

# DUCAPRO

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**DISTRIBUTION RULES**

**1. Introduction**

This document sets out how and when DUCAPRO pays out royalties from the licence fees it collects from the use of DUCAPRO'S repertoire of musical works in the territories for which it has or will have mandates. The Distribution Rules are developed and approved by the DUCAPRO Board of Directors in consultation with Management and are in accordance with the rules of the International Confederation of Authors and Composers (CISAC). They reflect the best efforts of the Board and Management to achieve fairness, accuracy, cost effectiveness and transparency in a manner that also seeks to balance the differing interests of members.

**2. General Principles****a. Repertoire**

DUCAPRO can issue music licences to users only for the rights it obtains from its members and affiliated foreign societies. It follows that no distributions can be made in respect of works (or parts of works) that do not form part of the licensable repertoire, including works in the public domain.

**b. Distribution Schedule**

At the time of this writing, DUCAPRO pays royalties to its members in connection with two pools of licensing revenue: (a) commercial radio station broadcasting, and (b) general licensing of public performances. Both pools are discussed in greater detail further below. Additional licensing revenue coming from other licensed uses as DUCAPRO expands its activities domestically and internationally will be handled in the form of amendments to this document, as approved by the board of directors from time to time.

DUCAPRO endeavours to distribute royalties four times per year, at the end of each calendar quarter. They follow the period of time required to collect the licensing revenues, process the music usage data that is at our disposal, if any, and allocate royalties to identified music performances. This process is often referred to by performing rights societies as "distribution cycles". Typically, licensing revenues collected by DUCAPRO during one quarter are paid out in royalties two quarters later.

**c. Operating Costs**

Like most music rights societies, DUCAPRO incurs operating costs and recovers them from the revenue collected. The operating costs include data collection and processing activities, maintaining a database of copyright information, negotiating with users or their industry representatives and issuing licences to them. The applicable administration rates vary from time to time and are subject to fluctuation, particularly as DUCAPRO commences its operations.

**d. Royalty Shares**

DUCAPRO shall distribute royalties in accordance with the following shares:

Musical works with lyrics:<sup>1</sup>

Composer(s) 25%

Lyricist(s) 25%

Publisher(s) 50%

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<sup>1</sup> Subject to contractual arrangements between the composer(s) and lyricist(s).

Musical works without lyrics:

Composer(s) 50%

Publisher(s) 50%

In accordance with CISAC distribution rule requirements, publishers shall in no case receive more than 50% of the royalties payable for any performance of a work. In the event of an unpublished work, the authors of the work (composer(s)/lyricist(s)) receive or share equally 100% of the royalties, or in accordance with their agreement, as may be the case.

**e. Unidentified Works**

DUCAPRO uses its best efforts to identify all works appearing in its distribution analyses in accordance with CISAC distribution rule requirements. Royalties otherwise payable may be held in suspense on account of performances for which no distribution can be made due to lack of reliable information or notification. When the information becomes available, the distribution shall be made in accordance with the rules in effect at the time the distribution is made. No interest shall accrue nor be paid in connection with such distributions. If, after a period of 3 years, a work remains unidentified, it shall be added to the following quarter's distribution.

**f. Disputes**

In an instance where a dispute arises among members and/or rightsholders as to the allocation of shares of a work, it is the responsibility of those parties to notify DUCAPRO in writing (e.g., copy of the legal pleading as filed in court) of the dispute and to resolve the issue. DUCAPRO will place the performance credits and any distribution payable in suspense on the account of the disputed rightsholders. The performance credits and any distribution payable will remain in suspense until the action is finally decided, discontinued, or otherwise settled at which time payment will be made to the appropriate rightsholders.

**g. International Works and Royalties**

Royalties received by DUCAPRO for performances of DUCAPRO works in foreign territories are subject to the laws, distribution rules and procedures of the international affiliated societies from which they are received. DUCAPRO distributes the amounts received as part of its distribution cycle as soon as possible after allowing a reasonable time for the conversion to domestic currency and preparation of distribution statements.

The determination of performance credits and related royalty distributions by DUCAPRO for international affiliated societies are calculated in every respect on the same basis as calculations for DUCAPRO members, except for the payment period, which shall accord with the reciprocal arrangements made between DUCAPRO and the international affiliated society.

DUCAPRO operating costs will not be recovered from International Revenue.

**h. Cultural Deductions**

DUCAPRO will support local music development by making available 10% of the proceeds for cultural purposes on each of the islands corresponding with the local royalties collected.

**3. Commercial Radio Stations**

Each commercial radio station licensed by DUCAPRO is invoiced individually based upon its gross broadcast revenue.

DUCAPRO's administration fee is deducted from each station's licence revenue to give an annual net licence revenue per station.

Radio station programming information is received by DUCAPRO from a third-party supplier by way of census for each commercial station.

The music performances analyzed for radio station distributions, unless otherwise stated, receive credits according to the duration of the performances, as follows:

<u>Duration of Work</u>	<u>Credit</u>
Less than 1 Minute	1
1:00 - 6:59	4
7:00 or longer	1 credit per minute

DUCAPRO applies time of day weightings on radio broadcast distributions, where usage falls into Peak (6:00am to 10:00pm) and non-Peak (10:01pm to 5:59am) time slots. These slots reflect the fact that listening during the non-Peak period is significantly lower than during the Peak period. A performance during Peak time receives 100% value, whereas a performance during the non-Peak period receives 20% value.

Except for Peak and non-Peak hours of the day, all music uses are treated the same for distribution purposes, including feature music (songs), public service announcements, station promotions and identifiers, etc.

**4. General Licensing (e.g., bars, restaurants, nightclubs, hotels, live performances, etc.)**

Music played in public venues (e.g., background, live bands, DJs, etc.) and where playlists are provided, is covered by this general licensing tariff. The amounts collected from these licensees will be added, pro rata, to the revenues received by the commercial radio station licensees and distributed accordingly.