

## **BECS' Policy on Deductions**

**BECS' general policy on deductions from rights revenue and from any income arising from the investment of rights revenue and provision for payment on management fees.**

**The members of BECS have approved adoption of this Policy in General Meeting on 2nd December 2016**

### **Introduction**

BECS applies its mandates to support the collection and distribution of Performers' Remuneration as defined by its Articles of Association.

This policy sets out the basis upon which BECS is authorised to operate and apply deductions from monies received by BECS as investment income under the BECS Investment Policy and in the form of management fees agreed between BECS and third party collective management organisations with a view to such sums being treated as Management Fees available for BECS to operate and provide its services to BECS' members in the capacity of a collective management organisation.

For clarification, this policy shall only apply to Management Fees chargeable by BECS in connection with its activities as a collective management organisation within the scope of Regulations<sup>1</sup>.

This Policy shall not apply for the purposes of any services provided by BECS as a distribution agent. Any fees negotiated by BECS for the provision of services as a distribution agent for monies that do not comprise performers' remuneration shall be a matter for agreement between BECS and the party or parties appointing BECS to provide services in relation to such monies, outside the scope of performers' remuneration.

### **Management Fees**

To enable the operation of BECS, the members have agreed that responsibility for oversight of the preparation and approval of an annual budget covering management fees and reasonable allocations to reserves for the running of BECS shall be delegated to the Board of Management, subject to adherence to this general Policy.

Prior to the commencement of each financial year of the company the Finance Manager of BECS shall submit to the Board of Management a budget to cover the reasonably projected running costs of the company for the year ("the Budget").

The Budget shall include provision for the payment of all reasonable BECS' Management Fees to be incurred by the company during the year covering the collection and distribution of performers' remuneration in accordance with the terms of BECS' membership agreements.

The Board of Management shall be invited to approve the Budget:

- (a) with a view to meeting the objective criteria for BECS to manage its work as a Collective Management Organisation; and

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<sup>1</sup> The Collective Management of Copyright (EU Directive) Regulations 2016 (S.I. 2016 No. 221).

- (b) authorising the basis upon which calls may be made from the Distribution Account operated by BECS to meet the cash flow demands of the Budget.

### **Cash flow and payment of Management Fees**

On a quarterly basis, the Board of Management shall consider and approve the calls that will be required to meet approved budgeted costs of BECS in the next quarter.

Actual costs incurred against the budget will be reported to the Board of Management on a quarterly basis.

Actual costs incurred will also be reflected and confirmed in the audited Directors' Report and Financial Statements of the Company for each financial year and will be made available for the non-executive directors of the board in providing its supervisory function of BECS and for the preparation of the Annual Transparency Report.

### **Deductions from sums due to Members**

All payments due to individual members shall be governed by BECS' Articles of Association, terms of membership agreements, BECS' Distribution Policies and BECS' Investment Policy.

BECS members have agreed that all costs incurred in accordance with the approved Budget shall be borne by BECS members as a charge against:

- (a) any investment income; or
- (b) from management fees negotiated and agreed between BECS and third party collective management organisations from whom BECS receives payments of performers' remuneration provided always that the fees charged by BECS for processing and enabling the payment of performers' remuneration on to individual performers shall have been agreed with the collective management organisation from whom the relevant performers' remuneration was received by BECS.

### **Budget underspends**

If any management fees provided for within an approved budget remain unspent at the end of a financial year, BECS' Members have agreed that the Board of Management shall be authorised to decide whether such budgeted provision shall be allocated to comprise reasonable reserves for the future operation of BECS or whether the unspent provisions shall be retained in the Distribution Account for future allocation in accordance with the terms of relevant Distribution Policies.

### **BECS' members' approval of Management Fees**

All BECS' members and applicants for membership shall be made aware of the terms of this general Policy (as may be amended by agreement of BECS' members from time to time).

New members shall be required to acknowledge and agree to the terms of this Policy being applied for calculation of rights revenue otherwise becoming due to a member of BECS whilst in Membership of BECS.