

General principles of Distribution

According to Section 14 (2) clause 3 VerwGesG 2016 (Collecting Societies Act 2016), the general assembly (General Members' Meeting) shall resolve, among others, the *general principles for the distribution of funds, to which the rights holders are entitled*. These shall be made publicly available on the website, pursuant to § 44 clause 9 VerwGesG 2016 (Collecting Societies Act).

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Regulation

General principles of distribution shall initially be located in Section 46 (3) of the regulation. These are as follows:

- a) *The distribution of funds are based on use, i.e. in the way in which income from specific types of use are to be allocated to the corresponding use processes. If this is not possible or not entirely possible, representative surveys for the use processes are to be consulted, or the revenues are to be assigned to each use process which most extensively corresponds to the actual use.*
- b) *Revenues are collected in advance according to territorial origin (country) and type of right (intellectual property or neighbouring rights) and then distributed among these categories.*
- c) *Points are assigned for each use within specific distribution sectors. These can be based upon the type of the work (motion picture, television movie, documentary, etc.) or the service rendered (lead character, supporting cast, etc.), the circumstances of use (time of broadcast, type of programme, etc.) and the duration. The number of points calculated in this way is viewed in proportion with the revenue in this distribution sector and this provides the basis for the payment. The costs of exercising the rights are deducted before payment is made, either for a specific distribution sector or in general. Corresponding reserves for claims, the level of which*

is not specified at the time of distribution, are to be retained to the sufficient extent.

- d) If the amount of the remuneration available to the individual beneficiary can only be calculated with a disproportionately high effort, or if this remuneration is below a specified minimum, a payment of remuneration can be set aside a payment is also not made if the beneficiary has failed to provide the information required for the claim, contrary to contractual duties or duties according to the regulations, and the society has not been made aware of this in another way.*
- e) The guidelines for distribution issued pursuant to these principles for distribution apply in particular with regard to the proportional allocation to individual occupational groups, regardless of any agreements made to the contrary between beneficiaries, or beneficiaries and third parties. Other investments may only be made outside the society and after the payment of the amounts to the beneficiaries.*
- f) The distribution guidelines should take into account that works and services of high cultural value and significance are to be promoted.*
- g) If possible, invoices are to be sent immediately, but at least once a year. The resulting payments are to be forwarded to the beneficiaries (within the meaning of Sections 41 and 42 VerwGesG 2016 (Collecting Societies Act 2016)).*
- h) Resolutions passed by the Board of Directors regarding the distribution guidelines require the authorisation of the Supervisory Board.*

Rules of distribution

Moreover, general principles of distribution shall be found in the current rules of distribution, such as the determination of entitled professional groups (direction, camera, film editing, etc.), the percentage shares between the film creators and actors and the percentage shares among the film creators according to professional groups.

The general principles of distribution contained in the current rules of distribution were passed in the general assembly of VdFS on June 21st, 2016.

The regulation of special principles and the drafting of the specific set of rules shall, however, be the responsibility of the Board of Directors and the Supervisory Board, even after the VerwGesG 2016 (Collecting Societies Act 2016) has come into force. According to the opinion of the general assembly (General Members' Meeting) on June 21st, 2016, this includes, for example, the determination of the broadcaster relevant to the account and the types of work, including their assessment, the exclusion of works, which cannot be counted, and the definition of the time factors.

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SKE guidelines

The allocation of SKE funds also presents a question of distribution. General principles can be found in the current SKE guidelines. According to the opinion of the general assembly (General Members' Meeting) on 21 June 2016, this includes for example the determination of individual funding categories, such as the classification of social contributions towards grants for living costs, old age allowance, grants for legal costs and tax advice, and of cultural contributions towards festivals and events, support for associations, special projects, training and further education and the funding of legal literature.

The general principles of the SKE distribution contained in the current SKE guidelines were resolved in the general assembly (General Members' Meetings) on June 21st 2016. The regulation of the special principles and the drafting of specific set of rules (determination of application requirements, proof to be presented, etc.) shall also remain the responsibility of the Board of Directors and Supervisory Board, even after the VerwGesG 2016 (Collection Societies Act 2016) has come into force.

Vienna, June 21st, 2016