1. Legal Authority and Interpretation

1.1 The legal power and responsibility for determining the method of allocation and distribution of the Society’s revenues - consisting of license fees collected in the Philippines, royalties received from affiliate societies, and interest earned on investments - rest with the Society’s Board of Trustees (the “Board”).

1.2 Royalty allocations and distributions made by the Board are final and binding except that the Board may consider and admit claims made by interested persons within 2 years from the date of the distribution concerned.

1.3 These Distribution Rules are formulated by the FILSCAP Distribution Committee, and approved by the Board pursuant to the authority conferred by Art. 2 (b) of its Articles of Incorporation, with the intent and purpose of achieving a fair and equitable distribution of the license fees collected by the Society.

1.4 These Distribution Rules shall be applied and interpreted by the Board and management in a manner that best achieves the above intent and purpose. If in the Board’s view this intent and purpose is being abused or has been abused, then appropriate action may be taken in order to prevent or remedy the abuse or potential abuse.

1.5 Any member is at liberty to disagree at any time with the interpretation or application of a rule to their particular case or with any action taken by the Board and management under Section 1.4 above. Said member must submit a written request for review of that matter to the Board, which in turn, shall as soon as practicable thereafter, review any such notification provided that it is not vexatious nor trivial. Any decision made by the Board shall be final.

2. CISAC and Contractual Obligations

2.1 In formulating these Distribution Rules, the Board is bound to observe and comply with the terms and conditions of agreements between the Society and its members and affiliate societies.

2.2 The Board endeavors as far as possible to comply with the binding resolutions and Professional Rules for Musical Societies of the International Confederation of Societies of Authors and Composers (CISAC) pertaining to principles governing the fair and equitable distribution of royalties.
3. **General Principles Governing Royalty Distribution**

3.1 Distributable revenue is calculated by subtracting from the Society’s gross revenue:

- a) all expenses arising from and incidental to the conduct, management and operation of the Society;
- b) provision for reserves, if any; and
- c) moneys applied by the Board for the development and promotion of Filipino music and culture and for other socio-cultural purposes as may be determined by the Board.

3.2 In respect of item 3.1 (c) above, the percentage of deductions from the distributable revenue shall be determined by the Board periodically but shall not exceed the 10% maximum allowable limit prescribed by CISAC. Deduction for the setting up and maintenance of the Socio-Cultural Fund shall be made for a period of ten (10) years, beginning in 2007, at the end of which the Board shall review the need to extend this period.

3.3 Public performance license fees collected in the immediately preceding year are distributed on an annual basis, according to the following schedule:

- a) Every May of the current year - Foreign Royalties
- b) Every July of the current year - Live Concerts
- c) Every July and December of the current year - Royalties from Digital Service Providers (DSPs)
- d) Every October of the current year - TV and Cable
- e) Every December of the current year - General Users

Any interest earned from the public performance license fees collected by the Society shall be used for the operational expenses of the Society.

3.4 Royalty allocations to affiliate societies are calculated in every respect on the same basis as allocations to FILSCAP members. Payments to affiliate societies shall, as far as possible, be made at the same time as payments to FILSCAP members. In the event, however, that simultaneous payment is not possible, it shall be made within three months from payment to FILSCAP members.

3.5 Reproduction license fees collected for FILSCAP-administered works, whether for synchronization or mechanical reproduction, shall be distributed immediately to the FILSCAP member concerned after proper accounting work has been done covering the transactions. For cost efficiency, mechanical reproduction license collections covering foreign works shall be distributed semi-annually (i.e. every June and December) to foreign affiliates concerned. However, synchronization licenses covering foreign works are distributed immediately upon receipt of payment and after the necessary accounting work has been undertaken by FILSCAP covering the transaction.
For reproduction license fees collected from DSPs where there is huge volume of usage data to process, the distribution shall be made within six (6) months from the Society’s receipt of the usage data subject to the Society’s threshold amount requirement for processing.

4. **Allocation of Shares**

4.1 **Definitions** -

a) **Writer**

means a composer or lyricist living or deceased.

b) **Publisher**

means a music publisher to whom a writer has assigned copyright in a musical work, or entitlement to receive a share of performing right royalties in respect of the work.

c.) **Successor**

means any person who has inherited or acquired by testate or intestate succession the performing rights of a deceased writer over a musical work.

d) **Copyright Owner**

means any person or entity who is not the creator of the copyrighted work (author or composer), publisher or successor, but who owns the performing right in a copyright work by virtue of a sale, assignment, donation or other modes of acquisition recognized by law.

e) **Member Shares**

means those parts of a musical work (*i.e.*, music, lyrics, or both music and lyrics):

(1) created by a writer who is a member of FILSCAP or an affiliate society;
(2) published or administered by a publisher who is a member of FILSCAP or an affiliate society;
(3) the copyright over which is owned by a successor who is a member of FILSCAP or an affiliate society; or
(4) the copyright over which is owned by a copyright owner who is a member of FILSCAP or an affiliate society.

f) **Temporary Holding Shares**

means those parts of a musical work which are not covered by the definition of Member Shares.

g) **Performance Credits**

means the performance credit points allotted to a musical work based on logged performances.
4.2 **Pool Division** - Performing royalties collected in a fiscal year shall be allocated into five (5) pools, namely:

(a) Foreign Royalties  
(b) Live Concerts  
(c) Royalties from DSPs  
(d) TV and Cable  
(e) General Users

4.3 **Member and Temporary Holding Shares** - Member Shares and Temporary Holding Shares for copyrighted works are entitled to royalty allocation in accordance with these Rules.

In case of foreign works, the Temporary Holding Shares royalty allocation shall be paid to the society of the original publisher of the work. In case of local works, the Temporary Holding Shares royalty allocation shall be held pending the admission of the local writer, successor, copyright owner or publisher concerned as a member of FILSCAP, at which time the royalty allocation shall be credited or distributed accordingly. If said local writer, successor, copyright owner or publisher is not admitted as a member of FILSCAP within one (1) year from the date the royalty allocation was made, said royalty allocation shall be added to the distributable revenue and allocated on a pro-rata basis to the Member Shares of all the works in the immediately following General Distribution.

4.4 As a rule, FILSCAP shall allocate and distribute performance royalties on the basis of the sharing arrangement agreed upon by all parties, notified by them to the Society. In the absence, however, of specific notification of contractual agreement to the contrary, the shares of a musical work are allocated as follows:

* **Original Unpublished Works**

  (i) *Compositions with lyrics*:

  Composer/s  50%
  Lyricist/s  50%

  (ii) *Composition without lyrics (or with non-copyright lyrics)*:

  Composer/s  100%

  (iii) *Non-copyright composition with copyright lyrics*:

  Lyricist/s  100%

* **Original Published Works**

  (i) *Compositions with lyrics*:
(ii) **Composition without lyrics:**

<table>
<thead>
<tr>
<th>Role</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Composer/s</td>
<td>50%</td>
</tr>
<tr>
<td>Publisher/s</td>
<td>50%</td>
</tr>
</tbody>
</table>

(iii) **Composition with lyrics, only composer’s share published:**

<table>
<thead>
<tr>
<th>Role</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Composer/s</td>
<td>25%</td>
</tr>
<tr>
<td>Lyricist/s</td>
<td>50%</td>
</tr>
<tr>
<td>Publisher/s</td>
<td>25%</td>
</tr>
</tbody>
</table>

(iv) **Composition with lyrics, only lyricist’s share published:**

<table>
<thead>
<tr>
<th>Role</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Composer/s</td>
<td>50%</td>
</tr>
<tr>
<td>Lyricist/s</td>
<td>25%</td>
</tr>
<tr>
<td>Publisher/s</td>
<td>25%</td>
</tr>
</tbody>
</table>

4.5 Contractual variations to the above rules are subject to the overriding rule that the share allocable to the writer or writers of a work cannot be less than 50%.

4.6 Copyright Owners (that are not the creators or their heirs) and Publishers cannot be allocated shares of over 50% for each work.

4.7 **Special Allocations**

The Unlogged Performance Allocation (UPA) is made to compensate for any omissions that may have been made in the monitoring and analysis of performances of a local member’s or foreign affiliate’s work, due to sampling and other factors. This allocation is paid to local members and foreign affiliates.

(i) For FILSCAP Members -

The UPA shall be fixed by the Board. This amount is payable to all regular FILSCAP members, who have been admitted into the Society on or before the current Distribution Year.

With effect from the implementation of the Distribution Rules, the UPA shall be distributed to regular FILSCAP members for a continuous period of three (3) years. After the third year, the UPA will no longer be allocated to FILSCAP members who have not earned performance royalties, other than the UPA. However, the UPA will re-apply in the year the member begins to earn royalties again.
(ii) For Foreign Societies -

A UPA (Overseas) Ratio is determined every Distribution Year based on the ratio of royalties distributed to FILSCAP members as against royalties paid to all overseas societies in the previous year.

The total overseas UPA shall be computed by multiplying the UPA overseas ratio by the total local UPA allocated by the Board for the current distribution year. The total overseas UPA shall then be distributed pro-rata to the foreign societies based on their respective shares in the total royalties payable to all overseas societies in the current distribution year.

Example:

a. Total royalties distributed to Foreign Societies in the previous year
   = 250,000.00

b. Total royalties distributed to FILSCAP members in the previous year
   = 500,000.00

c. Total Local UPA allocated for the current distribution year
   = 150,000 (at 1,500 x 100 members)

UPA (Overseas) Ratio = $\frac{250,000}{500,000} = 0.5$

Overseas UPA = 0.5 x 150,000 = 75,000

(iii) No UPA shall be allocated to interested parties of works in the Special Accounts.

4.8 Serious Music Allocation

The Serious Music Allocation (SMA) is made as a subsidy to interested parties of serious work.

(i) For FILSCAP Members -

The SMA shall be fixed by the Board and pro-rated to all FILSCAP members whose works included in the Distribution are registered as a serious work (WS) in the Works file.

ii) For Overseas Societies -

An SMA (Overseas) Ratio is determined in each Distribution Year based on the ratio of royalties distributed to FILSCAP members as against royalties paid to all overseas societies in the previous year.

The total overseas SMA shall be computed by multiplying the SMA overseas ratio by the total local SMA allocated by the Board for the current distribution year. The total overseas SMA shall then be
distributed pro-rata to the foreign societies based on their respective shares in the total royalties payable to all overseas societies in the current distribution year.

(iii) No SMA shall be allocated to interested parties of works in the Special Accounts.

5. **Arrangements of Musical Works**

5.1 Where an arrangement is made of an existing copyright musical work with the permission of the original copyright owner, the royalty share allocated to the arranger shall be based on the contractual agreement between both parties. In the absence of such an agreement, the share of the arranger shall be 10% to be taken from the author/composer share (subject to the approval of the copyright owners). If the publisher agrees to pay the arranger higher than 10%, the addition must come from the publisher.

5.2 Where an arrangement of a public domain work is made, shares are allocated, subject to the rule set out in paragraph 5.3, as follows:

* **Unpublished arrangement without lyrics (or with public domain lyrics):**

  | Arranger | 50% |
  | Non-copyright element | 50% |
  | (to be returned to distributable revenue) | |

* **Published arrangement without lyrics (or with public domain lyrics):**

  | Arranger | 25% |
  | Publisher | 25% |
  | Non-copyright element | 50% |
  | (to be returned to distributable revenue) | |

* **Unpublished arrangement with unpublished copyright lyrics:**

  | Arranger | 25% |
  | Lyricist | 50% |
  | Non-copyright element | 25% |
  | (to be returned to distributable revenue) | |

* **Unpublished arrangement with published copyright lyrics:**

  | Arranger | 25% |
  | Lyricist | 25% |
  | Publisher | 25% |
  | Non-copyright element | 25% |
  | (to be returned to distributable revenue) | |

* **Published arrangement with unpublished copyright lyrics:**
Arranger 12.5%
Lyricist 50%
Publisher 12.5%
Non-copyright element 25%
(to be returned to distributable revenue)

* Published arrangement with published copyright lyrics:

Arranger 12.5%
Lyricist 25%
Publisher 37.5%
Non-copyright element 25%
(to be returned to distributable revenue)

5.3 Works that are not merely arrangements of public domain works but are new compositions based on non-copyright themes are allocated credits at the full 100% rate rather than the arranger's 50% rate. Such claims, when registered with the Society, must be accompanied by a manuscript or published copy of the work.

6. Translations of Lyrics and Additions of Amended Lyrics

When an authorized translation of copyright lyrics is made, or lyrics are changed with the authority of the copyright owner, shares are allocated as follows:

* Unpublished Translation:

Composer 50%
Original Lyricist 40%
Translator(s) 10%

* Published Translation:

Composer 25%
Original Lyricist 15%
Translator 10%
Publisher 50%

7. Notification, Reallocation and Disputes Regarding Shares

7.1 Each member must advise the Society in writing of the allocation of shares (or, division of fees) and the full names of all sharers, in sufficient detail, of each musical work to be administered by the Society.

7.2 Where notification of sharers is provided to the Society by a publisher, the Society verifies the allocation of shares by contacting the writer(s) concerned.
7.3 Where notification of sharers is provided by a writer, all writers who are allocated shares must, other than in exceptional circumstances, sign the notification.

7.4 Where sharers in a given title seek a reallocation of shares for the title, all such sharers must sign consent to the re-allocation and a statement confirming that the reallocation of shares correctly reflects the authorship of the work.

7.5 If the Society is notified in writing of a dispute among members, or involving members of an affiliate society, the Society will, upon being satisfied that the claim giving rise to the dispute is not trivial nor vexatious, and is supported by prima facie documentary evidence (which may include a statutory declaration or affidavit), place the performance credits allotted to the disputed shares of the work or works in suspense until the dispute is: (i) settled by all the contending parties; or (ii) resolved with finality by a Court or any other competent authority.

8. **Suspense Account**

If any part of the distribution pool cannot be processed due to lack of usage data, the royalties corresponding to that part shall be held in suspense in this account until such time that the said usage data are secured. If no usage data is secured by October 31st of the following year, the royalties held in suspense shall be added to the distributable revenue and allocated on a pro-rata basis to the Member Shares of all the works in the General Distribution for the said year.

9. **Music Classification**

The following classification is used to identify types of musical works or types of usage for works registration and/or royalty distribution:

9.1 **Featured Work**

   (i) **Serious Music (WS)**

   All serious music performed live in concert or by radio broadcast, such as orchestral symphonic band, chamber, vocal, choral, also ballet/dance music and opera when not included as a grand right performance.

   (ii) **Pop Music (non-serious) (WP)**

   All featured music not included as serious music performed in live concert or by radio broadcast.

9.2 **TV/Cable/Film Music**

Music used in film, television and cable shows and/or programs.
(i) **Title Music (FT)**

A musical work used as theme or sub-theme for a TV/cable program or film. It is usually played at the beginning and/or end of the program or film.

(ii) **Visual Music (FV)**

A musical work used in a TV/cable program or film to facilitate the flow of the program or film and is audible to the actor(s) in the program or film. It also refers to musical works that are performed live on TV/cable.

(iii) **Background Music (FB)**

A musical work used in a TV/cable program or film to facilitate the flow of the program or film, or to provide dramatic underscore to film, but is not audible to the actor(s) in the program or film.

(iv) **Signature Tune/Program ID (ST)**

A musical work used to identify or set the mood of an individual TV/cable program or each program of a series or a film, and is found at the beginning and/or end of each non-music program including traffic news, financial report, weather report and news.

(v) **Commercial Jingle (CJ)**

A musical work used in an advertisement or commercial on TV/cable.

(vi) **Trademark Music (TM)**

A musical work used at the beginning and/or the end of a TV/cable program or film to identify the producer or distributor of the program or film.

(vii) **Station Identification Music (SI)**

A musical work used to identify and publicize a specific TV/cable station.

(viii) **Interval Music (IM)**

A musical work broadcasted on TV/cable for the purpose of filling a sporadic and brief time gap between programs. A music video is usually used to fulfill this role.

(ix) **Program Promo (PI)**

A musical work used in a TV/cable station’s advertisement for its own programs.
10. **Royalty Allocation**

10.1 **Live Concert**

10.1.1 License fees collected from Live Concerts shall be processed and distributed on a per concert basis.

10.1.2 Royalty allocation for songs performed or played during a particular concert shall be based on play count (*i.e.*, one play count being considered as 1 point).

10.1.3 Deadline for submission of music usage data for previous year shall be every 15th of May of the current year.

10.2 **Foreign Royalty**

10.2.1 Royalties received by the Society from its foreign affiliates for usage of local works abroad shall be processed and distributed in accordance with the distribution data provided by the said foreign affiliates.

10.2.2 If no distribution data is provided by the foreign affiliate/s, the royalties pertaining thereto shall form part of the Suspense Account. Accordingly, the distribution of the said royalties shall be governed by the rules applicable for Suspense Accounts and the relevant distribution pool.

10.3 **DSPs**

10.3.1 License fees collected from DSPs shall be processed and distributed on a per DSP basis, subject to the threshold requirement for processing imposed by the Board.

10.3.2 The allocation of the digital license fees shall be based on the terms of the agreement with, and the usage data provided by, the DSPs.

10.4 **TV and Cable**

10.4.1 License fees collected from TV and Cable shall be processed and distributed on a per TV station and Cable company basis.

10.4.2 The allocation of royalties shall be based on the Points Awards Table in Schedule 1.

10.4.3 Deadline for submission of music usage data for previous year shall be every 30th of June of the current year.
10.5 **General Users**

10.5.1 The license fees collected from all music users not covered by Clauses 10.1, 10.2, 10.3, and 10.4 above shall be processed and distributed as one pool.

10.5.2 The allocation of royalties shall be made in accordance with the General Distribution Template in Schedule 2.

10.5.3 Deadline for submission of music usage data for previous year shall be every 30th of June of the current year.

11. **Special Accounts**

At each Distribution, royalties payable to a work or to certain interested party (parties) of a work may be held in suspense in the following Special Accounts:

11.1 **Public Domain Special Account (SP)**

Works that are arrangements of works in the public domain may have a share of the royalties withheld for the non-copyright element in the work. The share will be placed in this account. During the calculation process of distribution, the amount allocated to this account will be plowed back into the distribution pool and be allocated pro-rata to all other parties receiving royalties in the immediately following General Distribution.

11.2 **Temporary Holdings Special Account (SN)**

Performance royalties allocated for Temporary Holding Shares of local works will be placed in this account. The royalties will be held until the concerned local writer, successor, copyright owner or publisher becomes a member of FILSCAP. If said person or entity does not become a member within one (1) year from the date the allocation was made, the royalty allocation shall be added to the distributable revenue and allocated on a pro-rata basis to the Member Shares of all the works in the immediately following General Distribution.

11.3 **Dispute Special Account (SD)**

The royalties allocated for works in dispute will be placed in this account. A disputed work is one where there is dispute over the ownership or the royalty shares of the interested parties of the work. Royalties will remain in this account until the Society is notified of a final settlement by all the contending parties or a final judgment by a court or any other competent authority.
11.4 **Unidentified Special Account (UNI)**

Royalties allocated for works that are unidentified will be placed in this account. An unidentified work is one where there is no detail of the interested parties involved in the work. If the unidentified work is not identified within three (3) years from the date the allocation was made, the royalty allocation shall be added to the distributable revenue and allocated on a pro-rata basis to the Member Shares of all the works in the immediately following General Distribution.

11.5 **Incomplete Special Account (INC)**

Royalties allocated for works that have incomplete data will be placed in this account. An incomplete work is one where the royalty shares of the interested parties do not sum up to 100%. If the data is not completed within one (1) year from the date the allocation was made, the royalty allocation shall be added to the distributable revenue and allocated on a pro-rata basis to the Member Shares of all the works in the immediately following General Distribution.

12. **Adjustments**

In the normal course of distribution, errors may occur due to misidentification of works or their interested parties. Members and foreign societies are entitled to adjustments provided a written claim is made with FILSCAP within two (2) years from the date of the relevant distribution.

13. **Minimum Payments**

To avoid the uneconomic cost of accounting for small amounts, FILSCAP will not make payment where a member’s total credit in any distribution period amounts to less than P100.00 for local members residing in the Philippines, or $100 for members who are residing overseas.

14. **Warsaw Rule of CISAC**

If at the time of distribution, there is no documentation available for a work that has been performed or broadcast, but if one of the writers is identified as a member or copyright owner belonging to a sister-society, the total royalty payment for this work allocated for the identified writer or copyright owner must be forwarded to this sister-society. The receiving society will carry out the distribution according to the documentation available to it.

15. **Amalfi Resolution of CISAC**

15.1 That the author of an authorized local version should be entitled to receive a share in this distribution of performance royalties only if:

a. it is the local version which has been performed; or
b. the performance was a performance of an instrumental version; or
c. there is genuine doubt as to which version was performed.

15.2 That the societies’ distribution rules should provide:

a. that for performances of a local version the shares distributed to the original lyricist and the local sub-lyricist respectively should be equal;
b. that for performances of an instrumental version, or where it is not known whether the original version or the local version was performed, the share distributed to the original lyricist should be double the share distributed to the local sub-lyricist.

15.3 That this CISAC recommendation will be applied:

a. in respect of all performances which take place from the 1st of January 1991 onwards; and
b. regardless of when the performed works were originally composed.
POINTS AWARDS TABLE

The following Points Awards Tables are used to determine points to be awarded to work performances in a distribution.

<table>
<thead>
<tr>
<th>Music Type</th>
<th>Table Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>FT  Title Music</td>
<td>T1</td>
</tr>
<tr>
<td>FV  Visual Music</td>
<td>T1</td>
</tr>
<tr>
<td>FB  Background Music</td>
<td>T2</td>
</tr>
<tr>
<td>ST  Signature Tune/Program ID</td>
<td>T2</td>
</tr>
<tr>
<td>CJ  Commercial Jingle</td>
<td>T2</td>
</tr>
<tr>
<td>TM  Trademark Music</td>
<td>T2</td>
</tr>
<tr>
<td>SI  Station Identification Music</td>
<td>T2</td>
</tr>
<tr>
<td>IM  Interval Music</td>
<td>T2</td>
</tr>
<tr>
<td>PI  Program Promo</td>
<td>T2</td>
</tr>
</tbody>
</table>

Table (T1)

<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>0'1&quot;</td>
<td>1'0&quot;</td>
<td>1.0</td>
</tr>
<tr>
<td>1'1&quot;</td>
<td>2'0&quot;</td>
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<tr>
<td>2'1&quot;</td>
<td>3'0&quot;</td>
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<td>5'1&quot;</td>
<td>6'0&quot;</td>
<td>6.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>and so forth</td>
</tr>
</tbody>
</table>

Table 2 (T2)

Every 15 seconds 0.15
General Distribution Template:

Allocation for Radio Broadcast royalties shall be based on the Points Awards Table in Schedule 1

Legend:

Revenue : total net distributable revenue for General Distribution
Licensees : no. of licensees for General Distribution
Users : no. of licensed establishments/branches/stores
Uses/User : no. of songs played in all branches in one (1) year (Users x Uses/User)
100% Use : allocation per song played per branch (Revenue / 100% Use)
Pay per Use : monitoring data submitted by licensees
Society Data : monitoring done by the Society
Member Data : monitoring data submitted by the FILSCAP members (self-monitoring)
LPP : (Logged Performance Points) total monitoring data
% Coverage : percentage of total monitoring data gathered per song per branch (LPP / 100% Use)
LP Value : (Logged Performance Value) amount allocated per monitored data (LPP x PPU)
PPU Factor : amount per use as translated to whole number (PPU / Least PPU in the set of values)
Platform Multiplier : points according to reach
LRP : (Logged Rational Points) times used based on total monitoring data (LPP x PPU Factor)
URP : (Unlogged Rational Points) estimated times used with no monitoring data (UPV / (PPU / PPU Factor))
UPV : (Unlogged Performance Value) amount allocated for songs with no monitoring data, computed based on User and Society logs only ((100% Use – LPP) x PPU)