



PICSEL DISTRIBUTION POLICY

INTRODUCTION

PICSEL is a not for profit company limited by guarantee and operates as a Collective Management Organisation (CMO) sometimes referred to as a Collecting Society.

GENERAL DISTRIBUTION POLICY PRINCIPLES

The PICSEL Board, working with the Distribution Group, is responsible for the formulation and implementation of the distribution policy and is required to ensure that the policy is fair, transparent and cost effective. It will regularly review the policy in response to:

- Any changes in the terms of the licences;
- Any change in the availability of data that has the potential to impact upon a distribution;
- Member dissatisfaction with current policy.

The purpose of this policy document is to outline how PICSEL will distribute licensing revenue available for distribution.

The general principle governing distribution is that allocation of revenue to rights holders should be made on the basis of a combination of objective availability and actual usage data. Whilst robust actual usage data is in its infancy, the Board can opt to stagger the introduction of the actual usage data into the distribution protocol. It is expected that the usage data will become sufficiently robust over time, possibly after three annual reporting cycles, to be used to inform a distribution. The target is for 30% of the revenue distribution to be based on actual usage data in the fourth year. This however will be dependent on the robustness of the data collected by the licensing bodies.

To qualify, rights holders must provide a mandate (see [PICSEL mandate](#)) and ensure that an uninterrupted chain of rights exists. A rights holder is as described in the EU CRM Directive - i.e.

Any person or entity, other than a CMO¹, that:

- *Holds a copyright or related right; or*
- *Under an agreement for the exploitation of rights or by law is entitled to a share in the rights revenue.*

Non-PICSEL members who mandate their rights to the scheme will be treated on the same basis as PICSEL members.

PICSEL reserves the right to verify and authenticate any claim and refuse a claim if the qualification criteria are not deemed to have been met.

DISTRIBUTION UNDER THE OBJECTIVE AVAILABILITY MODEL

For each distribution PICSEL will:

- Calculate the total distributable revenue collected for the licensing period covered by the distribution;

¹ Article 3 (c): <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0026&from=EN>



- Calculate the revenue to be distributed via the Objective Availability Model in accordance with instructions from the PICSEL Board.

PICSEL will make payments to all rights holders directly unless instructed otherwise.

DISTRIBUTION UNDER ACTUAL USAGE DATA

Collection of Usage Information:

Each licence year, the Copyright Licensing Agency (CLA) will select a representative sample of schools and institutions to take part in a survey to collect usage data comprising of the material copied over the course of a defined period. Each body is required, if requested, to provide usage data under the terms of their licence.

Prior to the reporting term, the CLA will brief the selected bodies on how to complete the survey and provide relevant materials for the purpose of collecting usage data.

PICSEL reserves the right to request evidence of licensing by a claimant and to verify and authenticate any information provided; to refuse membership to the scheme if the qualification criteria are not deemed to have been met; and, to charge an administration fee of 5% of their distributable revenue.

Analysis of Actual Usage Data:

CLA will then assess each usage data survey provided by the selected bodies, collating them together into one data usage report in order to identify the work and, where applicable, the publication it appears in and the page number.

After each usage report has been analysed PICSEL, working with its distribution partner, will:

- Compile a single data usage set per licence year comprising of all the data usage reports submitted;
- Calculate for each unique work appearing in the data usage set the total number of points;
- Calculate the total distributable revenue collected for the licensing period covered by the distribution;
- Calculate the revenue to be distributed via the Actual Usage Method in accordance with instructions from the PICSEL Board;
- Divide the total revenue by the number of points in the Usage Data Set to obtain a "point value";
- Allocate revenue to each work using the formula: number of points × point value.

PICSEL will:

- Divide the allocated revenue between the interested rights holders according to their claim;
- In the absence of a claim contact all identified interested rights holders and request instructions. In the case of disputes, hold the money in suspense until such time as the dispute is resolved.

Allocation of Licence Revenue

This will be calculated on an annual basis with the distribution of revenue made to rights holders before 31 December. As the scheme is in its infancy, there is a risk that the Actual



Usage Scheme may not provide accurate usage data. For this reason, PICSEL has opted to stagger the introduction of the scheme and will use the following allocation models:

- The PICSEL Board will monitor the usage data collected and have the discretion to portion the distribution on either the Objective Availability Model or the Actual Usage Data Model or a combination of both;
- It is expected that the data usage set will become sufficiently robust over time, possibly after three annual reporting cycles.

DISTRIBUTION STATEMENTS & PAYMENT

For each distribution PICSEL will:

- Apply the amount calculated to the rights holder's account;
- Prepare a distribution statement showing the total amount to be distributed to each individual;
- Make payment by electronic transfer before 31 December, providing the minimum payable threshold has accrued to a rights holder's account.

In the case of:

1. Unidentified works
2. Unidentified rights holders
3. Rights holders who have not provided a mandate
4. Rights holders who have not provided payment details

PICSEL shall work with other CMOs to identify and pay rights holders whilst holding any revenue in a suspense account.

In the case of disputes or the failure of the interested parties to respond, hold the money in a suspense account until such time as a resolution is reached.

The minimum amount payable will be determined from time to time by the Board.

Suspense accounts should not be allowed to build up. The period for which royalties are suspended should be short (it is suggested that 12 months should be the maximum however the period will be set by the Board from time to time). Because of the "opt-out" nature of the scheme the point value of any unidentified uses should be recorded and in the event of any subsequent claims that point value should be used to make distribution to the claimant from the current distribution.

Commission Rates and Distributable Revenue calculation:

PICSEL's, and its partner's, running costs are closely monitored by the PICSEL Board. Every effort is made to ensure efficiency in order to maximise distributable income.

PICSEL is responsible for governance and distribution. Direct costs incurred by PICSEL include a fee payable to the distribution partner for the services they provide to PICSEL.

Distributable revenue available to rights holders is calculated by deducting PICSEL's running costs together with the distribution partner's fee from the gross licence fees collected.

[Subject to change, correct as of 10th April, 2016]