Gramex’s distribution rules describe and govern how the remunerations collected by Gramex and defined in the Finnish Copyright Act are calculated, distributed and paid to rightholders.

These distribution rules are based on the decision of Gramex’s general assembly on 9 December 2019.
1. GENERAL PRINCIPLES OF DISTRIBUTION

• The legal basis for the distribution and payments made by Gramex is formed of national and international legislation, international copyright agreements, Gramex’s by-laws, Gramex’s distribution rules, Gramex’s client agreement, and the representation and reciprocal representation agreements concluded by Gramex with other collective management organisations.

• Decision-making power and practical implementation related to distribution and payment is divided within Gramex between Gramex’s general meeting, Board of Directors and office in accordance with separate internal instructions.

• The distributions and payments made by Gramex only include such phonograms and music videos which are protected in Finland by virtue of the Finnish Copyright Act and any international agreements concerning the protection of phonograms and video recordings binding on Finland as well as any connection rules and implementing provisions.

• Gramex distributes and pays rightholders the remunerations for which it has provided licenses and collected remunerations and transmits remunerations received from Finnish and foreign organisations and operators to rightholders.

• Gramex can also carry out the distribution and payments mainly in connection with distribution and payments immediately following the collection period. The collection period can be, for example, six (6) or twelve (12) months.

• The distributions will primarily be made based on reports on each individual use of a phonogram, or on reports regarding such forms of use which are the most similar and best comparable to the forms of use in question.

• The aim is to carry out a user-specific distribution, which includes each radio channel separately.

• Distribution calculations will be based on the time (duration) or other amount of use (for example instances of recording) best matching each form and type of use.

• The rightholders of protected phonograms are treated equally regardless of nationality, and all music genres are treated the same way.

• The distribution and payment will be primarily carried out in accordance with the general distribution schedule adopted for one calendar year, available on Gramex’s website.

• Gramex’s Board of Directors decides on the details of the distribution rules, yet so that the general meeting or the council of individual phonograms and rightholders, General principles include, inter alia, the actual rules of division.

• Gramex can also carry out the distribution and payments mainly in connection with distribution and payments immediately following the collection period. The collection period can be, for example, six (6) or twelve (12) months.

• The distributions will primarily be made based on reports on each individual use of a phonogram, or on reports regarding such forms of use which are the most similar and best comparable to the forms of use in question.

• The aim is to carry out a user-specific distribution, which includes each radio channel separately.

• Distribution calculations will be based on the time (duration) or other amount of use (for example instances of recording) best matching each form and type of use.

• The rightholders of protected phonograms are treated equally regardless of nationality, and all music genres are treated the same way.

• The distribution and payment will be primarily carried out in accordance with the general distribution schedule adopted for one calendar year, available on Gramex’s website.

2. KEY TERMS

• PERFORMING ARTIST. A person who features on a phonogram, for example a musician, singer, conductor or audiobook narrator.

• INDIVIDUAL REMUNERATION. A remuneration which is paid to an individual rightholder who can be identified on an individual phonogram.

• UNDISTRIBUTED FUNDS. Undistributed funds are comprised of collected remunerations whose rightholder has not been sufficiently identified and/or reached within three years of the collection year and Gramex has been unable to pay the remunerations to the rightholder within such three-year period.

• COLLECTION PERIOD. A specific, defined period of time from which the distributable funds originate on the basis of the use of a phonogram.

• COLLECTIVE. The remunerations of all performers participating in the same recorded performance can in certain cases be paid ‘collectively’ to a corporate body for remuneration in remuneration in the case and which are typically operating behind an orchestra or choir. In such a case, the orchestra or choir is called a ‘collective’ and the remunerations they receive are called a ‘collective remuneration’.

• FORMS OF USE. Licensing and distribution categories describing different ways of use.

• PAYMENT. The payment of the remunerations allocated to an individual rightholder in the distribution process to the bank account specified in the rightholder’s client agreement.

• MUSIC VIDEO. A visual recording containing music and featuring the performance of a musical composition or a part of a musical composition.

• NEGATIVE DISTRIBUTION. The re-payment of an overpayment originally received by a rightholder can take place in the form of negative distribution.

• PERFORMER’S REMUNERATIONS. Remunerations paid for the use of the phonogram to the artist performing on the phonogram.

• BANK STATEMENT. A written breakdown of the remuneration distribution delivered after each distribution to rightholders receiving Gramex remunerations.

• DISTRIBUTION SCHEDULE. The Board of Directors of Gramex adopts the distribution schedule of the main distribution of the following calendar year at the latest in the end of each calendar year. The distribution schedule will be published on Gramex’s website at the latest during the January following its adoption.

• DISTRIBUTION DATA. Data on the use of the phonogram serving as the basis for the distribution calculation.

• DISTRIBUTION CALCULATION. A part of the distribution process consisting of the actual calculation of the remunerations of individual phonograms and rightholders.

• DISTRIBUTION PLAN. A plan drafted by Gramex’s office on which collected funds are distributed among individual rightholders and potential rightholders.

• PRODUCER’S REMUNERATIONS. Remunerations paid for the use of a phonogram to the financial producer of the phonogram.

• OVERPAYMENT. A remuneration which has been paid to a rightholder and is subsequently found to have been excessive in error. This may occur, for example, if the number of musicians performing on a phonogram is, on the basis of subsequently received information, found to have been bigger than originally thought at the time of payment. In such a case, a rightholder may have originally received an overpayment.
• **RESERVE.** In an individual distribution, some of the distributable funds can be excluded from the distribution and set in reserve for future claims.

• **PHONOGRAM.** Any recording containing sounds, for example a digital audio file or a traditional record.

• **PRODUCER OF A PHONOGRAM.** A person or corporate body which is responsible for the first recording of the performance, i.e. usually the party which provides funding or bears the financial responsibility in the recording phase.

3. **GENERAL**

The remunerations collected and received by Gramex will be distributed and paid in accordance with these rules.

4. **RIGHTHOLDERS**

Rightholders entitled to remunerations in Gramex’s distribution

In Gramex’s distributions, rightholders entitled to remunerations are the following parties referred to in the Finnish Copyright Act:

1) performing artists whose performances have been recorded on a phonogram or music video;
2) phonogram producers; and
3) music video producers (video recording producers).

Performing artist

The performances of performing artists are divided into different roles in Gramex’s distributions using the following role codes:

**Musician:** Musicians include both singers and instrumental performers who provide accompaniment or form the orchestra, the choir, or the orchestra and choir.

**Soloist:** Soloists include both singers and instrumental performers under the following conditions:

A soloist’s performance must have an effect on the overall performance and the soloist’s performance must be predominant in proportion to the performance as a whole. The soloist may perform the leading theme, and the soloist generally has an independent part to perform in a musical composition.

**Conductor:** A person who does not participate in the performance of a composition with sung or instrumental parts may, as a performing artist, be entitled to a conductor’s share of remunerations distributed by Gramex under the following conditions:

- Activity entitling to conductor shares means the conducting of a live performance or the interpretational directing of a performance on the occasion of the recording. Sectional rehearsals, mixing, or other activities before or after the recording session do not entitle to shares under Gramex’s distribution rules.

- The performance of the conductor must have an influence on the overall artistic impression of the recorded performance.

- The performance conducted or directed by the conductor must feature at least four (4) performers. Upon application, the Board of Directors of Gramex may for a specific reason decide that conducting or directing a smaller ensemble entitles to a conductor share in Gramex’s distribution. Applications regarding such matters shall be addressed to the Board of Directors of Gramex in writing and must reach Gramex at the latest when the phonogram report concerning the track is registered.

The aforementioned roles shall not apply to such remuneration sums which Gramex receives from foreign collective management organisations for the purpose of paying them to its clients.
Producer of a phonogram

Producer of a phonogram means the natural or legal person who initiates and is responsible for the fixation of the sound of a performance, of other sound, or of the representation of the sound for the first time.

Music video producer

Music video producer means the natural or legal person who holds, the right of the producer of a video recording as referred to in Section 46 a of the Finnish Copyright Act.

5. DETERMINATION OF DISTRIBUTED AMOUNTS

Standard process

The initial amount of remuneration allocated to the distributions at any given time is generally speaking based on the licensing and royalty revenue collected and received by Gramex, confirmed in the annual audit and the half-yearly interim audit. Other remunerations may also be processed and paid out in the case of distributions and payments based on separate assignment.

Each scheduled distribution is preceded by a written Distribution Plan, which combines the form of use-specific remuneration sums expected for distribution as well as the types of use and users included in the distribution, for example specified radio channels. The Distribution Plan will be drawn up by Gramex’s office and be presented to the Board of Directors of Gramex for their information.

The total amount of remuneration entered in each distribution and distribution process at any given time will be finally confirmed in form of use by form of use in the Distribution Calculation preceding and concerning each scheduled distribution.

Management costs and any other deductions and reserves set out in Gramex’s by-laws, client agreements and statutory regulations will be deducted from the remuneration sums in connection with the distribution process. Correspondingly, any investment income accrued on the remunerations can be added to the distributed funds in connection with the distribution process.

The management cost deduction percentage of the investment income percentage taken into account in the distribution will be determined in accordance with the society’s generally confirmed and adopted principles and in accordance with the grounds published in the transparency report.

If the accrued remuneration of a form of use is comprised of a ‘bundled tariff’ which contains different rights, the aim is, as far as possible, to divide and allocate the distributable amount of remuneration to the different rights.

The management cost allocation is primarily carried out by applying the same management cost percentage to all forms of use, unless otherwise separately defined on the management cost percentage of an individual form of use or rightsholder group.

Remunerations reverted to distribution

A distribution can also contain remunerations which are ‘reverted to distribution’. Gramex’s general meeting decides on such remunerations. Any other previously undistributed funds may be included in the distribution following the same principles.

6. MUSIC USAGE DATA USED IN DISTRIBUTION

A. General principle

The distribution is always primarily based on such phonogram-specific music usage data reported in connection with the actual use of a phonogram and the phonogram’s owner. The phonogram owner is deemed to be the owner of all phonograms. The phonogram is defined as being the carrier of the sound of a performance or other sound. These definitions are in connection with the phonogram in question.

If no direct music usage data is available, Gramex’s office decides what other usage data is best suited to the situation. The music usage data which will be primarily used in the distribution in the case of each form of use are the following:

B. Radio use

Radio channel and phonogram-specific music usage data reported by radio stations.

C. Remuneration for radio use on top of other remunerations

If the music usage data reported by a radio channel is precisely in line with the amount of remuneration paid by the radio station for the radio use or air play. Similar procedure will be followed if no usage data is available at all or the user-specific remunerations paid and received by Gramex are not, in some cases, sufficient to adequately cover the reported use in the distribution.

D. Background music remunerations – user-specific data

If no user or phonogram-specific data is available in the distribution of the background music remunerations, music usage data of radio channels chosen for individual distribution can be used in the distribution. In such case, a specific share of background music remunerations can be allocated evenly between the different types of commercial radio and YLE.

Remunerations concerning instances of mechanical reproduction and on-demand use will always primarily be distributed based on the specified usage information concerning the use of a phonogram.

Example:

The national share of listening of the national YLE and the commercial radio channels is 50-50 in the space of a year. In such a case, a specific share of background music remunerations can be allocated evenly between the different types of commercial radio and YLE.

Instances of radio use can be utilised either by looking at individual instances of airplay (in which case all instances carry the same weight financially) or by weighting the total usage (amount of airplay (amount of usage) of individual instances, in which case more valuable phonograms getting airplay are also allocated more background music remunerations.

Background music remunerations can also be distributed on the basis of music usage data provided by background music operators. Such usage data can comprise either recording or performance data (if available).

Background music remunerations can also be distributed based on various surveys and studies.

Example: Which radio channel is generally listened to in a particular place?

E. Compensation for private copying

The music usage data of radio channels selected for individual distribution can be used as grounds for the compensation for private copying if no actual copying data is available.

F. Mechanical reproduction right royalties and on-demand use

Remunerations concerning instances of mechanical reproduction and on-demand use will always primarily be distributed based on the specified usage information concerning the use of a phonogram.
G. With respect to remunerations which are reverted to distribution, the following data will be used as distribution data: the following data will be used as distribution data:

- The Board of Directors or office of Gramex will decide on the data used as distribution data for remunerations reverting to distribution.

H. When no information is available

In the event that no data is available, the distribution shall be based on the most relevant reference data available or, in exceptional circumstances, data on market shares provided by sales statistics in the case of distributions to producers.

7. PAYMENT AND CALCULATION OF REMUNERATIONS

General principle

As specified above, the aim is to always base the distribution on type of use and user-specific music usage data and, financially, the amount of remuneration concerning such specified user.

Deductions

Management costs will be deducted from the sums entered in distribution calculations. The amount of management costs is confirmed through a separate process, and Gramex’s Board of Directors will confirm the amount of management cost deductions (primarily %) used in each distribution and payment.

Additions

Accrued investment income will be added to the collected remunerations entered in distribution calculations if decided by Gramex’s Board of Directors. The amounts of investment income entered in distribution or the grounds thereof will be adopted by the Board of Directors of Gramex.

Gramex can also apply a ‘national deduction’ to the distributed remunerations if Gramex’s general meeting has so decided. With respect to those clients who are not Gramex’s direct rightholder clients, the making of such a deduction requires a specific agreement thereon with the relevant rightholder or their representative (for example a foreign organisation).

Remunerations attributed to phonograms, i.e. placeholder phonograms

A placeholder phonogram is a phonogram used in Finland which has already been allocated remunerations but which has incomplete rightholder or phonogram data.

All uses of phonograms reported during the collection period are pre-processed in the identification stage. In the identification stage, such protected phonograms for the use of which Gramex collects remunerations are identified. Distribution calculations of the collected remunerations will be made for these phonograms insofar as they are included in the distributions of the relevant collection period. The management cost deductions applied each calendar year as well as the added investment income distributions are taken into account in this calculation.

Once the remunerations for an individual phonogram have been calculated in this manner, the accrued remunerations will be allocated to the relevant phonogram and paid to rightholders. If Gramex does not have the phonogram or rightholder information of that phonogram, a remuneration that has been through the distribution process and calculated on a phonogram will be left waiting for information on the rightholder or their representative. Such a phonogram is said to be in ‘placeholder mode’ and is considered to constitute an ‘unidentified phonogram’. In other words, these are phonograms which have been used in Finland and reported to Gramex and for which the remunerations have already been individually calculated and allocated but which are missing accurate phonogram or rightholder data in whole or in part.
Recalculation
Gramex will recalculate the remunerations automatically in certain situations. Such situations can include, among others, the following:

New data received on a phonogram or a performance therein supersedes previous rightholder information.

Example: A performer or a producer has originally been registered for the phonogram on incorrect grounds, a performer/producer is removed or added so that the amount of rightholders used in the original distribution calculation changes.

Removal of information or performance registered for a phonogram.

Example: An incorrect extra performer or producer has originally been registered for the phonogram.

Change in performer’s role or producer shares.

Example: A soloist share is changed into a musician share on the basis of new information.

Change in the protection information of a phonogram.

Example: Upon closer inspection, a free phonogram turns out to be protected inter alia based on new information on the recording country.

Gramex receives more usage data, which leads to a decrease/increase in the phonogram-specific remuneration per unit.

Example: More rightholders share the amount of remuneration allocated to a phonogram.

Negative distribution
Recalculation may lead to a negative distribution, in which case a party which has originally erroneously received remunerations is obligated to refund the sum paid in error. A negative calculation will be automatically initiated in Gramex, i.e. the “refundable” amount will be automatically deducted from the rightholder’s existing (erroneously accrued) but still unpaid remuneration balance. The rightholder’s remuneration balance can thus be negative until the erroneous remuneration sum has been fully set off by subsequent remunerations. In practice, this means that a negative distribution is used to correct an erroneous positive balance. It is likely that an incorrect distribution cannot be set off through negative distribution. Gramex’s office may decide on the recovery and collection measures concerning such over-payment.

Funds attributed to rightholders
Remunerations collected on the basis of data on the use of identified phonograms will be allocated to artists performing on the phonogram and to the producers of the phonogram. Once the calculation of remunerations and the combination of remunerations has been carried out, the outstanding remunerations enter a phase where they wait for payment.

In this stage, the amounts due to an individual rightholder for different phonograms are combined and the remunerations are transferred to a balance payable to the individual rightholders to wait for the moment they are paid.

B. RESERVES
Gramex may have different reserves related to the distributable funds. Funds can be kept in reserve primarily on the following grounds:

Unknown musician
As a rule, likely information on the ensemble is used in the distribution calculation.

In the phonogram-specific distribution calculation, the calculation of remunerations will be conducted normally even for unknown performers. If Gramex is not aware of the precise number of performers, the number of performers per track is deemed to be seven (7) for musicians and one (1) for soloist (unless otherwise indicated by the distinctive characteristics of the particular case).

In the case of a choir, the default number is forty (40) musicians, and in the case of a symphony orchestra or similar, the default number is seventy (70) musicians.

Reserves in distribution calculations
When the distribution calculations are being drawn up, necessary funds can be set in reserve in certain amounts in case of claims made by any potentially appearing “unknown rightholders” and any mistakes in distribution caused by technical and qualitative errors in the distribution data.

Each reserve is typically maintained for a period of three (3) years after the end of the collection year. The release of funds from the reserves kept when the distribution calculations are drawn up will, as a rule, be carried out so that the released funds will be added to the next distribution following the aforementioned period. However, the reserve can be released earlier if it is found likely that the reserve is no longer needed, for example because of technical reasons or the receipt of previously missing usage data.

9. REMUNERATIONS TO AND FROM OTHER COUNTRIES
Receipt and retention of remunerations
Gramex may also present claims and receive remunerations for the use of phonograms outside Finland on behalf of the rightholders which it represents. The rightholders must specifically authorise Gramex to act on their behalf outside Finland with the client agreement. This authorisa-
tation can be given regarding specific coun-
tries or forms of use.

With regard to performers, Gramex’s ope-
national activities involve making an inde-
pendent decision on its client’s role in the dis-
tribution of a foreign organisation.

Example: A Finnish conductor is consid-
ered to be a ‘Featured Artist’ in the dis-
tribution of a foreign or-
ganisation.

Forwarding of remunerations
Gramex aims to allocate (transfer to wait for 
payment) foreign remunerations to the rightholder no later than within three 
months of receiving them. The out-
payment of remunerations from Gramex 
will always take place in accordance with 
the main distribution if general conditions 
for the payment are met.

Management costs
As per international practice, Gramex usu-
ally does not deduct management costs 
from or allocate management costs to 
rightholder clients’ remunerations recei-
ved from abroad. Gramex does, however, 
have the right to make the actual mana-
gement cost deduction from remunera-
tions received from abroad if so decided 
by Gramex’s Board of Directors / general 
meeting.

Payment of remunerations abroad
The payment of remunerations after alia 
to Gramex’s indirect performer or produ-
cer clients through a foreign organisation 
requires that Gramex with high probability 
can rely on the performer and producer 
data received from the relevant organi-
sation and the organisation’s mandate to 
represent the performer was effective at that 
time. Gramex may also have as a prerequi-
site to the payment of remunerations that 
the organisation delivers the data required 
for the distribution in a technical format 
which is generally available and generally 
accepted for use in distributions between 
organisations at that time.

If the rightholder receiving the remune-
rations or their representative is located 
outside Finland, Gramex will perform all 
the required tax measures, such as the 
withholding of tax, before the payment 
of remunerations. Remunerations paid 
abroad will chiefly be paid against invoice 
presented to Gramex. The invoice shall in-
dicate the identifiers required under valid 
tax and accounting legislation.

10. PAYMENT OF 
REMUNERATIONS

General principles
The payment of remunerations to the 
rightholder requires that Gramex has ac-
curate and complete remuneration informa-
tion from the relevant rightholder. Gramex 
has the obligation to carry out all 
measures required under legislation, such 
as the withholding of tax, before the remu-
nerations are paid out. Gramex reports all 
remuneration distributions and payments 
and any related additional information (for 
example any withholdings) to the Incomes 
Register maintained by the Finnish Tax Ad-
mistration.

Performer’s remunerations
Performer’s remunerations will be paid 
as indicated by the ‘performers’ roles’ re-
gistered and communicated to Gramex 
and the rules of division included in these 
distribution rules.

To a decedent’s estate
If the recipient of a rightholder’s remune-
rations is their estate, the estate shall pro-
vide Gramex with bank account details as 
well as detailed information on the benefi-
ciaries of the estate, for example provi-
ding an estate inventory. Communications 
with the estate will take place primarily 
through one contact person authorised by 
the decedent’s estate.

Producer’s remunerations
Each producer right will be registered with 
Gramex as a percentage share (%). In 
distribution and payment, the producer 
remunerations will be paid to the righthol-
der producer in accordance with their per-
centage share.

Joint production
The producer rights of a phonogram can 
be registered with Gramex in the form of 
a ‘joint producer’. The division of pro-
ducer shares in joint productions must be 
communicated to Gramex in the form of a 
written document which must demonstra-
to each involved producer’s express con-
sent to the division of the producer shares. 
A joint production situation can also oc-
cur when producer rights are assigned or 
transferred to a new holder.

Transfers of producer rights
Any transfers of producer rights shall be 
notified to Gramex in writing. The docu-
ment shall confirm when the transfer be-
comes effective.

The transfer of rights shall be specified 
separately for each phonogram and by 
indicating the percentage share per each 
individual phonogram. The forms of use 
and geographical territories shall likewise 
be specified.

Any remunerations remaining unpaid and 
held by Gramex at the moment of transfer 
will be paid primarily to the earlier righthol-
der, i.e. the party that was the rightholder 
of the transferred phonogram when the 
phonogram was used and in respect of 
which the remuneration was paid and 
otherwise agreed between the parties 
and Gramex for justified reason.

If the remunerations or usage data of pre-
vious years are received for the distributi-
on at a later occasion, the payments will 
evem then be made primarily on the basis
of the rightholder situation at the time of the use of the phonogram.

**General prohibition on payment**

If it occurs during the normal distribution process that more than one rightholder or representative of a rightholder, such as an association, presents a specific claim over the remunerations of a particular performer, or a system at that time used between organisations in distributions and payments reports the existence of overlapping claims (conflicting remuneration) shall be subjected to a general prohibition on payment by Gramex's order.

**Example of a conflict:** an individual performing artist is a member of several organisations with respect to the same form of use and/or geographical territory.

**Smallest distributed remuneration**

Gramex's general meeting will confirm the smallest distributable amount of remuneration which will be paid to rightholders regularly in the payments made in accordance with the distribution schedule.

**Bank statement**

An individual rightholder will be provided with a bank statement of each payment containing at least the following information:

- form of use-specific total amount of remuneration
- actual deductions (e.g. management costs) from and additions to the remuneration
- taxation (tax withheld)
- bank account details used in the payment.

**Enforcement and prohibitions on payment**

Any share of a payable amount which is subject to a specific claim under the enforcement authority's orders will be deducted from the payable amount. Gramex will deliver such deducted share directly to the enforcement authority which has issued the withholding notice.

The payment made to the enforcement authority will be shown on the bank statement provided to the rightholder.

**Distribution report**

On each payment, following a distribution, Gramex's office will draw up a distribution report concerning such distribution and payment and present it to Gramex's Board of Directors.

**11. DISTRIBUTION AND PAYMENT OF REMUNERATIONS TO COLLECTIVES**

The distributed remunerations can in certain situations also be paid collectively. In other words, the ‘individual remunerations’ of each member (performer) taking part in the recorded performance of an orchestra or a choir, which normally are payable to the individual rightholders, can also be paid collectively.

Such ensembles receiving collective remuneration shall, as a rule, be an orchestra or a choir, and the collective shall have at least four (4) performers.

A collective receiving remunerations shall be a corporate body which has independent taxation status, i.e. in practice it can be a non-profit association, foundation, corporation or a body corresponding to a foreign association with similar independent tax status behind the orchestra or choir. The remuneration will be paid to such a corporate body.

The distribution and payment can be conducted to the collectives per phonogram. The payment of remunerations to a collective requires each member of the collective to have given, and addressed to Gramex, an express written declaration of intent and authorisation concerning the payment of the individual remunerations to the corporate body behind the collective.

**12. USE OF A PROXY**

Gramex’s clients have the right to do business with Gramex also through a proxy. The proxy shall demonstrate its right to act on behalf of the rightholder and provide Gramex with a written power of attorney indicating that an assignment concerning such authorisation has been given.

**13. UNDISTRIBUTED AND STATUTE-BARRED REMUNERATIONS: MANAGEMENT OF AND MEASURES CONCERNING REMUNERATIONS**

The distribution and payment process of remunerations will run for three calendar years after the year of their collection. Two calendar years after the end of the year of collection, Gramex publishes a list of ‘plaint holder phonograms’ (undistributed phonogram tracks) on its website.

If the rightholder of an individual phonogram and the remunerations belonging to the phonogram do not present itself or Gramex otherwise cannot locate the rightholder within the deadline set out in legislation, the remunerations calculated for the phonogram will become ‘undistributed remunerations’.

Gramex complies with the process set out in applicable legislation in respect of the use of undistributed funds and the locating of the rightholders. Under applicable legislation, the general meeting of Gramex will decide on the use of undistributed funds as set out in law, until the remunerations found to have become statute-barred on the basis of legislation concerning the limitation of claims.

**14. RULES OF DIVISION**

Division between performers and producers. The entire distributable sum shall be divided fifty-fifty between the producers and the performing artists of use by form of use in the manner adopted by the Board of Directors. The current form of use-specific division is available on a separate appendix.

Gramex currently (1 January 2020) recognises the following forms of use:

- music videos
- radio and television use
- rebroadcasting / satellite, background music
- internet and data network
- audio fixations or audiovisual programs
- private copying compensation
- music videos
- lending and rental

The distributable sum concerning music recordings containing images will be divided between the performers.
The shares shall be divided among several conductors, soloists or musicians in accordance with the number of the shares, with the exception of the shares mentioned below.

The share of conductors participating in a performance shall be divided in accordance with the number of the conductors. If the report received by Gramex indicates a chief conductor, the assistant conductor shall receive one third of the share (1/3).

The Board of Directors of Gramex may, for a specific reason, accept an agreement between the rightholders regarding division of the shares in a manner deviating from the provisions of the distribution rules. Agreements regarding the division of shares shall be made in writing in accordance with a procedure adopted by the Board of Directors of Gramex.

Several performances. The singing or playing, or, for example, the sequencer programming of one part gives entitlement to one soloist or musician share.

Soloist or musician performances carried out using several instruments and performances of different parts shall give entitlement to a corresponding number of soloist or musician shares, subject to restrictions set out below. If soloists or musicians perform one and the same part several times within one and the same performance, they are likewise entitled to a corresponding number of soloist or musician shares, subject to restrictions set out below.

Limitation: A single performer shall be entitled to a maximum of six (6) soloist or musician shares for any one phonogram track.

15. CHARITY PHONOGRAMS

Based on application, Gramex may for special reasons accept the payment of remuneration accruing on a phonogram to a specifically designated charity. Acceptance of a phonogram as a ‘charity phonogram’ requires that all rightholders (performers and producers) give their written consent to the payment of the remuneration in full to the charity in question. The consent shall be demonstrated by means of a document specifically indicating the transfer of the rights to the charity.

16. PROTECTED PHONOGRAMS

Gramex distributes and pays remunerations for such phonograms used in Finland which are protected by Gramex in the case of public performance, communication to the public, recording or on-demand use. The scope of the phonogram’s protection is affected by the country of the phonogram’s first recording, the original producer’s domicile, and the publication or recording year of the phonogram. As for remunerations from outside Finland, copyright protection of phonograms is determined in accordance with the national legislation of each country of use and the connection rules of international agreements binding the countries in question.

17. APPLICATION OF DISTRIBUTION RULES

Application and interpretation. Any questions regarding the application and interpretation of these distribution rules shall be settled by the Board of Directors of Gramex.

18. DECISION-MAKING

In Gramex, Gramex’s general meeting will make decisions concerning the inclusion of new types of use in the client agreement.

19. ENTRY INTO FORCE

These rules enter into force on 1 January 2020 and shall fully supersede Gramex’s earlier distribution rules.

After the entry into force of these distribution rules, phonogram reports received by Gramex will be registered as required under these distribution rules and the distributions and payments of remunerations collected and received by Gramex will be performed in accordance with these distribution rules.