



DISTRIBUTION RULES ¹

which has been set by the Board of FilmJus Hungarian Society for the Protection of Audiovisual Authors' and Producers' Rights (hereinafter: FilmJus), and which provides for the following rules:

1. Scope of the Distribution Rules

1.1. The present Distribution Rules shall be applied to the distribution and payment of the following remunerations due to the following right holders:

- a) remunerations due to cinematographic creators, film writers and film producers for the private copying of their audiovisual works on blank carriers (hereinafter: „**private copying remunerations**”),
- b) remunerations due to cinematographic creators, film writers and film producers for the simultaneous retransmission of their audiovisual works by cable (hereinafter: „**cable retransmission remunerations**”),
- c) remunerations due to cinematographic creators and film writers of audiovisual works for the public performance of their audiovisual works either as a whole or partially (hereinafter: „**public performance remunerations**”),
- d) remunerations due to cinematographic creators and film writers of audiovisual works for the broadcast or the communication to the public by any other means of their audiovisual works, including the video on-demand either as a whole or partially (hereinafter: „**remunerations for communication to the public**”)
- e) remunerations due to cinematographic creators and film writers of audiovisual works for the distribution by copies of works reproduced on analogue or digital carriers (hereinafter: „**distribution remunerations**”)

2. General provisions

2.1. Rules of interpretation:

When applying the present Distribution Rules:

- a) „**cinematographic creators**” shall mean directors, directors of photography, costume and set designers of audiovisual works;
- b) „**film authors**” shall mean cinematographic creators of audiovisual works and film writers;
- c) „**right holders**” shall mean film authors, film producers and their legal successors;
- d) „**film writers**” shall mean the writers/poets of the pre-existing work, the screenwriters (including writers of the literary and technical script, the leader writers and leader screenwriters too), dubbers/translators in case of works dubbed into Hungarian (including the writer of the Hungarian text), translators, scenario editors, character designers/puppet designers in case of animated films, furthermore editors (including the senior editor, presenter) in case they have made creative contributions to the production of the whole audiovisual work. FilmJus will take someone's creative contribution to the work justified, if the data provider indicates the marking “film writer” before the scope of activities, listed in the sentence above;
- e) „**film directors**” shall mean directors of the work, and – if they contributed creatively to the making of the whole work – the leading directors, animation makers, and the theatrical directors, in case of broadcasting a theatrical play, as well as dubbing directors in case of Hungarian dubbed films . Regarding leader directors,

¹ Modified and adopted in consolidated version by the Board of FilmJus at its meeting held on 11 May 2017



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animation makers and theatrical directors, FilmJus will take someone's creative contribution to the work justified, if the data provider indicates the marking "film director" before the scope of activities, listed in the sentence above;

- f) all persons shall be considered as „**directors of photography**” whose activity was directors of photography and if they made creative contribution to the work, the leader directors of photography, FilmJus will take someone's creative contribution to the work justified, if the data provider indicates the marking "directors of photography" before the scope of activities, listed in the sentence above;
- g) „**costume and set designers**” shall mean those authors that made creative contribution to the work, according to Article 1. (2) n) of the Hungarian Act no. LXXVI. of 1999 on copyright (hereinafter: "Copyright Act"). FilmJus will take someone's creative contribution to the work justified, if the data provider indicates the marking "costume and set designer".
- h) "**Hungarian channel**" shall mean a television channel originating from the territory of Hungary according to the data communicated by the society performing the collective administration of rights (hereinafter also as Artisjus) in literary and musical works.
- i) "**channel type**": classification of the non-monitored TV channels based on their known typical content; types: news channel, sport channel, public channel, private channel.

2.2. The remuneration is due on different titles as far as the same person have made contributions to the creation of the audiovisual work under different roles (for example as director and as director of photography, or for example as writer of the pre-existing work and as screenwriter, too).

2.3. As far as more persons are entitled to the remuneration on the same title, the remuneration shall be shared equally among the right holders, unless the share has been otherwise determined by the data provided to FilmJus.

2.4. If the right holder deceased or ceased to exist by leaving a legal successor, the remuneration is due to the legal successor in so far as the legal succeeding has been proved by the successor by reliable means. Proofs by reliable means are the non-appealable certification of inheritance, the non-appealable decree for the distribution of the estate, the non-appealable court verdict, or an equivalent domestic or foreign notarized document. The legal successor shall attach an authenticated Hungarian translation to the foreign notarized document.

2.5. The public performance remunerations, the remunerations for the communication to the public and for the distribution are enforced by FilmJus based on an agreement concluded with the film producer or with the user, or with any other person obliged to pay the remuneration (hereinafter: "obligor for paying") pursuant to the Copyright Act. FilmJus and the obligor may mutually agree to depart from the provisions of the Tariff Rules of FilmJus regarding public performance, communication to the public and distribution, as regards the following issues: the amount of the remunerations, the due date of the settlement, the scope and due date of data provision.

2.6. The distribution of the remunerations is principally based on the data provided by the right holders, the obligors for paying and obligors for providing data to FilmJus. The conditions of data provision are settled by the Statutes of FilmJus, by the representation agreements and – as far as remunerations for public performance, for communication to the public, for distribution are concerned – by the relevant Tariff Rules and by the agreements concluded with the obligors for paying and/or obligors for providing data.

2.7. FilmJus deducts administration costs from the remunerations and its bank interests, specified in subparagraphs 1.1. a)-e) of the present Distribution Rules. The Board of FilmJUS defines the amount of its



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operational costs annually and detailed (amount deducted from royalties and interest revenue). The administration costs are for maintaining and operating the organization of FilmJUS, the extent of the deduction can only be an amount which is reasonably useful and necessary for the operation. For operational purposes, FilmJUS can deduct maximum 18% of the royalties and use the reasonably necessary amount of the interest revenue. As administration fee FilmJUS deducts 15% of the domestic royalty income specified in point 3 and 4, and 5% of other royalty income, which extent of deduction will be reconsidered and can be modified by the Board yearly when adopting the operational budget from 1st January 2017. FilmJUS defines the amount of operational costs deducted from the interest revenue, the remaining part of which is then added to the distributable royalty of the previous year based on the proportions specified in Art. 3 and 4. Other incomes of FilmJus (membership fees, exchange rate differences, other incomes) serve as the cover of operational costs,

2.8. Before the distribution and simultaneously to the deduction of the administration costs, FilmJus deducts benefits for cultural and/or social purposes from the remunerations provided for in subparagraphs 1.1. a) and b), according to the international provisions and the Hungarian Copyright Act. The Support Policy of FilmJus settled in Art. 8 of the present Distribution Rules regulates the basis, amount and the method of usage of the deduction.

2.9. Distribution period

2.9.1. Distribution and payment of private copying and cable retransmission remunerations is effected once a year. The amount of the yearly collected private copying and cable retransmission remunerations is transferred to FilmJus by the organisation performing collective administration of rights in musical and literary works. FilmJus distributes the transferred remunerations pursuant to the present Distribution Rules.

2.9.2. Public performance remunerations, remunerations for communication to the public and for distribution are collected, distributed and paid periodically, according to the relevant Tariff Rules or according to the provisions of the agreements between FilmJus and the obligors.

2.10. Sequent to the receipt of the transferred remunerations, FilmJus quantifies the amount of remunerations due to each right holder and to each group of right holders, according to Article 3., 4., 5. and 6. of the present Distribution Rules. Afterwards, FilmJus notifies the right holders or, in so far as the payment is effected through representatives, their representatives about the amount of remunerations withheld on their account. As far as the payment is made through a representative, the provisions of the present Distribution Rules regarding right holders shall be applied to the representatives as well. FilmJus effects the payment of remunerations within fifteen working days from the receipt of the invoice/statement of withdrawal sent by the right holder after receiving the above notice (hereinafter: "deadline for payment"). The payment is effected by post or by bank transfer, according to the right holder's wish.

2.11. If more persons are claiming for the same amount of remuneration and the right holders do not arrange to negotiate until the distribution of remunerations, FilmJus withholds the amount on a pending account. In this case, FilmJus calls for every claimant or their representatives or any other organisation - that is able to make a statement by reliable means about the right holder's person or the amount of his/her due remuneration - in a written form to make a statement in the given deadline on the role of the affected rightsholder and the amount of remuneration due to him/her.

If it is not possible to determine the right holder's person or the due remuneration after receiving the statements, FilmJus invites the claimants for personal negotiation. If it is not possible or difficult to arrange a personal negotiation at the seat of FilmJus (e.g. in case of foreign right holders), FilmJus calls for the right holders or their representatives in written form to negotiate personally and then inform FilmJus about the result in the given deadline. In the call, FilmJus informs the addressees that if no information is received on the negotiation from the right holders or their representatives or if the negotiation leads to no effect, FilmJus



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determines the person of the entitled right holder and the amount of the due remuneration on the basis of the available data after the expiration of the deadline.

- 2.12. In case the right holder or its representative is unknown or has unknown residency, FilmJus takes those measures that are possible or can be expected from FilmJus in the given situation, in order to find the right holder or its representative to fulfil payments.

FilmJus immediately places these remuneration amounts onto a pending account following the deadline specified in Paragraph 1 of Section 41. of the Act 93 of 2016 on the collective management of authors' rights and related rights (hereinafter: CM Act).

If the right holder doesn't receive the remuneration report - sent to the address that is available for FilmJus - or he/she receives it without informing FilmJus about the necessary data required by FilmJus in order to get the due remunerations, FilmJus shall consider him/her as a right holder with unknown residency and his/her remunerations shall be handled in the way stipulated in the previous Article.

FilmJus entrusts dedicated administrators who try to search for the missing data in the available public state databases, as well as in other available databases and directly contact the persons and organizations etc. in order to identify and find the authors (right holders, successors, producers etc.) who are unknown or have an unknown residency. If the data of a foreign author involved in the distribution are missing, the administrator of international affairs looks for the collective management society of the presumptive country of origin or any other potential collective management society or other international records serving this purpose in order to obtain the data necessary for payment. In the case of already identified creators, FilmJus records the entitled collective management society (or other representative) in a register, and only modifies it if new data is received.

2.13. Limitation

- 2.13.1. The term of limitation on the royalty management procedure of FilmJUS is 3 years. The term begins on 31st December the year following the distribution of the remunerations, regarding the affected collecting period. The present rule should be applied to all types of royalties that have to be distributed according to this regulation, with respect to the exception specified in Art. 2.13.4.
- 2.13.2. Remuneration entitlement of unknown or unlocated right holders automatically lapses after the limitation period specified in point 2.13.1.
- 2.13.3. In a reasonable case, FilmJus and the right holder or his/her representative may agree that the right holder's remuneration entitlement shall lapse earlier than the prescribe in a shorter period than specified in Art. 2.13.1., but after one year the earliest. Further provisions of Article 2.13 must be applied in such cases as well.
- 2.13.4. Should the amount of remuneration on a known and available right holder's account not reach the limit of HUF 5.000, FilmJus is not required to notify the right holder for reasons of uneconomical operation, but the remuneration will be withheld on a pending account. These amounts are excluded from the rules of limitation. The remuneration withheld on the pending bank account according to this Article shall be paid to the right holder as soon as the total amount thereof reaches or exceeds the limit of HUF 5.000, subsequent to remuneration arisen during a further distribution.
- 2.13.5. In case the name or contact details of an unknown or unlocated right holder, or the representative of a foreign right holder become known to FilmJus within the limitation period, the limitation period restarts on 31st December following the year when the remuneration report is sent to the right holder or the representative.
- 2.13.6. FilmJUS on one hand restores the starting amount of the reserve specified in Art. 2.16. using the remuneration lapsed on 31st December of the given year (refill), on the other hand deducts the amount paid to



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the state as EHO (health contribution) based on the paid remunerations to natural person right holders, and thirdly provides approximately 10% of this amount as aid for social purposes to the FilmJus Foundation in accordance with the provisions of Art. 8. FilmJUS shall pay to the legally prescribed organisation doing cultural funding 90% of the unpayable remuneration in accordance with Paragraph 1 of Section 42 of the CM Act, and the rest (10%) will be used as prescribed in Art. 2.14. (distributed). In accordance with transitional provision Paragraph 1 of Section 159. of the CM Act, the present provision will be applied to the remuneration collected in 2016 and later.

- 2.13.7. Issues regarding limitation not regulated in the present Distribution Rules, shall be governed by the provisions of the Hungarian Civil Code.
- 2.14. Following reduction of costs for administration and cultural-social purposes, the lapsed remunerations shall be added (proportionally based on the right holder categories) to the private copying remunerations and cable retransmission remunerations transferred by Artisjus to be distributed in the first distribution following the end of the limitation period.
- 2.15. Should the right holder renounce to its remuneration in writing without naming the new right holder and in compliance with the provisions of the Copyright Act, the amount of the renounced remuneration shall be handled according to Art. 2.14. The renouncement is irrevocable.
- 2.16. FilmJus separates a reserve fund in accordance with Paragraph 1 of Section 42 of the CM Act. The amount of the reserve fund shall be at least 25 000 000 HUF on 1st January every year. FilmJus uses the reserve to cover the approved rightful claims of right holders arisen following the limitation period specified in Art. 2.13.1., and the valid remuneration claims attributable to FilmJus or data providers in accordance with Art. 2.18.8.
- 2.17. If the amount of the reserve fund doesn't reach the amount specified in Art. 2.16. on 31st December the given year, the reserve fund shall be restored by using the amounts specified in Art. 2.13.1. (refill). If all or more of the reserve fund has to be used up for valid remuneration claims and/or rightful claims due to the rules of limitation, the Board of FilmJus shall decide on an extraordinary reallocation of funds to refill the reserve fund, based on the suggestion of the President; the decision shall include the amounts to re-allocated and their sources as well. The extraordinary decision may only include a one-time re-allocation and the President must execute it without delay.
- 2.18. Objection**
- 2.18.1. The right holder may raise objection with respect to the right to remuneration and to the amount of remuneration. Objections shall be addressed in writing to the President of FilmJus or in case the objection refers to the classification of the work, to the President of the Work Committee. Objections shall include exact data regarding the right holder, the work affected by the objection, the type of remuneration (e.g. private copying remuneration) and the respective period of exploitation or the use affected by the objection. The objecting right holder shall prove that the objection is well-founded.
- 2.18.2. Objections regarding the genre classification of an audiovisual work are judged by FilmJus' Work Committee.
- 2.18.3. FilmJus examines the received objections within 90 working days from the receipt, and if the reason of the objection is imputable to FilmJus, FilmJus complies with the objection. The persons being affected by remuneration shall be notified in writing within 15 days from the decision-making, about the result of the examination. In case of objections concerning the work-classification, the President of the Work Committee, in other cases the President of FilmJus informs the concerned ones.



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- 2.18.4. If it is necessary to apply to the right holder, to other person or to other entity, in order to judge or to fulfil the objection, FilmJus suspends the procedure until the inquiry is fulfilled.
- 2.18.5. Objections regarding the remunerations may be raised against FilmJus within the prescription period provided for in Article 2.13.
- 2.18.6. As regards the prescription of the remuneration claims to be raised against FilmJus, the provisions of the Hungarian Civil Code shall be applied to the issues not regulated by the present Distribution Rules. As regards the prescription of remuneration claims to be raised against foreign collective management societies, the provisions of the representation agreement shall be applied. Should the relevant representation agreement concluded with the foreign collective management society not include any provision on the prescription period, the prescription of remuneration claims to be raised against the foreign right management society shall be governed by the respective foreign law applicable to the concerned foreign society.
- 2.18.7. FilmJus shall fulfil the well-founded objection according to the present Distribution Rules effective at the moment of the arising of the remuneration.
- 2.18.8. The reason of the objection is imputable to FilmJus whenever the following requirements are fulfilled jointly:
- a) the right holders and the persons obliged to pay remuneration or to provide data provided full, complete, exact and true data necessary for the distribution and for the payment; if there are more claiming persons, these data shall be agreed by them until the day preceding the closing of the distribution;
 - b) there have been no doubts or questions until the day of distribution with respect to the content and to the interpretation of the data as in subparagraph a) neither between FilmJus and the right holders/obligors, nor between the right holders and the obligors;
 - c) the remuneration subject to the objection has been paid to FilmJus entirely, within the deadline stipulated,
 - d) there have been no legal or technical obstacles of the distribution or of the payment (technical obstacle means affecting the whole database of FilmJus or a substantial part thereof);
 - e) in spite of the joint fulfilment of the conditions provided for in subparagraphs a)-d), FilmJus did not effect the distribution or the payment, or the distribution or payment was not effected pursuant to the present Distribution Rules, or was not effected within the deadline stipulated by the present Distribution Rules.
- 2.18.9. In case of delayed payment and if the delay is imputable to FilmJus pursuant to Art. 2.18.6., the right holder is entitled to receive default interest for the period of the delay. The period of the delay begins on the 30th day from the closing of distribution and it ends on the day before the actual payment. The default interest is equal to the interest rate defined by the Hungarian Civil Code for the case of delayed payment. In other cases, the right holder is not entitled to receive default interest.
- 2.18.10. Well-founded remuneration claims are fulfilled to the debit of the reserve fund separated according to Art. 2.17.
- 2.18.11. The fulfilment of the objection affects exclusively the objecting right holder.
- 2.18.12. The provisions of Art. 2.18. shall not be applied to those remunerations which have not been paid because of lack of information on the person, the representative or on the availability of the right holder and to those remunerations, which the right holder renounced without naming the new right holder.



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3. Distribution of private copying remunerations

- 3.1. The remunerations for private copying are collected by the organisation performing the collective management of rights in literary and musical works, pursuant to the provisions of the Copyright Act. Such collective rights management organisation divides the collected remunerations among the groups of right holders defined by the Copyright Act and by agreements, according to the shares provided for therein. Afterwards, the private copying remunerations due to right holders represented by FilmJus are transferred yearly to FilmJus' account. The received remunerations are distributed by FilmJus according to the following scheme.
- 3.2. In terms of collective rights management performed by the Society, entitled work means the audiovisual work defined by the Copyright Act, regardless of the type of video carrier on which it has been originally recorded. Those audiovisual authors and film producers can be shared from the distributable private copying remunerations, whose film-excerpts are longer than 59 seconds.
- 3.3. The basis of the distribution is the yearly due amount of remunerations transferred by the collecting society and divided among the groups of represented right holders. Such amount is reduced by the deduction rates as provided for in Art. 3.4. The basis of the distribution includes the proportional part of the bank interests incurred the year before the distribution year and those lapsed remunerations placed on a pending account for more than one year without the right holder's person and residency becoming known. The amount of remuneration calculated this way, is distributed according to the programmes of the TV channels monitored by FilmJus during the whole subject year.
- 3.4. FilmJus deducts administration costs (Article 2.7) and benefits for cultural and social purposes (Article 8) – defined by the Board of FilmJus -, from the amount received from the collecting society and it separates a reserve fund according to Art. 2.17.

At the distribution of any further amount, received from the collecting society with long delay (additional collection) for any reason, the retransmission year is determined first and then - based on the distribution data of the affected year – the amount is distributed proportionally between the affected right holders. In case, it is impossible to determine the retransmission year of the additional collection, the received amount shall increase the basis of the next distribution. This rule shall be applied to the right holders stipulated in Article 2.1. g), only if the additional collection at least partly affects the first complete retransmission year, calculated from the date of their registration at the Hungarian Intellectual Property Office. Regarding the former years, the share of cinematographic creators of audiovisual works shall be distributed in 77-23% between the directors and directors of photography.

3.5. Film writers

- 3.5.1. The basis of the distribution is the amount of remunerations as defined in Article 3.3. and 3.4., due to the respective group of right holders. Such amount is distributed according to the programmes of the TV channels monitored by FilmJus during the whole subject year.
- 3.5.2. FilmJus distributes the remunerations due to the right holders on the grounds of the monitoring data, on a work-by-work basis, according to the broadcasts in the subject year, the amount depends on the genre-weighted length of the work (see Annex 1 of the present Distribution Rules). FilmJus pays the remunerations due to foreign right holders on the grounds of the representation agreements concluded with the single national or international collective rights management organisations. FilmJus provides the foreign partner societies with information on the broadcast data. The organisations mark in the informative list those works whose right holders they represent. FilmJus transfers the remunerations falling on these works to the mentioned organisations according to the provisions of the agreements in force by and between them.



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- 3.5.3. In case of magazine programmes, the distribution is made on a work-by-work basis, according to the rules governing the genre of each audiovisual work presented within the programme. Following the distribution, the remaining part of the remunerations is due to the editor of the concerned magazine programme.
- 3.5.4. Should a foreign audiovisual work be dubbed into Hungarian and be broadcast on a monitored TV channel in the subject year, FilmJus distributes the 20 % of the film writers' remuneration to the dubbers/translators of the concerned audiovisual work on the grounds of the broadcast data.
- 3.6. Cinematographic creators of audiovisual works (directors, directors of photography, costume and set designers)**
- 3.6.1.1. The basis of the distribution is the amount of remunerations (increased with further amounts: bank interest, lapsed amounts) transferred by the collecting society, as defined in Articles 3.3. and 3.4., due to the cinematographic creators of audiovisual works. Such amount is distributed between film directors (73,563%), directors of photography (21,973%), and costume and set designers (4,464%), according to the programmes of the TV channels monitored by FilmJus during the whole subject year. Afterwards, the distribution process is the same for all groups of right holders with the below exceptions.
- 3.6.1.2. FilmJus distributes the remunerations due to the right holders on the grounds of the monitoring data, on a work-by-work basis, according to the broadcasts in the subject year, the amount depends on the genre-weighted length of the work (see Annex 1 of the present Distribution Rules). FilmJus pays the remunerations due to foreign right holders on the grounds of the representation agreements concluded with the single national or international collective rights management organisations. FilmJus provides the foreign partner societies with information on the broadcast data. The organisations mark in the informative list those works whose right holders they represent. FilmJus transfers the remunerations falling on these works to the mentioned organisations according to the provisions of the agreements in force by and between them.
- 3.6.2. 20% of the due remuneration for the film director of Hungarian dubbed foreign films broadcast on monitored channels, shall be paid to the dubbing director of the film.
- 3.6.3. In case of magazine programmes, the distribution is made on a work-by-work basis, according to the rules governing the genre of each audiovisual works presented within the programme.
- 3.6.4. Special rules for costume and set designers of audiovisual works**
- 3.6.4.1. The basis of the distribution is the amount of remuneration, as defined in Article 3.6.1, due to this group of right holders. FilmJus distributes this amount on the ground of the monitoring data, according to the broadcasts in the subject year. Considering that these groups of right holders do not have copyright protection in some countries abroad, 7% reserve fund is separated from the distribution basis of this group of right holders, in order to be able to pay the remuneration of those authors, who are resident in the above mentioned countries (where there is no copyright protection). The remaining part of the remuneration is distributed according to Article 3.6.4.2.
- 3.6.4.2. FilmJus distributes the remunerations due to those right holders that have copyright protection in their country of residence, on the grounds of the monitoring data, on a work-by-work basis, according to the broadcasts in the subject year. The amount depends on the genre-weighted length of the work (see Annex 1 of the present Distribution Rules). FilmJus pays the remunerations due to foreign right holders on the grounds of the representation agreements concluded with the single national or international collective rights management organisations. FilmJus provides the foreign partner societies with information on the broadcast data. The organisations mark in the informative list those works whose right holders they represent. FilmJus transfers the remunerations falling on these works to the mentioned organisations according to the provisions of the agreements in force by and between them.
- 3.6.4.3. The distribution between costume and set designers (in case they are different persons) takes place in 50-50%. In case, the work has only costume or only set designer, the right holder shall receive 50% of the



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remuneration, while the remaining 50% shall be added to the distribution basis. As far as magazine programmes are concerned, the distribution is made on a work-by-work basis, according to the rules governing the genre of each audiovisual work presented within the programme (see Annex 1 of the present Distribution Rules).

3.7. Film producers

- 3.7.1. The basis of the distribution is the amount of remunerations as defined in Article 3.3. and 3.4., due to the respective group of right holders. Such amount is distributed according to the programmes of the TV channels monitored by FilmJus during the whole subject year.
- 3.7.2. FilmJus distributes the remunerations due to the right holders on the grounds of the monitoring data, on a work-by-work basis, according to the broadcasts in the subject year, the amount depends on the genre-weighted length of the work (see Annex 1 of the present Distribution Rules). FilmJus pays the remunerations due to foreign right holders on the grounds of the representation agreements concluded with the single national or international collective rights management organisations. FilmJus provides the foreign partner societies with information on the broadcast data. The organisations mark in the informative list those works whose right holders they represent. FilmJus transfers the remunerations falling on these works to the mentioned organisations according to the provisions of the agreements in force by and between them.
- 3.7.3. In case of magazine programmes, the distribution is made on a work-by-work basis, according to the rules governing the genre of the audiovisual works presented within the programme.

4. Distribution of cable retransmission remunerations

- 4.1. According to the Copyright Act, the collection of cable retransmission remunerations is made by the organisation performing the collective administration of rights in literary and musical works. Such collecting organisation distributes the collected remunerations to the group of right holders defined in the Copyright Act and in agreements, according to the shares provided for therein. Afterwards, the cable retransmission remunerations due to the right holders represented by FilmJus are transferred yearly to FilmJus' account. The received remunerations are distributed by FilmJus according to the following scheme:
- 4.2. In terms of collective rights management performed by FilmJus, entitled work means the audiovisual work defined by the Copyright Act, regardless of the type of video carrier on which it has been originally recorded. Audiovisual authors and film producers, whose works exceed 59 seconds, are entitled to receive cable retransmission remuneration distributed by FilmJus.
- 4.3. The basis of the distribution is the yearly due amount of remuneration, transferred by the collecting society and those lapsed remunerations placed on a pending account for more than one year without the right holder's person and residency becoming known. Such amount is reduced by the deduction rates as provided for in the present Article. The basis of the distribution includes the proportional part of the bank interests incurred the year before the distribution year and the remunerations prescribed for the subject group of right holders. FilmJus deducts administration costs (Article 2.7) and benefits for cultural and social purposes (Article 7) - percentages defined by the Board of FilmJus - from the amount received from the collecting society and it separates a reserve fund according to Art. 2.17.
- 4.4. 74,008% of the cinematographic creators' remunerations is due to film directors, 21,106% is due to directors of photography and 3,886% to costume and set designers.
- 4.5. The rules of Article 3.4. (additional remunerations) shall be applied to the distribution rules of cable retransmission remunerations as well.



4.6. The algorithm of the distribution

4.6.1. FilmJus determines the royalty funds falling on each TV channel, based on the received amounts for film writers, cinematographic creators and Hungarian film producers - determined according to Article 4.3. and 4.4 - and according to the number of households connected to each channel. The information on the number of connected households is acquired annually from the society performing the collective administration of rights in literary and musical works.

4.6.2. The distribution of the remunerations due to film writers and cinematographic creators

4.6.2.1. The distribution of the remunerations falling on **monitored TV channels** originating from Hungary is made on the grounds of the broadcast data resulting from the monitoring activity of FilmJus during the whole subject year.

- a) FilmJus distributes and pays the remunerations due to the right holders on the grounds of the monitoring data, on a work-by-work basis, according to the broadcasts in the subject year, the amount depends on the genre-weighted length of the work (see Annex 1 of the present Distribution Rules).
- b) In case of magazine programmes, the distribution is made on a work-by-work basis, according to the rules governing the genre of the audiovisual works presented within the programme.
- c) FilmJus pays the remunerations due to foreign right holders on the grounds of the representation agreements concluded with the single national or international collective rights management organisations. FilmJus provides the foreign partner societies with information on the broadcast data. The organisations mark in the informative list those works whose right holders they represent. FilmJus transfers the remunerations falling on these works to the mentioned organisations according to the provisions of the agreements in force by and between them.

4.6.2.2. The remunerations falling on **non-monitored TV channels** originating from Hungary – determined based on point 4.6.2.6. – is handled on a pending account.

- a) In case the right holder or its representative presents precise data regarding the work broadcast on each TV channel (title, length of the work, TV channel, date and number of broadcasts, role of the right holder) and presents a written and authentic certification of the representative of the TV channel about the communication to the public, FilmJus determines according to point b) the amount of remuneration due to each category of right holders and effects the payment. The remunerations due to foreign rightsholders are paid by FilmJus according to its individual or reciprocal representation agreements concluded with the national or international collecting organizations.
- b) FilmJus determines the amount of remuneration falling on each category of rightsholders the following way: it divides the number of households connected to the certain TV channel with the average number of households connected to the TV channels monitored by FilmJus. Such quotient is then multiplied by the minute fee falling on works broadcast on TV channels monitored by FilmJus, weighing "1" according to Annex no. 1. of the Rules of Distribution, by the number of minutes of the work affected by the remuneration claim, and by the weigh determined by Annex 1. of the Rules of Distribution, adequate with the type of the work. FilmJus determines the amount of remunerations due to directors, directors of photography, screenwriters, costume and set designers and producers from the remuneration falling on one work as described above according to the split of shares applicable among the rightsholders in case of the TV channels monitored by FilmJus.

4.6.2.3. In case of **film writers**, FilmJus splits the remunerations as in Art. 4.6.2.1. and in Art. 4.6.2.2. falling on each foreign audiovisual work in a part due to film writers (80%) and in a part due to dubbers/translators (20%). The 80% is the royalty fund to be distributed among the original, foreign rightsholders; the 20% is due to the



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Hungarian dubbers/translators. The dubbers may receive their due remunerations according to Art 4.6.2.1. and 4.6.2.2.

4.6.2.4. FilmJUS distributes remunerations of film directors in a similar manner, except that to 20% of the due remuneration for the film director of Hungarian dubbed foreign films broadcast on monitored channels, the dubbing director of the film is entitled.

4.6.2.5. FilmJus administers in two different ways the remunerations falling on **TV channels originating from abroad** – determined based on point 4.6.2.6. The distinction depends on whether FilmJus has a representation agreement with the society representing the right holders of a country or not.

a) If FilmJus has concluded a representation agreement with a collective rights management society covering the country of the TV channel and the concerned group of right holders, then FilmJus transfers the remunerations due to the group of right holders covered by the agreement to the partner society. The foreign sister societies receive information about the names of the concerned TV channels retransmitted by cable together with the royalty notification.

b) If FilmJus does not have a representation agreement covering the country of origin of the certain TV channel and the concerned group of right holders, FilmJus proceeds as follows: should FilmJus have a relevant agreement with a national or international collective rights management society (or any other representative body of interest), the percentage of remunerations referred in the agreement is handled separately and the remuneration is transferred to this society, the remaining part is handled on a pending account. In order to pay out the amount on the account, FilmJus proceeds according to Art. 2.12., in case of inefficiency, according to Art. 2.13. the amount is transferred to the distribution fund in Art. 4.3.

4.6.2.6. The classification of each non-monitored TV channels is determined based on sampling the typical content of the given TV channel, in accordance with point i) of 2.1. The remuneration falling on the given channel is calculated by weighting based on the ratio of the entitled and non-entitled works that is specific to the Channel type. The weighting process is reviewed yearly.

4.6.3. Distribution of the cable retransmission remunerations due to Hungarian film producers

4.6.3.1. According to the AGICOA-FilmJus-ARTISJUS contract, ARTISJUS transfers the cable retransmission remunerations due to foreign film producers directly to AGICOA. For this reason, FilmJus distributes the cable retransmission remunerations only for Hungarian film producers.

4.6.3.2. FilmJus distributes the remunerations concerning the monitored and the non-monitored TV channels originating from Hungary pursuant to Article 4.6.2.1 and 4.6.2.2. of the present Distribution Rules.

4.6.3.3. Distribution of the remunerations concerning TV channels originating from abroad

a) According to the AGICOA-FilmJus-ARTISJUS contract, AGICOA informs FilmJus annually until the 30th of May in a written form on all audiovisual works produced – either partly or as on a whole – by Hungarian producers and broadcast on foreign TV channels retransmitted in the previous year in countries outside Hungary being affected by the collection activity of AGICOA. AGICOA shall also indicate the number of broadcasts in the information it provides.

b) 1% of the cable retransmission remunerations due to Hungarian film producers is separated by FilmJus for those Hungarian producers whose works were broadcast on TV channels originating from countries not affected by the collection activity of AGICOA. The Hungarian producers may receive these remunerations according to Article 4.6.2.2.

c) The remuneration remaining after the deduction, stipulated in Article b) is distributed by FilmJus according to the broadcast data provided by AGICOA.



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4.6.3.4. Derogation is allowed from the distribution scheme described in Article 4.6.2. and 4.6.3., on the basis of the authorization of the Board, according to the written agreement concluded with the rightholder or with the collecting organization representing the rightholder. The text of the agreement has to be approved by the Board prior to its conclusion.

5. Remunerations for public performance, for communication to the public and for distribution

5.1. Public performance remunerations, remunerations for communication to the public and for distribution are collected and distributed by FilmJus based on the decree of the competent minister and based on the conditions and amounts of the accepted tariffs, upon decision of the right holders, within the frame of the so-called "voluntary collective administration of rights".

5.2. FilmJus deducts administration costs - percentage defined by the Board of FilmJus annually - from the amount of remunerations collected for the specific audiovisual works.

5.3. FilmJus distributes and pays the collected remunerations to the right holders defined by Annex 2 of the present Distribution Rules, according to the shares thereby indicated.

5.4. Those royalty incomes that do not derive from individual usages, but that are collected due to a continuously broadcast programme service (e.g. programme of a coded TV channel) for a given period, FilmJus – after the deduction of the administration cost, stipulated in Clause 5.2 – distributes them according to the broadcast minutes of the programme and to the genres regulated in Appendix 3 of the present Distribution Rules.

5.5. The rules of Art. 2.13. shall be applied to these types of royalties except that lapsed royalties are added to the royalties of Art. 3 and 4. proportionally by the categories of authors.

6. Administration of the private copying and cable retransmission remunerations received from abroad

6.1. FilmJus deducts administration costs – percentage defined by the Board of FilmJus – from the amount of remunerations received from abroad indicating the right holders and the title.

6.2. FilmJus distributes the cable TV remunerations arriving to FilmJus separated by TV channels and categories of rightholders for the works broadcast on Hungarian TV channels originating from Hungary and retransmitted by cable in foreign countries and which are, monitored by FilmJUS, the following way:

- a) FilmJUS deducts from the remuneration calculated for each category of rightholders the administration costs - percentage defined by the Board of FilmJus - and also separates the reserve fund according to Art. 2.17.
- b) Following this FilmJUS distributes the received cable TV remuneration in the ratio of the cable TV remuneration originating from Hungary concerning the same remuneration year, TV channel and rightholders.
- c) Further on FilmJUS distributes and pays the remuneration to the rightholders according to the general regulations set in Art. 2.

7. Right management concerning rental of audiovisual works

7.1. In accordance with Paragraph 6 of Section 23 of the Hungarian Copyright Act, FilmJUS distributes the remuneration arisen due to leasing films, between the entitled right holders, based on the available data, and if the authorised person collects it and transfers it to FilmJus.

8. The Support Policy of FilmJus

8.1. Taking the opportunities provided by the provisions of Sections 43-45 of the CM Act, FilmJus deducts the following amounts from remunerations.



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- 8.2. For cultural purposes FilmJUS uses an amount determined annually by the Board of FilmJUS, together with the adoption of the economic plan, however this amount cannot exceed 10% of the lapsed remuneration specified in Art. 2.13.1. As aid for social purposes, FilmJUS transfers 10% of the lapsed remuneration specified in Art. 2.13.1 for the FilmJUS Foundation on the day when the amount lapses.
- 8.3. The Board of FilmJus reviews the Support Policy annually.
- 9. Entry into force, miscellaneous**
- 9.1. The present Distribution Rules shall enter into force on the day of approval of the Board and it shall be applied from this day. The present Distribution Rules contains its full, effective text in accordance with the previous amendments.
- 9.2. Amendments to Art. 3.6.2. and 3.6.2.4. adopted on 10 December 2015 shall be applied first to the distribution of the remuneration received for the year 2015.
- 9.3. The rules of the 3 year limitation term (Art. 2.13-17.) shall be applied first on 31 December 2016 to all previous remuneration. The remuneration lapsed on this day shall be used to create the reserve fund specified in Art. 2.16. (which will replace the previous reserve fund). This amount shall also be deducted by the EHO (health contribution) paid in the subject year and by the aid to be transferred to the FilmJUS Foundation. The remaining lapsed remuneration will be added to the remuneration to be distributed in 2017 in accordance with Art. 2.14.
- 9.4. Amendments adopted on 11 May 2017 are to be applied first to the distribution of remuneration year 2016.

Budapest, on the 11th May, 2017

Board of FilmJus