



PROPHON

Statute

STATUTE
of
**COLLECTING SOCIETY OF NEIGHBOURING RIGHTS OF PHONOGRAM AND
MUSIC VIDEO PRODUCERS AND PERFORMING ARTISTS IN PRIVATE INTEREST
– PROPHON**

CHAPTER ONE

General provisions

Art.1. (amended following a decision of the General Assembly from 18.04.2018) The COLLECTING SOCIETY OF NEIGHBOURING RIGHTS OF PHONOGRAM AND MUSIC VIDEO PRODUCERS AND PERFORMING ARTISTS IN PRIVATE INTEREST– PROPHON, hereinafter for brevity referred to as the ‘SOCIETY’, is a non-profit organization, established on the grounds of Art.1 and the subsequent of the Non-profit Legal Entities Act and registered as collective rights management organization under the Copyright and Neighbouring Rights Act /CNRA/.

Art.2. The SOCIETY is a legal entity, carrying out its operations in private interest, in compliance with current legislation of the country, the Statute and the operative decisions of the governing bodies.

Name

Art.3. /1/. The name of the SOCIETY is ДРУЖЕСТВО ЗА КОЛЕКТИВНО УПРАВЛЕНИЕ В ЧАСТНА ПОЛЗА ПРАВАТА НА ПРОДУЦЕНТИТЕ НА ЗВУКОЗАПИСИ И МУЗИКАЛНИ ВИДЕОЗАПИСИ И НА АРТИСТИТЕ - ИЗПЪЛНИТЕЛИ – “ПРОФОН”.

/2/. The name of the SOCIETY, written in Latin and translated into English is: COLLECTING SOCIETY OF NEIGHBOURING RIGHTS OF PHONOGRAM AND MUSIC VIDEO PRODUCERS AND PERFORMING ARTISTS IN PRIVATE INTEREST– ‘PROPHON’.

/3/. The name, domicile, registered address and other data of its registration, including BULSTAT, shall be specified in any written communication of the SOCIETY.

Domicile

Art.4. /1/. The domicile of the SOCIETY is Sofia city, Republic of Bulgaria.

Term of existence

Art.5. The SOCIETY is established without a term.

Objectives

Art.6. The SOCIETY represents and protects the interests of the phonogram and music video producers in compliance with Art.85-90 of the CNRA, as well as the performing artists in compliance with Art.76-77 of the CNRA.

(repealed following a decision of the General Assembly from 18.04.2018)

Means of achieving of the objectives

Art.7. /1/. The SOCIETY clarifies and protects the nature of the related rights /those of producers and performers/ before the public and the competent state authorities, by making efforts through its media policy to enhance their prestige and the obligations of all music product users which proceed from them.

/2/. The SOCIETY provides assistance within the scope of its competence in the preparation and improvement of the legislative regulations which are applicable to the copyright and its neighbouring rights.

/3/. The SOCIETY coordinates its work with related organizations in the country and abroad, by periodically exchanging information and regulating these relations on a contractual basis.

/4/. The SOCIETY enters into agreements in the country and abroad via related organizations, through which it permits the use of its members' production, and collects the remuneration due and distributes it among them.

/5/. (amended following a decision of the General Assembly from 18.04.2018) The SOCIETY manages the rights of its members according to the regulations of Part II "a" Collective Rights Management of the CNRA.

/6/. The SOCIETY has the right to represent its members, as well as the related organizations from abroad it entered into agreements for mutual representation and their members before all judicial and administrative bodies in the protection of the rights which are entrusted to it for management.

/7/. The SOCIETY informs its members of the legislation in the field of copyright and its neighbouring rights in other countries and acquaints them with the implemented measures and mechanisms in these countries for its application.

/8/. The SOCIETY informs its members and the public of the international agreements, conventions or other international acts in the field of intellectual property, expresses an opinion and prepares a coordinated opinion of its members on Bulgaria's accession of Bulgaria to those acts and their application.

/9/. The SOCIETY informs its members of the activities of foreign partner organizations, as well as international organizations which represent and protect the rights of the producers and distributors of phonograms and music videos and the performing artists, establishes contact with them and represents the SOCIETY and its members before them.

/10/. The SOCIETY provides assistance in the establishment of contacts with organizers of international initiatives, related to the activities of the SOCIETY, and participates in such initiatives through representatives.

/11/. The SOCIETY works in close interaction with the Ministry of Culture, other societies for collective management of copyright and neighbouring rights, radio, television and cable organizations, as well as all other users of phonograms and music videos.

/12/. (amended following a decision of the General Assembly from 18.04.2018) The SOCIETY works in close interaction with the Bulgarian Association of the Music Producers /BAMP/ as the organization which performs anti-piracy activities in Bulgaria and in its capacity as a National Group of the International Federation of the Phonographic Industry (IFPI).

/13/. (amended following a decision of the General Assembly from 18.04.2018) The SOCIETY establishes and administrates cultural, social and educational funds to foster and promote the work of right holders, represented by the SOCIETY;

/14/. The SOCIETY undertakes initiatives and campaigns to foster the development of the legitimate music market, among which conducting surveys and preparing charts, including surveys and charts on the use of music repertoire, which reflect the objective state of the market and serve as a reference point in determining the guidelines in the SOCIETY's activities regarding the protection of the rights and legal interests of its members.

/15/. (new, following a decision of the General Assembly from 18.04.2018) The SOCIETY is member of Societies' Council for the Collective Management /SCAPR/ for the purpose of exchanging information and acquiring good practices in administering the rights of its performers members.

Scope of activities

Art.8 /1/ The SOCIETY performs its main activities in private interest with the following scope:

a/ To give permission in return for a fee and collect the remuneration for the producers and performing artists for:

- the public performance of phonograms and music videos, their broadcasting by wireless means and their transmission by cable or another technical means;
- the retransmission of phonograms and music videos by cable or another technical means;
- the offering by wireless means, by cable or other technical means of access to unlimited number of people to 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.
- the copying of phonograms and music videos for the purpose of broadcasting them only on the Internet (the so called webcasting), as well as including them as a background music in non-interactive programs, designed to be performed publicly at places of business, which have independently settled the rights for public performance;
- the recording for personal use, according to Art.26 of the CNRA.

b/ (amended following a decision of the General Assembly from 18.04.2018) To distribute and pay the collected remuneration among the members of the SOCIETY, as well as the remuneration received for non-members, according to the Distribution Regulatives, adopted by the General Assembly.

c/ (new, following a decision of the General Assembly from 18.04.2018) To take action to protect the rights managed.

d/ (new, following a decision of the General Assembly from 18.04.2018) To monitor the way in which rights are exercised.

/2/. (new, following a decision of the General Assembly from 24.06.2020) The right of public performance of phonograms and music videos shall be managed on exclusive basis when the latter is performed via sounding publicly, accessible premises, areas and vehicles.

CHAPTER TWO

Membership

Art.9. /1/. (amended following a decision of the General Assembly from 04.11.2015) A member of the SOCIETY may be any Bulgarian or foreign legal or capable person /including as a sole trader/ producer of sound recordings and recordings of audio-visual produce and/or holder of producer's rights, as well as performers of musical works and/or holders of performing rights, that except the Statute, comply with the decisions of corporate bodies pay contributions due and have published at least one production, sound recording and/or record of audio-visual production.;

/2/. Producer of a phonogram /according to Art.85 of the CNRA/ and holder of producer's rights is the individual or the legal entity that organizes the carrying out of the first recording and provides for its financial security, or that has acquired the producer's rights on the basis of a contract with the producer; in the latter case the licensee submits to the Management Board a certified abstract of the relevant license agreement and evidence for the acquired rights in compliance with the Bulgarian legislation;

/3/ Performing artist /according to Art.74 of the CNRA/ and holder of performer's rights is the person who presents, plays, sings, dances or performs a musical work in any other way or who has acquired such rights on the basis of a contract with the performing artist; in the latter case the person submits to the Board a certified abstract of the contract under which the performer's rights were acquired.

/4/. The founders of the SOCIETY are its members from the moment of its establishment as a legal entity.

/5/. With respect to the founders of the SOCIETY the requirements of Art.9/6/ do not apply.

/6/. New members are admitted in the SOCIETY by providing a written application to the Board.

/7/. (amended following a decision of the General Assembly from 24.06.2020) In the application under the previous paragraph the applicant declares that he is familiar with the provisions of the Statute, the Distribution Regulative and the Internal Regulations of the SOCIETY and accepts them. The applicant also declares that he shall authorize the SOCIETY and will assign the SOCIETY with the right for collective management of all of his economic rights, which are in the SOCIETY 's scope of activities in accordance with Art. 8, unless he explicitly limits the organization to manage some of these rights. If the applicant has not

explicitly limited the rights for public performance rights by sounding publicly, accessible premises, areas and vehicles from the collective management, it shall be presumed that he authorizes the SOCIETY to manage these rights on exclusive basis. For the term of the authorization the applicant cannot give permission for this type of use on his own, except for the cases, when the use shall be for non-commercial purposes. In this case the applicant must notify the SOCIETY within 7 days of date he gave his permission for the non-commercial use. The application under the previous paragraph should be supported by the relevant documents which which verify the circumstances referred to in Art. 9./1/, 9./2/ and Art.9 /3/ of this Statute, as well as a detailed list of right holder's repertoire/catalogue. An applicant - individual, who assigns the SOCIETY with the collective management of both of his producers and performers rights, declares in what capacity he shall be member of the organization – as a producer or as an artist.

/8/. (new, following a decision of the General Assembly from 22.10.2013; from 04.11.2015). The documents under par. 6 and para. 7 are submitted for review and adoption by the Management Board, which considers applications for membership dedicated for their meetings three times a year as follows: In January, in May and in September.

/9/. (new, following a decision of the General Assembly from 22.10.2013; 04.11.2015) The decision of the Management Board for adopting a new member of the SOCIETY is made by a simple majority of the present if the applicant meets the requirements of the Statute.

/10/. (new, following a decision of the General Assembly from 22.10.2013, amended 04.11.2015) If the Management Board refuses membership of a candidate for member, then the same may appeal the decision of the Management Board before the General Assembly, which shall consider and revise the appeal at the next scheduled meeting.

/11/. (new, following a decision of the General Assembly from 22.10.2013, amended 04.11.2015) General Assembly can exercise the power of the Management Board under art. 27 para. 1 point "t" to self-admit and expel members of the SOCIETY. Adoption of new member in the SOCIETY by the General Assembly shall be allowed when it is provided in the agenda and when an applicant meets the requirements of the Statute, which is established in a report of the Management Board after consideration of the documents under par. 6 and para. 7. The decision of admission and exclusion of SOCIETY'S members are taken by the General Assembly, by a simple majority of the present.

/12/. (new, following a decision of the General Assembly from 18.04.2018) MB and GA may refuse to accept as a member a person who wishes to authorize the organization to rights which do not fall within the scope of its activities. In this case the applicant shall be given a reasoned written refusal.

/13/. (new, following a decision of the General Assembly from 18.04.2018) /MB keeps a file for each of the members of the SOCIETY and updates it on a regular basis.

Art.10. /1/ (amended following a decision of the General Assembly from 18.04.2018, amended following a decision of the General Assembly from 24.06.2020) With the act of his acceptance as a member of the SOCIETY and in accordance with the declared authorization in the application under Art. 9, sub. paragraph 7, each new member of the SOCIETY authorizes the organization and automatically assigns the SOCIETY with the collective management of all of his economic rights which are in the scope of the SOCIETY` s activities in accordance

with Art. 8, unless he explicitly limits the organization to manage some of these rights. The members assign their economic rights to the SOCIETY for collective management by contract in a form, approved by MB.

/2/ (new, following a decision of the General Assembly from 24.06.2020) Termination of the authorization for collective management of the categories of rights or types of rights, or its withdrawal shall be done via written notice which shall take effect from the beginning of the following calendar year.

Art.11. (amended following a decision of the General Assembly from 18.04.2018) Any member can terminate their membership in the SOCIETY voluntarily by submitting a written notification to the Board. The termination shall take effect from the beginning of the following calendar year. . The fees paid until the moment of termination are not refundable.

Art.12. /1/. A member of the SOCIETY can be dismissed, if they:

a/ roughly or repeatedly violate the Statute and fail to comply with the decisions of the SOCIETY's bodies.

b/ perform actions which harm the reputation of the SOCIETY and prevent it to achieve its objectives;

c/ abuse the financial resources of the SOCIETY;

/2/. A member of the SOCIETY can be dismissed on a proposal from the governing bodies or from another member of the SOCIETY.

/3/. The proposal, specified in the previous paragraph, should be motivated, prepared in writing and deposited before the Board.

/4/. The member who has been proposed for dismissal shall be informed of the deposited proposal. Until the convening of a General Assembly meeting they have the right to deposit before the Board their position in writing on the proposal for dismissal from the SOCIETY.

/5/. The proposal, specified in para.2, and the written position, specified in para.4, are reviewed at the first next meeting of the SOCIETY's General Assembly.

/6/. The decision for dismissal is made by the General Assembly by ordinary majority of the members of the SOCIETY who are present. The member to be dismissed shall not participate in the voting.

/7/. The funds, which were contributed until the time of the dismissal, shall not be subject to refund.

/8/. The fees paid until the moment of termination are not refundable.

Art.13. /1/. A member of the SOCIETY shall be dismissed by the General Assembly on the following grounds:

- In the event of infringement of the Bulgarian and/or international copyright legislation regarding recordings and/or performances incorporated within the recordings, recordings of music audiovisual works or other music video production, which has been established in due order by a competent body. In this case the membership shall be terminated when the respective judicial or administrative act comes into force;
- In the event of gross violation of the decisions made by the General Assembly and the Board of the SOCIETY, which has been proven beyond doubt. In this case, the SOCIETY

imposes a sanction in an amount determined by the governing bodies, which is deducted by administrative order from the sums, subject to distribution.

/2/. The fees paid until the moment of termination are not refundable.

/3/. A member who has left the SOCIETY can be re-admitted 6 /six/ months after their leaving. The admission is conducted according to the general procedure, provided in the present Statute.

/4/. A member who was dismissed can be re-admitted to the SOCIETY 12 /twelve/ months after their dismissal. The admission is conducted according to the general procedure, provided in the present Statute.

/5/. A person whose membership was terminated on the conditions of para.1 cannot be re-admitted as a member.

Art.14. Membership is also terminated in the following:

/a/ upon the death of a member of the SOCIETY – individual, or their placement under judicial disability, as well as upon termination of the legal entity of an organization which is member of the SOCIETY or its bankruptcy.

/b/ upon cancellation due to:

- systematic failure to pay annual fees for the renewal of membership in the SOCIETY, the amount of which is determined by the General Assembly and can be verified from the financial and accounting records of the SOCIETY;

- and systematic failure to participate at the meetings of the General Assembly, which can be verified from the meetings' minutes.

Each membership termination upon cancelation is a matter of discussion and voting at the meeting of the General Assembly.

Art.15. Every member of the SOCIETY has the right:

a/ to participate in the activities and management of the SOCIETY, and to benefit from the results of its activity, pursuant to the provisions of this Statute;

b/ to elect and be elected in the governing bodies of the SOCIETY, pursuant to the provisions of the law and this Statute;

c/ to require cancellation of decisions and actions of the governing bodies of the SOCIETY which are illegal and contradictory to the Statute;

d/ to make proposals, objections and recommendations;

e/ upon request, to receive comprehensive information from the governing bodies about the overall activities of the SOCIETY;

f/ to seek and receive protection and assistance from the SOCIETY for all problems and controversial issues, arising in relation to the realization of its activities;

g/ to receive a membership certificate.

h/ (new, following a decision of the General Assembly from 24.06.2020) to authorize on his own use with non-commercial purpose of his works, the rights over which he has assigned to the SOCIETY for management. In this case, he must notify the SOCIETY within 7 days of the date he gave his permission for the non-commercial use;

i/ (new, following a decision of the General Assembly from 24.06.2020) to withdraw from the SOCIETY collective management of categories of rights and types of rights chosen by him,

in accordance with Art. 8, paragraph 1, p. a/ under the requirements of Art. 10 paragraph 2 of the Statute.

Art.16. Every member of the SOCIETY is obliged:

a/ to comply with the provisions of the Statute and execute the decisions of the SOCIETY's bodies;

b/ to conform its activity strictly to the requirements of the Bulgarian copyright legislation, as well as the international intellectual property acts when the Republic of Bulgaria is involved as a party.

c/ to provide assistance for the implementation of the SOCIETY's objectives;

d/ to participate in the overall activities of the SOCIETY;

e/ to protect and endorse the good reputation of the SOCIETY, and not to perform activities which can prevent the achievement of the SOCIETY's key objectives and tasks.

f/ to pay regularly the annual membership fees, determined by the General Assembly, for the renewal of membership in the SOCIETY;

g/ (amended following a decision of the General Assembly from 04.11.2015) to take part in the meetings of the General Assembly or of the Management Board, as member of the Managing Board of the SOCIETY, or to send a written authorized representative;

h/ to register in timely manner any change in their repertoire/catalogue in the SOCIETY;

i/ to inform the SOCIETY in timely manner of any changes with respect to their entity (name, domicile and registered address, address for business communication, representation, etc.) and, in the event that these changes are subject to filing, to present a certified copy of the document which verifies their filing.

CHAPTER THREE

Bodies of the SOCIETY

Art.17 /1/. (amended following a decision of the General Assembly from 04.11.2015; from 18.04.2018) The bodies of the SOCIETY are the General Assembly, the Management Board and the Supervisory Body.

/2/. The operative management of the SOCIETY is performed by the Executive Director.

/3/. The SOCIETY is represented by the President of the Management Board and the Executive Director, together or separately, according to the powers given to them by the law, the Board and the present Statute.

General Assembly

Art.18. The supreme body of the SOCIETY is the General Assembly.

Art.19. The General Assembly consists of all members of the SOCIETY or their lawful representatives, as every member is entitled to one vote.

Art.20. /1/. The meetings of the General Assembly can be regular or special.

/2/. The General Assembly is convened to a regular meeting by the Board at least once a year in the city where the SOCIETY's domicile is.

/3/. (amended following a decision of the General Assembly from 04.11.2015; from 18.04.2018) Extraordinary meetings of the General Assembly are convened if necessary by the Management Board after request of the Management Board or its Chairman, Supervisory Body of 1/3 /one-third/ of the SOCIETY'S members. If after submission of the request the Management Board within two weeks does not send a written notice convening a General Meeting, the same shall be convened by the court at the headquarters of the SOCIETY upon written request of the interested person/people listed in the previous sentence.

Art.21. /1/. The General Assembly:

a/ adopts, amends and supplements the Statute and adopts other internal acts;

b/ resolves issues related to the transformation and dissolution of the SOCIETY;

c/ (amended following a decision of the General Assembly from 04.11.2015; from 18.04.2018) determines the number, elects and dismisses the members of the Board and the Supervisory Body;

d/ (amended following a decision of the General Assembly from 04.11.2015; from 18.04.2018) reviews, discusses and approves the annual and periodic reports of the Board and the Supervisory Body's report, and determines the amount and manner of payment of the annual material membership fees.

e/ adopts the annual budget by items;

f/ (amended following a decision of the General Assembly from 04.11.2015) accepts and expels members in cases of Art. 9, para. 11 and takes decisions on membership termination upon cancelation in accordance with Art. 14 letter b);

g/ (amended following a decision of the General Assembly from 18.04.2018) approves, amends and supplements the rules for the distribution of remuneration among right holders, proposed by the Board, including the total amount of the admissible deductions for the respective calendar year, outside the operating expenses of the SOCIETY, for the funds created by the SOCIETY as per art.7, para.13 of the Statute;

h/ approves the main directions in the development of the SOCIETY and adopts the annual work program;

i/ (amended following a decision of the General Assembly from 18.04.2018) makes decisions about :

i. (new, following a decision of the General Assembly from 18.04.2018) the rules for the use of amounts that can not be distributed;

ii. (new, following a decision of the General Assembly from 18.04.2018) the overall investment policy of the SOCIETY on revenue from collective rights management and from the invested revenue generated by collective management of rights;

iii. (new, following a decision of the General Assembly from 18.04.2018) the general policy of the SOCIETY on deductions from collecting revenue from collective rights management and any revenue from the investment of that revenue;

iv. (new, following a decision of the General Assembly from 18.04.2018) the use of amounts that can not be distributed;

v. (new, following a decision of the General Assembly from 18.04.2018) the risk management policy;

vi. (new, following a decision of the General Assembly from 18.04.2018) the approval of any acquisition, sale or mortgage of the real estate of the SOCIETY;

vii. (new, following a decision of the General Assembly from 18.04.2018) the approval of any merger, association, the formation of subsidiaries and the acquisition of undertakings, shares or rights in other undertakings;

viii. (new, following a decision of the General Assembly from 18.04.2018) the approval of proposals for borrowing, lending and providing collateral for loans related to the organization's activities

j/ revokes decisions of the SOCIETY's other bodies which contradict the law, the Statute, or other internal acts regulating its activities;

k/ (amended following a decision of the General Assembly from 24.04.2013) determines the organizations-beneficiaries of the SOCIETY's funds as per art.7, para.13 of the Statute;

l/ (new, following a decision of the General Assembly from 04.11.2015 repealed following a decision of the General Assembly from 18.04.2018))

m/ (new, following a decision of the General Assembly from 18.04.2018) approve the amount of remuneration and other benefits that members of the Management Board and the Supervisory Body receive from the SOCIETY;

n/ (new, following a decision of the General Assembly from 18.04.2018) appoint and dismisses a registered auditor;

o/ (new, following a decision of the General Assembly from 18.04.2018) approves the annual report;

p/ (new, following a decision of the General Assembly from 18.04.2018) determines the criteria, terms and conditions for the provision of social, cultural or educational services;

q/ (new, following a decision of the General Assembly from 18.04.2018) decides to terminate the organization.

/2/. (amended following a decision of the General Assembly from 24.04.2013; from 18.04.2018) The powers of the General Assembly, specified in para.1, subpara. a/, b/, c/, d/, e/, j/ k/ and q) may not be assigned to other bodies of the SOCIETY.

/3/. (new, following a decision of the General Assembly from 18.04.2018) The General Assembly may delegate the powers under par. 1, pt. i/, letters "v", "vi", "vii" and "viii" to the Supervisory Soard.

/4/. (new, following a decision of the General Assembly from 18.04.2018) The General Assembly may delegate the powers under par. 1, letter n/ to the Management Board.

Art.22. The General Assembly is convened by the Board by a written notice published on the SOCIETY's website at least one month before the set date for the General Assembly meeting. The notice specifies the agenda, date, time and place of the General Assembly meeting, and on whose initiative it is convened.

Art.23. /1/. The General Assembly shall be considered legally convened and conducted, if at least a half of all members of the SOCIETY are present.

/2/. In the absence of a quorum, the meeting is postponed for one hour later at the same place and on the same agenda, and is considered legally held, regardless of the number of SOCIETY's members present.

Art.24. /1/. Each member is entitled to one vote.

/2/. Voting is open and carried out by show of hands, except in the election of the governing bodies when voting is secret. Secret voting when deciding other issues can be permitted by a unanimous decision of all members present.

/3/. The decisions of the General Assembly concerning the amendment and supplementation of the Statute and the transformation and dissolution of the SOCIETY are made by a qualified majority of 2/3 /two thirds/ of the members present.

/4/. All other issues are decided by ordinary majority of the members present.

/5/. The General Assembly cannot make decision about issues which are not part of the agenda, announced in advance in the written notice for convening the meeting.

/6/. (amended following a decision of the General Assembly from 18.04.2018) The provision of the previous paragraph shall not apply when the issues concern the dismissal of Board members or the Supervisory Body and the election of new members to take their places.

/7/. (amended following a decision of the General Assembly from 18.04.2018) Each member of the SOCIETY can be represented at the meeting by proxy on the basis of a decision of its governing bodies and by explicit written letter of proxy, valid for the respective meeting of the General Assembly, which defines the scope of its representative authority and is presented no later than the beginning of the respective General Assembly meeting, in case that this not leads to a conflict of interest A conflict of interest exists whenever the authoriser and the authorized person belong to different categories or groups of rightholders. Representatives of members of the General Assembly cannot be individuals who are considered related parties under the Commerce Act to entities, which are users under the CNRA, as well as individuals who are connected in other way with such users, including individuals who participate in any way in users' organizations, or are agents, consultants, external associates of such users or their organizations. One proxy cannot represent more than two members at the meeting. Re-authorization of third parties is not allowed.

/8/ At every meeting of the General Assembly minutes are drawn up, signed by the Chairman of the meeting and the person preparing the minutes (secretary) who are both responsible for its true content. Abstracts from the decisions are added to the minutes, and are also signed by the Chairman of the meeting and the secretary. The minutes and the attached written materials regarding the convening and the conducting of the meeting are registered in a book for this purpose.

Art. 24a. (new, following a decision of the General Assembly from 26.05.2021) /1/. The Management Board may decide to conduct the General Assembly meeting remotely in certain situations such as state of emergency, pandemic situation, or measures and official restrictions, that do not allow or prevent meetings in-person, or in other circumstances if the Management Board decides that conducting meetings in-person is impossible. The members who participate remotely shall be deemed present and in attendance at the General Assembly. The General Assembly meeting cannot be held simultaneously in-person and

remotely. The General Assembly meeting cannot be held remotely if the decisions made on the meeting are subject to entry in the Commercial Register.

/2/. The Management Board undertakes the necessary measures to ensure the direct remote participation via online video communication and electronic means which provide secure connection for all attending members of the General Assembly and allows them to directly, simultaneously and continuously hear and see each other, regardless of their physical location, and thus the connection guarantees the participation and identification of every single member of the General Assembly and his right to vote in accordance with the requirements for quorum and individual voting.

/3/. In order to participate in the meeting via online connection each member must register with the personal electronic address he has used for his registration as a member of the SOCIETY, following the instructions in the written notice for convening the meeting. By submitting his electronic statements and with his participation in the General Assembly meeting, the member agrees that these statements are equivalent to a handwritten signature in accordance with the principles of the Electronic document and Electronic Trust Services act. If a member is represented by a proxy, a power of attorney should be presented in the administrative office of the SOCIETY no later than 5 working days before the scheduled date of the General Assembly meeting. For the purposes of the proxy's participation in the General Assembly meeting, his email address must be stated in his power of attorney. The quorum for participation in the General Assembly meeting is set in accordance with the number of the registered members.

/4/. At the start of the meeting the Chairman of the Management board announces the manner in which the meeting shall be conducted and the members shall vote considering the technical characteristics of the software which would be used for conducting the meeting online in accordance with the requirements of Art. 2. Third parties re-authorization during the meeting is not permitted.

/5/. For each of the remotely conducted meetings a video recording shall be made on an electronic device and shall be attached to the meeting minutes which shall be written under Art. 24 /8/

Management Board

Art.25. A supreme executive body of the SOCIETY is the Management Board.

Art.26. /1/. (amended following a decision of the General Assembly from 18.04.2018) The Board of the SOCIETY consists of 9 /nine/ people – legal representatives or expressly authorized representatives of the legal entity members, or sole proprietors, or individuals, and are elected by the General Assembly for a term of three years.

/2/. (amended following a decision of the General Assembly from 18.04.2018) For members of the Board cannot be elected:

- individuals who are owners, shareholders or participants in the governance of legal entities which are users under the CNRA, as well as individuals who are representatives or legal advisers of such users by contract;

- (amended following a decision of the General Assembly from 04.11.2015) Persons who were not members of the SOCIETY at least one year before the date of the election for members of the Management Board. This provision shall not apply when changing the legal entity which represents already registered repertoire

- individuals who were not present at the elective meeting of the General Assembly, unless they have notified in writing and in advance the General Assembly that they agree to be nominated and elected as a member of the Board, and have authorized in writing another person to represent them at the meeting.

- individuals who are not Performing artists but have acquired performing rights on the basis of a contract with performing artists in accordance with Art. 9 para. 3.

/3/. The members of the Board may not be related by marriage or kinship up to third degree by direct and collateral line.

/4/. The members of the Board are elected by explicit motivated nomination made by another member of the General Assembly of the SOCIETY, as the very election of the nominated applicants shall be voted in secret.

/5/ (new, following a decision of the General Assembly from 18.04.2018) Any person who is proposed to be a member of the Management Board before the election shall submit to the General Assembly a declaration on the absence of obstacles for which he/she can not be chosen according par. 2 and 3 as well as for circumstances under art. 30a, p. 1 and p. 4.

Art.26a /1/. In order to ensure a balance of interests in the governing bodies of the SOCIETY, the members of the Board are elected by and assigned to quotas, as follows:

/a/ producers' interest quota – for a Board member in the producers' interest quota can be elected an individual who is a holder of producers' rights only or who produced recordings in a volume, exceeding the volume of all recordings, where their performances as performing artist are incorporated. When determining the quality of a given member with regard to meeting the criteria for participation in the producers' interest quota, the repertoire registered in the SOCIETY is taken into account, including the repertoire registered ex-officio under the Distribution Regulatives of the SOCIETY. From the producers' interest quota in the Board of the SOCIETY are elected a total of 4 /four/ members, of whom:

- 3 /three/ members of the SOCIETY holding the biggest share in the distribution participate in the Board by right (producers by volume category). In the latter case distribution shall mean the distribution, performed by the SOCIETY for the last year up to the date of election of the new Management Board for which distribution is performed. The person granted the right of nomination within this category is the representative of the legal entity or the sole proprietor, under whose name is registered the repertoire in the SOCIETY by the date of the meeting for elections of the General Assembly. This provision enters into force and applies as of the date of its adoption by the General Assembly.

- 1 /one/ is elected by all members of the SOCIETY falling within the producers' interest quota according to the criterion, specified in letter 'a' (producers by election category).

/b/ performers' interest quota – for a Board member in the performers' interest quota can be elected an individual who is a holder of performers' rights only and who does not fall within the restrictions set out by Art. 26, Para. 3, Subpara. 4, or who produced recordings in a volume, smaller than the volume of all recordings, where their performances as performing

artist are incorporated. When determining the quality of a given member with regard to meeting the criteria for participation in the performers' interest quota, the repertoire registered in the SOCIETY is taken into account, including the repertoire registered ex-officio under the Distribution Regulatives of the SOCIETY. From the performers' interest quota in the Board of the SOCIETY are elected a total of 4 /four/ members.

/c/ balanced interest quota – for a Board member in the balanced interest quota can be elected an individual who is a holder of both producers' and performers' rights upon their own and other recordings, where the volume of own recordings (which incorporate their own performances as a performing artist) is about the same as the volume of other recordings (which incorporate performances by other performing artists). When determining the quality of a given member with regard to meeting the criteria for participation in the balanced interest quota, the repertoire registered in the SOCIETY is taken into account, including the repertoire registered ex-officio under the Distribution Regulatives of the SOCIETY. From the balanced interest quota in the Board of the SOCIETY is elected 1 /one/ member.

/2/. In case a member of the SOCIETY, who meets the criteria for participation in the producers' interest quota, also holds more than 100 (one hundred) recordings in their quality as a performing artist, which are registered, including ex-officio under the Distribution Regulatives of the SOCIETY, then this member has the right to choose in advance in which quota to be nominated and elected.

/3/. Up to the date of the respective meeting of the General Assembly for reporting and election the Executive Director of the SOCIETY shall submit the following to all members of the General Assembly:

- a detailed record, containing the names of the first four members of the SOCIETY who hold the biggest share in the distribution, as specified above;
- a nominal list of the members of the SOCIETY who meet the criteria for filling the producers' interest quota, according to para.1, letter 'a' above, and of those of them who hold more than 100 (one hundred) registered phonograms in their quality as performing artists, according to para.2 above;
- a nominal list of the members of the SOCIETY who meet the criteria for filling the performers' interest quota, according to para.1, letter 'b' above;
- a nominal list of the members of the SOCIETY who meet the criteria for filling the balanced interest quota, according to para 1, letter "c" above.

/4/. If when determining the quality of a given member with regard to meeting the criteria for participation in the producers' and the performers' interest quota, it becomes evident that according to the repertoire registered in the SOCIETY, including the repertoire registered ex-officio under the Distribution Regulatives of the SOCIETY, a given member holds an equal number of registrations in their two capacities, they can participate in the nomination and election of Board members in the balanced interest quota.

/5/. The individuals, who meet the criteria for filling the quota of producers' interest and were not elected as a regular or reserve member of the Board in the category 'producers by volume', can be nominated and elected in the category 'producers by election'.

/6/. (amended following a decision of the General Assembly from 04.11.2015) In the composition of the Management Board cannot be elected member in case that more than 20% of its repertoire is a joint repertory with another member of the Management Board.

/7/. If there are related parties as per §1 of the Additional Provisions of the Commerce Act, who were elected in any of the above specified quotas (producers' interest quota – categories by volume or by election, performers' interest quota and balanced interest quota) the person who has less votes among the related parties shall be replaced by the person elected next in the respective quota.

/8/. If there is more than one holder of producers' rights – a member of the SOCIETY who holds rights to a specific catalogue which is registered in the SOCIETY's repertoire, the right to participate in the Board goes to the co-holder who was nominated in advance by the co-holders of rights of the respective catalogue in a special declaration deposited before the General Assembly of the SOCIETY. If the co-holders haven't deposited a declaration as per the previous sentence, the right to participate in the Board goes to the co-holder who received more votes from the General Assembly.

/9/. In order to ensure the smooth functioning of the Board, the General Assembly elects six reserve members:

/a/ two in the producers' interest quota (categories by volume and by election) – one of them being a member by right from the category producers by volume (the fourth in line member of the SOCIETY who holds the biggest share in the distribution as per Para. 1, letter "a", first sub-item) and one from the category producers by election;

/b/ two in the performers' interest quota.

/c/ two in the balanced interest quota.

/10/. The individual, who collected the most votes among the regular Board members nominated, but was not accepted in the relevant quota, can be elected as a reserve member of the Board in accordance with the previous paragraph. If the number of nominated people corresponds to the number of elected people in the relevant quota, the reserve member shall be elected according to the procedure for election of regular members. A reserve member shall become a regular member of the Board if there are circumstances leading to an early termination of the mandate of a regular member from the respective quota in the Board. The reserve member shall function as a regular member of the Board for the remainder of the mandate of the Board.

Art.26b /1/. The Board elects a Chairman of the Board among its members.

/2/. Only one representative of each legal entity member can participate in the Board.

/3/. The mandate of a Board member is terminated earlier by the Board, and the member in question is replaced by a reserve member of the Board elected by the General Assembly in the following cases:

a/ at his request expressed in written notice before the Board, if there are important reasons;

b/ lasting inability to perform their obligations or placement under judicial disability;

c/ termination of the membership in the SOCIETY of the individual or the legal entity they represent;

d/ acting in conflict with their obligations under in the present Statute;

e/ absence from more than 50% of the meetings of the Board for the respective period of six months from the date of taking position as a member of the Board.

/4/. (new, following a decision of the General Assembly from 26.04.2017) In the case of transfer or expropriation of the rights of registered repertoire from a member of the MB from the producers` quota to another person, the mandate of the member of the MB is terminated before the expiry of the term by the MB and the same is replaced in the MB with the person who acquired the rights on the repertoire if this person is a member of the SOCIETY. Otherwise, the current member is replaced by the next member with the largest share in the distribution.

/5/. (new, following a decision of the General Assembly from 18.04.2018) A member of the Management Board, which is a legal entity, is obliged to recall its representative of the Management Board in the presence of any of the hypotheses under para. 3, p. a/, b/, d/ and e/, as well as upon termination of the contractual relationship between the legal entity and the representative. In these cases, the mandate of the member of the MB shall be terminated in the order of para. 3, if the same does not appoint a new representative in the Management Board within one month of the recall.

Art.27. /1/ The Management Board:

a/ represents the SOCIETY and defines the scope of representative authority of its individual members;

b/ organizes the implementation of the decisions made by the General Assembly and the tasks of the SOCIETY;

c/ determines the order and organizes the overall activities of the SOCIETY in compliance with the current legislation and the present Statute;

d/ prepares and convenes General Assembly meetings according to the procedure prescribed by the law and by this Statute, specifying the date, time, place and agenda of the meeting;

e/ prepares and submits a draft budget to the General Assembly, and allocates and administers the budget approved by the General Assembly;

f/ maintains a liaison with the state authorities and non-governmental organizations;

g/ elects the Executive Director, defines the scope of their representative authority and the amount of their remuneration;

h/ (amended following a decision of the General Assembly from 04.11.2015) prepares and submits to the General Assembly a report of the activities of the SOCIETY within two weeks before the meeting of the General Assembly

i/ administers the assets of the SOCIETY in compliance with the law, the Statute and the Distribution Regulatives;

j/ determines the address of the SOCIETY;

k/ makes decisions on all other matters which do not fall under the authority of another body pursuant to the law or the Statute;

l/ (amended following a decision of the General Assembly from 18.04.2018) performs the duties provided in law or in the Statute;

m/ makes decisions about participation in other organizations;

n/ replaces a regular member of the Board, whose mandate was terminated earlier, with a reserve member of the Board, elected by the General Assembly of the SOCIETY;

o/ adopts amendments in the General conditions for authorizing the use of sound recordings and recordings of music audiovisual works.

p/ confirms the Tariffs of the SOCIETY and their amendments;

q/ (repealed following a decision of the General Assembly from 24.04.2013) repealed.new, following a decision of the General Assembly from 18.04.2018) - prepares and submits for voting at the General Meeting the rules for distribution of revenues from the management of rights by the organization and their amendments;

r/ (new, following a decision of the General Assembly from 04.11.2015) accepts and expels members

s/ (new, following a decision of the General Assembly from 18.04.2018) decides on the conclusion of a mutual representation agreement under the procedure of Art. 94c, para. 2 of the CNRA with another organization for collective rights management or an independent rights management company;

/2/. (repealed following a decision of the General Assembly from 22.10.2013) repealed.

/3/. The Board makes all the decisions regarding the election and dismissal of individuals who provide outsourced services for monitoring and analysis of the use of protected content, legal consultancy services, PR services and/or other auxiliary services, related to the main activities of the SOCIETY. The Board shall not spend more than 50 (fifty) % of the budgeted expenses, provided for the activities of the SOCIETY, for all the above specified outsourced services or activities.

/4/. (new, following a decision of the General Assembly from 18.04.2018) A member of Management Board does not have the right to vote in making decisions related to his or her actual or possible conflict of interest, but may participate in their discussion. The board may decide that the member should not vote, even if he does not give up his right to vote.

Art.28. /1/.(amended following a decision of the General Assembly from 18.04.2018) The President of the Board convenes regular meetings for its members at least 12 times a year.

/2/. (amended following a decision of the General Assembly from 04.11.2015) A special meeting of the Board may be convened upon motivated request by the Supervisory Body or by 1/3 /one third/ of its members. Within one week from the submission of the request the President shall convene a meeting of the Board. Otherwise it can be convened by anyone of the members of the Board. If the President of the Board is absent, they shall authorize in writing the individual who substitutes them and the period of substitution.

/3/. The President notifies the other members of the Board at least five days prior to a meeting and specifies the date, time, place and agenda of the meeting.

/4/. The meetings of the Board are deemed legal, if more than half of its members are present. A person is considered present if there is a two-way telephone connection or other connection ensuring his identity and allowing them to participate in the discussions and the decision-making throughout the whole meeting of the Board. The voting of such member is verified in the minutes by the Chairman of the meeting.

/5/. (new, following a decision of the General Assembly from 24.04.2013) A member of the Board who is unable to attend can be represented during a meeting from another member of

Board through an explicit written authorization. A member of the Board may represent only 1 (one) absent member of the Board. The voting of such member is verified in the minutes by their representative.

/6/. The Board may make decisions in absentia (without a meeting) if the minutes for the decision made is signed without remarks and objections by all members of the Board.

/7/. (amended following a decision of the General Assembly from 04.11.2015; from 18.04.2018) The members of the Supervisory Body and the Executive Director participate in the meetings of the Board and take a stand on the issues in an advisory capacity.

/8/.(amended following a decision of the General Assembly from 18.04.2018) The decisions of the Board are made by ordinary majority of those present, while the decisions referred to in art.27 letter c/, i/ and s/ are made by the majority of all members;

/9/. The minutes from the meetings of the Board are signed by all members of the Board who were present. In compliance with the requirement in the previous sentence, the provisions of Art.24, Para.8 also apply to the minutes from the Board meetings.

Art.29. The President organizes the activities of the Board, manages and supervises the current operations of the SOCIETY in accordance with the main guidelines approved by the General Assembly and decisions made by it, makes decision for matters outside of the explicit competence of the General Assembly and the Board, and represents the SOCIETY according to the powers given to them by the Board.

Art.30. /1/. The mandate of the President of the Board is terminated by the Board in the following events:

a/ upon a written request by the President to the Board

b/ (amended following a decision of the General Assembly from 04.11.2015) when acting in breach of the obligations and thereby hinder the achievement of goals and objectives of the SOCIETY, as well as violating the Statute and decisions of the General Assembly;

c/ in the event of permanent disability to perform their obligations and if placed under judicial disability.

/2/. In the above-specified events a special meeting of the Board is convened on the conditions of art.28, para.2, when the members of the Board elect a new President and take actions for their registration in the court by the SOCIETY's domicile.

Art. 30a. (new, following a decision of the General Assembly from 04.11.2015) In order to avoid conflict of interest each Management Board's member is required to submit annually to the reporting General Assembly individual declaration that must contain information on:

1. any interests associated with the SOCIETY;

2. any remuneration and benefits in cash or in kind received during the preceding calendar year of the SOCIETY, including pension, social, cultural and other funds of the SOCIETY;

3. any amounts received during the preceding calendar year of the SOCIETY in the capacity of a holder of rights;

4. any actual or possible conflict between the personal interests of the declarant and these of the SOCIETY or conflict between any other obligations to the SOCIETY and obligations to other persons or entities

Supervisory Body

(headline amended following a decision of the General Assembly from 04.11.2015; from 18.04.2018)

Art.31 /1/. (amended following a decision of the General Assembly from 04.11.2015; from 18.04.2018) The Supervisory Body (SB) is the supervisory body of the SOCIETY, consists of three members and is elected by the General Assembly.

/2/ (amended following a decision of the General Assembly from 04.11.2015; from 18.04.2018) Members of the Supervisory Body cannot be members of the Management Board.

/3/ (amended following a decision of the General Assembly from 04.11.2015; from 18.04.2018) When selecting a Supervisory Body restrictions and regulations are valid same as for election of members of the Management Board pursuant to Art. 26, para. 2, 3 and 4 and art. 26a para. 6, 7 and 8.

/4/ (amended following a decision of the General Assembly from 04.11.2015; from 18.04.2018) The Supervisory Body is elected for a term of three years, coinciding with the mandate of the Management Board and perform its functions until the constitution of new supervisory bodies of the SOCIETY upon expiration of its mandate.

/5/ (amended following a decision of the General Assembly from 04.11.2015; from 18.04.2018) after a new selection the members of the Supervisory Body, at its first meeting elect Chairman of the Supervisory Body.

/6/ (amended following a decision of the General Assembly from 04.11.2015 from 26.04.2017; from 18.04.2018) SB shall be convened by its Chairman at least 2 times a year, when the Chairman informs the other members of the Supervisory Body at least 5 /five/ days before the meeting, stating the date, the time, the place and the agenda of the meeting.

/7/ (new, following a decision of the General Assembly from 04.11.2015; from 18.04.2018)) SB can take decisions only when its members are all in presence, as decisions are taken by majority vote of all members. For present is considered a person with whom there is a bilateral telephone or other connection guaranteeing identification and allowing the participation of the certain member in discussions and decision-making throughout the meeting of the SB. The vote of this Article shall be certified in the report by the Chairman.

/8/ (new, following a decision of the General Assembly from 04.11.2015;from 18.04.2018)) SB may take decisions absentia as well (without a meeting) if the decision record is signed without remarks and objections by all the members of the SB.

/9/ (new, following a decision of the General Assembly from 04.11.2015; from 18.04.2018) The SB members shall submit an annual declaration to the General Meeting pursuant to Art. 30a."

Art.32. (amended following a decision of the General Assembly from 04.11.2015; from 18.04.2018) The Supervisory Body monitor the activities and the performance of the duties of the MB and the Executive Director, monitors the implementation of this Statute, the regularity and the decisions of the General Assembly and the Management Board has access to all financial documents and verify the financial position of the SOCIETY, cares for preservation and appropriate spending, and controls the overall activities of the SOCIETY.

/2/. (new following a decision of the General Assembly from 18.04.2018) The Supervisory Body exercises the powers under Art. 21, para. 1, p. v, vi, vii and viii, if delegated by the General Assembly under Art. 21, para. 3

Art.33. /1/ (amended following a decision of the General Assembly from 04.11.2015; from 18.04.2018) The SB notifies in writing the members of the SOCIETY within a week at the latest when a member of the General Assembly requests that control actions are performed, and their decision regarding the request.

/2/ (new, following a decision of the General Assembly from 04.11.2015; from 18.04.2018) SB prepares and submit to the General Assembly a report for its activity during the past year, which distributes in advance within two weeks before reporting session of the General Assembly.

Executive Director

Art.34. The Executive Director of the SOCIETY is elected by the Board.

Art.35. /1/. The President of the Board concludes an agreement with the Executive Director based on the decision of the Board, specified in the previous article, and defines the scope of their representative authority according their own representative powers, given by the Board.

/2/. The Executive Director of the SOCIETY has the following powers:

a/ Manage, organize, coordinate and supervise the overall operational activities of the SOCIETY;

b/ Represent the SOCIETY in the country and abroad, according to the powers delegated to them;

c/ Participate in negotiations and prepare the supporting documentation;

d/ (amended following a decision of the General Assembly from 04.11.2015) Signs contracts according the activity subject of the SOCIETY by decision of the Management Board and credit contracts at amount approved by a decision of the General Assembly

e/ (amended following a decision of the General Assembly from 04.11.2015) Establishes contacts with similar organizations at home and abroad, for which gives statement on the next reporting General Assembly

f/ Conclude, amend and terminate the employment contracts of the SOCIETY's employees in accordance with the establishment plan adopted by the Board in advance; stimulate, impose disciplinary sanctions and send employees to business trips in compliance with the regulations.

g/ Participate in business meetings, prepare and submit opinions regarding amendments in the intellectual property legislation on behalf of the SOCIETY to the Board for approval;

h/ Open, operate and close bank accounts in Bulgarian and foreign currency, jointly with the President of the MB, by decision of the MB;

i/ Authorize third parties to represent the SOCIETY, when needed in case of legal proceedings or before other individuals or institutions;

j/ Approve instructions for the organization of the internal order, the manner of conduction documentation, the accounting records, the correspondence, etc;

k/ Provide assistance to the Board in the preparation of the annual budget and the plan for strategic development of the SOCIETY, and take active part in the development of feasibility studies, programs, analyses, concepts, distribution rules and other documentation;

l/ Participate in public discussions about intellectual property and contribute to building the public image of the SOCIETY and promoting its activities.

m/ (new, following a decision of the General Assembly from 04.11.2015; from 18.04.2018) assists the SB in ascertaining facts and circumstances related to finances, the decisions and the activities of the SOCIETY and its governing bodies.

Expiry of Mandate

Art.36. (amended following a decision of the General Assembly from 04.11.2015; from 18.04.2018) When the mandate of the Board and the Supervisory Body of the SOCIETY expires, they shall continue to perform their functions until the election of new ones by the General Assembly.

CHAPTER FOUR

Funds of the SOCIETY

Art.37. The assets of the SOCIETY consist of ownership right, other property rights, receivables, intellectual property rights, trademarks and other rights and obligations, as well as the collected remuneration, including those under art.26 of the CNRA and any accrued interests.

Art.38. /1/. The SOCIETY is funded by membership fees, sponsorship, donations, voluntary contributions made by its members, deductions from the collected remuneration for administrative support in the amount defined by the General Assembly, revenues from additional economic activities related to its main activities which are intended to achieve set objectives, and financial aid by other societies with similar objectives from the country and abroad.

/2/. In pursuit of its objectives, the SOCIETY may conclude any gratuitous or onerous contracts which are not restricted or prohibited by law.

/3/. The funding sources shall not contradict the status of the SOCIETY as a not-profit organization.

Art.39. The expenses of the SOCIETY are made in accordance with the annual budget prepared by the Board and adopted by the General Assembly.

CHAPTER FIVE

Dissolution

Art.40. The SOCIETY is established without a fixed term or a precondition.

Art.41. The SOCIETY may be dissolved:

/1/ upon decision of the General Assembly;

/2/ upon ruling of the district court, claim of the public prosecutor, or by any of the stakeholders, in the cases provided by the law.

Art.42. When the SOCIETY is dissolved upon decision of the General Assembly, the distribution of the assets, remaining after the satisfaction of the creditors, is performed by decision of the members up to the date of dissolution of the SOCIETY.

Art.43. Repealed.

CHAPTER SIX

INFORMATION

(new, following a decision of the General Assembly from 04.11.2015)

Art. 44. /1/ (new, following a decision of the General Assembly from 04.11.2015(amended following a decision of the General Assembly from 18.04.2018)) All meetings of the SOCIETY'S bodies (General Assembly, Management Board, the Supervisory Body) shall be recorded. For the accuracy of the content of the protocols are responsible the certain Chairmen, which they certify with their signatures.

/2/ (amended following a decision of the General Assembly from 18.04.2018) Excerpts from the minutes of the General Assembly, Management Board and the Supervisory Body are published on the SOCIETY'S website within 3 days after the meeting of the relevant authority.

/3/(amended following a decision of the General Assembly from 18.04.2018) Decisions of the Management Board and the Supervisory Body in the samples of the protocols, as well as the topics that have taken these decisions may be kept confidential, which specifically noted in the samples.

Art. 44a. (new, following a decision of the General Assembly from 18.04.2018) */1/* At least once a year the SOCIETY prepares and provides to the right holders who are credited with revenue from the collective management of rights or who have received payments during the relevant period, to the collective management organizations, with which it has mutual representation agreements, as well as to the collective members of the SOCIETY, which represent right holders, among which they allocate revenue from collective management, the respective information under Chapter Eleven "h" of the CNRA regarding accrued revenue and paid amounts and the deductions made, as well as other information, under the law.

/2/.(new, following a decision of the General Assembly from 18.04.2018) Upon receipt of a duly substantiated request from a collective management society, with whom Mutual Representation Agreement have been concluded, or from right holder or from user, the SOCIETY prepares and provides electronically and within a reasonable time information on the objects of protection which it represents, on the rights it manages directly or under contracts of mutual representation and on the territories covered.

Art. 44b. (new, following a decision of the General Assembly from 18.04.2018) /1/ Within three months after 3 months from the end of each distribution and payment of remuneration, the SOCIETY shall provide to its members and the collective rights organizations with which it has a mutual reciprocal agreement, information about phonograms, audio-visual works and recorded performances for which one or more right-holders have not been identified or whose location has not been established.

/2/.(new, following a decision of the General Assembly from 18.04.2018) The information under para. 1 includes, if possible:

- a) the title of the object of protection;
- b) the name of the right-holder;
- c) any other available relevant information, which could help identify the right-holder

/3/.(new, following a decision of the General Assembly from 18.04.2018) Within one year after the expiration of the term under par. 1, the SOCIETY disclose on its website the information under par. 2 about the protected objects for which right-holders meanwhile have not been identified or whose location has not been established.

Art. 44c. (new, following a decision of the General Assembly from 18.04.2018) The SOCIETY disclose annually, but no later than 30 August on its website, an annual report under the provision of art. 94s¹ of CNRA, which includes activity report during the past calendar year, report on the use of amounts deducted for social, cultural and educational services and other information, provided under the law.

Art. 45. (new, following a decision of the General Assembly from 04.11.2015; from 18.04.2018) On the SOCIETY'S website are published:

- a) all legislation acts, statute, rules, regulations and other documents on the basis of which the SOCIETY operates;
- b) (amended following a decision of the General Assembly from 18.04.2018) updated list of all members of the Management Board and the Supervisory Body;
- c) updated list of all members of the General Assembly;
- d) updated list of all SOCIETY'S signed bilateral contracts and agreements;
- e) (amended following a decision of the General Assembly from 18.04.2018) annual accounts of the MB and SB;
- f) conditions for membership and termination of membership relations;
- g) correspondence address, email address, telephone, fax, working hours and visiting hours of the SOCIETY;
- h) (new, following a decision of the General Assembly from 18.04.2018) standard contracts for entrusting of collective managed rights and the applicable tariffs;
- i) (new, following a decision of the General Assembly from 18.04.2018) actual list of right-holders who expressly disagree with the SOCIETY to represent them or to receive remuneration from it, as well as the categories of rights, types of rights and protected objects for which this disagreement is concerned;
- j) (new, following a decision of the General Assembly from 18.04.2018) the general policy for the distribution of amounts due to right-holders;
- k) (new, following a decision of the General Assembly from 18.04.2018) the general deduction policy for own maintenance;

l) (new, following a decision of the General Assembly from 18.04.2018) the general policy for deductions from collective rights management revenue and revenue from investing collective management income, including deductions for social, cultural or educational services other than self-maintenance deductions;

m) (new, following a decision of the General Assembly from 18.04.2018) the common policy for the use of amounts that can not be distributed;

n) (new, following a decision of the General Assembly from 18.04.2018) a list of right-holders, for whom there are distributed and unpaid remunerations;

o) (new, following a decision of the General Assembly from 18.04.2018) the procedure for dealing with complaints and resolving disputes;

p) (new, following a decision of the General Assembly from 18.04.2018) information about phonograms, audio-visual works and recorded performances for which one or more right-holders have not been identified or whose location has not been established.

q) (new, following a decision of the General Assembly from 18.04.2018) annual report under art. 44c.

Art. 46. (new, following a decision of the General Assembly from 18.04.2018) The SOCIETY maintains communication with its members and other right holders electronically via the e-mail addresses listed on www.prophon.org. The messages should include the name of the sender and correspondence address.

Art. 47. /1/. (new, following a decision of the General Assembly from 18.04.2018) The SOCIETY maintains communication with users via e-mail under the provisions of art. 46. Upon request by a user to conclude a contract for entrusting collective managed rights, that contains information necessary for the preparation of a draft contract, the SOCIETY shall, within a reasonable time, provide a draft contract with its tariff for the respective use or shall send a reasoned written refusal.

/2/. (new, following a decision of the General Assembly from 18.04.2018) The SOCIETY provides the users the opportunity to send the provided in the contracts under para. 1 reports for the rights used by electronic means.

/3/. (new, following a decision of the General Assembly from 18.04.2018) The SOCIETY provides to the users, with whom it has concluded a contract under par. 1 its e-mail address for additional information, if any.

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CHAPTER SEVEN

SETTLEMENT OF DISPUTES

(new, following a decision of the General Assembly from 18.04.2018)

Art. 48. /1/. (new, following a decision of the General Assembly from 18.04.2018) Member of the SOCIETY or collective management organization, with which the SOCIETY has mutual representation agreement has the right to file a complaint to the SOCIETY in the case of data relating to an infringement or dispute relating to the authorization of collective rights

management or its withdrawal or termination, membership, the collection of remunerations payable to right-holders, deductions from them and their distribution.

/2/. (new, following a decision of the General Assembly from 18.04.2018) The complaint must indicate the name of the sender, address for correspondence, information about the alleged infringement or the dispute and what the request is. The complaint may be send electronically at the specified email address of the site www.prophon.org.

/3/. (new, following a decision of the General Assembly from 18.04.2018) Besides the cases in which the Statute and Distribution Rules provide a special procedure for settling disputes Management Board shall consider the appeal at its next scheduled meeting, but not later than 30 days from the filing. The refusal to grant the complaint is motivated.

/4/. (new, following a decision of the General Assembly from 18.04.2018) The response to the complaint is provided electronically if the complainant has provided an e-mail address for correspondence, otherwise the postal address indicated.

/5/. (new, following a decision of the General Assembly from 18.04.2018) The provisions of para. 1-4 also apply to right holders who, by contract or by law, have a direct relationship with the SOCIETY but are not its members.

Transitional and Final Provisions

§ 1. (amended following a decision of the General Assembly from 04.11.2015; from 18.04.2018; from 23.10.2018) The last amendment of this Statute was made by the General Assembly of the SOCIETY at a meeting held on 23.10.2018. The changes adopted at that meeting will take effect from 23 October 2018.

§ 2. The amendments of Art. 26a of the Statute, made by the General Assembly of the SOCIETY at a meeting held on June 15, 2011, shall be applied to the next election of the Board of the SOCIETY except the provision of Art. 26a, para. 1, letter 'a", first sub-item, which enters in force on the date of its adoption and repeals the previous election of regular and reserve members of the Board of the SOCIETY in the producers' quota, category producer by volume, and except the provisions of Art. 26a, para. 9 and 10, which enter in force on the date of their adoption and repeal the previous election of those reserve members who have not taken the position of regular members of the Board of the SOCIETY by the date of the meeting of the General Assembly, held on June 15, 2011.

§3. The last amendment of the Statute was accepted by the General Assembly of the SOCIETY, which was conducted on 26.05.2021. The amendments accepted on this session shall take effect on the date of their acceptance and shall be applied to all of the present members of the SOCIETY. In case of discrepancies between the provisions of the membership contracts and the provisions of the Statute and the Distribution Regulative, the provisions of the Statute and the Distribution Regulative shall prevail.