



Articles of Association

For information purposes only

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TITLE I: GENERAL PROVISIONS

Article 1: Constitution of the Association.

Named ASOCIACIÓN DE GESTIÓN DE DERECHOS INTELECTUALES (AGEDI) a non-commercial and non-profit organisation was established in 1987, under the law in force at the time. The Association is currently governed by that provided in these Articles of Association, by agreements validly adopted by its corporate governance bodies and, in what is not provided, by the Organic Law 1/2002 of 22 March on the Right of Association and additional rules.

Article 2: Territorial scope.

The Association operates within the territory of Spain.

Its scope of action also covers territories abroad through similar nature organizations with which AGEDI had subscribed the relevant unilateral or reciprocal representation agreements.

By virtue of the same type of contracts, AGEDI manages in Spain the rights of foreigner phonographic producers.

Article 3: Subjective scope of the Association.

1. AGEDI brings together the producers of phonograms from any country, regardless of its nationality or place of residence.
2. For the purpose of these Articles of Association the phonogram producer is understood as included in any of the following categories:
 - a) The phonograms and/or music videos producer that, besides, commercialises them.
 - b) The publisher of the phonograms and/or music videos understood as that which exercises the reproduction and distribution rights transferred to by the phonogram producer.

Article 4: Domicile of the Association.

1. The Association shall have registered office in Madrid, calle María de Molina number 39, 6th Floor.
2. The General Assembly shall be the body in charge of deciding the transfer of the registered office.

Article 5: Object and purposes of the Association.

1. The management of the exclusive and the simple remuneration rights that intellectual property law recognises in favour of phonogram producers constitute the object and purposes of the Association, without prejudice of the Management Mandate that rights owners or their representatives enter into with the Association and the legal mandate it has to manage those rights subject to mandatory collective management.
2. For the fulfilment of this object and purposes, the Association shall be able to perform, among others, the following actions:
 - a) The professional representation of its members.
 - b) The acknowledgment, defence and promotion of the rights of the phonogram producers, both nationally and internationally.
 - c) The cooperation with organisations, authorities and public or private bodies, both national and international, in relation with the issues abovementioned and, in particular, with regard to the activities aimed at the establishment,

- amendment and improvement of intellectual property or any other law that may affect phonogram producers, as well as the signature, ratification and implementation by the Spanish State of the International Conventions and Treaties concerning the protection of intellectual property right in general, and, in particular, intellectual property rights of phonogram producers.
- d) The collective management of rights owned by phonogram producers regarding the public communication of their sound recordings and music videos; their reproduction exclusively for, direct or indirect, public communication; and the fair compensation for private copying under Article 25 of Intellectual Property Law, in the terms established by its management mandate.
 - e) The signature of contracts of representation with national or foreign bodies, which aims are the management and collection of the rights abovementioned.
 - f) The promotion, directly or through other associations, of the activities or services referred to in Article 155.1 of the amended text of Intellectual Property Law.
 - g) The enforcement of any civil, criminal, administrative actions or of other nature aimed at the defence of the economic and any other interests of phonogram producers, both nationally and internationally.
 - h) The filing of criminal or other nature complaints to defend the economic and any other interests of phonogram producers, both nationally and internationally.
 - i) The claim through civil, criminal and administrative proceedings, or of any other kind, of the relevant compensations for the redress of the damages suffered by the phonogram producers.
 - j) The representation, protection and defence of general collective and diffuse interests, both economic and of any other type, of the business and professional activity carried out by the phonogram producers.
 - k) The diffusion and promotion of all kinds of music and any essentially musical cultural manifestation.
 - l) The undertaking of any activities that, by decision of its governing bodies, may result in a benefit for its members.
3. Members and the rest of owners, original or derivative, of rights managed by the Association shall be able to sign a Management Mandate with the Association. Agents or representatives of right owners shall also be able to do so but they will have to sign a different mandate for each of the owners they represent. The Management Mandate shall be for a period of three years and shall be tacitly renewed on a yearly basis, unless express waiver that shall be executed with a six months' notice. The Management Mandate shall cover the territory of Spain and the territory of other countries in which operate other collecting societies abroad with which AGEDI has signed unilateral or reciprocal representation agreements.
 4. In no case shall the Association be able to perform its activity out of the scope of the protection of intellectual property rights.

Article 6: Term of the Association.

The term of the Association is unlimited.

TITLE II: MEMBERS

Article 7: Requirements to be a member of the Association.

1. There may be members of the Association the natural persons or legal entities that regularly engage in the phonogram producer activity as defined in Article 3.2 of these Articles of Association, being owners of the rights granted to them by the Intellectual Property Law. Right owners which are not members shall be able to entrust management to the society in similar terms to those of members, and besides the benefits deriving from the Management Mandate, they shall be entitled to request the society the information set by law.
2. Also, there may be members of the Association the natural persons or legal entities assignees with rights of one or more phonogram producers, or that agglutinate, as agents, representatives or managers, the rights of one or more phonogram producers, that are owners of the rights recognised to them by Intellectual Property Law, regardless of whether the referred owners are or not, in turn, members of the Association.

Article 8: Categories of members.

1. Members of the Association shall be included in any of the following categories: full members or non-full members.
2. In the act of admission of a new member, the Board of Directors shall assign the new member the category of non-full member. Eventual changes of category shall be verified according to that provided by the following articles.

Article 9: Non-full Members.

Non-full members must meet the following requirements:

1. To be registered, as appropriate, in the relevant section of the Tax on Economic Activity (Spanish Impuesto de Actividades Económicas).
2. To be the original or derivative or representative of the owner of the rights subject to the management of the Association regarding, at least, one phonogram or music video.
3. To pay the entry fee that has been established from time to time.
4. Not to belong to any other association, whose aims are similar, equal, contrary or that may be in conflict with those of AGEDI, to which they would have transferred the same rights.
5. To be admitted as a non-full member by the Association's Board of Directors.

Article 10: Full Members.

Full members must meet the following requirements:

1. To be registered, as appropriate, in the relevant section of the Tax on Economic Activity (Spanish Impuesto de Actividades Económicas).
2. To have a minimum seniority of four years as a non-full member.
3. To be up to date with payments and other financial contributions that may correspond.
4. Not to belong to any other association, whose aims are similar, equal, contrary or that may be in conflict with those of AGEDI, to which they would have transferred the same rights.
5. They must have received in last 2 years' rights distributions an average over 0.04% of the total revenues distributed by the society.
6. They must be formally acknowledged as a full member by the Board of Directors of the Association, according to that established in the following article.

Article 11: Change of category.

1. When the Board of Directors verifies that a non-full member that complies with the rest of requirements set in previous article has reached a seniority of four years, it shall include an item in the agenda of the following meeting with the formal declaration as a full member. This condition will not be held effective until the date of the Board of Directors' meeting when such condition was acknowledged.
2. If, despite having reached the minimum seniority in the Association, the Board of Directors considered that the relevant member did not comply with any other requirements set in previous article, and particularly with that set in paragraph five, it shall adopt an agreement on that regard in the next ordinary meeting to be held after the four-year term. The member concerned shall be able to appeal against such agreement to the General Assembly, which shall ultimately decide.

Article 12: Loss of the full member status for not reaching the established revenue shares.

If during two consecutive years a full member receives in the distribution of rights' revenues an average lower than 0.04 per cent of the total sum of revenues distributed in such years, the Board of Directors shall decide the return of the member to the non-full member category in the meeting following this circumstance has been observed. However, the member concerned shall be able to request again the Board of Directors its acknowledgment as a full member at the time it surpasses such percentage for two consecutive years starting on 1st January of the year after such category was lost. In this case, it shall be necessary that the member requests the Board of Directors to adopt a new agreement by formally acknowledging the full-member category. This condition will only be held effective from the date of the Board of Directors' meeting when the agreement was adopted, that shall include the item in the agenda of the ordinary meeting following immediately the reception of the relevant request.

Article 13: Exceptional qualification of the President as singular member.

1. The President of the Association's Board of Directors shall acquire automatically and without any other formality or requirement the condition of singular member of the Association, temporarily and exclusively during the time holding the position.
2. As a singular member, the President shall not hold the rights the Articles of Association grant to ordinary members, but he shall exclusively be the holder of the rights and obligations that, by reason of his position, are assigned to him according to Section 3 of Title III of these Articles of Association.

Article 14: Admission Procedure.

1. Phonogram producers wishing to become members shall submit an application to the Association office, providing the information and the necessary documents proving they qualify according to the requirements established in these Articles of Association. Applicants shall provide an electronic mail address, where it would be understood they accept communications and notices the Association needs to submit. They shall also have to declare their knowledge and acceptance of the Association's Articles of Association and the agreements validly adopted by the bodies of the Association.
2. Once the application is examined, the Board of Directors shall be able to require the applicant for membership the provision of additional data or documents.

3. If the Board of Directors refused the application, the applicant shall be able to appeal to the General Assembly, which shall ultimately assess on the fulfilment of requirements for admission.
4. The effectiveness of the admission shall be subject to the signing of the Management Mandate by which the management of the rights referred to in Article 5 paragraph d) of these Articles of Association is entrusted to AGEDI.

Article 15: Rights of the members.

All the members are entitled to:

- a) Attend the General Assembly meeting and take part on its deliberations.
- b) Exercise the right to vote in the General Assembly.
- c) Elect and be elected to be part of the Board of Directors and other bodies of the Association, with the limitation established in article 43 of these Articles of Association.
- d) Benefit from the activities carried out by the Association to fulfil its purposes.
- e) Inform and be informed about the activities of the Association and, in particular, about its economic situation.
- f) Know the persons that compose the corporate governance and representation bodies, and the commissions and working groups in which they take part, as well as their remuneration and other wages.
- g) Upon request, be provided with a copy of the report that is annually prepared by the Board of Directors on the Association's activities, a copy of the general tariffs, of the agreements signed with their repertoire's users or their associations, and with other collecting societies, the agreements of the corporate governance bodies that affect the collection or the distribution of revenues, and to obtain a copy of any amendment to the Articles of Association.
- h) Also, upon written request, examine and review in the registered address of the Association the documents that served as a base for the distribution of revenues that are incumbent on the interested person. The referred application shall state the specific items to be examined.

Article 16: Obligations of the members.

All members are obliged to:

- a) Share the goals of the Association and cooperate in their achievement.
- b) Adhere to, accept and abide these Articles of Association, as well as the agreements validly adopted by the bodies of the Association, preserving in all events their confidentiality.
- c) Integrate in the working commissions for which they would be elected.
- d) Pay promptly the relevant monetary contributions to sustain and develop the activities of the Association.
- e) Provide to the Association the information about their productions necessary or advisable to carry out its purposes, within the deadlines set by the Board of Directors.
- f) Report to the Association the brands or labels they own immediately after their register on the relevant Registry, and request their removal as soon as they cease to own them.
- g) Not to grant licenses or representation mandates, which contravene those conferred by virtue of the Management Mandate and the provisions of these Articles of Association.

- h) Not to agree with third parties, either they are or not AGEDI members, ways to distribute rights' revenues different from those provided by these Articles of Association and statutory rules.
- i) Not to perform any action that could distort the free use of AGEDI's repertoire by users, or cause an unfair preferential use of such repertoire or any other action that can cause an improper, self-serving or fraudulent alteration of the rights' distribution rules.
- j) Not to perform any conduct or behaviour that deteriorates, damages or harms the good name of the Association, its prestige or reputation.
- k) Keep the Association informed about any changes occurring in their corporate name, registered address or electronic address. Notifications from AGEDI to the last reported address or electronic address to this effect shall be considered validly made.

Article 17: Allocation of votes to members for their exercise in the General Assembly.

1. Non-full Members. From the time of their admission, each member shall have one vote.
2. Full Members. From the moment of being acknowledged as full member, each of them shall be entitled to one vote and an additional vote for any complete four-year period of membership in the association. In addition, to these votes shall be added the number of votes resulting from multiplying the total variable votes by the corresponding percentage, calculated with respect to the total amount of rights received by all full members as a group during the previous financial year on public communication and reproduction of their phonograms and music videos, as well as on private copying remuneration. The total number of variable votes, to be distributed among the full members based on that percentage, shall be equal to the number of fix votes multiplied by three. For the purposes of calculating the additional votes of full members, decimal fractions below 0.50 (zero point fifty) shall be ignored, and from this fraction above they will be calculated as for the immediately higher unit.
3. In the case of members that, as agents, representatives or managers, bring together the rights of one or more phonogram producers that are full members, the calculation rule established in the previous paragraph shall be projected separately regarding the percentage of the collection corresponding to each one of the represented members, being applicable the maximum limit of proxy voting fixed by article 34.4 of these Articles of Association. Regardless of that, the agent, representative or manager that is also rights holder and is a full member on its own behalf shall be allocated the percentage of variable vote that correspond by virtue of its status.

Article 18: Group of phonogram producers.

1. If there is a group of phonogram producers, and irrespective of the possibility that each one of the members of the group is a member of the Association, the group shall have the number of votes that corresponds to a single member.
2. For the purpose referred to in the previous paragraph, it shall be considered that there is a group of phonogram producers when one of them holds a majority of the shares of another (one or several), or when it has the power to effectively control the other producer or producers, or when the members of the group are owned or controlled by the same third company.

Article 19: Loss of membership.

1. Membership shall be lost for the following reasons:
 - a) Voluntary separation of the Association, as provided for in these Articles of Association.
 - b) Unanticipated loss of any of the requirements for admission.
 - c) Omission or falseness in the statement made that reveals a lack *ab origine* of any of the requirements needed to become a member.
 - d) Termination of the Management Mandate due to a contract breach.
 - e) Disciplinary separation of the member as member of the Association.
2. The loss of membership for any of the causes aforementioned shall involve, without exception, the loss of all social rights of the member concerned, without prejudice of the right to receive, when appropriate, the outstanding amounts or those to which the member could be entitled to according to the law.
3. The cause referred to in paragraph d) shall require the prior adoption of an agreement of the Board of Directors on the separation of the member concerned. With regards to the other causes what is established in the following articles of these Articles of Association shall apply.

Article 20: Voluntary separation of the Association.

1. Members have the right to withdraw voluntarily from the Association at any time.
2. The voluntary separation of the Association shall by no means involve a member's right to receive a share of the Association's patrimony. It shall neither involve, unless expressly indicated by the outgoing member, the termination or revocation of the mandate that would have been granted to the Association by virtue of the Management Mandate. Any revocation or withdrawal of the rights granted by virtue of such mandate, or of the phonograms and/or music videos object of the mandate, shall be communicated to the society with prior notice of six months, not having, in any case, effect until the end of the current financial year.
3. The voluntary separation shall be expressly communicated to the President of the Association, with immediate effects, without prejudice of the Board of Directors acknowledgment in the meeting immediately after the receipt of such communication.

Article 21: Loss of the Association's membership requirements.

1. In case of unanticipated loss of any of the membership requirements, the Board of Directors shall reliably and formally request the member to correct such irregularity.
2. The member shall automatically lose its status if, within two months following the completion of that request, it fails to correct the irregularity.
3. The two previous paragraphs shall also apply in case of failure to pay the fees or financial contributions that may correspond for supporting and developing the Association's activities, as well as in case of loss of membership due to omission or false statement to achieve membership. Without prejudice of the foregoing, in case of false statement the member may be penalised.

Article 22: Penalties for members.

1. Member's breaches may be minor, serious or severe.
 - a) It shall be considered a minor breach the failure to comply with any of the obligations set in these Articles of Association that is not considered serious or severe.
 - b) It shall be considered a serious breach the failure to comply with the obligations set in items b), d), g) and j) of article 16 of these Articles of Association, as well as the commission of three or more minor breaches in a period of six consecutive months.
 - c) It shall be considered a severe breach the failure to comply with the obligations set in items h) and i) of article 16 of these Articles of Association, the commission of two or more serious breaches in a period of six consecutive months and the conviction or penalty by a final sentence or administrative resolution regarding acts that involve phonogram producer's trademark or intellectual property rights infringements, fraud, deceit or other similar acts that violate the rights of other phonogram producer. It shall also be considered severe breach the failure to pay the entrance fee, or two ordinary fees, or an extraordinary fee, if the non-payment persists once the member has been required to regularise its situation by the deadline set to that purpose.
2. Any of the following penalties may be imposed for a minor breach:
 - a) Written warning.
 - b) Fine of 1,000 to 5,000 Euros.
3. Any of the following penalties may be imposed for a serious breach:
 - a) Fine of 5,001 to 10,000 Euros.
 - b) Privation of the exercise of social rights for a period of time from six months to two years.
 - c) Loss of full member membership for a maximum period of one year. This penalty may also involve the privation of the exercise of social rights for the same period of time.
4. Any of the following penalties may be imposed for a severe breach:
 - a) Loss of full member membership for a maximum period of two years. This penalty may also involve the privation of the exercise of social rights for the same period of time.
 - b) Disciplinary exclusion of the member as member of the Association.
5. The penalties laid down shall be graduated according to the greater or lesser significance of the infringing behaviour.

Article 23: Disciplinary procedure.

1. The application of the penalties provided in previous Article shall require the prior initiation of a disciplinary procedure, in which a member appointed by the Board of Directors shall act as an examiner.
2. The examiner shall collect evidence considered necessary in order to establish the allegedly infringing acts and the allegedly infringing participation of the member.
3. The initiation of the procedure, the designation of the examiner and the facts the alleged offender is charged with shall be noticed to the alleged offender, who shall be entitled to make submissions and propose the collection of appropriate evidences for a better defence of its interests within 15 working days.

4. Once collected, where appropriate, the evidences proposed by the alleged offender, the examiner shall submit to the Board of Directors a resolution proposal on the allegedly infringing behaviour, suggesting, if that is the case, the imposition of a penalty.
5. The Board shall decide, in the light of the proposal made by the examiner, and within a month, on the penalty due to be imposed. The disciplinary act from the Board of Directors shall always be founded.
6. The time of the procedure shall not exceed six months from the appointment of the examiner until the Board of Directors imposes a penalty. The month of August is excluded from that deadline.
7. The power to impose sanctions is incumbent on the Board of Directors, which shall decide by a majority of two-thirds of those present. The penalty shall be immediately enforceable. In the event of the offender being a member of the Board of Directors, it shall not take part in the voting.
8. Notwithstanding the aforementioned provision, the member concerned shall be able to appeal before the General Assembly prior to its next meeting. Penalty shall not be effective until ratified, where appropriate, by such General Assembly meeting. Meanwhile, the disciplined member shall be able to attend the General Assembly but shall be deprived of the rights of active and passive vote.

Article 24: Register of Members.

As a means of stating the members of the Association, and for the guarantee of themselves, third parties and the Association itself, a Register of Members is created that shall state, for each one of them, the date of accession to membership and other circumstances related to such status, including, where appropriate, the penalties imposed.

TITLE III: ASSOCIATION'S BODIES

Article 25: Association's governing and representation bodies.

1. The Association shall be governed by the General Assembly, the Board of Directors and the President, as provided in these Articles of Association.
2. Eventually, and in accordance with the provisions of the Articles of Association, the Association may have a Manager.

Article 26: Other bodies.

1. The General Assembly shall appoint a Complaints and Claims Committee composed of five full members. Article 73 of these Articles of Association shall apply for operation and procedure of the Committee.
2. The General Assembly may approve, at the Board of Directors' proposal, the establishment of other bodies for a smoother running of the Association.

SECTION 1: GENERAL ASSEMBLY

Article 27: Composition of the General Assembly.

1. The General Assembly, the supreme body of deliberation and decision of the Association, is made up of all its members.
2. The Manager of the Association shall be able to attend the meetings of the General Assemblies, with the right to speak in debate but without a vote.

Article 28: Powers of the General Assembly.

It is incumbent on the General Assembly:

1. To amend the Articles of Association.
2. To approve, as appropriate, and to modify the Internal Rules.
3. To appoint and revoke vocals of the Board of Directors, as well as approving their remuneration and other benefits, in cash, in kind, pensions, subsidies, premium grants and indemnities where appropriate.
4. To monitor and supervise the management of the Board of Directors.
5. To approve balance sheets and accounts.
6. To resolve appeals submitted against the refusal of admission decisions and change of status of members.
7. To resolve appeals submitted against penalties imposed by the Board of Directors. In the case of appeals made against the penalty of exclusion of a member, all members of the Association shall have equal vote.
8. To approve Rules of Procedure by which guidelines or general criteria of distribution of revenues are established, as well as special distribution rules and methods and means to gather information on the level of use of the phonograms or music videos by users, all that according to that provided in article 59 of these Articles of Association.
9. To agree, on a yearly basis, the minimum percentages of amounts collected and unclaimed that shall be allocated to each of the purposes set in article 60 of Articles of Association hereby, which in no case, except for that provided by item d) of the referred article, shall be lower than 15 per cent for each concept.
10. To decide the dissolution of the Association as provided in these Articles of Association.
11. To join one or more national or international associations, with similar purposes, and withdraw from their membership.
12. To acquire, alienate and encumber real property.
13. To appoint the members of the Complaints and Claims Committee, according to that established in article 26.1 of Articles of Association hereby.
14. To exercise the powers expressly assigned to them by these Articles of Association.

The powers contained in paragraphs 3, 4 and 5 shall be the exclusive competence of the Ordinary General Assembly.

Article 29: Types of General Assemblies.

The General Assemblies may be ordinary and extraordinary.

Article 30: Ordinary General Assembly.

1. The Ordinary General Assembly shall mandatorily meet once a year, within the first six months following the close of the financial year, for approving, where appropriate, the social accounts.
2. The Ordinary General Assembly shall proceed to the appointment of members of the Board of Directors.

Article 31: Extraordinary General Assembly.

Any other meetings of the General Assembly different than those provided in previous article shall be considered extraordinary.

Article 32: Convening of the General Assembly.

1. The call for all General Assemblies shall be made by the President of the Association, through registered letter sent at least ten days in advance to the date set, stating the place and time of the venue, in first or second call, as well as the agenda.
2. The lapse between the first and the second call shall not exceed thirty minutes.
3. The call for the Ordinary General Assembly shall be made prior agreement of the Board of Directors.
4. The call for an Extraordinary General Assembly shall be made prior agreement of the Board of Directors or at the request of a number of members holding a minimum of a third of the votes.
5. The request referred to in previous paragraph shall be addressed to the President of the Association, together with a proposed agenda.

Article 33: Valid Constitution of the General Assembly.

1. To be validly constituted, the General Assembly, both ordinary and extraordinary, shall need the presence on first call of a minimum of two-thirds of the members. On second call, the General Assembly shall be validly constituted regardless of the number of members present.
2. Are exempted from that provided in previous paragraph the meetings of the General Assembly which agenda includes the amendment of the Articles of Association or the dissolution of the Association, for which the attendance of two-thirds of the total votes of the Association is necessary, on both first and second call.

Article 34: Adoption of agreements.

1. The agreements shall be made by a simple majority of votes.
2. Notwithstanding the provisions of previous paragraph, the agreements related to the amendment of the Articles of Association or the dissolution of the Association shall need to be validly adopted a majority of two-thirds of the votes present or represented.
3. The right to vote shall not be exercised by members that, not being up to date with their payment obligations, have been deprived from their social rights as a consequence of the relevant penalty.
4. Delegation or representation in the exercise of right to vote is accepted, provided that it is in writing. However, no member may represent more than 4% of the overall number of members.
5. No agreement shall be adopted on issues not scheduled on the agenda.

Article 35: Voting system.

Voting shall always be direct and secret.

Article 36: President of the General Assembly.

1. The President of the Association shall be the President of the General Assembly.
2. In case of absence or inability of the latter, the Board shall elect the President of the General Assembly among the members of the Association.

Article 37: Secretary of the General Assembly.

The Manager of the Association shall perform as Secretary of the Assembly and, in his absence, the Lawyer of the Association appointed by the President of the Assembly shall do.

Article 38: List of attendees.

Before opening the agenda, the Secretary of the General Assembly shall prepare the list of attendees, stating the nature and representation of each one, as well as the number of votes held by any member attending or represented.

Article 39: Minutes of the General Assembly.

1. The Secretary of the General Assembly shall take the minutes of the meeting, which may be approved immediately after or as the first item of the following meeting's agenda.
2. A copy of the minutes shall be sent to the members of the Association before thirty days after the Assembly was held and minutes approved.

Article 40: Certificates of the agreements adopted.

1. The certificates of the agreements shall be issued by the Manager, with the approval of the President of the Association.
2. In the lack of a Manager, the certificates shall be issued by the President.

SECTION 2: THE BOARD OF DIRECTORS

Article 41: Duties of the Board of Directors.

1. The Board is the executive body of the Association.
2. It is incumbent on the Board the management and governance of the Association.

Article 42: Powers of the Board.

It is incumbent on the Board of Directors:

1. To exercise the powers the General Assembly delegates to it.
2. To take general initiatives and make proposals to the General Assembly.
3. To convene the General Assemblies and prepare their agendas, except for the case provided for in Article 31.
4. To decide on admissions and changes in the status of members.
5. To decide on penalties against members, without prejudice of that provided for in Article 23.8 of these Articles of Association.
6. To establish the sum of the Association's entrance fees, as well as other financial contributions, both ordinary and extraordinary.
7. To appoint the President and, where appropriate and at the President's proposal, the Manager and advisors that he deems adequate.
8. To ensure the fulfilment of the agreements adopted by the General Assembly.
9. To submit balance sheets and settlements of accounts for their approval by the General Assembly.
10. To adopt resolutions related to the filing of all appeals and actions before any agency or jurisdiction, as well as to abandon them, to confer powers of attorney as appropriate, to engage in arbitration or compromise a matter in dispute.
The powers mentioned in this paragraph belong likewise, and indistinctly, to the President of the Association.
11. To adopt resolutions related to the acquisition and disposition of assets, as provided in the budgets.
12. To grant and revoke powers of attorney that may be deemed necessary for the best performance of the Association's activities. However, in what refers to the powers of attorneys for lawsuits the provisions of paragraph 10 of this Article shall apply.

13. To approve the Rights' Distribution percentages, or other possible metrics aimed at calculating the allocations corresponding to each member, as well as the procedure and methodology to make those allocations effective, according to that provided for in article 59 of these Articles of Association and following the guidelines and criteria, general and special, fixed by the Distribution Rules approved by the General Assembly.
14. To approve the management mandate referred to in Article 5.3 and 14.4 of these Articles of Association, and its relevant amendments.
15. To approve the annual budget of collection and distribution of managed rights' revenues and of income and expenses of the Association, prior to the commencement of the financial year of reference. The Board of Directors shall make available to the members of the society at their registered address, the proposed budget with prior notice of at least a fortnight regarding the date of the meeting where the proposal shall be submitted for approval.
16. To exercise the powers expressly conferred to it by these Articles of Association, as well as other of similar nature not attributed to any other body of the Association.

Article 43: Composition of the Board.

1. The Board, except for that provided in next paragraph, shall be composed by a maximum of six members elected by the General Assembly, besides the President. Members investees in a percentage of 51 per cent or over by a company or society which is a regular user of AGEDI's repertoire, or which administration or direction is in hands of a regular user of AGEDI's repertoire, may not be eligible to be part of the Board of Directors, provided that, in one case or the other, such user is Spanish national or is established in Spain.
2. Among the members of the Board, at least one of them shall belong to the group of producers placed in the lower half of the table of rights' revenues distributed by the Association during the preceding year.
3. Eligible candidates may be submitted in writing or orally until the very time of the election.

Article 44: Acceptance and take of the position.

1. Members elected to compose the Board shall accept the position during the General Assembly meeting in which they were elected.
2. Once accepted, the members of the Board shall take up their posts immediately.

Article 45: Duration of the position.

1. The appointment as a member of the Board of Directors of the Association shall be for a period of four years.
2. When the abovementioned period expires, the member of the Board may be re-elected for successive periods of identical duration.

Article 46: Meetings of the Board.

1. The Board of Directors shall meet at least once every two months, upon prior call from the President.
2. Besides the provisions of previous paragraph, the Board shall meet whenever convened by the President, at its own request or at the request of one-third of its members.

Article 47: Attendance to the meetings of the Board.

1. Attendance to the meetings of the Board is mandatory for all its members.
2. The status of member of the Board shall be lost automatically due to the absence, if considered unjustified by the Board, in three consecutive meetings.

Article 48: Valid constitution of the Board.

The Board shall be validly constituted with the attendance of a majority of its members.

Article 49: Adoption of resolutions by the Board.

1. The Board shall adopt its agreements on an attending members' absolute majority basis.
2. No agreement shall be adopted on issues not scheduled on the agenda.

Article 50: Voting Regime.

1. For the adoption of agreements by the Board, each member, including the President, shall have one vote.
2. In the event of a tie, the President shall have the casting vote.

SECTION 3: THE PRESIDENT

Article 51: Appointment of the President.

1. The President of the Association shall be appointed by the Board.
2. The President of the Association shall also be the President of the Board.
3. The President shall not be linked to any music production company, whether it is member of the Association or not.

Article 52: Powers of the President.

It is incumbent on the President:

1. To convene the General Assembly meetings, as provided for in these Articles of Association, to preside them and to lead their discussions.
2. To convene and chair the Board meetings.
3. To legally represent the Association.
4. To adopt agreements regarding the filing of all kind of appeals and actions before any agency or body and to abandon them, as well as to grant powers of attorney for litigation and engage in arbitration or compromise any legal disputes, as provided for in paragraph 10 of Article 42 of these Articles of Association.
5. To manage and to monitor the economic resources of the Association.
6. To implement the resolutions of the Board and the General Assembly.
7. In case of vacancy of the Manager's position, to perform his tasks as entrusted by these Articles of Association.

Article 53: Duration of the position.

1. The position of President shall be effective for four years. After that period, the President may be appointed again for successive periods of identical duration.
2. The relevant agreement may be adopted four months in advance.

SECTION 4: THE MANAGER

Article 54: Duties of the Manager.

1. The Manager, under the supervision of the President, shall be responsible for the daily operation of the office of the Association, shall keep the corporate books and documents, shall draw the minutes of both the General Assembly and the Board meetings and shall maintain the coordination between the various working commissions appointed by the Board.
2. In addition, the Manager may perform, by delegation or appointment from the President, other tasks acknowledged to the latter.

Article 55: Appointment of the Manager.

The Manager, appointed in the way provided for in these Articles of Association, shall not be linked to any music production company, whether it is a member of the Association or not.

Article 56: Duration of the position.

The Manager shall be appointed for the period of time remaining until the termination of the President's mandate, without prejudice of its possible extension.

TITLE IV: ECONOMIC, ACCOUNTING AND DOCUMENTARY REGIME

Article 57: Initial assets of the Association.

The initial patrimony amounts to six thousand Euros.

Article 58: Financial resources of the Association.

To fulfil its objectives, the Association shall have the following financial resources:

1. Entrance and ordinary fees and financial contributions from members of the Association, as well as the extraordinary or additional contributions that might be eventually established.
2. Donations and legacies received in favour of the Association.
3. Subsidies which it may be granted.
4. Income coming from assets or securities.
5. Revenues coming from the provision of services to third parties or from any other activity which is developed in the fulfilment of its goals.
6. Compensations granted in favour of the Association.

Article 59: Distribution of rights' revenues.

The share of rights holders in the distribution of rights' revenues collected shall be fixed in proportion to the use of their phonograms and music videos, according to the following rights' distribution system:

1. The amounts due to be distributed shall be determined by the amounts paid by users less any amounts that, according to law, must be allocated to the financing of certain activities, the reserve funds that are, where relevant, approved to face potential claims, and the management costs related to each modality of rights to be distributed.
2. The rights distributed must be allocated, as far as it is possible and economically feasible, on a recording basis (phonogram or music video), on the basis of the real usage of such recordings.

3. Therefore, all efforts shall be made to obtain accurate and detailed information on the level of use by phonograms and music videos' users, resorting to the following sources:
 - Statements from the users.
 - Information provided by companies specialising in the identification of broadcasts by means of the use of digital fingerprinting or similar technologies.
 - Statements from companies providers of background music services.
 - Statistical analysis from its own services or from third parties.

In case the above is not possible, the Board of Directors shall approve the appropriate method that allows to draw near, in the most appropriate manner, to real usage (recorded music market share; information on usage from a different users' sector, as far as a reasonable relationship exists among both sectors; a combination of different information sources, etc.).

4. As far as possible and economically feasible, the amount collected from a particular user shall be distributed among the recordings used by such user in the relevant period. For users which level of payments does not merit to have available such individual information, the usage of a similar users' group may be considered, following statistical criteria set by a third party expert.
5. Phonogram producers shall be responsible for communicating in due time to AGEDI the accurate and complete information on the recordings which rights, to the purposes of the society's management, they hold, stating beside the percentage, period and territory(ies) for which they hold the rights.
6. Criteria for the allocation of rights to used recordings:
 - Insofar as it technically and economically reasonable, the allocation of amounts corresponding to each recording used shall be made according to the time of use of each recording regarding the total time of use in the relevant period. However, while this is not possible, the distribution shall be based in the number of times where each recording has been used but, in any case, the usages must be weighed downwards when their length is less than a number of seconds, to be determined by the Board of Directors.
 - If there exist objective reasons to do so, other weighing elements may be taken into account, as the broadcast during the night.
 - A special treatment may be given to the purposes of the rights' distribution to certain sound recordings or music videos, on the basis of their non commercial nature, the nature of the objects reproduced within, as well as any other aspect objectively reasonable that advises such special treatment. Thus, when the recordings would have been produced with the main purpose different from sale or distribution to final users, it is justified the application of a reduction coefficient when allocating the corresponding rights. Such coefficient shall be approved by the Board of Directors.

The General Assembly shall approve the Distribution Rules with the aim of developing the general guidelines and criteria to distribute collected rights. The Distribution Rules shall also build on the methods and means appropriate for obtaining the detailed information on the level of usage of phonograms and music videos by user of the activity.

It shall fall on the Board of Directors to approve, with an overall and indefinite scope, the percentages or parameters that will serve to calculate the allocations

corresponding to each rights holder, resulting from applying that provided for in this article, in the Distribution Rules and in specific procedures approved for each type of distribution, as well as the procedure and methodology to make such allocations effective.

Article 60: Prescription of revenues collected.

In general, the prescription regime for rights' revenues collected is five years starting on 1st January of the year following the moment the revenues are made available to the rights holder so that it can cash the payment.

The prescription regime of revenues collected pending allocation when, after the distribution procedure no rights holder, sound recording or music video would have been identified, is five years starting from 1st January of the year following collection.

The amounts to be distributed to holders of rights managed by AGEDI that have not been claimed by their beneficiaries, once the lapse period established in these Articles of Association has expired, shall be aimed at the following purposes:

- To conduct welfare activities in favour of members of the society and/or education and promotion activities of authors and artists and performing artists.
- To promote the legal offer of phonograms and music videos.
- To increase the distribution among the rest of members.
- To finance the one-stop shop for payment turnover, together with the rest of collecting societies authorised in Spain.

Article 61: Financial year.

1. The financial year shall coincide with the calendar year.
2. At the end of each financial year, the President shall submit to the Board of Directors the balance and the closing of accounts for approval, where appropriate, by the ordinary General Assembly.

Article 62: Accounting of the Association.

1. The Association shall keep the accounting in compliance with the provisions of accounting regulations in force referred to non-profit organisations.
2. The Association shall keep the accounting books required by applicable accounting regulations.
3. The Association shall prepare an Annual Accounts Report to include, at least, the details provided in article 156.2 of Intellectual Property Law.

Article 63: Audit of accounts of the Association and approval of annual accounts.

1. The accounts of the Association shall be audited annually by an external audit firm. Auditors must be appointed by the General Assembly before the end of the audit year, and this appointment must be kept for a minimum of three years and a maximum of ten.

If the General Assembly would not have proceeded to appoint an auditor, or the latter would not have accepted it or would not be able to fulfil the task, the Board of Directors shall request the relevant Mercantile Register the appointment of auditors, without prejudice of any member of the society being able to request it to the same Mercantile Register.

2. The Board of Directors shall prepare the accounts within the first three months following the close of each financial year, making them available to the members of the society together with the audit report in the places and in due time according to Law. The General Assembly must approve the accounts within six months since the close of each financial year.

Article 64: Documentary Regime of the Association.

The documentary regime of the Association shall consist of the Register of Members, the Books of Accounts required by applicable law and the Book of Minutes.

TITLE V: CAUSES OF DISSOLUTION AND DESTINATION OF THE REMAINING PATRIMONY

Article 65: Causes of dissolution of the Association.

The Association shall be dissolved due to the following reasons:

- 1st By agreement of the General Assembly of the Association, as provided in these Articles of Association.
- 2nd For the reasons set out in Article 39 of the Spanish Civil Code.
- 3rd Following a final judgment.

Article 66: Association's Liquidation Commission.

1. In case of dissolution, the General Assembly shall appoint a Liquidation Commission.
2. It is incumbent on the Liquidation Commission:

- To ensure the integrity of the patrimony of the Association.
- To conclude the outstanding operations and to carry out new actions necessary for the liquidation process.
- To collect the credits owed to the Association.
- To liquidate the patrimony and pay the creditors. Such patrimony could not be distributed among the members in any case.

Article 67: Association's Insolvency Proceedings.

In the event of insolvency of the Association, the representative body or, where appropriate, the liquidators shall have to file immediately the relevant insolvency proceedings before the competent judge.

Article 68: Legal personality of the Association.

The association shall retain its legal personality until the end of the liquidation period.

Article 69: Destination of the remaining patrimony.

The Liquidation Commission shall decide on the destination of the remaining patrimony, provided there is any. Such destination shall not distort the non-profit nature of the entity.

TITLE VI: INTERPRETATION OF THE ARTICLES OF ASSOCIATION AND ARBITRATION AND COMPLAINTS AND CLAIMS PROCEDURE

Article 70: Interpretation of the Articles of Association.

The interpretation of these Articles of Association and the resolutions adopted by the bodies of the Association falls in the first instance on the Board of Directors and ultimately on the General Assembly.

Article 71: Arbitration in law.

In case of disagreement concerning the interpretation or application of these Articles of Association, or any resolution adopted by a body of the Association, the member or members in disagreement and the Association hereby agree to submit the resolution dispute to arbitration, which shall be ruled by the provisions of Law 60/2003 of 23rd December on Arbitration, and, where appropriate, by the internal arbitration rules set out in the following Article.

Article 72: Rules of arbitration.

The Board shall be able to develop Arbitration Rules, which approval shall fall on the General Assembly.

Article 73: Complaints and claims procedure.

1. Both AGEDI members and all rights holders that not being members have entrusted the society with the management of their rights, and even those that hold types of rights managed by AGEDI even if the management has not been entrusted to the society, shall have the right to make claims and complaints regarding whatever matters related to the society's activities, and in particular the conditions to acquire or lose membership, whatever aspects related to the management mandate, in particular the authorisation to manage rights and its reversal or withdrawal; and the collection and distribution of rights' revenues, included the deductions or administration fees applied by the society.
2. Complaints and claims shall be resolved by a Complaints and Claims Committee appointed by the General Assembly, composed of five full-members, which sole duty shall be dealing with and settling complaints and claims filed. The resolutions of such Committee shall neither have binding force or interfere with any other internal procedure being handled by the society. They shall adopt the form of recommendation, when appropriate, of relief or improvement measures and shall be addressed to the body or service to which the complaint or claim is related, so that it can amend its action or adapt its future operation according to the recommended measures. The answers to complaints filed shall be made in writing and, in case of refusing the claim, it shall be a reasoned reply.
3. The General Assembly shall approve the Complaints and Claims Rules in order to develop the procedure by which complaints and claims shall be dealt with and resolved. Such procedure shall involve the steps of presentation, correction, reception, examination and resolution. The regular length of the procedure shall be thirty days for the process and ten days for the resolution, with the possibility of an extension of half the deadline in each of the phases respectively, insofar as objective duly justified reasons concur.

TRANSITIONAL MEASURES

Transitional measure one [for the drafting of the Articles of Association approved by the General Assembly of the Association held on 22nd April 2015].

1. The members of the Board of Directors currently in their mandate in the moment of coming into force the drafting of Articles of Association approved by the General Assembly held on 22nd April 2015, shall continue in their position until the termination of their mandate, which shall occur according to the statutory length provided in the time of being elected. In case of re-election for a new mandate, the regime of duration in the position provided in article 45.1 of these Articles of Association shall apply.
2. The President of the Association currently in its mandate in the moment of coming into force the drafting of Articles of Association approved by the General Assembly held on 22nd April 2015, shall continue in its position until the termination of its mandate, which shall occur according to the statutory length provided in the time of being elected. In case of re-election for a new mandate, the regime of duration in the position provided in article 53.1 of these Articles of Association shall apply.

