



Distribution Regulatives

DISTRIBUTION REGULATIVES

SECTION ONE GENERAL CONDITIONS

INTRODUCTION

Article 1. Present Regulatives specify principles, rules and methods for distributing of collected remuneration for the use of sound recordings and incorporated performances there with, by PROPHON as a collecting society in private interest of the phonogram producers and performing artists in compliance with its Statute and the provisions of the Law for Copyright and Related Rights (hereinafter LCRR).

DEFINITIONS:

Article 2. As per these Regulatives:

2.1. RECORDING – sound recording or recording of a musical audiovisual work. For recordings are also considered the short musical forms like headpieces, „hats”, jingles, caches of broadcast programs, promo signals and other signals, as well as recordings from concerts, recordings from performances of musical stage works, recordings of broadcast programs, etc., and the recordings incorporated in films or other audio-visual works, including commercials and auto-commercials.

2.2. PRODUCER – as per Art. 85 LCRR is the individual or the legal person that organizes the carrying out of the first recording and provides for its financial security, or the bearer of the producer's rights.

2.3. CATALOGUE – full nominal list of the complete number own (owned) and/or licensed recordings of any producer, together with a list of represented performing artists for the performances incorporated within the recordings.

2.4. INCOME WITH REPORTS – remuneration collected by the radio/TV operators for the broadcasting by wireless means of recordings and of performances incorporated within the recordings, transmission by cable or other technical means, for the offering by wireless means, by cable or other technical means of access to unlimited number of people to the recording and to the performance incorporated within the recording, or to part(s) thereof in a manner, allowing for such access to be carried out from a place and at a time, individually selected by any of them, for the use of recordings and performances incorporated within the recordings as background music for concert performances or live presentations and/or recreating(copying) them in non-interactive programs, designed to be publically performed, for which reports are received and the right holders are automatically identified by comparison of the registered data-bases in PROPHON and the airplay reported, as well as remuneration received by PROPHON from foreign societies for collective management of phonogram producers' and performing artists' rights on the grounds of reciprocal representation agreements.

2.5. AIRPLAY – list of all recordings used by the relevant radio/TV operator broadcasted, transmitted by cable or other technical means in its program.

2.6. INCOME WITHOUT REPORTS – as per these Regulations are:

2.6.1. collected remuneration for the broadcasting by wireless means, transmission by cable or other technical means of recordings, for which reports are not submitted or the reports are unfit for identifying the records.

2.6.2. from public performance;

2.6.3. compensation remuneration as per Art. 26 LCRR;

2.6.4. from retransmission by cable or other technical means;

2.6.5. from the offering by wireless means, by cable or other technical means of access to unlimited number of people to the recording and to the performance incorporated within the recording, or to part(s) thereof in a manner, allowing for such access to be carried out from a place and at a time, individually selected by any of them, for which reports are not submitted or the reports are unfit for identifying the records.

2.6.6. from the use of recordings and performances incorporated within the recordings as background music for concerts or live performances and/or recreating(copying) them in non-interactive programs, designed to be publically performed, for which reports are not submitted or the reports are unfit for identifying the records

2.7. PERFORMING ARTIST – person, who sings, plays or conducts a musical work, or the bearer of performing artist's rights.

2.8. PERFORMANCE – performance of a musical work, incorporated in a particular recording, which is a subject of a neighbouring right of the performing artist.

2.9. DATA BASE – aggregate of independent data or other materials, ordered systematically or methodically, individually available by electronic or other way, regarding:

- Recordings as per present Regulatives;

- Producers;

- Performing artists.

2.10. AVERAGE AIRPLAY – relative share of the duration of the recordings, produced by each producer within the summary duration of all airplay reports, supplied by users in compliance with the actual usage of recordings.

2.11. Repealed.

2.12. UNIDENTIFIED RECORDINGS – recordings used by users, which were not identified in accordance with the received airplay reports, or which are subject of claim by two or more producers or performing artists.

2.13. TRANSMISSION BY OTHER TECHNICAL MEANS – transmission of recordings, other than transmission by cable, including transmission by electronic communications network as per LCRR.

2.14. RETRANSMISSION BY OTHER TECHNICAL MEANS – transmission of recordings, other than transmission by cable, including transmission by wireless means and by electronic communications network as per LCRR.

2.15. CURRENT DISTRIBUTION – distribution of remunerations from users for the current calendar year, subject to distribution, the completion of which is the first imminent distribution for the respective year.

2.16. USERS' REPORTS SUITABLE FOR DISTRIBUTION – reports by the respective user for the use of recordings regarding the rights transferred by PROPHON for the use of the organization's repertoire, including reports by media services providers for broadcasted recordings in their programs, including broadcast programs, produced by the respective medium or by outside producers, which contain the comprehensive information about:

1. producers/licensee of the record
2. performing artist
3. title of the sound recording, the version or the remix
4. title of the video recording
5. type of the broadcasted video recording: music video, recording of a concert, recital
6. number of broadcasts of the sound and/or video recording for the reported period
7. duration of the used sound and/or video recording
8. ISRC-code of the used sound and/or video recording.

Users' reports should also contain the respective detailed information on the points 1-8 above about the used recordings such as short musical forms, background music (including background music in broadcast programs), music in commercials and auto-commercials, music in films, etc.

2.17. NON-DISTRIBUTABLE INCOME - remunerations for records used by users, the rightholders of which could not be identified in accordance with the reports received from the users, or their location could not be established within the terms and conditions under Art. 44b of the Statute. For the avoidance of doubt, the income from public performance, from compensation remunerations under Art. 26 LCRR and from retransmission by cable or other technical means under item 2.6, for which no reports have been submitted by the users, shall be distributed according by the conditions of Art. 9.2. and so on;

2.18. AVERAGE RADIO AIRPLAY – relative share of the duration of the recordings, produced by each producer within the summary duration of all reports from the radiostations, supplied by users in compliance with the actual usage of recordings.

2.19. AVERAGE TV AIRPLAY – relative share of the duration of the recordings, produced by each producer within the summary duration of all reports from the TV stations (public, commercial, with regional and national coverage) supplied by users in compliance with the actual usage of recordings.

SOURCES OF INCOME

Article 3. Remuneration is collected and distributed for **two categories** of right holders: producers of recordings and performing artists (members and non-members) from the following sources:

- 3.1. Public performance of recordings and performances incorporated within recordings;
- 3.2. Broadcasting of recordings by wireless means and transmission by cable or other technical means;

- 3.3. Retransmission of recordings by cable or other technical means;
- 3.4. Compensation remuneration, where the records are being rerecorded for personal use, based on art. 26 LCRR;
- 3.5. The offer by wireless means or by cable or other technical means, to access of unlimited number of people to the recording and to the performance incorporated within the recording, or to parts thereof in a manner, allowing for such access to be carried out from a place and at a time, individually selected by any of them;
- 3.6. The use of recordings and performances incorporated within the recordings as background music for concerts or live performances and/or recreating(copying) them in non-interactive programs, designed to be publically performed,
- 3.7. Remuneration received from foreign collecting societies, based on agreements for reciprocal representation.

Article 4. Collected remuneration is kept in a bank deposit and is distributed in Bulgarian currency (BGN). When remuneration is in foreign currency they reach the BGN account of PROPHON, in accordance with the relevant exchange rate of the serving bank of PROPHON for the day of transfer.

Article 5. All remuneration collected for the period from January to December of relevant calendar year is distributed at least once a year until September 30 the next year. This deadline may not be met only by objective reasons relating to reporting by users, identification of rights, identification of rightholders or matching the information on the objects used and the information on the right holders.

Article 6. Remuneration collected from the sources as per Art. 2 is defined as amount through contracts between PROPHON and the users, with the exception of the compensation remuneration as per Art. 26 LCRR and this, negotiated by a foreign collecting society based on a reciprocal agreement.

6.1. The distribution of remuneration received by PROPHON under a representation agreement under Art. 40b, 94c, para. 2 of LCRR for rightsholders, members of another collective management organization or an independent management entity, registered under the procedure of Chapter Eleven "c" of LCRR is carried out by PROPHON under the provisions of these Distribution Rules. Upon completion of the distribution, PROPHON submits to the counterparty collective management organization or company a detailed report containing a statement of the generated shares and amounts of distribution by sources for each of its members for which remuneration is due after the distribution of PROPHON and a reference for the advance paid remunerations for the year of distribution to the relevant rightholder, if any. After preparing the statements of the distribution by PROPHON, as well as the documents under Art. 9.6. below, PROPHON pays to the counterparty collective management organization or a company - party to agreement under Art. 94c, para. 2 of the LCRR, the total amount of the remuneration due to right-holders, members of that organization. The terms and conditions for the submission of the statement and the payment of remunerations by PROPHON are determined by the agreement between the two entities. The effective payment of the remunerations distributed by PROPHON due to right-holders, members of the organization - party to the agreement under Art. 94c, para. 2 of the LCRR with PROPHON, shall be carried out by the respective

counterpart organization in accordance with its internal rules and the reports sent by PROPHON.

ADMINISTRATIVE COSTS

Article 7. Before proceeding to distributing, PROPHON has the right to make deductions so as to cover its administrative costs, including the following deductions from all collected remuneration and from all sources of income, namely:

a) Up to 20% for administrative maintenance and activity from all collected remuneration, but not less than the adopted by the Board deduction amount as per the annual report on the income and expenses of the organisation for the relevant calendar year.

b) Other deductions as amount, approved by the General Assembly, from the the partitions of members and nonmembers of PROPHON (producers and performing artists), related to the relevant distribution, including so as to cover costs like fees of PROPHON in other societies, engaged only in activities directly related to collecting and distributing remuneration for specific uses of protected content, administratively imposed fees, sanctions imposed with a judgment entered into force and other similar expenses.

Article 8. Deductions related to administrative maintenance and activity as per Art.7 “a” together with the other deductions, as per Art.7 “b”, represent the administrative costs for a relevant year, that shall be calculated as a total amount as of 31 December of the relevant calendar year and shall be deducted primarily from the collected during this same year income, as per Art.11b (bank interests, penalties, membership fee and additional economic activity income). When this sum fails to cover the total effective administrative costs related to the administrative activity and the other administrative expenses during given calendar year, the remaining amount shall be accumulated by deducting a relevant percentage from the due remuneration to each right owner, participating in the distribution recurring to this particular year. This remaining amount, if any, is in practice deducted from the total amount of all invoiced and paid remuneration for neighboring rights, and for all different type of uses, recurring to the year to which the relevant administrative costs refer, prior to the distribution of this collected remuneration amongst the right owners – members and nonmembers of PROPHON. The administrative costs are recognized as an accounting income of the society.

8.1. Repealed.

PRINCIPLES OF DISTRIBUTION

Article 9. After subtracting the deductions as per art. 7, PROPHON proceeds to distributing of the collected remuneration among right holders in dependence on the source of income, based on the actual use of recordings and the performances

incorporated within the recordings. Remuneration, collected by PROPHON might be: *income with reports* and *income without reports*.

Article 9.1. Distribution of *income with reports*:

Article 9.1.1. Distribution of *income with reports* is done for each user separately, proportionally to the duration in seconds of the actually used recordings/musical performances, according to the reports received in PROPHON, made on the base of the airplay. If there is no duration noted down in the reports by the users, PROPHON takes into regards the duration noted in the registered catalogues, and if there is not such – an average duration of three minutes and thirty seconds (00:03:30 h). In case there are different duration versions of a particular recording reported, the permissible difference, where the recording is considered one and the same in its entirety is 10 (ten) seconds.

The distributed remuneration of *income with reports* is customized for every recording (phonogram and/or recording of musical audiovisual work), as the received remuneration per recording is divided between the right holders – producer(s) and performing artist(s) as per the regulations, provided by the present Regulatives.

Article 9.1.2. PROPHON distributes *income with reports* as per art. 9 to producers - members and non-members, performing activity and representing Bulgarian and/or foreign catalogues in the territory of Bulgaria, as well as performing artists - members and non-members, if:

- a) They prove their rights as per the provisions of art.13 (for the producers) and of art. 22 (for performing artists);
- b) Their recordings are mentioned in the reports submitted by users;
- c) They have not explicitly prohibited PROPHON to collect remuneration for the corresponding use of their repertoire (as a whole or in part);
- d) They have not expressed dissent to receive their part of the remuneration distributed by PROPHON;
- e) They have no agreement with the same user for the same type of use, for which PROPHON have concluded agreement. As a confirmation of that the right owning producers and performing artists (members and non-members) submit duly signed declaration that they are not in individual juridical relations with the same user, while PROPHON reserves the right to execute additional control and to collect evidence if necessary.

Article 9.1.3. Repealed.

Article 9.1.4. Repealed.

Article 9.1.5. *income with reports* is distributed among right holders under art.9.1. as follows:

- a) from broadcasting by wireless means, transmission by cable or other technical means of sound recordings and performances incorporated within these sound recordings, from the offering by wireless means, by cable or other technical means of access to unlimited number of people to the recording and to the performance incorporated within the recording, or to part(s) thereof in a manner, allowing for such access to be carried out from a place and at a time, individually selected by any of them, and from the use of recordings and performances incorporated within the recordings as background music for concerts or live performances and/or

recreating(copying) them in non-interactive programs, designed to be publically performed, are divided equally between producer(s) and performer(s) for each separate sound recording/performance reported in compliance with the reports received

b) from broadcasting by wireless means, transmission by cable or other technical means of recordings of musical audiovisual works, from the offering by wireless means, by cable or other technical means of access to unlimited number of people to the recording and to the performance incorporated within the recording, or to part(s) thereof in a manner, allowing for such access to be carried out from a place and at a time, individually selected by any of them, and from the use of recordings and performances incorporated within the recordings as background music for concerts or live performances and/or recreating(copying) them in non-interactive programs, designed to be publically performed, are distributed among producers and performing artists in a proportion of 75% for producer(s) and 25% for performing artist(s) in compliance with the reports received.

c) from public performance at the retail venues and retail chains that provide goods (shops, supermarkets, petrol stations, stalls, etc);

d) from any category of public performance of phonograms and music videos when users have submitted reports.

Article 9.1.6. In these cases, when use of a recording produced by co-producers is reported, *income with reports* for such use is split in accordance with the co-production agreement concluded between them and registered with PROPHON, and if no such is present - equally.

Article 9.1.7. In these cases when use of a record is reported in which a collective performance is incorporated, *income with reports* for such use is distributed to a person, duly authorized in writing by respective artistic group, who authorizes use as per art. 79 LCRR, save that this artistic group is not represented by a producer-member or non-member of PROPHON or it is not represented by another collecting society of the rights of performing artists.

Article 9.1.8. In these cases when a right holder - member or non-member has not informed PROPHON for a concluded separate agreement with the same user for the same type of use, for which PROPHON has a contract concluded or has signed a declaration containing untrue content, and as a consequence due remuneration is distributed wrongly, he (she) is obliged to return to PROPHON the sums paid, altogether with the lawful interest.

Article 9.1.9. PROPHON distributes *income with reports* in compliance with the present Regulatives to neighbouring societies of producers and/or performing artists on the basis of agreements for reciprocal representation.

Article 9.1.10. *Income with reports* received by PROPHON from foreign collecting societies of producers and/or performing artists on the basis of agreements for reciprocal representation, is distributed among right holders based on the reported use by the foreign society and in accordance with the present Regulatives.

Article 9.1.11. The following criteria are applied to users, whose reports are subject to processing for the purpose of distribution of income from users-media and public performance conducted by PROPHON:

a) For TV and radio stations: subject to processing for the purpose of distributing income are reports for all stations, which are in compliance with Art. 2.16 and were submitted within the terms, set in the contracts with the respective users..

b) For public performance category users: subject to processing for the purpose of distributing income are only the reports for the users, who owe remuneration under contract not less than BGN 1000 (one thousand) annually and if the reports are in compliance with Art. 2.16 and were submitted within the terms, set in the contracts with the respective users.

If the reports upon a) and b) have been submitted outside the time limit or are incomplete, incorrect or contain other discrepancies, Board shall discuss over such reports at its meeting and shall take a decision whether these reports are suitable to be processed for the purpose of distributing income.

Article 9.1.12. If the users' reports do not fulfill the criteria to be identified as reports suitable for distribution pursuant to art. 2.16., because they don't contain some or all of the information listed in art. 2.16. about all the used recordings (and also by PROPHON's decision with a view of the overall program time of the media services providers and the allowed number of commercial breaks, included in it), PROPHON is authorized to make a correction by not performing the distribution on the basis of reports received by the user as a whole or in part. In case a correction is necessary (as a whole or in part) PROPHON is authorized to add the missing information in the reports using information from the reports, provided to PROPHON by the respective organization providing outsourced researches on the use of music repertoire (monitoring) as per art.7, paragraph 14 from the organisation's Statute. In case the information from the monitoring reports is not sufficient for the complete identification of the particular right holders and the volume of their used recordings (number of broadcasts, duration, etc.) but allows PROPHON to determine a portion of the duration in the actual use by the respective user for which there isn't a suitable report as per art.2.16., PROPHON is authorized to make a correction by performing the distribution of the respective portion of duration of the use as per the regulations for distribution of income without reports.

9.1.a. *Non-distributable income.*

Non-distributable income, declared as such subject to the requirements of Art. 44b of the Statutes, shall be used for the financing of social, cultural and educational funds. In the event that records are recognized before they are declared as *non-distributable*, they shall be registered ex officio in the relevant catalogues, and revenue related to the recognized records/performance shall be assigned to the *income with reports* and distributed in accordance with the provisions of Art. 9.1. of these Rules.

Article 9.2. Distribution of *income without reports*.

Article 9.2.1. *The income without reports*, are divided equally between producers and performers. The share of producers and performing artists of the *income without reports* from all sources are distributed among them based on the regulations as per art, 9.2.2. and art. 9.2.3. below.

Article 9.2.2. The share of *income without reports* from the following sources:

a) public performance at the retail venues and retail chains that provide services and venues that are not subject to categorization (fitness centers, barber shops, spa

centers, casinos etc.) and venues that do not fall within the criteria set in Art. 9.2.3 and Art. 9.2.4;

- b) public performance at the retail venues and retail chains that provide goods (shops, supermarkets, petrol stations, stalls, etc), when the users have not submitted reports;
- c) The offer by wireless means or by cable or other technical means, to access of unlimited number of people to the recording and to the performance incorporated within the recordings, or to parts thereof in a manner, allowing for such access to be carried out from a place and at a time, individually selected by any of them,
- d) Use of recordings and performances incorporated within the recordings as a background for concerts and live performances and/or recreating (copying) them in non-interactive programs, designed to be publically performed,
- e) Broadcasting of recordings and performances incorporated within the recordings by wireless means, transmission by cable or other technical means,
- f) Compensation remuneration, where the records are being rerecorded for personal use, based on art. 26 LCRR, are distributed among them based on the *average share in the airplay*.

Article 9.2.3. The share of *income without reports* from the sources:

- a) Retransmission by cable or by other technical means
- b) public performance in places for accommodation (hotels, motels, aparthotels, guest houses and guest rooms, tourist villages, hostels, boarding houses, bungalows, camps, spa resorts etc.), are distributed among them based on the *average TV airplay*.

Article 9.2.4. Repealed.

(New) The share of *income without reports* from the public performance in restaurants and entertainment (restaurants, cafés, pubs, bars, discotheques etc.), are distributed among them based on the *average radio airplay*.

Article 9.2.5. Repealed.

Article 9.2.6. Repealed.

Article 9.2.7. Repealed.

Article 9.3.1. The net sum, which is subject to distribution towards right holders (members and non-members) – producers and performing artists, available after the subtraction of administrative and other deductions as per the provisions of the present Regulatives, is distributed only between those right holders for whom the respective registration is conducted no later than three months before the conclusion of the respective distribution and/or for whom reports by users are provided before the conclusion of the respective distribution, and/or there is data from the external monitoring.

Article 9.3.2. Distributed remuneration for right holders – producers and performing artists (members and non-members) is kept as an inviolable deposit in a bank account for a term of 3 (three) years. Within 3 months after the expiry of the above-mentioned term for the respective distribution, the total sum of unpaid remuneration is divided as follows: 10 % (ten percent) of the total sum is allocated to Fund "Financial reserves". The rest of the sum is divided in two equal shares respectively to the two categories of right holders that PROPHON represents – producers and performing artists. 20 % (twenty percent) from each share is allocated for funding initiatives of the respective representative organizations and right holders for each category (producers or

performing artists). The rest of the sum is redistributed to the right holders based on the average airplay for the respective year of distribution.

Article 9.4. *Payment of distributed remuneration*

Article 9.4.1. PROPHON conducts distribution and payment of remuneration only with regard to recordings and performances which rights are duly certified. The finalized distribution of remuneration is announced by e-mail to PROPHON members, and publicly on the website – for non-members.

Article 9.4.2. Minimal amount for paying of distributed remuneration to right holders (producers and performing artists) is BGN 10,00 annually. Sums less than the set amount are not payable and are kept at PROPHON's bank account and are paid to the right holders in the year in which remuneration over the pointed amount is distributed to the relevant right holder.

Article 9.4.3. Distributed remuneration is paid out via bank transfer, to bank accounts pointed by the right holders. As an exception, remuneration distributed under the amount of BGN 1000,00 would be paid cash only by written request by the right holders.

Article 9.4.4. Every right holder has the right to get acquainted with the way their remuneration is determined in the distribution.

Article 9.4.5. Every right holder, if they wish, can get acquainted with the reports, submitted by the users, for the use of their recordings.

Article 9.4.6. Every rightholder has the obligation to update the information provided by him with regard to the payment, accountancy and declare the remunerations received by him, including to verify or update the bank account, in which he will receive remunerations, as well as the information about his citizenship, social security status, working capacity, if he is an heir of a rightholder and any other relevant information.

Article 9.4.7. Every rightholder has the obligation on the initial payment of his remuneration and for the purpose of the correct identification of the individual, to provide PROPHON with his personal data and to verify them via personal identity document. With submitting of identification data, the rightholder confirms that he is familiar with the provisions of the Distribution Regulative.

Article 9.4.8. By paying out remuneration to the respective right holder as per the provisions of the present Regulatives, PROPHON cannot be held liable in cases where third parties claim circumstances in conflict with the data submitted to PROPHON by the right holder who received remuneration, and lay claim to a share of the remuneration.

Article 9.4.9. Every right holder, who believes their remuneration is determined incorrectly, can make a complaint to the Board and it must be reviewed on their next meeting.

Article 9.4.10. If an error in the distribution and payment of remuneration is ascertained in accordance with Article 9.4.9. or otherwise, it is compensated when paying out the due remuneration for the next calendar year.

Article 9.5. Repealed.

Article 9.6. Repealed.

Article 9.7. For the purpose of the distribution and the correspondence with PROPHON in this regard, every rightholder, in case he is identified under Art. 9.4.7., in advance and

in written has to provide PROPHON with his current e-mail address, as well as his current bank account for receiving of distributed remunerations. The information shall be send to the following email address of PROPHON: razpredelenie@prophon.org. The rightholder has to notify PROPHON for changes in the information.

9.7.1. Repealed.

9.7.2. Upon completion of the distribution pursuant to Art. 9.4.1., PROPHON shall notify the rightholders via the email addresses they have provided for the distributed remunerations and their due share.

9.7.3. In case the rightholder does not notify PROPHON in written in 14 days deadline upon sending the message with the information under Art. 9.7.2 for circumstances which require amendments in the provided information or the distributed remunerations, PROPHON initiates the payment of the remunerations.

9.7.4. Repealed.

9.7.5. PROPHON pays the remunerations to the bank account specified by the rightholder, once the deadline under Art. 9.7.3. has expired and after the issuance and delivery of invoice by legal entities and VAT registered individuals. PROPHON shall issue documents certifying the payment of allocated remuneration in the statutory time limits or at the request of the rightholder.

9.7.6. The messages submitted by the rightholders through electronic means together with the data under Art. 9.7.3 shall be considered as an electronic document within the meaning of the Law on Electronic Document and Electronic Certification Services /LEDECS/ and the signing of the each message with the author names shall have the value of a handwritten signature in the relations with PROPHON within the meaning of Art. 13 para. 4 of LEDECS.

Article 9.8. The provisions of Art. 9.7. shall also apply to non-members, related collective management organizations, PROPHON has reciprocal representation contracts with, and legal representatives of other organizations for collective rights management or independent rights management companies under an agreement in accordance with Art. 94c, para. 2 of the LCRR, provided that they have been identified under Article. 9.4.7. (when applicable) and have provided information in advance to PROPHON in accordance with art. 9.7.

Article 10. PROPHON pays out the due partition of the *income with and without reports* as per art. 9.1. and art. 9.2. directly to the performing artists or to persons duly authorized by them, when these persons prove in written that they have the right to represent performers for relevant recordings for a determinate term or under a contract with a neighbouring society for collective management of rights. Individuals mentioned above, who received the distributed remuneration for the performing artists (producers, third party authorized persons or neighboring societies) are obliged to pay out the due distributed partition to the performing artists they represent, in accordance with the agreements concluded between them.

Article 11. Paying out the distributed remuneration for the respective calendar year is accounted for in a suspense account, in which the collected remuneration from users for the same calendar year is assigned to.

Article 11a. PROPHON does not distribute revenues to producers - non-members and performing artists - non-members in cases when the latter have explicitly expressed disagreement with PROPHON collecting and distributing remuneration to them, received by users for the use of their repertoire as a whole or in part (individual recordings, albums) or have explicitly expressed disagreement with PROPHON collecting and distributing remuneration to them from explicitly stated uses.

Article 11b. Collected income from interests, penalties, additional economic activity and membership fee in the respective calendar year are not subject of distribution and are included in the revenue part of PROPHON's budget for the current calendar year.

Article 11b.1. PROPHON has the right to make deductions from income as per art. 11b included in the budget approved by the General Assembly for the respective calendar year in an amount not exceeding 300 000 (three hundred thousand) leva, for the needs of the funds, founded by the organization to finance social, cultural and educational activities in support of right holders represented by PROPHON. The total sum, deducted for funds in the respective calendar year, is divided in two equal parts, one of which is to be spent on fund for supporting the activities of producers, while the other is to be spent on fund for supporting the activities of performing artists. Annually, with a decision to approve the annual budget of PROPHON the General Assembly determines the respective organizations – beneficiaries of the society's funds. Every organization-beneficiary is to be approved as a representative organization of right holders in the relevant category (producers or performing artists), which has deposited in advance to PROPHON no later than 15th of March for the respective calendar year a program, a strategy and a budget regarding the activity which is to be financed by the society's funds. Within the same deadline every organization-beneficiary of the society's funds provides to the General Assembly of PROPHON a report for the activities in the past calendar year, incl. a report for the spending of the grant received by PROPHON's funds.

Article 11c. PROPHON has the right to alter an incorrect payment or to compensate it with following payments within a period of 5(five) years after the payment.

Article 11d. Remuneration from users for the actual use of protected repertoire, received by PROPHON after the end date of the distribution for the respective calendar year it pertains to, is distributed together with the current distribution. The distribution of *income with reports* from this remuneration is carried out according to the received reports for the period of use it pertains to, when the total amount of the received remuneration as per the first sentence from a user under a respective contract exceeds 5000 (five thousand) BGN. If the amount from remuneration as per the first sentence by income with reports from a user under a respective contract is below 5000 (five thousand) BGN, the sum is added to the *income without reports* from remuneration, attributable to the current distribution. The distribution of unidentifiable income from remuneration as per the first sentence is carried out according to the principles of art. 9.2.2. (based on the "average share in the airplay" for the current distribution)), art. 9.2.3. (based on the "average TV airplay" for the current distribution) and art. 9.2.4. (based on the "average Radio airplay" for the current distribution) . When distributing the due remuneration for a past period PROPHON applies administrative deduction at the rate applicable to the current distribution.

ADVANCE PAYMENT OF REMUNERATION

Article 12. Once a year between 15th of January and 15th of February of the respective calendar year PROPHON makes advance payment of remuneration to producers and performing artists.

12.1. Subject to advance payment is the total remuneration received in the PROPHON's account no later than the 31st of December of the year preceding the month for advance payment, and which is to be distributed by PROPHON.

12.2. Entitled to advance payment of remuneration by PROPHON are only those right holders – producers and performing artists, who have participated in the last three distributions of PROPHON, finalized before 31st of December of the year preceding the month for advance payment and who have signed the reports and declarations for the results of these distributions.

12.3. PROPHON makes advance payment of remuneration only to those producers and performing artists who have deposited an application form for advance payment of remuneration no later than the 31st of December of the year preceding the month for advance payment. When the application is from a legal entity, authorized to receive an advance payment, PROPHON makes the payment only if an invoice for the amount which is to be paid in advance is issued by the entity no later than the 14th of February of the respective calendar year.

12.4. The amount of remuneration which is subject to advance payment for the respective producer or performing artist who meet the requirements is calculated on the basis of their individual factor, defined as a relative share of the remunerations distributed to them in the last three finalized distributions in relation to the total amount of distributed remuneration for the three years, in accordance with the protocols signed by PROPHON.

12.5. The amount of remuneration paid in advance by PROPHON to every producer or performing artist should not be more than 50 % (fifty percent) of the amount received by multiplying their own individual factor as per art.12.4. by the amount of remuneration as per art. 12.1. which is to be distributed by PROPHON. Under the provisions of the preceding sentence and with the application form as per 12.3. the rightholder states the exact amount of the advance payment as a percentage which they wish to receive.

12.6. When making an advance payment PROPHON does not apply administrative deductions, The administrative deductions from the remuneration which is to be paid to producers and performing artists by PROPHON are applied after the respective distribution is finalized. The factor of the administrative deduction is applied on the total amount of due remuneration for the respective distribution including the amount paid in advance. The amount of administrative deduction is subtracted from the remainder of the remunerations due to producers and artists after deduction of the remuneration paid by PROPHON in advance.

12.7. If after the completion of the current distribution it is found out that the respective producer or performing artist is not authorized to receive remuneration from PROPHON, the producer or performing artist must reimburse the amount of remuneration paid in advance for the respective remuneration within a period of one

month from the date of receiving the written notice thereof from PROPHON. The regulations of the preceding sentence are respectively applied in cases when the amount of the advance paid remuneration to a producer or performing artist exceeds the amount of remuneration due to them after the completion of the distribution.

SECTION TWO MEMBERSHIP, REPERTOIRE REGISTRATION AND DATA BASES

MEMBERSHIP

Article 12a. By signing a membership contract each member declares that they are acquainted and accept the Statute of PROPHON and the present Regulatives, from which the arise the following obligations in relation to the rights entrusted for collective management:

12a.1. to entrust PROPHON with the collective management of their transferable material rights as per LCRR authorizing the secondary use, the cable retransmission of recordings and performances incorporated in the recordings from their catalogue, including these produced later, as well as the right to collect and distribute compensation remuneration as per art. 26 from LCRR;

12a.2. to entrust PROPHON with the collective management of their transferable material rights as per LCRR authorizing the secondary use, the cable retransmission of recordings and performances incorporated in the recordings, including these produced later, from the catalogues of other producers, whose rights are acquired by them based in agreements for exclusive representation of third parties, and the right to collect and distribute compensation remuneration as per art. 26 from LCRR;

12a.3. to entrust PROPHON with the collective management of the transferable material rights of performing artists, if they are explicitly authorized to represent them for the recordings comprised in their catalogue;

12a.4. to submit accurate, true and exhaustive information about the volume of represented rights, which they entrust to PROPHON for collective management, as well as about the content of the catalogues represented;

12a.5. not to grant permission for the use with commercial purpose of his own phonograms and music videos, which are assigned to PROPHON for management on exclusive basis in accordance with the Statute. In these cases such permission shall be invalid;

12a.6. not to undertake activities which would result in moral and/or material damage to PROPHON and/or its members;

12a.7. to inform PROPHON in writing within 7 days deadline for each case when he grants permission on his own for the use with non-commercial purpose of own phonograms and music videos according to the Statute.

Article 12b. The right under Art. 12a1 for public performance rights by sounding publicly, accessible premises, areas and vehicles is granted to PROPHON for collective management on exclusive basis in accordance with the Statute, unless the applicant does not exclude it explicitly in written.

Article 13. Each member has the following obligations in relation to providing evidence for the volume of represented rights, entrusted to PROPHON for collective management:

13.1. To prove their capacity as a producer by submitting a copy of certificate issued by the Ministry of Culture for at least one sound recording up to the moment of submitting membership request documentation to PROPHON after the pattern approved by the management;

13.2. To prove that they represent rights over the catalogue of other producer for the territory of Republic of Bulgaria, by submitting a certified copy of the agreement for exclusive representation (license agreement). When a contracting party under such agreement is a foreign producer (physical or juridical entity), the member is obliged to submit also a respective translation of the agreement (the extract of the agreement) in Bulgarian, done by chartered translator;

13.3. To prove that they represents the rights of performing artists with regard to the recordings, comprised in their catalogue, by submitting certified copies of the agreements whereby they have acquired performers' rights.

REPertoire REGISTRATION AND DATA BASES

Article 14. For each member ensue the following obligations in regard to the registration of the represented catalogue/catalogues:

14.1. To register with PROPHON the recordings of their producer catalogue after the pattern approved with a decision of the General Assembly, as well as to update it in timely manner when changes therein appear, but at least two times a year;

14.2. To register with PROPHON the represented recordings from the catalogue of other producer based on agreement for exclusive representation (license agreement) for the territory of Republic of Bulgaria. In such cases registration of the represented recordings 'per track' may be performed through an exchange of unified international data-bases through neighbouring collecting society of producers and performing artists.

Article 15. Format for registration of members' catalogues and requisites required:

15.1. Each member of PROPHON is obliged to register the catalogue represented by them in two data bases – one for sound recordings and another – for recordings of musical audiovisual works;

15.2. Registration is carried out as a document, signed and stamped on each page by the respective producer-member, as well as in electronic format (in MS Excel file – *.xls format). For the licensed catalogues a signed and stamped list of the labels comprised therewith is submitted. Registration is also done electronically through the relevant application, accessible from the PROPHON website at www.prophon.org;

15.3. Requisites of the registration documents: producer; title of the recording; ISRC-code; main performer /s, soloist /s; musicians who have participated in the recording (studio musicians)/other performers, conductor /s; album title duration; the year of the recording; the year of publication; country of recording; country of publication; producers' and performers' shares in the recording;

15.3.1. (new) optional requisites, enabling the process of identification of the recording: composer; lyrics author, arranger, genre, etc.

15.4. Members of PROPHON are obliged to submit written notices for changes regarding the volume of the represented rights, entrusted for collective management to PROPHON, as well as regarding the registered catalogues within 14 days after the reason for such changes has occurred.

Article 15a. The regulations regarding the format for registration of catalogues, including requisites required, are applied respectively for registration of catalogues by non-members.

Article 16. The right holder conducting the registration (member or non-member) bears responsibility for the truthfulness of the content in the registration documents, which they sign and submit. Until proven otherwise, as producers and performers are considered the persons specified as such in the catalogues registered with PROPHON.

16.1. If a member of PROPHON has not paid the yearly fee for membership renewal, PROPHON deducts the fee for membership renewal from the due remuneration for this member as per the finalised distribution for the respective year. In case the due remuneration for this member does not cover the yearly fee for membership renewal, PROPHON deducts the amount from the remuneration for this member for future periods until the full amount is covered.

Article 17. In case that disputes regarding the holder of neighbouring rights over recordings or performances incorporated within the recordings arise during the distribution, PROPHON has the right not to carry out the payment of the distributed remuneration for the use of the respective recordings until the dispute between the claiming parties is resolved.

17.1. In cases of dispute over rights, each right holder who is a party in this dispute, is obliged by PROPHON's request to submit additional information and documents, which would have evidential value for their ownership of the neighbouring right over the recording and / or performances, registered by the same person

Article 17a. PROPHON shall have the right to defer payment of remuneration allocated, in the event a double claim procedure is initiated. Double claim under Art. 17. refers to a conflict between an existing registration (including the ex officio made registration) of performance or recording and a subsequent request for registration of the same performance or recording from another person.

17a.1. For initiating a double claim procedure, the person who claims his rights are concerned, shall submit a written application form. PROPHON shall examine the latter within 14 days and in case the application is not supported with evidence for the rights over the performance / recording as claimed, PROPHON shall instruct the applicant to provide such. If within 30 days of receiving PROPHON's instructions the applicant does not submit evidence to support his claim, the application shall be considered withdrawn.

17a.2. In case the application meets the requirements of Art. 17a.1., PROPHON shall defer payment of any remuneration allocated, and shall notify all concerned initially registered right holders for the claim of the applicant in respect of the relevant performance or recording. In case that with the initial registration of the performance/recording, subject of the claim, no evidence for the rights has been

provided from the originally registered right holders or any of them, PROPHON along with the notification shall instruct them to provide such within 30 day period. If within 30 days of receiving PROPHON's instructions the initially registered right holder fails to provide evidence, his registration shall be canceled and PROPHON shall pay the remuneration allocated to the applicant.

17a.3. In order for PROPHON to accept as evidence within the meaning of Art. 17a.1 and Art. 17a.2 the documents submitted by the arguing parties, PROPHON shall perform only a formal check of whether the following attributes are existent in them:

- the period for which the rights have been licensed;
- the territory for which the rights have been licensed;
- clauses containing specific requirements / restrictions;
- the documents are signed and dated properly,

including whether the documents provided are evidence of publication of the recordings/performances and/or appropriate payment and/or accounting documents of individualized basis for payment in respect of the recording or performance, subject of the claim.

17a.4. In the event that both arguing parties present evidence, PROPHON shall notify them that there is a double claim and should instruct them to resolve it voluntarily or take the dispute to court.

17a.5. PROPHON shall resume payment of deferred remuneration allocated to the relevant right holder when the double claim is resolved with:

- entered into force court or arbitral decision;
- one of the parties deposit a written notification form for relinquishing his claim;
- a written agreement between the arguing parties;

17a.6. In the event that within 6 /six/ months of receipt of the notification under Art. 17a.4., the double claim is not resolved by any of the means set out in Art. 17a.5, and proceedings before the court or arbitrary tribunal have not been initiated, PROPHON shall pay the deferred remuneration allocated to the initially registered right holder. In the event that within the same period proceedings before the court or arbitrary tribunal have begun and PROPHON has been notified about it, the payment of remuneration allocated shall be postponed until the decision of the respective body enters into force.

17a.7. In the event that once the double claim is resolved, as provided for in section 17a.5, it is required a change to the existing registration of the performance and/or recording in PROPHON to be made, the change shall take effect as from the date of filing the application form under section 17a.1.

17a.8. PROPHON shall not be entitled to defer payment of allocated remuneration for performances, recordings and/or category of rights over them, that are not subject to the double claim.

Article 17b. Registrations of catalogues and rights, and for performing artists – also their quality of participation under art.26.1 and art.26.2 of the present Regulatives, are taken into account for the respective distribution if they are conducted no later than three months before the end date of the respective distribution according to the distribution's timetable, approved by the General Assembly. Registrations of catalogues and rights, and for performing artists – also their quality of participation

under art.26.1 and art.26.2 of the present Regulatives, conducted within less than three months before the end date of the respective distribution according to the distribution's timetable, approved by the General Assembly, are taken into account for the next distribution. The conducted registrations are entered into the information system for distribution and are taken into account only after the registration is conducted, acting from this moment forward. Adjustments and data supplements regarding finalized distributions are not allowed.

DATABASES

Article 18. PROPHON generates, maintains and updates its own database as per art. 2.9. from the registered catalogues, users' reports and/or external monitoring data.

Article 19. The content of PROPHON's databases is: registered content (registered catalogues by right holders) and ex officio entered content (content which is not registered by right holders but is compiled by data from users' reports and/or external monitoring data)

19.1. Registered content is that for which official information from the right holders has been received as provided in art.14 and art.15 and is stored in:

19.1.1. the operational database in PROPHON's information system;

19.1.2. right holders' catalogues – members and non-members of PROPHON, maintained in PROPHON's information system out of the operational database or maintained in a file format on PROPHON's server.

19.2. Ex officio entered content is that, for which no official information from the right holders has been received and is maintained in the operational database of PROPHON only for the purposes of fair distribution. This content is completed with the information from the received users' reports and/or the data in the external monitoring, when no right holder has registered certain reported recordings. PROPHON does not search for additional information for ex officio entered content. Ex officio entered content is subject to adjustments and amendments based only on registered content, received by PROPHON no later than three months before the end date of the respective distribution, according to the distribution timetable approved by the General Assembly. Adjustments and amendments in the ex officio entered content based on registered content, received by PROPHON within less than three months before the end date of the respective distribution, according to the distribution timetable approved by the General Assembly, is taken into account for the next distribution.

Article 20. Repealed.

DISTRIBUTION TO PERFORMING ARTISTS

Art. 21. Repealed.

Art. 22

1. On request from PROPHON the performing artist who took part in a certain performance is obliged to prove the reason whyhe/she is considered to be the right

owner for the recordings/titles specified in the playlist reports processed for the purposes of the distribution, for instance by submitting: a recording contract he/she has signed; a list of the performers who participated in the recording or other documents, proving the participation of the performing artist in the specified recordings.

2. If there is doubt about the grounds of the remuneration payment claim, submitted by the performing artist, as well as in case of impugnation of the claim by another participant in the recording, PROPHON has the right to postpone payment of remuneration for the use of certain recording until an equitable settlement of the argument is achieved.

Fund Distribution

Art. 23

In order to distribute the sums available for distribution to the individual performing artists who took part in the recording as fair as possible, following principles of distribution are applied:

- A. Actual use – in accordance with the timing as per playlist reports of the recording, per certain source of collected remuneration;
- B. Point system, rewarding the performance of the performing artist who participated in the recording with one or more points.

Art. 24

1. The distribution is done by category (popular or classical) based on an arithmetic method, formulated hereunder in art. 25. Consequently the sum collected in the category “popular” is distributed among the performing artists of popular music; the sum collected in the category “classical” is distributed among the performing artists of classical music.

2. The „Classical” category includes: symphonic performances, performances of dramatic musical works (opera, operetta, musical), choir performances and chamber concerts, folk music, as well as other performances of classical music.

„Popular” category includes: performances of jazz, pop, rock and cabaret music, improvisations, as well as other performances of popular music.

Distribution of due shares of the sums per recording

Art. 25

1. Distribution to the performing artists is done as follows:

A. The total amount available for distribution to a category of performing artists is divided by the number of seconds of actual use of repertoire, for which remuneration is due, per certain source of collected remuneration.

B. This sum per second is multiplied by the number of seconds of use of a title, which results in a sum per title, subject to distribution among the performing artists, who participated the recording.

Calculation of the performing artists' share

Art. 26

1. The performing artist of popular music, who in such quality has participated in the performance of a certain recording, shares the sum for this recording as per art.25, in accordance with the following scale:

- group members/soloists – 5 points;
- conductor – 3 points;
- session/studio musicians; musicians who participated in the recording/other performers – 1 point,

On the understanding that the sum, distributed among musicians who participated in the recording / studio musicians, will never exceed 50% of the whole sum for the recording.

2. The performing artist of classical music, who in such quality has participated in the performance of a certain recording, shares the sum for this recording as per art.25, in accordance with the following scale:

- soloist – 5 points;
- conductor – 5 points;
- other performers – orchestra musicians etc. – 1 point.

3. When there is reported use of a recording, for which the performers' rights are not registered by anyone, the remuneration for those rights is distributed and paid, if possible according to the terms of the present Regulatives, to the performer indicated as such in the usual way in the users reports or in the external monitoring data (the so called „main artist“).

4. The remuneration under Art. 25 for the use of certain recording can be shared in proportion, other than the one in p. 1 and p. 2 of the above scales, if there is an explicit agreement for this between the artists that took part in the recording, directly or through the producer of the recording, and valid agreement that certifies this fact has been presented. The interested parties have to provide the documents under the latter sentence on time, for the purpose of the correct update in the data bases with regard to the distribution. In the cases of registered change within ongoing process of distribution, in which an additional remuneration has to be paid to one artist at the expense of another, who already has received remuneration, PROPHON has the right to conduct additional payment from Fund "Financial reserves", created with this purpose. In the follow-up distribution PROPHON ex officio deducts the overpaid remuneration of the relevant artist and recovers it in Fund "Financial reserves". PROPHON notifies the artist for this deduction.

Art. 27

Performing artists who in their quality of musicians who participated in the recording (studio musicians) have played/sung several parts for the realization of a certain recording, can be counted three times at most for receiving a point as described in art. 26.

Non-distributable and/or non-payable sums

Art. 28 – Repealed.

Distribution of funds collected for the benefit of foreign performing artists and distribution of sums collected via foreign neighboring societies for the benefit of Bulgarian right holders

Art. 29

1. The provisions of these Distribution Regulatives are fully applicable to the distribution of funds collected for the benefit of foreign performing artists.
2. Remuneration received by PROPHON on the basis of a a contract with a foreign collecting society for the benefit of Bulgarian right holders for the use of their repertoire abroad, are distributed based on the information received from the relevant collecting society and proportionally to the use of music, in accordance with the distribution rules applied by the foreign organization and with the provisions in this regard, set in the agreement.
3. Exceptions from the specified in paragraph 1 and paragraph 2 are possible only in case that PROPHON has signed a contract with a neighboring society, according to which the remuneration collected by both organizations will be paid to local right holders as a mutual compensation.
In that case the funds will be assigned as proportionally as possible to the use of music in the respective country to right holders – performing artists in Bulgaria, who have entrusted PROPHON with the management of their rights in the respective country.
4. The specified in this article can never result in payment of remuneration to the right holder more than once for the same use of music.

Other provisions

Art. 30. Repealed.

SECTION FOUR TRANSITIONAL AND FINAL PROVISIONS

§ 1. The distribution of remuneration may begin only when the rights of producers and performing artists are duly documented, proved, and their volume is registered with PROPHON after the unified pattern.

§ 2. The rights of producers are proved by contracts, certificates issued by the Ministry of Culture, payment bills and tax documents (copies of annual tax declarations).

§ 3. The representation of performing artists is proved by duly countersigned copies of agreements with them or original, notarized powers of attorney, thoroughly listing the volume of granted rights. When submitting the agreements as per first clause, the originals must be submitted for verification.

§ 4. Repealed.

§ 5. Repealed.

§ 6. Repealed.

§ 7. Repealed.

§ 8. Repealed.

§ 9. Repealed.

§ 10. The present Distribution Regulatives are created and approved by the General Assembly pursuant to art.40, paragraph 6 from LCRR, art. 8, paragraph 1, b. b), in conjunction with art. 21, paragraph 1, b. g) from PROPHON's Statute and enters into force on 21.09.2004.

§ 11. In order to implement the decision of the General Assembly made at the session held on 13.01.2003 regarding the recovery of membership fees of PROPHON's founding members, the reimbursement of fees is to be deducted after the deduction of administrative costs from the total amount of remuneration collected in 2002 from all sources and distributed proportionately by source - public performance and broadcasting, and by right holder - members and non-members, the shares of producers and performing artists.

§ 12. The first distribution covers the collected remuneration during the calendar years 2002 and 2003.

Due to the imperfections of the reports received from BNR for the calendar years 2002 and 2003 PROPHON determines the percent ratio between the identified recordings from the reports and the total amount of music in BNR's programs annually. The remuneration paid under contract is divided in the same ratio. The part of the remuneration which corresponds to the identified airplay is distributed according to the present Regulatives, and the remainder of the remuneration becomes part of the annual budget of the organization for 2005. In order to determine the total amount of music in BNR's program, a relative share of 50 % in the program time is assumed.

§ 13. In order to accelerate the distribution process of the collected remuneration only for 2002 and 2003, the part of the unidentifiable income which is distributed on the basis of „market share” is to be distributed on the basis of „average airplay” by all commercial operators PROPHON has signed contracts with.

§ 14. The distribution for the calendar years 2004 and 2005 is to be performed by the end of the calendar year 2006.

§ 15. The deadlines for performing the distribution for the calendar years calendar years 2005, 2006, 2007 and 2008 are as follows:

A. For the calendar year 2007 - April 2010;

B. For the calendar year 2008 - December 2010.

§ 16. In order to optimize and accelerate the process of distribution for the period between 2005 and 2008 the following criteria are determined for media, whose reports are to be processed for the purposes of the distribution:

A. For TV stations: to be processed for the purposes of the distribution of identified income are only the reports of those TV stations which pay remuneration not less than 3000 (three thousand) BGN per year.

B. For radio stations : to be processed for the purposes of the distribution of identified income are only the reports of those TV stations which pay remuneration not less than 12 000 (twelve thousand) BGN per year.

The income from collected remuneration from all other media is considered unidentifiable and is distributed according to the regulations of the present Regulatives for distribution of unidentifiable income.

§ 17. Repealed.

§ 18. Repealed.

§ 19. The regulations for distribution towards the performing artists enter into force with the distribution of remuneration for 2009.

§ 20. The deadlines for performing the distribution for the calendar years 2007, 2008, and 2009 are as follows::

A. For the calendar 2007 – April 2010;

B. For the calendar 2008 – December 2010;

C. For the calendar 2009 – August 2011.

§21. In order to optimize and accelerate the process of distribution for the period between 2007 and 2009 the following criteria are determined for media, whose reports are to be processed for the purposes of the distribution:

A. For TV stations: to be processed for the purposes of the distribution of identified income are only the reports of those TV stations which pay remuneration not less than 3000 (three thousand) BGN per year.

B. For radio stations: to be processed for the purposes of the distribution of identified income are only the reports of those TV stations which pay remuneration not less than 2 000 (two thousand) BGN per year.

§22. Repealed.

§23. The amendments of the present Distribution Regulatives concerning the elimination of the differentiation between members and non-members of PROPHON reflect the amendments of LCRR in effect since 25.03.2011 / SG 25/25.03.2011 / and confirm the decision of PROPHON's Board, made on 23.03.2011 and enter into force from that date.

§24. The provisions of the new articles 11b and 11b.1 enter into force on 01.01.2011 and are applied to the budget of the organization for 2011, approved at the General Assembly session, held on 27.04.2011. All deductions for the expenses on anti-piracy activities, reflected in PROPHON's budget for 2011, are to be included in a fund, founded in accordance with the organisation's Statute and art. 11b.1. from the present Regulatives.

§25. The General Assembly reaffirms the decision of PROPHON's Board, made on 14.09.2011, for a temporary freeze of the distribution and payment to right holders–producers of the share of non-identifiable income for 2009, which is subject to distribution based on market share, until an inspection is carried out by the Commission on market share of the declarations for realized income during 2009 provided by the producers. The amendments of the present Distribution Regulatives concerning the elimination of the distribution regulations for non-identifiable income based on market share are also applied to the performed distribution of remuneration for 2009. The General Assembly terminates the inspection of the Commission on market share of the declarations for realized income during 2009 provided by the producers. The General Assembly approves the share of non-identifiable income for the use in 2009 which is subject to distribution based on market share to be distributed only based on average airplay, and the distribution will be finalized by PROPHON's administration by 31.01.2012.

§26. The General Assembly approves the distribution of the share of non-identifiable income for 2010, indicated in art. 9.2.3. (compensation remuneration as per art. 26 of LCRR and income from public performance), which is not subject to distribution based on average airplay, to be distributed only on the basis of the broadcasting reports provided by BNR for 2010, as that share should be 30 % of the non-identifiable income

as per art. 9.2.3. The General Assembly approves the distribution of the share of non-identifiable income for 2011, indicated in art. 9.2.3. (compensation remuneration as per art. 26 of LCRR and income from public performance), which is not subject to distribution based on average airplay, to be distributed only on the basis of the reports for broadcasting of musical repertoire in the programs of BNR for 2011, provided to PROPHON by the respective organization, providing monitoring of the use of musical repertoire, as that share should be 30 % of the non-identifiable income as per art. 9.2.3.

§27. In relation to the advance payment of remuneration by PROPHON in the period between 14th of January and 14th of February 2012, the application forms must be received from the respective producers and performing artists, who are eligible for this, not later than 31st of December 2011.

§28. The deadlines for performing the distribution for the calendar years 2010, 2011, 2012 and 2013 are as follows::

- A. For the calendar year 2010 –15th of July 2012;
- B. For the calendar year 2011 –31st of May 2013;
- C. For the calendar year 2012 – 30th of April 2014;
- D. For the calendar year 2013 – 31th of December 2014.

In conjunction with art.5 of the present Regulatives, the General Assembly is authorized to make a decision for changing the above distribution deadlines and to determine the exact timing for the distribution depending on the collected amount, received reports and taking into account the necessary time for technical processing of the data.

§29. The additional deadline of 1 (one) year starting from 28.11.2012 is given for identifying of unrecognized recordings, included in the lists with unrecognized recordings which were generated by PROPHON's distributions, finalized by 28.11.2012. After the expiry of the additionally granted period the regulations as per art. 9.2.5. of the present Regulatives are applied.

§30. The amendments voted by the General Assembly on 18.04.2018 come into force on 01.10.2018.

§31. Amendments to the Distribution Regulatives concerning changes to the distribution principles shall be effective from 2019, which will be implemented in 2020.

§32. (new) Within 3 months after the amendments of the Distribution Regulatives voted by the General Assembly meeting on 26.05.2021 come into force, sums Art. 9.3.2. of these Regulatives which are disposable by 26.05.2021, is allocated as follows: 10 % (ten percent) of the total sum is allocated to Fund "Financial reserves". The rest of the sum is divided in two equal shares to the two respective categories of right holders that PROPHON represents – producers and performing artists. 100 000 BGN (one hundred thousand BGN) from the respective producers' share is transferred to the representative organization of the music producers BAMP – for funding producer`s sector initiatives. Respectively, the same amount from the performing artists' share is transferred to the representative organization of the performing artists The Bulgarian Music Association - for funding performer`s sector initiatives. The rest of the sum is redistributed to the right holders based on the average airplay for 2019.