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DISTRIBUTION SCHEME

(version dated 22 November 2020)

The Distribution Scheme is available in German and in English. In case of inconsistencies between the German and the English version, the German version shall prevail.

A Distribution Scheme for the division Articles 70/71 UrhG

a) General Principles

Article 1

1. The Distribution Scheme is aligned to the provisions on the law regulating the administration of copyrights and related rights by collecting societies (Collecting Societies Act – VGG) and the Statutes.
2. The distribution of revenue occurs here only for the purposes stated in Art. 26 VGG.

Article 2 Administration costs, flat-rate costs

1. In order to cover the administration costs, the settlement divisions are charged a flat-rate cost that is determined by the board of directors.
2. The flat-rate costs retained to cover the administrative costs must be adequate. When determining the amount of the flat-rate costs by the board of directors, it must be ensured that the administration of VG Musikedition can meet its legal and other obligations.
3. Unused flat-rate costs are distributed to the respective beneficiaries at the latest after three years.

Article 3 Culture fund

Every year after the presentation of the annual accounts, 10 % of the revenue of the division Arts 70/71 UrhG is allocated to the culture fund.

Article 4 Reserves, interest earnings, fees

1. The board of directors decides upon the extent of reserves for claims to recourse. The date at which unused reserves are disbursed is likewise determined by the board of directors.
2. The board of directors decides on the use of admission and membership fees, conventional fines as well as other amounts unable to be distributed, default charges – including the unused reserves – unless the Distribution Scheme or the law envisages a different regulation.
3. Interest earnings are used to cover the costs.

Article 5 Investment of revenue from royalties

1. Revenue is invested according to Art. 25 VGG in the exclusive and best interest of the beneficial owners.
2.
 - a) With regard to the general investment policy on revenue it must be taken into account that the amounts to be invested are assets held in trust which the beneficial owners are entitled to. Thus

the security of the investment has precedence over achieving a return on investments (Art. 17 Para. 1 no. 8 VGG).

- b) When investing income it must be ensured that the distribution deadlines (Art. 28 VGG) can be met.
3. Details are regulated by an investment guideline; their compatibility with legal requirements must be assessed and determined by an auditor or auditing firm.

Article 6 Royalty beneficiaries on the basis of membership

1. Those with a claim to participate in the distribution of revenue are royalty beneficiaries who, as members, were demonstrably involved in the works and/or editions, for whose use VG Musikedition received remuneration during the delimitation period.
2. Royalty beneficiaries in terms of paragraph 1 are the owners of rights pursuant to Articles 70/71 UrhG.
3. The shares of the royalty beneficiaries are calculated on the basis of the number, type and duration of the works and the number of their performances and/or other uses.

Article 7 Royalty beneficiaries on the basis of mandates acc. to Art. 2 Para. 1 Sentence 3 of the Statutes

1. VG Musikedition issues a settlement to every royalty beneficiary who is neither a regular member nor an affiliated member, but who has rather issued a mandate in the sense of Article 2. Para. 1 Sent. 3 of the Statutes, for the remuneration that VG Musikedition has received demonstrably solely through the use of the rights of collection transferred to it by one or a group of these beneficiaries.
2. If such rights are subject to a flat-rate exploitation or co-exploitation and flat-rate revenue is received, the money is distributed in consideration of the identifiable scope and frequency of presentation, reproduction, diffusion and other means of exploitation, and in observance of recognisable royalty circumstances which allow conclusions to be drawn about the scope of use relevant to copyright.
3. VG Musikedition receives reasonable commission for the costs and expenses it incurs and reasonable remuneration for its activities.

Article 8 Distribution according to divisions

1. Revenue related to works is distributed to the beneficiaries in accordance with the individual net settlement. If several protected works/editions are performed during an event, the revenue is distributed proportionately on the basis of how long each of the works last, whereby the calculation rounds up the shares of the played works/editions into full 10-minute blocks.
2. Revenue from flat-rate agreements is settled on the basis of the point values as stipulated in Section b) Execution Regulations, Article 5 Settlement Key.
3. a) If flat-rate agreements exist with churches, the revenue is first distributed for the works or editions that have been demonstrably performed in the context of these agreements. If the distribution sum has then still not been used up, the disbursement of the distribution sum takes account of each registered work edition from which performance material is available in a manner customary to the trade and which can be performed in the context of the flat-rate agreements with churches.
b) If flat-rate agreements exist with choral societies, the revenue is first distributed for the works or editions that have been demonstrably performed in the context of these agreements. If the distribution sum has then still not been used up, the disbursement of the distribution sum takes account of each registered work edition from which performance material is available in a manner customary to the trade and which can be performed in the context of the flat-rate agreements with choral societies.
c) If flat-rate agreements exist with broadcasting companies and other concert organisers, the revenue is first distributed for the editions or works that have been demonstrably broadcast or performed in the context of these agreements. If the distribution sum has then still not been used up, the disbursement of the distribution sum takes account of each registered work edition from which performance material is available in a manner customary to the trade and which can be performed in the context of the existing flat-rate agreements.
d) When settling performances under flat-rate agreements, the distribution sum per work or edition is reduced to a maximum of € 10.00 (less lump sum costs and allocations to Cultural Foundations), if the total number of visitors is less than 20 and entrance is not charged for the performance.
4. All registered works and editions are taken into account in the distribution of library royalties under the flat-rate agreement, with the exception of works and editions submitted as manuscripts as well as – for registration of work from 1/1/2019 – works and editions without ISMN (International Standard Music Number).
5. In the distribution of royalties under the flat-rate agreement for private recording rights (ZPÜ), the only works and editions considered are those that can be expected to be reproduced by recording

from broadcasts onto audio carriers or visual-audio carriers or from transmissions on one audio carrier or visual-audio carrier onto another. This is particularly the case if an audio carrier or visual-audio carrier of a work or an edition is available, or if such has been broadcast during the settlement period.

6. 50% of the revenue received from the flat-rate agreement with ZVV (Central Office for Video Renting) is distributed to the works and editions of which visual-audio carriers exist. The other 50% of the revenue is assigned to library royalties.
7. Revenue received from reciprocal accords with foreign collecting societies is distributed in accordance with the individual net settlement. If this is not possible, the board of directors decides upon the distribution and allocation, thereby taking account of all the information available on copyright usage.

In this context, it must be ensured that the remuneration goes to those beneficiaries who come closest in practical terms to the divisions from which the remuneration was generated. If it is not possible to track down such owners of rights, the remuneration is paid and distributed in accordance with Para. 4 of this Article.

Article 9 Non-distributable revenue

1. Revenue from rights and claims is deemed non-distributable if the beneficial owner cannot be determined or found within three years after the end of the financial year in which the revenue was received, and VG Musikedition has taken all necessary measures required by Art. 29 VGG.
2. After the deadline in Para. 1 has expired, the non-distributable revenue from flat-rate royalties are added to the revenue and distributed in the context of this distribution. Non-distributable revenue from net individual settlements is used after the deadline in Para. 1 to cover the costs.

Article 10 Payment

1. Royalties are calculated and paid out once per annum at a date determined by the board of directors. With the settlement, the beneficiaries receive a detailed settlement statement. Beneficiaries can request settlement statements for distributions over the last 10 years upon remittance of an administrative fee of € 20.00.
2.
 - a) Revenue from legal royalty claims under Art. 70 UrhG is due to the editor respectively to the author. If the editor resp. the author effectively transferred his/her royalty claims to the publisher or the editor resp. the author agrees vis-à-vis VG Musikedition that the publisher should share in the revenue from legal royalty claims, disbursement occurs at a ratio of 50 / 50 irrespective of who contributed the rights.
 - b) If royalty claims under Art. 70 UrhG were contributed to VG Musikedition by the publisher and the editor resp. the author is not a member of VG Musikedition, the editor's share resp. the author's share can be distributed to the publisher on the understanding that this is transferred to the editor resp. the author in full. The publisher indemnifies VG Musikedition in this regard from all claims from the editor respectively the author.
 - c) All other revenue (rights of use and royalty claims from Art. 71 UrhG) according to Art. 7 is paid half to the publisher and half to the editor(s) resp. the author(s) in the case of published works. The publisher informs VG Musikedition with the registration of the work/edition, that he is entitled to collect the publisher's share vis-à-vis the editors resp. the authors. If the editor resp. the author is not a member of VG Musikedition, the editor's share resp. the author's share is distributed to the publisher on the understanding that this is transferred to the editor resp. the author in full. The publisher indemnifies VG Musikedition in this regard from all claims from the editor respectively the author.
3. The distribution occurs irrespective of who granted the rights to VG Musikedition.
4. If there are several royalty beneficiaries in the same chamber, the remuneration is distributed evenly amongst these.
5. Amounts of less than € 10.00 are not paid out. These are not disbursed until the minimum amount is reached by future settlements.
6. If claims of several parties are under dispute, VG Musikedition is obliged and entitled to refuse payment until the disputing parties issue a joint declaration or until a binding verdict on the entitlement is presented to the parties. VG Musikedition can set a deadline of six months for the assertion of the claims (through legal action or pursuant to the law of association, in accordance with Art. 15 of the Statutes. If proof of the assertion is not provided within this deadline, payments will be made in line with existing registrations.

Article 11 Subsequent distribution / distribution of extraordinary revenue

Payments received for years for which remuneration has already been disbursed are basically assigned to the year(s) for which the payments were made. They are paid to the respective beneficiaries by means of subsequent disbursement. Management, with the approval of the board of directors, can waive subsequent calculation and subsequent disbursement if the associated costs would be financially untenable. In such cases, the subsequent payments are made together with the next disbursement due for the division concerned.

Article 12 Subsequent correction to distribution

1. If a disbursement is erroneous or invalid in full or in part, the erroneous or invalid distribution must be reversed as a matter of principle. Erroneous disbursements made to a beneficiary that cannot be collected back can be offset against future disbursements to this beneficiary or, if possible, can be taken from the reserves formed for the year(s) of disbursement concerned. For the rest, the details of reverse transactions shall be regulated by management, with the approval of the board of directors, on a case-by-case basis.
2. Approval from the board of directors can be waived for a reverse transaction in the following cases:
 - If remuneration was distributed three or more years before the date on which the distribution was found to be erroneous;
 - If the associated costs would be financially untenable;
 - If correction of the distribution error would entail financial expenditure disproportionate to the amount of the erroneously distributed revenue;
 - If correction of the distribution error would result in a difference of less than € 10.00 taken on average over all the royalty beneficiaries affected.

Article 13 Distribution deadline

1. The distribution of revenue occurs no later than nine months after the end of the financial year in which it was received by VG Musikedition. Revenue from representation agreements is disbursed no later than six months after receipt.
2.
 - a) As long as factual reasons justify a delay, the deadline pursuant to Para. 1 does not expire. Factual reasons can result for the respective rights holder, in particular, in connection with notifications from users, the determination of rights, the determination of the rights holder or the allocation of details or with regard to the work or other protected items.
 - b) With regard to the distribution of revenue from representation agreements, factual reasons also exist especially if the distribution occurs in the context of transfer to other divisions or the next regular distribution is only due after the end of the deadline.
3. Revenue that is not distributed within the deadline because the beneficial owner cannot be determined or found, are shown separately in the accounts.

Article 14 Appeal procedure

1. Appeals in terms of Art. 33 Para. 2 no. 3 and 4 VGG must be addressed to management in writing provided they do not concern a resolution by the members' meeting.
2. If the appeal is aimed at the distribution of royalties or the deduction of royalties, the appeal must occur no later than three months after receiving the settlement.
3. Management shall decide on the appeal in writing. In the event of a rejection, the decision by management must be justified.
4. An objection to the decision can be lodged with the board of directors. The objection must be lodged no later than four weeks after receiving the decision from management. For complaints that involve an amount of less than 10.00 Euro, an objection cannot be lodged with the board of directors.

Article 15

1. These General Principles are a component of the Statutes. Changes and supplements therefore require the approval of the members' meeting with the majorities required to change the Statutes.
2. These General Principles and the Execution Regulations must be presented to every member before signing the Rights Agreement.
3. The members' meeting resolves Execution Regulations for the practical implementation of these General Principles, which regulate the application of these principles.

b) Execution Regulations

Article 1 Applications for registration of editions and works

1. Registration of editions and works must be applied for. Every member must therefore ensure that each edition or work is properly registered with VG Musikedition; in the case of published works, the publisher primarily bears this duty of registration. If a member makes false statements when submitting a work for registration or fails to notify incorrect details once he/she becomes aware of the inaccuracy, the board of directors is entitled to take all the action allowed under Article 5, 1.c) of the Statutes; the pursuit of further-going claims remains unaffected.
2. An author is deemed to be a person who has created a scientific edition in accordance with Article 70 UrhG. An editor is deemed to be a person who has released a posthumous work or arranged for its release in the sense of Article 71 UrhG, although not someone who publishes a series or a collected work or releases a similar publication in which the work appears, after this work has already fulfilled the prerequisites of Article 71 UrhG. A publisher is deemed to be a person with whom an author/editor has concluded a publishing agreement in the sense of prevailing publishing law or other applicable copyright law, and who subsequently reproduces and distributes the work in a manner common in the trade, unless the parties involved have agreed something to the contrary and the author/editor submits confirmation of this to VG Musikedition.
3. If artists share the same civilian names, it is recommendable - in order to avoid confusion - that those involved agree upon how these names can be differentiated by use of additions to their names.
4. The registration of works must be applied for on the application form prepared for the purpose.
5. Each application to register a work must be accompanied by a specimen copy of the work; in the case of published works, a copy of the issue; in the case of manuscripts, a full copy.
6. As long as a work is not registered at all or only registered improperly (with the result that the registration could not be completed), the member in question has no claim to settlement or disbursement.
7. If circumstances change after a work has been registered (e.g. publication, change of title, abridgement etc.), every royalty beneficiary is obliged to notify these changes to VG Musikedition and to submit the relevant documents. Notifications of changes to the circumstances surrounding a work cannot be considered for settlement in the on-going financial year unless they are received by 31st March at the latest. If notification is received later than this date, the changed settlement is not made until the start of the financial year following that in which notification was received; subsequent settlement is excluded.
8. a) The works committee and/or the managing director reviews whether editions or works submitted for registration are capable of protection in accordance with Articles 70/71 UrhG. It/he also determines the points rating under the settlement key (see Article 5).
b) The member concerned can appeal against the committee's decision according to Art. 14 of the General Principles.
9. Members who disagree with a verdict issued in accordance with Para. 8 can take recourse before a regular court of law. However, verdicts made pursuant to Para. 8 remain binding for the business operations of VG Musikedition until the ruling of regular court of law becomes legally effective.
10. VG Musikedition is entitled to check the reported duration of a work by inspecting the specimen copy. This is done by the works committee. The applicant shall be informed if the review finds significant differences between the reported duration and the duration established by the works committee. If an agreement cannot be reached between the applicant and the works committee with regard to the duration of the work, the applicant can lodge an objection according to Art. 14 of the General Principles within four weeks of receipt of the works committee's verdict.

Article 2 Programme Recording

Every member should report all usages of their works known to them. That said, the greatest care should be taken when making such reports. False reports made intentionally can be subject to disciplinary action by the board of directors in accordance with the statutes and can thus result in the imposition of conventional fines, which can be offset against disbursements or other distribution amounts.

Article 3 Programme Utilisation

Programmes (notifications of performances and broadcasts to settle revenue from flat-rate agreements acc. to Article 8 point 3 of the General Principles) that are not available by 31/01 of the following year are not considered during the regular distribution and are carried forward to the following financial year as long as VG Musikedition in turn receives these by 31/12 of the following year. Programmes received after this can no longer be considered for distribution from flat-rate agreements.

Article 4 Determination of the point rating sum

Point rating sums are not determined until event organisers and/or broadcasters and/or other users have made flat-rate payments which can be categorised by works.

Once this has happened, the point rating sum is determined by adding up the points (Article 5) awarded to all works and editions which were demonstrably used.

Article 5 Settlement key

The works committee determines the point rating for all registered editions or works under the following settlement key in accordance with Article 1 Para. 8. In this key, each independent instrument played is regarded as one voice (analogous to the vocal parts) and percussion instruments are counted by the number of players:

Point rating

1. Instrumental works for up to 2 solo instruments

up to 5 minutes	5 points
5 – 10 minutes	10 points
10 – 20 minutes	15 points
20 – 30 minutes	20 points
over 30 minutes	30 points

2. Instrumental works for 3 – 5 solo instruments

up to 5 minutes	7 points
5 – 10 minutes	14 points
10 – 20 minutes	21 points
20 – 30 minutes	28 points
30 – 45 minutes	42 points
45 – 60 minutes	56 points
over 60 minutes	84 points

3. Instrumental works for more than 5 solo instruments

up to 5 minutes	9 points
5 – 10 minutes	18 points
10 – 20 minutes	27 points
20 – 30 minutes	36 points
30 – 45 minutes	54 points
45 – 60 minutes	72 points
over 60 minutes	108 points

4. Works for chamber orchestra (incl. solo instruments) with up to 6 real voices

up to 5 minutes	10 points
5 – 10 minutes	20 points
10 – 20 minutes	30 points
20 – 30 minutes	40 points
30 – 45 minutes	60 points
45 – 60 minutes	80 points
over 60 minutes	120 points

5. Works for chamber orchestra (incl. solo instruments)
with up to 9 real voices

up to 5	minutes	12	points
5 – 10	minutes	24	points
10 – 20	minutes	36	points
20 – 30	minutes	48	points
30 – 45	minutes	72	points
45 – 60	minutes	96	points
60 – 90	minutes	144	points
over 90	minutes	192	points

6. Works for chamber orchestra (incl. solo instruments)
with more than 9 real voices

up to 5	minutes	15	points
5 – 10	minutes	30	points
10 – 20	minutes	45	points
20 – 30	minutes	60	points
30 – 45	minutes	90	points
45 – 60	minutes	120	points
60 – 90	minutes	180	points
over 90	minutes	240	points

7. Works for large orchestra (incl. solo instruments)
with more than 19 real voices

up to 5	minutes	18	points
5 – 10	minutes	36	points
10 – 20	minutes	54	points
20 – 30	minutes	72	points
30 – 45	minutes	108	points
45 – 60	minutes	144	points
60 – 90	minutes	216	points
over 90	minutes	288	points

8. Vocal works with 1-2 real voices

		a	b	c	D	e	
		vocal part a cappella	with up to 2 solo instruments	with up to 5 solo instruments	with chamber orchestra	with large orchestra	
up to 5	minutes	6	8	10	17	20	points
5 – 10	minutes	12	16	20	34	40	points
10 – 20	minutes	18	24	30	51	60	points
20 – 30	minutes	-	32	40	68	80	points
30 – 45	minutes	-	48	60	102	120	points
45 – 60	minutes	-	64	80	136	160	points
60 – 90	minutes	-	-	120	204	240	points
over 90	minutes	-	-	-	272	320	points

9. Vocal works with up to 4 real voices

		a	b	c	d	e	
		vocal part a cappella	with up to 2 solo instruments	with up to 5 solo instruments	with chamber orchestra	with large orchestra	
up to 5	minutes	8	10	12	19	21	points
5 – 10	minutes	16	20	24	38	42	points
10 – 20	minutes	24	30	36	57	63	points
20 – 30	minutes	32	40	48	76	84	points
30 – 45	minutes	48	60	72	114	126	points
45 – 60	minutes	64	80	96	152	168	points
60 – 90	minutes	96	120	144	228	252	points
over 90	minutes	128	160	192	304	336	points

10. Vocal works with up to 6 real voices

		a	b	c	D	e	
		vocal part a cappella	with up to 2 solo instruments	with up to 5 solo instruments	with chamber orchestra	with large orchestra	
up to 5	minutes	10	12	14	21	23	points
5 – 10	minutes	20	24	28	42	46	points
10 – 20	minutes	30	36	42	63	69	points
20 – 30	minutes	40	48	56	84	92	points
30 – 45	minutes	60	72	84	126	138	points
45 – 60	minutes	80	96	112	168	184	points
60 – 90	minutes	120	144	168	252	276	points
over 90	minutes	160	192	224	336	368	points

11. Vocal works with up to 8 real voices

		a	b	c	d	e	
		vocal part a cappella	with up to 2 solo instruments	with up to 5 solo instruments	with chamber orchestra	with large orchestra	
up to 5	minutes	12	14	16	23	25	points
5 – 10	minutes	24	28	32	46	50	points
10 – 20	minutes	36	42	48	69	75	points
20 – 30	minutes	48	56	64	92	100	points
30 – 45	minutes	72	84	96	138	150	points
45 – 60	minutes	96	112	128	184	200	points
60 – 90	minutes	144	168	192	276	300	points
over 90	minutes	192	224	256	368	400	points

B Distribution Scheme for the reproductions division, Article 45a UrhG, Article 46 UrhG and Articles 60a ff UrhG

a) General Principles

Article 1

1. The Distribution Scheme is aligned to the provisions of the law on the administration of copyrights and related rights by collecting societies (Collecting Society Act – VGG) and the Statutes.
2. The distribution of revenue in this respect only occurs for the purposes mentioned in Art. 26 VGG.

Article 2 Administration costs, flat-rate costs

1. In order to cover the administration costs, the settlement divisions are charged a flat-rate cost that is determined by the board of directors.
2. The flat-rate cost retained to cover the administration costs must be adequate. When the board of directors determines the amount of the flat-rate costs it must be ensured that the administration of VG Musikedition is able to meet its legal and other obligations.
3. Unused flat-rate costs are distributed to the respective beneficiaries at the latest after three years.

Article 3 Distribution

1. If it can be established by reasonable means, every beneficiary should receive the share of the remuneration attributable to the use of his/her work.
2. If the individual ratio of use vis à vis the remuneration cannot be established in this sense, general rules of evaluation and distribution shall be applied as an approximate gauge of this ratio. This method should take reasonable account of the extent of use and the cultural or artistic significance of the work of each beneficiary.
3. Remuneration is distributed to royalty beneficiaries on the basis of mandates in accordance with Article 2 Para. 1 Sentence 3 of the Statutes analogous to A a) Art. 7.
4. Revenue received from reciprocal accords with foreign collecting societies is distributed in accordance with the individual net settlement. If this is not possible, the board of directors decides upon the distribution and allocation, thereby taking account of all the information available on copyright usage.
In this context, it must be ensured that the remuneration is paid to those beneficiaries who come closest in practical terms to the divisions from which the remuneration was generated. If it is not possible to track down such owners of rights, the remuneration is allotted in equal parts to the divisions photocopying in schools, in churches, in music schools and Kindergartens.
5. If rights are transferred as a whole (or in part) only for certain states, revenue received from states for which the transmission of rights is excluded is not distributed to beneficiaries.
6.
 - a) Article 10 b) of the Rights Agreement allows beneficiaries to transfer individual rights of use non-exclusively in justified, stand-alone cases. In such an event, due to increased administration costs and minimal revenue from non-exclusive pursuit of rights, the following flat-rate deductions are made when the revenue not related to works is allocated to the respective holders of rights; these deductions are guided by the actual additional expenses and the shortfall in receipts incurred by the respective agency, and also take the type and extent of the rights introduced into consideration:
 - Reproduction in non-denominational churches and/or other religious communities (Distribution Scheme B, b) II., 2.): 12.5 % for additional expenses / 12.5 % for shortfall in receipts
 - Reproduction in the Protestant Church of Germany (Distribution Scheme B, b) II., 1.): 7.5 % for additional income / 7.5 % for shortfall in receipts
 - Photocopying in child care institutions (Distribution Scheme B, b) IV.): 7.5 % for additional expenses / 7.5 % for shortfall in receipts
 - All other divisions: 2.5 % for additional expenses / 2.5 % for shortfall in receipts.
 - b) A beneficiary may object in writing to the flat-rate deduction under letter a) in justified cases or apply for a correction. Management decides on the objection and, as the second instance, the board of directors rules conclusively on the matter. The deadline for objections is 31st October for effect on disbursements in the following year.

The flat-rate deductions are applied during the next disbursement.

Article 4 Reserves, interest earnings, fees

1. The board of directors decides upon the extent of reserves for claims to recourse. The date at which unused reserves are disbursed is likewise determined by the board of directors.
2. The board of directors decides upon the use of interest earnings, application fees, membership fees, administration charges, conventional fines, other amounts not able to be distributed, default charges – including unused reserves- unless the Distribution Scheme or the law stipulate otherwise.
3. Interest earnings shall be used to cover the costs.

Article 5 Investing royalty revenue

1. Revenue is invested in accordance with Art. 25 VGG in the exclusive and best interest of the beneficial owner.
2.
 - a) With regard to the general investment policy on revenue it must be taken into account that the amounts to be invested are assets held in trust which the beneficial owners are entitled to. Thus the security of the investment has precedence over achieving a return on investments (Art. 17 Para. 1 no. 8 VGG).
 - b) When investing revenue it must be ensured that the distribution deadlines (Art. 28 VGG) can be met.
3. Details are regulated by an investment guideline; their compatibility with legal requirements must be assessed and determined by an auditor or auditing firm.

Article 6 Non-distributable revenue

1. Revenue from rights and claims is deemed non-distributable if the beneficial owner cannot be determined or found within three years after the end of the financial year in which the revenue was received and VG Musikedition has taken all necessary measures required by Art. 29 VGG.
2. After the deadline in Para. 1 has expired, the non-distributable revenue from flat-rate royalties is added to the revenue and distributed in the context of this distribution. Non-distributable revenue from net individual settlements is used after the deadline in Para. 1 to cover the costs.

Article 7

1.
 - a) Revenue from legal royalty claims under Art. 70 UrhG is due to the editor. If the editor effectively transfers his/her royalty claims to the publisher or the editor agrees vis-à-vis VG Musikedition pursuant to Art.27 a VGG that the publisher shall share in the revenue from legal royalty claims, disbursement occurs at a ratio of 50 / 50 irrespective of who contributed the rights.
 - b) If royalty claims under Art. 70 UrhG contributed to VG Musikedition by the publisher and the originator is not a member of VG Musikedition, the originator's share can be distributed to the publisher on the understanding that this is transferred to the editor in full. The publisher indemnifies VG Musikedition in this regard from all claims from the originator.
2. All other revenue (rights of use) is paid half to the publisher and half to the originator(s) in the case of published works. If the editor is not a member of VG Musikedition, the editor's share is distributed to the publisher on the understanding that this is transferred to the originator in full. The publisher indemnifies VG Musikedition in this regard to from all claims from the.
3. When editing the text or the melody, the respective original author (librettist or composer) is to be involved with 60% of the originator's share. This regulation becomes operative on 1.1.2019.

Article 8 Payments

1. Royalties are calculated and paid out once per annum at a date determined by the board of directors. With the settlement, the beneficiaries receive a detailed settlement statement. Beneficiaries can request settlement statements for distributions over the last 10 years upon remittance of an administrative fee of € 20.00.
2. Distribution occurs without regard to who granted VG Musikedition the right of administration.
3. Amounts less than € 10.00 are not paid out. These are not disbursed until the minimum amount is reached by future settlements.
4. If claims of several parties are under dispute, VG Musikedition is obliged and entitled to refuse payment until the disputing parties issue a joint declaration or until a binding verdict on the entitlement is presented for the parties. VG Musikedition can set a deadline of six months for the

assertion of the claims (through legal action or pursuant to the law of association, in accordance with Art. 15 of the Statutes). If proof of the assertion is not provided within this deadline, payments will be made in line with existing registrations.

Article 9 Subsequent distribution / distribution of extraordinary revenue

Payments received for years for which remuneration has already been disbursed are basically assigned to the year(s) for which the payments were made. They are paid to the respective beneficiaries by means of subsequent disbursement. Management, with the approval of the board of directors, can waive subsequent calculation and subsequent disbursement if the associated costs would be financially untenable. In such cases, the subsequent payments shall be made together with the next disbursement due for the division concerned.

Article 10 Subsequent correction of distribution

1. If a disbursement is erroneous or invalid in full or in part, the erroneous or invalid distribution must be reversed as a matter of principle. Erroneous disbursements made to a beneficiary that cannot be collected back can be offset against future disbursements to this beneficiary or, if possible, can be taken from the reserves formed for the year(s) of disbursement concerned. For the rest, the details of reverse transactions shall be regulated by management, with the approval of the board of directors, on a case-by-case basis.
2. Approval from the board of directors can be waived for a reverse transaction in the following cases:
 - If remuneration was distributed three or more years before the date on which the distribution was found to be erroneous;
 - If the associated costs would be financially untenable;
 - If correction of the distribution error would entail financial expenditure disproportionate to the amount of the erroneously distributed revenue;
 - If correction of the distribution error would result in a difference of less than € 10.00 taken on average over all the royalty beneficiaries affected.

Article 11 Distribution deadline

1. The distribution of revenue occurs no later than nine months after the end of the financial year in which it was received by VG Musikedition. Revenue from representation agreements is disbursed no later than six months after receipt.
2.
 - a) As long as factual reasons justify a delay, the deadline pursuant to Para. 1 does not expire. Factual reasons can result for the respective rights holder, in particular, in connection with notifications from users, the determination of rights, the determination of the rights holder or the allocation of details or about the work or other protected items.
 - b) With regard to the distribution of revenue from representation agreements, factual reasons also exist especially if the distribution occurs in the context of a transfer to other divisions or the next regular distribution is only due after the end of the deadline.
3. Revenue that is not distributed within the deadline because the beneficiary owner cannot be determined or found is shown separately in the accounts.

Article 12 Appeal procedure

1. Appeals in terms of Art. 33 Para. 2 no. 3 and 4 VGG must be addressed to management in writing provided they do not concern a resolution by the members' meeting.
2. If the appeal is aimed at the distribution of royalties or the deduction of royalties, the appeal must occur no later than three months after receiving the settlement.
3. Management shall decide on the appeal in writing. In the event of a rejection, the decision by management must be justified.
4. An objection to the decision can be lodged with the board of directors. The objection must be lodged no later than four weeks after receiving the decision by management. For complaints that involve an amount of less than € 10.00, an objection cannot be lodged with the board of directors.

Article 13

1. These General Principles are a component of the Statutes. Changes and supplements therefore require the approval of the members' meeting with the majorities required to change the Statutes.
2. These General Principles and the Execution Regulations must be presented to every member before signing the Rights Agreement.

3. The members' meeting resolves Execution Regulations for the practical implementation of these General Principles, which regulate the application of these principles.

b) Execution Regulations

I. Photocopying in schools (ZFS)

- a) Half (50 %) of the distribution sum available is distributed to all works that were licensed in the previous year in line with collections acc. to Art. 60b German Copyright Act (excluding master copy collections). During disbursement, the number of collections in which each work is used is taken into consideration. The amount of the total sales that were reported is not taken into account.
- b) The distribution of the remaining revenue (50 %) occurs within the framework of the following categories:
 - 50% photocopying in music schools
 - 20% photocopying in childcare facilities
 - 20% Articles 70/71 German Copyright Act (radio)
 - 5% reproductions in the Protestant Church
 - 5% reproductions in the Catholic Church

II. Reproduction in churches (photocopying, production and use of transparencies or slides, projection using beamers)

1. Flat-rate and individual contracts with the Association of German Dioceses, the Protestant Church of Germany, the Archbishopric of Luxembourg, the Swiss Protestant Church Society and the Roman Catholic Central Conference of Switzerland, including their congregations and facilities.
 - a) The distribution sum is divided by the actual number of reproductions determined in representative test phases. An amount is then disbursed per title, which is calculated by multiplying the number of reproductions determined by the reproductions attributed to the title during the test phase.
Remuneration is distributed without regard to the duration of the title.
 - b) The test phase last performed continues to form the basis for distribution (calculation and disbursement) in settlement years in which a test phase was not performed due to the accord with the churches, but in which VG Musikedition rather received its proportionate amounts on the basis of the last, prior test.
 - c) Before remuneration is disbursed on the basis of a new test phase, all amounts from the period not able to be distributed during the last disbursement due to the old test phase must be recorded and added to this disbursement sum. The reason for this is that the results of the old test phase are rendered irrelevant by the new test phase.
2. Revenue received from other (non-denominational) church institutions and religious communities, with which individual licensing agreements exist

The distribution sum is divided by the actual number of reproductions determined in representative test phases. An amount is then disbursed per title which is calculated by multiplying the amount determined per reproduction by the reproductions attributed to the title during the test phases. Remuneration is distributed without regard to the length of the title.

3. Reciprocity Agreement with Literar-Mechana (Austria)

The distribution sum originating from the reciprocity agreement with Literar-Mechana is included in the individual statements pursuant to the respective distribution categories in clauses 1 and 2 of this paragraph.

4. 1-day/14-day licenses for church communities and church institutions

The titles actually reproduced in the settlement year are established completely and recorded according to the number of participants. Disbursement occurs within the framework of clauses 1 and 2 of this paragraph.

5. Song text database

The distribution sum available is disbursed within the framework of clause 2 of this paragraph.

III. Article 45a UrhG, Article 46 UrhG, Article 60a, Article 60b UrhG and 60c UrhG

1. Remuneration from the pursuit of rights and claims pursuant to Article 45a Para. 2 UrhG, Article 46 Para. 4 UrhG, Article 60b UrhG and other revenue from issuing print-out rights is distributed to the beneficiaries after the flat-rate costs have been deducted (individual net settlement).
2.
 - a) Remuneration from the pursuit of rights and claims pursuant to Article 60a UrhG for the division Schools is allotted to the remuneration for photocopying in schools and disbursed in accordance with Item I. of the Distribution Scheme B, b).
 - b) Remuneration from the pursuit of rights and claims pursuant to Article 60a UrhG and 60c UrhG for the division Universities is allotted to the remuneration for library royalties (Articles 70/71 UrhG) and disbursed in accordance with Distribution Scheme A Article 8.3 a (*new*).

IV. Photocopying in adult education centres, family education centres, care of the elderly and social welfare institutions and child care institutions

1. A representative spot check is made each settlement year to establish the number of reproductions actually made. All replicated titles/works (or extracts from the same) are recorded, including the respective number of copies.
2. The prevailing percentage of the disbursement sum is distributed for each title, as determined by the ratio of the number of copies to the total number of copies.
3. The titles/works (or extracts from the same) found in the spot checks form the basis for disbursements for two settlement years in each case. If test phases are held to establish flat-rate revenue, the results of the test phase form the basis for disbursements until a new test phase is performed.

V. Midi files

1. Revenue from the reproduction and distribution of works connected with the production of Midi files is disbursed to the beneficiaries in accordance with the individual net settlement, insofar as at least ten copies of a Midi file are settled with VG Musikedition.
2. The residual revenue (not title-related) is disbursed to all beneficiaries who receive revenue pursuant to Item 1. The amount disbursed to the respective beneficiaries is determined by the percentage share in the total disbursement sum pursuant to Item 1.

C Distribution Schedule for the division “Photocopying in music schools“

a) General Principles

Article 1

1. The Distribution Schedule is aligned to the provisions of the law on the administration of copyrights and related rights by collecting societies (VGG) and the Statutes.
2. The distribution of revenue in this respect occurs only for the purposes stated in Art. 26 VGG.

Article 2 Administration cost, flat-rate costs

1. In order to cover administration costs, the settlement divisions are charged a flat-rate cost which is determined by the board of directors.
2. The flat-rate cost retained to cover the administration costs must be adequate. When the board of directors determines the amount of the flat-rate costs, it must be ensured that the administration of VG Musikedition is able to meet its legal and other obligations.
3. Unused flat-rate costs are disbursed to the respective beneficial owners at the latest after three years.

Article 3 Distribution

1. The distribution of revenue resulting from reciprocal accords with foreign collecting societies occurs on the basis of net individual statements. If this is not possible, distribution occurs in accordance with proportional allocation to the partial distribution sums according to Article 3 and Article 4 of the execution regulations.
2. If the transfer of royalties as a whole (or in parts) only occurs for specific countries, the beneficial owner shall not participate in the distribution of revenue from the countries which exclude the transfer of rights.
3.
 - a) According to Art. 10 b) of the Rights Agreement, the beneficial owner has the option to transfer individual usage rights non-exclusively in justified individual cases. In this case, a flat-rate deduction of 5 % is effected for the distribution of revenue not related to works to the respective rights holder due to increased administration costs for non-exclusive rights administration.
 - b) The beneficial owner has the option to object in writing to the flat-rate deduction in a) in justified cases or apply for a correction. Management shall decide on the objection and, in the second instance, conclusively the board of directors. The objection deadline is 31 October for distributions in the following year.
 - c) The flat-rate deductions are then disbursed within the framework of the next distribution.

Article 4 Reserves, interest earnings, fees

1. The board of directors decides upon the extent of reserves for claims to recourse. The date at which unused reserves are distributed is likewise determined by the board of directors.
2. The board of directors decides upon the use of the interest earnings, application fees and membership fees, conventional fines as well as other amounts not able to be distributed, default charges, including unused reserves, unless the Distribution Scheme or the law stipulates otherwise.
3. Interest earnings are used to cover costs.

Article 5 Investment of the revenue from royalties

1. Revenue is invested in accordance with Art. 25 VGG in the exclusive and best interest of the beneficial owner.
2.
 - a) With regard to the general investment policy on revenue it must be taken into account that the amounts to be invested represent assets administered in trust which the beneficial owner is entitled to. Thus the security of the investment takes precedence over achieving a return on the investment (Art. 17 Para. 1 no. 8 VGG).
 - b) When investing revenue it must be assured that the distribution deadlines (Art. 28 VGG) can be met.
3. Details are provided for in an investment guideline whose compatibility with legal provisions must be assessed and determined by an auditor or an auditing firm.

Article 6 Non-distributable revenue

1. Revenue from rights and claims are deemed non-distributable if the beneficial owner cannot be determined or found within three years after the end of the financial year in which the revenue was received and VG Musikedition has taken all necessary measures required by Art. 29 VGG.
2. After the deadline in Para. 1 has expired, the non-distributable revenue from flat-rate royalties are added to the revenue and distributed in the context of this distribution. Non-distributable revenue from net individual settlement is used after the deadline in Para. 1 to cover the costs.

Article 7 Payment

1. Royalties are calculated and paid out once per annum at a date determined by the board of directors. With the settlement, the beneficial owners receive a detailed settlement statement. Beneficiaries can request settlement statements for distributions over the last 10 years upon remittance of an administrative fee of € 20.00.
2. Distribution occurs without regard to who granted VG Musikedition the right to administration.
3. Amounts of less than € 10.00 are not paid out. These are not disbursed until the minimum amount is reached by future settlements.
4. If claims of several parties are under dispute, VG Musikedition is obliged and entitled to refuse payment until the disputing parties issue a joint declaration or until a binding verdict on the entitlement is presented for the parties. VG Musikedition can set a deadline of six months for the assertion of the claims (through legal action or pursuant to the law of association, in accordance with Art. 15 of the Statutes). If proof of the assertion is not provided within this deadline, payments will be made in line with existing registrations.

Article 8 Subsequent distribution / distribution of extraordinary income

Payments received for years for which remuneration has already been disbursed are basically assigned to the year(s) for which the payments were made. They are paid to the respective beneficial owner by means of subsequent disbursement. Management, with the approval of the board of directors, can waive subsequent calculation and subsequent disbursement if the associated costs would be financially untenable. In such cases, the subsequent payments shall be made together with the next disbursement due for the division concerned.

Article 9 Subsequent correction of distribution

1. If a disbursement is erroneous or invalid in full or in part, the erroneous or invalid distribution must be reversed as a matter of principle. Erroneous disbursements made to a beneficial owner that cannot be collected back can be offset against future disbursements to this beneficiary or, if possible, can be taken from the reserves formed for the year(s) of disbursement concerned. For the rest, the details of reverse transactions shall be regulated by management, with the approval of the board of directors, on a case-by-case basis.
2. Approval from the board of directors can be waived for a reverse transaction in the following cases:
 - if remuneration was distributed three or more years before the date on which the distribution was found to be erroneous;
 - if the associated costs would be financially untenable;
 - if correction of the distribution error would entail financial expenditure disproportionate to the amount of the erroneously distributed revenue;
 - if correction of the distribution error would result in a difference of less than € 10.00 taken on average over all the royalty beneficiaries affected.

Article 10 Distribution deadline

1. The distribution of revenue occurs no later than nine months after the end of the financial year in which it was received by VG Musikedition. Revenue from representation agreements is disbursed no later than six months after receipt.
2.
 - a) As long as factual reasons justify a delay, the deadline pursuant to Para. 1 does not expire. Factual reasons can result for the respective rights holder, in particular, in connection with notifications from users, the determination of rights, the determination of the rights holder or the allocation of details or about the work or other protected items.
 - b) With regard to the distribution of revenue from representation agreements, factual reasons also exist especially if the distribution occurs in the context of a transfer to other divisions or the next regular distribution is only due after the end of the deadline.

3. Revenue that is not distributed within the deadline because the beneficiary owner cannot be determined or found is shown separately in the accounts.

Article 11 Appeal procedure

1. Appeals in terms of Art. 33 Para. 2 no. 3 and 4 VGG must be addressed to management in writing provided they do not concern a resolution by the members' meeting.
2. If the appeal is aimed at the distribution of royalties or the deduction of royalties, the appeal must occur no later than three months after receiving the settlement.
3. Management shall decide on the appeal in writing. In the event of a rejection, the decision by management must be justified.
4. An objection to the decision can be lodged with the board of directors. The objection must be lodged no later than four weeks after receiving the decision from management. For complaints that involve an amount of less than 10.00 Euro, an objection cannot be lodged with the board of directors.

Article 12

1. These General Principles are a component of the Statutes. Changes and supplements therefore require the approval of the members' meeting with the majorities required to change the Statutes.
2. These General Principles and the Execution Regulations must be presented to every member before signing the Rights Agreement.
3. The members' meeting resolves Execution Regulations for the practical implementation of these General Principles, which regulate the application of these principles.

b) Execution Regulations

Article 1 Beneficial owner

1. The distribution of revenue occurs to publishers or other beneficial owners that publish works and editions according to Article 3 and Article 4 of these execution principles. The distribution includes the authors' share.
2. With regard to distribution according to Article 3 and Article 4, only printed works and printed editions as well as purchasable works and editions (music) as download are taken into account.

Article 2 Allocation

The annual distribution sum available consists of "turnover portion" (66.6 %) and a "title portion" (33.3 %).

Article 3 Distribution of the "turnover portion"

1.
 - a) For the distribution, all works and editions are taken into account for which turnovers were generated from so-called "paper business" in Germany in the year that the income originated.
 - b) Not considered for distributions are turnovers from books, scientific complete or memorial editions, rental material, archive copies, magazines and special productions.
2. Decisive for the allocation of the distribution sum is that the beneficial owner reports the turnovers.
3.
 - a) Reports of turnovers of more than 200.000, - Euro must be confirmed by a tax consultant or auditor.
 - b) VG Musikedition is also entitled to request confirmation pursuant to a) for the report of lower turnovers.
 - c) The costs for obtaining confirmation according to a) and b) are to be borne by the beneficial owner.
4. A distribution amount per turnover-Euro is calculated from the sum of the turnovers reported.

Article 4 Distribution of the "title portion"

1. For the distribution, only printed educational editions in German are taken into account that were deliverable in the year that the income originated and published for the first time no more than 50 years ago.
2.
 - a) In this respect, the following are considered educational editions within the meaning of this distribution scheme
 - editions that are educationally processed and show a didactic design with text portions;
 - editions that were created for educational purposes;
 - editions where the musical demand recedes behind technical or similar aspects, in other words are secondary to the educational considerations.
 - b) The following, in particular, are not educational editions in terms of Para. 2a):
 - complete and memorial editions,
 - editions with individual works,
 - collective editions containing works that have no educational or didactic contextual link with each other,
 - facsimile edition
 - magazines
 - books.
3. The title report must enclose a list of the considered titles.
4. Decisive for the allocation of the distributions sum is that the beneficial owner reports the entire scope of educational editions (page numbers including the cover pages).
5.
 - a) VG Musikedition is in principle entitled to assess if the report pursuant to Para. 3 corresponds to the requirements in Para. 2 a) and b).
 - b) If the report for the title portion contains editions that do not correspond to the Distribution Scheme and guideline, VG Musikedition is obligated to request the beneficial owner to correct the report within a deadline of two weeks. If the corrected report still contains editions that do not correspond to the Distribution Scheme and guideline on the report according to Articles 3

- and 4 of Distribution Scheme C (Execution Regulations), VG Musikedition is entitled to reduce the report by the editions that cannot be reported plus a control deduction in the same amount.
6. A distribution amount per page is calculated from all reported published pages.

Article 5 Distribution to foreign collecting societies

1. Collecting societies with which there is a mutual agreement covering the graphic reproduction in music schools shall file a report in accordance with Article 3 for each publisher represented (stating the respective publisher's turnover).
2. The amount of the "title portion" is - notwithstanding to Article 4 - derived from the "turnover portion". The distribution to foreign collecting societies is based on a calculative total number of pages that, in terms of the sum of all pages reported, corresponds in percentage terms to the respective "turnover portion" of all reported sales.

Article 6 Process

1. The reports pursuant to Article 3 and Article 4 must be transmitted to VG Musikedition without prompting by 30/04 of a year for the previous year respectively. Late reports cannot be taken into account for the distribution.
2. VG Musikedition makes a standard form available to the beneficial owners for reporting the information pursuant to Article 3 and Article 4, which must be used. Reports that are not made on this form are not considered for the distribution.
3. Further implementation rules concerning the distribution of revenue for the copying of music editions in music schools are contained in the guideline "Richtlinie zur Meldung gem. §§ 4 und 4 Verteilungsplan C".