



DISTRIBUTION RULE

1. Definitions and Interpretation

“**Publisher**” means a person or entity that owns or controls copyright in a musical work by assignment or exclusive grant.

“**Administrator**” means a person or entity appointed solely to administer publishing rights without ownership of copyright.

1. Division into Pools

Performing royalties collected within a fiscal year are categorized into the following pools:
Broadcasting, General Licenses, Commercial Spaces, Hospitality and Night life, Restaurants & cafes, Commercial Banquets and small Auditorium, Events & venues, Service oriented Premises, Travelling & waiting areas, Transportation.

Major concerts and special events are assigned unique codes for tracking purposes.

2. Frequency of Distribution

Royalties are distributed quarterly in March, June, September, and December. Additional interim or supplementary distributions may also be conducted if necessary.

3. Distribution Timeline

ACPOSL distributes performing royalties in four phases each calendar year

- Royalties collected between December of the previous year and Feb of the current year are distributed in March
- Royalties collected from March to May of the current year are distributed in June
- Royalties collected from June to Aug of the year are distributed in Sept
- Royalties collected from Sept to Nov of the year are distributed in Dec

Payments to foreign collecting societies are made according to reciprocal agreements between ACPOSL and its affiliated organizations.

Subject to reciprocal agreements, ACPOSL shall remit royalties to affiliated societies as soon as reasonably practicable, and in any event no later than twelve (12) months from the end of the relevant distribution year.

4. Minimum Payment Thresholds

To minimize administrative costs, ACPOSL will withhold distribution if:

- The total amount due to an ACPOSL member is less than LKR 1,000.00
- The amount due to a sister society is less than LKR 5,000.00

However, once the accumulated total surpasses these thresholds, payment will be made in the next eligible distribution cycle.

5. Distribution Code System

Each distribution is assigned a unique four-character alphanumeric code:

- The first letter identifies the royalty type:
 - “LP” = Local performing royalties
 - “OP” = Overseas performing royalties
- The next two digits indicate the collection year
- The final digit represents the distribution sequence number for that year

Example:

LP251 indicates the first distribution of local performing royalties collected from December of the previous year to Feb of the current year.

6. Calculation of Net Distributable Royalties

The total amount of royalties to be distributed is calculated as follows:

Total Royalties Collected in a Fiscal Year.
 Less - Total administrative costs (pro rated over each pool)
 Less - Taxes and provisions of reserves if any
 Less / Add - Adjustments if any
 Equal = Net Distributable Royalties

No member of the Board or management shall participate in decisions relating to distributions in which they have a direct personal interest.

Administrative deductions shall be applied in accordance with Board-approved budgets, shall be reasonable and proportionate, and shall not discriminate between repertoires, members, or publishers.

7. Special Allocations

7.1 Unlogged Performance Allocation (UPA)

The Unlogged Performance Allocation (UPA) is intended to compensate for performances that could not be logged during royalty analysis, typically due to sampling limitations or other procedural factors. This allocation applies to both local (ACPOSL) members and overseas members.

Any Unlogged Performance Allocation (UPA) determined by the Board shall be based on objective criteria, applied uniformly, and shall be reviewed periodically to ensure fairness and proportionality.

a) ACPOSL Members

- The UPA amount for local members is determined by the Board of Directors and currently set at LKR 500 per participating member.
- A participating member is defined as a person who:
 - Was admitted as an ACPOSL member on or before the relevant Distribution Year, and
 - Received royalties for performances during that period.
 - If a member has not yet received performance royalties, the UPA will apply in the year they first qualify for royalty payments.

- A member who has not earned any performance royalties (excluding UPA) for three consecutive years from the last royalty payment will become ineligible for UPA.
 - However, once the member resumes earning royalties, UPA eligibility will be reinstated in that year.

All Board-determined allocations, reserves, or adjustments shall be applied in a non-discriminatory manner and shall not favor any category of members, individual members, or repertoires.

b) Overseas Members

- The UPA for overseas members is calculated using a proportional ratio.
- This ratio compares the total royalties distributed to ACPOSL members against the total royalties paid to overseas societies in the preceding performance year.
- The resulting UPA (Overseas) figure reflects this proportion and is applied accordingly for the current Distribution Year.
- The UPA amount for overseas societies is calculated using the previously mentioned UPA (Overseas) ratio.
- This total amount is then allocated to all overseas societies as a lump sum, which is pro-rated based on each society's performing royalties income for the relevant Distribution Year.
- Please note: Works belonging to non-members, the public domain, or those under dispute are excluded from the UPA ratio calculation.

8. Program Returns

ACPOSL collects music usage data (program returns) from various licensed users, including:

- Broadcasters
- General licensees
- Live concert organizers
- Airlines
- Advertising and retail outlets
- Entertainment venues
- Cinemas
- Hotels etc

These program returns are analyzed during the distribution process, based on the frequency and accuracy of reporting from these sources.

9. Division of Fees

9.1 Works Originating from ACPOSL Repertoire

- The distribution of performing royalties to rights holders will follow the allocation schedule outlined in Section 8.
- These allocations may be modified by written agreement between the interested parties. The distribution of royalties shall be made strictly in accordance with the ownership shares declared and registered for each work, as agreed contractually between the relevant rights holders.
- If a composer or lyricist is not a member, their portion will be credited to the Non-Member Escrow account.
- In cases of uncertainty as to whether the original or a localized version of a work was performed, the CISAC Amalfi Resolution will apply:
 - Composer: 25%
 - Author: 16.7%
 - Sub-author: 8.3%
 - Publisher: 50%

9.2 Works Originating from the Repertoire of Other Societies

- For works licensed from other societies, ACPOSL will apply share divisions based on the information and terms provided by the originating society, as long as these are aligned with CISAC recommendations.

9.3 ACPOSL-Originated Works Sub-Published Abroad

- Where a contract between the original publisher and writer(s) specifies a fixed publisher's share, that portion alone will be distributed according to the terms of the sub-publication agreement.
- Where the original contract does not specify a division and no ownership declaration is provided, distribution shall be made in accordance with applicable CISAC recommendations or reciprocal society rules.
- If a sub-author or translator is involved, they will receive 8.3%, deducted from the author/composer's share subject to the original rights owners' approval.
 - Should the publisher wish to pay more than 8.3% to the sub-author/translator, any excess must come from the publisher's share.

9.4 Foreign-Originated Works

a) Works with a Non-Member Publisher

- If a publisher is not a member of ACPOSL, their allocated share will be divided equally between the composer and the author.

b) Works with a Non-Member Writer

- If a composer or author is not a member, their share will be remitted to the society of the original publisher.
- If the work is unpublished, the non-member writer's share will be paid to the society of any co-writer, if one exists

9.5 Publishing Administrator

Where publishing rights are administered by a publishing administrator without ownership or assignment of copyright, such administrator shall not be entitled to any independent share of royalties under these Distribution Rules.

Any allocation of the publisher's share shall be made solely in accordance with the declared ownership shares of the relevant rights owner(s)

Any payment made to a publishing administrator shall be made strictly in an administrative or agency capacity on behalf of the rights owner, and any commission, fee, or remuneration payable to such administrator shall be a matter of private agreement between the administrator and the rights owner and shall not affect the calculation or allocation of royalties by ACPOSL.

10. Arrangement of Works

10.1 Arrangements of Copyrighted Works

- An arranger is entitled to a share of 8.3%, which is deducted from the author/composer's share, provided that written approval from the original copyright owners has been obtained.
- If the publisher chooses to pay the arranger more than 8.3%, any excess must be paid from the publisher's share, not the author/composer's.

10.2 Arrangements of Public Domain (Non-Copyright) Works

- An arranger of a non-copyright (public domain) work is entitled to receive a full distribution share, as the entire creative contribution is considered original.

11. Music Classification

This section defines the categories of musical works and types of usage for the purposes of works registration and royalty distribution

11.1 Featured Work

- Serious Music (WS):
All serious music performed live in concert or broadcast on radio.
- Pop Music (WP):
All other featured music not classified as serious music, performed in concert or broadcast by general licensees on radio.

11.2 Program Music

Music used in films, TV, or radio programs is categorized as follows:

- Title Music (FTM):
Music played at the beginning and/or end of a radio or TV program, or each episode in a series or film.
- Visual Music (FVM):
Music audible to characters within the scene portrayed on screen.
- Background Music (FBM):
Music heard by the audience as accompaniment to a scene, but not audible to characters within it. This category also includes usage by general licensees.
- Signature Tune (ST):
Music used on radio and TV to identify or set the mood for a program or series, played before and after commercial breaks. On radio, it is found at the beginning or end of non-music programs such as traffic updates, financial reports, weather forecasts, and news.
- Commercial Jingle (CJ):
A short musical piece performed on radio or TV to advertise a product or promote an event.
- Trademark/Emblem/Logo (TM):
A short musical segment played at the start or end of a film or TV program that promotes the producer or distributor, without specifically relating to the content.
- Station Identification Music (SI):
A brief musical piece on radio or TV used to identify and promote a specific broadcasting station or channel.
- Interval Music (IM):
Music aired on TV during voluntary or involuntary transmission breaks, such as music videos, which is not part of the advertised program.
- Program Identification Music (PI):
Music played on TV at the end of a transmission break, not part of the advertised program but used to introduce the upcoming program

12. Special Accounts

At each distribution, royalties payable to certain works or interested parties may be held in suspense within the following special accounts:

12.1 Public Domain Special Account (PD)

Royalties attributable to arrangements of public domain works may be withheld to account for the non-copyright elements. These amounts are placed in this account and subsequently returned to the

distribution pool, where they are proportionally reallocated among other rights holders in the same distribution category.

12.2 Non-Member Special Account (NM)

- If any interested party to an ACPOSL-originated work is not a member, their share is placed in this account. Royalties are held for a maximum of three years or until the non-member joins ACPOSL, at which point the accumulated amount is released. If membership is not obtained within three years, the funds revert to the distribution pool in the fourth year and are proportionally allocated among all other parties in that distribution cycle.
- Reasonable efforts shall be made to notify non-members of accrued royalties prior to reallocation
- For works originating outside ACPOSL where only one writer is identified, the CISAC Warsaw Rule applies.

12.3 Dispute Special Account (DS)

Royalties associated with disputed works such as those involving alleged infringement or conflicting ownership claims are held in this account until ACPOSL receives official notification of a resolution.

12.4 Credit In Suspense (CS)

Royalties lacking sufficient documentation, where even the CISAC Warsaw Rule cannot be applied, are held in this account. Additionally, royalties for works later identified as public domain or otherwise undistributable are placed here. After validation, funds in this account may be used to compensate for missed performances in previous distributions.

13. Dramatico-Musical Works

Under the current Deed of Assignment, ACPOSL administers performing rights for its members but generally does not license or administer Grand Right performances in Sri Lanka unless explicitly requested. The reasons are:

13.1 Overseas Works

Overseas societies typically do not grant licensing rights for Grand Rights performances to ACPOSL; therefore, ACPOSL is not authorized to license these performances locally.

13.2 Local Works

Grand Right performances of local works are rare, and ACPOSL members often prefer to collect royalties directly from the event presenters.

14. Royalties Received from Affiliated Societies

Royalties received from affiliated societies are distributed annually in accordance with reciprocal agreements and ACPOSL distribution schedules.

15. Adjustments

- Errors due to misidentification of works or rights holders may occur during distribution. Members and foreign societies may request adjustments if notified within three years of the distribution date.
- Royalties for sampled audiovisual works withheld due to lack of documentation will be paid if ACPOSL is provided with relevant cue sheets from members or affiliated societies within the same three-year period. Members shall have the right, upon written request, to receive reasonable

explanations regarding the calculation and distribution of their royalties, subject to confidentiality and data protection obligations.

16. CISAC WARSAW Rule

If no documentation is available for a performed or broadcast work at distribution time, but one writer is identified as a member or copyright owner belonging to a sister society, the entire royalty for that work is forwarded to the sister society. That society then distributes royalties according to its own documentation.

17. CISAC AMALFI Resolution

17.1 The author of an authorized local version of a work is entitled to a share of performance royalties only if:

- a) The local version was performed; or
- b) The performance was of an instrumental version; or
- c) There is genuine doubt about which version was performed.

17.2 Distribution rules should provide:

- a) For performances of the local version, the original lyricist and local sub-lyricist share royalties equally;
- b) For instrumental performances or when the performed version is unknown, the original lyricist receives twice the share of the local sub-lyricist.

17.3 This recommendation applies:

- a) To all performances from January 1, 1991, onwards;
- b) Regardless of the original composition date of the performed works.

18. Scope of Distribution Rules

These Distribution Rules apply primarily to performing rights royalties. Mechanical reproduction royalties and synchronization fees, where administered by ACPOSL under separate written mandates, shall be distributed in accordance with the specific terms agreed with the relevant rights holders and shall not be subject to mandatory collective allocation.