



## DISTRIBUTION RULES

(As Amended on April 20, 2026)

### 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 two (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 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 question or seek a review at any time of any interpretation or application of a distribution rule to their particular case or of any action taken by the Board and management under Section 1.4 above. Said member must submit a signed 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:
  - 3.1.1 all expenses arising from and incidental to the conduct, management and operation of the Society;

**DISTRIBUTION RULES**

- 3.1.2. provision for reserves, if any; and
  - 3.1.3. 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 3.1.3 above, the percentage of deductions from the distributable revenue shall be determined by the Board periodically but shall not exceed the maximum allowable limit prescribed or recommended 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 shall be categorized into the following pools:
- 3.3.1. Concerts/Events (*i.e.*, royalties collected from live concerts and events);
  - 3.3.2. Foreign (*i.e.*, royalties collected from users abroad by foreign affiliates);
  - 3.3.3. Broadcast (*i.e.*, royalties collected from TV, radio, and cable);
  - 3.3.4. Digital (*i.e.*, royalties from Digital Service Providers); and
  - 3.3.5. General (*i.e.*, royalties collected that do not fall under the previous pools).
- 3.4 Public performance license fees collected in the immediately preceding year are distributed on an annual basis, according to the following schedule:

QUARTERLY SCHEDULE	COVERAGE
Last working day of March	Concerts/Events, Foreign, Digital, and Adjustments (if any)
Last working day of June	Concerts/Events, Foreign, Digital, Broadcast, General, and Adjustments (if any)
Last working day of September	Concerts/Events, Foreign, Digital, and Adjustments (if any)
Last working day of November	Concerts/Events, Foreign, Digital, Broadcast, General, and Adjustments (if any)

- (a) Concert/Event and Foreign royalties shall be distributed not later than six (6) months from the date the corresponding usage data is collected or received by the Society.
- (b) Broadcast and General royalties pertaining to January to June of a particular year with the corresponding usage data shall be distributed in December of the same year. The Broadcast and General royalties pertaining to July to December of the same year shall be distributed in July the following year.
- (c) Digital royalties shall be distributed not later than nine (9) months after the payment and corresponding usage data has been collected or received by the Society.

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

- 3.5 Special royalty distribution/s may be made in addition to the regular quarterly distributions if deemed necessary or advisable by the Board.

- 3.6 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 one month from payment to FILSCAP members.
- 3.7 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 one month from payment to FILSCAP members.

For reproduction license fees collected from Digital Service Providers where there is huge volume of usage data to process, the distribution shall be made within nine (9) months from the Society's receipt of the corresponding usage data subject to the Society's threshold amount requirement for processing.

#### 4. ALLOCATION OF SHARES

##### 4.1 Definitions—

- 4.1.1. **Writer** means a composer or lyricist living or deceased.
- 4.1.2. **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.
- 4.1.3. **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.
- 4.1.4. **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.
- 4.1.5. **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.
- 4.1.6. **Temporary Holding Shares** means those parts of a musical work which are not covered by the definition of Member

Shares.

4.1.7. **Performance Credits** means the performance credit points allotted to a musical work based on logged performance.

4.1.8. **Work** Means a musical composition, with or without lyrics, including original and derivative works that are eligible for registration.

4.2 **Pool Division**—Performing royalties collected in a fiscal year shall be allocated into five (5) pools, namely:

- (a) Foreign (*i.e.*, royalties collected from users abroad by foreign affiliates);
- (b) Concerts/Events (*i.e.*, royalties collected from live concerts and events);
- (c) Digital (*i.e.*, royalties from Digital Service Providers);
- (d) Broadcast (*i.e.*, royalties collected from TV, radio, and cable); and
- (e) General (*i.e.*, royalties collected that do not fall under the previous pools).

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, the royalty allocation shall be distributed in accordance with the Special Account Distribution Rule under section 11.1.

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%
------------	------

**DISTRIBUTION RULES**

*\*Original Published Works*

(i) *Compositions with lyrics:*

Composer/s	25%
Lyricist/s	25%
Publisher/s	50%

(ii) *Composition without lyrics:*

Composer/s	50%
Publisher/s	50%

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

Composer/s	25%
Lyricist/s	50%
Publisher/s	25%

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

Composer/s	50%
Lyricist/s	25%
Publisher/s	25%

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 (General UPA)**

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 for local members and foreign affiliates.

(i) For FILSCAP Members—

The UPA shall be fixed by the Board and shall be payable to all qualified FILSCAP members who have been admitted into the Society at least three (3) months before the relevant general distribution where the UPA will be paid out.

The distribution of the local UPA to the members shall be based on the following tiers graduated based on the member’s total royalty earnings in the year preceding the current distribution year: (1st Tier) less than P100k, (2nd Tier) at least P100k but less than P500k, and (3rd Tier) at least P500k. The UPA amount shall be: Two Thousand Five Hundred Pesos (P2,500) for each qualified member in the 1st tier, Three Thousand Pesos (P3,000) for each qualified member in the 2nd tier, and Three Thousand Five Hundred Pesos

**DISTRIBUTION RULES**

(P3,500) for each qualified member in the 3rd tier. The aforementioned amount shall be reviewed and, if deemed advisable, revised by the Board from time to time.

A member shall be considered qualified to receive UPA royalties if he/she has received performance royalties other than UPA royalties in any of the last eight regular quarterly distributions, and any special royalty distribution within the said eight quarters preceding the current general distribution.

(ii) For Foreign Societies—

A UPA (Overseas) Ratio is determined every General Distribution based on the ratio of royalties distributed to FILSCAP members as against royalties distributed to FILSCAP's affiliate foreign societies in the year preceding the current distribution year

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

Example Calculation of Overseas UPA Allocation

- a. *Total royalties distributed to foreign societies in the year preceding the current distribution.*  
= ₱600,000.00
- b. *Total royalties distributed to FILSCAP members in the year preceding the current distribution.*  
= ₱400,000.00
- c. *Total Local UPA amount allocated for the current distribution year.*  
= ₱150,000.00 (Based on ₱1,500 x 100 members)
- d. *Compute UPA (Overseas) Ratio*  
 $UPA (Overseas) Ratio = ₱600,000 / ₱400,000 = 1.5$
- e. *Compute Overseas UPA Allocation*  
 $Overseas UPA = 1.5 \times ₱150,000 = ₱225,000.00$

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

**5. ADAPTATIONS AND ARRANGEMENTS OF MUSICAL WORKS**

5.1 Where an adaptation is made of an existing copyright musical work, FILSCAP shall use all reasonable efforts to determine whether the original work or an adapted work has been used based on available documentation and data sources.

- a. If it cannot be determined or confirmed which version was used at the time of royalty processing, the royalties shall be distributed to the interested parties of the original work.

- b. The interested parties of an adapted work shall be entitled to receive royalties only if:
- (i) the adaptation has been duly authorized or licensed by the interested parties of the original work;
  - (ii) there is clear and verifiable evidence that the adapted work has been used; and
  - (iii) the royalties are distributed in accordance with a valid agreement between the interested parties of the original work and the adapted work.

In the absence of such agreement, or where the above conditions are not met, royalties shall be allocated to the original work.

5.2 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.

5.3 Where an arrangement of a public domain work is made, shares are allocated, subject to the rule set out in paragraph 5.4, 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%

**DISTRIBUTION RULES**

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)

- 5.4 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**

- 8.1 If any part of the distribution pool to be distributed on a full census basis (*i.e.*, the royalty allocation is supposed to be based on 100% actual usage data as is currently the case for concerts/events, terrestrial TV broadcast, cable, cinema, foreign, and digital over-the-top services) 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. The applicable deduction for administration fee and socio-cultural fund contribution shall already be made before the aforementioned royalties are added to the suspense account.
- 8.2 If the corresponding usage data is not secured within one (1) year from the date the royalties were held in suspense, the suspended royalties shall be released in the immediately succeeding General Distribution. The distribution shall be made on a pro-rata basis using the royalty distribution shares of the current FILSCAP members and foreign affiliates in the General Distribution that covers the usage period covered by the distribution pool from which the expired suspense account arose.

## **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) *Theme 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

## DISTRIBUTION RULES

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 Concerts and Events

#### A. General Rule

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

10.1.2. The royalties collected for a particular concert/event shall be allocated equally to all the works played or performed during that particular concert/event without considering the frequency (*i.e.*, one work gets one allocation point regardless of how many times it was played or performed).

10.1.3. In case the total number of works played during a concert or event is not known,

the average total number of works played per concert or event during the previous distribution year may be used as proxy to determine or compute the royalty allocation per work.

- 10.1.4. In the case of live concerts where there are headline and supporting artists, 80% of the net distributable royalties shall be allocated to the works performed or played by the headline artist/s, and the remaining 20% shall be allocated to the works performed or played by the supporting artist/s.

**B. Special Rule for Election Royalties**

- 10.1.5. Royalties collected from local and national election candidates for their campaign events (“Election Royalties”) shall be distributed as follows:

- 10.1.6. Election royalties shall be allocated and distributed on a per licensee and per campaign event basis. If the license covers several campaign events, a royalty allocation shall be made for each campaign event equal to the total distributable royalty divided by the total number of campaign events covered by the license.

For example, if licensee has paid Php 100.00 in license fees and the said licensee held 5 campaign events for the whole campaign period, then each campaign event will have a royalty allocation of Php 20.00 (Php 100.00 / 5.00). (Note that this example will be used for succeeding rules).

- 10.1.7. The royalty allocation for each campaign event shall then be allocated pro-rata to all the works played or performed in that campaign event based on play count (*i.e.*, one play count will earn one distribution point).

- 10.1.8. If only a list of works played or performed during the said campaign event is provided or secured without any information as to the actual number of play counts for each work, each work shall be deemed to have earned 1 play count but each campaign jingle shall be deemed to have earned twenty five (25) play counts each.

For example, if Php 20.00 is allocated for distribution for a particular campaign event, and the said event used 15 works, one of which is a jingle, then the Php 20.00 will be allocated as follows:

Total play count will be 39. Royalty per play count will be  $20 / 39 = \text{Php } 0.5128$ . Each non-jingle work will earn Php 0.5128 while the jingle earns  $0.5128 \times 25 = \text{Php } 12.82$ .

- 10.1.9. If the usage data is not complete or the total number of play counts for a particular campaign event is not known, the average number of plays for all campaign events with full monitoring or the actual monitored play counts for that particular campaign event, whichever is higher, shall be used for purposes of computing the royalty per play count.

**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 **Digital Service Providers (“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 royalties shall take into account the terms of the agreement with, and the usage data provided by, the DSPs.
- 10.3.3. In the case of audio streaming services, the royalty allocation shall be based on the stream count or streaming share of the works during the relevant usage period. If no actual usage data is provided or secured, the royalty allocation shall be based on analogous data for the same usage period as may be determined by the Board and the Board may opt to allocate an Unlogged Performance Allocation (“UPA”) if deemed warranted to have an equitable royalty distribution.
- 10.3.4. In the case of video streaming services which pay royalties on a per claim basis, the royalty allocation shall be based on the actual amount claimed by FILSCAP for the works.

For video streaming services which pay royalties on a lump sum basis, the royalty allocation shall be based on the stream count or streaming share of the works for the relevant usage period. The number of video creations (if available) during the relevant usage period, shall be used as basis for the allocation synchronization royalties (if part of the royalties paid for distribution).

If the usage data provided by a video streaming service is limited or not substantial based on the management’s assessment and approval of the Board, analogous data for the same usage period as may be determined by the Board shall be used to supplement the distribution data, and the Board may opt to allocate a UPA if the unmonitored or unreported usages is assessed by the Board to be very significant.

- 10.3.5. In the case of digital services which pay royalties but can’t provide actual usage data (*e.g.*, the payment is based on market share), the royalty allocation shall be based on analogous data for the same usage period as may be determined by the Board, and the Board may opt to allocate a UPA if deemed warranted to have an equitable royalty distribution.
- 10.3.6. In the case of over-the-top digital services or “OTTs” (*e.g.*, Netflix, Apple TV, Disney+, Prime Video, etc.), the royalty allocation shall be made as follows:
- (a) The royalty distribution shall be made on a per OTT basis;
  - (b) The royalty allocation shall first be made on a per production basis (*i.e.*, for each movie or show in the OTT) based on the following formula:

$$A = B \times (C/D)$$

Where:

A = royalty allocation for a particular production

B = total royalty paid by the OTT for distribution

C = total number of streams for the particular production

D = total number of streams for all the productions in the OTT

For example, if Php 1,000.00 is the total royalty paid by the OTT for distribution, and the total number of streams for a particular production is 100 out of a total of 1,000 streams for all the productions on the OTT, then the royalty allocation for the production is Php 100.00.

- (c) The royalty allocated for particular production shall then be distributed to all the works in the said production based on the following formula:

$$E = A \times (F/G)$$

Where:

E = royalty per work

A = royalty allocated for the production

F = total duration point computed for the work (at 1 point per second)

G = total duration point computed for all the works in the production

For example, if Php 100.00 is allocated for the production and a particular work has earned 10 out of a total 100 duration points, then the royalty allocation for that work is Php 10.00.

- (d) No royalty allocation shall be made for productions and works that have been directly licensed by the OTT to the extent covered by the said direct license.
- (e) Royalties pertaining to productions with no corresponding cue sheet shall form part of the Suspense Account of the Society.

#### 10.4 **Broadcast (TV, Cable, and Radio)**

##### 10.4.1 **Terrestrial TV Broadcast**

- (a) Royalties collected for terrestrial TV shall be allocated and distributed on a per channel basis.
- (b) If a lumpsum fee was paid covering several licensed TV channels (*i.e.*, no separate fee was indicated for each TV channel) and there is data provided as to the revenue earned by each of the said TV channels, the royalty allocation per channel shall be made based on the proportion of the TV channel's revenue to the total revenue of all the licensed TV channels during the relevant license period. If no such revenue data per TV channel is provided, the allocation of royalties per channel shall be made based on the audience shares of the said

**DISTRIBUTION RULES**

channels during the relevant license period.

(c) The allocation of royalties per musical work broadcasted on a TV channel shall be based on distribution points earned that take into account the work’s broadcast duration, type of usage, and time of broadcast.

(c.1) Each musical work broadcasted shall earn distribution points on a per program/show episode basis based on the following Points Award Table:

**POINTS AWARD TABLE**

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

Music Type	Table Used
FT - Theme Music	T1
FV - Visual Music	T1

Table 1 (T1)	From	To	Points
	0’1”	1’0”	1.0
	1’1”	2’0”	2.0
	2’1”	3’0”	3.0
	3’1”	4’0”	4.0
	4’1”	5’0”	5.0
	5’1”	6’0”	6.0

And so forth

Music Type	Table Used	Points
FB - Background Music	T2	Every 15 seconds 0.15
ST - Signature Tune/program ID	T2	
CJ - Commercial Jingle	T2	
TM - Trademark Music	T2	
SI - Station Identification Music	T2	
IM - Interval Music	T2	
PI - Program Promo	T2	

For avoidance of doubt, if a work was broadcasted several times in one episode under the same music type, it will be the total duration of the said broadcasts during that episode that shall be used as basis for calculating the distribution points earned.

(c.2) The following multipliers shall be applied to the distribution points earned by the musical work in c.1 above based on time of broadcast:

Time Band	Period	Points Award Multiplier
Non-Peak	11:00 PM – 09:59 AM	1.0
Low-Peak	10:00 AM – 05:59 PM	2.0
	10:00 PM – 10:59 PM	
High-Peak	06:00 PM – 09:59 PM	3.0

\*TV Programs/Shows which straddle the border between time bands shall be classified based on the time slot into which their mid-point falls. For example, all works used in a one-hour long production whose broadcast commenced at 9.45pm would be considered as Low-Peak as the production's mid-point, 10.15pm, falls within the defined Low Peak time slot

- (d) Only the royalties pertaining to TV Programs/Shows with cue sheets shall be processed for allocation and distribution. The total royalty to be allocated and distributed for the Channel shall be calculated as follows:

$$A = (B/C) * D$$

Where:

A = Total royalty to be processed for allocation and distribution for the Channel

B = Total airtime of all TV Programs/Shows with cue sheets on the Channel

C = Total airtime of all TV Programs/Shows on the Channel

D = Total royalty allocated for the Channel

For example, if Php 1,000.00 is the total royalty allocated for the channel, and the total airtime of all TV programs/shows with cue sheets on the channel is 90% out of a total of 100% airtime for all TV programs/shows on the channel, then the total royalty to be processed for allocation and distribution is Php 900.00.

- (e) Royalties pertaining to the TV Program/Shows episodes with no corresponding cue sheet shall form part of the Suspense Account of the Society.

#### 10.4.2 Cable Broadcast

- (a) Royalties collected for cable shall be allocated and distributed on a per cable service basis.
- (b) The royalties collected for a particular cable service shall be distributed as follows:
- (1) A royalty allocation shall be made for each channel on the cable service ("Cable Channel") based on audience market share.
  - (2) Royalty allocated for a particular Cable Channel shall be allocated to the works aired or shown on the said channel as follows:
    - (i) If the Cable Channel is a terrestrial local TV channel, the royalty allocation shall be made in accordance with the royalty distribution rule for Terrestrial TV Broadcast under 10.4.1.
    - (ii) If the Cable Channel is not covered by b.2.i, the royalty allocation shall be made as follows:
    - (iii) A royalty allocation shall be made per production (*i.e.*, for

each movie or show on the Cable Channel) based on the following formula:

$$A = B \times (C/D)$$

Where:

A = royalty allocation for a particular production

B = total royalty allocated to the Cable Channel

C = total airtime duration of the particular production on the Cable Channel during the relevant usage period

D = total airtime duration of all the productions on the Cable Channel during the relevant usage period

For example, if Php 1,000.00 is allocated for the Cable Channel, and the total airtime duration of a particular production is 100 out of a total 1,000 airtime duration of all productions, then the royalty allocation for the production is Php 100.00.

- (iv) The royalty allocated for particular production shall then be distributed to all the works in the said production based on the following formula:

$$A = B \times (C/D)$$

Where:

A = royalty per work

B = royalty allocated for the production

C = total duration point computed for the work (at 1 point per second)

D = total duration point computed for all the works in the production (at 1 point per second)

For example, if Php 100.00 is allocated for the production and a particular work has earned 10 out of a total 100 duration points, then the royalty allocation for that work is Php 10.00.

- (v) Royalties pertaining to productions with no corresponding cue sheet shall form part of the Suspense Account of the Society.

- (3) In the case of Cable Channels that retransmit broadcasts originating from territories administered by FILSCAP's affiliate societies, the royalties allocated for the said channels net of applicable deductions may be remitted by FILSCAP directly to its affiliate societies operating in the territory of the originating broadcasts.

#### **10.4.3 Radio Broadcast**

- (a) Royalties collected for radio broadcast shall be allocated and distributed on a per radio station basis.

## DISTRIBUTION RULES

- (b) Royalty Allocation for Monitored Usages.
- (1) The royalties collected from a particular radio station shall be allocated pro-rata to the works played on the said station based on the following distribution point system:
- (i) Each continuous play duration of a work for at least 60 seconds shall earn one (1) distribution point.
  - (ii) Each continuous play duration of a work that is 59 seconds or less shall earn 0.016 distribution point per second.
  - (iii) If there is no data with respect to the duration of a particular play count, the work shall be assumed to have been played for at least 60 seconds and shall accordingly earn one (1) distribution point.
- (2) The royalty allocation per work per radio station shall be computed as follows:
- $$A = (B / C) * D$$
- Where:
- A = Royalty allocation for a particular work
  - B = Total distribution points earned by the work from the radio station
  - C = Total distribution points earned by all the works from the radio station
  - D = Total distributable royalty for the radio station
- For example, if Php 100.00 is the total distributable royalty for the radio station and a particular work has earned 10 out of a total of 100 distribution points for all works from the radio station, then the royalty allocation for that work is Php 10.00.
- (3) In cases where the total distribution points earned by all the works from a particular FM radio station cannot be determined since there is no 100% work usage monitoring for the said FM radio station, the highest total distribution points tallied for an FM station with 100% work usage monitoring shall be used as the proxy figure.
- (4) In cases where the total distribution points earned by all the works from a particular AM radio station cannot be determined since there is no 100% work usage monitoring for the said AM radio station, the highest total distribution points tallied for an AM station with 100% work usage monitoring shall be used as the proxy figure.
- (c) Royalty Allocation for Unmonitored Usages.
- (1) All radio broadcast royalties that could not be allocated to any work pursuant to 10.4.3(b) above as they pertain to unmonitored usages ("Royalties for Unmonitored Usages") shall be pooled together and distributed using the works monitored to have been played during the same period by the top 10 licensed radio stations in terms of audience market share but excluding those works that were monitored or

reported to have been played exclusively by certain radio stations only (e.g., radio station or program ID or jingle), works in radio commercials, and works played for sixty (60) seconds or less.

- (2) The allocation of royalties to the works covered by 10.4.3(c)(1) above shall be based on the distribution points they earned under 10.4.3(b) above. Accordingly, the royalty allocation per work shall be computed as follows:

$$A = (B / C) * D$$

Where:

- A = Royalty allocation for a particular work
- B = Total distribution points earned by the work from the top 10 licensed radio stations
- C = Total distribution points earned by all the works played on the top 10 licensed radio stations
- D = Royalties for Unmonitored Usages

For example, if Php 100.00 is the total distributable royalty for unmonitored usages and a particular work from the top 10 licensed radio stations has earned 10 out of a total of 100 distribution points for all works played on the top 10 radio stations, then the royalty allocation for that work is Php 10.00.

## 10.5 General Users

### 10.5.1 Cinemas

Cinema royalties shall be distributed according to the following rules:

- (a) License fees shall be distributed on a per production/movie basis.
- (b) Each production/movie will be allocated a royalty share from the relevant Cinema Royalty Pool based on the frequency or number of times the production/movie was shown during the relevant license period.

The allocation shall be computed as follows:

$$A = (X/Y) * Z$$

Where:

- A = royalty allocation for a particular production/movie
- X = total number of times the particular production/movie was shown on all the licensed cinema screens during the relevant license period
- Y = total number of times all the productions/movies covered by the Cinema Royalty Pool were shown on all the licensed cinema screens during the relevant license period
- Z = total distributable amount for the Cinema Royalty Pool

For example, if Php 1,000.00 is the total distributable amount for the Cinema Royalty Pool, and the particular production/movie was shown 100 times out of

## DISTRIBUTION RULES

a total of 1,000 times for all productions/movies covered by the Cinema Royalty Pool, then the royalty allocation for that production is Php 100.00.

- (c) The royalty allocated for particular production/movie shall then be distributed to all the works in the said production/movie based on the following formula:

$$E = A \times (F/G)$$

Where:

E = royalty per work

A = royalty allocated for the production/movie

F = total duration point computed for the work (at 1 point per second)

G = total duration point computed for all the works in the production/movie

For example, if Php 100.00 is allocated for the production/movie and a particular work has earned 10 out of a total 100 duration points, then the royalty allocation for that work is Php 10.00.

- d. Royalties pertaining to productions/movies with no corresponding cue sheet shall form part of the Suspense Account of the Society.

### 10.5.2. General Users

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

- (a) The royalties to be distributed shall be grouped into following pools based on the source of collection (the "General Sub Pools"):

- (1) Retail Stores, Supermarkets, Malls
- (2) Restaurants, Cafes
- (3) Hotels, Motels, Inns
- (4) Music Lounges, KTVs, Bars, Dance Studios
- (5) Casinos, Amusement Establishments/Parks
- (6) Clinics, Spas, Salons, Barber Shops, Gyms
- (7) Hospitals
- (8) Transport Vehicles
- (9) Music-On-Hold
- (10) Websites

- (b) Royalty Allocation for Monitored Usages.

- (1) The royalties collected from the users under the same General Sub Pool shall be pooled together and allocated pro-rata to the works played by the said users based on play count (*i.e.*, one play count will earn one distribution point).

A royalty per play count for a particular General Sub Pool shall be computed based on the following formula:

$$A = B / C$$

Where:

A = Royalty per play count for the particular General Sub Pool  
B = Total distributable royalty for the particular General Sub Pool  
C = Total number of play counts of all the licensed users covered by the General Sub Pool (the “100% Play Count”). In the absence of actual data the Board may use the following formula to compute for the 100% Play Count.

$$C = (X*Y*Z) * D$$

Where:

C = Calculated 100% Play Count  
X = Estimated average number of works played per hour by each user in the General Sub Pool.  
Y = Estimated average number of hours per day of operation of each user in the General Sub Pool.  
Z = Estimated average number of days of operation in a year of each user in the General Sub Pool.  
D = Total number of the establishment

For example, if Php 100.00 is the total distributable royalty for a particular General Sub Pool and the total number of play counts from all licensed users covered by the General Sub Pool is 1,000 then the royalty per play count for that particular General Sub Pool is Php 0.10.

The estimates for X, Y, and Z above shall be made by the Board based on the recommendation of management, and shall be reviewed annually (every January) by the Board.

- (2) Works monitored by FILSCAP to have been played by the users in a particular General Sub Pool shall be allocated royalties based on the royalty per play count computed for that General Sub Pool under 10.5.2(b)(1) above.

(c) Royalty Allocation for Unmonitored Usages.

- (1) All royalties in the different General Sub Pools that could not be allocated to any work pursuant to 10.5.2(b) above (as they pertain to unmonitored usages) shall be pooled together and distributed using the following as the distribution data:
  - (i) The works monitored to have been played in all the General Sub Pools, and
  - (ii) The works monitored to have been played during the same period by the top 10 licensed radio stations in terms of audience market share but excluding those works that were played exclusively by certain radio stations only (e.g., radio station or program ID or jingle), works in radio commercials, and works played for sixty (60) seconds or less.

**DISTRIBUTION RULES**

- (2) The allocation of royalties to the works covered by 10.5.2(c)(1) above shall be based on actual play count per work but shall be weighted as follows:

<b>Licensee Category</b>	<b>Multiplier Per Play Count</b>
Radio	100
Retail Stores, Supermarkets, Malls	30
Casinos, Amusement Establishments and Parks	15
Restaurants, Cafes	10
Music Lounges, KTVs, Bars, Dance Studios	10
Hotels, Motels, Inns	5
Websites	5
Hospitals	2
Transport Vehicles	2
Music-On-Hold	2
Clinics, Spas, Salons, Barber Shops, Gyms	1

The multipliers provided in the table above shall be reviewed annually (every January) by the Board.

- (3) For clarity, for purposes of computing the royalty allocation for the works monitored to have been played by the top 10 licensed radio stations referred to above, the play count figures to be used for the said works shall be the distribution points calculated for them respectively under 10.5.2(b)(1).

**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 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 released in the immediately succeeding General Distribution. The distribution shall be made on a pro-rata basis using the royalty distribution shares of the current FILSCAP members and foreign affiliates in the General Distribution that covers the usage period covered by the distribution pool from which the expired temporary holding account arose.

For avoidance of doubt, the royalty allocations made under this account are derived from the license fees collected by FILSCAP from the licensed usages of the musical works under its repertoire.

**11.2 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.

#### **11.3 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 released in the immediately succeeding General Distribution. The distribution shall be made on a pro-rata basis using the royalty distribution shares of the current FILSCAP members and foreign affiliates in the General Distribution that covers the usage period covered by the distribution pool from which the expired unidentified special account arose.

#### **11.4 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 three (3) years from the date the allocation was made, the royalty allocation shall be released in the immediately succeeding General Distribution. The distribution shall be made on a pro-rata basis using the royalty distribution shares of the current FILSCAP members and foreign affiliates in the General Distribution that covers the usage period covered by the distribution pool from which the expired incomplete special account arose.

### **12. PUBLIC DOMAIN**

Works, or shares of works, that are part of the public domain shall not be entitled to any royalty allocation. A work, or share of a work, shall be considered as part of public domain after the expiration of its term of copyright protection under the Philippine copyright law.

### **13. 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.

### **14. MINIMUM PAYMENTS**

For cost efficiency and effectiveness purposes, royalty distribution payments to foreign affiliates and members residing abroad shall only be made if the amount to be remitted is at least USD100.00. Royalty distribution by way of check payment, on the other hand, shall only be made if the amount to be paid is at least PHP300.00. The aforementioned threshold amount shall be reviewed and, if deemed advisable, revised by the Board from time to time.

### **15. INSUFFICIENT WORK DOCUMENTATION**

If, at the time of distribution, there is a royalty allocation for a foreign work with no sufficient documentation but has one identified interested party that is a member of a FILSCAP affiliate foreign society, that royalty shall be paid to the said affiliate foreign society which shall carry out the distribution according to the documentation available to it.