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DISTRIBUTION RULES

of INTERGRAM, an independent society of performers and producers of phonograms and audio-visual fixations, z. s. (registered association)

In the cases where the collection of remunerations is done jointly for the performing artists and the producers, the share of both the performing artists and the producers in principle amounts to 50 % of the collected remunerations. In cases where the remunerations belonging to the producers are further divided between the producers of phonograms and the producers of audio-visual fixations, the share of the producers of phonograms shall amount to 50 %, and the share of the producers of audio-visual fixations must also amount to 50 %.

A. PERFORMING ARTISTS

Distribution method – the basic principle: based on the number of seconds used, unless stated otherwise hereinafter.

I. Identifiable incomes

- a)** Incomes from the radio and television broadcasting of phonograms produced for commercial purposes and musical audio-visual fixations (video-clips);
- b)** Incomes from the sale and exchange of programmes produced by radio and television broadcasters which contain fixations produced for commercial purposes.

Method of distribution:

1. share as set by the performing artists in the "Identification of a recording according to the ISRC" form
2. if the share under point 1 is not known, the shares shall be set as follows:
 - popular music: A – 50 % B – 50 %
if B and also C, then B and C – 50 %, where $C = 1/2B$
 - classical music: D – 20 %
E, F – 20 %
if E and also F, then E – 14 %, F = 6 % G, I – 60 %
if G, I and H, then G and I – 35 % and H – 25 %,

where the performances marked as A – H are defined as follows:

A – soloists, B – main performances, C – supporting performances, D – classical music soloists, E – conductor, F – chorus-master, G – orchestra members, H – chorus members, I - chamber ensemble members

3. If neither the share under point 1 nor that under point 2 is known, then the remuneration shall be distributed to all the artists who participated in the creation of the fixation as an equal share, unless a contract concluded between the performing artists who jointly created the artistic performance and INTERGRAM states otherwise.
4. If an additional calculation of the remuneration is carried out for an individual artist and the number of shares (artists) and their performances on the relevant fixation for which the remuneration is calculated is not credibly substantiated at the same time, it is assumed that the number of artists participating in the joint fixation is 6 for popular music and 20 for classical music

- c)** Incomes from broadcasting artistic performances recorded on an audio-visual fixation or a phonogram other than the one published for commercial purposes ("the re-run fee") that have already been broadcast.

Method of distribution:

1. A percentage of the royalty for the creation of the performance, if known (programmes produced after 1 January 1991, i.e. new re-runs)
2. A proportional share based on the amount of the royalty, if known (programmes produced before 31 December 1990, i.e. old re-runs)
3. If the amount of the royalty is not known, the following shall apply:
 - Actors:
 - a) Unique roles: 33 %
 - b) Big roles: 28 %
 - c) Medium roles: 28 %

d) Small roles: 11 %

Musicians: the same principle as for the incomes from the radio and television broadcasting of phonograms produced for commercial purposes and of musical audio-visual fixations (video-clips) shall apply (see letter a).

4. In cases where neither the royalty nor the share under point 3 is known, the remuneration shall be divided equally among all the involved artists, unless a contract concluded between the performing artists who jointly created the artistic performance and INTERGRAM states otherwise.

- d)** Incomes from the sale and exchange of programmes produced by radio and television broadcasters which contain artistic performances created for these broadcasters.

Method of distribution:

1. A proportional share based on the amount of the royalty, if known;
2. If the amount of the royalty is not known, the following shall apply:
 - a) Unique roles: 33 %
 - b) Big roles: 28 %
 - c) Medium roles: 28 %
 - d) Small roles: 11 %
3. In cases where neither the royalty nor the share under point 2 is known, the remuneration shall be divided equally among all the involved artists, unless a contract concluded between the performing artists and INTERGRAM states otherwise.

- e)** Incomes from the use of recorded artistic performances in film works whose rights are administered by the State Cinematography Fund and by the Czech National Film Archive (Státní fond kinematografie, Národní filmový archiv).

Method of distribution:

1.
 - a) Unique roles (max 4): 33 %
 - b) Big roles (max 8): 20 %
 - c) Medium roles (max 10): 13 %
 - d) Music performances used in film: 17 %
 - e) Other performances: 17 %
2. If the share under point 1 is not known, the remuneration shall be distributed equally among all the involved artists, unless a contract concluded between the performing artists who jointly created the artistic performance and INTERGRAM states otherwise.

- f)** Incomes from other types of use of the recorded artistic performances where the specific recipient of the payment can be identified, usually based on a contract with the user.

Method of distribution:

in accordance with the method of identification corresponding to the method of distribution of other identifiable incomes.

II. Unidentifiable incomes

- a)** Incomes from the communication of the fixations to the public by running them from phonograms published for commercial purposes or from the musical audio-visual fixations (video-clips) and their transmission (§ 20 of the Copyright Act in conjunction with § 74 of the Copyright Act);
- b)** Incomes from the communication of the fixations to the public by means of a radio or television broadcast (§ 23 of the Copyright Act in conjunction with § 74 of the Copyright Act);
- c)** Incomes connected to the reproduction of the recorded performances for personal use (§ 25 of the Copyright Act in conjunction with § 74 of the Copyright Act);
- d)** Incomes from the rental of copies of the recorded performances (§ 15 and § 25a of the Copyright Act in conjunction with § 74 of the Copyright Act);
- e)** Incomes from the transmission of a radio or television broadcast (§ 22 of the Copyright Act in conjunction with § 74 of the Copyright Act);
- f)** Incomes from other types of use of the recorded performances where the specific recipient of the payment cannot be identified.

Basic distribution: a. 92 % to all the performing artists

b. 8 % to "senior" artists who were awarded the Senior Prix prize based on a proposal made by professional associations.

The unutilised resources stated under letter b (not distributed among the awarded "seniors") shall be distributed among all the performing artists in the next calendar year as part of the resources listed under letter a.

Method of distribution:

1. Incomes collected in the audio field shall be distributed as a share proportional to the amount of the identifiable incomes collected for the use of performances in radios and in other fields of use of audio and incomes collected in the audio-visual field shall be distributed as a share proportional to the amount of the identifiable incomes collected for use of performances in television broadcasting and in other fields of audio-visual use;
2. Incomes from discotheques shall be distributed only to the musicians in accordance with point 1;
3. Incomes from blank audio-visual carriers and technical devices for making reproductions of the audio-visual fixations, incomes from making the performances available to the public by means of a television broadcast and incomes from the rental of video carriers are distributed according to point 1; for the purpose of assessing their share of the unidentifiable incomes specified in this point, the performing artists (in particular actors, musicians, singers, dubbing directors and theatre play directors, if these theatre plays are recorded on an audio-visual fixation) may substantiate the amount of their income by submitting a Performing Artist's Declaration. The Declaration may be used by performing artists only for their recorded performances in the audio-visual field which were provably used in the territory of the Czech Republic. This involves the substantiation of the incomes received in the corresponding calendar year in connection with the creation of the artistic performances and with granting a license for the use of performances created in the audio-visual field (e.g. film, television, and dubbing), with the exception of such performances created for use in advertising; the Declaration and the incomes stated therein must be substantiated by a contract with the producer of the audio-visual work. In the event that the contract does not substantiate the amount of the incomes claimed in the Declaration, the amount claimed in the Declaration must be supported by some other conclusive document (e.g. an acknowledgment from the producer, a receipt, a bank statement, or an invoice in the case of an entity subject to VAT). During the review of the Declarations by the INTERGRAM Control Commission, INTERGRAM has the right to request that the performing artist substantiate the said amounts declared in the Declaration with additional documents (an expenditure document from the producer, a postal money order slip etc.). From the amount of the remunerations stated in these contracts, 70 % will be figured in for the purpose of determining the share of the unidentifiable incomes if the performing artist had provided an exclusive license for the whole period of protection of his/her rights for all types of use of the performance to the producer of the audio-visual fixation in such a contract and if the amount of the remunerations includes also the remuneration for the license provided thus. In other cases, including cases where the artist fails to duly substantiate his/her performances, e.g. substantiates them with only an incomplete agreement, only 30 % of the remunerations shall be figured in. If the common contract of the dubbing director (or theatre play director) for the creation and use of a performing artist's performance and an author's work does not determine the share of the total remuneration for the performing artist and for the author, 15 % of the total remuneration substantiated by the performing artist (the dubbing director) shall be figured in.
4. In the event that a performing artist does not deliver the Declaration within the determined deadline or within 21 days from the request for the submission of other documents, the share in the unidentifiable income shall be paid to such an artist from the reserve fund up to the amount of the relevant incomes created for the reserve fund within the given accounting year and for the relevant group of holders of rights. A Declaration can be asserted additionally for a maximum of three preceding completed accounting years. The date of completion of an accounting year is considered to be the binding date specified in the Copyright Act (currently until 30 September of the year following after the end of the accounting year). An additional claim will be paid on the next bulk payment date, but no sooner than after INTERGRAM completes all necessary reviews of the asserted additional Declaration. For the purposes of utilising funds from the reserve fund, additionally asserted Declarations are processed chronologically according to the date of receipt at INTERGRAM.
5. The provisions of point 3 do not apply to the use of phonograms incorporated into a film or other audio-visual work that are published for commercial purposes.

B. PRODUCERS OF PHONOGRAMS

I. Identifiable incomes

- a) incomes from broadcasting of phonograms produced for commercial purposes on radio and television and from musical audio-visual fixations (video clips),
- b) incomes from the sale and exchange of programmes produced by radio and television broadcasters which contain fixations produced for commercial purposes,

c) incomes from another use of fixed performances where the specific payment recipient can be identified, usually based on a contract with the user.

Method of distribution:

Based on the number of seconds used.

II. Unidentifiable incomes

- a) incomes from the communication of the fixations to the public by their performance from phonograms published for commercial purposes or from musical audio-visual fixations (video clips) and their transmission (§ 20 of the Copyright Act in conjunction with § 78 of the Copyright Act)
- b) incomes from the communication of the fixations to the public by broadcasting them on radio or television (§ 23 of the Copyright Act in conjunction with § 78 of the Copyright Act)
- c) incomes from the transmission of a radio or television broadcast (§ 22 of the Copyright Act in conjunction with § 78 of the Copyright Act)
- d) incomes from other uses of fixations not further specified for which a particular payment recipient cannot be identified (e.g. lending at libraries)
- e) incomes connected to the reproduction of fixations for personal use (§ 25 of the Copyright Act in conjunction with § 78 of the Copyright Act)

Method of distribution of the incomes under a) and b):

- 1. from the audio-visual field:
 - N_1 % of the incomes – proportional share of the amount of identifiable incomes for the use of phonograms and audio-visual fixations in a television broadcast,
 - N_2 % of the incomes – proportional share of the amount of identifiable incomes for the use of phonograms in radio broadcasting,
 - N_2 % of the incomes – based on the amount of incomes connected to the sale of phonogram carriers distributed for the purpose of a separate sale or connected to the direct retail sale to end customers in the territory of the Czech Republic, including the incomes from such a sale in an electronic form (downloading), incomes from making the phonograms available to the public by means of on-demand streaming and 1/2 of the incomes from making the phonograms available to the public by means of audio-visual on-demand streaming (e.g. through YouTube), based on the affirmation of the producer;

When accounting for remuneration for the year 2019 and subsequent years, N_3 % of unidentifiable incomes shall be distributed proportionately according to the claimed incomes under producers' affirmations arising from the sale of domestic (i.e. Czech and Slovak) repertoire and N_4 % of unidentifiable incomes shall be distributed proportionately according to the claimed incomes under producers' affirmations arising from the sale of foreign repertoire.

- 2. from the audio field:
 - N_5 % of the incomes – a proportional share of the amount of identifiable incomes for the use of phonograms in radio broadcasting
 - N_6 % of the incomes – based on the amount of incomes connected to the sale of phonogram carriers distributed for the purpose of a separate sale or connected to direct retail sale to end customers in the territory of the Czech Republic, including the incomes from such a sale in an electronic form (downloading), incomes from making the phonograms available to the public by means of on-demand streaming and 1/2 of the incomes from making the phonograms available to the public through audio-visual on-demand streaming (e.g. through YouTube), based on the affirmation of the producer;

When accounting for remuneration for the calendar year 2019 and subsequent years, N_3 % of unidentifiable incomes shall be distributed proportionately according to the claimed incomes under producers' affirmations arising from the sale of domestic (i.e. Czech and Slovak) repertoire and N_4 % of unidentifiable incomes shall be distributed proportionately according to the claimed incomes under producers' affirmations arising from the sale of foreign repertoire.

Shares expressed as a percentage ($N_1 - N_6$) of part B "Producers of Phonograms", section II "Unidentifiable incomes", subsection "Method of distribution of the incomes under a) and b)" shall be changed according to the results of a survey of the representation of the object of protection in the communication of fixations to the public by means of their performance from phonograms published for commercial purposes or from musical

audio-visual fixations – video clips and by means of their transmission and communication of fixations to the public by means of the performance of radio or television broadcasting, the procurement, results and reflection of which into the adjustment of coefficients shall be unanimously approved by the members of the Executive Board of INTERGRAM on behalf of producers of phonograms. For the purposes of accounting for the calendar year 2019, coefficients N_3 and N_4 shall be 50%.

Method of distribution of the incomes under c):

- 95 % of the incomes – proportional share of the amount of identifiable incomes for the use of phonograms and audio-visual fixations in a television broadcast
- 5 % of the incomes – proportional share of the amount of identifiable incomes for the use of phonograms in radio broadcasting

Method of distribution of the incomes under d):

1. From the audio-visual field:
 - 100 % of the incomes – proportional share of the amount of identifiable incomes for the use of phonograms and audio-visual fixations in a television broadcast
2. From the audio field:
 - 100 % of the incomes – proportional share of the amount of identifiable incomes for the use of phonograms in radio broadcasting

Method of distribution of the incomes under e):

- 100 % of the incomes – based on the amount of incomes connected to the sale of phonogram carriers distributed for the purpose of a separate sale or connected to direct retail sale to end customers in the territory of the Czech Republic, including the incomes from such a sale in an electronic form (downloading), incomes from making the phonograms available to the public by means of on-demand streaming and 1/2 of the incomes from making the phonograms available to the public through audio-visual on-demand streaming (e.g. through YouTube), based on the affirmation of the producer;

When accounting for remuneration for the year 2019 and subsequent years, N_7 % of unidentifiable incomes shall be distributed proportionately according to claimed incomes under affirmations by producers arising from the sale of domestic (i.e. Czech and Slovak) repertoire and N_8 % of unidentifiable incomes shall be distributed proportionately according to claimed incomes under affirmations by producers arising from the sale of foreign repertoire.

Shares expressed as a percentage ($N_7 - N_8$) in section B “Producers of phonograms”, part II “Unidentifiable incomes”, item “Method of distribution of the incomes under e)” shall be changed according to the results of a survey of the representation of objects of protection in the reproduction of recordings for personal use, the procurement, results and reflection of which into the adjustment of coefficients shall be unanimously approved by the members of the Executive Board of INTERGRAM on behalf of producers of phonograms. For the purposes of accounting for the calendar year 2019, coefficients N_7 and N_8 shall be 50%.

If the producer fails to submit an affirmation within the set deadline, or within 21 days after receiving a notice to submit further documents, his share of the unidentifiable incomes shall be paid out to him from a reserve fund up to the amount of the respective incomes created for the reserve fund within the given accounting year and for the relevant group of holders of rights. An affirmation can be asserted additionally for a maximum of three preceding completed accounting years. The date of completion of an accounting year is considered to be the binding date specified in the Copyright Act (currently until 30 September of the year following after the end of the accounting year). An additional claim will be paid on the next bulk payment date, but no sooner than after INTERGRAM completes all necessary reviews of the asserted additional affirmation. For the purposes of utilising funds from the reserve fund, additionally asserted affirmations are processed chronologically according to the date of receipt at INTERGRAM.

In the case of carriers being sold that include protection restricting the possibility of reproduction, the part of the amount being calculated based upon incomes connected with the sale of carriers shall be proportionately reduced by a coefficient of 0.5.

C. PRODUCERS OF AUDIO-VISUAL FIXATIONS

Unidentifiable incomes

All the unidentifiable incomes of the producers of audio-visual fixations, i.e.:

1. the incomes connected to reproduction of audio-visual fixations for personal use (§ 25 of the Copyright Act in conjunction with § 82 of the Copyright Act) and
2. the incomes from the communication of the audio-visual fixations to the public by means of television broadcasting (§ 23 of the Copyright Act in conjunction with § 82 of the Copyright Act) and
3. the incomes from other uses of audio-visual fixations where the specific recipient of the payment cannot be identified
4. the incomes from a transmission of a television broadcast (§ 22 of the Copyright Act in conjunction with § 82 of the Copyright Act).

are distributed as follows:

- a) **12 %** for the producers of video-clips of audio-visual interpretations of phonograms of musical works;
- b) **88 %** for the other producers of audio-visual fixations.

The incomes stated under a) are distributed among the individual producers of video-clips in the same ratio as these producers' share in the identifiable incomes for the use of audio-visual fixations (video-clips).

The incomes stated under b) are distributed to producers of audio-visual fixations (with the exception of producers of video-clips) as follows:

1. 12% based on the time duration of individual broadcast audiovisual fixations specified in an affirmation by the producer of audiovisual fixations, used in national terrestrial broadcasting of stations whose annual share within the 15+ target group for the entire day (6:00 – 6:00), published by the Association of Television Organizations (<http://www.ato.cz>), exceeds 1%. A list of such stations shall always be included in the affirmation form by the producer of audiovisual fixations for the relevant year (the list of television groups (stations) may differ each year as compared to preceding years). In the affirmation form, the producer is obligated to specify the stations on which an audiovisual fixation was broadcast.

For the purposes of affirmations by the producers of audiovisual fixations, an audiovisual fixation is understood to mean an audiovisual fixation of a cinematographic work or other film work, as well as an audiovisual fixation of a dramatic television work (television film, series, documentary television film). If a producer of audiovisual fixations is claiming, in an affirmation, such an audiovisual fixation that is of a different nature than an audiovisual fixation of the works stated above, the claimed duration time shall be multiplied by a coefficient of 0.20. In the affirmation form, the producer is obligated to specify the type of the audiovisual fixation being claimed.

The claimed duration time of audiovisual fixations used in night-time broadcasting during the time from 00:00 o'clock to 05:59 o'clock shall be multiplied by a coefficient of 0.20. The decisive factor as to whether a case is that of the use of an audiovisual fixation within the scope of night-time broadcasting shall be considered to be the moment of commencement of broadcasting. In the affirmation form, the producer is obligated to specify the time of commencement of broadcasting of the audiovisual fixation. The coefficients under this paragraph and the previous paragraph shall, provided that the said conditions are fulfilled, be applied simultaneously.

If the producer provides incorrect information or fails to provide information in the affirmation form, it shall be called upon to correct or provide such information. If the producer fails to comply with such request, the affirmation shall be considered unsubmitted.

The provisions of paragraph 1 shall be applied for the first time in the accounting procedure for the calendar year 2020.

2. 38 % based on the amount of the incomes connected to the sale of audio-visual fixation carriers distributed for the purpose of a separate sale or to a direct retail sale to end consumers in the Czech Republic, including incomes from such a sale in an electronic form (downloading) and from on-demand streaming in the territory of the Czech Republic that are not licensed via INTERGRAM
3. 38 % based on the attendance (number of viewers) of the individual audio-visual fixations in cinemas in the territory of the Czech Republic.

All of the aforementioned data shall be substantiated by the producer of the audio-visual fixations in an affirmation of these facts for the given calendar year. If the producer does not submit an affirmation within the determined deadline, or within 21 days after receiving a notice to submit further documents, his share of the unidentifiable incomes shall be paid out to him from a reserve fund up to the amount of the respective incomes created for the reserve fund within the given accounting year and for the relevant group of holders of rights. An affirmation can be asserted additionally for a maximum of three preceding completed accounting years. The date of completion of an accounting year is considered to be the binding date specified in the Copyright Act (currently until 30 September of the year following after the end of the accounting year). An additional claim will be paid on the next bulk payment date, but no sooner than after

INTERGRAM completes all necessary reviews of the asserted additional affirmation. For the purposes of utilising funds from the reserve fund, additionally asserted affirmations are processed chronologically according to the date of receipt at INTERGRAM.

D. COMMON PROVISIONS

1. The amount of the overhead deduction from the incomes, including unjustified enrichment
 - a) overhead deduction from identifiable income for the administrative part of the collective management through INTERGRAM - 12 %
 - b) overhead deduction from unidentifiable income for the administrative part of the collective management through INTERGRAM – 15.4 %
 - c) overhead deduction from unidentifiable income for the provision of the cultural, educational and social services provided by INTERGRAM - up to 12.6 %

The amount of the overhead deduction from unidentifiable income received by performing artists, producers of phonograms and producers of audiovisual fixations intended for the provision of cultural, educational and social services may be different for each type of represented right, and for each type, it is approved by the relevant category of represented persons in a separate vote.

- d) another deduction from unidentifiable incomes in accordance with the Copyright Act, as amended. Its amount is subject to approval by the General Assembly.

The overhead deduction set forth in this paragraph is without the value added tax, and this tax shall be added to it later according to the legal regulations in force. INTERGRAM is entitled to an overhead deduction from the entire income, i.e. the remuneration as well as the reserve fund.

2. Projects of the performing artists' common interest in the provision of cultural, social and educational services may be carried out by INTERGRAM or through the Performing Artists' Association (Sdružení výkonných umělců) and the Life of Artist Foundation (Nadace Život umělce). INTERGRAM implements these projects from its budget according to the ratio of 53 % of the amount of the overhead deduction from the unidentifiable incomes of performing artists under clause D (1) c via the Performing Artists' Association and 47 % of the overhead deduction from the unidentifiable incomes of performing artists under clause D(1)c via the Artist Life Foundation.
3. Projects of the phonogram producers' common interest in the provision of cultural, social and educational services may be carried out by INTERGRAM or through another person. INTERGRAM implements these projects from its budget using the overhead deduction from the unidentifiable incomes of phonogram producers under clause D (1) c.
4. Projects that are of a common interest to the producers of audio-visual fixations in the provision of cultural, social and educational services may be carried out by INTERGRAM or through the Association of Producers of Audio-visual Works. INTERGRAM implements these projects from its budget using the overhead deduction from the unidentifiable incomes earned by the producers of audio-visual fixations under clause D (1) c.
5. The decision on the use of the overhead deduction for the provision of cultural, educational and social services is made by the INTERGRAM Executive Board with a view towards the criteria for the provision of the cultural, social and educational services which constitute Annex 2 to these Distribution Rules and on the basis of the submitted individual project plans, and it is made separately according to the type of represented right. The plans are submitted by INTERGRAM members. The Executive Board's decision on the use of the overhead deduction under clause D (1) c is delivered to INTERGRAM in the form of a binding recommendation for implementation. INTERGRAM implements the approved projects by either using its own capacities or through third parties that meet the requirements laid down by the Copyright Act and are qualified for the provision of the above-named services, and it does so on the basis of a contract enabling the continual monitoring of the use of the overhead deduction under clause D (1) c.
6. INTERGRAM creates a reserve fund:
 - a) in the amount of 5 % of incomes for the purposes of fulfilling additional justified claims pertaining to the protected subject-matter (fixations and performances) that either could not be identified or that were erroneously assigned to holders of rights (complaint on accounting); and further for the purposes of fulfilling claims from additionally submitted Declarations of performing artists and affirmations of producers. This reserve fund is created separately for performing artists, producers of phonograms and producers of audio-visual fixations. Unutilised reserve resources are distributed after three years as unidentifiable incomes in the sector for which the reserve fund was created.

b) in the amount of 5 % of incomes of performing artists and 4 % of income of producers of phonograms for the purposes of fulfilling justified claims of additionally determined and found holders of rights. Such claims pertain to the protected subject-matter (fixations and performances) for which one or more holders of rights have not been determined or found (abandoned protected subject-matter). This reserve fund is administrated separately in accounting. After the elapse of the statutory period of 3 years and provided that all necessary measures prescribed by the Copyright Act leading to the finding of undetermined and unfound holders of rights have been taken, unutilised reserve resources are distributed within the scope of unidentifiable incomes in the sector for which the reserve fund was created.

However, the reserve funds under a) and b) are not created from incomes of performing artists from so-called new re-runs (see A., I., c), 1.) and sales or exchanges of programmes produced by radio and television broadcasters (see A., I., d).

A reserve fund in the amount of 3 % is created from incomes of performing artists from old Czech Television and Czech Radio re-runs, this being solely for the purposes of a complaint on accounting within the meaning of item a). Unutilised reserve resources are distributed after three years as unidentifiable incomes in the sector for which the reserve fund was created.

7. Method of distribution: the total collected amount is divided into incomes intended for distribution and reserve funds. An overhead deduction is deducted from both portions at the moment of balancing on the accounts of holders of rights.
8. If at any time in the course of the following three years more than 80 % of the funds from the reserve fund under paragraph 6 letter b) created for the relevant accounting year and the given category of holders of rights was depleted, the reserve fund under paragraph 6 letter b) for the given category of holders of rights within the next closest accounting year (i.e. for the accounting year for which, at the time when the overdrawing of 80 % of the funds came to light, accounting had not yet been conducted) will be increased by 1 percentage point.
9. The accounting period for collective management is the calendar year and accounting of remuneration must be conducted at least once per calendar year, no later than by 30 September of the following calendar year.
10. If it is not possible for objective reasons, which must, though, first be assessed by the Executive Board of INTERGRAM, to conduct accounting within binding deadlines, payments of remunerations for a previous accounting period can be made by way of an advance for holders of rights represented under a contract of representation and an application for the recording of rights. The amount of an advance paid in such manner shall be determined by a decision of the Executive Board. Advances paid in such manner shall be subsequently accounted for with future accounted remunerations of the particular right holder.
11. Incomes accounted for from abroad on the basis of contracts entered into with foreign collective managers and INTERGRAM shall be distributed according to documents sent for the purposes of distribution. Distribution is governed by the regime of the foreign collective manager and by the provisions of the agreement between INTERGRAM and the foreign collective manager on mutual protection of rights. If sufficient documents are not available for the distribution of remuneration and it has not been possible to subsequently eliminate deficiencies, such incomes shall be distributed as part of unidentifiable incomes.
12. The collection, administration and payment of remunerations for all domestic uses of performances and fixations of right holders that have entered into a contract with foreign collective managers with which INTERGRAM has international agreements on mutual protection of rights is conducted in accordance with the provisions of these Distribution Rules and executed international agreements. Documents and statistical records for the ascertainment of the amount of remunerations are identical to documents serving for accounting toward right holders who have entered into a contract with INTERGRAM, but, nevertheless, they may be supplemented with documents that are based upon data exchange between foreign collective managers in accordance with the rules of the SCAPR international organization, of which INTERGRAM is also a member. In the case of any ambiguities pertaining to right holders or their remunerations, the payment of remunerations is suspended until the clarification thereof. The amount of the overhead deduction is based upon these Distribution Rules, unless mutual agreements between collective managers provide otherwise
13. Deadlines for the accounting of remunerations between foreign collective managers may differ from standard accounting deadlines, due to the need to complete a data exchange with foreign collective managers, which is conducted in accordance with the rules of the SCAPR international organization. Remunerations for right holders

that have been calculated by INTERGRAM in accordance with the Distribution Rules according to the documents that INTERGRAM had available at the time of proper accounting shall serve, until the completion of such data exchanges between foreign collective managers, as reserve resources for the calculation of the final amount of remunerations. If any differences arise after the completion of such data exchanges between the final amount of remunerations and such created reserve resources, such differences may be accounted for in regard to the reserve fund.

14. Incomes from the use of signature tunes (a musical form that characterises a particular station or programme), jingles (music interludes) and other short uses of phonograms that appear regularly in radio and television broadcasts are divided according to the number of the used minutes reported by the broadcasters multiplied by a coefficient of 0.20.
15. For the purposes of calculating remuneration for performances, phonograms and audio-visual fixations during the time from 00:00 o'clock to 05:59 o'clock, shown footage of use shall be multiplied by a coefficient of 0.20. The provision shall apply only if INTERGRAM has data available regarding the specific broadcasting time from broadcasters. If television broadcasters pay INTERGRAM remuneration for performing artists, producers of phonograms and producers of audio-visual fixations as a lump sum amount that is not based upon proportional remuneration, then, for the purposes of calculating remuneration in regard to performances recorded on audio-visual fixations and in regard to audio-visual fixations, the shown footage of use is multiplied by a coefficient of 2.
16. In the distribution of the income collected for television broadcasting from broadcasters who operate two or more television stations and who send INTERGRAM complete information on the use of copyrighted performances and fixations, the payment for individual stations for subsequent distribution according to seconds of use (upon taking into consideration the coefficients of the Distribution Rules that regulate time duration) is distributed in regard to the total income collected from the broadcaster as follows:
 - a) Public and music stations (a music station being considered to mean a station with use of protected subject-matter – video-clips of over 50% of the broadcasting time): The total income collected from the television group is distributed among the individual stations in direct proportion to the number of seconds used on each station.
 - b) Full-format television groups (with the exception of public television stations): The total income collected from the television group is distributed in direct proportion to the proceeds of the individual stations (if the broadcaster submits such a breakdown of proceeds), or (if a breakdown of proceeds is not available) the procedure shall be as follows: The total income collected from the television group is distributed among the individual stations in direct proportion to the multiple of the share of the audience of each individual station and the seconds used on the relevant station. For the purposes of the calculation, the share of the audience is understood to mean the annual share within the target group 15+ for the whole day (6:00 a.m. – 6:00 a.m.), published by the Association of Television Organizations (<http://www.ato.cz>).
 - c) If the broadcaster operates non-music and music stations, the procedure according to letter b) of this clause shall be used in the event that the share of the audience of the non-music stations is, in total, greater than the share of the audience of the music stations within the same group. Otherwise, the procedure according to letter a) of this clause shall be used.
 - d) In the case of unavailable information regarding audience and, at the same time, unavailable information regarding distribution of proceeds among the channels, the procedure according to letter a) of this clause shall be used.
17. If sufficient documents as a base for the distribution of the identifiable incomes are not available, such incomes become unidentifiable. If sufficient documents for deciding on the distribution of the unidentifiable incomes are available, such incomes become identifiable.
18. The postage fee for the payments sent by post money order can be paid from the individual payments.
19. All payments for entities not subject to VAT must be paid only if they reach the amount of CZK 500 or more. Lower amounts may be paid at INTERGRAM's office upon request. If such amounts are not paid, they remain on the accounts of the entities not subject to VAT until the next accounting.
20. Remunerations calculated additionally after the conclusion of the accounting of the respective year are paid out only along with the payment of remunerations for the following calendar year, i.e. on the nearest following date for the bulk payment of remunerations, and only up to the amount of the assets deposited in the reserve fund within the given accounting year and for the relevant group of holders of rights.

- 21.** All the INTERGRAM members whose incomes paid to them by INTERGRAM exceeded CZK 1.500.000 in the previous calendar year shall receive returnable advances paid out to them in the next calendar year upon request. The amount of these advances shall be 45 % of the average annual income paid by INTERGRAM within the last three calendar years. However, if the income in one of these years shall differ from the income for the other calendar year of this period by more than 15 %, the advance in the amount of 45 % shall be calculated from the lowest annual income paid by INTERGRAM within the last three years. If the real amount of the annual remuneration of the INTERGRAM member in the year for which the advance has been paid is lower than the advances paid, such a member of INTERGRAM is obliged to return the overpayment without unreasonable delay; no later than within 3 months after INTERGRAM sends the notice that the overpayment must be returned. If the member of INTERGRAM does not return the overpayment as specified in the previous sentence, INTERGRAM is entitled to automatically offset the overpaid amount against any other payment that it should carry out on behalf of that member. The INTERGRAM member shall lose the entitlement to an advance payment if the member does not fulfil his duties specified by the contract of representation, if he has unpaid financial obligations towards INTERGRAM and if the extent of the member's representation by INTERGRAM changes significantly as a result of a transfer of rights to another entity. Advance payments shall usually be made twice a year, always on June 30 and December 31 of the given year. The amount of the advance payment is inclusive of the value added tax.
- 22.** Incomes of the performing artists specified in part A. Performing artists
I. Identifiable incomes under letter c) paid by Czech Television for the 1st half-year shall be paid to the involved performing artists by 31 December of the same calendar year under the condition that Czech Television has provided documentation for the billing calculation in a proper and timely manner.
- 23.** The revenues from the investment of the income from the exercise of rights are not divided among the holders of the rights, but become resources reserved for the performance of collective management through INTERGRAM.
- 24.** In cases where the quarterly income from a user does not exceed CZK 35,000 excluding VAT and the preparation of the documents on the use is extremely costly at the same time, the requirement to prepare such documents may be waived. In such a case, such income may be billed as unidentifiable income.
- 25.** The incomes shall mean the actually collected income and do not include the claims against the users.
- 26.** The VAT will be paid to the payers of value added tax as part of the accounting in compliance with the legal regulations in force based on the tax document issued by them and delivered to INTERGRAM.
- 27.** The incomes of unidentified and unlocated holders of rights shall be accounted for within the current accounting period within the scope of unidentifiable incomes. Such unidentifiable incomes arising from the use of recordings released for commercial purposes in television broadcasting shall be distributed proportionately based on the identifiable incomes for the use of recordings released for commercial purposes in television broadcasting and such unidentifiable incomes arising from the use of recordings released for commercial purposes in radio broadcasting shall be distributed proportionately according to the identifiable incomes for the use of recordings released for commercial purposes in radio broadcasting. An overhead deduction shall apply to such unidentifiable incomes in an amount according to section D. 1. a). At the same time, such incomes shall not have an impact upon the calculation of funds for "senior" artists who have received the Senior Prix prize on the basis of a proposal by professional organizations. INTERGRAM retains the information regarding the amount of incomes accounted for unidentified and unlocated holders of rights separately for a period of at least three years for the purposes of satisfying the claims of subsequently identified and located holders of rights. This provision shall be applied for the first time in procedures for accounting within the new INTERGRAM informational accounting system.
- 28.** These Distribution Rules include Annex 1 - General Terms and Conditions for the Provision of Services of Collective Manager by INTERGRAM, z.s. to Copyright Holders - as an integral part.
- 29.** Annex 2(Criteria for the Provision of Social, Cultural and Educational Services) is an integral part of these Distribution Rules.
- 30.** Changes to the Distribution Rules are valid and effective as of 17 June 2020. The Distribution Rules as amended by such changes shall also be applicable to the execution of accounts on income for calendar year 2019, unless a relevant provision provides otherwise.

E. Transitional Provisions

In connection with an amendment to the Copyright Act, a special accounting of funds from the reserve fund for the year 2015 was conducted upon the proposal of the Executive Board dated 2 November 2018. Such accounting was conducted in regard to all designated and represented holders of rights, in a proportionate manner according to the total amount of all types of incomes that were accounted for in regard to such holders of rights for the year 2017 in connection with the use of fixations produced for commercial purposes. The overhead deduction pertaining to funds from the reserve fund for the year 2015 was 28 % in accordance with the Distribution Rules of INTERGRAM valid for the year 2015.

Annex no. 1 to Distribution Rules

General conditions for the provision of services to right holders by the collective management society INTERGRAM, z.s. (registered association)

1. Based on the Copyright Act No. 121/2000 Coll., as amended, for VAT (taxation) purposes, evidence of any performance in accordance with a contract of representation on behalf of the right holder shall be considered a "partial performance" under the respective accounting year (in terms of the VAT Act – art. 21 par. 8).
2. A partial performance can be interpreted as a provision of the services of the collective management society during the accounting year. Under this provision, the date of taxable supply is established when all data necessary for the proper execution of the accounts is settled and gathered.
3. The right holder, or the individual or entity who serves as a representative to the right holder (if applicable), is considered a "taxable person". This implies that the said individual is able to consistently and autonomously grant authorisation to exercise the right to use his/her phonograms, audio-visual fixations and fixed performances.
4. A right holder, or the individual or entity who serves as a representative to the right holder (if applicable), who resides in another EU member state is obliged to report his/her Tax ID for the given EU state. In the event that he/she fails to report this Tax ID or reports a wrong one, the right holder, or the individual who represents the right holder (if applicable), is obliged to pay to the collective management society the damages incurred due to a missing or erroneous Tax ID.
5. A right holder, or the individual or entity who serves as a representative to the right holder (if applicable), who resides outside the EU is obliged to make note as to whether or not he/she is a VAT payer in the Czech Republic. In addition, the right holder is obliged to provide his/her Czech Tax ID for VAT purposes, provided that he/she has obtained such an ID in connection with the economic activities associated with being an owner of copyrighted works (granting authorisation for the use of proprietary rights). In the event that he/she fails to report this Tax ID, or reports a wrong one, the right holder, or the person who represents the right holder, has the duty to pay to the collective management association for the damages incurred due to the missing or erroneous Tax ID.
6. The right holder, or the individual or entity who serves as a representative to the right holder (if applicable), is obliged to inform the collective management organization about his/her Tax Domicile. If he/she fails to do so or reports an incorrect Tax Domicile, he/she is responsible to pay the collective management society for damages incurred due to a missing or erroneous Tax Domicile.
7. The representative who acts on behalf of the right holder (on the basis of an established mandate) is obliged to inform the collective management organization about the Tax Domicile of the represented right holder. In the event that he/she fails to do so or reports an incorrect Tax Domicile, he/she has the duty to pay to the collective management organization any damages incurred due to a missing or erroneous Tax Domicile.
8. The right holder, or the individual who represents him/her (if applicable), is obliged to submit a certificate of the tax domicile issued by a respective foreign taxation authority upon request.
9. The right holder, or an individual or entity who serves as a representative to the right holder on the basis of an established mandate (if applicable), is obliged to declare the published accounts used concerning the economic activities of the right holder (granting authorisation for the use of proprietary rights). The right holder is also obliged to inform the collective management society that he/she has become an "unreliable payer" under the terms of Act No. 235/2004 Coll., the VAT Act, as amended.
10. The collective management organization is entitled to pay the VAT from the remuneration for the use of the proprietary rights of their holder in the event that the right holder or the person representing him/her becomes an unreliable taxpayer.
11. Any differences between the amount of the overhead deduction from the created reserve fund and the amount of the overhead deduction upon the dissolution of such reserve fund shall be accounted in regard to the relevant reserve fund.

Annex no. 2 to Distribution Rules

Criteria for the Provision of Social, Cultural and Educational Services

1. According to Act no. 121/2000 Coll., Copyright Act, as amended, INTERGRAM has the right to provide social, cultural or educational services funded from the incomes collected for the exercise of rights or from the investment of these incomes.
2. INTERGRAM provides support in the social, cultural or educational domain to all the right holders represented by INTERGRAM who are active in the territory of the Czech Republic, regardless of their nationality or citizenship, with an emphasis on the balanced use of the provided funds.
3. In providing the above-named services, INTERGRAM cooperates with professional organizations or unions associating the represented holders of rights based on their common interests pertaining to individual artistic or production professions and for their common benefit.
4. In accordance with the European and the national legislation, the main subject-matter of the cooperation with the professional organizations or unions is, above all, the provision of cultural, educational and social services whose availability must be ensured for all the right holders represented by the collective manager regardless of their membership in these organizations. The provision of these services is ensured by INTERGRAM in compliance with its Articles in the form of common interest projects whose primary objective is mutual partner support during the fulfilment of the objectives of the collective management and a comprehensive satisfaction of the interests of the represented holders of rights in connection with copyrights, including in particular handling issues associated with the practical application of the copyright, increasing the public awareness of the needs to protect intellectual property and, last but not least, supporting a wide range of interpretive arts, including the support of young artists and the implementation of various cultural projects.
5. A significant benefit of the said projects is also the social assistance provided in the form of support for the represented holders of rights in difficult life situations relating in particular to health issues resulting from a long-lasting performance of an artistic profession or from their retirement from the active performance of their profession, as well as the compensation for the retired holders of rights for the periods when their property rights were not exercised systematically and to the appropriate extent in the territory of Czechoslovakia despite the fact that the period of protection of their rights to the protected subject-matter declared by law or the international copyright legislation continued without interruption.
6. The cooperation between INTERGRAM and the organizations of the holders of rights on the basis of the above-given principles and the mutually-shared values is a suitable and needed project, and at the same time, it is a valuable component in the development of the life of the concerned entities that fills the discretionary space given by the bargaining autonomy of private legal entities guaranteed by the legislator and levels out the practical imbalance of the relationships between the collective manager and the users of the copyright-protected subject-matter at the expense of the expected benefits arising from the full management of the property of the right holders under the collective management.
7. The effective course and the success of the common interest projects is guaranteed in line with the plan of the provided services approved by the INTERGRAM Executive Board by the regular coordination of the activities of the professional organizations and unions within the cultural, social and educational support provided by INTERGRAM and also the increase of nation-wide public awareness with regard to the protection of intellectual property rights.
8. The content of these criteria shall be integrated by INTERGRAM in the contractual provisions on the agreement on the common procedure and mutual support in the protection of the property interests of the right holders, including the financial and practical conditions for implementing the individual common interest projects.

In Prague on 17 June 2020

Tomáš Turek
Chairman of the INTERGRAM Executive Board

JUDr. Ludvík Bohman
Director of INTERGRAM