocations is (or will be) made by a CMO.
Exploitation Revenue	Revenue received by PPL from a CMO pursuant to an International Agreement relating to the licensing of some or all of the Rights by that CMO.
Fund	A Payment Fund from which appropriate Costs Deductions have been made by PPL.
International Agreement	An agreement entered into between a CMO and PPL on behalf of Performers and/or Record Companies.
International Collection Mandate	An agreement authorising PPL to collect revenue from CMOs for the exploitation outside of the UK of rights in Sound Recordings.
International Performer Mandate	An agreement authorising PPL to collect revenue from CMOs for the exploitation outside of the UK of rights in recorded performances in Sound Recordings.
International Payment	A payment of Exploitation Revenues received by PPL from a CMO.
Finance Committee	The committee duly appointed by the Board to administer various financial aspects of PPL's business.
Label Allocation Data	Information received from a CMO setting out the amounts or proportions of an International Payment that relate to groups of Sound Recordings that have been released to the public by reference to named marketing labels.

Mandating Performer	A person that has entered into a valid and subsisting International Performer Mandate with PPL (or a person who at any material time has satisfied these conditions).
Mandating Record Company	A person (whether an individual, company, partnership or otherwise) admitted to membership of PPL and whose name appears on the Register and who has entered into a valid and subsisting International Collection Mandate (or a person who at any material time has satisfied these conditions).
Member Allocation Data	Information received from a CMO setting out the amounts or proportions of an International Payment that relate to each Record Company or Performer as appropriate.
Non-Mandating Performer	A Performer who is not a Mandating Performer.
Non-Mandating Record Company	A Record Company who is not a Mandating Record Company.
Overpayment	A payment made by PPL (whether pursuant to these Rules or otherwise, including, for the avoidance of doubt, pursuant to the UK Distribution Rules) that is in excess of the amount that should have been paid to the recipient.
Payment Fund	A division or aggregation of International Payments before appropriate Costs Deductions are made by PPL.
Performer	A person that controls Rights in recorded performances or is otherwise due remuneration in respect of their exploitation.
Performer Board	The committee of the Board established pursuant to the articles of association of PPL with objects including the determination of policy for the distribution of income to Performers in respect of the collection of Exploitation Revenue due to Performers from CMOs.
Record Company	A person (whether an individual, company, partnership or otherwise) that controls Rights in Sound Recordings.

Register	The register of members to be kept under Section 352 of the Companies Act 1985 (as amended by the Companies Act 1989 or Section 113 of the Companies Act 2006 and including any statutory modification or re-enactment thereof for the time being in force).
Rights	All of the various rights in Sound Recordings or, as the case may be, in recorded performances contributed to such Sound Recordings (as appropriate) as are identified in the relevant International Agreement between PPL and a CMO, including any right to receive or share in equitable remuneration and any right to receive or share in any private copying levy.
Sound Recording	A sound recording as defined under the 1988 Act.
Sound Recording Allocation Data	Information received from a CMO setting out the amounts or proportions of an International Payment that relate to each Sound Recording.
Surrogate Profile	Information regarding the usage of Sound Recordings.
UK Distribution Rules	PPL's distribution rules (as varied from time to time) for the distribution of monies collected by PPL in respect of the licensing of rights in the United Kingdom that are controlled by PPL.
UK Rights	All of the various rights in Sound Recordings under the 1988 Act (in respect of acts taking place in the United Kingdom, the Channel Islands, the Isle of Man and all additional territories to which the 1988 Act shall extend) that are administered by PPL on behalf of some or all of the Record Companies from time to time.
Working Day	Any day of the week (Monday to Friday inclusive) which is not a public holiday.

2.3 Where an individual is both a Performer and a Record Company in respect of a Sound Recording:

- (1) references in these Rules to that individual as a Record Company shall be limited to that individual's role as a Record Company; and
- (2) references to that individual as a Performer shall be limited to that individual's role as a Performer.

RULE THREE
RIGHTS IN SOUND RECORDINGS AND PERFORMANCES

- 3.1 As each country covered by an International Agreement will have different laws and rules as to:
- (1) the subsistence of rights in Sound Recordings and in recorded performances, and
 - (2) the qualification for those rights,
- it would be disproportionate for PPL to verify each CMO's compliance with those laws and rules and therefore PPL shall apply Rules 3.2 to 3.6 below.
- 3.2 For the purpose of distributing Payment Funds on the basis of Member Allocation Data, Label Allocation Data and/or Band / Main Artist Allocation Data, PPL shall presume that the relevant Rights existed in any Sound Recordings (and recorded performances) in any Exploitation Period to which Exploitation Revenue may relate.
- 3.3 For the purpose of distributing Payment Funds using Sound Recording Allocation Data, PPL shall be entitled, unless contrary information has been provided to PPL and it is proportionate for PPL to take it into account, to presume that the CMO from whom such data is provided will have only apportioned revenues to Sound Recordings (and, where appropriate, to recorded performances) in which there were valid and subsisting Rights in the relevant Exploitation Period.
- 3.4 For the purpose of distributing Payment Funds using a Surrogate Profile, PPL shall allocate and distribute those monies as it determines to be reasonable in all the circumstances, and may, as appropriate, only make allocations and payments (whether to Record Companies or to Performers) where that Sound Recording is deemed to qualify for copyright protection in respect of the UK Rights within the Exploitation Period to which the Exploitation Revenue relates (in accordance with Schedule 1 to the UK Distribution Rules).
- 3.5 Where allocations and payment to Performers are to be made using Sound Recording Allocation Data or a Surrogate Profile then PPL shall have discretion to only make allocations and payments where:
- (1) the Performer's contribution to the Sound Recording was such that they would qualify as a performer in respect of that Sound Recording in accordance with the rules in Schedule 2 to the UK Distribution Rules; and
 - (2) the Performer's contribution to that Sound Recording was a qualifying performance in accordance with the rules in Schedule 3 to the UK Distribution Rules.
- 3.6 Allocations and payments shall only be made to Mandating Record Companies and Mandating Performers, and only where there is an International Collection Mandate or International Performer Mandate (as appropriate) under which such Record Company or Performer authorises PPL to collect revenue in respect of the territory and Exploitation Period to which the relevant Exploitation Revenue relates.

**RULE FOUR
THE DISTRIBUTION SCHEME**

- 4.1 Distributions of Net Distributable Revenue shall be made in accordance with the following procedure:
- (1) International Payments received by PPL from a CMO are divided (or aggregated) into Payment Funds according to the territories and the Exploitation Periods to which the relevant revenues relate.
 - (2) PPL's revenues and costs for the relevant Payment Funds are identified.
 - (3) The operating costs relating to PPL's international collection service (including an appropriate proportion of PPL's overhead costs) are allocated to, and deducted from, Payment Funds to create Funds (see Rule 5).
 - (4) The remaining Funds shall be allocated by PPL:
 - (a) directly to Mandating Record Companies and/or Mandating Performers; or
 - (b) alternatively to Sound Recordings, according to the available data provided by the CMO or, where appropriate, by reference to a Surrogate Profile (see Rule 6).
 - (5) Any Exploitation Revenue allocated to Sound Recordings pursuant to Rule 6 shall be allocated to particular Mandating Record Companies and/or Mandating Performers (see Rule 7 and Rule 8).
 - (7) The total amounts allocated to the accounts of individual Record Companies are distributed to those Record Companies or those entitled to receive payments on their behalf (see Rule 9).
 - (8) The total amounts allocated to the accounts of individual Performers are distributed to those Performers or those entitled to receive payments on their behalf (see Rule 10).

**RULE FIVE
COSTS ALLOCATION AND OTHER DEDUCTIONS**

- 5.1 PPL shall determine:
- (1) the extent to which revenues received from a particular CMO are divided and aggregated for the purposes of costs deductions and distributions to form Payment Funds; and
 - (2) the duration of the Exploitation Period for each Payment Fund, as it determines to be reasonable in all the circumstances.

Example(s):

PPL may receive a single International Payment from a CMO covering two years of exploitation and decide to treat that payment as a single Payment Fund with an Exploitation Period of two years.

- 5.2 PPL shall, from time to time, and at least once a year, review the costs of collecting, allocating and distributing Payment Funds from CMOs and shall set an appropriate cost rate to be deducted from Payment Funds originating from each CMO.
- 5.3 In setting the cost rates for each CMO, PPL may have regard to the following, non-exhaustive list of considerations:
 - (1) achieving a total level of deductions from Exploitation Revenue that as closely as possible matches the operating costs of PPL that relate to PPL's international collection service (including an appropriate proportion of PPL's overhead costs);
 - (2) whether the Payment Fund is attributable to an International Payment for Mandating Record Companies only or for Mandating Performers only and the proportion of the operating costs of PPL that relate to PPL's international collection service that relate to services provided for Mandating Record Companies and Mandating Performers;
 - (3) PPL's assessment of what costs relate to particular activities and then what proportion of such costs is attributable to each such activity (such assessments to be conducted by whatever means PPL shall determine to be reasonable in all the circumstances).
- 5.4 For the avoidance of doubt, PPL may set a single cost rate applicable to all or a broad range of Payment Funds where in PPL's discretion it is appropriate to do so for administrative purposes.
- 5.5 Where in any financial year there is a difference between the total deductions from Exploitation Revenue made by PPL through application of costs rates and the operating costs relating to PPL's international collection service (including an appropriate proportion of PPL's overhead costs) PPL may take any such credit or debit into account in setting costs rates for subsequent years according to the process set out in Rule 5.2 above.
- 5.6 The cost rates set by PPL for each CMO shall be applied to all Payment Funds originating from such CMO and distributed by PPL from the time of the cost rate being set until the cost rate is next reviewed.
- 5.7 The Distribution Committee (in respect of Payment Funds for Record Companies) and the Performer Board (in respect of Payment Funds for Performers) may provide that:
 - (1) Costs Deductions for any particular Payment Fund(s) shall not exceed a specified percentage of the relevant Payment Fund(s) and
 - (2) Costs Deductions shall not exceed a specified amount in respect of monies due to any one Mandating Record Company or, as the case may be, Mandating Performer from any one CMO in respect of any particular Exploitation Period.

- 5.8 Interest accrued by PPL on Exploitation Revenue shall be applied to reduce the costs deducted from the Payment Funds in such amounts and such proportions as PPL shall determine to be reasonable in all the circumstances.
- 5.9 Tax payable by PPL shall be allocated across Payment Funds in such proportions as PPL shall determine to be reasonable in all the circumstances.
- 5.10 Any further deductions from the Payment Funds shall be made at the discretion of the Board (and, where appropriate, the Finance Committee or the Performer Board) and in such proportions as PPL shall determine to be reasonable in all the circumstances.

**RULE SIX
ALLOCATIONS TO RECORD COMPANIES, PERFORMERS OR SOUND
RECORDINGS**

- 6.1 Without prejudice to the discretion under Rule 6.10 below, Funds shall be allocated as follows:
- (1) Where the CMO has provided Member Allocation Data, this will be applied to relevant Funds in order to calculate the monies allocated to particular Mandating Record Companies and/or Mandating Performers;
 - (2) In respect of Exploitation Revenue due to Record Companies:
 - (i) where the CMO has not provided Member Allocation Data, any Sound Recording Allocation Data provided by that CMO will be applied to the relevant Funds in order to calculate the monies allocated to particular Sound Recordings; and
 - (ii) where the CMO has not provided Member Allocation Data or Sound Recording Data but has provided Label Allocation Data, PPL shall allocate Funds by label matching in accordance with Rule 6.2.
 - (3) In respect of Exploitation Revenue due to Performers,
 - (i) where the CMO has not provided Member Allocation Data but has provided CMO Sound Recording Data, this data will be applied to particular Funds in order to calculate the monies allocated to particular Sound Recordings.
 - (ii) where the CMO has not provided Member Allocation Data or Sound Recording Data but has provided Band / Main Artist Allocation Data, PPL shall allocate the Exploitation Revenue to all Mandating Performers whose performances have appeared on Sound Recordings with the same Band / Main Artist name in equal proportions to the PPL UK revenue allocated to such Performers in respect of such Sound Recordings for the relevant Exploitation Period.
- 6.2 Where Rule 6.1(2)(ii) applies, PPL shall match the labels identified by the CMO to label data held by PPL and allocate the revenue on the basis of the Record Company to which such label is associated in respect of the relevant Exploitation

Period. Where PPL holds data indicating that more than one Record Company operates a label that matches the Label Allocation Data, PPL shall be entitled to exercise its reasonable discretion in matching labels to Label Allocation Data, and in particular, shall be entitled to assume that a label operated by a Mandating Record Company is the correct match to the Label Allocation Data rather than a label operated by a Non-Mandating Record Company.

- 6.3 Where an CMO has not provided any data or in PPL's reasonable discretion any data provided is incomplete, of poor quality, or unreliable for any reason, or if the processing of such data would be disproportionate, or if in PPL's reasonable discretion it is unfair for the Fund to be allocated according to the available data for any of the reasons set out in Rule 6.10 below then PPL may allocate all or part of revenue in a Fund to Sound Recordings according to a Surrogate Profile, and may, for the purposes of developing such Surrogate Profile use data such as:
- (1) Sound Recording usage information obtained from third party music usage data sources.
 - (2) Sound Recording usage information relating to countries which PPL, in its reasonable discretion, considers to have similar usage profiles to the country of the CMO.
 - (3) Sound Recording usage information received from the same CMO in respect of different Exploitation Periods or in respect of the exploitation of different Rights where such exploitation is linked to the exploitation of the Rights to which the Fund relates.
 - (4) Sound Recording usage information relating to the UK.
- 6.4 In developing an appropriate Surrogate Profile to distribute any Fund, PPL may have regard to any of the factors listed in Rule 6.10 below.
- 6.5 Where PPL proposes to use a Surrogate Profile to allocate a Fund and in its reasonable discretion PPL considers it proportionate and appropriate, PPL shall submit such Surrogate Profile for consideration and confirmation by the PPL Board or by the appropriate committee of the PPL Board, which in the case of Funds due to Performers shall be the PPL Performer Board.
- 6.6 In considering whether a particular Sound Recording is referred to in a usage return (or other usage information) and therefore should be included in Sound Recording Allocation Data or a Surrogate Profile, PPL shall adopt such procedures as it shall determine to be reasonable in all the circumstances and where appropriate shall take into account factors such as:
- (1) the format of the usage report; and
- Example: the provision of electronic usage reports allows for automated matching
- (2) the information provided in the usage report.
- Example: the use of ISRC codes by a CMO is likely to be more reliable than simple track and artist listings.

- 6.7 Where the monies in a Fund are to be allocated between the Sound Recordings in the relevant Sound Recording Allocation Data or Surrogate Profile, the allocation shall be as follows:
- (1) in direct proportion between the total amount of time that each particular Sound Recording was exploited and the total amount of time that Sound Recordings in that Sound Recording Allocation Data or Surrogate Profile were exploited; or
 - (2) in the absence of sufficient information to carry out the allocation in accordance with Rule 6.7(1), in direct proportion to the number of plays for each Sound Recording in that Sound Recording Allocation Data or Profile.
- 6.8 Where the monies in a Fund are to be allocated between the Sound Recordings in the relevant Sound Recording Allocation Data or Surrogate Profile PPL may exclude Sound Recordings as it shall determine to be reasonable in the circumstances (which may, in particular and without limitation, include the treatment of similar Sound Recordings in the distribution policy of the relevant CMO), including where such Sound Recordings have been produced for purposes other than sale and distribution to the general public.

Examples:

- (a) Sound Recordings produced to accompany radio and television broadcasts (jingles, commissioned recordings, station idents)
 - (b) Sound Recordings produced for use in the advertising of products or services
 - (c) Sound Recordings produced to accompany the exercise tracks used in fitness classes
 - (d) Karaoke sound recordings
- 6.9 In respect of money received in respect of Record Company's Rights, allocation to Sound Recordings according to Sound Recording Allocation Data or a Surrogate Profile shall exclude all Sound Recordings in which the Rights are owned by Non-Mandating Record Companies.
- 6.10 Where to follow any aspect of this Rule 6 would not best fulfil the aims of these International Distribution Rules as set out in Rule 1, PPL can depart from the application of Rule 6 as it determines to be reasonable in all the circumstances, , which may, inter alia include:
- (1) The nature, completeness, quality and reliability of the available data
 - (2) The distribution method that is applicable according to the statutes and other governing documents or established processes of the CMO
 - (3) Whether the Funds are due to Performers or Record Companies
 - (4) The value of the Funds, and in particular the proportionality of the Funds available to the costs of acquiring or processing data
 - (5) The Exploitation Period to which the Funds relate and the amount of time elapsed between such period and the time of processing
 - (6) The amount of time elapsed between the receipt of the Funds by PPL and the time of processing

- (7) The form of exploitation of sound recordings or the type of legal right to which the Funds relate
 - (8) Whether the Funds relate to any specified type of Record Company or Performer, such as featured or non-featured Performers
- 6.11 For the avoidance of doubt, allocations can be adjusted to take account of the commencement or termination of PPL's mandate from a Mandating Record Company or, as the case may be, Mandating Performer during any Exploitation Period.

RULE SEVEN
ALLOCATION OF SOUND RECORDING LEVEL REVENUES BETWEEN RECORD COMPANIES

- 7.1 Revenues received in respect of Record Companies Rights controlled by Record Companies and allocated to a particular Sound Recording pursuant to Rule 6.1(2)(i) and Rule 6.2 shall be allocated to that Record Company or between those Record Companies in accordance with Schedule 4 to the UK Distribution Rules save that:
- (1) all revenue received from CMOs in respect of the Rights of Record Companies shall be considered Record Company Track Allocation;
 - (2) all provisions relating to performers set out in that Schedule shall not apply; and
 - (3) all references to the UK Rights therein shall be read as a reference to the relevant Rights in respect of which the relevant International Payment is made.

RULE EIGHT
ALLOCATION OF SOUND RECORDING LEVEL REVENUES BETWEEN PERFORMERS

- 8.1 In allocating between Performers such Exploitation Revenue as is received in respect of Performer's Rights and allocated to a particular Sound Recording pursuant to Rule 6.1(3)(i), PPL shall seek to replicate and apply any rules that may have been adopted by the relevant CMO for the division of track level allocations to Performers. Where such rules are unavailable or PPL in its reasonable discretion determines that it would be disproportionately administratively difficult or costly to apply such rules, such revenue shall be allocated, subject to the remainder of this Rule 8, between the relevant Performers on that Sound Recording in accordance with Schedule 5 to the UK Distribution Rules.
- 8.2 When allocating revenue between Performers in accordance with Schedule 5 to the UK Distribution Rules pursuant to Rule 8.1 above:
- (1) all revenue received from CMOs in respect of the Rights of Performers shall be considered Performer Track Allocation;
 - (2) PPL may adapt elements of allocations methodology set out in that Schedule to better reflect any rules that may have been adopted by the relevant CMO for the division of track level allocations to Performers

Example: Where an CMO operates a policy of splitting Exploitation Revenue between featured performers and non-featured performers in a different proportion to that which PPL applies under the UK Distribution Rules, but the remainder of the CMO's policy is unavailable or disproportionately costly to apply, PPL may apply the UK Distribution Rules subject to adapting the Featured Performer Share and Non-Featured Performer Share (as defined in the UK Distribution Rules) to better reflect the proportions operated by the CMO.

8.3 Where the relevant Payment Fund in respect of only Featured Performers or only Non-Featured Performers (as defined in the UK Distribution Rules), the Performer Track Allocations shall be allocated between the appropriate category of performers only.

8.4 Where PPL exercises its discretion pursuant to Rule 5 to only allocate revenues to Performers where:

- (1) the Performer's contribution to the Sound Recording was such that they would qualify as a performer in respect of that Sound Recording in accordance with the rules in Schedule 2 to the UK Distribution Rules; and
- (2) the Performer's contribution to that Sound Recording was a qualifying performance in accordance with the rules in Schedule 3 to the UK Distribution Rules,

any revenue allocated in accordance with Schedule 5 of the UK Distribution Rules to a Performer in respect of a contribution that does not so qualify shall be applied pro rata to all Mandating Performers that have received an allocation in respect of the relevant Fund.

8.5 Any revenue not allocated to Mandating Performers following the application of the processes set out in Schedule 5 to the UK Distribution Rules (for example where such processes result in allocations nominally being made to Non-Mandating Performers) shall be

- (1) applied pro rata to all Mandating Performers that have received an allocation in respect of the relevant Fund. Where it appears to PPL that the Performer Track Allocation for each Track has already been reduced by the source of the relevant Track usage data to account for the proportion of Performers linked to that Track that are Mandating Performers, such monies shall be allocated to Mandating Performers who have contributed a performance to the relevant Track, pro rata to the allocations made to such Mandating Performers in respect of the relevant Track and in respect of the relevant Fund.

8.6 Where PPL proposes to allocate Performer Track Allocations between Performers by applying Schedule 5 to the UK Distribution Rules (whether or not adapted according to Rule 8.2 above), and in its reasonable discretion PPL considers it proportionate and appropriate, PPL shall submit the proposed method for allocation for consideration and confirmation by the Performer Board.

8.7 For the avoidance of doubt, pending the receipt of full information as to the number, classification and entitlement of Mandating Performers for a particular Sound Recording:

- (a) allocations of revenue in respect of a particular Sound Recording can be made to Performers on a provisional basis (in accordance with Schedule 5 to the UK Distribution Rules); and
 - (b) distributions can be made on that basis where PPL determines it to be reasonable in all the circumstances.
- 8.8 Where the Board and the Performer Board consider it to be reasonable in all the circumstances, then some (or all) of the monies allocated to some (or all of the) Performers on particular Sound Recordings shall not be allocated pursuant to Rules 8.1 to 8.7 but in accordance with an alternative allocation scheme.

RULE NINE PAYMENTS TO RECORD COMPANIES

- 9.1 Rules 9.1 to 9.16 inclusive set out the way in which PPL shall carry out its contractual duty to make payments of Exploitation Revenue to the Record Companies subject to any statutory limitation (as applied by PPL in accordance with any distribution closure policy).
- 9.2 The monies allocated to a Mandating Record Company shall be paid out to that Mandating Record Company or to a duly appointed person such as:
- (1) any party to whom the Mandating Record Company has transferred the contractual right to receive payments (subject to PPL receiving full notification of this transfer);
 - (2) any third party in respect of whom the Mandating Record Company (or, where appropriate, the person to whom the contractual right to receive payments has been transferred under Rule 9.2(1)) has given specific and valid authority to PPL to pay part or all of those monies (which may include, without limitation any fee payable for membership of any trade association of which the Mandating Record Company is a member); or
 - (3) any third parties to whom PPL is obliged to make payments of those monies by law or lawful court order.

Corporate Group payments

- 9.3 Payments to be made pursuant to these Rules can be made to a Corporate Group (or to a single member of that Corporate Group) rather than to the individual members of that Corporate Group at the request of that Corporate Group and the discretion of PPL.

Payments

- 9.4 Payments shall be made to Mandating Record Companies at such times as PPL shall determine to be reasonable in all the circumstances. For the avoidance of doubt, provisional payments may be made in respect of an International Payment received by PPL in accordance with these Rules. Such payments may be calculated on the basis of provisional information regarding the allocation of that Fund by the CMO, the use of Sound Recordings and the ownership and control

of the relevant Rights in Sound Recordings relating to the relevant territory of exploitation and Exploitation Period.

Interest

- 9.5 Where interest has accrued on any revenues allocated to Mandating Performers (whether deducted from costs pursuant to Rule 5.8 or otherwise), such interest shall be added to any payments to Mandating Record Companies relating to those revenues and made pursuant to these Rules at such times and in such amounts as PPL shall determine to be reasonable in all the circumstances.

Taxation

- 9.6 Taxation and charges shall be applied to payments to Mandating Record Companies in accordance with PPL's legal obligations and Rule 5.9.

Deductions

- 9.7 Where an Overpayment has been made in respect of a Mandating Record Company,

- (1) PPL may deduct all or part of that Overpayment from any payment that is due in respect of that Mandating Record Company;
- (2) if that Mandating Record Company is in a Corporate Group, PPL may deduct all or part of that Overpayment from any payments due in respect of any Mandating Record Company in that Corporate Group;
- (3) if that Mandating Record Company has since transferred the repertoire in respect of which the Overpayment was made, PPL may also deduct all or part of that Overpayment from any payment that is due in respect of any Record Company (whether or not a Mandating Record Company) who has acquired control of all or part of that repertoire; and
- (4) if that Overpayment has been included in a payment made by PPL to any organisation acting on behalf of one or more Record Companies, PPL can deduct all or part of that Overpayment from any payments to that organisation,

provided that there is no double recovery of any part of an Overpayment (whether under this Rule 9.7, Rule 9.10 or otherwise).

- 9.8 Any deduction made pursuant to Rule 9.7(3) shall be limited to the payments that are due in respect of the Mandating Record Company and repertoire that was the subject of the Overpayment.
- 9.9 For the avoidance of doubt, PPL may recover parts of an Overpayment from more than one person under these Rules according to any one criterion or any combination of criteria set out in Rule 9.7 (and in such order of persons as PPL determines to be reasonable in all the circumstances) provided that the total sum recovered shall be no more than the Overpayment (plus any interest due under Rule 9.11 below).

Repayment

- 9.10 Where an Overpayment has been made in respect of a Record Company and such Overpayment has not been recouped in full by PPL pursuant to Rule 9.7, that Mandating Record Company (or the person entitled to receive payment on their behalf) shall repay to PPL that sum (or the unrecouped part of that sum) within 10 Working Days of the receipt of a written request from PPL. For the avoidance of doubt, PPL's rights under this Rule 9.10 shall not be dependent upon PPL having first exercised its rights under Rule 9.7.

Interest on Deductions and Repayments

- 9.11 Where a deduction is made from the distribution in respect of a Mandating Record Company pursuant to Rule 9.7, or a repayment has to be made to PPL in accordance with Rule 9.10, interest may be added to that deduction or repayment in such amounts as PPL shall determine to be reasonable in all the circumstances.

Waiver

- 9.12 PPL's ability to recover an Overpayment is not waived by the payment of any further monies in respect of that Mandating Record Company (or by the attempted or partial recoupment of that Overpayment, whether from that Mandating Record Company or from any other party) after the making of the Overpayment.

Holding of monies

- 9.13 Subject to any statutory limitation, the monies in the account of a Mandating Record Company may be held as PPL determines to be reasonable in all the circumstances. For example, PPL may refrain from making distributions:

- (1) pending the amount of those monies reaching an appropriate level for a payment to be made;
- (2) pending the resolution of any disputes concerning distributions in respect of that Mandating Record Company and/or distributions to any Record Companies in the same Corporate Group as that Record Company;
- (3) pending the receipt by PPL of sufficient data relating to that Mandating Record Company's Sound Recordings according to PPL's data policy as adopted and amended from time to time;
- (4) pending the investigation and resolution of any other concerns that PPL might have concerning the Mandating Record Company and/or the monies in that Mandating Record Company's account (including, without limitation, disputes as to the ownership or control over rights in a Sound Recording); or
- (5) pursuant to any court order or other legal duty.

Confirmation of repertoire

- 9.14 Each Mandating Record Company shall notify any changes (additions or deletions) of repertoire (and all relevant Performer data) to PPL as soon as possible (and in accordance with Rule 9.13 PPL has the right to suspend any

distributions under the International Collection Mandate to a Mandating Record Company until its confirmation has been received).

Notification and return of Overpayments

- 9.15 Each Mandating Record Company (or the person entitled to receive payments on behalf of that Mandating Record Company pursuant to Rule 9.2) must inform PPL in writing within 10 Working Days of receiving from PPL monies that are not due to them or of becoming aware that the monies are not due to them (whichever date is later) and return those monies at the same time.

Charity Records

- 9.16 In respect of a Sound Recording made for or attributable to charitable purposes, PPL shall pay to the relevant person under Rule 9.2 the sum allocated to the relevant Mandating Record Company (or Companies) unless PPL receives a written direction to the contrary from that person.

**RULE TEN
PAYMENTS TO PERFORMERS**

- 10.1 Rules 10.1 to 10.17 inclusive set out the way in which PPL shall carry out its contractual duty to make payments of Exploitation Revenue to Mandating Performers subject to any statutory limitation (as applied by PPL in accordance with any distribution closure policy).

- 10.2 The monies allocated to a Mandating Performer shall be paid out to that Performer or to a duly appointed person such as:

- (1) The Mandating Performer's validly appointed agent;
- (2) A person holding a valid power of attorney in respect of that Performer and those monies;
- (3) A person who has obtained a grant of representation in respect of a deceased Mandating Performer;
- (4) any third party in respect of whom the Mandating Performer (or, where appropriate, the Performer's representative) has given specific and valid authority to PPL to pay part or all of those monies (which may include, without limitation, any fee payable for membership of any trade association of which the Performer is a member); or
- (5) any third parties to whom PPL is obliged to make payments of those monies by law or lawful court order.

Payments

- 10.3 Payments shall be made to Mandating Performers at such times as PPL shall determine to be reasonable in all the circumstances. For the avoidance of doubt, provisional payments may be made in respect of a Fund received by PPL in accordance with these Rules. Such payments may be calculated on the basis of provisional information regarding the allocation of that Fund by the CMO, the use

of Sound Recordings, the ownership and control of the relevant Rights in Sound Recordings and the identity, qualification and classification of Performers relating to that territory of exploitation and Exploitation Period.

Interest

- 10.4 Where interest has accrued on any revenues allocated to Mandating Performers (whether deducted from costs pursuant to Rule 5.8 or otherwise), such interest shall be added to any payments to Mandating Performers relating to such revenues and made pursuant to these Rules at such times and in such amounts as PPL shall determine to be reasonable in all the circumstances.

Taxation

- 10.5 Taxation and charges shall be applied to payments to Mandating Performers in accordance with PPL's legal obligations and Rule 5.9.

Deductions

- 10.6 Where an Overpayment has been made to a Mandating Performer (or to a person who is entitled to receive a payment on behalf of a Performer),

- (1) PPL can deduct all or part of that Overpayment from any other payment that is due in respect of that Performer; and
- (2) if that Overpayment has been included in a payment made by PPL to any person or organisation acting on behalf of one or more Performers, PPL can deduct all or part of that Overpayment from any following payments to that organisation,

provided that there is no double recovery of any part of an Overpayment (whether under this Rule 10.6, Rule 10.8 or otherwise).

- 10.7 For the avoidance of doubt, PPL may recover parts of an Overpayment from more than one person under these Rules according to any one criterion or any combination of criteria set out in Rule 10.6 (and in such order of persons as PPL determines to be reasonable in all the circumstances) provided that the total sum recovered shall be no more than the Overpayment (plus any interest due under Rule 10.9 below).

Repayment

- 10.8 Where an Overpayment has been made to a Mandating Performer and such Overpayment has not been recouped in full by PPL pursuant to Rule 10.6, PPL reserves the right to request that Performer (or the person entitled to receive payment on their behalf) to repay to PPL that sum (or the unrecouped part of that sum) within 10 Working Days of the receipt of a written request from PPL. For the avoidance of doubt, PPL's rights under this Rule 10.8 shall not be dependent upon PPL having first exercised its rights under Rule 10.6.

Interest on Deductions and Repayments

- 10.9 Where a deduction is made from the distribution due to a Mandating Performer pursuant to Rule 10.6, or a repayment has to be made to PPL in accordance with Rule 10.8, interest can be added to that deduction or repayment in such amounts as PPL shall determine to be reasonable in all the circumstances.

Waiver

- 10.10 PPL's ability to recover an Overpayment is not waived by the payment of any further monies in respect of that Mandating Performer (or by the attempted or partial recoupment of that Overpayment, whether from that Performer or from any other party) after the making of the Overpayment.

Holding of monies

- 10.11 Subject to any statutory limitation, the monies in the account of a Mandating Performer may be held as PPL determines to be reasonable in all the circumstances. For example, PPL may refrain from making distributions:

- (1) pending the amount of those monies reaching an appropriate level for a payment to be made;
- (2) pending the resolution of any disputes concerning distributions to that Performer and/or distributions to any Performer whose performances feature on the same sound recording as the first Performer;
- (3) pending the investigation and resolution of any other concerns that PPL might have concerning the Performer and/or the monies in that Performer's account; or
- (4) pursuant to any court order or other legal duty.

Confirmation of repertoire

- 10.12 Each Mandating Performer shall notify any changes to the Sound Recordings to which they have contributed performances to PPL as soon as possible (and in accordance with Rule 10.11 PPL has the right to suspend any distributions to that Mandating Performer until its confirmation has been received).

Notification and return of Overpayments

- 10.13 Mandating Performers (or the relevant persons under Rule 10.2) must inform PPL in writing within 10 Working Days of receiving from PPL monies that are not due to them, or of becoming aware that the monies are not due to them (whichever date is later) and return those monies at the same time.

Ensembles

- 10.14 Where some or all Performers on a Sound Recording are members of what PPL reasonably believes to be an ensemble (or choir) and where PPL also reasonably believes either that:

- (1) the ensemble (or choir) has an amateur or volunteer status and:
 - (i) it is not cost efficient to identify all the Performers in that ensemble (or choir) individually, and
 - (ii) the amount allocated to each such Performer in respect of any Exploitation Period does not exceed the threshold for payment of equitable remuneration (as determined by the Performer Board to be reasonable in all the circumstances); or

- (2) the Performers in the ensemble (or choir) have appointed a representative to receive their payments of equitable remuneration on behalf of the members of that ensemble (or choir),

then subject to Rule 10.15, Rule 10.16 and any direction from the relevant CMO, PPL may allocate and distribute the aggregate of such Performers' monies from CMOs to the person or entity responsible for the administration of the ensemble (or choir) (whether or not all those Performers are Mandating Performers).

10.15 An allocation and distribution pursuant to Rule 10.14 shall only take place where:

- (1) at least part of that ensemble (or choir) qualifies for payment from the CMO and is a Mandating Performer; and
- (2) the appointed representative or (as the case may be) the person responsible for the administration of the ensemble (or choir) enters into an agreement with PPL (in a form determined by PPL to be reasonable in all the circumstances).

10.16 In the event that a single payment is made or arranged with any ensemble (or choir) pursuant to Rule 10.14, but an individual Mandating Performer in that ensemble requires individual payment, PPL shall make such payment to that Mandating Performer (subject to the provisions of these Rules) and such payment shall not automatically suspend the arrangements for the single payment in respect of the other Performers (whether or not Mandating Performers) comprising that ensemble (or choir).

Charity Records

10.17 In respect of a Sound Recording made for or attributable to charitable purposes, PPL shall pay to the relevant person under Rule 10.2 the sum allocated to a Mandating Performer unless PPL receives a written direction to the contrary from that person.

RULE ELEVEN ADJUSTMENTS

General Adjustments

11.1 Adjustments to the amounts allocated by PPL to Record Companies or to Performers may be made where an CMO indicates to PPL that the CMO has adjusted the Exploitation Revenue allocated by that CMO to the Record Company or Performer and PPL determines it to be reasonable in all the circumstances, such as where an CMO indicates to PPL that the CMO has adjusted the Exploitation Revenue allocated by that CMO to the Record Company or Performer such that future payments of Exploitation Revenue to PPL will be affected. .

11.2 Any adjustment pursuant to Rule 11.1 may increase or reduce the revenues allocated to a particular Mandating Performer or Mandating Record Company or

the revenues allocated to a Sound Recording as well as the allocations of the revenues allocated to such Sound Recording between Mandating Record Companies or Mandating Performers and where allocations of revenues are reduced, such reductions may be applied against monies due to such Mandating Performer or Mandating Record Company pursuant to either or both of these Rules and the UK Distribution Rules.

Extraordinary adjustments

- 11.3 Where PPL decides that it is reasonable in all the circumstances the distribution of an International Payment shall be revised or redone.
- 11.4 Any extraordinary adjustment under Rule 11.3 may alter the revenues allocated to a particular Mandating Performer or Mandating Record Company or the revenues allocated to a Sound Recording as well as the allocations of such the revenues allocated to such Sound Recording between Mandating Record Companies or Mandating Performers and where allocations of revenues are reduced, such reductions may be applied against monies due to such Mandating Performer or Mandating Record Company pursuant to either or both of these Rules and the UK Distribution Rules.

**RULE TWELVE
ADDITIONAL PROVISIONS**

Commencement

- 12.1 These Rules apply to the distribution of monies in respect of International Payments received on or after 1 January 2014 (subject to any revision or replacement of these Rules). These Rules may apply to the distribution of monies in respect of International Payments received prior to 1 January 2014 as PPL determines to be reasonable in all the circumstances.

Applicable Law

- 12.2 These Rules shall be construed and interpreted in accordance with the laws of England and Wales, the courts of which shall be the sole and exclusive courts of competent jurisdiction in all matters concerning the same.

Rules

- 12.3 References to Rules are to the rules set out in this document.

Headings

- 12.4 The headings in these Rules are for information only and do not form part of these Rules.

Examples

- 12.5 The use of examples in these Rules is for information only and these examples do not form part of these Rules.

Amendments

- 12.6 Subject to Rule 12.7, any amendment to these Rules must be approved by a majority of the Board to be effective.

- 12.7 The provisions of Rules 1 to 12 take precedence over the provisions of any Schedules to the UK Distribution Rules.
- 12.8 For the avoidance of doubt, where there is any conflict between these Rules and any other PPL documentation (such as the PPL website), these Rules shall prevail in the absence of express wording (explicitly referring to this Rule 12.8) to the contrary.