

Music Distribution Policy Rules and Timelines 2026



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1 INTRODUCTION

1.1 *Scope of application*

SIAE's Music Division is in charge of managing public performance rights relating to musical works¹, including film screening, communication to the public by radio and television broadcasting and mechanical reproduction rights with regard to such musical works.

Distribution of copyright collections is carried out net of the shares due to SIAE (hereinafter also referred to as the "Society") and net of any amounts allocated to welfare purposes and encouragement of the national arts referred to in section 20.

Processes, criteria, and timelines relating to the distribution of revenues collected by the Society, for the use of works that belong to the musical repertoire managed by the Society, are laid down by the following rules.

1.2 *General principles*

Revenues distribution criteria are established by SIAE's Management Board, having heard the Music Committee's opinion, in accordance with Article 18 (7) and Article 22 (1) of the Society's Articles of Association.

The distribution process is aimed at determining, and consequently attributing, the amounts due to the rightsholders in compliance with the principles of effectiveness, efficiency, cost-effectiveness, and transparency, in other words as accurately as possible and within reasonable cost and time limits.

In order to proceed correctly with the collection distribution, the Society needs specific information relating to the exploitation of the protected works to which the collections themselves refer.

The Society distributes the net collections primarily by using the analytical method, based on detailed information included in the setlists submitted by users, in the reports submitted by TV/Radio broadcasters or in different kinds of documentation (e.g., online music usage reports). In the event that the user is unable to provide complete information or supply data in a format manageable by SIAE, the Society may resort to alternative methods in order



¹ SIAE's Music Division is in charge of managing rights relating to musical works, with or without lyrics, of both classical and pop genres. Operas, ballets, oratorios, operettas, revues, etc. are instead entrusted to the protection of the Drama and Opera Section: in such cases, SIAE's Music Division only manages the "detached musical pieces", that is, used independently with respect to the full version of dramatic-musical works.

to acquire the information needed to carry out the collection distribution, including electronic format *fingerprinting* techniques.

In order to pursue the cost-effectiveness of its work, the Society may also use alternative methods for acquiring information, such as sampling the setlists received and sample surveys carried out by qualified experts.

The Management Board, after consulting the Music Committee and while considering the collections volume, management cost-effectiveness criteria, as well as the availability of the information necessary for the distribution purposes, may derogate from the distribution criteria set out in this document, approving specific rules by resolution, still ensuring a fair, equitable and efficient distribution of the amounts due to the rightsholders.

1.2.1 *Distribution of the amounts attributed to individual musical works*

The amounts which, following the operations laid down by these criteria, are attributed to the different musical compositions, are distributed, and paid to the rightsholders on the basis of the distribution shares stated in the works' registration forms² registered and acquired in the Society's works database, in compliance with Article 33 of the Society's General Regulations. The distribution shares due to the individual rightsholders, owners of the works are indicated in the statements.



The amounts credited to each musical composition by foreign copyright collecting Societies, are listed, in the statements issued to SIAE's members, separately for each foreign Society, and to such an extent that, taking into account any shares withheld by said Societies, the distribution share is equivalent to the percentages set out in the work's registration form, without prejudice to the effects of the specific regulatory provisions with regard to the assignment of works abroad.

² The revenues are collected and distributed based on the latest valid documentation of the musical works at the time of the distribution operations.

1.2.2 *Management policy of amounts non-attributable through ordinary distribution*

Before and during the ordinary distribution process, a variety of reasons that may arise, not dependent on the Society, could make it impossible to proceed with the distribution of the amounts in favour of the rightsholders, for example:



- amounts that cannot be included in the ordinary distribution process due to extraordinary reasons (e.g., missing programming reports from television and radio broadcasters).
- amounts placed in ordinary distribution that cannot be attributed to members because it was impossible to identify the relevant work and/or the rightsholder (e.g., unidentified music).

The amounts not attributable through the ordinary distribution process and criteria are therefore distributed proportionally, according to the amount in the royalties' analytical statements to the rightsholders, as specified in the following sections and with different timelines depending on the cause that prevented the ordinary distribution from taking place.

Any complaints received after the extraordinary proportional distributions referred to above, yet submitted within the statutory limitation period, shall be accepted, provided that the ownership of the works by the complainant is ascertained and the Society has received all the information required for the purposes of quantifying the amount to be paid in reason of the exploitation of the above-mentioned works.

1.3 *Application period*

The following criteria apply to distribution processes relating to year 2026. Distribution frequency along with their relevant timelines are outlined in the following sections.

Table 1: Royalty sources and reporting classes of payments to rightsholders

SECTION	ROYALTY SOURCE	PAYMENT CLASS
2	DANCING WITH LIVE MUSIC	CLASS I
3	DISCOTHEQUES	CLASS I
4	RESTAURANTS, COFFEE SHOPS, PUBS WITH MUSICAL PERFORMANCES	CLASS I
5	PRIVATE EVENTS	CLASS I
6	CONCERTS AND OTHER MUSICAL EVENTS	CLASS IV
7	BACKGROUND MUSIC	CLASS IV
8	CINEMA	CLASS II
9	TELEVISION	CLASS II and III
10	RADIO	CLASS III
11	RECORDINGS FOR TV AND RADIO BROADCASTING	CLASS V
12	REPRODUCTIONS ON AUDIO AND VIDEO MEDIA	CLASS V
13	REPRODUCTIONS OF DJs' WORK COPIES	CLASS V
14	ONLINE MUSIC: Music platforms and social networks	CLASS VI
15	ONLINE MUSIC: Live Streaming, Websites and other services	CLASS VI
16	ONLINE TV: Video On Demand Platforms and WEB TV	CLASS VI
17	PRIVATE COPYING	PRIVATE COPYING
18	INTERNATIONAL REVENUES	REMITTANCES BY CMOs

2 DANCING WITH LIVE MUSIC

2.1 *Distribution criteria*

Dancing events accompanied by live music are distributed 100% analytically on the basis of information declared in the submitted setlists. Notably, collections relating to each dancing event and entertainment event accompanied by dancing with live musical performances are allocated by share among the musical compositions listed in the corresponding setlist submitted to the Society by the license holder of the relevant entertainment event. The musical works listed more than once in a setlist that relates to the same entertainment event, will be calculated as if they had been performed only once.

EXCLUSIONS

Musical works performed for less than thirty seconds are excluded from the analytical distribution.

The following are also excluded from the analytical distribution:

- A. setlists relating to **private events** and **setlists** relating to performances **that have taken place on ships and other means of transport** (with the exception of those entertainments for which it is possible, also in terms of cost-effectiveness of management, to carry out checks);
- B. **setlists with programming irregularities** as per implementation of article 38 of SIAE's General Regulations;
- C. **setlists with filling out irregularities** (for example, failure to sign, missing, incorrect or untruthful indication of the data of the performer or signatory or setlists that, following investigations, turn out to be signed by a person other than the actual director of performances);
- D. setlists returned more than six months after the date of the event.**

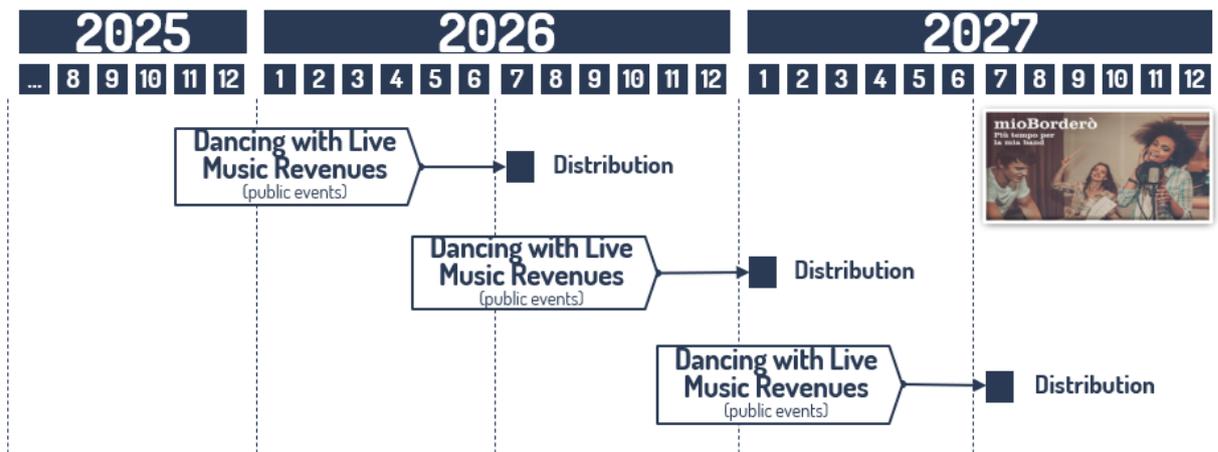
Collections relating to setlists for private events (point A) are distributed according to the rules outlined in section 5 below.

Collections relating to the setlists listed above (points B, C **and D**) are distributed within **the period** following that of the ordinary distribution, in favour of those entitled to participate in the royalty distribution relating to "Dancing events accompanied by live music", in proportion to the amount of the royalties' analytical statements relating to the reference period.

2.2 *Distribution frequency*

Distribution of rights collections relating to dancing events and entertainments **events with dancing accompanied by live music, reported with electronic format setlists**, is carried out no less than once every six months:

- **revenues collected up to 30 April** each year are distributed by **July of the same year** provided that the relative electronic format setlists are returned by 30 April the same year
- **revenues collected up to 31 October** each year are distributed by **January of the following year** provided that the relative electronic format setlists are returned by 31 October the same year
- **revenues collected in November and December** each year, are distributed by **July of the following year**.



2.3 Management of collections non-distributable through the ordinary distribution process

2.3.1 Missing setlists

Collections relating to setlists which, despite all diligence by the Society, have not been delivered in time to proceed with the distribution process relating to the relevant period, are distributed in the period following that of the ordinary distribution, in favour of those entitled to participate in the royalty distribution relating to "Dancing with live music", in proportion to the amount of the royalties' analytical statements relating to the reference period.

2.3.2 Unidentified music

Collections relating to unidentified music used in "Dancing events accompanied by live music" are distributed in the period following that of the ordinary distribution, in favour of those entitled to participate in the royalty distribution relating to "Dancing with live music", proportionally to the amount of the royalties' analytical statements relating to the reference period.

3 DISCOTHEQUES

3.1 *Distribution criteria*

Copyright collections from discotheques (also called dancing with mechanical instrument) **are distributed 100% analytically** on the basis of information contained in the music setlists. In particular, collections relating to each musical performance by mechanical instrument for both dancing and entertainment events accompanied by dancing, are distributed by share among the musical pieces listed in each setlist. Musical pieces listed more than once in a setlist that relates to the same entertainment event, will be calculated as if they had been performed only once.

EXCLUSIONS

Musical pieces performed for less than thirty seconds are excluded from the analytical distribution process.

The following are also excluded from the analytical distribution process:

- A. **setlists** relating to private events and setlists relating to performances **that have taken place on ships and other means of transport** (with the exception of those entertainments for which it is possible, also in terms of cost-effectiveness of management, to carry out checks);
- B. **declared setlists with programming irregularities** as per implementation of Article 38 of SIAE's General Regulations.
- C. **setlists with filling out irregularities** (for example, failure to sign, missing, incorrect or untruthful indication of the data of the performer or signatory or setlists that, following investigations, turn out to be signed by a person other than the actual director of performances);
- D. setlists returned more than six months after the date of the event.**

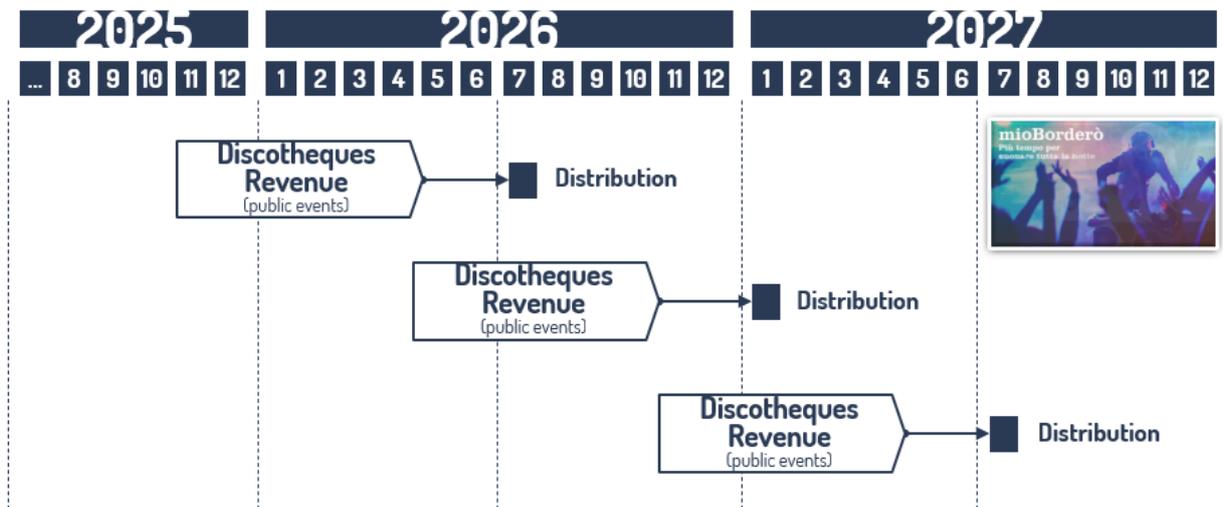
Collections relating to setlists for private events (point A) are distributed according to the rules described in section 5 below.

Collections relating to the setlists listed above in points B, C **and D** are distributed within **the period** following that of ordinary distribution, in favour of those entitled to participate in the royalty distribution relating to "discotheques", proportionally to the amount of the royalties' analytical statements of the reference period.

3.2 Distribution frequency

Distribution of royalties relating to discotheques is carried out not less than every six months:

- **revenues collected up to 30 April** each year are distributed by **July of the same year** provided that the relative electronic format setlists are returned by 30 April the same year
- **revenues collected up to 31 October** each year are distributed by **January of the following year** provided that the relative electronic format setlists are returned by 31 October the same year
- **revenues collected in November and December** each year, are distributed by **July of the following year**.



3.3 Management of collections non-distributable through the ordinary distribution process

3.3.1 Missing setlists

Collections relating to setlists which, despite all diligence by the Society, have not been delivered in time to proceed with the distribution process relating to the relevant **period**, are distributed in **the period** following that of the ordinary distribution, in favour of those entitled to participate in the royalty distribution relating to “discotheques”, proportionally to the amount of the royalties’ analytical statements of the reference period.

3.3.2 *Unidentified music*

Collections relating to unidentified music used in "discotheques" are distributed in **the period** following that of the ordinary distribution, in favour of those entitled to participate in the royalty distribution relating to "discotheques", proportionally to the amount of the royalties' analytical statements of the reference period.

4 RESTAURANTS, COFFEE SHOPS AND PUBS WITH MUSICAL PERFORMANCES

4.1 *Distribution criteria*

Revenues collected from restaurants, coffee shops, pubs and similar venues are distributed 100% analytically on the basis of the data reported in the setlists. In particular, collections relating to any event with live musical performances or by a mechanical instrument on a non-subscription basis in restaurants, coffee shops, pubs, and similar venues (public places not undertaking entertainment activities), are distributed per share among the musical pieces listed in each music setlist. Musical pieces listed more than once in a setlist that relates to the same entertainment event, will be calculated as if they had been performed only once.

EXCLUSIONS

Musical works performed for less than thirty seconds are excluded from the analytical distribution process.

The following are also excluded from the analytical distribution process:

- A. setlists relating to **private events** and **setlists** relating to performances **that have taken place on ships and other means of transport** (with the exception of those entertainments for which it is possible, also in terms of cost-effectiveness of management, to carry out checks)
- B. **setlists with programming irregularities** as per implementation of Article 38 of SIAE's General Regulations.
- C. **setlists with filling out irregularities** (for example, failure to sign, missing, incorrect or untruthful indication of the data of the performer or signatory or setlists that, following investigations, turn out to be signed by a person other than the actual director of performances);
- D. **setlists returned more than six months after the date of the event.**

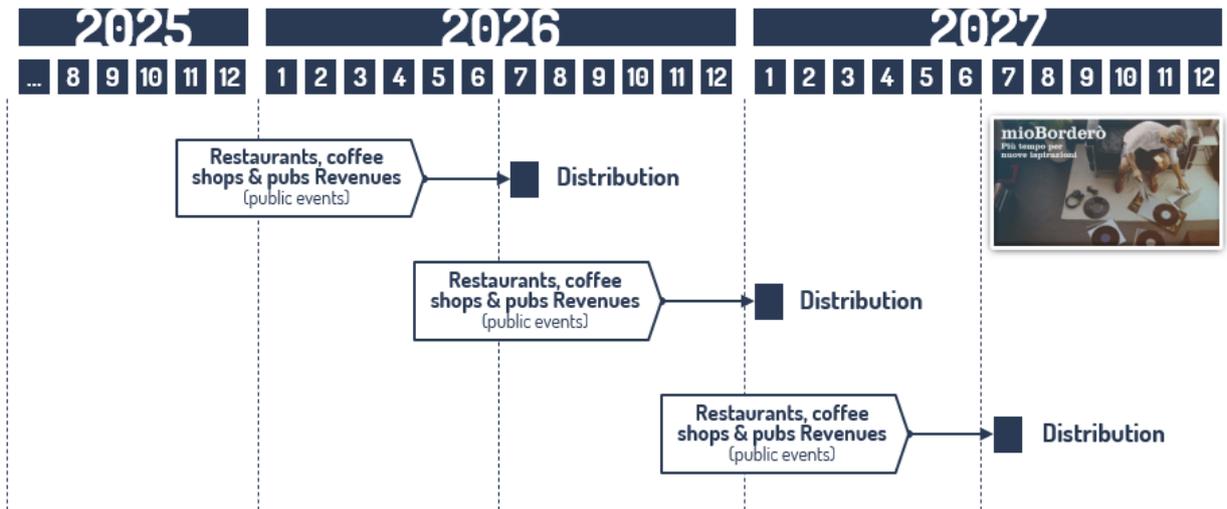
Collections relating to setlists for private events (point A) are distributed according to the rules described in section 5 below.

Collections relating to the setlists listed above (points B, C and D) are distributed within **the period** following that of ordinary distribution, in favour of those entitled to participate in the royalty distribution relating to "Restaurants, coffee shops and pubs with musical performances", proportionally to the amount of the royalties' analytical statements of the reference period.

4.2 Distribution frequency

Royalty distribution relating to musical events covered by this section, reported by **electronic format setlists**, is carried out no less than once every six months:

- **revenues collected up to 30 April** each year are distributed by **July of the same year** provided that the relative electronic format setlists are returned by 30 April the same year
- **revenues collected up to 31 October** each year are distributed by **January of the following year** provided that the relative electronic format setlists are returned by 31 October the same year
- **revenues collected in November and December** each year, are distributed by **July of the following year**.



4.3 *Management of collections non-distributable through the ordinary distribution process*

4.3.1 *Missing setlists*

Collections relating to setlists which, despite all diligence by the Society, have not been delivered in time to proceed with the distribution process relating to the relevant **period**, are distributed in the **period** following that of the ordinary distribution, in favour of those entitled to participate in the royalty distribution relating to “Restaurants, coffee shops and pubs with musical performances”, proportionally to the amount of the royalties’ analytical statements of the reference period.

4.3.2 *Unidentified music*

Collections relating to unidentified music used in “restaurants, coffee shops and pubs with musical performances” are distributed in the **period** following that of the ordinary distribution, in favour of those entitled to participate in the royalty distribution relating to “restaurants, coffee shops and pubs with musical performances”, proportionally to the amount of the royalties’ analytical statements of the reference period.

5 PRIVATE EVENTS

5.1 *Distribution criteria*

Revenues from private events are distributed 100% analytically on the basis of information reported in the relevant electronic format setlists **when organized by Associations** that signed a **specific agreement with SIAE**.

In particular, collections relating to each private event organized at clubs by Associations that signed a specific agreement with SIAE relating to checks to be carried out confidentially, and for which electronic format setlists are filled out and returned (through the “mioBorderò” online service) are distributed per share among the musical compositions listed in each setlist. Music pieces listed more than once in a setlist that relates to the same entertainment event, will be calculated as if they had been performed only once.

The proportional distribution method is used for the other types of private events.

Notably, collections relating to dancing and other private events³ with music performed live or by mechanical reproduction on a medium, are distributed according to the criteria and methods outlined below:

1. collections relating to **private dance entertainment events with live music** are distributed in proportion to the amount of the royalties’ analytical statements relating to the reference period of the corresponding public entertainment events referred to in Section 2.
2. collections relating to **private dance entertainments events with music performances by mechanical instrument** (so-called Discotheques), are distributed in proportion to the amount stated in the analytical statements relating to the reference period of the corresponding public entertainment events referred to in Section 3.
3. collections relating to **private entertainments events with music performances** (carried out without a subscription) **in restaurants, coffee shops, pubs and similar venues** are distributed in proportion to the amount stated in the analytical statements relating to the reference period of the corresponding public entertainments referred to in Section 4.

EXCLUSIONS

The following are excluded from the analytical distribution process:

- A. musical works performed for **less than thirty seconds**;

³ Regardless of the venue: in public places, private homes, or open spaces, offered by private individuals to guests on the occasion of weddings, ceremonies, or anniversaries in general, congresses, gatherings, corporate meetings, etc.; from private clubs with access allowed only to members and possibly to family members; from managers of public premises to guests on the occasion of club openings, opening of a new season, etc.

- B. setlists with **programming irregularities** as per implementation of Article 38 of SIAE's General Regulations;
- C. **setlists with filling out irregularities** (for example, failure to sign, missing, incorrect or untruthful indication of the data of the performer or signatory or setlists that, following investigations, turn out to be signed by a person other than the actual director of performances);
- D. setlists returned more than six months after the date of the event.**

Collections relating to the excluded setlists as listed in the above points B, C **and D** are included, according to the type of event, in the three proportional distributions concerning private events.

5.2 Distribution frequency

Distribution of rights collections relating to musical performances in dancing and other private entertainment events is carried out no less than once every six months:

- **collections made until 30 April** are distributed by **July of the same year**;
- **collections made until 31 October** are distributed by **January of following year**
- **collections made in November and December** are distributed by **July of the following year**

5.3 Management of collections non-distributable through the ordinary distribution process

5.3.1 Missing setlists

Collections relating to private events organized by Associations that have signed a specific agreement with SIAE and for which, despite all diligence by the Society, setlists have not been delivered in time to proceed with the distribution process relating to the relevant **period**, are included, depending on the reported type of event, in the three proportional distributions concerning private entertainment events described in paragraph 5.1 above.

5.3.2 Unidentified music

Collections relating to unidentified music performed during private events organized by Associations that have signed a specific agreement with SIAE are distributed in the **period** following that of the ordinary distribution, in favour of those entitled to participate in the royalty distribution relating to "Dancing with live music", "Discotheques" and "Restaurants, coffee shops and pubs with musical performances", proportionally to the amount of the royalties' analytical statements of the reference period.

6 CONCERTS AND OTHER MUSIC EVENTS

6.1 *Distribution criteria*

Copyright collections from concerts and other music events are distributed 100% analytically on the basis of information reported in the relevant setlists.

Notably, collections for public performance rights relating to each of the following typologies of events:

- a) symphonic, chamber and opera concerts;
- b) dance concerts;
- c) jazz concerts and entertainment events accompanied by jazz music;
- d) music performed to comment or accompany theatrical, dramatic, and similar works (so-called "stage music");
- e) thematic music performed by mechanical instrument with sound commentary functions in amusement park attractions, museum itineraries, shows or exhibitions, toy libraries and childcare spaces;

are distributed among the musical works reported in the setlist relating to the specific event, in proportion to the time length of the respective performances.

Collections for public performance rights relating to each of the following typologies of events:

- f) pop music concerts;
- g) marching bands;
- h) parties held in public squares, stand-up comedy and variety shows;
- i) other musical events in places open to the public (not included in the previous sections and paragraphs);

are distributed by share among the music works reported in the submitted setlist relating to the specific event. Musical pieces listed more than once in any submitted setlist and relating to the same entertainment event, will be calculated as if they had been performed only once.

EXCLUSIONS

Musical works performed for **less than thirty seconds are excluded from the analytical distribution process** (only for the typologies of events listed at f, g, h, i).

The following are also excluded from the analytical distribution process:

- A. setlists relevant to **private events** and **setlists** relating to performances **that have taken place on ships and other means of transport** (with the exception of those entertainments for which it is possible, also in terms of cost-effectiveness of management, to carry out checks)
- B. **setlists reporting filling out irregularities** (for example, failure to sign, missing, incorrect or untruthful indication of the data of the performer or signatory or setlists that, following investigations, turn out to be signed by a person other than the actual director of performances).
- C. **setlists reporting programming irregularities** as per implementation of Article 38 of SIAE's General Regulations;
- D. setlists returned more than six months after the date of the event.**

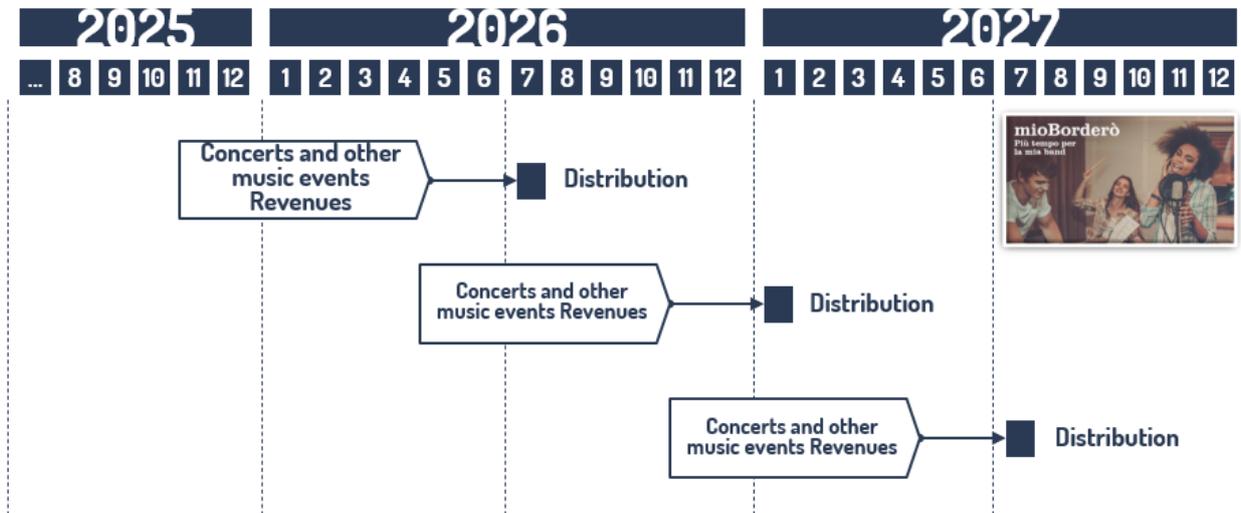
Collections relating to setlists for private events (point A) are distributed according to the rules described in section 5 below.

The amounts relating to the setlists listed above (points B, C **and D**) are distributed within the **period** following that of the ordinary distribution, in favour of those entitled to participate in the royalty distribution relating to "Concerts and other musical events", in proportion to the amount of the royalties' analytical statements relating to the reference period.

6.2 *Distribution frequency*

Distribution of rights collections relating to musical performances carried out during concerts and other musical events, reported with **electronic format setlists**, is carried out no less than once every six months:

- **revenues collected up to 30 April** each year are distributed by **July of the same year**, provided that the relevant electronic format setlists are returned by 30 April the same year
- **revenues collected up to 31 October** each year are distributed by **January of the following year**, provided that the relative electronic format set lists are returned by 31 October the same year
- **revenues collected in November and December** each year, are distributed by **July of the following year**.



6.3 Management of collections non-distributable through the ordinary distribution process

6.3.1 Missing setlists

The amounts relating to setlists which, despite all diligence by the Society, have not been delivered in time to proceed with the distribution process relating to the relevant **period**, are distributed during the **period** following that of the ordinary distribution, in favour of those entitled to participate in the royalty distribution relating to "Concerts and other musical events", in proportion to the total amount of the royalties' analytical statements relating to the reference period.

6.3.2 Unidentified music

The amounts relating to unidentified music are distributed in the **period** following that of the ordinary distribution, in favour of those entitled to participate in the royalty distribution relating to "Concerts and other musical events", in proportion to the amount of the royalties' analytical statements relating to the reference period.

7 BACKGROUND MUSIC

This section outlines performing rights distribution criteria with regard to the following revenue sources:

1. public performance by means of **television, radio and cable broadcasting**;
2. public performance by **means of mechanical** reproduction of any type with subscription other than TV and radio;
3. public performance in places of business through dedicated radio subscription services regardless of the technical modality used, where such services meet the requirements established by the Music Committee and specific agreements are signed in accordance with such requirements between the dedicated radio services providers and the Society (hereinafter "**Radio in store**").

7.1 *Distribution criteria*

7.1.1 *Public performances carried out through TV, Radio*

Collections relating to communication to the public by means of television and, radio devices are distributed as follows:

- A. distribution of revenues from subscriptions for **TV devices** in proportion to the analytical statements relating to the main national TV broadcasters;
- B. annual distribution revenues from subscriptions for **Radio devices** in proportion to the amount of the royalties' analytical statements relating of the main national radio broadcasters;

7.1.2 *Public performances carried out by virtue of other subscription-based mechanical reproduction media*

The criteria for distributing royalties arising from periodic subscriptions for public performances carried out by means of mechanical reproduction on media of any type (excluding television, radio, and wire broadcasting) are established with a specific resolution by the Management Board, having heard the Music Committee's opinion.

7.1.3 *Radio in Store*

Performing rights revenues arising from subscriptions by commercial businesses for the use of devices suitable for the diffusion of background music through "Radio in Store" are distributed analytically, within the limits of their traceability to a specific schedule, based on the setlists submitted by the providers of the dedicated services (Music Providers), as they are distributed within the commercial businesses that use the services themselves, in proportion to the time length relating to the individual consumption.

EXCLUSIONS

In the event that during the half-year at least two checks are carried out which show the absence of the dedicated service or the diffusion of background music that does not comply with the programmes broadcasted and/or setlists submitted by the Music Provider, all the setlists relating to the dedicated radio channel subject to the investigations concerning the **whole distribution period**, are excluded from the distribution process.

The amounts relating to excluded programs are distributed during the **period** following that of the ordinary distribution, in favour of those entitled to participate in the royalty distribution relating to the "Radio in Store" licence, in proportion to the amount of the royalties' analytical statements relating to the reference period.

7.2 Distribution frequency

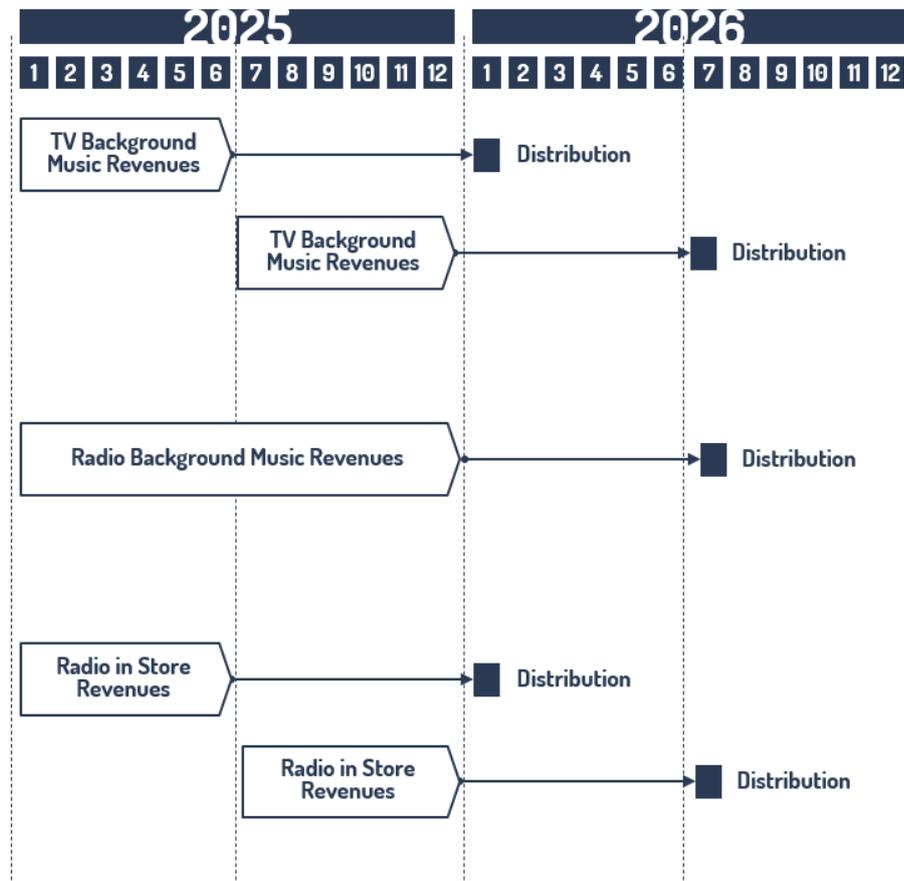
Distribution of collections relating to **Background Music broadcast by Television**, is carried out no less than **once every six months**:

- collections relating to the **first half-year** (equal to half of the annual collections) are distributed by **January of the following year**, in accordance with the timelines concerning the distribution of television related collections (Section 9)
- collections relating to the **second half-year** (equal to the residual half of the annual collections) are distributed by **July of the following year**, in accordance with the timelines concerning the distribution of television related collections (Section 9).

The distribution of collections relating to **Background Music broadcast through Radio** is carried out no less than once a **year** by **July of the following year**, in accordance with the timelines concerning Radio related distribution schedule (Section 10).

The distribution of rights collections relating to **Radio in Store** is carried out no less than once every six months:

- revenues collected during the **first half-year** (equal to half of the annual collection) are distributed by **January of the following year**;
- revenues collected during the **second half-year** (equal to half of the annual collection) are distributed by **July of the following year**.



7.3 Management of collections non-distributable through the ordinary distribution process

7.3.1 Missing reports (Radio in Store only)

Collections relating to "Radio in Store" for which the programming reports, despite all diligence by the Society, have not been delivered by the providers of the dedicated services in time to proceed with the relevant distribution process **period**, are added to the collections coming from recurring subscriptions for public performances by means of mechanical instruments and distributed as established at point 7.1.2.

7.3.2 Unidentified music (Radio in Store only)

The amounts relating to Radio in Store uses of musical works that cannot be matched, are distributed during the **period following** that of the ordinary distribution, in favour of those entitled to participate in the royalty distribution relating to "Radio in Store" licences in proportion to the amount of the royalties' analytical statements relating to the reference period.

8 CINEMA

8.1 Distribution criteria

Collections relating to the separate remuneration⁴ for the music included in Cinematographic Works shown in the movie theatres (Feature films, Short films and Documentaries) are attributed to the individual musical works listed in the soundtrack to which said collections refer, in proportion to their time length calculated in seconds. In the event of transmission of other screenings in addition to the feature film, the collection is divided as follows:

- Feature film: 88%;
- Other types of screening (e.g. Short film/Documentary): 12%.

The collections related to the public performance rights of music recorded in advertising films with their own soundtrack are attributed to the musical pieces included in the film to which said collections refer, in proportion to their time length calculated in seconds.

EXCLUSIONS

For the purpose of the analytical distribution method the musical pieces that are theme songs or labels of the Film producer, licensee or film distributor shall not be taken into account.

8.2 Distribution frequency

Distribution of rights collections relating to the uses of **music included in cinematographic works shown in movie theatres** is carried out no less than once every six months:

- **revenues collected during the first half-year** are distributed by **January of the following year**
- **revenues collected during the second half-year** are distributed by **July of the following year**.

8.3 Management of collections non-distributable through the ordinary distribution process

8.3.1 Missing cue sheets

Revenue relating to cinematographic works for which it was not possible to acquire the relevant cue sheets, are distributed within three years from the end of the financial year in which the rights revenue was collected, in proportion to the amount of the analytical Cinema and TV statements relating to the reference period.

⁴ Art. 46 bis Italian Copyright Law 22.04.1941 no.633

8.3.2 *Unidentified music*

Collections relating to single musical works included in a cinematographic work, which cannot be matched on the basis of the available information, are distributed during the **period** following that of the ordinary distribution, in favour of those entitled to participate in the Cinema's royalties distribution, in proportion to the amount of the royalties' analytical statements relating to the reference period.

9 TELEVISION

9.1 *Distribution criteria*

Revenues collected from broadcasters for **television broadcasting** rights are attributed to the rightsholders by using two different distribution methods as outlined below:

- **Analytical distribution method:** distribution based on the time length of the musical works listed in the programming reports submitted to the Society by TV broadcasters. For the purposes of the distribution, the time length of the individual uses is multiplied by coefficients that take into account the function performed by the music and the time slot in which it is broadcasted (see section 9.1.1);
- **Sampling-based distribution method:** distribution based on a survey carried out by the Society, of the music broadcast by a representative sample of TV broadcasters in the reference period. The overall collection distribution is carried out in proportion to the time length for the identified uses.

The collection distribution method to apply, with regard to each interested Broadcaster, is chosen in compliance with the criteria of cost-effectiveness and management efficiency of the distribution process itself:

- TV broadcasters holders of a national licence (whatever the technological form of transmission) are applied the Analytical method;
- local licensed TV broadcasters are applied the Sampling-based method.

For TV broadcasters with a financial year spread over two different calendar years, the Distribution Policy Principles relating to the closing year of the financial year will apply.

EXCLUSIONS

Musical uses that have been broadcast but are not recognizable by listening or cannot be detected by fingerprinting technology are not taken into account for analytical distribution purposes

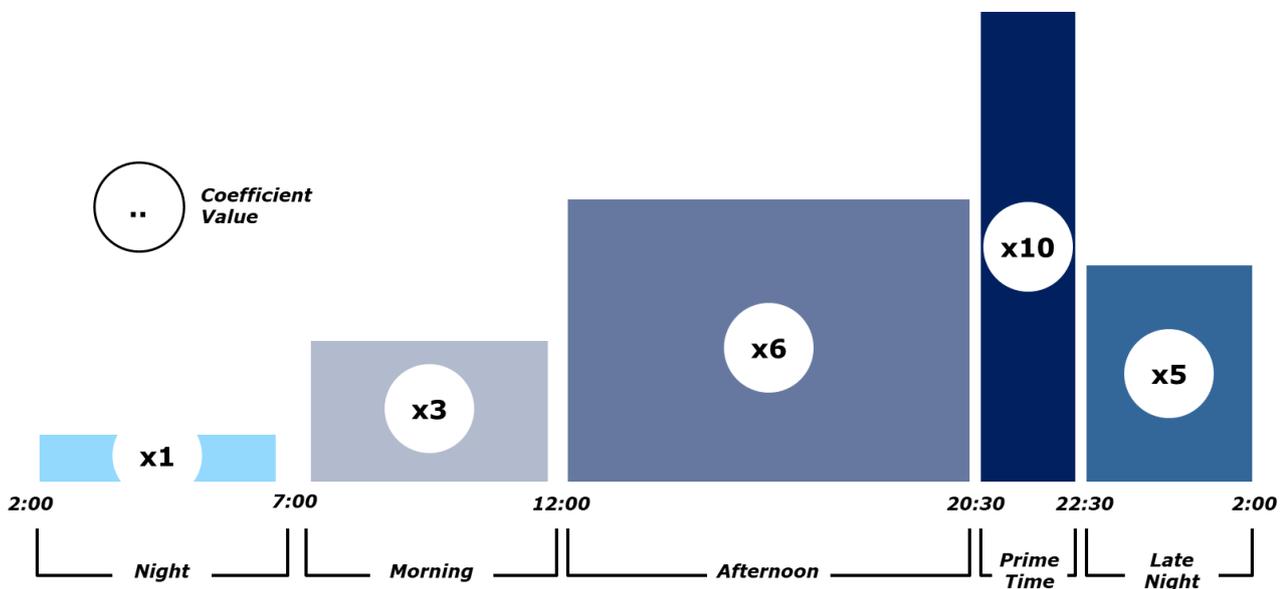
9.1.1 *Analytical distribution method*

Each musical piece listed in the television broadcast programs submitted to the Society by the Broadcaster is included in the distribution process according to:

- the time length for its utilization

- **coefficient 1**, which takes on a different value depending on the **time slot of broadcasting**⁵ of the television program in which the music is included⁶. The values of coefficient 1 reflect the trend in average television audience ratings of national TV broadcasters in the different time slots
- **coefficient 2**, which takes on a different value depending on **the scope that the music performs** in the context of the television program in question. The values assigned to each category (music as main broadcast content, commentary and/or background music, etc.) reflect the value attributed to the nature of television schedules by the General Licensing Conditions.

Coefficient 1 - "Time slot" for TV broadcastings



Coefficient 2 - "Music scope" for TV broadcastings

Music Scope	Description	Coefficient 2 value
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⁵ A tolerance mechanism is applied to the broadcasting time slot, which includes in the "afternoon" and "prime time" all broadcasts starting up to 10 minutes earlier than the above-mentioned time slots and assigns the corresponding coefficient values.

⁶ For TV programs broadcast in different time slots the Coefficient 1 "Time Slot" related to the start of the program (as declared by the TV broadcaster) applies

MUSIC AS MAIN BROADCAST CONTENT	Music used as a central element of the scene or content in the absence of dialogue. It is perceived as the main component of the audiovisual message	100
COMMENTARY MUSIC	Music from audiovisual works: Films, TV series, Documentaries, and Dramatic Works	56
BACKGROUND MUSIC	Music broadcast predominantly alongside speech or other effects, as well as music related to newscasts, reviews, and program promos ⁷	35
MUSIC INCLUDED IN THEME SONGS, MUSICAL BREAKS AND ADVERTISING ⁸	Identifying music that introduces, separates, or concludes a broadcast, including bumpers and advertisements ⁹	8

The calculation of the amount assigned to each musical piece is established according to the following steps:

1. for each musical use the value of the individual factors is singled out:
 - time length relating to each use (in seconds)
 - coefficient 1 - time slot
 - coefficient 2 - music scope

which are multiplied by each other thus obtaining a specific point for each individual use.
2. the scores so obtained for the individual uses are added together in order to obtain an overall value for the Broadcaster in question;
3. the overall collections reported by the Broadcaster are divided by the total value of the scores (as obtained sub 2.) thus obtaining the Television Point.

⁷ By way of example, music relating to television news, reviews or even promos of broadcasts.

⁸ "Music included in Theme Songs and Musical Breaks" is accounted for, in view of the Distribution process, up to the reaching of an overall time length of 120 minutes for each musical composition (for each single Broadcaster and half-year of use).

⁹ Musical pieces in advertisements are included in this description.

TV POINT=

$$\text{Revenues pool} / \sum (\text{Minutes} * \text{Coeff.1} * \text{Coeff. 2})$$

4. the Television Point is multiplied by the score of each music consumption, thus establishing the due amount of accrual.

ACCRUAL=

$$\text{TV Point} * (\text{Minutes} * \text{Coeff. 1} * \text{Coeff. 2})$$

The actions described above are carried out separately for each individual broadcaster/group of channels.

The coefficients provided for audiovisual works (films, TV series and documentary films), upon request¹⁰ accompanied by the appropriate documentation made by one of the interested rightsholders, are multiplied by four for the music expressly composed of the entire program for which they were created.

The increase applies exclusively to audiovisual broadcasted on one of the main channels (RAIUNO, RAIDUE, RAITRE, RETE4, CANALE 5 and ITALIA1). Below are the requirements that the audiovisual sector must meet to obtain the increase:

- world first television viewing (not encrypted) on one of the six channels listed above;
- only for documentary films: audiovisual duration exceeding 45 minutes.

In the case of programs with episodes or parts, the increase is limited to the first eight episodes or parts. The increase applies, in relation to films intended for cinemas, only to films whose first vision in cinemas is not earlier than five years from the year of their first ever worldwide television use.

¹⁰ Each rightsholder will be able to submit a maximum number of 15 applications in each semester of distribution

Distribution of copyright collections relating to the music included in audiovisual works is carried out through an initial enhancement of the cinematographic work, based on an average time length of the music equal to 60% of the total time length of such audiovisual work, and, subsequently by attributing the value of the specific movie to the individual music included in its soundtrack.

The amounts relating to the technical residual generated in application of the increase operations concerning the expressly composed music referred to above are distributed within one year of the ordinary distribution in favour of all those who contributed to the distribution of the Music Division in proportion to the overall amount of the analytical reports, separately for the broadcasters from which the technical residual was generated.

9.1.2 Sampling-based distribution method

The overall revenue collected from local television broadcasters is annually distributed among all the matched musical works, through IT processes (e.g., fingerprinting), in the annual schedule comprising a sample of at least 25 local TV broadcasters, selected on the basis of the consolidated collections referring to the latest financial statements available.

Musical works successfully matched are included in the distribution process in proportion to the time length for their consumption calculated in seconds, multiplied by a weighting coefficient attributed to each Broadcaster on the basis of their consolidated revenue referring to the year preceding the year of distribution in relation to the total consolidated revenue of all the Broadcasters included in the sample referring to the year preceding the year of distribution.

9.2 Distribution frequency

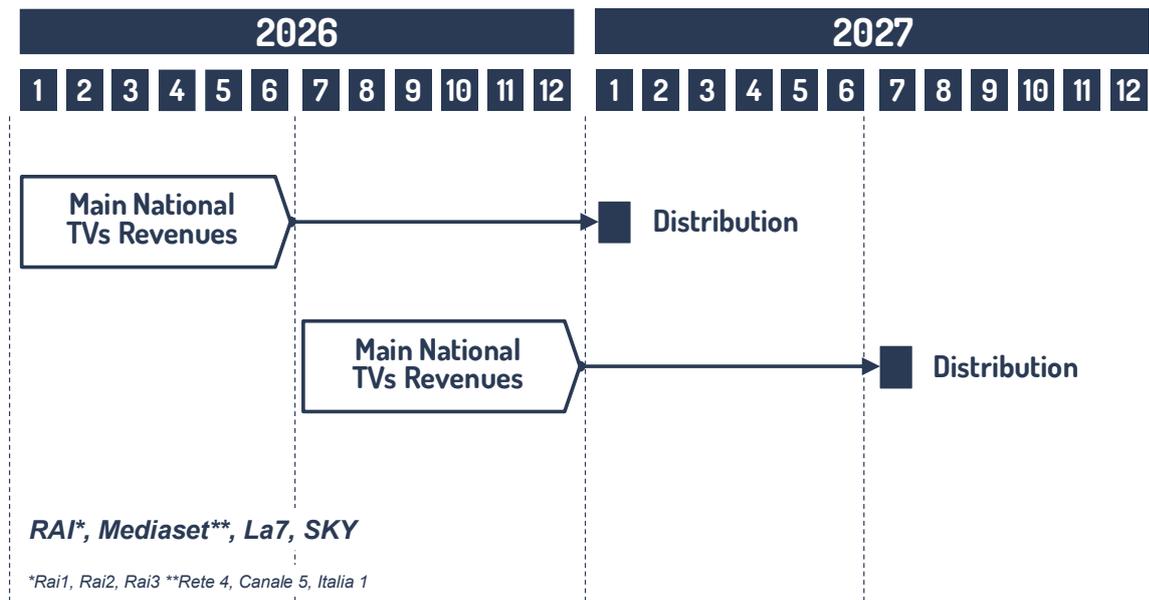
The distribution timelines for collections relating to television broadcasting rights are affected by the specific collection method adopted, since the annual remuneration due by television broadcasters for the dissemination of the Music Repertoire protected by the Society is subject to an adjustment established only after approval and publication of the financial statements by the Broadcaster itself, and such approval takes place no earlier than six months after the end of the financial year relating to the works consumption. With regard to the main national broadcasters, in the event that the balance is not available, the distribution can be made based on an estimate of said balance¹¹

Furthermore, distribution timelines are established compatibly with the management cost-effectiveness criteria, considering the volume of collections relating to the different TV broadcasters.

¹¹ The difference between the estimate adjustment and the final adjustment is added to or deducted from the amounts paid in following year by the same Broadcaster.

Consequently, the distribution of collections relating to the television broadcasting rights, with regard to the **main national TV broadcasters**, is carried out no less than once every six months:

- **collections relating to the first half-year** are distributed by **January of the year following** that of the works' exploitation.
- **collections relating to the second half-year** are distributed within the month of **July of the year following** that of the works' exploitation.



Distribution of copyright collections relating to **other secondary national TV broadcasters** is carried out no less than **once a year following 12 months** since the uses reference period.

Finally, the distribution of collections **relating to local TV broadcasters** is carried out no less than **once a year** by **July of the following year**.

9.3 Management of collections non-distributable through the ordinary distribution process

93.1 Missing reports

For collections relating to national TV broadcasters (regardless of the technological form of transmission used) for which the programming report is not available, the Society adopts the following alternative distribution methods:

- **simplified distribution** based on both the playing time recorded by the Society (through recording of the programming of each Broadcaster and computer recognition of the works used) and the time slot coefficient

B. whereas the first principle is not applicable, collections relating to national TV broadcasters for which, after at least one year¹² since the ordinary distribution, the details of the programming schedules are not available, are **distributed** in favour of those entitled to participate in the royalty distribution relating to Television distribution following the methods outlined below

- 1) **Main national TV broadcasters**, in proportion to the amount of the royalties' analytical statements relating to the reference period of each of the above broadcasters
- 2) **Minor TV national broadcasters**, in proportion to the amount of the royalties' analytical statements relating to the reference period of all the other minor TV broadcasters.

9.3.2 Incomplete reports

Revenues that cannot be distributed, due to incomplete reports are distributed during the period following that of the ordinary distribution, in favour of those entitled to participate in the distribution of the TV shows:

- **Main national TV broadcasters**, in proportion to the amount of the royalties' analytical statements relating to the reference period of each of the above broadcasters.
- **Minor TV national broadcasters**, in proportion to the amount of the royalties' analytical statements relating to the reference period of all the other minor TV broadcasters.

9.3.3 Reports carrying programming irregularities

For collections relating to national TV broadcasters (regardless of the technological form of transmission used) for which programming irregularities have been found on the reports, the Society adopts the following alternative distribution methods:

1. **simplified distribution** based both on the playing time recorded by the Society (through recording of the programming of each Broadcaster and computer recognition of the works used) and on the time slot coefficient
2. whereas the first principle is not applicable, collections relating to national TV broadcasters for which, after at least one year since the ordinary distribution, the details of the programming schedules are not available, are **distributed** in favour of those entitled to participate in the royalty distribution relating to Television distribution, **in proportion** to the amount of the royalties' analytical statements relating to the reference period.

¹² For the television channels of the major national broadcaster Rai, this distribution criterion is applied at least six months after the ordinary distribution

9.3.4 *Missing cue sheets*

Revenues relating to cinematographic works included in the TV report for which it was not possible to acquire the relevant soundtracks (cue sheets), shall be distributed within three years from the end of the financial year in which the rights revenue was collected, in proportion to the amount of the analytical Cinema and TV statements relating to the reference period.

9.3.5 *Unidentified music*

Revenues relating to unidentified music of both Show TV programs and Films-TV series broadcast by the main **national TV broadcasters**, are distributed as follows:

- for music featured in films – TV series, in favour of those entitled to participate in the distribution of audiovisual for each of the above broadcasters, in proportion to the amount of the royalties' analytical statements relating to the reference period
- for music featured in other broadcasts, in favour of those entitled to participate in the distribution relating to TV shows- of each of the above broadcasters, in proportion to the amount of the royalties' analytical statements relating to the reference period.

Revenues relating to unidentified music featured in both Show TV programs and films – TV series, broadcast by all the **minor national TV broadcasters**, are distributed in favour of those entitled to participate in distribution of the minor national TV broadcasters, in proportion to the amount of the royalties' analytical statements relating to the reference period.

10 RADIO

10.1 *Distribution criteria*

Revenues collected from broadcasters, relating to radio broadcasting rights, are distributed to the relevant rightsholders by means of two different distribution methods, as listed below:

1. **Analytical distribution method:** distribution based on the utilization's time length, multiplied by coefficients that take into account the music scope and the time slot during which such music was broadcast (see section 10.1.1);
2. **Sampling-based distribution method:** distribution based on a survey, carried out by the Society, of the music broadcast by a representative sample of Radio broadcasters in the reference period. The overall collection distribution is carried out in proportion to the time length relating to the identified uses.

The method to apply for the distribution of collections for each Radio Broadcaster is chosen in compliance with the criteria of cost-effectiveness and management efficiency of the distribution process:

- the Analytical Method is applied to radio broadcasters who are holders of a national licence
- the Sampling- Based Method is applied to radio broadcasters who are holders of a local licence.

For radio broadcasters with a financial year spread over two different calendar years, the Distribution Policy Principles relating to the closing year of the financial year shall apply.

EXCLUSIONS

Musical uses that have been broadcast but are not recognizable by listening or cannot be detected by fingerprinting technology are not taken into account for analytical distribution purposes.

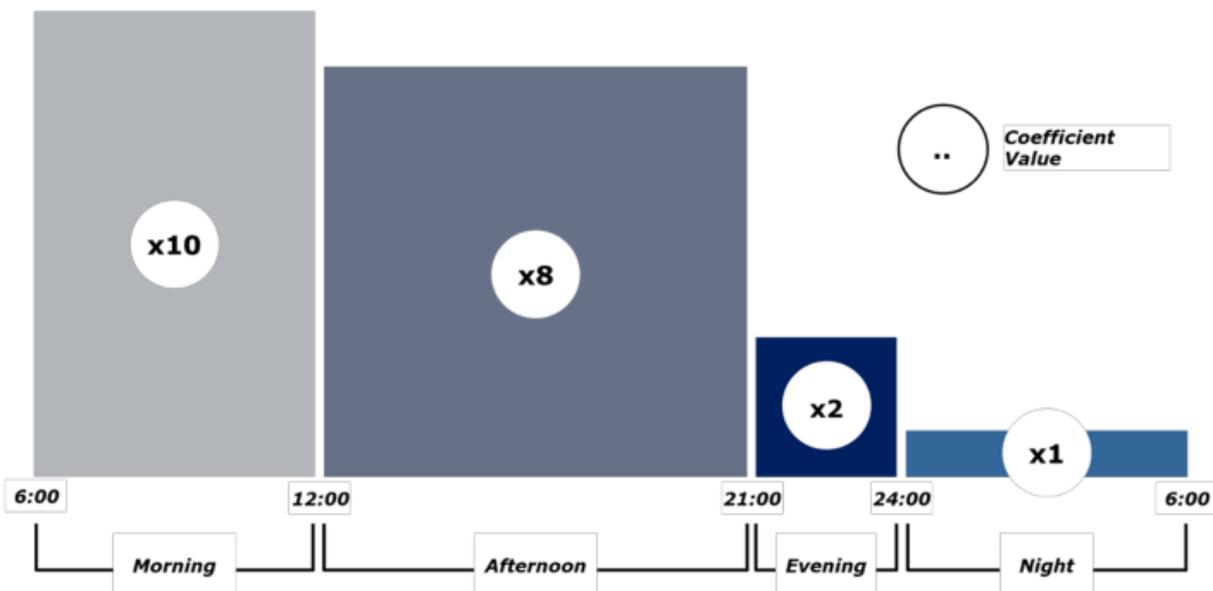
10.1.1 *Analytical distribution method*

Each musical piece listed in the television broadcast programs, delivered to the Society by the relevant Broadcaster, is included in the distribution process according to:

- Utilization's time length

- **coefficient 1**, which takes on a different value depending on the **time slot of broadcasting** of the radio program in which the music is included¹³. The values of coefficient 1 reflect the trend in average television audience ratings of national broadcasters in different time slots
- **coefficient 2**, which takes on a different value depending on the **music scope** within the framework of the radio program. The values attributed to each category (music as main content, background music, etc.) are consistent with those attributed to the equivalent coefficient for television uses.

Coefficient 1 - Radio broadcastings "Time slot"



¹³ For television programs broadcast over multiple time slots, the coefficient 1 applies - "Time Slot" relating to the start of the program (as declared by the Radio Station)

Coefficient 2 - Radio broadcastings "Music scope"

Music Scope	Description	Coefficient 2 value
MUSIC AS MAIN BROADCAST CONTENT	Music used as a central element of the scene or content in the absence of dialogue. It is perceived as the main component of the audiovisual message	100
BACKGROUND MUSIC	Music from audiovisual works: Films, TV series, Documentaries, and Dramatic Works. ¹⁴	35
MUSIC INCLUDED IN THEME SONGS, MUSICAL BREAKS AND ADVERTISING ¹⁵	Identifying music that introduces, separates, or concludes a broadcast, including bumpers and advertisements. ¹⁶	8

The amount attributed to each music piece is established according to the following steps:

1. with regards to each musical use the value of the following individual factors is singled out:
 - utilization time length (calculated in seconds)
 - coefficient 1 - time slot
 - coefficient 2 - music scope.

The values thus obtained are then multiplied by each other in order to obtain a specific score for each individual utilization.

2. the scores so obtained for the individual uses are added together to obtain an overall value with regard to Broadcaster in question;
3. the overall collections¹⁷ realised by the Broadcaster in question are divided by the total value of the scores (as obtained sub 2.) thus obtaining the Radio Point.

¹⁴ For example, music relating to news programs, reviews or also broadcast promos

¹⁵ Music included in Theme Songs and Musical Breaks" is accounted for, in view of the Distribution process, up to the reaching of an overall time length of 120 minutes for each musical composition (for each single Broadcaster and half-year of use).

¹⁶ Musical pieces in advertisements are included in this description.

¹⁷ The revenues from the Rai radio channels are distributed regardless of the type of broadcasting (e.g. wire radio).

RADIO POINT=

$$\text{Revenues pool} / \sum (\text{Minutes} * \text{Coeff.1} * \text{Coeff. 2})$$

4. the obtained Radio Point is then multiplied by the score of each musical utilization, thus establishing the due amount of accrual.

ACCRUAL=

$$\text{RADIO Point} * (\text{Minutes} * \text{Coeff. 1} * \text{Coeff. 2})$$

The actions described above are carried out separately with regard to each radio broadcaster.

10.1.2 Sampling-based distribution method

The overall revenues collected from local radio broadcasters are distributed annually among all the matched musical works, through IT processes (e.g., *fingerprinting*), in the annual schedule of a sample including no less than 25 local radio broadcasters, selected on the basis of the consolidated revenue referring to the latest financial statements available.

The identified Musical works are included in the distribution in proportion to the relevant utilization's time length calculated in seconds, multiplied by a weighting coefficient attributed to each Broadcaster on the basis of their consolidated revenue referring to the year preceding the year of distribution, in relation to the total consolidated revenue of all the Broadcasters included in the sample referring to the year preceding the year of distribution.

10.2 Distribution frequency

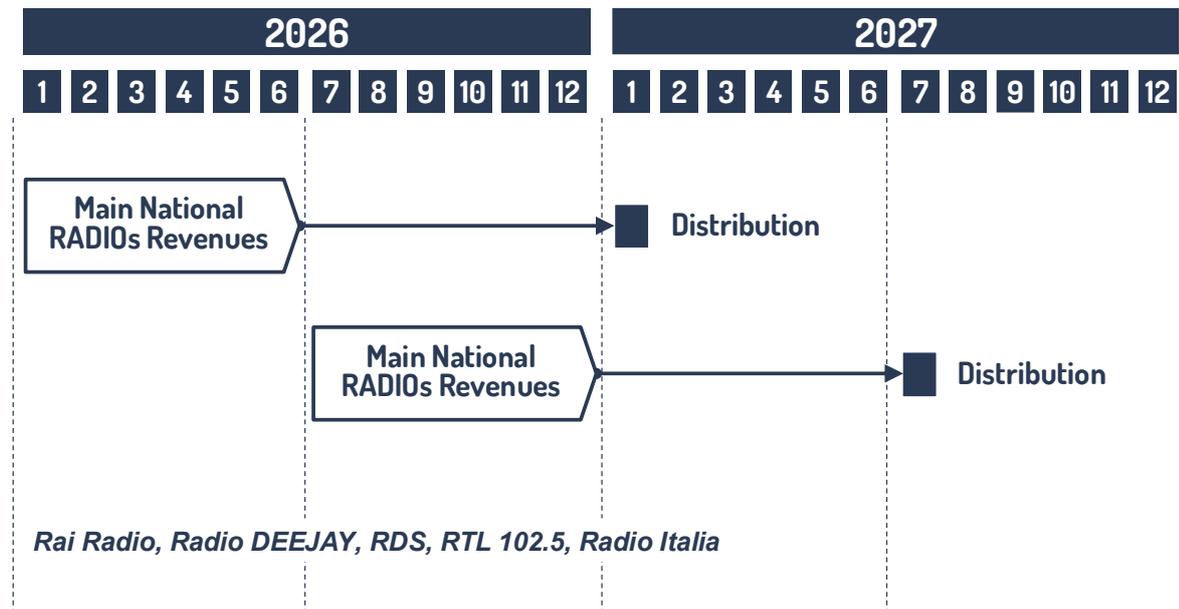
The timelines concerning the distribution of the collections relating to radio broadcasting rights are influenced by the specific collection method, since the annual remuneration due by radio broadcasters for the dissemination of the Music Repertoire protected by the Society, is subject to an adjustment determined only after approval and publication

of the financial statements by the Broadcaster in question, which take place at least six months after the end of the financial year relating to the uses concerned. With regard to the main national broadcasters, in the event that the balance is not available, the distribution can be made based on an estimate of said balance¹⁸.

Furthermore, distribution timelines are established compatibly with the management cost-effectiveness criteria, taking into account the volume of collections from the different radio broadcasters.

As a consequence, the distribution of collections relating to radio broadcasting rights relating to the **main national radio broadcasters** is carried out no less than once every six months:

- **collections relating to the first half-year** are distributed by **January of the year following** that of the works' exploitation
- **collections relating to the second half-year** are distributed within the month of **July of the year following** that of the works' exploitation.



Collections distribution relating to the remaining **minor national radio broadcasters** is carried out no less than **once a year after 12 months** since the works' exploitation reference period.

¹⁸ The difference between the estimate adjustment and the final adjustment is added to or deducted from the amounts paid in following year by the same Broadcaster.

Lastly, the distribution of collections **relating to local radio broadcasters** is carried out no less than once a **year** by **July of the following year**.

10.3 Management of collections non-distributable through the ordinary distribution process

10.3.1 Missing reports

For collections relating to national radio stations for which the programming report is not available, the Society adopts the following alternative distribution methods:

1. **simplified distribution** based on both the playing time recorded by the Society (through recording of the programming of each Broadcaster and computer recognition of the works used) and the time slot coefficient
2. whereas the first method is not applicable, collections relating to national radio broadcasters for which, after at least one year since the ordinary distribution, the details of the programming are not available, are **distributed** in favour of those entitled to participate in the royalty distribution relating to Radio distribution, **in proportion** to the amount of the royalties' analytical statements relating to the reference period.
 - a. **Main national radio broadcasters**, in proportion to the amount of the royalties' analytical statements relating to the reference period of each of the above broadcasters
 - b. **Minor national radio broadcasters**, in proportion to the amount of the royalties' analytical statements relating to the reference period of all the other minor national radio broadcasters

10.3.2 Incomplete reports

Collections that cannot be distributed, due to incomplete reports, are distributed in the period following that of the ordinary distribution, in favour of those entitled to participate in the royalty distribution relating to Radio :

- **Main national radio broadcasters**, in proportion to the amount of the royalties' analytical statements relating to the reference period of each of the above broadcasters
- **Minor national radio broadcasters**, in proportion to the amount of the royalties' analytical statements relating to the reference period of all the other minor national radio broadcasters

10.3.3 Reports carrying programming irregularities

For collections relating to national radio broadcasters for which programming irregularities have been found on the submitted reports, the Society adopts the following alternative distribution methods:

1. **simplified distribution** based on both the playing time recorded by the Society (through recording of the programming of each Broadcaster and computer recognition of the works used) and the time slot coefficient.
2. whereas the first method is not applicable, collections relating to national radio broadcasters for which, after at least one year since the ordinary distribution, the details of the programming schedules are not available, are **distributed** in favour of those entitled to participate in the royalty distribution relating to Radio, **in proportion** to the amount of the royalties' analytical statements relating to the reference period.

10.3.4 Unidentified music

Collections relating to music uses by **main national radio Broadcasters**, whose information cannot be matched, are distributed during the period following that of the ordinary distribution, in favour of those entitled to participate in the royalty distribution relating to Radio, of each of the above Broadcasters, in proportion to the amount of the royalties' analytical statements relating to the reference period.

Collections relating to music uses by **other minor national radio Broadcasters**, whose information cannot be matched, are distributed during the period following that of the ordinary distribution, in favour of those entitled to participate in the royalty distribution relating to the other minor national radio broadcasters, in proportion to the amount of the royalties' analytical statements relating to the reference period.

11 RECORDINGS FOR TV AND RADIO BROADCASTING

11.1 *Distribution criteria*

Collections relating to **recording rights for radio and television broadcastings**, licensed to TV and radio broadcasters, identified with a specific resolution by the Management Board, after hearing the Music Committee opinion, are distributed separately among all the musical works used in radio and television programs. The aforesaid distribution criterion always applies regardless of the way the recording right is exercised.

TV: Each music piece listed in the television broadcast programs submitted to the Society by the relevant Broadcaster, is included in the distribution process according to:

- its utilization's time length
- coefficient 1, which takes on a different value depending on the time slot of the television program in which the music is included. The values used by this coefficient are the same as those reported in Section 9.
- coefficient 2, which takes on a different value depending on the music scope within the television program in question. The values assigned to each category (music as main broadcast content, commentary and/or background music, etc.) reflect the value attributed to the category of television schedules by the General Licensing Conditions.

RADIO: Each music piece listed in the radio broadcast programs, submitted to the Society by the relative Broadcaster, is included in the distribution process according to:

- its utilization 's time length
- coefficient 1, which takes on a different value depending on the time slot of the radio program in which the music is included. The values taken on by coefficient 1 are the same as those reported in Section 10
- coefficient 2, which takes on a different value depending on the scope that the music performs in the context of the radio program concerned. The values assigned to each category (music as main broadcast content, background music, etc.) are consistent with those assigned to the equivalent coefficient for television uses.

Coefficient 2 – “Music scope”

Music Scope	Description	Coefficient 2 value
MUSIC AS MAIN BROADCAST CONTENT	Music used as a central element of the scene or content in the absence of dialogue. It is perceived as the main component of the audiovisual message	100
COMMENTARY MUSIC	Music from audiovisual works: Films, TV series, Documentaries, and Dramatic Works	20
BACKGROUND MUSIC	Music broadcast predominantly alongside speech or other effects, as well as music related to newscasts, reviews, and program promos. ¹⁹	20
MUSIC INCLUDED IN THEME SONGS, MUSICAL BREAKS AND ADVERTISING ²⁰	Identifying music that introduces, separates, or concludes a broadcast, including bumpers and advertisements ²¹	3

EXCLUSIONS

Musical uses that have been broadcast but are not recognizable by listening or cannot be detected by fingerprinting technology are not taken into account for analytical distribution purposes

11.2 Distribution frequency

Distribution of collections relating to **recording rights for the purposes of radio and television broadcasting** is carried out no less than **every six months** in accordance with the provisions of Sections 9 and 10 relating to music performing rights.

¹⁹ By way of example, music relating to TV news/news reports, reviews or even broadcast promos.

²⁰ Music included in Theme Songs and Musical Breaks" is accounted for, in view of the Distribution process, up to the reaching of an overall time length of 120 minutes for each musical composition (for each single Broadcaster and half-year of use).

²¹ Musical pieces in advertisements are included in this description

11.3 Management of collections non-distributable through the ordinary distribution process

11.3.1 Missing reports

For collections relating to national TV and Radio broadcasters (regardless of the technological form of transmission) for which the programming report is not available, the Society adopts the following alternative distribution methods:

1. **simplified distribution** based on both the playing time recorded by the Society (through recording of the programming of each Broadcaster and computer recognition of the works used) and the relative time slot coefficient.
2. where the first method is not applicable, collections relating to TV and Radio broadcasters for which, after at least one year from the ordinary distribution, the broadcast schedules breakdown is not available, are **distributed** in favour of those entitled to participate in the pertaining distributions (TV recording rights- . Radio recording rights) **in proportion** to the amount of the royalties' analytical statements relating to the reference period.

11.3.2 Incomplete reports

Revenue non-distributable due to incomplete reports submitted by TV broadcasters, are distributed during the period following that of the ordinary distribution, in favour of those entitled to participate in the distribution of the TV recording royalties in proportion to the amount of the royalties' analytical statements relating to the reference period.

Revenue non-distributable due to incomplete reports submitted by Radio broadcasters, are distributed during the period following that of the ordinary distribution, in favour of those entitled to participate in the distribution of the Radio recording royalties, in proportion to the amount of the royalties' analytical statements relating to the reference period.

11.3.3 Reports carrying programming irregularities

For collections relating to national TV and Radio broadcasters (whatever the technological form of transmission) for which programming irregularities have been found on the reports, the Society adopts the following alternative distribution methods:

1. **simplified distribution** based on both the playing time recorded by the Society (through recording of the programming of each Broadcaster and computer recognition of the works used) and the time slot coefficient.
2. where the first method is not applicable, collections relating to TV and Radio broadcasters for which, after at least one year from the ordinary distribution, the relevant broadcast schedules breakdown is not available, **are distributed** in favour of those entitled to participate to the pertaining distributions (TV recording rights-

Radio recording rights), **in proportion** to the amount of the royalties' analytical statements relating to the reference period.

11.3.4 *Missing cue sheets*

Collections relating to cinematographic works included in TV reports for which it was not possible to find the relevant cue sheets, are distributed within three years from the end of the financial year in which the rights revenue was collected, in proportion to the amount of the analytical Cinema and TV statements relating to the reference period.

11.3.5 *Unidentified music*

Collections relating to uses of musical works on television that cannot be matched, are distributed in the half-year following that of the ordinary distribution, in favour of those entitled to participate in the distribution of the TV recording royalties for each TV broadcaster in proportion to the amount of the royalties' analytical statements relating to the reference period.

Collections relating to musical uses on Radio that cannot be matched, are distributed in the half-year following that of the ordinary distribution, in favour of those entitled to participate in the distribution of the Radio recording royalties, in proportion to the amount of the royalties' analytical statements relating to the reference period.

12 MUSIC REPRODUCTION ON AUDIO AND VIDEO CARRIERS

12.1 *Distribution criteria*

Royalties collected for **reproduction rights with regard to compositions on audio and video carriers such as Compact Disc, DVD, Blu-Ray Disc and any other similar carrier or device**, intended for sale, advertising/complimentary purposes or rental (limited to video carriers containing cinematographic works or similar), are allocated to the music compositions used in relation to their time length or the number of tracks on the carrier.

Any proportional distributions having as taxable calculation basis the rights for Mechanical Audio Reproductions, will be carried out in order to ensure that the amount attributed to each rightsholder cannot exceed 50% of the respective total amount of the analytical statement with regard to the reference period.

EXCLUSIONS

Compositions consisting of theme songs or sound logos identifying the producer or licensee or distributor of the film or video and/or the videographic producer of the audiovisual work reproduced on a carrier are excluded for reproductions on video carriers.

12.2 *Distribution frequency*

Distribution of royalties relating to mechanical audio and video reproduction rights, is carried out no less than once every six months and the relevant amounts are paid to SIAE's members:

- by **January of the following year** with regard to exploitations made **in the first half-year**;
- by **July of the following year** with regard to exploitations made **in the second half-year**.

12.3 *Lump-sum payments*

The amounts collected on a flat-rate basis as compensation due for the mechanical reproduction of works, whose identification is impossible to carry out, are distributed during the half-year following that of the ordinary distribution, in favour of those entitled to participate in the distribution of audio and video reproduction royalties, proportionally to the amount of the royalties' analytical statements relating to the reference period.

13 REPRODUCTIONS OF DJs' WORK COPIES OF COPYRIGHTED MUSIC

13.1 Distribution criteria

Royalties collected for reproduction rights concerning annual licenses for "work copies" (i.e. compositions) on blank carriers or digital storage, made by disc jockeys for professional use for public performance, are allocated in favour of those who participated in the distribution of Class I - Discotheques, in proportion to the amount of the royalties' analytical statements relating to the same period of the previous year.

13.2 Distribution frequency

The distribution of revenues relating to annual licences for "work copies" shall be carried out at least once every six months:

- revenues relating to the **first half-year** (equal to half of the annual revenue) shall be distributed by **January of the following year**;
- revenues relating to the **second half-year** (equal to the remaining half of the annual revenue) shall be distributed by **July of the following year**.

14 ONLINE MUSIC: online music platforms and social networks

14.1 *Distribution criteria*

Collections relating to online music on musical platforms (e.g. Spotify, YouTube, Apple Music) and social networks (Facebook, Instagram, TikTok) are analytically distributed on the basis of the musical pieces listed on the reports submitted to the Society by the Licensees, proportionally to:

- Number of streams for music streaming platforms (e.g. Spotify, Apple Music, etc.)
- Number of downloads for music downloading platforms (e.g. iTunes)
- Number of views for User Generated Content platforms (e.g. YouTube, Facebook, Instagram)
- Number of videos created for TikTok.

In order to comply with the criteria of management cost-effectiveness and economic sustainability, the analytical distribution of royalties for each Online Platform is guaranteed for all musical works that have reached a minimum monthly value of 1 Euro.

Should the analytical distribution, for some services or categories of use, not be compatible with the criteria of management cost-effectiveness, the Management Board shall establish by means of a specific resolution the appropriate alternative distribution method, taking into account the value of the revenues and the volume of the uses, and after consulting the Music Committee.

Royalties collected for the use of musical works are attributed to reproduction rights and performance rights in a different percentage depending on the service offered (streaming or downloading) and according to the shares established for each Country (so-called split) on the basis of international agreements and best practices.

In Italy, 75% of the royalties collected for downloading of musical works are attributed to reproduction rights and 25% to performance rights, for both national and international music platforms.

Royalties collected for music streaming in Italy are attributed 75% to performance rights and 25% to reproduction rights, for both national and international music platforms.

Royalties collected for TikTok are attributed 50% to public performance rights and 50% to mechanical reproduction rights²²

14.2 Residual revenues

All royalties collected under a multi-territorial licence, for which the licensee has paid SIAE the amounts referring to uses that the licensing entities, collectively, have not claimed, are included in the residual revenues.

The residual amounts are used to finance possible multi-territorial claims and, following this operation, the remaining amount is indirectly distributed together with the analytical amounts of each multi-territorial platform, to the extent set out from time to time by the Management Board that, after having consulted the Music Committee, establishes the distribution method with a specific resolution.

14.3 Synchronization for usages on User Generated Content platforms

The amounts related to synchronization right of musical works on digital platforms hosting contents generated by users only for a personal use and not for a commercial one, shall be analytically distributed together with amounts of making available to the public rights and mechanical reproduction rights for each one of the platforms that generated the revenue.

14.4 Blanket licenses: Management of collections non-distributable through the ordinary distribution process

14.4.1 Missing reports

Amounts that cannot be distributed due to missing reports, after at least one year since the ordinary distribution, shall be distributed in favour of those who participated in the Online Music distributions, in proportion to the amount of the royalties' analytical statements relating to the reference period.

14.4.2 Uncomplete reports

Amounts that cannot be distributed due to incomplete reports shall be distributed in the period following that of the ordinary distribution in favour of those who participated in the Online Music distributions, in proportion to the amount of the royalties' analytical statements relating to the reference period.

14.4.3 Unidentified music

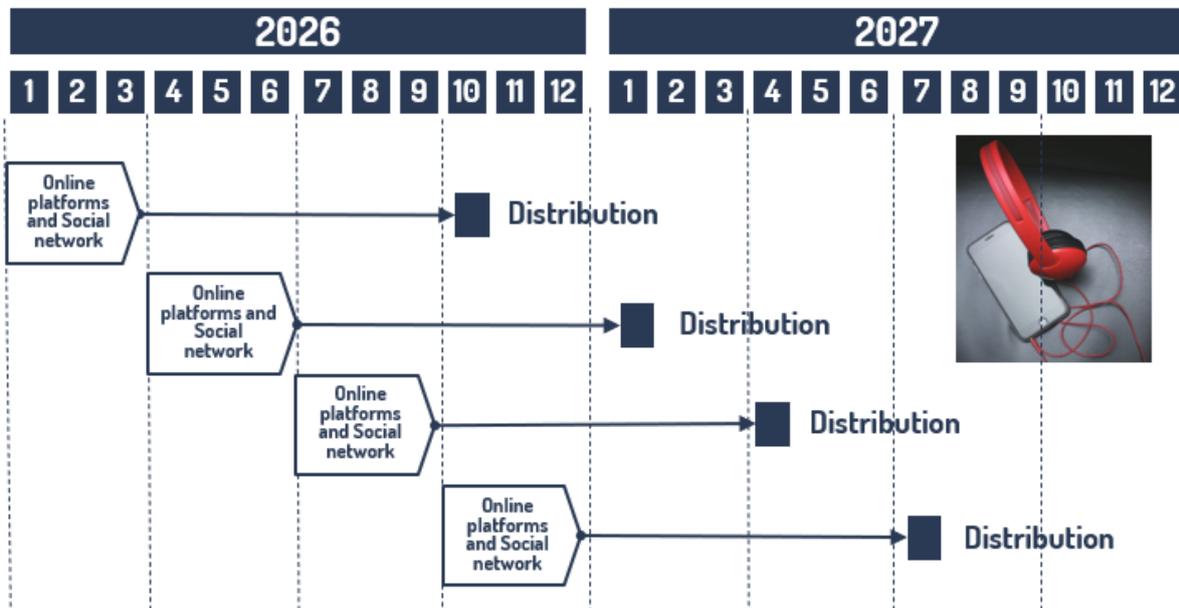
Amounts relating to music uses whose data cannot be recognised shall be distributed in the period following that of the ordinary distribution in Favor of those who participated in the Online Music distributions, in proportion to the amount of the royalties' analytical statements relating to the reference period.

²² SIAE has decided to change the right split to 50% performance rights and 50% reproduction rights to revenues from all multi-territorial platforms that offer streaming music services, in all territories covered by the licenses. The new right split model will be applied per DSP in accordance with the change made to the individual licenses.

14.5 Distribution frequency

Distribution of collections relating to Music Platforms and Social Networks is carried out no less than every half-year:

- the revenues relating to the **first half-year** are distributed by **January of the year following** the one relating to the uses;
- the revenues relating to the **second half-year** are distributed by **July of the year following** the one relating to the uses.



15 ONLINE MUSIC: live streaming, podcast, web radios and other services

15.1 Distribution criteria

Revenues from **live streaming concerts** are divided pro rata among the compositions listed in the event setlist provided to SIAE. In particular, copyright revenues determined on the basis of the gross receipts of each individual event (as per the licence published on the SIAE website) are distributed equally among the works contained in the relevant music setlist.

Revenues from **background music on websites** are divided pro rata among the compositions listed in the playlist provided to SIAE.

Revenues relating to **Web Radio** are attributed pro rata to the compositions listed in the schedule supplied to SIAE.

Revenues relating to **Podcasts** not included in large online platforms or social media are divided pro rata among the compositions listed in the playlist supplied to SIAE.

Revenues relating to **Audio in Store Services (SAS)**²³ are attributed to the compositions listed in the usage reports delivered to SIAE by the Licensees, in proportion to the number of streams.

Revenues relating to **Autopromo** licences are divided pro rata among the compositions listed in the playlist provided to SIAE.

Should the analytical distribution, for some services or categories of use, not be compatible with the criteria of management cost-effectiveness, the Management Board shall establish by means of a specific resolution the appropriate alternative distribution method, taking into account the value of the incomes and the volume of the uses, and after consulting the Music Committee.

Amounts collected as lump sum payments for the use of musical works on the basis of licences that involve the exemption from the obligation to submit reports, are distributed in the first possible half-year, in favour of those entitled to participate in the distribution of the Online Music royalties, in proportion to the amount of the royalties' analytical statements relating to the reference period.

²³ This chapter only deals with the revenues recognized to SIAE by SAS Service Providers. Revenues recognized for the same SAS service by the points of sale for distribution to the public are not included.

15.2 Management of collections non-distributable through the ordinary distribution process

15.2.1 Missing reports

Amounts that cannot be distributed due to missing reports, after at least one year since the ordinary distribution, shall be distributed in favour of those who participated in the Online Music distributions, in proportion to the amount of the royalties' analytical statements relating to the reference period.

15.2.2 Incomplete reports

Amounts that cannot be distributed due to incomplete reports shall be distributed in the period following that of the ordinary distribution in favour of those who participated in the Online Music distributions, in proportion to the amount of the royalties' analytical statements relating to the reference period.

15.2.3 Unidentified music

Amounts relating to music performances whose data cannot be recognized shall be distributed in the period following that of the ordinary distribution in favour of those who participated in the Online Music distributions, in proportion to the amount of the royalties' analytical statements relating to the reference period.

15.3 Distribution frequency

The distribution of revenues relating to **Live streaming concerts** is carried out at least every six months:

- **the revenues relating to the first half-year** are distributed by **January of the year following** the one relating to the uses;
- **the revenues relating to the second half-year** are distributed by **July of the year following** the one relating to the uses.
- **the revenues relating to the first half-year** are distributed by **January of the year following** the one relating to the uses;
- **the revenues relating to the second half-year** are distributed by **July of the year following** the one relating to the uses.

The distribution of the revenues relating to all the remaining services (**Web Radio, Podcasts, Internet Sites, Autopromo**) is carried out at least **once a year, by July of the year following** the one relating to the uses.

16 VIDEO ON DEMAND

16.1 Distribution criteria

Revenues arising from uses by Video on Demand and WEB TV platforms **are analytically distributed to rightsholders**, without prejudice to cost-effectiveness criteria of point 1.2.

Revenues are divided equally between broadcasting rights and recording rights for each type of service and its way of using:

Type of service	Way of using	Performing rights	Mechanical reproduction rights
SVOD (Video on Demand service- Subscription)	Streaming	50%	50%
AVOD (Video on Demand service - Free)	Streaming	50%	50%
TVOD (Video on Demand - Pay per View)	Download	50%	50%
	Rental	50%	50%
WEB TV	Streaming	50%	50%

For **Video on Demand** platforms with a financial year spread over two different calendar years, the Distribution Policy relating to the year of the end of the financial year shall apply.

Should the analytical distribution, for specific **Video on Demand** platforms, for some services or categories of use, not be compatible with the criteria of management cost-effectiveness, the Management Board shall establish by means of a specific resolution the appropriate alternative distribution method, taking into account the value of the revenues and the volume of the uses, and after consulting the Music Committee.

EXCLUSIONS

The following shall not be taken into account for the purposes of the analytical distribution:

- musical uses that are broadcast but not recognisable by listening or cannot be detected by fingerprinting technology;
- acronyms or labels of the producer, licensee or distributor of the audiovisual content;
- audiovisual contents lasting less than 5 minutes.

16.1.1 Analytical distribution model

For each single Online TV platform and for each type of service, the amount will be distributed for each audiovisual content (Film, TV Show, etc.) on the basis of the number of views indicated in the submitted reports.

Specifically, the amount attributed to each single audiovisual content is determined according to the following steps:

1. the number of uses for each single audiovisual content on every Online TV Platform is identified;
2. the number of uses of all the individual contents is then summed up to obtain the overall number of uses for each Online TV Platform;
3. the total amount of revenues from the Online TV Platform is divided by the overall number of uses (referred to in the previous point) thus obtaining the **Use Point**;
4. the Use Point is then multiplied by the number of uses of the audiovisual content, thus obtaining the accrued amount of the audiovisual content.

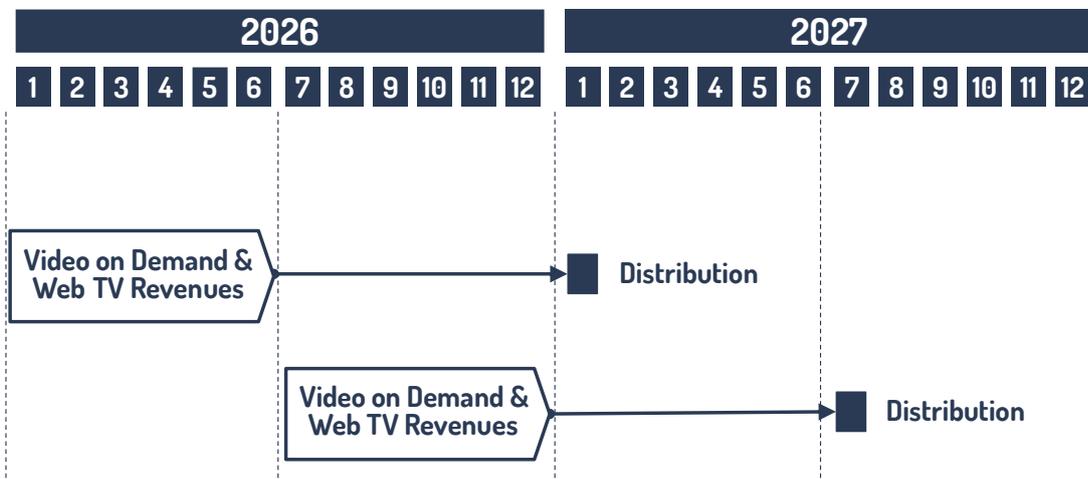
The accrued amount of the audiovisual content is then divided by the musical pieces contained in it, thus obtaining the accrued amount of every single musical piece.

The procedures above are distinctly and separately carried out for each single Online TV platform and for each single type of service.

16.2 Distribution frequency

The distribution of revenues relating to Video on Demand is carried out at least every six months. In case of distribution on a six-monthly basis:

- **the revenues relating to the first half-year** are distributed by **January of the year following** the one relating to the uses
- **the revenues relating to the second half-year** are distributed by **July of the year following** the one relating to the uses.



For Video On Demand platforms that have a contractual model similar to the Major National TV Broadcasters (RAI Play, Mediaset Infinity, Now TV, etc.) the annual revenue is subject to an adjustment determined only after the approval and publication of the financial statements by the Broadcaster, which take place at least six months after the end of the financial year to which the uses are relevant. If the adjustment is not available, the distribution can be made based on an estimate of the same²⁴.

²⁴ The difference between the estimate adjustment and the final adjustment is added to or deducted from the amounts paid in following year by the same Broadcaster.

16.3 Management of collections non-distributable through the ordinary distribution process

16.3.1 Missing reports

Amounts that cannot be distributed due to missing reports, after at least one year since the ordinary distribution, shall be distributed in favour of those who participated in the Online TV distributions, in proportion to the amount of the royalties' analytical statements relating to the reference period.

16.3.2 Incomplete reports

Amounts that cannot be distributed due to incomplete reports shall be distributed in the period following that of the ordinary distribution in favour of those who participated in the Online TV distributions, in proportion to the amount of the royalties' analytical statements relating to the reference period.

16.3.3 Missing cue sheets.

Amounts relating to film works included in the usage reports for which it was not possible to find the soundtracks (cue sheets) are distributed in the period following that of the ordinary distribution in favour of those who participated in the Online TV distributions, in proportion to the amount of the royalties' analytical statements relating to the reference period.

16.3.4 Unidentified music.

Amounts relating to music performances whose data cannot be recognised, shall be distributed in the period following that of the ordinary distribution, in favour of those who participated in the Online TV distributions, in proportion to the amount of the royalties' analytical statements relating to the reference period.

17 COPIA PRIVATA PRIVATE COPYING

17.1 *Distribution criteria*

Remuneration for private reproduction intended for personal use is distributed, with regard to the Music Division's share, on the basis of the following criteria:

Remunerations for **audio private copying**:

- A. **proportionally** to the amount of **all analytical statements** distributed in the reference period.
- B. **proportionally** to the amount of **all analytical statements** distributed in the reference period.

17.2 *Distribution frequency*

The distribution of revenues relating to Private Copying is carried out at least once every six months:

- **the revenues relating to the first half-year** are distributed by **January of the year following** the one relating to the uses;
- **the revenues relating to the second half-year** are distributed by **July of the year following** the one relating to the uses.

18 INTERNATIONAL REVENUES

18.1 *Distribution criteria*

Collections received from foreign Societies are attributed, net of the commission due to the Society, to the works for which the collections are reported by the foreign Society concerned and distributed on the basis of the ordinary distribution scheme declared for the work, or on the basis of special distribution schemes provided for the specific territory of origin of the remittances.

Any amounts reported by each foreign Society as general or indirect proportional distributions and which, in any case, are not attributable to individual works, are added to the amounts analytically reported by the same foreign Society, in proportion to the amount reported for each work or rightsholder and with reference to the royalties' analytical statements relating to the reference period.

18.2 *Distribution frequency*

Collections received from foreign Societies are distributed no less than every six months:

- **collections received from December to May** are distributed by **July of the same year**.
- **collections received from June to November** are distributed by **January of the following year**.

The only exceptions are the amounts collected for uses relating to cable TV, which are distributed annually during the July distribution, according to the criteria established with a specific resolution by the Management Board.

18.3 *Management of collections non-distributable through the ordinary distribution process*

18.3.1 *Unidentified music*

Collections relating to uses whose data cannot be recognized, are distributed during the period following that of the ordinary distribution, in favour of those entitled to participate in the distribution of "Remittances from abroad", in proportion to the amount of the royalties' analytical statements relating to the reference period.

18.3.2 *Missing reports*

Amounts relating to reports that, despite all the due diligence by the Society, have not been delivered in time for the distribution process, nor is it possible to assume their acquisition in the future, are distributed in the period following that of the ordinary distribution, in favour of those entitled to participate in the distribution of "Remittances from abroad" in proportion to the amount of the royalties' analytical statements relating to the last four half-years preceding the current half-year of distribution.

19 FUND FOR ASSISTANCE PURPOSES AND TO ENCOURAGE NATIONAL ARTS

The Society, under the conditions and within the limits in which this is provided for by the standard contracts of reciprocal representation with foreign Authors' Societies or by other agreements with entities representing rightsholders, deducts from the net revenues collected by it for performance rights²⁵ a 3% share to be allocated to SIAE's Full Members whose works are entrusted with the Music Division, for assistance purposes and encouragement of the national arts.

The allocation of such amounts is established by a specific resolution of the Management Board, after consulting the Music Committee.

²⁵ With the exception of rights relating to:

- Public performance in shows with live music (Concerts and Other Musical Events - Chapter 6), with public access via paid entry ticket, set up in spaces with a capacity equal to or greater than 5,000 seats (so-called Megaconcert).
- Online Music Uses (Chapters 14 and 15)

20 EXCEPTIONS MANAGEMENT SYSTEM

Any proceeds related to the shares of foreign Works which are put on hold are distributed within 3 years from the end of the financial year during which these proceeds were collected, proportionally to the total amount of all analytical reports for the uses of the reference period

Any proceeds related to the works with deposit irregularities are distributed within 3 years from the end of the financial year during which these proceeds were collected, proportionally to the total amount of all analytical reports for the uses of the reference period.

Any amounts relating to penalties imposed following musical programming irregularities, which become available at the end of the financial year by July of the following year, are distributed in favour of all those who participated in the distribution of the Music Division, proportionally to the overall amount of the analytical reports for the Dancing, Discos and live events categories which took place in the previous year.

The Management Board establishes through specific resolutions, having heard the Music Committee, methods, criteria, and timelines for the distribution of non-distributable amounts for any additional extraordinary causes not governed by this Distribution Policy.