



RULES OF DISTRIBUTION

As of 1 January 2017

Translation from Danish

The following provisions are set out pursuant to Article 6 in the Statutes of Gramex:

Article 1

The gross amount accruing to the two rights groups combined must be distributed at the rate of 50 per cent to each rights group.

Article 2

Each year, the performing artists' rights group and the producers' rights group on the executive board must present to the general meeting how Gramex' operating expenses are to be distributed between the rights groups.

Article 3

The interest amounts due to each rights group must be applied in advance to reduce the administrative expenses.

Article 4

From the amount calculated for each rights group as "non-individualised", 1 per cent will be deducted as a reserve to cover justified and validly existing claims from members who have not – as a consequence of lacking or incorrect information in Gramex' databases – received remuneration. In addition, an amount equal to any negative balance in a rights holder's account must be reserved.

Article 5

The producers' part must be distributed, as far as possible, according to the effective number of minutes played and the producer's part of the rights to the individual release. In instances where this is not feasible, the distribution must be carried out according to a distribution plan to be proposed and approved by the producers' rights group on the executive board and subsequently presented to the executive board.

Article 6

The performing artists' part of income from fields based upon individual reports of usage as well as from fields where the performing artists' rights group on the executive board considers it reasonable to distribute on the basis of the existing information must be distributed in proportion to the number of points due to each rights holder and which is calculated by multiplying the relevant numbers listed below in subsections I) and II).

- I) Part of effective playing time stated in minutes and seconds adjusted by an annually calculated factor according to the total number of points allocated to the sound recording played.
- II) Distribution of points according to the following scale;
 - a) ..Musicians or chorus singers 1 point
 - b) Soloists with an orchestra or a chorus, see f) and g) 8 points
(where b-soloists at the same time also perform as conductors, they are classified as "k" for 4 points, thus getting a total of 12 points).
 - c) Soloists, alone or in an ensemble..... 6 points
 - d) Conductor, see f) and g) 8 pointsThe number of points obtained under b) is modified when several soloists perform together, according to the following scale:
 - 2 soloists 7 points each

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3 soloists	5 points each
4 soloists	4 points each
more than 4 soloists	3 points each

The number of points obtained under c) is modified when more than 4 soloists perform together, according to the following scale:

5 soloists	5 points each
6 soloists	4 points each
7 soloists	3 points each

- e) Groups, small orchestras and small choruses 6 points plus 1 point for each participant, subject to a maximum total of 24 points (In instances where the number of participants is uncertain, the number of 6 is assumed, i.e. 12 points).
- f) Orchestra or chorus from 20 to 50 participants..... 24 points
- g) Orchestra or chorus with more than 50 participants 40 points
- h) Not actually soloist accompaniment, piano obbligato, continuo accompaniment, etc..... 3 points
- k) Conductor of a-musicians (subject to a minimum of 9 musicians) 4 points
In instances where there are less than 9 musicians, the conductor is classified as "a", thus getting 1 point.
A conductor of an e-group with less than 9 participants is classified on the same terms as the rest of the group.
- l) Where there is an unknown number of musicians and/or chorus singers as accompaniment for c-soloists 5 points
- p) In the case of a conductor of less than 9 a-musicians who at the same time also plays an instrument, the conductor gets 2 points

Article 7

Non-individualised funds due to the performing artists must be distributed as collective funds through the performing artists' organisations for the purposes referred to in Article 8 after deduction in accordance with Article 4. The performing artists' rights group on the executive board must adopt a plan for distribution of the funds among the organisations and present this to the executive board.

The total amount available for cultural, social and educational purposes may not exceed 10 per cent of the performing artists' total income reduced by remuneration from abroad and remuneration from mandate areas.

The performing artists' time-barred remuneration amounts will be used fully for this purpose after setoff of costing amounts.

For accounting purposes, the organisations must keep these funds separate from their other funds.

Before 1 October each year, the organisations are required to submit specified accounts for funds received in the preceding calendar years on a form drawn up by Gramex.

Not later than nine months after the end of the calendar year in which they received the funds, the organisations must have paid them out.

The performing artists' rights group on the executive board may, upon recommendation from management, suspend payment of funds to an organisation if 1) the organisation does not submit its accounts in due time; if 2) the submitted accounts do not contain the requisite specification of the way(s) in which the funds have been applied; or if 3) the organisation disregarded the rules set out in Article 8 when applying the funds.

Article 8

The funds covered by Article 7 must be applied for the following purposes:

- a) Measures for the promotion of music, including contributions to live music performances, singing, and musical drama, and support for the recording, release, and promotion of phonograms.

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- b) Educational purposes for performing artists, including awards of scholarships and travel grants and contributions towards professional education.
- c) Social and humanitarian purposes for performing artists, including awarding honorary grants, support for holiday and recreational purposes, and for pension and assistance funds for performing artists.
- d) Support of publications and other measures to strengthen the working conditions and legal position of the performing artists, including the operations of the Joint Council of Performing Artists (*Fællesrådet for udøvende kunstnere*) in Denmark.
- e) Contributions to each individual organisation's management of the funds referred to above.

The funds must primarily be applied for the purposes set out in paragraphs a) and b) above.

Article 9

Remuneration which cannot be distributed by Gramex in accordance with Articles 5 and 6 may be set aside to provide for such claims as may subsequently be made by respective artists or producers.

Article 10

Remuneration which has been received and reserved must be placed appropriately and in the best way possible. The funds may only be deposited to accounts in national banks as cash deposits in said banks or in Danish quoted bonds and Treasury notes.

Acquisition of bonds at a price exceeding their nominal value is not permitted.

The general manager must see to it that the funds are adequately spread out and suitably distributed among banks and bonds, and the duration of the investments.

Article 11

The funds set aside under Articles 4 and 9 become time-barred after a period of three years to be reckoned from the end of the year the funds were earned. Amounts released upon expiry must be included in the distribution under Articles 5 and 7 in the year following the time-barring.

Article 12

These Rules of Distribution enter into force on 1 January 2017.

The executive board of Gramex, 2 May 2017